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 2021

HIGHLIGHTS OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

- During the Reporting Period, the Group recorded a revenue of approximately RMB1,750.12 million, representing an increase of RMB425.69 million, or 32.14%, as compared to the corresponding period in 2020.
- During the Reporting Period, the Group continued to increase investment in research and development ("**R&D**"), focusing on expanding the innovative products lines of ophthalmology and medical aesthetics. The R&D expenses amounted to RMB167.60 million, representing an increase of RMB41.12 million, or approximately 32.51%, as compared to the corresponding period in 2020. During the Reporting Period, R&D expenses amounted to 9.58% of the Group's revenue.
- During the Reporting Period, the profit attributable to owners of the parent and the net profit attributable to owners of the parent after deducting non-recurring profit or loss were approximately RMB352.23 million and RMB327.96 million, representing an increase of 53.10% and 58.88% as compared to the corresponding period in 2020.
- The Board has proposed to declare the final dividend of RMB0.7 (inclusive of tax) per share for the year ended 31 December 2021.

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 affiliates (the "**Group**", "**we**", "**our**" or "**us**") for the year ended 31 December 2021 (the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
REVENUE	*4*	**1,750,116**	1,324,427
Cost of sales		**(490,370)**	(334,004)
Gross profit		**1,259,746**	990,423
Other income and gains, net	*4*	**198,429**	180,737
Selling and distribution expenses		**(612,341)**	(555,727)
Administrative expenses		**(286,093)**	(216,759)
Impairment losses on financial assets		**3,182**	1,369
Research and development costs		**(167,597)**	(126,474)
Other expenses		**(9,907)**	(11,507)
Finance costs		**(4,963)**	(4,905)
Share of profits and losses of:			
A joint venture		**2,100**	–
An associate		**93**	(131)
PROFIT BEFORE TAX	*5*	**382,649**	257,026
Income tax expense	*6*	**(35,366)**	(30,686)
PROFIT FOR THE YEAR		**347,283**	226,340
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(16,824)**	(13,962)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(16,824)**	(13,962)

	Notes	2021 *RMB'000*	2020 *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		**124,199**	(9,071)
Income tax effect		**(10,309)**	841
		113,890	(8,230)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**113,890**	(8,230)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**97,066**	(22,192)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**444,349**	204,148
Profit attributable to:			
Owners of the parent		**352,234**	230,072
Non-controlling interests		**(4,951)**	(3,732)
		347,283	226,340
Total comprehensive income attributable to:			
Owners of the parent		**452,424**	210,969
Non-controlling interests		**(8,075)**	(6,821)
		444,349	204,148
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)			
– For profit for the year	*8*	**2.00**	1.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 ***RMB'000***	2020 ***RMB'000***
NON-CURRENT ASSETS			
Property, plant and equipment		**1,197,037**	978,017
Right-of-use assets		**214,800**	202,378
Other intangible assets		**613,397**	404,332
Goodwill		**406,901**	385,490
Investment in a joint venture		**47,964**	45,864
Investment in an associate		**3,448**	4,355
Equity investments designated at fair value through other comprehensive income	*9*	**573,935**	405,279
Deferred tax assets		**49,356**	26,186
Other non-current assets		**130,932**	36,845
Total non-current assets		**3,237,770**	2,488,746
CURRENT ASSETS			
Inventories		**354,765**	255,127
Trade and bills receivables	*10*	**375,206**	340,747
Prepayments, other receivables and other assets		**74,837**	55,374
Financial assets at fair value through profit or loss		**6,376**	15,145
Pledged deposits		**614**	50,963
Cash and bank balances		**2,900,788**	3,092,603
Total current assets		**3,712,586**	3,809,959
CURRENT LIABILITIES			
Trade payables	*11*	**46,264**	28,032
Other payables and accruals		**397,329**	296,942
Interest-bearing bank and other borrowings	*12*	**42,421**	87,708
Tax payable		**1,258**	21,079
Total current liabilities		**487,272**	433,761
NET CURRENT ASSETS		**3,225,314**	3,376,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,463,084**	5,864,944

	Notes	2021 *RMB'000*	2020 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**39,493**	20,373
Other payables and accruals		**8,110**	4,500
Deferred tax liabilities		**157,910**	102,282
Deferred income		**9,402**	3,544
Provision		**1,765**	–
Other non-current liabilities		**186,118**	–
Total non-current liabilities		**402,798**	130,699
Net assets		**6,060,286**	5,734,245
EQUITY			
Equity attributable to ordinary equity holders of the parent			
Share capital	*13*	**175,822**	177,207
Treasury shares	*13*	**–**	(28,263)
Reserves		**5,537,639**	5,341,807
		5,713,461	5,490,751
Non-controlling interests		**346,825**	243,494
Total equity		**6,060,286**	5,734,245

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. Total number of issued shares of the Company after the A Share Offering was 177,845,300 shares (comprising 40,045,300 H Shares and 137,800,000 A Shares).

During the year ended 31 December 2020, the Company repurchased 638,700 H Shares as treasury shares which were cancelled on 3 July 2020. Another 584,500 H Shares were repurchased, and were cancelled on 19 March 2021.

During the year ended 31 December 2021, the Company repurchased 800,000 H Shares as treasury shares which were cancelled on 14 July 2021.

During the year ended 31 December 2021, the Group was principally engaged in the manufacture and sale of biologicals, medical hyaluronate and ophthalmology products, research and development of biological engineering, 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**").

Information about subsidiaries

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		Principal activities
			Direct %	Indirect %	
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 of biological engineering and pharmaceutical products and related technology transfer, consultation and services
Haohai Healthcare Holdings Co., Limited. ("**Haohai Holdings**")	Hong Kong 17 July 2015	HKD153,000,000	100	–	Investment and trading business

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		Principal activities
			Direct %	Indirect %	
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
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	U.K. 10 May 1991	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	63.64	–	Sale of medical aesthetics, professional life cosmetology and home cosmetology

* 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.

During the year ended 31 December 2021, the Group acquired another 9% of equity shares of Contamac Holdings Limited ("**Contamac Holdings**"), the parent company of Contamac Limited, at a cash consideration of GBP5,974,000 (equivalent to approximately RMB53,942,000). The Group holds 79% of equity shares of Contamac Holdings and its subsidiaries ("**Contamac Group**") after the acquisition.

During the year ended 31 December 2021, the Group completed the acquisition of a 63.64% equity interest of Juva Medical. The Group's specific disclosures about business combination of Juva Medical are included in note 14 Business Combination to the financial information included in this announcement.

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 2021. 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).

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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

   The Group had no interest-bearing bank and other borrowings denominated in foreign currencies based on the London Interbank Offered Rate ("**LIBOR**") as at 31 December 2021. The amendment did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the Group's consolidated financial information.

   The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. There was no impact on the opening balance of equity as at 1 January 2021.

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 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 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

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

Amendments to IFRS 3 are intended to 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* 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-Int 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-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) 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 (2011) was removed by the HKICPA 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. 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. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. 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. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. 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 assessing the impact of the amendments on the Group's accounting policy disclosures.

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 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 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.

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, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**1,518,026**	1,167,941
USA	**88,709**	62,525
U.K.	**13,757**	10,245
Other regions and countries	**129,624**	83,716
	1,750,116	1,324,427

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

(b) Non-current assets

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**2,079,074**	1,628,285
USA	**81,608**	87,292
U.K.	**260,989**	328,621
Other regions and countries	**192,808**	13,083
	2,614,479	2,057,281

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:

	2021 *RMB'000*	2020 *RMB'000*
Revenue from contracts with customers	**1,750,116**	1,324,427

	2021 *RMB'000*	2020 *RMB'000*
Revenue from contracts with customers		
(a) Disaggregated revenue information		
Types of goods sold		
Ophthalmology products	**670,969**	562,660
Medical aesthetics and wound care products	**460,985**	240,705
Orthopedic products	**400,001**	329,910
Antiadhesion and hemostasis products	**191,928**	171,436
Other products	**26,233**	19,716
Total	**1,750,116**	1,324,427
Timing of revenue recognition		
Goods transferred at a point in time	**1,746,329**	1,324,427
Services rendered over time	**3,787**	–
Total	**1,750,116**	1,324,427

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 *RMB'000*	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**15,874**	13,603

(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 on the time incurred or monthly.

	2021	2020
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**96,318**	108,459
Government grants *(Note)*	**33,880**	33,882
Dividend income from equity investments designated at fair value through other comprehensive income	**57,538**	36,107
Interest income from debt investment	**1,892**	–
Others	**8,801**	2,289
	198,429	180,737

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/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**490,370**	334,004
Depreciation of property, plant and equipment	**91,800**	80,373
Depreciation of right of use assets	**24,819**	17,643
Amortisation of other intangible assets	**46,218**	34,855
Auditor's remuneration	**2,980**	2,480
Research and development costs	**167,597**	126,474
Lease payments not included in the measurement of lease liabilities	**3,746**	2,663
Employee benefit expense (excluding directors' remuneration)		
Wages and salaries	**386,222**	284,736
Pension scheme contributions	**28,153**	9,780
Foreign exchange differences, net	**3,875**	3,114
Impairment losses on financial assets, net:		
Impairment of trade receivables, net	**(2,302)**	1,025
Impairment of financial assets included in prepayments, other receivables and other assets, net	**(880)**	(2,394)
Write down of inventories to net realisable value	**(687)**	3,970
Bank interest income	**(96,318)**	(108,459)
Interest income from debt investment	**(1,892)**	–
Net loss on disposal and obsolescence of items of property, plant and equipment	**373**	1,102

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 Status**") respectively, effective 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.

Hangzhou Aijinglun Technology Co., Ltd., ("**Hangzhou Aijinglun**") was accredited with HNTE Status effective for the three years from 2019 to 2021 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during 2021 for Hangzhou Aijinglun.

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

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% and the remaining assessable profits are taxed at 16.5%.

The profits tax for subsidiaries in the USA has been provided at the rate of 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% 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 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% on the estimated assessable profits arising in Israel during the year.

	2021 *RMB'000*	2020 *RMB'000*
Current		
Charge for the year	**50,719**	46,267
Over provision in prior years	**(326)**	(155)
Deferred	**(15,027)**	(15,426)
Total tax charge for the year	**35,366**	30,686

7. DIVIDENDS

	2021 *RMB'000*	2020 *RMB'000*
Proposed 2021 final dividend – RMB0.70 per ordinary share	**123,075**	–
Proposed 2020 final dividend – RMB0.50 per ordinary share	**–**	88,311
	123,075	88,311

On 28 March 2022, the Directors proposed to declare the final dividend of RMB0.70 (inclusive of tax) per ordinary share, amounting to RMB123,075,470 for the year ended 31 December 2021.

On 26 March 2021, the Directors proposed to declare the final dividend of RMB0.50 (inclusive of tax) per ordinary share, amounting to RMB88,311,050 for the year ended 31 December 2020.

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 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 176,125,208 (2020: 177,232,008) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculations of basic and diluted earnings per share are based on:

	2021 *RMB'000*	2020 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**352,234**	230,072

	Numbers of shares 2021	2020
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculations	**176,125,208**	177,232,008

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

	2021	2020
	RMB'000	*RMB'000*
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
Union Medical Healthcare Limited	**50,286**	116,841
Raily Aesthetic Medicine International Holdings Ltd.	**12,060**	15,780
Aesthetic Medical International Holdings Group Limited	**5,547**	8,597
	67,893	141,218
Unlisted equity investments		
Shenwu No.1 Investment Product	**290,329**	189,662
Shanghai Semecell Technology Co., Ltd.	**80,000**	9,600
Recros Medica	**51,006**	52,199
ArcScan, Inc.	**46,347**	–
Jiangsu Meifengli Medical Technology Co., Ltd.	**12,000**	–
Shanghai Resthetic Biotechnology Co., Ltd.	**10,000**	5,000
Shanghai Lunsheng Information Technology Co., Ltd.	**8,360**	7,600
Jiangsu Meisikang Medical Technology Co., Ltd.	**8,000**	–
	506,042	264,061
	573,935	405,279

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.

In December 2021, the Group disposed a portion of its investment in Shenwu No.1 Investment Product. The fair value on the date of sale 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 sale was approximately RMB135,905,000 and the accumulated gain recognised in other comprehensive income of approximately RMB90,866,000 was transferred to retained earnings.

During the year ended 31 December 2021, the Group received dividends in the amounts of RMB1,182,000 (2020: RMB5,286,000), RMB56,223,000 (2020: RMB30,821,000) and RMB133,000 from its investments in Union Medical Healthcare Limited, Shenwu No.1 Investment Product and Jiangsu Meifengli Medical Technology Co., Ltd., respectively.

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Bills receivable	**4,702**	7,219
Trade receivables	**397,237**	366,937
Impairment	**(26,733)**	(33,409)
	375,206	340,747

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:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**370,085**	328,156
1 to 2 years	**5,010**	10,979
2 to 3 years	**111**	1,612
	375,206	340,747

11. TRADE PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**46,264**	28,032

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

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**38,726**	27,465
3 months to 1 year	**1,062**	279
Over 1 year	**6,476**	288
	46,264	28,032

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2021			31 December 2020		
	Effective interest rate(%)	**Maturity**	**RMB'000**	Effective interest rate(%)	Maturity	RMB'000
Current						
Lease liabilities	**4.24-5.80**	**2022**	**17,107**	4.24-4.75	2021	8,866
Bank loans						
– secured *(e)*	**–**	**–**	**–**	3.05-5.19	2021	78,691
– pledged *(a)*	**2.36-4.35**	**2022**	**25,184**	–	–	–
Current portion of long term other loans						
– unsecured *(b)*	**–**	**2022**	**130**	–	2021	65
Current portion of long term bank loans						
– secured *(d)*	**–**	**–**	**–**	0.89	2021	86
			42,421			87,708
Non-current						
Lease liabilities	**4.24-5.80**	**2023-2028**	**29,608**	4.24-4.75	2022-2028	19,791
Bank loans						
– secured *(d)*	**–**	**–**	**–**	0.89	2022	62
– guaranteed *(c)*	**0.73**	**2023-2026**	**4,914**	–	–	–
Other loans						
– unsecured *(b)*	**–**	**2023**	**282**	–	2022-2023	520
– guaranteed *(c)*	**2.25**	**2023-2026**	**4,689**	–	–	–
			39,493			20,373
			81,914			108,081

	2021	2020
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**25,184**	78,777
In the second year	**2,056**	62
In the third to fifth years, inclusive	**2,858**	–
	30,098	78,839
Other borrowings repayable:		
Within one year or on demand	**17,237**	8,931
In the second year	**11,692**	6,719
In the third to fifth years, inclusive	**17,094**	6,358
Beyond five year	**5,793**	7,234
	51,816	29,242
	81,914	108,081

Notes:

(a) The pledged bank loans represent the loans in USD obtained by NIMO to settle accounts payables with interest rate of 2.36%-4.35%. NIMO entered into credit facilities with China Merchants Bank and Bank of China which permit NIMO to borrow up to RMB65,000,000. According to the credit facilities, all the trade receivables of NIMO were pledged.

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

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

(d) A bank loan of ODC at the interest rate of 0.89% was secured by mortgages over a vehicle of ODC with a carrying value of approximately RMB201,000.

(e) As at 31 December 2020, the apartments of the non-controlling shareholders of NIMO were pledged for bank loans of RMB28,691,000, which were also guaranteed by these shareholders. In addition, bank loans of the Company of RMB50,000,000 were secured by Shanghai Qisheng's bank deposits of RMB50,000,000.

13. SHARE CAPITAL

	2021	2020
	RMB'000	*RMB'000*
Issued and fully paid:		
175,822,100 (2020: 177,206,600) ordinary shares of RMB1.00 each	**175,822**	177,207

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

	Number of shares in issue	Share capital *RMB'000*
At 31 December 2019 and 1 January 2020	177,845,300	177,845
Cancellation of repurchased H Shares *(note 1)*	(638,700)	(638)
At 31 December 2020 and 1 January 2021	177,206,600	177,207
Cancellation of repurchased H Shares *(note 2)*	(1,384,500)	(1,385)
At 31 December 2021	175,822,100	175,822

Note 1:

During the year ended 31 December 2020, the Company repurchased 1,223,200 H Shares as treasury shares, which accounted for approximately 0.6878% of the Company's total share capital, at a total consideration of approximately HK$55,957,000 (equivalent to approximately RMB50,953,000). 638,700 H Shares were cancelled on 3 July 2020. The remaining 584,500 H Shares, at a total consideration of approximately HK$31,236,000 (equivalent to approximately RMB28,263,000) were accounted as treasury shares as at 31 December 2020 and were cancelled on 19 March 2021.

Note 2:

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).

14. BUSINESS COMBINATION

(a) On 21 April 2021, the Group acquired a 55% interest in Shanghai Hengtai Vision Technology Co., Ltd. ("**Hengtai Vision**") from third parties. The acquisition was made as part of the Group's strategy to expand its product portfolio of the ophthalmology product line. The purchase consideration for the acquisition was RMB25,000,000 paid on or near the acquisition date, among which, RMB15,000,000 was paid to the original shareholders of Hengtai Vision, and RMB10,000,000 was paid to Hengtai Vision as capital contribution.

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

	Fair value recognised on acquisition ***RMB'000***
Property, plant and equipment	1,329
Other intangible assets	37,595
Inventories	1,402
Trade receivables	383
Prepayments, other receivables and other assets	795
Cash and bank balances	14,561
Trade payables	(908)
Other payables and accruals	(306)
Deferred tax liabilities	(9,396)
Total identifiable net assets at fair value	45,455
Non-controlling interests	(20,455)
	25,000
Goodwill on acquisition	–
	25,000
Satisfied by	
Cash	25,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB383,000 and RMB317,000 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 Hengtai Vision is as follows:

	RMB'000
Cash consideration paid	25,000
Cash and bank balances acquired	(14,561)
Net outflow of cash and cash equivalents included in cash flows from investing activities	10,439

Since the acquisition, Hengtai Vision has contributed RMB15,683,000 to the Group's revenue and incurred net loss of approximately RMB1,948,000 to the consolidated profit or loss for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB1,752,045,000 and RMB350,817,000, respectively.

(b) On 24 April 2021, the Group acquired a 60% interest in Hebei Xinshikang Contact Lens Co., Ltd. ("**Hebei XSK**") from third parties. The acquisition was made as part of the Group's strategy to expand its product portfolio of the ophthalmology product line. The purchase consideration for the acquisition was RMB40,000,000, which was paid to Hebei XSK as capital contribution on or near the acquisition date.

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

	Fair value recognised on acquisition ***RMB'000***
Property, plant and equipment	21,433
Other intangible assets	106
Right-of-use assets	4,083
Inventories	4,629
Trade receivables	436
Prepayments, other receivables and other assets	1,931
Cash and bank balances	39,575
Trade payables	(74)
Other payables and accruals	(3,321)
Deferred tax liabilities	(2,131)
Total identifiable net assets at fair value	66,667
Non-controlling interests	(26,667)
	40,000
Goodwill on acquisition	–
	40,000
Satisfied by	
Cash	40,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB436,000 and RMB313,000 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 Hebei XSK is as follows:

	RMB'000
Cash consideration paid	40,000
Cash and bank balances acquired	(39,575)
Net outflow of cash and cash equivalents included in cash flows from investing activities	425

Since the acquisition, Hebei XSK has contributed RMB16,152,000 to the Group's revenue and contributed net profit of approximately RMB3,119,000 to the consolidated profit or loss for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB1,750,116,000 and RMB347,072,000, respectively.

(c) On 31 August 2021, the Group acquired a 63.64% interest in Juva Medical and a 65.61% equity interest in Bioxis from third parties as a package deal. The purpose of the acquisition is to expand the Group's medical aesthetics business from "medical end" to "consumer end". The purchase consideration for the acquisition was RMB224,076,000, with RMB150,261,000 paid on or near the acquisition date (RMB135,000,000 was paid to the original shareholders of Juva Medical, and EUR2,000,000 (equivalent to approximately RMB15,261,000) was paid to the original shareholders of Bioxis), another RMB70,000,000 has been paid to Juva Medical as capital injection near the end of 2021, and the remaining EUR500,000 (equivalent to approximately RMB3,815,000) to be paid by the Group, provided that the EBITDA of Bioxis for the financial year ending on 31 December 2022 is positive.

The fair values of the identifiable assets and liabilities of Juva Medical and its subsidiaries and Bioxis ("**Juva Medical Group**") as at the date of acquisition were as follows:

	Fair value recognised on acquisition ***RMB'000***
Property, plant and equipment	22,331
Other intangible assets	225,186
Deferred tax assets	23,217
Other non-current assets	26,664
Right-of-use assets	17,595
Inventories	64,276
Trade receivables	29,355
Prepayments, other receivables and other assets	94,636
Cash and bank balances	112,849
Financial assets at fair value through profit or loss	54
Trade payables	(27,054)
Other payables and accruals	(85,110)
Bank loans and other borrowings	(31,661)
Provision	(2,128)
Deferred tax liabilities	(51,100)
Total identifiable net assets at fair value	419,110
Non-controlling interests	(217,449)
	201,661
Goodwill on acquisition	22,415
	224,076
Satisfied by	
Cash	150,261
Cash consideration payable	73,815
	224,076

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB29,355,000 and RMB11,818,000 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 Juva Medical Group is as follows:

	RMB'000
Cash consideration paid	150,261
Cash and bank balances acquired	(112,849)
Net outflow of cash and cash equivalents included in cash flows from investing activities	37,412

Since the acquisition, Juva Medical Group has contributed RMB108,535,000 to the Group's revenue and contributed net profit of approximately RMB840,000 to the consolidated profit or loss for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB1,951,631,000 and RMB375,663,000, respectively.

15. EVENTS AFTER THE REPORTING PERIOD

Ongoing litigation

In February 2022, Eyebright Medical Technology (Beijing) Co., Ltd. ("**Eyebright Medical**") filed a lawsuit ([2022] Hu 73 Zhi Min Chu No. 248, [2022] Hu 73 Zhi Min Chu No. 249 and [2022] Hu 73 Zhi Min Chu No. 250) against Hengtai Vision in relation to a patent dispute. The myOK orthokeratology lens products involved in the lawsuit are products independently designed and developed by Hengtai Optics Co., Ltd. ("**Hengtai Optics**") and has independent intellectual property rights. As the general distributor of the products in mainland China, Hengtai Vision has strictly complied with various laws and regulations, including the intellectual property law, during its various businesses and has not yet discovered any infringement facts of the products. The three cases involve a total amount of RMB21 million, and the cases are still at an early stage and have not been formally heard. Therefore, it is not yet possible to make a prediction on the outcome of the cases, nor to accurately estimate whether losses will be incurred and the possible amount of losses or compensation. Hengtai Vision has hired patent attorneys to actively respond and resolutely defend its legal rights and interests.

2021 Restricted A Share Incentive Scheme

On 29 December 2021, the Company held the 31st meeting of the forth session of the Board and the 19th meeting of the forth session of the Board of Supervisors, which approved and announced the resolution on the 2021 restricted A share incentive scheme (draft) of the Company (the "**Incentive Plan**"). On 7 March 2022, the Company held the 2022 First Extraordinary General Meeting, the 2022 First A Shareholder' Class Meeting and the 2022 First H Shareholders' Class Meeting, which approved the Incentive Plan and authorized the Board to determine the grant date of the Incentive Plan, to grant restricted shares to the incentive recipients when they are qualified and to handle all matters necessary for the grant of restricted shares.

On 11 March 2022, the Company held the 33rd meeting of the forth session of the Board and the 20th meeting of the forth session of the Board of Supervisors, which considered and approved the resolutions, including the resolution on the adjustments to the related matters under the First Grant of the 2021 Restricted A Share Incentive Scheme and the resolution on the grant of Restricted Shares to Participants under the First Grant at the meetings held by the Board and the Board of Supervisors, respectively. According to the adjusted Incentive Plan, the Board agreed to grant 1,440,000 restricted shares to 204 incentive recipients for the first time with 11 March 2022 as the first grant date at a grant price of RMB95.00 per share.

Business Combination of Xiamen Nanpeng Optical Company Limited ("the Target Company")

On 1 December 2021, Shanghai Haohai Medical Technology Development Co., Ltd. ("**Haohai Development**"), a wholly owned subsidiary of the Company, Xiamen Nanpeng Group Co. Ltd and Ms. Li Zhiyi (together the "**Vendors**") and Nanpeng Group Company Limited (the "**Existing Distributorship Holder**") entered into the Equity Transfer Agreement, pursuant to which (i) Haohai Development agreed to acquire, and the Vendors agreed to dispose of, in aggregate, 51% equity interest in the Target Company; and (ii) the Existing Distributorship Holder agreed to surrender and assign its rights of exclusive distributorship of the rigid gas permeable contact lenses and Ortho-K Lens Products supplied by Hengtai Optics in the PRC for a period up to 25 January 2026 to Xiamen Nanpeng Hengtai Technology Development Co. Ltd. ("**Nanpeng Hengtai**", the wholly-owned subsidiary of the Target Company) by procuring the entering into of the New Distributorship Agreement between Hengtai Optics and Nanpeng Hengtai, at a total consideration of RMB70,000,000. As of the date of this announcement, the Group has paid the total consideration and completed the acquisition of the Target Company.

Repurchase of H shares

In January 2022, the Company repurchased a total of 1,692,100 H Shares, at a total consideration of approximately HK$90,153,000 (including transaction fee). As of the date of this announcement, the above repurchased H shares were in the process of being cancelled.

Except for the transactions detailed elsewhere in these financial statements and the two events set out in this note above, there was no material subsequent event undertaken by the Group after 31 December 2021.

Operation Overview

In 2021, with the effective control of the COVID-19 pandemic (the "**Pandemic**") in China, the impact of the Pandemic on the Group's business activities has gradually weakened. All business segments of the Group achieved a significant growth, showing a trend of continuous recovery and steady improvement.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,750.12 million, representing an increase of RMB425.69 million, or 32.14%, as compared to the corresponding period in 2020. 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):

	2021		2020		Year-on-year growth
Product line	***RMB'000***	*%*	*RMB'000*	*%*	*(%)*
Ophthalmology products	**670,969**	**38.34**	562,660	42.48	19.25
Medical aesthetics and wound care products	**460,985**	**26.34**	240,705	18.17	91.51
Orthopedics products	**400,001**	**22.86**	329,910	24.91	21.25
Anti-adhesion and hemostasis products	**191,928**	**10.97**	171,436	12.94	11.95
Other products	**26,233**	**1.49**	19,716	1.50	33.05
Total	**1,750,116**	**100.00**	1,324,427	100.00	32.14

During the Reporting Period, the overall gross profit margin of the Group was approximately 71.98%, representing a decrease as compared to approximately 74.78% for the corresponding period in 2020, mainly due to (1) in accordance with the relevant provisions of the accounting standards, the Group remeasured the carrying inventories of Juva Medical and its subsidiaries acquired in a business combination not under common control by using the saleable price as its fair value at the date of equity acquisition, and carried forward the cost of main operations for the period at the corresponding fair value when the relevant inventories were sold. As a result, the gross profit margin on sales of these inventories in the Group's consolidated statements was nil, which lowered the overall gross profit margin for the Reporting Period by approximately 1.26%; (2) The sales prices of some models of the Group's ophthalmic intraocular lens ("**IOL**") products have been reduced in regions where volume-based procurements are carried out. In addition, the Group has steadily lowered the sales price of hyaluronic acids ("**HA**") dermal filler product to highlight its product positioning as "mass HA dermal filler". The Group has a diversified product layout in both the IOL and HA dermal filler product lines. The price reduction of some low-end and mid-end products has had a certain impact on the gross profit margin. However, the Group is striving to increase the sales proportion of mid-to-high-end and high-end products to stabilize the overall gross profit margin.

During the Reporting Period, the Group continued to increase investment in R&D, focusing on expanding the innovative products lines of ophthalmology and medical aesthetics. The R&D expenses amounted to RMB167.60 million, representing an increase of RMB41.12 million, or approximately 32.51%, as compared to the corresponding period in 2020. During the Reporting Period, R&D expense amounted to 9.58% of the Group's revenue (2020 and 2019: 9.55%, 7.24%). In addition to the continuous new investment in special clinical trial projects such as orthokeratology lense, hydrophobic molded aspherical IOL product, and retinal tears sealant, the Group also introduced the hydrophobic molded toric aspheric IOL project into the clinical trial stage during the Reporting Period. As a result, the R&D expenses in ophthalmic products reached RMB85.97 million during the Reporting Period, representing an increase of approximately RMB12.06 million, or approximately 16.32%, as compared to the corresponding period in 2020. In addition, the biological and physicochemical experiments and clinical trials of the Group's fourth-generation organic cross-linked HA dermal filler products, painless cross-linked HA dermal filler products, hydro-light injections and other medical aesthetic products were also in progress, and the R&D expenses of the Group's key medical aesthetic products increased by approximately RMB9.49 million during the Reporting Period as compared to the corresponding period in 2020.

During the Reporting Period, the profit attributable to owners of the parent and the net profit attributable to owners of the parent after deducting non-recurring profit or loss were approximately RMB352.23 million and RMB327.96 million, representing an increase of 53.10% and 58.88% as compared to the corresponding period in 2020.

As at the end of the Reporting Period, the total assets of the Group were approximately RMB6,950.36 million, and the net assets attributable to owners of the parent were approximately RMB5,713.46 million, representing an increase of 10.35% and 4.06% respectively as compared to those at the end of 2020.

Ophthalmology products

Focusing on the leading technologies in the global ophthalmology field, the Group is committed to expedite 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 ophthalmic viscoelastic device ("**OVD**") product manufacturer in the PRC. According to the research reports of Guangzhou Biaodian Medical Information Co., Ltd. ("**Biaodian Medical**") under the National Medical Products Administration of the PRC ("**NMPA**") Southern Medicine Economic Research Institute, the market share of the Group's OVD products was 45.24% in 2020, ranking first in China with a market share of over 40% for the past 14 consecutive years. Based on sales volume, the Group's IOL products of different brands have captured about 30% of the annual usage in China's IOL market. In addition, Contamac Holdings, a subsidiary of the Group, is one of the world's largest independent manufacturers of ophthalmic materials providing ophthalmic materials such as materials for IOL and orthokeratology lenses to customers in more than 70 countries worldwide.

During the Reporting Period, the Group's revenue from the sales of ophthalmology products was approximately RMB670.97 million, representing an increase of approximately RMB108.31 million, or 19.25%, as compared to the corresponding period in 2020. The breakdown of revenue from ophthalmology products by specific products is as follows:

Item	2021 RMB'000	2021 %	2020 RMB'000	2020 %	Change (%)
Cataract product line	**437,820**	**65.25**	412,827	73.37	6.05
IOL products	**330,968**	**49.33**	328,592	58.40	0.72
OVD products	**106,852**	**15.92**	84,235	14.97	26.85
Myopia prevention and control, and refractive correction product line	**216,239**	**32.23**	137,619	24.46	57.13
Ophthalmology and optometry materials	**161,336**	**24.05**	132,039	23.47	22.19
Ophthalmology and optometry end products	**54,903**	**8.18**	5,580	0.99	883.92
Other ophthalmology products	**16,910**	**2.52**	12,214	2.17	38.45
Total	**670,969**	**100.00**	562,660	100.00	19.25

Note: During the Reporting Period, the Group adjusted the therapeutic field of some ophthalmic products from "Other ophthalmology products" to "Ophthalmology and optometry end products" in the field of myopia prevention and control and refractive correction. Therefore, the revenue of "Other ophthalmology products" under the category of ophthalmology products and its percentage in the revenue of ophthalmology products during the Reporting Period are different from the corresponding data listed in the Group's 2020 Annual Report.

During the Reporting Period, the Group's cataract product line recorded revenue of approximately RMB437.82 million, representing an increase of approximately 6.05% as compared to the corresponding period in 2020, among which, IOL products recorded revenue of approximately RMB330.97 million, basically the same as the previous year. OVD products recorded revenue of approximately RMB106.85 million, representing an increase of approximately 26.85% as compared to the corresponding period in 2020. IOL products and OVD products are mainly used for cataract surgery, and the quantity of cataract surgeries in China rebounded as the impact of the Pandemic weakened during the Reporting Period. During the Reporting Period, the Group's IOL products actively participated in the volume-based procurements of high-value consumables in various regions. Benefiting from the comprehensive bidding models and competitive bidding prices, the sales volume of the Group's IOL products showed a good momentum of growth in the regions where the volume-based procurement was basically implemented, while the average unit selling price of IOL products decreased due to the impact of the volume-based procurement. In addition, the imported "Lenstec" brand IOL products distributed by NIMO, a subsidiary of the Company, experienced a shortage of supply from the second half of 2021 due to the impact of overseas pandemic and natural disasters at the location of production facilities on upstream suppliers. The shortage of some product specifications has led to a decline in the sales performance of NIMO. NIMO is actively coordinating with its upstream suppliers for steady supply.

During the Reporting Period, the Group's myopia prevention and control and refractive correction product line recorded revenue of approximately RMB216.24 million, representing an increase of approximately 57.13% as compared to the corresponding period in 2020, among which, the ophthalmic materials business in the upstream of the supply chain achieved revenue of approximately RMB161.34 million during the Reporting Period, representing an increase of approximately 22.19% as compared to the corresponding period in 2020, mainly due to the gradual weakening of the impact of the global Pandemic and the continuous expanding of the Group's gas permeable materials and other products in the United States and other international markets. The Group's ophthalmology and optometry end products cover orthokeratology lenses and the eye drops and equipment used in the process of fitting and wearing them, soft contact lenses, phakic refractive lenses and other products. During the Reporting Period, the Group's ophthalmology and optometry end products recorded revenue of approximately RMB54.90 million, representing an increase of approximately 883.92% as compared to the corresponding period in 2020. On the one hand, during the Reporting Period, the Group's ophthalmology and optometry end products expanded to include new products such as orthokeratology lens and contact lenses; on the other hand, with the continuous improvement of the synergy between the markets of the eye drops product "Eyesucom" and the orthokeratology lens, the sales volume of such product increased significantly during the Reporting Period. The revenue growth of the Group's ophthalmology and optometry end products was attributable to the above factors.

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 approximately RMB16.91 million, representing an increase of approximately 38.45% as compared to the corresponding period in 2020, mainly due to the rebound in the quantity of various ophthalmic operations performed after effective control of the Pandemic in China.

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 Holdings; mastered the R&D and production process of IOL products through our subsidiaries Aaren Scientific Inc., 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 our subsidiary 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, the United Kingdom and France. 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 adopts 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, the innovative casting molded hydrophobic aspheric IOL product has been advancing its clinical trial started in September 2020 in an orderly manner in China, and has obtained the European Union CE certificate (class IIb medical device under EU standards) in January 2021. The Group's hydrophobic molded toric aspheric IOL product has obtained the European Union CE certificate in April 2021, and started clinical trials since July 2021 in China.

During the Reporting Period, in the volume-based procurements of IOL high-value consumables organized by Guangdong-Jiangxi-Henan province alliance, Fujian Province, Jiangsu Province and other regions, multiple types of the Group's IOL series products were selected, covering spherical IOLs, aspheric IOLs, preloaded aspheric IOLs, and segmented bifocal IOLs. At present, most provinces and alliances in China have completed the first round of tendering process of their volume-based procurements. Generally, the selected products need to wait for the issuance of relevant policy rules to complete the supplementary network connection, sign the purchase agreement with hospitals, and confirm the delivery service providers and other specific tasks. It will take a certain amount of time for the volume-based procurement policies to be implemented. Therefore, the short-term sales performance of the selected enterprises is under pressure during the transition period. However, in the long term, the actual implementation of procurement policies 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 shares of its IOL products in the bidding areas.

China is one of the countries with the largest number of blindness and visual impairment 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 and control, the Group's self-developed eye drops product "Eyesucom" is made of exclusive 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 lenses. In collaboration with Zhongshan Eye Center and Beijing Tongren Hospital, the Group completed a post-marketing multicenter randomized controlled clinical trial on the protective effect of Eyesucom on the ocular epithelium of orthokeratology lense wearers in January 2021. The results showed that Eyesucom could better protect the ocular epithelium and reduce corneal injuries caused by orthokeratology lense wearers compared with the control group. During the Reporting Period, the sales volume of the Group's eye drops product "Eyesucom" showed a good momentum of growth.

The Group used its self-developed optical design system based on Contamac Holdings' world-leading gas permeable material to develop new orthokeratology lense products. The clinical trials of such products were basically completed, and registration and declaration were about to start. At the same time, the Group has also started to conduct R&D layout for the new products such as gas permeable scleroscope and soft corneal contact lenses with myopia correction capabilities.

In March 2021, the Group acquired 55% of the equity interests in Hengtai Vision. At the same time, the Group entered into an Exclusive Distribution Agreement with Hengtai Optics Co., Ltd. ("**Hengtai Optics**") and Hengtai Vision, pursuant to which, Hengtai Optics would grant exclusive distribution rights of its high-end rigid gas permeable contact lenses for orthokeratology products (under the brand name of "Maierkang myOK"), to Hengtai Vision in the territory of mainland China for a period of 10 years, ending on 31 December 2030. And Hengtai Optics will continue to grant the exclusive distribution rights of its optical lenses for the management and control of myopia in children (under the brand name of "Bestivue") to Hengtai Vision in the territory of mainland China. In January 2022, the Group acquired a 51% equity interest in Xiamen Nanpeng Optics Co., Ltd. ("**Nanpeng Optics**") and obtained through Nanpeng Optics the exclusive distribution rights for Hengtai Optics' orthokeratology lense product "Hengtai Hiline" and rigid corneal contact lenses 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 is owns the highest oxygen permeability with 141 DK in China and has seven Chinese patents. "Hengtai Hiline" orthokeratology lense product have been sold in the Chinese market for more than ten years, with a high reputation in the industry and brand reputation. Through the above two transactions, 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 April 2021, the Group acquired 60% of the equity interests in Hebei XSK. Hebei XSK has obtained four medical device registration certificates for soft contact lens products approved by the NMPA, including daily disposable and annual disposable transparent and colored soft contact lenses. In addition, Hebei XSK has mature soft contact lens production facilities and technologies, which can provide process conversion and large-scale production conditions for peripheral defocus soft corneal contact lens with myopia prevention and control capabilities that is under development by the Group, and accelerate the R&D and marketing progress of the product.

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-PRL product, which has a refractive correction range of -10.00D ~ -30.00D and has been approved by the 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 subsidiary, with the second generation of the aqueous humor permeable product entered the registration testing stage, which will enable aqueous humor circulation and provide a wider range of vision correction. Currently, the project is in the registration testing stage.

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.

In the field of fundus disease treatment, Shanghai Qisheng, a subsidiary of the Company, won the top prize in the National Disruptive Technology Innovation Competition in 2021 for its "Project on the Development of Bionic Artificial Vitreous Product and New Treatment Modality of Artificial Vitreous Product Regeneration" (the "**New Artificial Vitreous Product Project**"). The event was organized by the Ministry of Science and Technology of the People's Republic of China and sponsored by the Torch High Technology Industry Development Center for the first time. The event was designed to implement the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035. It focused on discovering and exploring a number of strategic and forward-looking disruptive technology directions, driving China's original innovation capability and industrial competitiveness, and providing a powerful engine for China's industrial transformation and upgrading and high-quality economic development. A total of 2,747 projects participated in the competition, of which 403 projects won the title of Outstanding Project and only 39 biotechnology projects won the highest honor, including the New Artificial Vitreous Product Project, which passed the competition with unanimous votes.

There are 40 million patients with fundus disease in China, and the number is surging at the rate of 3 million people per year. Among all ophthalmic diseases, the fundus disease is difficult to treat and has a wide impact due to its important anatomical location. The artificial vitreous product can be used to treat most of the fundus diseases, which has attracted global researchers to fight for it for decades. In the current domestic market, most vitreous cavity filling products are mainly used to temporarily support the diseased retina by introducing a "foreign body". The new artificial vitreous product developed by the Group aims to simulate the normal physiological structure of the human eye to the greatest extent, to achieve the best results in terms of light transmission and retinal reattachment, thereby reducing the difficulty of surgery and improving the surgical results and helping patients achieve the best post-operative vision. Currently, the new artificial vitreous product is in the registration testing stage, and a number of patents have been granted for related development technologies and processes.

Medical Aesthetics and Wound Care Products

In the field of medical aesthetics and wound care, the Group is the second largest domestic manufacturer of recombinant human epidermal growth factor ("**rhEGF**") for external use and one of the well-known domestic manufacturers of HA Dermal Filler.

The Group's rhEGF "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 EGF and the first registered rhEGF product in the world. According to the research reports of Biaodian Medical, the market share of "Healin" products reached 23.84% in 2020, further 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 former National Medical Products Administration in the PRC. It is mainly positioned as a popular entry-level hyaluronic acid. 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. The fourth-generation organic cross-linked HA dermal filler has completed the enrollment of all subjects and is carrying out clinical trials in an orderly manner.

During the Reporting Period, the Group's revenue of medical aesthetics and wound care products was approximately RMB460.99 million, representing an increase of approximately RMB220.28 million, or 91.51%, as compared to the corresponding period in 2020. The breakdown of the revenue by specific products is as follows:

	2021		2020		Change
Item	***RMB'000***	*%*	*RMB'000*	*%*	*(%)*
HA Dermal Filler	**239,351**	**51.93**	145,410	60.41	64.60
rhEGF	**127,249**	**27.60**	95,295	39.59	33.53
Radio frequency devices and laser equipment	**94,385**	**20.47**	–	–	N/A
Total	**460,985**	**100.00**	240,705	100.00	91.51

In recent years, the speed of upgrade of medical aesthetic products and related technology have been accelerating. These new products and technology can satisfy existing consumer demands as well as attracting more potential consumers through increasingly comprehensive product supply, improving clinical efficacy and change of consumption concept. At present, China has become the third largest medical aesthetic market in the world. However, compared with other major medical aesthetic markets of other countries, China's penetration rate of medical aesthetic projects is still at a low level, and potential for growth in the market is still significant. In the niche market of HA Dermal Filler products, the HA Dermal Filler for injection has become one of the most popular medical aesthetic products among medical beauty institutions and beauty seekers with relatively higher repurchase rate over time for its safety, effectiveness, high price-performance ratio and other features.

Leveraging on its highly 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 approximately RMB239.35 million, representing an increase of approximately RMB93.94 million, or approximately 64.60%, as compared to the corresponding period in 2020, mainly due to the gradual recovery of the medical aesthetics industry from the Pandemic and the continuous increase in the sales volume of the third-generation HA dermal filler product "Hyalumatrix" launched by the Group in the second half of 2020, which gradually won clinical usage and consumer recognition.

The Group always focuses on the industrial layout in the field of medical aesthetics, aiming to integrate domestic and overseas industrial resources and introduce international advanced innovative technologies and products through various approaches such as R&D, investment and cooperation. During the Reporting Period, the Group has completed the following layout of the medical aesthetics products line:

In February 2021, the Company signed an equity transfer and capital increase agreement, pursuant to which, the Company will acquire 63.64% of the equity in Juva Medical with a total investment of RMB205 million. After that, the radio frequency and laser medical aesthetics devices and household instruments, as well as innovative dermal fillers of Juva Medical for skin treatment, hair removal and other fields will be included in medical aesthetics products portfolio of the Group. During the Reporting Period, Juva Medical contributed revenue of approximately RMB94.88 million to the consolidated statements of the Group.

In March 2021, the Group signed a series of agreements, pursuant to which, the Group shall use a maximum amount of US$31 million to subscribe for series A preferred shares of Eirion based on a pre-investment valuation of US$190 million in accordance with the agreed milestones completed by Eirion. In return, Eirion shall authorize the Company to conduct exclusive R&D, sales and commercialization of its innovative topical smear type-A botulinum toxin product ET-01, classic injection type-A botulinum toxin product AI-09, and small molecule drug product ET-02 for the treatment of alopecia and gray hair in mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan Region. Through this transaction, the Group will successfully enter the fields of botulinum toxin and small molecule drugs.

Up to now, the Group's medical aesthetics products portfolio has formed a complete business matrix covering four major categories including dermal fillers, botulinum toxin, radio frequency devices and laser equipment, which can penetrate into three major application scenarios for medical aesthetics institutions, life aesthetics and home aesthetics, and fully satisfy the demands of end consumers.

Orthopedics Products

During the Reporting Period, the orthopedics products of the Group recorded revenue of approximately RMB400.00 million, representing an increase of approximately RMB70.09 million, or approximately 21.25%, as compared to the corresponding period in 2020. The breakdown of the revenue generated from the sales of orthopedics products by specific products is as follows:

Item	**2021**		2020		Change
	RMB'000	*%*	*RMB'000*	*%*	*(%)*
Sodium hyaluronate injection	**263,502**	**65.88**	230,454	69.85	14.34
Medical chitosan used for intra-articular viscosupplement	**136,499**	**34.12**	99,456	30.15	37.25
Total	**400,001**	**100.00**	329,910	100.00	21.25

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%. As present, there are more than 100 million osteoarthritis patients in China. The Group is the only enterprise 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 products (for intra-articular viscosupplement) is the exclusive patented technology of the Group, making the product the only intra-articular viscosupplement registered as a Class III medical device in the PRC. During the Reporting Period, the NMPA issued a reply letter, classifying and defining the medical chitosan product (used for intra-articular viscosupplement) as a Class III medical device, and the product has been smoothly renewed. In addition, during the Reporting Period, the National Healthcare Security Administration reclassified the primary category of the Company's medical chitosan product (for intra-articular viscosupplement) from anti-adhesion and hemostasis material to orthopedic material, opening up the space for wide use of the product in the prevention and treatment of osteoarthritis in public hospitals. Our 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 sales volume of the Group's orthopedic intra-articular viscoelastic supplements product portfolio has recovered rapidly from the Pandemic and continued to expand its market share.

According to the research reports of Biaodian Medical, the Group has been ranked the largest manufacturer of orthopedic intra-articular viscoelastic supplements in the PRC for seven consecutive years, with a market share continuously increasing from 42.06% in 2019 to 43.30% in 2020.

Anti-adhesion and Hemostasis Products

During the Reporting Period, the Group's anti-adhesion and hemostasis products recorded revenue of approximately RMB191.93 million, representing an increase of approximately RMB20.49 million, or approximately 11.95%, as compared to the corresponding period in 2020. Overall, the sale volume and revenue of the Group's anti-adhesion and hemostasis products have resumed the levels before the outbreak of the Pandemic. The breakdown of revenue from the sales of anti-adhesion and hemostasis products by specific products is as follows:

	2021		2020		Change
Item	***RMB'000***	*%*	*RMB'000*	*%*	*(%)*
Medical chitosan used for anti-adhesion	**94,222**	**49.09**	91,182	53.19	3.33
Medical sodium hyaluronate gel	**76,272**	**39.74**	61,264	35.74	24.50
Collagen sponge	**21,434**	**11.17**	18,990	11.07	12.87
Total	**191,928**	**100.00**	171,436	100.00	11.95

In 30 March 2021, the Group's porcine fibrin sealant was approved by the NMPA for registration and marketing. After the approval, the Group updated the virus inactivation process and optimized the production of the porcine fibrin sealant, and the new process was approved by the NMPA in January 2022. Porcine fibrin sealant is a new type of degradable and fast hemostatic biological material made by extracting protein from porcine blood. The main active ingredients of it are porcine fibrinogen and porcine thrombin. In addition to the Group, there are currently only three enterprises that have obtained product registration certificates for porcine fibrin sealant in the domestic market. In aspect of functions, porcine fibrin sealant has the effects of reducing bleeding, closing wounds, and promoting wound healing. It can be widely used in general surgery, gynecology, cardio and brain surgery, neurosurgery, thoracic surgery, hepatobiliary surgery and other departments. It can be used as an auxiliary for surgical hemostasis when the bleeding is unsatisfactory in conventional surgical operations. The sources of fibrin sealants are mainly divided into two categories: human origin and animal origin. Between the two, human-derived fibrin sealants have fewer sources and high costs, while porcine fibrin sealants have more sources and are more convenient to produce. The plasma collection for the Group comes from the pig breeding base of the Group, which can reduce environmental pollution and the contamination to plasma caused by the environment, thus ensuring the safety of plasma sources and the high quality of plasma. In addition, the porcine fibrin sealant of the Group is the only product currently approved in China, which uses live pulp to prepare raw materials. The Group applied for a series of invention patents for the pulp collection technology of this product, including a device for quickly capturing and fixing live pigs, a movable live pig tissue collection bed, etc., to ensure that the pig plasma collection is internationally leading and innovative in terms of the traceability of pig sources, the controllability of the breeding environment, and the safety of porcine blood products.

DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT

Industry Structure and Prospects

At present, the domestic pharmaceutical industry is undergoing a series of major changes: reform of medical insurance payment methods, centralized tendering and volume-based procurement will continue to deepen from the top down foreseeably. Although the above-mentioned policy factors have brought severe challenges to the operating performance of pharmaceutical companies, they will also undoubtedly benefit the overall healthy and sustainable development of the industry.

In the meantime, the rigid market demand brought by the aging and urbanization process in China is still driving the industry to grow steadily. As far as the four areas of the Group are concerned, the IOL industry has been listed as a key industry development area by the "13th Five-Year Plan" for Biological Industry Development (《「十三五」生物產業發展規劃》) and the Guidelines for the Development Planning of the Pharmaceutical Industry (《醫藥工業發展規劃指南》), orthopedics and medical aesthetics products are also on the high ceiling quality track. With the rapid growth of diversified medical needs, the gradual improvement of the medical insurance payment system, and the continuous upgrade of the concept of national health consumption, leading pharmaceutical companies with solid product treatment efficacy, brand value, and innovative ability will encounter major development opportunities.

Development Strategy of the Company

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 2022, the Group will continue to deeply promote the integration 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 leverage synergistic advantages and 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 continuing the R&D investment in innovative products, keep promoting the upgrading of product portfolios. In 2022, the Group will focus on the registration filing of important projects such as innovative rigid gas permeable orthokeratology lens, and clinical trials of casting molded hydrophobic aspheric IOL, hydrophobic toric aspheric IOL, second generation of the aqueous humor permeable refractive lens with crystalline lens, and new artificial vitreous. 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". The Group will focus on academic promotion and brand operation in 2022, to promote the coverage of "Maierkang my OK" (a competitive product in the field of myopia prevention and control) in key institutions and regions, establish a professional academic brand image, and rapidly penetrate the market.

In the field of medical aesthetics and wound care, in 2022, 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 accelerate the market penetration of the new product "Hyalumatrix" through the extensive sales network. This aims to further expand the 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. Meanwhile, the Group will leverage its rich experience and competitive research and development platform of absorbable biological materials to explore leading innovative cross-linking technology. In 2022, the Group will continue to promote the clinical trial of the fourth generation of organic cross-linked HA dermal filler products and the research and development of hydrating injectables. 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. Among them, core polysaccharide crosslinking technology, multi-phase radio frequency technology, and laser technology applied in hair removal and skin treatment will further supplement and enrich the Group's medical beauty product matrix, so as to meet the diversified market demands. In addition, in 2022, the Group will 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 2022, the Group will continue to use its own funds, deepen the deployment of myopia prevention and control and refractive correction on the basis of the existing full industry chain layout of ophthalmology, and focus on more ophthalmic treatment areas such as ocular surface and fundus. In addition, the Group will explore the fast-growing therapeutic areas such as medical beauty, orthopedics and surgery, 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 achieve long-term sustainable growth.

FINANCIAL REVIEW

Revenue, Cost and Gross Profit Margin

During the Reporting Period, the Group recorded a total revenue of approximately RMB1,750.12 million (2020: approximately RMB1,324.43 million), representing an increase of approximately RMB425.69 million, or approximately 32.14%, as compared to that in 2020. During the Reporting Period, with the effective control of the Pandemic in China, the impact of the Pandemic on the Group's business activities has gradually weakened. All business segments of the Group recovered, and the revenue of each product line achieved significant growth as compared to that in 2020.

During the Reporting Period, the overall gross profit margin of the Group was 71.98%, representing a decrease as compared to approximately 74.78% for the corresponding period in 2020, primarily due to (1) in accordance with the relevant provisions of the accounting standards, the Group remeasured the carrying inventories of Juva Medical and its subsidiaries acquired in a business combination not under common control by using the saleable price as its fair value at the date of acquisition, and recognised the cost of sales for the period at the corresponding fair value when the relevant inventories were sold. As a result, the gross profit margin on sales of these inventories in the Group's consolidated statements was nil, which lowered the overall gross profit margin for the Reporting Period by approximately 1.26%; (2) The sales prices of some models of the Group's ophthalmic IOL products have been reduced in regions where volume-based procurements are carried out. In addition, the Group has steadily lowered the sales price of HA dermal filler product to highlight its product positioning as "mass HA dermal filler". The Group has a diversified product layout in both the IOL and HA dermal filler product lines. The price reduction of some low-end and mid-end products has had a phased impact on the gross profit margin. However, the Group is striving to increase the sales proportion of mid-to-high-end and high-end products to stabilize the overall gross profit margin.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were approximately RMB612.34 million, representing an increase of approximately RMB56.61 million, or approximately 10.19%, from approximately RMB555.73 million in 2020. As the impact of the Pandemic weakened and the Group's business fully recovered, salaries and bonuses of sales personnel returned to the normal level and increased; meanwhile, as Juva Medical has been included in the consolidation scope of the Company since September 2021, the sales of its life aesthetics instrument products are mainly promoted via e-commerce platforms, with relatively high advertising expenses incurred.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were approximately RMB286.09 million, representing an increase of approximately RMB69.33 million, or approximately 31.98%, from approximately RMB216.76 million in 2020, and the proportion of administrative expenses in the Group's total revenue was 16.35%, aligned with the 16.37% in 2020. During the Reporting Period, the total administrative expenses of the Group increased, primarily due to the reduced impact of the Pandemic and the full recovery of the businesses, various administrative activities, as well as the payment of salaries and bonuses to the management personnel, gradually returned to normal, leading to a relatively high increase of salaries and bonuses in the administrative expenses as compared to that in 2020. During the Reporting Period, the Group completed the acquisitions of Juva Medical, Hengtai Vision and Hebei XSK. The administrative expenses of these companies and the amortization of various intangible assets formed from the business acquisitions resulted in an increase in the Group's administrative expenses.

R&D Expenses

During the Reporting Period, the R&D expenses of the Group were approximately RMB167.60 million, representing an increase of approximately RMB41.12 million, or approximately 32.51%, from approximately RMB126.47 million in 2020, mainly because the Group continued to increase investment in R&D, focusing on expanding the innovative product lines of ophthalmology and medical aesthetics. In addition to the continuous new investment in special clinical trial projects such as orthokeratology lense, hydrophobic molded aspherical IOL product, and retinal tears sealant, the Group also introduced the hydrophobic molded toric aspheric IOL project into the clinical trial stage during the Reporting Period. In addition, the biological and physicochemical experiments and clinical trials of the Group's fourth-generation organic cross-linked HA dermal filler products, painless cross-linked HA dermal filler products, hydro-light injections and other medical aesthetic products were also in progress, leading to a relatively high increase in R&D expenses as compared to that in 2020.

Income Tax Expense

During the Reporting Period, the Group's income tax expense was approximately RMB35.37 million (2020: approximately RMB30.69 million), which was primarily due to the gradual recovery of operations of the Group and the significant increase in the revenue and pre-tax profit as compared to the previous year. In addition, the increase in the Group's income tax expense was partially offset by the fact that 100% of the R&D expenses of the Group's companies in Mainland China were deductible under the relevant tax policy during the Reporting Period (2020: 75%).

Results of the Year

During the Reporting Period, the profit attributable to ordinary equity holders of the Company was approximately RMB352.23 million (2020: RMB230.07 million), representing an increase of approximately RMB122.16 million, or approximately 53.10%, as compared to that in 2020, which was mainly attributable to the following factors: (1) during the Reporting Period, affected by the gradually weakened Pandemic, the total revenue and gross profit recorded by the Group increased by approximately RMB425.69 million and RMB269.33 million, respectively, as compared to that in 2020; (2) as mentioned above, during the Reporting Period, the total amount of selling and distribution expenses, administrative expenses and R&D expenses of the Group increased by approximately RMB167.07 million as compared to that in 2020; and (3) during the Reporting Period, due to the increase in dividend income from various equity investments by the Group, the Group's other income and gains increased by approximately RMB17.69 million as compared to that in 2020.

During the Reporting Period, the basic earnings per share were RMB2.00 (2020: RMB1.30).

Liquidity and Capital Resources

As at 31 December 2021, the total current assets of the Group were approximately RMB3,712.59 million, representing a decrease of approximately RMB97.37 million, or approximately 2.56%, as compared to that as at 31 December 2020, which was mainly due to the decrease of the ending amount of the cash and bank balances as at the year end of 2021 arising from the continuous investment made by the Group in engineering projects, equity investment expenditure, repayment of bank borrowings and other cash flow expenditure.

As at 31 December 2021, the total current liabilities of the Group were approximately RMB487.27 million, representing an increase of approximately RMB53.51 million, or approximately 12.34%, as compared to that as at 31 December 2020, which was mainly due to (1) the inclusion of the newly acquired Juva Medical, Hengtai Vision and Hebei XSK into the consolidation scope of the Company during the Reporting Period, resulting in an increase of approximately RMB95.93 million in the aggregate of the Group's current liabilities as at the end of the Reporting Period; (2) the above increase was partially offset by the repayment of most of the Group's short-term borrowings during the Reporting Period and the decrease in the balance of short-term bank and other borrowings of approximately RMB45.29 million at the end of the year as compared to that at the year end of 2020.

As at 31 December 2021, as the total current liabilities of the Group increased, the Group's current assets to liabilities ratio was approximately 7.62 (31 December 2020: 8.78), representing a slight decrease as compared to that as at the year end of 2020, but it was still at a relatively high and stable level.

Employees and Remuneration Policy

The Group had 1,892 employees as at 31 December 2021. The breakdown of the total number of employees by function was as follows:

Production	733
R&D	314
Sales and Marketing	530
Finance	83
Administration	232
Total	1,892

During the Reporting Period, there was no material change in the Group's remuneration policy for its employees, which was still based on their working experience, daily performance, the sales of the Company and external market competition. During the Reporting Period, the total remuneration of the Group's employees amounted to approximately RMB414.38 million, representing an increase of approximately RMB119.86 million from the approximately RMB294.52 million in 2020, mainly attributable to the following factors: (1) the inclusion of the newly acquired Juva Medical, Hengtai Vision and Hebei XSK into the consolidation scope of the Company during the Reporting Period, resulting in an increase of approximately RMB30.94 million in the aggregate of the total remuneration for the Group's employees incurred during the Reporting Period; (2) the bonuses of employees returning to the normal level as the impact of the Pandemic weakened and the Group's business fully recovered; and (3) the decrease in the employees' social insurance cost of the Group benefiting from the preferential or exemption policies introduced by the mainland China during the Pandemic in 2020, while the payment of social insurance cost for employees resumed to normal during the Reporting Period.

To further improve the corporate governance structure of the Company, establish and improve the long-term incentive and constraint mechanism, attract and retain the core management, technical or business backbone, fully mobilize their enthusiasm and creativity, effectively enhance the cohesion of the core team and the competitiveness of the Company, and unite the interests of shareholders, the Company and the core team, so that they will pay attention to the long-term development of the Company and ensure the achievement of the Company's development strategies and business objectives, the Board agreed to adopt the proposal of the Company's 2021 A Share Restricted Stock Incentive Plan (the "**Incentive Plan**") on 29 December 2021. The Incentive Plan was approved and adopted by 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 Group provided various and targeted training programs for its employees regularly. The training content covers topics such as applicable laws and regulations for operations, the requirements of GMP certificate, quality control, anti-corruption, workplace safety and corporate culture.

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 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 no more than RMB65,000,000 by pledging all of its trade receivables.

As at 31 December 2020, the Company's bank borrowings amounted to approximately RMB50.00 million being secured by the pledge of bank deposits of approximately RMB50.00 million from Shanghai Qisheng, a subsidiary of the Group. In addition, the bank borrowings of the subsidiary ODC amounted to approximately RMB148,000 were secured by the mortgage of a conveyance of ODC with a carrying amount of approximately RMB201,000.

Gearing Ratio

As at 31 December 2021, the total liabilities of the Group amounted to approximately RMB890.07 million and the gearing ratio (the percentage of total liabilities to total assets) was 12.81%, representing an increase of 3.85 percent from 8.96% as at 31 December 2020, which was primarily due to a share redemption option granted by the Company to the minority shareholder of Juva Medical in connection with its acquisition transaction. In accordance with the relevant provisions of the accounting standards, the Group recognized a non-current liability of approximately RMB186.12 million in relation to this share redemption option on 31 December 2021, which increased the Group's gearing ratio by 2.68 percent.

Cash and Cash Equivalents

As at 31 December 2021, the Group's total cash and cash equivalents were approximately RMB1,283.89 million, representing a decrease of approximately RMB44.00 million from approximately RMB1,327.89 million as at 31 December 2020. This decrease primarily resulted from the net cash flow used for investment activities and financing activities that were approximately RMB148.09 million and RMB231.25 million, respectively, part of which was offset by the net cash flow of approximately RMB342.29 million arising from operating activities.

Bank Borrowings

As at 31 December 2021, NIMO and Bioxis, both subsidiaries of the Company had interest-bearing bank borrowings of approximately RMB25.18 million and EUR0.68 million (equivalent to approximately RMB4.91 million), respectively. As at 31 December 2020, the Company and NIMO had interest-bearing bank borrowings of approximately RMB50.00 million and RMB28.69 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 2021, the Group did not enter into any hedging transactions.

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

Significant Subsequent Event

Please refer to note 15 to the financial statements in this results announcement for the details of significant subsequent event.

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 2021.

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 2021.

Significant Investment

Save as disclosed in this announcement, the Group has no other significant investment during the year ended 31 December 2021.

Purchase, Sales or Redemption of Listed Securities

At the 2019 annual general meeting, the 2020 second A Shareholders' class meeting and the 2020 second H Shareholders' class meeting of the Company held on 29 June 2020, 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 584,500 H Shares on the Hong Kong Stock Exchange during the period from 21 July 2020 to 3 September 2020, using a total amount of approximately HK$31,236,345. On 19 March 2021, the 584,500 H Shares repurchased by the Company were cancelled. The Company repurchased a total of 800,000 H Shares on the Hong Kong Stock Exchange during the period from 26 April 2021 to 14 May 2021, using a total amount of approximately HK$53,701,805. On 14 July 2021, the 800,000 H Shares repurchased by the Company were cancelled. After the cancellation, the total number of Shares of the Company was 175,822,100 Shares.

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. Such H Shares repurchased by the Company have not been cancelled.

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.

Proposed Adoption of the 2021 Restricted A Share Incentive Scheme and the Proposed Issue and Grant of New A Shares under the Incentive Scheme Pursuant to Specific Mandate which Involves Connected Transaction

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, the Shareholders approved, among others, the resolutions regarding the adoption of the Incentive Scheme (which involves the specific mandate for issue and allotment of the restricted A Shares of the Company (the "**Restricted Shares**") under the Incentive Scheme and the issue and grant of the Restricted Shares (including the grant to the connected participants under the first grant) under the Incentive Scheme), the adoption of the assessment management measures for implementation of the Incentive Scheme and the authorization to be granted to the Board to deal with matters relating to the Incentive Scheme.

On 11 March 2022, the Board and the board of supervisors of the Company resolved to grant 1,440,000 Restricted Shares to 204 participants (including four executive Directors, ten directors or supervisors of one or more subsidiaries of the Company and the spouse of one supervisor of the Company, who were each a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") at the grant price of RMB95.00 per A share in the first grant of Restricted Shares under the Incentive Scheme.

For details of the Incentive Scheme, the issue and grant of Restricted Shares under the Incentive Scheme and subsequent adjustments to the list of participants and number of Restricted Shares to be granted under the Incentive Scheme, please refer to the Company's announcements dated 29 December 2021, 11 March 2022 and circular dated 15 February 2022.

Final Dividend and Annual General Meeting

The Board proposed to declare the final dividend of RMB0.7 (inclusive of tax) per share for the year ended 31 December 2021, amounting to RMB123,075,470 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 2021 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 2022). 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 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 of 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 Company has established the audit committee (the "**Audit Committee**") with written terms of reference. As at the date of this announcement, the Audit Committee comprises five Directors, namely Ms. Li Yingqi (Chairwoman), Ms. You Jie, Mr. Jiang Zhihong, Mr. Su Zhi and Mr. Zhao Lei. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting procedures, risk management and internal control systems, and the environmental, social and governance work of the Group. The Group's audited consolidated financial statements and annual results for the Reporting Period have been reviewed by the Audit Committee.

Publication of the Annual Results and Annual Report

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

The Company's 2021 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, 28 March 2022

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 Ms. Li Yingqi, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.

* *For identification purpose only*