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Shanghai Haohai Biological Technology Co., Ltd.*

上海昊海生物科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6826)

2022 FIRST QUARTERLY REPORT

This announcement is made by Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Part XIVA of The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to provide shareholders of the Company and the public with the updated financial information of the Company. This announcement is also published on the website of the Shanghai Stock Exchange simultaneously.

The unaudited results (the “**First Quarterly Report**”) of the Group for the three months ended 31 March 2022 (the “**Reporting Period**”) are provided. The financial information contained in the First Quarterly Report was prepared in accordance with the Chinese Accounting Standards for Business Enterprises, and consists accounting data which has not been audited. Potential investors and shareholders of the Company are advised to pay attention to the underlying investment risks.

The First Quarterly Report is written in both Chinese and English. In the case of any discrepancies, the Chinese version of the First Quarterly Report shall prevail.

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

Shanghai, the PRC, 29 April 2022

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

* *For identification purpose only*

IMPORTANT NOTICE

- The board of directors (the “**Board**”), the supervisory committee, the directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the First Quarterly Report, guarantee that there are no false representations, misleading statements or material omissions contained in the First Quarterly Report, and are jointly and severally responsible for the liabilities of the Company.
 - The legal representative of the Company, the person in charge of accounting affairs of the Company and the person in charge of the accounting department of the Company (Accounting Supervisor), warrant the truthfulness, accuracy and completeness of the information of the financial statements contained in the First Quarterly Report.
 - The First Quarterly Report is audited
- Yes No

I. MAJOR FINANCIAL DATA

(I) Major accounting data and financial indicators

Items	<i>Unit: Yuan; Currency: RMB</i>		Increase/decrease for the Reporting Period over the corresponding period of last year (%)
	The Reporting Period		
Revenue	473,617,820.88		23.79
Net profit attributable to shareholders of the Company	60,941,331.70		-37.17
Net profit after deducting nonrecurring profit or loss attributable to shareholders of the Company	59,082,562.55		-36.48
Net cash flows from operating activities	4,470,962.15		-71.36
Basic earnings per share (RMB/share)	0.35		-36.36
Diluted earnings per share (RMB/share)	0.35		-36.36
Weighted average return on net assets (%)	1.08		Decreased by 0.67 percentage point
Total research and development (“R&D”) expenses	45,520,090.97		24.62
R&D expenses as a percentage of revenue (%)	9.61		Increased by 0.06 percentage points
			Increase/decrease as at the end of the Reporting Period over the end of last year (%)
	As at the end of the Reporting Period	As at the end of last year	
Total assets	6,854,436,764.22	6,950,355,416.19	-1.38
Equity attributable to shareholders of the Company	5,616,540,791.70	5,713,459,639.49	-1.70

(II) Non-recurring profit or loss items and amount

Unit: Yuan; Currency: RMB

Items	Amount for the Reporting Period	Note
Profit or loss on disposal of non-current assets	56,003.42	
Government grant included in profit or loss for the current period (excluding government grant closely related to the Company's normal operation, and entitled in fixed amounts or quantities on a continuous basis according to national policies)	1,774,258.81	
Profit or loss arising from change in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, other debt investments, other than effective hedging business conducted in the course of normal business of the Company	596,220.58	
Other non-operating income and expenses other than abovementioned items	188,528.68	
Less: Effect of income tax	144,781.29	
Effect of non-controlling interests (after tax)	611,461.05	
Total	<u>1,858,769.15</u>	

Description of non-recurring profit or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Profit or Loss Items (《公開發行證券的公司信息披露解釋性公告第 1 號 – 非經常性損益》) being defined as recurring profit or loss items

Applicable Not applicable

(III) Changes in major accounting data and financial indicators and reasons for changes

√ Applicable □ Not applicable

Items	Percentage change (%)	Key reasons
Net profit attributable to shareholders of the Company	-37.17	Mainly due to the combined effects of the following factors: (1) Some new production lines were in the production ramp-up stage, and additionally, the impact of the COVID-19 pandemic resulted in a decrease in production volume during the Reporting Period and a slight increase in the fixed costs allocated to the products. In addition, the prices of the Group's basic hyaluronic acid products and some intraocular lens (“IOL”) products declined compared with the corresponding period of previous year, resulting in a decrease in the overall gross profit margin for the Reporting Period; (2) The Group continued to increase investment in R&D as multiple projects have started clinical trials and the R&D expenses continued to increase; and (3) the Company received the dividend of RMB12.9461 million from Shenwu No.1 Investment Product during the corresponding period of previous year but did not receive the dividend during the Reporting Period.
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	-36.48	Mainly due to the abovementioned decrease in net profit attributable to the shareholders of the Company
Net cash flows from operating activities	-71.36	Mainly due to the increase in salary and bonuses which were payable at the end of the previous year and was paid during the Reporting Period as compared with the corresponding period of previous year, and the increase in prepayments for raw material as a result of the stock-up of raw materials by the Group in response to supply chain challenges.
Basic earnings per share (RMB/share)	-36.36	Mainly due to the decrease in net profit attributable to the shareholders of the Company
Diluted earnings per share (RMB/share)	-36.36	Same as above

II. SHAREHOLDERS

(I) Total number of ordinary shareholders and preferred shareholders with voting rights resumed and shareholding of the top ten shareholders of the Company

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	11,295	Total number of preferred shareholders with voting rights resumed at the end of the Reporting Period	(if any)	Not applicable
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Shareholding of the top ten shareholders

Name of shareholders	Nature of shareholders	Number of shares held	Proportion of shareholding (%)	Number of shares subject to selling restrictions	Number of restricted shares including lending shares for securities financing	Status of shares (pledged, marked or frozen)	
						Status	Number
Jiang Wei	Domestic natural person	44,449,000	25.28	44,449,000	44,449,000	None	0
HKSCC NOMINESS LIMITED	Other	37,948,789	21.58	0	0	Unknown	-
You Jie	Domestic natural person	28,800,000	16.38	28,800,000	28,800,000	None	0
Lou Guoliang	Overseas natural person	7,125,075	4.05	0	0	None	0
Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership)	Domestic non state-owned legal person	6,471,000	3.68	6,471,000	6,471,000	None	0
Wu Jiangying	Domestic natural person	6,000,000	3.41	0	0	None	0
Hou Yongtai	Domestic natural person	5,982,000	3.40	0	0	None	0
Liu Yuanzhong	Domestic natural person	2,000,000	1.14	0	0	None	0
Huang Ming	Domestic natural person	2,000,000	1.14	0	0	None	0
Wang Wenbin	Domestic natural person	1,700,000	0.97	0	0	None	0

Shareholdings of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of shares not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	37,948,789	Overseas listed foreign shares	37,948,789
Lou Guoliang	7,125,075	RMB ordinary shares	7,125,075
Wu Jiangying	6,000,000	RMB ordinary shares	6,000,000
Hou Yongtai	5,982,000	RMB ordinary shares	5,982,000
Liu Yuanzhong	2,000,000	RMB ordinary shares	2,000,000
Huang Ming	2,000,000	RMB ordinary shares	2,000,000
Wang Wenbin	1,700,000	RMB ordinary shares	1,700,000
Tao Weidong	1,609,428	RMB ordinary shares	1,609,428
China Merchants Bank Co., Ltd – China AMC SSE STAR 50 Exchange Traded Fund	1,254,272	RMB ordinary shares	1,254,272
Peng Jinhua	1,100,000	RMB ordinary shares	1,100,000

Description of the above shareholders' related party relationship or party acting in concert

Among the above top ten shareholders, Jiang Wei and You Jie are in spousal relationship, and they are the controlling shareholders and de facto controllers of the Company. Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership) is a company controlled by Jiang Wei.

Apart from the above, the Company is not aware of any related party relationship between the other shareholders or whether they are parties acting in concert as defined under the rules.

Description of the top ten shareholders and top ten shareholders not subject to selling restrictions participating in securities margin trading and refinancing business (if any)

Not applicable

Note: HKSCC NOMINEES LIMITED holds shares on behalf of various customers.

III. OTHER REMINDERS

The investors should be reminded of other important information about the Company's operation during the Reporting Period

Applicable Not applicable

IV. THE FIRST QUARTERLY FINANCIAL STATEMENTS

(I) The category of audit opinion

Applicable Not applicable

(II) Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

Prepared by: Shanghai Haohai Biological Technology Co., Ltd.*

Unit: Yuan; Currency: RMB; Type of audit: Unaudited

Items	31 March 2022	31 December 2021
Current assets:		
Cash and bank balance	2,697,254,015.40	2,901,402,136.28
Financial assets held for trading	12,274,266.74	11,077,958.84
Accounts receivable	399,705,182.28	370,503,253.97
Prepayments	66,865,801.48	55,656,408.66
Other receivables	32,852,426.22	19,180,554.14
Inventories	376,825,300.32	354,765,098.16
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Total current assets	3,585,776,992.44	3,712,585,410.05
	<hr/>	<hr/>
Non-current assets:		
Long-term equity investments	52,643,152.52	51,412,381.64
Other investments in equity instruments	560,524,318.96	573,935,074.46
Fixed assets	794,049,366.82	819,509,191.39
Construction in progress	386,915,528.60	369,565,359.29
Right-of-use assets	42,277,869.35	45,053,607.35
Intangible assets	842,348,338.34	783,143,298.65
Goodwill	429,483,222.12	406,900,959.24
Long-term prepayments	7,031,879.75	7,962,163.06
Deferred tax assets	50,848,114.96	49,356,134.15
Other non-current assets	102,537,980.36	130,931,836.91
	<hr/>	<hr/>
Total non-current assets	3,268,659,771.78	3,237,770,006.14
	<hr/>	<hr/>
TOTAL ASSETS	<u>6,854,436,764.22</u>	<u>6,950,355,416.19</u>

Items	31 March 2022	31 December 2021
Current liabilities:		
Short-term borrowings	2,000,000.00	25,184,398.63
Accounts payable	48,957,735.04	46,264,074.55
Contract liabilities	52,894,279.19	46,508,997.82
Employee benefits payable	53,724,654.27	78,697,949.25
Tax payable	19,405,633.09	17,778,797.45
Other payables	229,947,313.37	255,600,868.12
Non-current liabilities due within one year	<u>18,271,249.23</u>	<u>17,237,425.93</u>
 Total current liabilities	 <u>425,200,864.19</u>	 <u>487,272,511.75</u>
Non-current liabilities:		
Long-term borrowings	9,598,820.04	9,884,797.36
Lease liabilities	29,598,266.19	29,608,246.87
Long-term payables	4,500,000.00	8,109,850.00
Provision	1,608,213.24	1,764,906.65
Deferred income	8,117,843.48	9,402,298.82
Deferred tax liabilities	170,725,649.85	157,910,096.64
Other non-current liabilities	<u>186,117,750.00</u>	<u>186,117,750.00</u>
 Total non-current liabilities	 <u>410,266,542.80</u>	 <u>402,797,946.34</u>
 TOTAL LIABILITIES	 <u><u>835,467,406.99</u></u>	 <u><u>890,070,458.09</u></u>
Equity attributable to equity holders (or shareholders):		
Paid-up capital (or issued capital)	175,822,100.00	175,822,100.00
Capital reserve	3,081,130,927.57	3,090,857,666.76
Less: Treasury shares	73,630,782.54	—
Other comprehensive income	-27,016,410.67	48,132,247.09
Surplus reserve	88,922,650.00	88,922,650.00
Retained earnings	<u>2,371,312,307.34</u>	<u>2,309,724,975.64</u>
 Total equity attributable to equity holders (or shareholders) of the parent company	 <u>5,616,540,791.70</u>	 <u>5,713,459,639.49</u>
Non-controlling interests	<u>402,428,565.53</u>	<u>346,825,318.61</u>
 TOTAL EQUITY	 <u><u>6,018,969,357.23</u></u>	 <u><u>6,060,284,958.10</u></u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>6,854,436,764.22</u></u>	 <u><u>6,950,355,416.19</u></u>

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

January to March 2022

Prepared by: Shanghai Haohai Biological Technology Co., Ltd.*

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First quarter of 2022	First quarter of 2021
I. Total revenue	473,617,820.88	382,585,206.31
Including: Operating revenue	473,617,820.88	382,585,206.31
II. Total operating costs	406,941,674.65	284,719,567.04
Including: Cost of sales	156,221,109.72	96,511,274.44
Taxes and surcharges	2,847,852.73	1,923,216.45
Selling expenses	148,064,767.78	122,111,278.28
Administrative expenses	75,239,783.34	49,667,248.47
R&D expenses	45,520,090.97	36,527,079.45
Financial expenses	-20,951,929.89	-22,020,530.05
Including: Interest expenses	126,651.13	1,322,701.79
Interest income	21,189,576.91	25,394,930.59
Add: Other income	1,774,258.81	4,748,194.80
Investment income (Loss denoted in “-”)	2,313,643.50	13,750,368.57
Including: Gains from investment in associates and joint ventures	1,200,000.00	138,062.36
Credit impairment losses (Loss denoted in “-”)	-1,398,630.74	-1,984,983.83
Assets impairment losses (Loss denoted in “-”)	196,228.43	440,396.44
Gain on disposal of assets (Loss denoted in “-”)	56,003.42	-7,541.05
III. Operating profit (Loss denoted in “-”)	69,617,649.65	114,812,074.20
Add: Non-operating income	348,913.54	460.18
Less: Non-operating expenses	160,384.86	95,519.90
IV. Total profit (Total loss denoted in “-”)	69,806,178.33	114,717,014.48
Less: Income tax expenses	6,329,315.73	15,401,928.75

Items	First quarter of 2022	First quarter of 2021
V. Net profit (Net loss denoted in “-”)	<u>63,476,862.60</u>	<u>99,315,085.73</u>
(I) According to operating continuity		
1. Net profit from continuing operations (Net loss denoted in “-”)	63,476,862.60	99,315,085.73
2. Net profit from discontinued operations (Net loss denoted in “-”)	<u>–</u>	<u>–</u>
(II) According to ownership		
1. Net profit attributable to shareholders of parent company (Net loss denoted in “-”)	60,941,331.70	96,992,749.11
2. Non-controlling interests (Net loss denoted in “-”)	<u>2,535,530.90</u>	<u>2,322,336.62</u>
VI. Other comprehensive income, net of tax	-75,956,959.76	21,058,303.79
(I) Other comprehensive income attributable to equity holders of the parent company, net of tax	-74,502,657.76	19,352,261.54
1. Other comprehensive income that cannot be reclassified to profit or loss	-65,647,494.76	16,047,804.59
(3) Changes in fair value of other equity instrument investments	-65,647,494.76	16,047,804.59
2. Other comprehensive income to be reclassified to profit or loss	-8,855,163.00	3,304,456.95
(6) Exchange differences on foreign currency translations	-8,855,163.00	3,304,456.95
(II) Other comprehensive income attributable to non- controlling interests, net of tax	-1,454,302.00	1,706,042.25
VII. Total comprehensive income	-12,480,097.16	120,373,389.52
(I) Total comprehensive income attributable to equity holders of the parent company	-13,561,326.06	116,345,010.65
(II) Total comprehensive income attributable to non- controlling interests	1,081,228.90	4,028,378.87
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	0.35	0.55
(II) Diluted earnings per share (<i>RMB/share</i>)	0.35	0.55

For business combination under common control conducted during the Reporting Period, the acquiree achieved a net profit of RMB0 before the combination; the acquiree achieved a net profit of RMB0 during the corresponding period of previous year.

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

CONSOLIDATED STATEMENT OF CASH FLOWS

January to March 2022

Prepared by: Shanghai Haohai Biological Technology Co., Ltd.*

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First quarter of 2022	First quarter of 2021
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	511,144,187.98	370,791,579.30
Refund of taxes and surcharges	4,121,267.18	–
Cash received relating to other operating activities	10,443,995.48	4,973,470.62
	<u>525,709,450.64</u>	<u>375,765,049.92</u>
Sub-total of cash inflows from operating activities		
Cash paid for goods and services	157,821,072.33	85,297,960.97
Cash paid to and on behalf of employees	153,918,951.37	102,876,638.73
Payments of taxes and surcharges	41,297,426.13	44,232,692.85
Cash paid relating to other operating activities	168,201,038.66	127,748,312.31
	<u>521,238,488.49</u>	<u>360,155,604.86</u>
Sub-total of cash outflows from operating activities		
Net cash flows from operating activities	<u>4,470,962.15</u>	<u>15,609,445.06</u>
II. Cash flows from investing activities:		
Cash received from disposal of investments	50,159,999.00	33,922,269.98
Cash received from returns on investments	15,670,333.16	34,948,332.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	151,286.09	10,100.00
Cash received relating to other investing activities	192,306.15	–
	<u>66,173,924.40</u>	<u>68,880,702.67</u>
Sub-total of cash inflows from investing activities		
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	35,496,771.02	40,006,721.19
Cash paid for investments	201,982,799.00	714,570,400.00
Net cash paid for acquisition of subsidiaries and other business units	2,935,760.42	–
Cash paid relating to other investing activities	172,738.15	31,600,000.00
	<u>240,588,068.59</u>	<u>786,177,121.19</u>
Sub-total of cash outflows from investing activities		
Net cash flows from investing activities	<u>-174,414,144.19</u>	<u>-717,296,418.52</u>

Items	First quarter of 2022	First quarter of 2021
III. Cash flows from financing activities:		
Cash received from absorbing investment	12,000,000.00	1,000,000.00
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	12,000,000.00	1,000,000.00
Cash received from borrowings	–	15,224,673.51
Sub-total of cash inflows from financing activities	<u>12,000,000.00</u>	<u>16,224,673.51</u>
Cash paid for repayment of borrowings	33,026,651.17	13,364,968.40
Cash paid for dividends or profits distribution or repayment of interests	7,711,747.11	823,115.93
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries	5,300,000.00	–
Cash paid relating to other financing activities	<u>92,845,234.29</u>	<u>3,413,623.13</u>
Sub-total of cash outflows from financing activities	<u>133,583,632.57</u>	<u>17,601,707.46</u>
Net cash flows from financing activities	<u>-121,583,632.57</u>	<u>-1,377,033.95</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-3,965,472.94</u>	<u>1,826,678.69</u>
V. Net increase in cash and cash equivalents	-295,492,287.55	-701,237,328.72
Add: Opening balance of cash and cash equivalents	<u>1,283,892,952.34</u>	<u>1,327,887,460.94</u>
VI. Closing balance of cash and cash equivalents	<u><u>988,400,664.79</u></u>	<u><u>626,650,132.22</u></u>

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

Adjustments to the financial statements at the beginning of the year due to initial adoption of new accounting standards since 2022

Applicable Not applicable