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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

- During the Reporting Period, the Group recorded a revenue of RMB2,103.44 million, representing an increase of RMB353.32 million, or 20.19%, as compared to the corresponding period in 2021.

- During the Reporting Period, the Group's R&D expenses amounted to approximately RMB182.19 million, representing an increase of RMB14.59 million, or approximately 8.71%, as compared to the corresponding period in 2021. The R&D expenses remained high at 8.66% of the revenue (2021: 9.58%).

- During the Reporting Period, the Group's fourth-generation organic cross-linked HA dermal filler has completed clinical trials and entered the registration and application stage in China. The innovative casting molded hydrophobic aspheric IOL product has completed clinical trials in China and is in the process of registration and application. Both the hydrophobic molded toric aspheric IOL product and the hydrophilic aspheric multifocal IOL have been in the stage of clinical trials, which are processing in an orderly.

- During the Reporting Period, the Group's net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting non-recurring profit or loss was approximately RMB180.47 million and RMB158.75 million respectively, representing a decrease of 48.76% and 51.60% as compared to the corresponding period in 2021.

- The Board has proposed to declare the final dividend of RMB0.4 (inclusive of tax) per share for the year ended 31 December 2022.

The board of directors (the "**Board**") of Shanghai Haohai Biological Technology Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the year ended 31 December 2022 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
REVENUE	*4*	**2,103,438**	1,750,116
Cost of sales		**(656,515)**	(490,370)
Gross profit		**1,446,923**	1,259,746
Other income and gains, net	*4*	**147,852**	198,429
Selling and distribution expenses		**(679,532)**	(612,341)
Administrative expenses		**(405,304)**	(286,093)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(15,516)**	3,182
Research and development costs		**(182,192)**	(167,597)
Other expenses		**(72,407)**	(9,907)
Finance costs		**(7,603)**	(4,963)
Share of profits and losses of:			
A joint venture		**3,204**	2,100
An associate		**301**	93
PROFIT BEFORE TAX	*5*	**235,726**	382,649
Income tax expense	*6*	**(45,395)**	(35,366)
PROFIT FOR THE YEAR		**190,331**	347,283
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**18,401**	(16,824)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		**18,401**	(16,824)

	Notes	2022	2021
		RMB'000	*RMB'000*
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(112,896)**	124,199
Income tax effect		**4,865**	(10,309)
		(108,031)	113,890
Net other comprehensive income that will not be reclassified to (loss)/income in subsequent periods		**(108,031)**	113,890
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(89,630)**	97,066
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**100,701**	444,349
Profit attributable to:			
Owners of the parent		**180,470**	352,234
Non-controlling interests		**9,861**	(4,951)
		190,331	347,283
Total comprehensive income attributable to:			
Owners of the parent		**86,778**	452,424
Non-controlling interests		**13,923**	(8,075)
		100,701	444,349
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year	*8*	**RMB1.04**	RMB2.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,286,396**	1,197,037
Right-of-use assets		**222,441**	214,800
Other intangible assets		**620,416**	613,397
Goodwill		**411,199**	406,901
Investment in a joint venture		**–**	47,964
Investment in an associate		**3,028**	3,448
Equity investments designated at fair value through other comprehensive income	*9*	**668,412**	573,935
Deferred tax assets		**59,323**	49,356
Other non-current assets		**89,068**	130,932
Total non-current assets		**3,360,283**	3,237,770
CURRENT ASSETS			
Inventories		**485,239**	354,765
Trade and bills receivables	*10*	**388,275**	375,206
Prepayments, other receivables and other assets		**104,851**	74,837
Financial assets at fair value through profit or loss		**–**	6,376
Assets classified as held for sale		**9,159**	–
Pledged deposits		**2,877**	614
Cash and bank balances		**2,541,715**	2,900,788
Total current assets		**3,532,116**	3,712,586
CURRENT LIABILITIES			
Trade payables	*11*	**54,533**	46,264
Other payables and accruals		**397,710**	397,329
Interest-bearing bank and other borrowings	*12*	**34,378**	42,421
Tax payable		**24,654**	1,258
Total current liabilities		**511,275**	487,272
NET CURRENT ASSETS		**3,020,841**	3,225,314
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,381,124**	6,463,084

	Notes	2022	2021
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**83,880**	39,493
Other payables and accruals		**4,500**	8,110
Deferred tax liabilities		**163,508**	157,910
Deferred income		**5,500**	9,402
Provision		**793**	1,765
Other non-current liabilities		**220,560**	186,118
Total non-current liabilities		**478,741**	402,798
Net assets		**5,902,383**	6,060,286
EQUITY			
Equity attributable to ordinary equity holders of the parent			
Share capital	*13*	**174,130**	175,822
Treasury shares	*13*	**(74,042)**	–
Reserves		**5,414,521**	5,537,639
		5,514,609	5,713,461
Non-controlling interests		**387,774**	346,825
Total equity		**5,902,383**	6,060,286

1. CORPORATE AND GROUP INFORMATION

The Company was established as a limited liability company on 24 January 2007 in the People's Republic of China (the "**PRC**"), and the Company was transformed into a joint stock company with limited liability on 2 August 2010. The registered office of the Company is located at No. 5 Tongjing Road, Songjiang Industrial Zone, Shanghai, PRC. The Company issued 40,000,000 H shares and 45,300 H shares on 30 April 2015 and 28 May 2015, respectively. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKSE**") since 30 April 2015. The Company issued 17,800,000 A shares on 30 October 2019 ("**A Share Offering**"). The A shares of the Company have been listed on the Sci-tech Innovation Board of the Shanghai Stock Exchange (the "**SSE**") since 30 October 2019. The total number of issued shares of the Company after the A Share Offering was 177,845,300 (comprising 40,045,300 H Shares and 137,800,000 A Shares).

During the year ended 31 December 2022, the Company repurchased 1,692,100 H Shares as treasury shares which were cancelled on 7 July 2022. Another 2,859,000 H Shares were repurchased and were not cancelled until 31 December 2022.

During the year ended 31 December 2022, the Group was principally engaged in the manufacture and sale of biologicals and medical hyaluronate and ophthalmology products, research and development of biological engineering, manufacture and sale of pharmaceutical and ophthalmology products and the provision of related services.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate controlling shareholders of the Company are Mr. Jiang Wei and his spouse, Ms. You Jie (the "**Controlling Shareholders**").

<u>Information about subsidiaries</u>

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of business	Paid-up capital/ registered share capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities
上海其勝生物製劑有限公司 Shanghai Qisheng Biologicals Co., Ltd.* ("**Shanghai Qisheng**")	PRC/Mainland China 27 May 1992	RMB160,000,000	100	–	Manufacture and sale of biological reagents, biologicals and biological materials
上海利康瑞生物工程有限公司 Shanghai Likangrui Bioengineering Co., Ltd.* ("**Shanghai Likangrui**")	PRC/Mainland China 3 September 2001	RMB150,000,000	100	–	Research and development, consultation and services of biological engineering and pharmaceutical products and related technology transfer
河南宇宙人工晶狀體研製有限公司 Henan Universe Intraocular Lens Research and Manufacture Co., Ltd. ("**Henan Universe**")	PRC/Mainland China 23 April 1991	RMB9,923,200	–	100	Manufacture and sale of intraocular lens and related products

Name	Place and date of incorporation/ registration and place of business	Paid-up capital/ registered share capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities
深圳市新產業眼科新技術有限公司 Shenzhen New Industries Material of Ophthalmology Co., Ltd* ("**NIMO**")	PRC/Mainland China 27 April 2006	RMB11,000,000	–	60	Sale of ophthalmology products
Contamac Limited	UK 10 May 91	GBP1,000	–	79	Manufacture and sale of contact lens and intraocular lens material, machines and accessories
歐華美科(天津)醫學科技有限公司 Ouhua Meike (Tianjin) Medical Technology Co., Ltd. ("**JUVA MEDICAL**")	PRC/Mainland China 12 May 2014	RMB126,500,000	62.80	–	Sale machines of medical aesthetics,professional life cosmetology and home cosmetology
EndyMed Ltd.	Israel	ILS2,749,248	–	30.76	Research and development of radiofrequency instruments and product and sale of radiofrequency instruments

* English translations of names for identification purposes only.

* All of the Company's subsidiaries registered in the PRC are limited liability companies under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments and certain other payables and accruals, which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendment to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024
[5] As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the manufacture and sale of biologicals, medical hyaluronate and intraocular lens, research and development of biological engineering and pharmaceutical products and the provision of related services. Therefore, management monitors the operating results of the Group's operating segment as a whole for the purpose of making decision about resources allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**1,699,078**	1,542,592
Europe	**140,814**	66,965
USA	**103,717**	82,918
Other regions and countries	**159,829**	57,641
	2,103,438	1,750,116

The revenue information of continuing operations above is based on the locations of the customers.

(b) ***Non-current assets***

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**2,152,373**	2,079,074
U.K.	**256,350**	260,989
USA	**33,587**	81,608
Other regions and countries	**190,238**	192,808
	2,632,548	2,614,479

The non-current asset information of continuing operations above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

No revenue from a single customer contributed to 10% or more of the Group's revenue during the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,103,438**	1,750,116

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Types of goods sold		
Ophthalmology products	**765,969**	670,969
Medical aesthetics and wound care products	**744,342**	460,985
Orthopedic products	**386,477**	400,001
Antiadhesion and hemostasis products	**176,272**	191,928
Other products	**30,378**	26,233
Total	**2,103,438**	1,750,116
Timing of revenue recognition		
Goods transferred at a point in time	**2,096,764**	1,746,329
Services rendered over time	**6,674**	3,787
Total	**2,103,438**	1,750,116

(b) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of products and payment is generally due within six months from delivery, except for distributors, where payment in advance is normally required.

Equipment technical service

The performance obligation is satisfied over time as services are rendered. Service contracts are billed based on the time incurred or monthly.

	2022	2021
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**86,446**	96,318
Government grants	**40,276**	33,880
Dividend income from equity investments designated at fair value through other comprehensive income	**678**	57,538
Interest income from debt investment	**1,437**	1,892
Gain on disposal of items of property, plant and equipment	**185**	–
Others	**18,830**	8,801
	147,852	198,429

Note:

Various government grants have been received from local government authorities in various regions in the PRC, for compensating research activities. The government grants released have been recorded in other income and gains, among which there were no unfulfilled conditions or contingencies relating to these recognised government grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2022 *RMB'000*	2021 *RMB'000*
Cost of inventories sold	**656,515**	490,370
Depreciation of property, plant and equipment	**112,111**	91,800
Depreciation of right of use assets	**22,262**	24,819
Amortisation of other intangible assets	**69,844**	46,218
Auditor's remuneration	**2,780**	2,980
Research and development costs	**182,192**	167,597
Lease payments not included in the measurement of lease liabilities	**4,562**	3,746
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**495,058**	386,222
Pension scheme contributions	**38,157**	28,153
Equity-settled share option expense	**30,229**	–
Foreign exchange differences, net	**2,684**	3,875
Impairment losses on financial assets, net:		
Impairment/(reversal of impairment) of trade receivables, net	**14,795**	(2,302)
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets, net	**721**	(880)
Impairment loss on property, plant and equipment	**6,936**	–
Impairment loss on other intangible assets	**29,561**	–
Impairment loss on goodwill	**9,574**	–
Write-down of inventories to net realisable value	**8,168**	(687)
Bank interest income	**(86,446)**	(96,318)
Interest income from debt investment	**(1,437)**	(1,892)
Net loss on disposal of a subsidiary	**90**	–
Net loss on disposal and obsolescence of items of property, plant and equipment	**417**	373

6. INCOME TAX

The Company is registered in the PRC and is subject to PRC corporate income tax ("**CIT**") on the taxable income as reported in its PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

The Company, Shanghai Qisheng, Shanghai Jianhua Fine Biological Products Co., Ltd ("**Shanghai Jianhua**"), Henan Universe and Qingdao Huayuan Fine Biological Product Co., Ltd. ("**Qingdao Huayuan**") were accredited as high and new-tech enterprises (the "**HNTE**") for the three years from 2020 to 2022 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during the years from 2020 to 2022 for the Company, Shanghai Qisheng, Shanghai Jianhua, Henan Universe and Qingdao Huayuan.

NIMO, Sanhe Laserconn Optoelectronics Technology Co., Ltd., ("**Laserconn**") and Hangzhou Aijinglun Technology Co., Ltd., ("**Hangzhou Aijinglun**") were accredited as HNTE for the three years from 2022 to 2024 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during 2022 for NIMO, Laserconn and Hangzhou Aijinglun.

The applicable tax rate for the other subsidiaries registered in Mainland China was 25% (2021: 25%) during the year.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

The profits tax for subsidiaries in the USA has been provided at the rate of 21% (2021: 21%) on the estimated assessable profits arising in the USA during the year.

The profits tax for subsidiaries in the U.K. has been provided at the rate of 19% (2021: 19%) on the estimated assessable profits arising in the U.K. during the year.

The profits tax for subsidiaries in France has been provided at the rate of 25% (2021: 28%) on the estimated assessable profits arising in France during the year.

The profits tax for subsidiaries in Israel has been provided at the rate of 23% (2021: 23%) on the estimated assessable profits arising in Israel during the year.

	2022 ***RMB'000***	2021 *RMB'000*
Current		
Charge for the year	**66,521**	50,719
Under/(over) provision in prior years	**596**	(326)
Deferred	**(21,722)**	(15,027)
Total tax charge for the year	**45,395**	35,366

7. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Proposed 2022 final dividend – RMB0.40 per ordinary share	**68,508**	–
Proposed 2021 final dividend – RMB0.70 per ordinary share	**–**	123,075
	68,508	123,075

On 24 March 2023, the Directors proposed to declare the final dividend of RMB0.40 (inclusive of tax) per ordinary share, amounting to RMB68,508,400 for the year ended 31 December 2022, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 28 March 2022, the Directors proposed to declare the final dividend of RMB0.70 (inclusive of tax) per ordinary share, amounting to RMB123,075,000 for the year ended 31 December 2021, which were paid in 2022 to shareholders of the Company.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 173,562,775 (2021: 176,125,208) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The Group has a share option scheme that has an anti-dilution effect on earnings per share, so the amount of diluted earnings per share and basic earnings per share is the same.

The calculation of basic and diluted earnings per share is based on:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**180,470**	352,234

	Numbers of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	**173,562,775**	176,125,208

9. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	RMB'000	*RMB'000*
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
Union Medical Healthcare Limited	**38,885**	50,286
Raily Aesthetic Medicine International Holdings Ltd.	**7,012**	12,060
Aesthetic Medical International Holdings Group Limited	**2,246**	5,547
	48,143	67,893
Unlisted equity investments		
Shenwu No. 1 Investment Product	**268,156**	290,329
Eirion Therapeutics, Inc.	**167,150**	–
Shanghai Semecell Technology Co., Ltd.	**76,129**	80,000
Jiangsu Meifengli Medical Technology Co., Ltd.	**52,800**	12,000
ArcScan, Inc.	**39,218**	46,347
Ornovi, Inc.	**6,965**	–
Genzhishiguang Technology (Shanghai) Co., Ltd	**5,000**	–
Shanghai Resthetic Biotechnology Co., Ltd.	**4,851**	10,000
Recros Medica, Inc. ("Recros Medica")	**–**	51,006
Shanghai Lunsheng Information Technology Co., Ltd.	**–**	8,360
Jiangsu Meisikang Medical Technology Co., Ltd.	**–**	8,000
	620,269	506,042
	668,412	573,935

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2022, the Group disposed its investment in Shanghai Lunsheng Information Technology Co., Ltd. The fair value on the date of disposal was approximately RMB8,360,000 and the accumulated gain recognised in other comprehensive income of approximately RMB760,000 was transferred to retained earnings.

During the year ended 31 December 2022, the Group disposed of a portion of its investment in Union Medical Healthcare Limited. The fair value on the date of disposal was approximately RMB708,000 and the accumulated gain recognised in other comprehensive income of approximately RMB437,000 was transferred to retained earnings.

In December 2021, the Group disposed a portion of its investment in Shenwu No. 1 Investment Product. The fair value on the date of disposal was approximately RMB147,387,000 and the accumulated loss recognised in other comprehensive income of approximately RMB2,613,000 was transferred to retained earnings.

During the year ended 31 December 2021, the Group disposed of a portion of its investment in Union Medical Healthcare Limited. The fair value on the date of disposal was approximately RMB135,905,000 and the accumulated gain recognised in other comprehensive income of approximately RMB90,866,000 was transferred to retained earnings.

10. TRADE AND BILLS RECEIVABLES

	2022 *RMB'000*	2021 *RMB'000*
Bills receivable	**6,749**	4,702
Trade receivables	**420,390**	397,237
Impairment	**(38,864)**	(26,733)
	388,275	375,206

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to twelve months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Within 1 year	**380,116**	370,085
1 to 2 years	**8,159**	5,010
2 to 3 years	**–**	111
	388,275	375,206

11. TRADE PAYABLES

	2022 *RMB'000*	2021 *RMB'000*
Trade payables	**54,533**	46,264

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Within 3 months	**36,752**	38,726
3 months to 1 year	**15,966**	1,062
Over 1 year	**1,815**	6,476
	54,533	46,264

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2022			31 December 2021		
	Effective interest rate ***(%)***	***Maturity***	***RMB'000***	Effective interest rate *(%)*	*Maturity*	*RMB'000*
Current						
Lease liabilities	**4.24-5.80**	**2023**	**21,359**	4.24-5.80	2022	17,107
Bank loans pledged *(a)*	**3.51**	**2023**	**5,314**	2.36-4.35	2022	25,184
Current portion of long term other loans guaranteed *(c)*	**2.25**	**2023**	**1,486**	–	–	–
long term other loans unsecured *(b)*	**–**	**2023**	**219**	–	2022	130
Current portion of long term bank loans unsecured *(d)*	**2.85**	**2023**	**6,000**	–	–	–
			34,378			42,421
Non-current						
Lease liabilities	**4.24-5.80**	**2024-2029**	**39,900**	4.24-5.80	2023-2028	29,608
Bank loans						
unsecured *(d)*	**2.85**	**2024**	**35,745**	–	–	–
guaranteed *(c)*	**0.73**	**2023-2026**	**5,354**	0.73	2023-2026	4,914
Other loans						
unsecured *(b)*	**–**	**2024**	**97**	–	2,023	282
guaranteed *(c)*	**2.25**	**2023-2026**	**2,784**	2.25	2023-2026	4,689
			83,880			39,493
			118,258			81,914

	2022 ***RMB'000***	2021 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**11,314**	25,184
In the second year	**39,270**	2,056
In the third to fifth years, inclusive	**1,829**	2,858
	52,413	30,098
Other borrowings repayable:		
Within one year or on demand	**23,064**	17,237
In the second year	**18,957**	11,692
In the third to fifth years, inclusive	**19,061**	17,094
Beyond five year	**4,763**	5,793
	65,845	51,816
	118,258	81,914

Notes:

(a) The pledged bank loans represent the loans in USD obtained by NIMO to settle accounts payables with interest rate of 3.51% in 2022. NIMO entered into credit facilities with China Merchants Bank and Bank of China which permit the Company to borrow up to RMB65,000,000. On 31 December 2022, NIMO used the credit facilities to obtain a loan of USD750,000 to pay for the goods. On 31 December 2021, NIMO used the credit facilities to obtain a loan of USD3,575,520 to pay for the goods.

(b) The unsecured other loan represents an interest-free government loan obtained by ODC Industries.

(c) The guaranteed bank and others loan represent the loans obtained by Bioxis Pharmaceuticals ("Bioxis") guaranteed by the government.

(d) The unsecured bank loans represent the loans obtained by the Company with interest rate of 2.85%.

13. SHARE CAPITAL

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
174,130,100 (2021: 175,822,100) ordinary shares of RMB1.00 each	**174,130**	175,822

A summary of the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 31 December 2020 and 1 January 2021	177,206,600	177,207
Cancellation of repurchased H Shares *(note 1)*	(1,384,500)	(1,385)
At 31 December 2021 and 1 January 2022	175,822,100	175,822
Cancellation of repurchased H Shares *(note 2)*	(1,692,100)	(1,692)
At 31 December 2022	174,130,000	174,130

Note 1:

During the year ended 31 December 2021, the Company repurchased 800,000 H Shares as treasury shares, which accounted for approximately 0.4529% of the Company's total share capital, at a total consideration of approximately HK$53,702,000 (equivalent to approximately RMB44,908,000). On 19 March 2021 and 14 July 2021, 1,384,500 H Shares were cancelled (584,500 H Shares were repurchased in 2020).

Note 2:

During the year ended 31 December 2022, the Company repurchased 4,551,100 H Shares as treasury shares, which accounted for approximately 2.5885% of the Company's total share capital, at a total consideration of approximately HK$174,546,000 (equivalent to approximately RMB147,672,000). 1,692,100 H Shares were cancelled on 7 July 2022. The remaining 2,859,000 H Shares, at a total consideration of approximately HK$84,393,000 (equivalent to approximately RMB74,042,000) were accounted as treasury shares as at 31 December 2022. On 14 February 2023, the Company completed the cancellation of 2,859,000 H Shares repurchased.

14. BUSINESS COMBINATION

On 1 January 2022, the Group acquired 51% equity interest in Xiamen Nanpeng Optics Co., Ltd. ("**Nanpeng Optics**") from third parties. The purchase consideration for the acquisition was RMB70,000,000, among which, RMB35,000,000 was paid in 2021 as prepayment for the acquisition and the rest of RMB35,000,000 was paid on or near the acquisition date.

The fair values of the identifiable assets and liabilities of Nanpeng Optics as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Property, plant and equipment	1,258
Other intangible assets	102,050
Right-of-use assets	2,470
Deferred tax assets	2,069
Inventories	4,107
Trade receivables	14,594
Prepayments, other receivables and other assets	12,224
Cash and bank balances	32,064
Trade payables	(5,670)
Other payables and accruals	(19,343)
Bank loans and other borrowings-short term	(5,000)
Tax payable	(2,479)
Bank loans and other borrowings-long term	(2,126)
Deferred tax liabilities	(25,748)
Total identifiable net assets at fair value	110,470
Non-controlling interests	(54,130)
	56,340
Goodwill on acquisition	13,660
	70,000
Satisfied by:	
Prepayments for the acquisition in 2021	35,000
Cash	35,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB14,594,000 and RMB12,224,000 respectively. No impairment allowances were provided for trade receivables and other receivables as at the date of acquisition.

An analysis of the cash flows in respect of the acquisition of Nanpeng Optics is as follows:

	RMB'000
Cash consideration paid	35,000
Cash and bank balances acquired	(32,064)
Net outflow of cash and cash equivalents included in cash flows from investing activities	2,936

Since the acquisition, Nanpeng Optics has contributed RMB130,011,000 to the Group's revenue and a net profit of approximately RMB4,295,000 to the consolidated profit or loss for the year ended 31 December 2022.

15. DISPOSAL OF A SUBSIDIARY

Shanghai Haohai Pharmaceutical Technology Development Co., Ltd. ("**Haohai Development**"), a subsidiary of the Group, entered into an equity transfer agreement with a third party on 4 July 2022 to dispose its 60% equity interest in Hebei Xinshikang Contact Lens Co., Ltd. ("**Hebei XSK**") for a total consideration of RMB41,600,000. Accordingly, Hebei XSK ceased to be included in the scope of consolidation of the Group since 1 July 2022.

The relevant financial information of Hebei XSK is listed as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
Net assets disposed of:		
Property, plant and equipment	**34,379**	27,128
Other intangible assets	**95**	100
Right-of-use assets	**3,987**	4,022
Other non-current assets	**–**	38
Cash and bank balances	**24,014**	31,990
Inventories	**4,265**	2,367
Trade receivables	**9,469**	7,650
Prepayments and other receivables	**1,032**	1,268
Trade payables	**(3,829)**	(2,403)
Accruals and other payables	**(2,492)**	(2,834)
Deferred tax liabilities	**(1,437)**	(1,483)
Non-controlling interests	**(27,793)**	(27,137)
	41,690	40,706
Loss on disposal of a subsidiary	**(90)**	
	41,600	
Satisfied by:		
Cash	**41,600**	

An analysis of the cash flows in respect of the disposal of Hebei XSK is as follows:

	RMB'000
Cash consideration	**41,600**
Cash and bank balances disposed of	**(24,014)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**17,586**

16. EVENTS AFTER THE REPORTING PERIOD

Acquisition of 20% non-controlling interest in NIMO

In January 2023, Haohai Development, a subsidiary of the Company, entered into an equity transfer agreement with Shenzhen Jiusi Investment Partnership (Limited Partnership) ("**Jiusi**"), CEI Equity Investment Fund Management (Shenzhen) Partnership (Limited Partnership) ("**CEI**"), Shenzhen Bainatongda Investment Consulting Partnership (Limited Partnership) ("**Bainatong**") and Zhang Jinsong ("**Non-controlling Shareholder**"), pursuant to which, Haohai Development agree to acquire 2.4%, 8%, 4% and 5.6% equity interest of NIMO from Jiusi, CEI, Banatong and the Non-controlling Shareholder, respectively, for a total consideration of RMB140,000,000. In February 2023, Haohai Development completed the above-mentioned acquisition.

Repurchase of H shares

From September 2022 to November 2022, the Company repurchased a total of 2,859,000 H Shares at a total consideration of approximately HK$84,224,000 (including transaction fee). On 14 February 2023, the Company completed the cancellation of 2,859,000 H Shares repurchased.

Except for the transactions detailed elsewhere in these financial statements and the events set out in this note above, there was no material subsequent event undertaken by the Group after 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Overview

In 2022, in light of the complexity and volatility of the external business environment and faced with severe challenges such as restricted business operations and a decline in the number of outpatient services and surgeries at terminal medical service institutions, the Group took various measures to overcome unfavorable factors and actively conducted production and marketing, which covered the loss to some extent. Meanwhile, during the Reporting Period, the Group's ophthalmology product line was actively deployed in the fields of myopia prevention and control and refractive correction. In particular, with the inclusion of Nanpeng Optics into the scope of consolidation of the Company since January 2022, the revenue from Orthokeratology Lens and its ancillary products during the Reporting Period increased significantly as compared to the corresponding period in 2021. In addition, Juva Medical and its subsidiaries ("JUVA MEDICAL Group") and Bioxis (together with JUVA MEDICAL Group, "Juva Group") had been included in the scope of consolidation of the Company since September 2021, with the inclusion of the full-year revenue of Juva Group into the Reporting Period, while only the last 4-month revenue of Juva Group into 2021. As a result of the above, the revenue of the Group has increased for the Reporting Period as compared to the corresponding period in 2021.

During the Reporting Period, the Group recorded a revenue of RMB2,103.44 million, representing an increase of RMB353.32 million, or 20.19%, as compared to the corresponding period in 2021. During the Reporting Period, the breakdown of the Group's revenue from the main business of each product line by therapeutic areas is as follows (by the amount and as a percentage of the total revenue of the Group):

Product line	**2022**		2021		Change
	RMB'000	*%*	*RMB'000*	*%*	*(%)*
Ophthalmology products	**765,969**	**36.42**	670,969	38.34	14.16
Medical aesthetics and wound care products	**744,342**	**35.39**	460,985	26.34	61.47
Orthopedics products	**386,477**	**18.37**	400,001	22.86	-3.38
Anti-adhesion and hemostasis products	**176,272**	**8.38**	191,928	10.97	-8.16
Other products	**30,378**	**1.44**	26,233	1.49	15.80
Total	**2,103,438**	**100.00**	1,750,116	100.00	20.19

During the Reporting Period, the overall gross profit margin of the Group was 68.79%, representing a decrease as compared to 71.98% for the corresponding period in 2021, mainly due to 1) the gross profit margin of the radio frequency device and laser equipment industry in which Juva Medical, a subsidiary of the Company, operates, was lower than that of the high-value consumables industry in which the Group has been originally engaged, and the overall gross profit margin of the Group during the Reporting Period decreased by approximately 2.49% after the inclusion of Juva Medical in the consolidated statements of the Company since September 2021; and 2) the gross profit margin of the Orthokeratology Lens agency sales business operated by Nanpeng Optics, a subsidiary of the Company, was lower than that of the high-value consumables industry in which the Group was originally engaged, and the overall gross profit margin of the Group during the Reporting Period decreased by approximately 1.42% after the inclusion of Nanpeng Optics in the consolidated statements of the Company since January 2022.

In 2022, the Group insisted on independent innovation and continued to increase investment in the research and development (the "**R&D**"), focusing on expanding the innovative products lines of ophthalmology and medical aesthetics and making satisfactory progress in the R&D of several new products. During the Reporting Period, the R&D expenses amounted to approximately RMB182.19 million, representing an increase of RMB14.59 million, or approximately 8.71%, as compared to the corresponding period in 2021. The R&D expenses remained high at 8.66% of the revenue (2021: 9.58%).

During the Reporting Period, the Group's net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting non-recurring profit or loss was approximately RMB180.47 million and RMB158.75 million respectively, representing a decrease of 48.76% and 51.60% as compared to the corresponding period in 2021, mainly because:

(1) the loss of approximately RMB37.35 million from production suspension was incurred, as a result of the near suspension of the production and operation activities of the Company and its three major production subsidiaries located in Shanghai during the period from March to May 2022;

(2) during the Reporting Period, the distribution agreement between Aaren Scientific, Inc. ("**Aaren**", a subsidiary of the Company in the United States) and Zhuhai Sunny Medical Device Co., Ltd ("**Zhuhai Sunny**", the former domestic exclusive distributor of Aaren) was terminated, which caused the domestic sales channels of the Aaren-branded and Aishuming-branded IOL products manufactured by Aaren to be subject to re-integration. Before the completion of the integration, Aaren initiated a plan for phased production suspension and expenditure reduction, resulting in an operating loss of approximately RMB18.82 million during the Reporting Period. Meanwhile, the management believed that there were indications of impairment on the Aaren business, and an impairment test was conducted. According to the results of the impairment test, the total asset impairment loss on the goodwill, intangible assets and other long-term assets of the Aaren business amounted to approximately RMB46.07 million; and

(3) the Company and Juva Medical, incurred a total of approximately RMB30.32 million in share-based payment expenses due to the implementation of equity incentive schemes, while there was no such expense in the corresponding period in 2021; and

(4) in 2021, the Group received dividends of approximately RMB56.22 million from Shenwu No. 1 Investment Product in total, while during the Reporting Period, the Group did not receive and recognise similar dividends.

As at the end of the Reporting Period, the total assets of the Group were RMB6,892.39 million, and the net assets attributable to shareholders of the Company were RMB5,514.61 million, which has basically remained unchanged as compared to the end of 2021.

Ophthalmology products

Focusing on the leading technologies in the global ophthalmology field, the Group is committed to expediting the localization of China's ophthalmology industry through independent R&D and investment integration, with the goal of becoming an internationally renowned manufacturer of comprehensive ophthalmology products. During the Reporting Period, the Group's ophthalmology business has covered the fields including cataract treatment, myopia prevention and control, refractive correction, and ocular surface medication, and has owned a number of products under development in the field of fundus disease treatment.

The Group is the largest OVD product manufacturer in the PRC. According to the research reports of Guangzhou Biaodian Medical Information Co., Ltd. ("**Biaodian Medical**"), the market share of the Group's OVD products was 50.83% in 2021 (2020: 45.24%), ranking first in China for the past 15 consecutive years. Meanwhile, the Group is a major supplier in the domestic IOL market, and Contamac Holdings Limited, a subsidiary of the Company ("**Contamac**"), is one of the world's largest independent manufacturers of ophthalmology and optometry materials such as materials for IOL and Orthokeratology Lens to customers in more than 70 countries worldwide.

During the Reporting Period, the Group's revenue from the sales of ophthalmology products was RMB765.97 million, representing an increase of approximately RMB95.00 million, or 14.16%, as compared to the corresponding period in 2021. The breakdown of revenue from ophthalmology products by specific products is as follows:

Item	**2022** *RMB'000*	*%*	2021 *RMB'000*	*%*	Change *(%)*
Cataract product line	**366,000**	**47.78**	437,820	65.25	-16.40
IOL products	**277,149**	**36.18**	330,968	49.33	-16.26
OVD products	**88,851**	**11.60**	106,852	15.92	-16.85
Myopia prevention and control, and refractive correction product line	**377,006**	**49.22**	216,239	32.23	74.35
Ophthalmology and optometry materials	**179,460**	**23.43**	161,336	24.05	11.23
Ophthalmology and optometry end products	**197,546**	**25.79**	54,903	8.18	259.81
Other ophthalmology products	**22,963**	**3.00**	16,910	2.52	35.80
Total	**765,969**	**100.00**	670,969	100.00	14.16

IOL and OVD products are mainly used for cataract surgery. During the Reporting Period, the revenue of the Group from the cataract product line amounted to RMB366.00 million, representing a decrease of approximately RMB71.82 million or 16.40% as compared to the corresponding period in 2021. Specifically, the revenue from IOL products was RMB277.15 million, representing a decrease of 16.26% as compared to the corresponding period in 2021, mainly because the sales revenue from Aaren-branded IOL products during the Reporting Period was RMB4.87 million only, representing a decrease of RMB36.86 million as compared to the corresponding period in 2021,as a result of the termination of the distribution agreement between Aaren and Zhuhai Sunny, the former domestic exclusive distributor, which caused the domestic sales channels of the Aaren-branded and Aishuming-branded IOL products manufactured by Aaren to face re-integration. In addition, customs postponed the release of Lenstec IOL products distributed by NIMO, a subsidiary of the Company, in the first half of 2022, leading to a drop in market supply, while its sales performance recovered in the third quarter, the quantity of cataract surgeries in China fell again in the fourth quarter, which led to an overall decrease in the revenue of NIMO during the Reporting Period as compared to the corresponding period in 2021. During the Reporting Period, the revenue from OVD products was RMB88.85 million, representing a decrease of 16.85% as compared to the corresponding period in 2021, mainly due to a periodic decrease in the quantity of cataract surgeries in China.

During the Reporting Period, the revenue of the Group from the myopia prevention and control, and refractive correction product line was RMB377.01 million, representing an increase of approximately RMB160.77 million or 74.35% as compared to the corresponding period in 2021. Specifically, the revenue from the ophthalmology and optometry materials business (operated by Contamac) in the upstream part of the supply chain was RMB179.46 million during the Reporting Period, representing an increase of approximately RMB18.12 million or 11.23% as compared to the corresponding period in 2021, mainly due to the resumption of global production and operation activities and the continuous expansion of products including gas permeable materials in international markets including the United States. Ophthalmology and optometry end products cover Orthokeratology Lens and the equipment used in the process of fitting and wearing them, and eye drops, soft contact lens, phakic refractive lens and other products. During the Reporting Period, the revenue of the Group from ophthalmology and optometry end products was RMB197.55 million, representing an increase of approximately RMB142.64 million as compared to the corresponding period in 2021, mainly due to the inclusion of Nanpeng Optics, which operated the Orthokeratology Lens agency sales business, in the consolidated statements of the Company since January 2022, resulting in a significant increase in the revenue from optometric products including Orthokeratology Lens during the Reporting Period.

Other ophthalmology products mainly include injectors, scalpels, suture needles and other products used in various ophthalmic operations. During the Reporting Period, the Group's other ophthalmology products recorded revenue of RMB22.96 million.

Cataract is the biggest cause of blindness in China. The only effective treatment for cataract is IOL implantation through surgery. In terms of industrial chain construction, the Group currently has initially completed the layout of the entire industrial chain of IOL products. We have opened up the upstream raw material production link of the IOL industrial chain through our subsidiary Contamac; mastered the R&D and production process of IOL products through our subsidiaries Aaren, Henan Universe, and Henan Simedice Biotechnologies Co. Ltd.; strengthened the downstream sales channels of IOL products through the professional ophthalmology high-value consumables marketing platform of NIMO. In terms of the layout of product lines, leveraging on its domestic and foreign brands, the Group has covered a full range of products from ordinary spherical monofocal IOL to multifocal IOL. In addition, while leveraging on the support of the National Key R&D Programs under the "13th Five-Year Plan", the Group creates synergy among the ophthalmology R&D innovation platforms of the Group in the PRC, the United States and the United Kingdom. The Group has promoted the R&D activities for high-end toric and multifocal IOL products. The Group has also extended the materials from hydrophilic IOL materials to hydrophobic IOL materials, and has adopted the one-time injection molding process that is different from the traditional turning and milling process, thus achieving a comprehensive layout of high-end IOL materials, complex optical features, and innovative processing technology. Among them, 1) the innovative casting molded hydrophobic aspheric IOL product has completed clinical trials in China and is in the process of registration and application; 2) the hydrophobic molded toric aspheric IOL product has started clinical trials since July 2021 in an orderly manner in China; and 3) the hydrophilic aspheric multifocal IOL was approved for clinical trial ethics review in November 2022, and has been advancing its clinical trial in an orderly manner.

During the Reporting Period, the second round of volume-based procurement of high-value consumables of IOL in provinces, cities and alliances was started. Specifically, the most representative Beijing-Tianjin-Hebei “3 + 11” alliance and the alliance of nine provinces in western China completed the procurement for the second round of volume-based procurement in December 2021 and March 2022 respectively. During the Reporting Period, each alliance member province successively commenced the next round of procurement. The Group continuously won bids for various product models covering ordinary and functional spherical IOLs, aspheric IOLs, preloaded aspheric IOLs, and segmented bifocal IOLs. A stable price system was maintained for products for which the Group won bids, as compared with the first round of volume-based procurement. In the long term, volume-based procurement will bring more opportunities for companies with production cost control capability and product line layout capability. By leveraging its advantages in multi-brand full product lines, channels and costs, the Group will consolidate and further increase the market share of its IOL products in the bidding areas.

China is one of the countries with the largest number of blind and visually impaired patients in the world, with cataracts accounting for 32.5% and refractive errors accounting for 44.2% of visual impairment factors, while the prevalence of ophthalmic diseases in the highly myopic population is much higher than that in the normal-vision population. In 2019, the number of myopia patients worldwide was approximately 1.4 billion, among which, the number of myopia patients in China exceeded 600 million, and as a result the capacity of China’s myopia prevention and control and refractive correction market is considerable while the penetration rate is low.

In the field of myopia prevention, control and management, the Group used its self-developed optical design system based on Contamac’s world-leading gas permeable material to develop the “Tongxiang” (童享) series of new Orthokeratology Lens products, which was approved for registration and marketing in China in December 2022. Meanwhile, the Company, respectively through Shanghai Hengtai Vision Technology Co., Ltd. (“**Hengtai Vision**”) and Nanpeng Optics, which are subsidiaries of the Company, has the right to exclusively distribute “Maierkang myOK”, a high-end Orthokeratology Lens product, “Hiline”, an Orthokeratology Lens product, “Bestivue”, a peripheral defocus lens, and rigid gas permeable (“**RGP**”) contact lens of Hengtai Optics Co., Ltd. (“**Hengtai Optics**”) in mainland China. With more than 40 years of professional experience in the field of corneal contact lenses, Hengtai Optics has deep technical precipitation and a complete layout of intellectual property rights in mainland China and the global market. The “myOK” Orthokeratology Lense product owns the highest oxygen permeability with 141 DK in China and has 7 Chinese patents. “Hiline” Orthokeratology Lense product has been sold in the Chinese market for more than 10 years, with a high reputation in the industry and brand reputation. The Group entered into an in-depth cooperation with Hengtai Optics and obtained the exclusive distribution rights of all products registered by Hengtai Optics in mainland China, providing a wider choice of optometric products for different consumer segments and expanding the market share and influence of the Group’s Orthokeratology Lense products.

In addition, the Group’s self-developed eye drops product “Eyesucom” is made of exclusively patented ingredients including medical chitosan and sodium hyaluronate, and is packaged in an aseptic packaging method without preservatives. The product has the functions of natural antibacterial, moisturizing and lubricating, promoting the repair of corneal epithelial damage and reducing staining, etc. It can comprehensively protect the eye surface health of the wearers of Orthokeratology Lens. During the Reporting Period, the sales volume of the Group’s eye drops product “Eyesucom” showed a good momentum of growth.

In the field of refractive correction, the Group's subsidiary Hangzhou Aijinglun is mainly engaged in the R&D, production and sales of crystalline refractive lenses, and has independent intellectual property rights of its own developed "Yijing" Posterior Chamber-Posterior Chamber-Phakic Refractive Lens ("**PRL**") product, which has a refractive correction range of -10.00D ~ -30.00D and has been approved by the National Medical Products Administration of the PRC ("**NMPA**"). Refractive lens surgery with crystalline lens can correct myopia without cutting normal corneal tissues and has the advantages of preserving the adjustment function of the human lens and surgical reversibility, so it is a safe and effective method to correct myopia. Currently, there are only two such products approved for sale in the Chinese market, and "Yijing" PRL product is the only domestic product and the only choice for patients with severe myopia above 1,800 degrees, and therefore the product is highly scarce. In addition, the Group began the process of upgrading its PRL products after the acquisition of the Hangzhou Aijinglun, with the second generation of the aqueous humor permeable product entering the clinical trial stage in China, which will enable aqueous humor circulation and provide a wider range of vision correction.

Through the above products layout, the Group has been able to provide a variety of myopia solutions from prevention and control to correction for all age groups.

Medical Aesthetics and Wound Care Products

In the field of medical aesthetics and wound care, the Group has formed a business matrix covering four categories, namely hyaluronic acid ("**HA**") dermal filler, genetic-engineering preparations for epidermal repair, radio frequency devices and laser equipment. The Group has innovative cream botulinum toxin products in the pipeline. Through the multi-level business arrangements, the Group connected three major application scenarios, namely medical aesthetics, life aesthetics and home aesthetics, and was able to meet the comprehensive demand of end customers for medical aesthetics in relation to epidermis, dermis and subcutaneous tissue.

The Group's human epidermal growth factor ("**hEGF**") for external use "Healin", developed and produced by genetic engineering technology, is the only epidermal growth factor product in China that has exactly the same quantity, sequence and spatial structure of amino acids as human natural epidermal growth factor and the first registered hEGF product for external use in the world. According to the research reports of Biaodian Medical, the market share of "Healin" products in 2021 continued to rise to 25.95% from 23.84% in 2020, continuing narrowing the gap with the top-selling brand in the market.

The Group has independently developed and mastered the cross-linking processes such as monophase cross-linking, low-temperature secondary cross-linking, linear non-particle cross-linking, and organic cross-linking. The Group's first-generation HA dermal filler "Matrifill" is the first mono-phase sodium hyaluronate gel for injection approved by the NMPA in the PRC. It is mainly positioned as a popular entry-level HA. The Group's second-generation HA dermal filler "Janlane" is mainly positioned at the mid-to-high end, and mainly features the dynamic filling function. The third-generation HA dermal filler "Hyalumatrix" has the linear non-particle feature and is positioned for high-end consumers by providing the "precise embellishment" function. The Group's HA Dermal Filler product portfolio has been widely recognized in the market and has become a leading brand of domestic HA dermal filler products for injection.

In addition, in February 2023, the Group's second-generation HA dermal filler "Janlane" completed the registration change, and in addition to the original indication of "injection in the middle to deep layers of the facial dermis to correct moderate and severe nasolabial fold wrinkles", a new indication of "subcutaneous (or submucosal) injection for lip vermilion and vermilion border to fill the lips to increase lip tissue volume" was added to further expand its clinical application scenarios.

At present, the Group's fourth-generation organic cross-linked HA dermal filler has completed clinical trials and has entered the registration and application stage in China. This product uses natural products as cross-linking agents, and the degradation products are essential amino acids that cannot be synthesized by the human body. Compared with traditional chemical cross-linking agents, it has better long-term safety. Meanwhile, this product is the first product in China to block the action site of hyaluronidase, which has a longer-lasting characteristic.

During the Reporting Period, the revenue of the Group from medical aesthetics and wound care products was RMB744.34 million, representing an increase of approximately RMB283.36 million, or 61.47%, as compared to the corresponding period in 2021. The breakdown of the revenue by specific products is as follows:

Item	**2022**		2021		Change
	RMB'000	***%***	*RMB'000*	*%*	*(%)*
HA Dermal Filler	**306,164**	**41.13**	239,351	51.93	27.91
hEGF	**149,816**	**20.13**	127,249	27.60	17.73
Radio frequency devices and laser equipment	**288,362**	**38.74**	94,385	20.47	205.52
Total	**744,342**	**100.00**	460,985	100.00	61.47

In recent years, the "beauty value economy" has risen. The continuous increase in the public's attention to appearance in China has led to the continuous expansion of the demand for medical aesthetics. The continuous advancement of medical aesthetics technology has brought about an increasingly abundant portfolio, while the steady growth of per capita disposable income in China has laid a solid foundation for medical aesthetics consumption, among which, micro-plastic surgery meets the demands of beauty seekers for beauty with its characteristics such as minimal invasiveness, quick results and good value for money, and is thus more amenable to beauty seekers, with higher consumption frequency. At present, China has become the world's second-largest medical aesthetics market, with a market size of RMB143.6 billion and a low market penetration rate of 3.6% in 2019. The data shows that the market size of China's medical aesthetics has continued to grow in the past five years, and the compounded annual growth rate remained above 15%, which was higher than that of the global market. The market size in 2022 was nearly RMB230 billion. However, compared with other major countries with the developed medical aesthetics industry, China's medical aesthetics market still has huge potential and will continue to grow in the next few years.

Leveraging on its competitive R&D efforts in biomedical materials, manufacturing and marketing platforms and comprehensive strengths in the technology and quality control of products, the Group's products, based on their characteristics and efficacy, have established the differentiated positioning and supplementary development, thus leading the trend of combined application of HA dermal filler in the non-invasive medical aesthetic market in the PRC. Meanwhile, the marketing team of the Group strived to enhance the consumer experience through multidimensional services for medical institutions, practitioners and consumers, and build brand attributes and dominate the lifestyle of consumer groups so as to improve the adhesiveness among the brands, medical institutions and consumers. During the Reporting Period, the Group's HA dermal filler products recorded sales revenue of RMB306.16 million, representing an increase of approximately RMB66.81 million, or 27.91%, as compared to the corresponding period in 2021. With the support of the Group, Bioxis, the Group's HA dermal filler manufacturer in France, gradually unleashed its production capacity during the Reporting Period and enhanced its ability to meet the demand of overseas markets, thus achieving a significant increase in revenue. During the Reporting Period, the third-generation HA dermal filler "Hyalumatrix" produced by the Group won the market's recognition for its high-end HA dermal filler due to its non-particle and high cohesion features, making it less susceptible to deformation and displacement after injection, and giving it a longer-lasting effect, with an increase in the sales revenue by nearly 30% as compared to the corresponding period in 2021.

During the Reporting Period, the revenue of the Group from hEGF products was RMB149.82 million, representing an increase of approximately RMB22.57 million, or 17.73%, as compared to the corresponding period in 2021. The increase in the revenue of hEGF products was due to the fact that the Group expanded its ancillary saline production capacity at the end of 2021, which eased the constraints of insufficient production capacity; on the other hand, the Group strengthened the academic promotion of this product, practitioners' awareness of product efficacy has been continuously strengthened, and the application of the product has been extended from traditional departments such as burns and dermatology to pediatrics, oncology, stomatology, general surgery, obstetrics and gynecology, endocrinology, gastroenterology and other departments.

During the Reporting Period, the revenue of the Group from the radio frequency and laser equipment product line was RMB288.36 million, which was mainly generated by Juva Medical Group. EndyMed Ltd., an Israeli-listed subsidiary of Juva Medical Group, focuses on Radiofrequency beauty equipment. Laserconn, a subsidiary of Juva Medical, focuses on laser beauty equipment and has its products mainly exported to overseas markets. The Company has included Juva Medical Group into its consolidated statements since September 2021. The revenue of the radio frequency and laser equipment product line in the consolidated statements of the Group in 2021 was only RMB94.39 million for the last four months.

Orthopedics Products

During the Reporting Period, the revenue of the Group from orthopedics products amounted to RMB386.48 million, representing a slight decrease of 3.38% as compared to the corresponding period in 2021. The breakdown of the revenue from the orthopedics products by specific products is as follows:

Item	**2022**		2021		Change
	RMB'000	*%*	*RMB'000*	*%*	*(%)*
Sodium hyaluronate injection	**258,435**	**66.87**	263,502	65.88	(1.92)
Medical chitosan used for intra-articular viscosupplement	**128,042**	**33.13**	136,499	34.12	(6.20)
Total	**386,477**	**100.00**	400,001	100.00	(3.38)

In the field of orthopedics, the Group is the largest domestic manufacturer of orthopedic intra-articular viscoelastic supplements. Orthopedic intra-articular viscoelastic supplements are mainly used in degenerative osteoarthritis. Degenerative osteoarthritis is also a common disease in the senior population. According to statistics, the incidence of osteoarthritis in men over the age of 65 is 58%, and that in women is 65% to 67%; the incidence of people over the age of 75 is as high as 80%. At present, there are more than 100 million osteoarthritis patients in China. The Group is the only manufacturer having sodium hyaluronate injection products with full series of specifications of 2mL, 2.5mL and 3mL in the PRC market. Meanwhile, the water-soluble chitosan technology used in the Group's medical chitosan product (for intra-articular viscosupplement) is the exclusive patented technology of the Group, making the product the only intra-articular viscoelastic supplement registered as a Class III medical device in the PRC.

The Group's medical chitosan product (for intra-articular viscosupplement) and sodium hyaluronate injection product have formed unique therapeutic effects and synergic advantages. With a good pricing system, the product portfolio continued to expand its market share. According to the research reports of Biaodian Medical, in 2021, the Group has been ranked the largest manufacturer of orthopedic intra-articular viscoelastic supplements in the PRC for eight consecutive years, with a market share continuously increasing from 43.30% in 2020 to 45.49% in 2021.

Anti-adhesion and Hemostasis Products

According to the research report of Biaodian Medical, the Group was the largest supplier of anti-adhesion materials in China, with the share of the anti-adhesion materials market reaching 28.85% in 2021. During the Reporting Period, the Group's anti-adhesion and hemostasis products recorded revenue of RMB176.27 million, representing a decrease of approximately RMB15.66 million, or 8.16%, as compared to the corresponding period in the previous year. The breakdown of the revenue from the anti-adhesion and hemostasis products by specific products is as follows:

Item	**2022**		2021		Change
	RMB'000	*%*	*RMB'000*	*%*	*(%)*
Medical chitosan used for anti-adhesion	**73,203**	**41.53**	94,222	49.09	-22.31
Medical sodium hyaluronate gel	**82,613**	**46.87**	76,272	39.74	8.31
Collagen sponge	**20,456**	**11.60**	21,434	11.17	-4.56
Total	**176,272**	**100.00**	191,928	100.00	-8.16

DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT

Development Strategy

The Group always aims to continuously improve the health quality of Chinese people and promote the rehabilitation of patients, and takes differentiated development as its corporate strategy. The Group will continue to focus on four fast-growing therapeutic areas, including ophthalmology, medical aesthetics and wound care, orthopedics and surgery. The Group will pay attention to scientific research innovation and achievement transformation, and strengthen professional services; continue to maintain the Company's leading position in technology through cooperation with domestic and foreign well-known R&D institutions, independent R&D and technology introduction; continuously optimize and improve management capabilities and improve operational efficiency; continuously expand and improve product lines and integrate the industrial chain through the combination of endogenous growth and mergers and acquisitions; strengthen the Company's brand building and enhance brand value, making the Group a leading domestic and internationally renowned biomedical company in the field of biomedical materials.

Business Plan

In 2023, the Group will continue to deeply promote the deployment of internal resources of the Group, and further strengthen the integration of merged and acquired enterprises in all aspects of R&D, production, sales and services, enabling merged and acquired enterprises to quickly integrate into the Group's management system. This aims to maximize synergy, improve operational efficiency, develop innovative technologies, and expand market space, while continuing to enhance core competitiveness.

In the field of ophthalmology, the Group will, by utilizing its superior R&D resources in China, the US, the UK and France and by continuing the R&D investment in innovative products, keep promoting the upgrade of product portfolios. In 2023, the Group will focus on promoting the clinical trials of hydrophobic toric aspheric IOL and multifocal IOL in the IOL product line, second generation of the aqueous humor permeable refractive lens with crystalline lens in the refractive correction product line, and other important projects, and researching and developing multifocal toric IOL and other products. In terms of marketing, the Group will pay continuous attention to changes in the policy environment such as volume-based procurement of IOL and medical insurance payment. By making use of the Group's multi-brand product line advantages, channel advantages and cost advantages, the Group has formulated scientific benchmarking strategies to ensure that its IOL series products can achieve good bidding results. Meanwhile, the Group has adjusted sales strategies in time to respond to the new marketing pattern in the post volume-based procurement era. In the field of myopia prevention and control, in 2023, the Group will continue to explore the integrated marketing and brand operation of products such as "Maierkang myOK", "Hiline" and "Tongxiang" (童享) and accelerate the market penetration of the Group's Orthokeratology Lens product line, so as to increase the overall market share.

In the field of medical aesthetics and wound care, in 2023, the Group will take advantage of the efficacy and price positioning of the "Matrifill" and "Janlane" and "Hyalumatrix" series of HA dermal filler products to focus on building the brand image of "Hyalumatrix" high-end HA dermal filler products, strengthen the market promotion of "Janlane" HA dermal filler products for the new indications, assist downstream medical and aesthetic institutions to develop unique injection solutions for the indications, further expand the market penetration, expand the overall market share of the Group's HA dermal filler series products and strengthen the leading position of the Group's domestic HA dermal filler brand for injection through the extensive sales network.

Meanwhile, the Group will leverage its rich experience and competitive R&D platform of absorbable biological materials to explore leading innovative cross-linking technology. In 2023, the Group will accelerate the registration and application of the fourth generation of organic cross-linked HA dermal filler products, and start the pre-launch market warm-up work. The Group will also integrate its advantageous resources with Juva Medical to give full play to the high synergy between the Group and Juva Medical in terms of technology R&D, product layout and marketing. Through collaborative R&D, advanced process and exchanges on quality control technology, the Group will strengthen its technological strength and product competitiveness in the field of biological materials and dermatology, and launch new products jointly developed by both parties to the market. In addition, in 2023, the Group will continue to promote the integration of the domestic and overseas direct sales and e-commerce teams of both parties covering three major application scenarios, namely medical aesthetics, life aesthetics and home aesthetics, to share their respective original customer resources and improve operational efficiency and sales achievement rate.

In 2023, the Group will continue to use its own funds effectively, explore the fast-growing therapeutic areas such as ophthalmology, medical aesthetics, orthopedics and surgery, actively seek advanced technologies and excellent products and take the opportunity to introduce technologies or invest in cooperation, so as to increase the product reserve and ensure the long-term sustainable development of the Group.

FINANCIAL REVIEW

Revenue, Cost and Gross Profit Margin

During the Reporting Period, the Group recorded total revenue of approximately RMB2,103.44 million (2021: approximately RMB1,750.12 million), representing an increase of approximately RMB353.32 million, or approximately 20.19%, as compared to that in 2021. The Group sought the deployment in myopia prevention and control and refractive correction, especially, with the inclusion of Nanpeng Optics in the scope of consolidation of the Company in January 2022, the income from Orthokeratology Lens and its ancillary products has increased by approximately RMB123.97 million during the Reporting Period as compared to that during the previous year. In addition, Juva Medical was included in the consolidation scope of the Company in September 2021, and the annual revenue of Juva Group in the Reporting Period was consolidated, while only its revenue of the last four months of the previous year was consolidated, contributing approximately RMB236.18 million to the revenue growth of the Group.

During the Reporting Period, the overall gross profit margin of the Group was 68.79%, representing a decrease as compared to approximately 71.98% in 2021, primarily due to the lowered gross profit margin of the radio-frequency and laser equipment industry where Juva Medical Group operates and the orthopedic lens agent sales business operated by Nanpeng Optics than that of the original products of the Group, hense lowering the overall gross profit margin for the Reporting Period.

Other Income and Gains

During the Reporting Period, other income and gains of the Group were approximately RMB147.85 million, which decreased by approximately RMB50.58 million or 25.49% compared to approximately RMB198.43 million in 2021, mainly because the Group had received approximately RMB56.22 million in dividend income from Shenwu No.1 investment product in 2021, but no such dividend income was received during the Reporting Period.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were approximately RMB679.53 million, representing an increase of approximately RMB67.19 million, or approximately 10.97%, from approximately RMB612.34 million in 2021. During the Reporting Period, the salary and bonus of the Group's sales staff increased by approximately RMB44.84 million compared to 2021, mainly due to the inclusion of Nanpeng Optics and Juva Group in the scope of consolidation. At the same time, the amortization expense resulting from the acquisition of the exclusive distribution right recognised by Nanpeng Optics increased by approximately RMB8.34 million. In addition, share-based payment expenses of approximately RMB5.77 million were included in sales and distribution expenses during the Reporting Period as a result of the Company's implementation of the equity incentive plan, while there was no such expense in 2021.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were approximately RMB405.30 million, representing an increase of approximately RMB119.21 million, or approximately 41.67%, from approximately RMB286.09 million in 2021, mainly because: 1) during the Reporting Period, the salary and bonus of the Group's administrative staff increased by approximately RMB50.79 million compared with 2021; 2) the amortization expense of intangible assets such as non-patented technologies and customer relations, which are recognised in the acquisition of Juva Group and Nanpeng Optics, increased by approximately RMB16.18 million; 3) due to the implementation of the equity incentive plan by the Company and Juva Medical, the Group recognised the share-based payment expenses of approximately RMB23.17 million in the administrative expenses during the Reporting Period; and 4) during the Reporting Period, legal and other intermediary service expenses incurred by the Group in connection with litigation, investment due diligence and other business increased by approximately RMB9.87 million as compared to 2021.

R&D Expenses

During the Reporting Period, the R&D expenses of the Group were approximately RMB182.19 million, representing an increase of approximately RMB14.59 million, or approximately 8.71%, from approximately RMB167.60 million in 2021, mainly because the Group continued to increase investment in the R&D of the innovative product lines of ophthalmology and medical aesthetics. During the Reporting Period, the proportion of the R&D expenses of the Group in its total expenses was high at 8.66% (2021: 9.58%).

Other Expenses

During the Reporting Period, the Group's other expenses amounted to approximately RMB72.41 million, representing an increase of approximately RMB62.50 million or 630.68% from RMB9.91 million in 2021. The main reasons include: 1) during the Reporting Period, due to the termination of the distribution agreement between the US subsidiary Aaren and the original domestic exclusive distributor, the domestic sales channels of Aaren's Aaren-branded and Aishuming-branded IOL products was faced with re-integration. The Company's management thought that Aaren's business showed signs of impairment and conducted an impairment test. According to the results of the impairment test, the total impairment loss on the goodwill, intangible assets and other long-term assets of the Aaren business amounted to approximately RMB46.07 million; 2) during the Reporting Period, the Group set aside a total loss of approximately RMB8.17 million for the inventories with a long storage life and those nearing their expiration date; and 3) The loss due to the change in fair value recognised this year was approximately RMB7.78 million, which was because that the fair value of Recros Medica convertible bond subscribed by the Group for USD1 million in 2021 was zero at the end of the Reporting Period, and the recognised loss from the change in fair value was approximately RMB6.38 million. And the convertible bonds of Bioxis, a French company subscribed by the Group, recognized a loss of approximately RMB1.40 million on fair value changes due to the depreciation of the Euro.

Income Tax Expenses

During the Reporting Period, the Group's income tax expenses were approximately RMB45.40 million (2021: approximately RMB35.37 million), with an effective tax rate of 19.26%, up some 10.02 percentage points since 2021, mainly because during the Reporting Period, the subsidiaries with a 25% statutory tax rate recorded more profits, and some subsidiaries with losses did not recognise the deferred tax assets.

Results of the Year

During the Reporting Period, the profit attributable to ordinary equity holders of the Company was approximately RMB180.47 million (2021: RMB352.23 million), representing a decrease of approximately RMB171.76 million, or approximately 48.76%, as compared to that in 2021, which was mainly attributable to the following factors: 1) from March to May 2022, the production and operation of the Company and its three major manufacturing subsidiaries in Shanghai were suspended, resulting in a loss of approximately RMB37.35 million due to the shutdown; 2) the newly recognized share-based payment expenses resulting from the implementation of the equity incentive plan by the Company and its subsidiaries totaled approximately RMB30.23 million; 3) as mentioned above, during the Reporting Period, the impairment loss of various assets recognised by the Group was approximately RMB54.24 million, and the loss of the change in fair value was approximately RMB7.78 million and 4) during the Reporting Period, the Group did not receive dividends from Shenwu No. 1 Investment Product (in 2021, the Group received dividends in the amount of approximately RMB56.22 million from Shenwu No. 1 Investment Product).

During the Reporting Period, the basic earnings per share were RMB1.04 (2021: RMB2.00).

Liquidity and Capital Resources

As at 31 December 2022, the total current assets of the Group were approximately RMB3,532.12 million, representing a decrease of approximately RMB180.47 million, or approximately 4.86%, as compared to that as at 31 December 2021, which was mainly due to the decrease of cash and bank balance at the end of the year caused by the Group's continuous investment in various engineering projects, equity investment expenditure and cash flow expenditure such as H-share repurchase.

As at 31 December 2022, the total current liabilities of the Group were approximately RMB511.28 million, representing an increase of approximately RMB24.01 million, or approximately 4.93%, as compared to that as at 31 December 2021, which was mainly because some profitable subsidiaries enjoyed deferral on the payment of taxes and Nanpeng Optics has been included in the scope of consolidation, and the balance of income tax payable at the end of the year increased.

As at 31 December 2022, the Group's current assets to liabilities ratio was approximately 6.91 (31 December 2021: 7.62), representing a slight decrease as compared to that as at the end of 2021, but it was still at a relatively high and stable level.

Employees and Remuneration Policy

The Group had 1,990 employees as at 31 December 2022. The breakdown of the total number of employees by function was as follows:

Production	701
R&D	344
Sales and Marketing	599
Finance	86
Administration	260
Total	**1,990**

During the Reporting Period, the remuneration policy for its employees had no material change, the employees' remuneration is based on their working experience, daily performance, the operation situation of the Company and external market competition. During the Reporting Period, the total remuneration of the Group's employees amounted to approximately RMB533.22 million, representing an increase of approximately RMB118.84 million from approximately RMB414.38 million in 2021, which was mainly because: 1) an increase of approximately RMB96.36 million of the Group's total employee remunerations during the Reporting Period with the inclusion of Nanpeng Optics into the scope of consolidation of the Company and the consolidation of the full-year results of Juva Group; and 2) a natural increase in employee compensation due to the expansion of the business, the increase in the number of employees and the normal salary adjustment.

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the core management personnel, core technical or operational personnel and fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members and bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the Board approved the proposed adoption of the 2021 restricted A share incentive scheme of the Company (the "**Incentive Scheme**") on 29 December 2021.The Incentive Scheme was approved and adopted by its Shareholders at the 2022 extraordinary general meeting, the 2022 first A Shareholders' class meeting and the 2022 first H Shareholders' class meeting held on 7 March 2022. During the Reporting Period, the Board has resolved to grant a total of 1,800,000 Restricted Shares in the First Grant and Reserved Grant, pursuant to the Incentive Scheme on 11 March 2022 and 16 November 2022, respectively.

During the Reporting Period, the Group has regularly provided various thematic training programs for its employees. The training subjects include the applicable laws and regulations for operations, pharmacovigilance system, quality control, anti-corruption, production safety and corporate culture, etc.

Treasury Policies

The Group adopts centralized financing and treasury policies designed to strengthen the control on bank deposits and to ensure the secured and efficient use of the Group's capital. Surplus cash of the Group is generally placed in short-term deposits denominated in RMB, US dollars and HKD. It is the Group's policy to enter into principal guaranteed and conservative deposits transactions only and the Group is restricted from investing in high-risk financial products.

Asset Pledge

As at 31 December 2022, the quality guarantee letter and the performance guarantee letter issued were secured by the Group's bank deposits of approximately RMB0.61 million and RMB1.84 million respectively. As at 31 December 2021, the quality guarantee letter issued was secured by the Group's bank deposits of approximately RMB0.62 million.

In addition, NIMO, a subsidiary of the Company, obtained banking facility of not more than RMB65.00 million by pledging all of its trade receivables as at 31 December 2022 and 31 December 2021.

Gearing Ratio

As at 31 December 2022, the total liabilities of the Group amounted to approximately RMB990.02 million and the gearing ratio (the percentage of total liabilities to total assets) was 14.36%, representing an increase of 1.55 percentage points from 12.81% as at 31 December 2021, which was primarily due to the increased total liabilities while relatively stable total assets. In addition to the above-mentioned increase in total current liabilities as at the end of the Reporting Period as compared to 31 December 2021, the increase in the Group's total non-current liabilities of approximately RMB75.94 million as at the end of the Reporting Period as compared to 31 December 2021. This was mainly because the Company borrowed long-term bank loans of approximately RMB41.75 million for business needs during the Reporting Period, and in connection with the merger and acquisition of Juva Group, the Company granted a share redemption option to Juva Group minority shareholders, resulting in an increase in the fair value of non-current liabilities related to the share redemption option of approximately RMB34.44 million. These factors combined have increased the gearing ratio of the Group.

Cash and Cash Equivalents

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB559.20 million, representing a decrease of approximately RMB724.69 million from that of approximately RMB1,283.89 million as at 31 December 2021. The decrease was mainly attributable to net cash flows used in investing activities and financing activities of approximately RMB681.82 million and RMB288.35 million, respectively, which were partially offset by net cash flows generated from operating activities of approximately RMB231.30 million.

Bank Borrowings

As at 31 December 2022, the Company, NIMO and Bioxis (the subsidiaries of the Company), had interest-bearing bank borrowings of approximately RMB41.75 million, RMB5.31 million and EUR0.72 million (equivalent to approximately RMB5.35 million) respectively.

As at 31 December 2021, NIMO and Bioxis had interest-bearing bank borrowings of approximately RMB25.18 million and EUR0.68 million (equivalent to approximately RMB4.91 million) respectively.

Foreign Exchange Risk

The sales, costs and expenses of the Group were principally and mostly denominated in RMB. Despite the fact that the Group might be exposed to foreign exchange risk, the Board expects that exchange rate fluctuation of the foreign currencies held by the Group will not have any material adverse impact on the Group in the future. During the Reporting Period and as at 31 December 2022, the Group did not enter into any hedging transactions.

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities.

Significant Subsequent Event

Please refer to note 16 to the financial statements in this results announcement for the details of significant subsequent event of the Group.

Future Plans for Material Investments and Capital Assets

Saved as disclosed in this announcement, the Group has no any other material investment plans or capital asset plans during the year ended 31 December 2022.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this announcement, the Group did not have any material acquisitions and disposals related to subsidiaries, associates and joint ventures during the year ended 31 December 2022.

Significant Investment

Save as disclosed in this announcement, the Group has no other significant investment during the year ended 31 December 2022.

Purchase, Sales or Redemption of Listed Securities

At the 2020 annual general meeting, the 2021 first A Shareholders' class meeting and the 2021 first H Shareholders' class meeting of the Company held on 11 June 2021, a proposal was approved to grant the Board a general mandate to repurchase the Company's H Shares. Pursuant to such authorization, the Company repurchased a total of 1,692,100 H Shares on the Hong Kong Stock Exchange during the period from 30 December 2021 to 17 January 2022, using a total amount of approximately HK$89,803,495. On 7 July 2022, such H Shares repurchased by the Company were cancelled, the total number of Shares of the Company was 174,130,000 Shares after the cancellation.

At the 2021 annual general meeting, the 2022 second A Shareholders' class meeting and the 2022 second H Shareholders' class meeting of the Company held on 29 June 2022, a proposal was approved to grant the Board a general mandate to repurchase the Company's H Shares. Pursuant to such authorization, the Company repurchased a total of 2,859,000 H Shares on the Hong Kong Stock Exchange during the period from 5 September 2022 to 8 November 2022, using a total amount of approximately HK$83,897,235. On 14 February 2023, such H Shares repurchased by the Company were cancelled, the total number of Shares of the Company was 171,271,000 Shares after the cancellation.

Save as disclosed in this announcement, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Final Dividend and Annual General Meeting

The Board proposed to declare the final dividend of RMB0.4 (inclusive of tax) per share for the year ended 31 December 2022, amounting to RMB68,508,400 in total. From the date of disclosure of the above proposal to its implementation, in the event that the total share capital of the Company changes, the Company will maintain the dividend distribution per share unchanged, and the aggregate amount of distributed dividend will be adjusted based on the total share capital as at the registration date of shareholding.

The above proposal will be put forward at the 2022 annual general meeting of the Company (the "**AGM**") for consideration and approval. The specific arrangements regarding the final dividend and its distribution, and the time and arrangement of the closure of register of members of H Shares will be announced separately by the Company in a circular of the AGM. If these matters are approved at the AGM, the Company expects to distribute the dividend within two months after the date of the AGM (expected to be on or before 31 August 2023). The Company shall announce separately the expected dividend payment date.

Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the code provisions as set out in Corporate Governance Code.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Hong Kong Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company. Having made specific enquires to all directors and supervisors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

Audit Committee

The Group's audited consolidated financial statements and annual results for the year ended 31 December 2022 had been reviewed by the audit committee of the Board.

Publication of the Annual Results and Annual Report

This results announcement is published on the HKExnews website of the HKSE (www.hkexnews.hk) and the Company's website (www.3healthcare.com).

The Company's 2022 annual report containing all information required under the Hong Kong Listing Rules will be dispatched to the shareholders of the Company and will be published on the HKExnews website of the HKSE (www.hkexnews.hk) and the Company's website (www.3healthcare.com) in due course.

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

Shanghai, the PRC, 24 March 2023

As at the date of this announcement, the executive Directors are Dr. Hou Yongtai, Mr. Wu Jianying, Ms. Chen Yiyi and Mr. Tang Minjie; the non-executive Directors are Ms. You Jie and Mr. Huang Ming; and the independent non-executive Directors are Mr. Guo Yongqing, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.

* *For identification purpose only*