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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)

2023 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 2023 (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, 28 April 2023

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

* For identification purpose only

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, warrant the truthfulness, accuracy and completeness of the financial information 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>	
	The Reporting Period	Increase/decrease for the Reporting Period over the corresponding period of last year (%)
Revenue	611,252,893.65	29.06
Net profit attributable to shareholders of the Company	81,177,581.15	33.21
Net profit after deducting nonrecurring profit or loss attributable to shareholders of the Company	71,564,162.71	21.13
Net cash flows from operating activities	79,930,962.49	1,687.78
Basic earnings per share (RMB/share)	0.47	34.29
Diluted earnings per share (RMB/share)	0.47	34.29
Weighted average return on net assets (%)	1.48	Increased by 0.40 percentage point
Total research and development (“R&D”) expenses	53,624,174.05	17.80
R&D expenses as a percentage of revenue (%)	8.77	Decreased by 0.84 percentage point

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period over the end of last year (%)
Total assets	6,984,036,145.39	6,892,398,253.88	1.33
Equity attributable to shareholders of the Company	5,514,492,058.38	5,514,610,290.63	0.00

(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	-389.15	
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)	10,060,494.50	
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	754,500.34	
Other non-operating income and expenses other than abovementioned items	829,758.64	
Less: Effect of income tax	1,755,313.58	
Effect of non-controlling interests (after tax)	275,632.31	
Total	<u>9,613,418.44</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
Revenue	29.06	During the Reporting Period, the revenue of the Group increased significantly as compared with the corresponding period of last year, which was mainly reflected in the following aspects: (1) Benefiting from positive factors such as the rapid recovery of the medical cosmetology market in China and the wide recognition of the Group's third-generation HA dermal filler "Hyalumatrix" in the market, the Group's sales revenue of HA dermal filler products increased significantly; (2) The sales revenue of the Group's intraocular lens ("IOL") products increased significantly as compared with the corresponding period of last year due to factors such as the increase in the volume of cataract surgeries nationwide; and (3) With the continuous promotion of orthokeratology lenses products by the Group, the sales revenue of orthokeratology lenses products has also increased.
Net profit attributable to shareholders of the Company	33.21	The increase in operating revenue during the Reporting Period directly drove the simultaneous growth of the gross profit of the Group and the net profit attributable to shareholders of the Company.
Net cash flows from operating activities	1,687.78	The Group recorded a significant increase in the revenue during the Reporting Period and paid a larger sum of procurement amount by keenly stocking up on raw materials and trading goods in the corresponding period of last year to cope with the challenges in the supply chain, which resulted in a larger operating cash outflow of the Group in the corresponding period of last year. Therefore, the net cash flows from operating activities increased significantly during the Reporting Period.
Basic earnings per share (RMB/share)	34.29	Mainly due to the increase in net profit attributable to the shareholders of the Company
Diluted earnings per share (RMB/share)	34.29	Same as the 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	8,369	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	25.95	44,449,000	44,449,000	None	0
HKSCC NOMINEES LIMITED	Other	33,397,789	19.50	0	0	Unknown	-
You Jie	Domestic natural person	28,800,000	16.82	28,800,000	28,800,000	None	0
Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership)	Domestic non-state-owned legal person	6,471,000	3.78	6,471,000	6,471,000	None	0
Lou Guoliang	Domestic natural person	6,151,186	3.59	0	0	None	0
Wu Jianying	Domestic natural person	6,000,000	3.50	0	0	None	0
Hou Yongtai	Domestic natural person	5,982,000	3.49	0	0	None	0
Liu Yuanzhong	Domestic natural person	2,000,000	1.17	0	0	None	0
Huang Ming	Domestic natural person	2,000,000	1.17	0	0	None	0
Wang Wenbin	Domestic natural person	1,700,000	0.99	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	Class and number of shares Number
HKSCC NOMINEES LIMITED	33,397,789	Overseas listed foreign shares	33,397,789
Lou Guoliang	6,151,186	RMB ordinary shares	6,151,186
Wu Jianying	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	1,637,000	RMB ordinary shares	1,637,000
Jiaxing Tongxin Asset Management Co., Ltd. – Jiaxing Tonghao Equity Investment Partnership Enterprise (Limited Partnership) (嘉興桐昊股權投資合夥企業(有限合夥))	1,350,200	RMB ordinary shares	1,350,200
Hong Kong Securities Clearing Company Limited	1,222,781	RMB ordinary shares	1,222,781

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

Among the top ten shareholders as shown above, 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 2023

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

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	31 March 2023	31 December 2022
Current assets:		
Cash and bank balance	2,602,235,451.20	2,544,591,061.46
Financial assets held for trading	5,854,532.93	6,748,894.55
Accounts receivable	415,730,029.31	381,526,389.55
Prepayments	59,722,605.28	58,636,434.39
Other receivables	17,534,911.35	12,160,236.43
Including: Interest receivable	—	—
Dividends receivable	—	—
Inventories	526,744,476.16	485,238,796.88
Assets classified as held for sale	9,316,821.92	9,159,013.70
Other current assets	23,209,693.57	34,054,339.96
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Total current assets	3,660,348,521.72	3,532,115,166.92
	<hr/>	<hr/>
Non-current assets:		
Long-term equity investments	2,858,785.76	3,028,473.17
Other investments in equity instruments	657,811,579.00	668,412,006.37
Fixed assets	748,136,639.09	758,969,465.25
Construction in progress	514,187,191.51	518,981,443.22
Right-of-use assets	53,577,164.56	59,325,225.32
Intangible assets	768,037,484.12	783,532,272.42
Goodwill	411,532,862.79	411,198,930.20
Long-term prepayments	7,567,907.18	8,444,562.89
Deferred tax assets	55,576,429.31	59,322,868.05
Other non-current assets	104,401,580.35	89,067,840.07
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Total non-current assets	3,323,687,623.67	3,360,283,086.96
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TOTAL ASSETS	<u>6,984,036,145.39</u>	<u>6,892,398,253.88</u>

Items	31 March 2023	31 December 2022
Current liabilities:		
Short-term borrowings	90,652.97	5,314,102.97
Bills payable	202,117.30	–
Accounts payable	85,676,097.19	54,532,881.65
Contract liabilities	44,770,582.77	32,648,249.11
Employee benefits payable	71,775,473.87	103,334,024.76
Tax payable	55,283,453.94	52,080,654.75
Other payables	240,086,780.53	234,300,283.01
Including: Interest payable	–	–
Dividends payable	1,200,000.00	1,200,000.00
Non-current liabilities due within one year	<u>25,533,815.71</u>	<u>29,063,539.97</u>
 Total current liabilities	 <u>523,418,974.28</u>	 <u>511,273,736.22</u>
Non-current liabilities:		
Long-term borrowings	137,254,152.36	43,979,665.36
Lease liabilities	34,914,448.38	39,899,559.36
Long-term payables	4,500,000.00	4,500,000.00
Provision	2,139,966.46	792,892.98
Deferred income	4,166,149.92	5,500,252.31
Deferred tax liabilities	160,088,554.52	163,507,871.75
Other non-current liabilities	<u>220,559,760.00</u>	<u>220,559,760.00</u>
 Total non-current liabilities	 <u>563,623,031.64</u>	 <u>478,740,001.76</u>
 TOTAL LIABILITIES	 <u><u>1,087,042,005.92</u></u>	 <u><u>990,013,737.98</u></u>
Equity attributable to equity holders (or shareholders):		
Paid-up capital (or issued capital)	171,271,000.00	174,130,000.00
Capital reserve	2,852,508,168.27	3,002,853,667.58
Less: Treasury shares	4,273,839.74	74,041,553.32
Other comprehensive income	-54,333,489.36	-46,755,457.60
Surplus reserve	88,922,650.00	88,922,650.00
Retained earnings	<u>2,460,397,569.21</u>	<u>2,369,500,983.97</u>
 Total equity attributable to equity holders (or shareholders) of the parent company	 <u>5,514,492,058.38</u>	 <u>5,514,610,290.63</u>
Non-controlling interests	<u>382,502,081.09</u>	<u>387,774,225.27</u>
 TOTAL EQUITY	 <u>5,896,994,139.47</u>	 <u>5,902,384,515.90</u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>6,984,036,145.39</u></u>	 <u><u>6,892,398,253.88</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 2023

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

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First quarter of 2023	First quarter of 2022
I. Total revenue	611,252,893.65	473,617,820.88
Including: Operating revenue	611,252,893.65	473,617,820.88
II. Total operating costs	508,741,359.43	406,941,674.65
Including: Cost of sales	174,248,065.79	156,221,109.72
Taxes and surcharges	2,292,014.16	2,847,852.73
Selling expenses	200,375,296.15	148,064,767.78
Administrative expenses	93,646,019.89	75,239,783.34
R&D expenses	53,624,174.05	45,520,090.97
Financial expenses	-15,444,210.61	-20,951,929.89
Including: Interest expenses	1,051,097.98	126,651.13
Interest income	19,194,643.89	21,189,576.91
Add: Other income	10,060,494.50	1,774,258.81
Investment income (Loss denoted in“-”)	517,071.28	2,313,643.50
Including: Gains from investment in associates and joint ventures	35,740.98	1,200,000.00
Gains from changes in fair value (Loss denoted in“-”)	555,643.67	–
Credit impairment losses (Loss denoted in“-”)	-2,445,931.34	-1,398,630.74
Assets impairment losses (Loss denoted in“-”)	67,486.77	196,228.43
Gains on disposal of assets (Loss denoted in“-”)	-389.15	56,003.42
III. Operating profit (Loss denoted in“-”)	111,265,909.95	69,617,649.65
Add: Non-operating income	1,188,634.41	348,913.54
Less: Non-operating expenses	358,875.77	160,384.86
IV. Total profit (Total loss denoted in“-”)	112,095,668.59	69,806,178.33
Less: Income tax expenses	27,143,984.90	6,329,315.73

Items	First quarter of 2023	First quarter of 2022
V. Net profit (Net loss denoted in “-”)	<u>84,951,683.69</u>	<u>63,476,862.60</u>
(I) According to operating continuity		
1. Net profit from continuing operations (Net loss denoted in “-”)	84,951,683.69	63,476,862.60
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 “-”)	81,177,581.15	60,941,331.70
2. Non-controlling interests (Net loss denoted in “-”)	<u>3,774,102.54</u>	<u>2,535,530.90</u>
VI. Other comprehensive income, net of tax	3,063,929.44	-75,956,959.76
(I) Other comprehensive income attributable to equity holders of the parent company, net of tax	2,140,972.33	-74,502,657.76
1. Other comprehensive income that cannot be reclassified to profit or loss	-540,761.31	-65,647,494.76
(3) Changes in fair value of other equity instrument investments	-540,761.31	-65,647,494.76
2. Other comprehensive income to be reclassified to profit or loss	2,681,733.64	-8,855,163.00
(6) Exchange differences on foreign currency translations	2,681,733.64	-8,855,163.00
(II) Other comprehensive income attributable to non-controlling interests, net of tax	922,957.11	-1,454,302.00
VII. Total comprehensive income	88,015,613.13	-12,480,097.16
(I) Total comprehensive income attributable to equity holders of the parent company	83,318,553.48	-13,561,326.06
(II) Total comprehensive income attributable to non-controlling interests	4,697,059.65	1,081,228.90
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	0.47	0.35
(II) Diluted earnings per share (<i>RMB/share</i>)	0.47	0.35

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

Legal representative: Hou Yongtai	Person in charge of accounting affairs: Tang Minjie	Person in charge of the accounting department: Bian Yiping
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CONSOLIDATED STATEMENT OF CASH FLOWS

January to March 2023

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

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First quarter of 2023	First quarter of 2022
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	633,139,253.73	511,144,187.98
Refund of taxes and surcharges	3,587,771.18	4,121,267.18
Cash received relating to other operating activities	15,017,315.32	10,443,995.48
Sub-total of cash inflows from operating activities	651,744,340.23	525,709,450.64
Cash paid for goods and services	149,911,147.83	157,821,072.33
Cash paid to and on behalf of employees	172,835,784.38	153,918,951.37
Payments of taxes and surcharges	44,597,236.29	41,297,426.13
Cash paid relating to other operating activities	204,469,209.24	168,201,038.66
Sub-total of cash outflows from operating activities	571,813,377.74	521,238,488.49
Net cash flows from operating activities	79,930,962.49	4,470,962.15
II. Cash flows from investing activities:		
Cash received from disposal of investments	306,605,281.17	50,159,999.00
Cash received from returns on investments	28,705,498.23	15,670,333.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	151,286.09
Cash received relating to other investing activities	–	192,306.15
Sub-total of cash inflows from investing activities	335,310,779.40	66,173,924.40
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	29,535,501.01	35,496,771.02
Cash paid for investments	149,591,268.43	201,982,799.00
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
Sub-total of cash outflows from investing activities	179,126,769.44	240,588,068.59
Net cash flows from investing activities	156,184,009.96	-174,414,144.19

Items	First quarter of 2023	First quarter of 2022
III. Cash flows from financing activities:		
Cash received from absorbing investment	47,000,000.00	12,000,000.00
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	47,000,000.00	12,000,000.00
Cash received from borrowings	92,254,797.59	—
Sub-total of cash inflows from financing activities	<u>139,254,797.59</u>	<u>12,000,000.00</u>
Cash paid for repayment of borrowings	5,305,770.62	33,026,651.17
Cash paid for dividends or profits distribution or repayment of interests	3,255,219.86	7,711,747.11
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries	2,039,484.39	5,300,000.00
Cash paid relating to other financing activities	151,629,511.09	92,845,234.29
Sub-total of cash outflows from financing activities	<u>160,190,501.57</u>	<u>133,583,632.57</u>
Net cash flows from financing activities	<u>-20,935,703.98</u>	<u>-121,583,632.57</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-2,155,537.75</u>	<u>-3,965,472.94</u>
V. Net increase in cash and cash equivalents	213,023,730.72	-295,492,287.55
Add: Opening balance of cash and cash equivalents	559,197,476.03	1,283,892,952.34
VI. Closing balance of cash and cash equivalents	<u><u>772,221,206.75</u></u>	<u><u>988,400,664.79</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 or interpretations of standards since 2023

Applicable Not applicable