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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)

2020 THIRD 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 “**Third Quarterly Report**”) of the Group for the nine months ended 30 September 2020 (the “**reporting period**”) are provided. The financial information contained in the Third Quarterly Report was prepared in accordance with the Chinese Accounting Standards for Business Enterprises (“**CASs**”), 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 Third Quarterly Report is written in both Chinese and English. In the case of any discrepancies, the Chinese version of the Third Quarterly Report shall prevail.

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

Shanghai, the PRC, 27 October 2020

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

I. IMPORTANT NOTICE

- 1.1 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 Third Quarterly Report, guarantee that there are no false representations, misleading statements or material omissions contained in the Third Quarterly Report, and are jointly and severally responsible for the liabilities of the Company.
- 1.2 All directors of the Company attended the Board meeting and considered the Third Quarterly Report.
- 1.3 Hou Yongtai, the legal representative of the Company, Tang Minjie, the person in charge of accounting affairs of the Company and Bian Yiping, the person in charge of the accounting department of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in the Third Quarterly Report.
- 1.4 The Third Quarterly Report of the Company is not audited.

II. COMPANY PROFILE

2.1 Major financial data

Unit: Yuan; Currency: RMB

	As at the end of the reporting period	As at the end of last year	Increase/decrease for the end of the reporting period over the end of last year (%)
Total assets	6,145,082,708.57	6,151,869,396.17	-0.11
Net assets attributable to shareholders of the Company	5,349,460,060.27	5,454,779,644.49	-1.93

	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of the last year (January to September)	Increase/decrease as compared to the corresponding period of last year (%)
Net cash flows from operating activities	110,051,983.31	200,701,682.68	-45.17

	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of the last year (January to September)	Increase/decrease as compared to the corresponding period of last year (%)
Revenue	892,155,592.36	1,144,705,121.05	-22.06
Net profit attributable to shareholders of the Company	112,646,895.39	251,048,457.85	-55.13
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	92,014,160.78	240,260,871.40	-61.70
Weighted average return on net assets (%)	2.07	6.78	Decreased by 4.71 percentage points
Basic earnings per share (RMB/share)	0.63	1.57	-59.87
Diluted earnings per share (RMB/share)	0.63	1.57	-59.87
R&D expenses as a percentage of revenue (%)	9.43	6.94	Increased by 2.49 percentage points

Non-recurring profit or loss items and amount

√ Applicable □ Not applicable

Unit: Yuan; Currency: RMB

Items	Amount for the period (July to September)	Amount for the beginning of the year to the end of the reporting period (January to September)	Note
Gain or loss on disposal of non-current assets	-95,018.04	-704,177.90	
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)	1,207,900.23	21,565,359.15	
Gain or loss arising from change in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and 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 and other debt investments, other than effective hedging business conducted in the course of normal business of the Company	297,765.04	703,880.74	
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test	-	3,517,220.55	
Other non-operating income and expenses other than abovementioned items	-62,677.97	-426,537.37	
Effect of non-controlling interests (after tax)	-187,797.37	-376,064.27	
Effect of income tax	-224,789.31	-3,646,946.29	
Total	<u>935,382.58</u>	<u>20,632,734.61</u>	

2.2 Total number of shareholders, shareholdings of the top ten shareholders and the top ten shareholders not subject to selling restrictions as at the end of the reporting period

Unit: share

Total number of shareholders (account)

5,567

Name of shareholders (full name)	Number of shares held as at the end of the period	Percentage (%)	Shareholdings of the top ten shareholders		Status of shares (pledged or frozen) Status	Number	Nature of shareholders
			Number of shares subject to selling restrictions	Number of restricted shares including lending shares for securities financing			
Jiang Wei	44,449,000	25.08%	44,449,000	44,449,000	None	0	Domestic natural person
HKSCC NOMINESS LIMITED	39,165,200	22.10%	0	0	Unknown	–	Unknown
You Jie	28,800,000	16.25%	28,800,000	28,800,000	None	0	Domestic natural person
Lou Guoliang	9,500,000	5.36%	9,500,000	9,500,000	None	0	Domestic natural person
Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership)	6,471,000	3.65%	6,471,000	6,471,000	None	0	Domestic non-state-owned legal person
Hou Yongtai	6,000,000	3.39%	6,000,000	6,000,000	None	0	Domestic natural person
Wu Jiangying	6,000,000	3.39%	6,000,000	6,000,000	None	0	Domestic natural person
Peng Jinhua	3,000,000	1.69%	3,000,000	3,000,000	None	0	Domestic natural person
Jiaying Tongxin Asset Management Co., Ltd. – Zhangxing Tonghao Investment Partnership Enterprise (Limited Partnership)	3,000,000	1.69%	3,000,000	3,000,000	None	0	Domestic non-state-owned legal person
Tao Weidong	2,000,000	1.13%	2,000,000	2,000,000	None	0	Domestic natural person
Liu Yuanzhong	2,000,000	1.13%	2,000,000	2,000,000	None	0	Domestic natural person
Huang Ming	2,000,000	1.13%	2,000,000	2,000,000	None	0	Domestic natural person

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	39,165,200	Overseas listed foreign shares (H shares)	39,165,200
Zhang Zhidong	472,100	RMB ordinary shares (A shares)	472,100
Agricultural Bank of China Limited – BOCOM Schroders Mixed Growth Security Investment Fund (中國農業銀行股份有限公司 – 交銀施羅德成長混合型證券投資基金)	383,859	RMB ordinary shares (A shares)	383,859
China Construction Bank Corporation – BOCOM Schroders Blue Chips Mixed Security Investment Fund (中國建設銀行股份有限公司 – 交銀施羅德藍籌混合型證券投資基金)	315,237	RMB ordinary shares (A shares)	315,237
Qi Li	258,586	RMB ordinary shares (A shares)	258,586
Hou Xifeng	247,100	RMB ordinary shares (A shares)	247,100
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	223,820	RMB ordinary shares (A shares)	223,820
Bank of China Limited – GF Healthcare Equity Securities Investment Fund (中國銀行股份有限公司 – 廣發醫療保健股票型證券投資基金)	222,707	RMB ordinary shares (A shares)	222,707
MORGAN STANLEY & CO. INTERNATIONAL PLC.	198,200	RMB ordinary shares (A shares)	198,200
Chongqing Julong Industry Co., Ltd. (重慶市聚隆實業有限公司)	150,929	RMB ordinary shares (A shares)	150,929
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 preference shareholders with voting rights restored and their shareholdings	Not applicable		

2.3 Total number of shareholders of preference shares, shareholdings of the top ten shareholders of preference shares and the top ten shareholders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Details of and reasons for material changes in the major financial statement captions and financial indicators of the Company

√ Applicable □ Not applicable

(I) Captions of consolidated statement of financial position

Unit: Yuan; Currency: RMB

Item	End of the reporting period	End of last year	Change	Increase/decrease for the end of the reporting period over the end of last year (%)	Reasons
Financial assets held for trading	16,740,066.16	8,007,571.80	8,732,494.36	109.05	Mainly due to the difference in settlement timing.
Deferred tax assets	31,370,974.54	18,392,589.46	12,978,385.08	70.56	Mainly due to the increase in the Group's deductible temporary differences during the reporting period, including, among others, provision for impairment of assets and accrued expenses.
Short-term borrowings	80,819,512.68	5,302,324.62	75,517,188.06	1,424.23	Mainly due to the short-term bank borrowings newly acquired by the Group during the reporting period for replenishment of liquidity.
Accounts payable	21,203,601.43	36,785,876.99	-15,582,275.56	-42.36	Mainly due to the reduced purchase of raw materials by the Group in light of the lower sales revenue during the reporting period, which resulted in the decrease in accounts payable.

Item	End of the reporting period	End of last year	Change	Increase/decrease for the end of the reporting period over the end of last year (%)	Reasons
Tax payable	25,948,695.75	46,646,082.04	-20,697,386.29	-44.37	Mainly due to the decrease in sales revenue and operating profit during the reporting period, resulting in a decline in both value-added tax payable and corporate income tax payable at the end of the period.
Long-term payable	4,500,000.00	–	4,500,000.00	Not applicable	The long-term payable represents contingent consideration payable by the Group for the acquisition of Hangzhou Aijinglun.
Deferred income	2,196,788.86	3,599,241.67	-1,402,452.81	-38.97	Mainly due to the amortization of deferred government grant during the reporting period.
Treasury shares	28,225,474.13	–	28,225,474.13	Not applicable	Mainly due to the repurchase of H shares of the Company during the reporting period.
Other comprehensive income	16,797,578.89	59,803,860.42	-43,006,281.53	-71.91	Mainly due to the decline in share price of Union Medical Healthcare Limited and Aesthetic Medical International Holdings Group Limited, investees of the Group, at the end of the reporting period when compared to last year, resulting in a loss on changes in fair value of other equity instrument investments recognized during the reporting period.

(II) Captions of consolidated statement of profit or loss

Unit: Yuan; Currency: RMB

Item	Beginning of the year to the end of the reporting period	Beginning of last year to the end of the reporting period of last year	Change	Increase/decrease as compared to the corresponding period of last year (%)	Reasons
Financial expenses	-80,588,113.43	-42,519,388.26	-38,068,725.17	Not applicable	Mainly due to the interest income arising from the Company's unused proceeds from the IPO on the Sci-Tech Innovation Board.
Other income	21,565,359.15	42,388,215.35	-20,822,856.20	-49.12	Mainly due to the receipt by the Group of a subsidy for the transformation of new and high technological achievements of approximately RMB16.1160 million in the corresponding period of last year, but no such subsidy was received by the Group in the reporting period.
Investment income	31,804,714.75	7,516,910.75	24,287,804.00	323.11	Mainly due to the inclusion of the one-off investment loss on disposal of 50% equity interest in Contateq B.V. (a joint venture) of RMB9.5314 million, and the one-off investment loss on the acquisition of ODC Industries amounting to RMB8.0599 million in the investment income for the corresponding period of last year, as well as the increase in dividend income received by the Group from other equity instrument investments during the reporting period when compared to the corresponding period of last year.

Item	Beginning of the year to the end of the reporting period	Beginning of last year to the end of the reporting period of last year	Change	Increase/decrease as compared to the corresponding period of last year (%)	Reasons
Credit impairment loss	1,582,565.00	192,106.14	1,390,458.86	723.80	Mainly due to the partial reversal of provision for bad debts of other receivables upon receiving payments by the Group during the reporting period.
Asset impairment loss	-1,612,780.48	-766,770.62	-846,009.86	Not applicable	Due to the higher provision for inventory impairment made by the Group in respect of long-aged inventories in the reporting period.
Gains on disposal of assets	-704,177.90	46,629.42	-750,807.32	-1,610.16	Mainly due to the retirement of certain of the Group's equipment during the reporting period.
Non-operating income	138,454.39	18,521.67	119,932.72	647.53	Mainly due to the recognition of certain unpayable payments during the reporting period.
Income tax expenses	12,176,248.96	48,981,533.18	-36,805,284.22	-75.14	Mainly due to the decrease in the Group's operating profit for the reporting period, in particular of the temporary losses incurred by certain subsidiaries.
Non-controlling interests	-10,234,860.44	21,173,603.31	-31,408,463.75	-148.34	Mainly due to the temporary loss incurred by Shenzhen New Industries Material of Ophthalmology Co., Ltd. (深圳市新產業眼科新技術有限公司) (a non-wholly owned subsidiary of the Group) and the year-on-year increase in operating loss of Henan Saimeishi Biotech Co., Ltd (河南賽美視生物科技股份有限公司) as a result of its greater investment in research and development during the reporting period.

During the reporting period, the Group realized a revenue of RMB892.1556 million, representing a decrease of RMB252.5495 million or 22.06% as compared to the corresponding period of last year. In particular, revenue from main business amounted to RMB891.2530 million, representing a decrease of RMB251.7081 million or 22.02% as compared to the corresponding period of last year. The breakdown of the Group's revenue from main business of each product line by therapeutic areas and as a percentage of the total revenue from main business of the Group is as follows:

Unit: Yuan; Currency: RMB

Product line	Beginning of the year to the end of the reporting period		Beginning of last year to the end of the reporting period of last year		Increase/ decrease as compared to the corresponding period of last year (%)
	Amount	Percentage (%)	Amount	Percentage (%)	
	Ophthalmology products	381,796,410.39	42.84	501,601,759.83	
Orthopedics products	224,610,427.61	25.20	252,721,947.03	22.11	-11.12
Medical aesthetics and wound care products	152,789,518.28	17.14	225,285,927.29	19.71	-32.18
Anti-adhesion and hemostasis products	118,564,302.18	13.30	138,643,684.14	12.13	-14.48
Other products	13,492,362.51	1.51	24,707,801.37	2.16	-45.39
Total	891,253,020.97	100.00	1,142,961,119.66	100.00	-22.02

During the reporting period, the COVID-19 pandemic (the “**Pandemic**”) battered the global economy harder than ever before. As the Group’s products are mainly applied to surgeries and diagnosis and treatment services including ophthalmology outpatient and elective surgeries, medical aesthetics outpatient clinics, diagnosis and treatment services for intra-articular viscosupplement and non-emergency surgeries, which were all included in the scope of temporary suspension during the Pandemic period, the business operation of the Group was significantly restricted with the revenue from all of its product lines declined when compared to the corresponding period of last year.

Overall, in the wake of improving Pandemic control and gradual resumption of social activities in China, revenue of the Group demonstrated a rising trend after lingering at low levels throughout all quarters of the reporting period. Specifically, in the first quarter of 2020, the impact of the sudden Pandemic outbreak and the Spring Festival holiday in China was, in particular, significant. From the second quarter of 2020, thanks to the general containment of the spread and expansion of the Pandemic by the Chinese government, social activities started to show signs of recovery in China. The Group adopted proactive measures to resume production and operation and therefore, the decrease in revenue from all product lines apparently narrowed as compared to the corresponding period of last year. In the third quarter of 2020, apart from its ophthalmology business in overseas which continued to suffer from the impact of the global Pandemic and the resultant year-on-year business setback, the Group saw a strong momentum in the domestic business for further recovery. Sales revenue from all main product lines of the Group successfully made a turnaround from downward trend and achieved a positive growth when compared to the corresponding period of last year. Notably, the Group achieved a double-digit growth in sales revenue from the ophthalmology products business in domestic market, the orthopedics products business and the anti-adhesion and hemostasis products business in the third quarter of 2020.

During the reporting period, revenue from the Group’s product lines in the four major therapeutic areas for each quarter was as follows:

Unit: Ten thousand yuan; Currency: RMB

Product line	First quarter of 2020		Second quarter of 2020		Third quarter of 2020	
	Amount	Increase/ decrease as compared to the corresponding period of last year (%)	Amount	Increase/ decrease as compared to the corresponding period of last year (%)	Amount	Increase/ decrease as compared to the corresponding period of last year (%)
Ophthalmology products	7,460.94	-52.85	13,528.31	-27.72	17,190.39	10.05
Orthopedics products	2,608.88	-48.87	10,330.10	-12.83	9,522.06	14.45
Medical aesthetics and wound care products	2,147.03	-63.69	5,462.04	-42.63	7,669.88	8.11
Anti-adhesion and hemostasis products	2,098.00	-39.24	4,768.30	-22.24	4,990.13	16.60
Other products	1,005.83	19.46	131.55	-87.07	211.85	-65.33
Total	15,320.68	-50.79	34,220.31	-27.56	39,584.31	10.19

During the reporting period, the Group actively introduced its series of intraocular lens (“IOL”) products to participate in the volume-based procurement, which is gradually launched in all provinces and alliances, of high-value consumables for IOL. In the centralized volume-based procurement of high-value medical consumables (ophthalmic) by public medical institutions in Yunnan Province completed in August 2020, five IOL products and one surgical scalpel product of the Group were successfully selected. In the same month, led by Shaanxi Province, the inter-provincial alliance (Ningxia, Gansu, Qinghai, Xinjiang, Xinjiang Construction Corps, Hunan, Guangxi, Guizhou, Hainan and Shaanxi) of public medical institutions implemented an IOL cross-regional joint procurement, in which six products of the Group covering spherical IOL, aspheric IOL, preloaded aspheric IOL, and segmented bifocal IOL products were successfully selected. The successful selection of the above products will help solidify and further increase the market share of the Group’s IOL products in the relevant regions. In addition, during the reporting period, the Group actively engaged in the marketing activities for the launch of “Hyalumatrix” (海魅), the third-generation hyaluronic acid product, in different markets. Officially launched on 7 August 2020, the product is featured in “precise embellishment” and, together with “Matrifill” (海薇) (which is featured in “shaping”) and “Janlane” (姣蘭) (which is featured in “filling”), forms a differentiated product mix in terms of function and positioning. This can further strengthen the Group’s leading position as a famous made-in-China hyaluronic acid brand.

(III) Captions of consolidated statement of cash flows

Unit: Yuan; Currency: RMB

Item	Beginning of the year to the end of the reporting period	Beginning of last year to the end of the reporting period of last year	Change	Increase/decrease as compared to the corresponding period of last year (%)	Reasons
Net cash flows from operating activities	110,051,983.31	200,701,682.68	-90,649,699.37	-45.17	During the reporting period, net cash flows from operating activities of the Group decreased along with the decline in revenue and operating profit, but the Group increased its effort in the collection of accounts receivable in the meantime, which partially compensated the impact of the decrease in operating cash inflow due to the decline in revenue for the reporting period.
Net cash flows from investing activities	-381,425,700.69	-194,533,934.81	-186,891,765.88	Not applicable	Mainly due to the new investments in negotiated deposits of the Group in the reporting period.
Net cash flows from financing activities	-171,575,788.96	-74,365,617.51	-97,210,171.45	Not applicable	Mainly due to the increased dividend paid to shareholders by the Company during the reporting period as compared to last year, and the large amount of cash outflows from financing activities caused by the Company's repurchase of H shares.

3.2 Progress of significant events and analysis on their effects and solutions

Applicable Not applicable

3.3 Matters relating to undertakings which have passed the performance deadline and not yet performed or completed during the reporting period

Applicable Not applicable

3.4 Warnings and explanations on estimated loss or significant change (as compared to the same period of last year) in net accumulated profit from the beginning of the year to the end of the next reporting period

Applicable Not applicable

Company name	Shanghai Haohai Biological Technology Co., Ltd.*
Legal representative	Hou Yongtai
Date	27 October 2020

IV. APPENDIX

4.1 Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2020

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

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

Items	30 September 2020	31 December 2019
Current assets:		
Cash and bank balance	3,034,175,900.75	3,222,508,375.73
Financial assets held for trading	16,740,066.16	8,007,571.80
Accounts receivable	316,448,358.65	381,990,938.69
Prepayments	35,295,542.43	37,427,390.14
Other receivables	12,281,998.92	10,452,517.67
Inventories	280,844,424.81	239,988,227.06
Other current assets	45,000,000.00	45,000,000.00
	<u>3,740,786,291.72</u>	<u>3,945,375,021.09</u>
Total current assets		
	<u>3,740,786,291.72</u>	<u>3,945,375,021.09</u>
Non-current assets:		
Long-term equity investments	3,981,065.47	5,328,690.20
Other investments in equity instruments	372,828,893.88	292,629,710.56
Fixed assets	536,141,405.87	534,488,811.79
Construction in progress	431,336,290.21	356,508,215.31
Right-of-use assets	40,016,876.30	33,328,856.49
Intangible assets	590,588,837.79	613,993,777.67
Goodwill	383,835,897.99	333,492,926.62
Long-term prepayments	4,002,033.10	4,073,780.30
Deferred income tax assets	31,370,974.54	18,392,589.46
Other non-current assets	10,194,141.70	14,257,016.68
	<u>2,404,296,416.85</u>	<u>2,206,494,375.08</u>
Total non-current assets		
	<u>2,404,296,416.85</u>	<u>2,206,494,375.08</u>
TOTAL ASSETS	<u><u>6,145,082,708.57</u></u>	<u><u>6,151,869,396.17</u></u>

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term borrowings	80,819,512.68	5,302,324.62
Accounts payable	21,203,601.43	36,785,876.99
Contract liabilities	17,575,739.10	18,069,415.96
Employee benefits payable	43,318,949.94	59,634,235.35
Tax payable	25,948,695.75	46,646,082.04
Other payables	214,014,024.65	173,120,150.81
Including: Interest payable	–	–
Dividends payable	–	43,217,041.63
Non-current liabilities due within one year	17,264,087.97	20,407,605.30
Total current liabilities	<u>420,144,611.52</u>	<u>359,965,691.07</u>
Non-current liabilities:		
Long-term borrowings	622,369.37	652,678.65
Lease liabilities	25,770,074.47	23,349,226.84
Long-term payables	4,500,000.00	–
Deferred income	2,196,788.86	3,599,241.67
Deferred income tax liabilities	105,641,037.95	110,950,026.25
Total non-current liabilities	<u>138,730,270.65</u>	<u>138,551,173.41</u>
TOTAL LIABILITIES	<u><u>558,874,882.17</u></u>	<u><u>498,516,864.48</u></u>
Equity attributable to equity holders (or shareholders):		
Paid-up capital (or issued capital)	177,206,600.00	177,845,300.00
Capital reserve	3,259,539,312.91	3,281,590,716.86
Less: Treasury shares	28,225,474.13	–
Other comprehensive income	16,797,578.89	59,803,860.42
Surplus reserve	88,922,650.00	88,922,650.00
Retained earnings	1,835,219,392.60	1,846,617,117.21
Total equity attributable to equity holders (or shareholders) of the parent company	5,349,460,060.27	5,454,779,644.49
Non-controlling interests	236,747,766.13	198,572,887.20
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (OR SHAREHOLDERS)	<u>5,586,207,826.40</u>	<u>5,653,352,531.69</u>
TOTAL LIABILITIES AND EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (OR SHAREHOLDERS)	<u><u>6,145,082,708.57</u></u>	<u><u>6,151,869,396.17</u></u>

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY*30 September 2020*

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

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

Items	30 September 2020	31 December 2019
Current assets:		
Cash and bank balance	1,360,807,790.16	1,557,561,737.02
Financial assets held for trading	12,680,806.81	7,631,571.80
Accounts receivable	83,993,744.10	74,338,972.53
Prepayments	13,675,643.86	3,885,350.99
Other receivables	1,221,023,000.99	1,066,304,504.23
Including: Interest receivable	—	—
Dividends receivable	17,817,809.70	—
Inventories	47,674,067.46	62,737,390.66
Other current assets	—	13,019.27
	<hr/>	<hr/>
Total current assets	2,739,855,053.38	2,772,472,546.50
Non-current assets:		
Long-term equity investments	1,133,942,344.57	1,127,642,344.57
Other investments in equity instruments	101,512,502.83	98,055,531.01
Fixed assets	155,193,432.33	140,075,126.44
Construction in progress	190,084,591.44	174,358,215.94
Right-of-use assets	4,283,214.08	1,278,554.80
Intangible assets	134,585,942.44	140,124,422.92
Long-term prepayments	968,705.23	1,746,728.14
Deferred income tax assets	5,411,072.03	2,669,307.48
Other non-current assets	7,319,440.70	7,195,195.42
	<hr/>	<hr/>
Total non-current assets	1,733,301,245.65	1,693,145,426.72
	<hr/>	<hr/>
TOTAL ASSETS	<u>4,473,156,299.03</u>	<u>4,465,617,973.22</u>

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term borrowings	50,000,000.00	–
Accounts payable	3,651,829.66	9,653,115.20
Contract liabilities	4,855,753.20	1,809,896.97
Employee benefits payable	13,965,664.03	23,452,874.40
Tax payable	5,985,199.60	3,283,571.97
Other payables	237,605,602.67	137,911,874.20
Non-current liabilities due within one year	<u>2,931,440.05</u>	<u>1,268,160.26</u>
 Total current liabilities	 <u>318,995,489.21</u>	 <u>177,379,493.00</u>
Non-current liabilities:		
Lease liabilities	1,248,895.46	28,781.12
Deferred income	<u>150,936.00</u>	<u>320,748.00</u>
 Total non-current liabilities	 <u>1,399,831.46</u>	 <u>349,529.12</u>
 TOTAL LIABILITIES	 <u><u>320,395,320.67</u></u>	 <u><u>177,729,022.12</u></u>
Equity attributable to equity holders (or shareholders):		
Paid-up capital (or issued capital)	177,206,600.00	177,845,300.00
Capital reserve	3,248,866,362.12	3,270,917,766.07
Less: Treasury shares	28,225,474.13	–
Other comprehensive income	-8,205,547.22	-435,151.08
Surplus reserve	88,922,650.00	88,922,650.00
Retained earnings	<u>674,196,387.59</u>	<u>750,638,386.11</u>
 TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (OR SHAREHOLDERS)	 <u>4,152,760,978.36</u>	 <u>4,287,888,951.10</u>
 TOTAL LIABILITIES AND EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (OR SHAREHOLDERS)	 <u><u>4,473,156,299.03</u></u>	 <u><u>4,465,617,973.22</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 September 2020*

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

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

Items	Third quarter	Third quarter	First	First
	of 2020 (July to September)	of 2019 (July to September)	three quarters of 2020 (January to September)	three quarters of 2019 (January to September)
I. Total revenue	396,191,430.93	359,389,646.02	892,155,592.36	1,144,705,121.05
Including: Operating revenue	396,191,430.93	359,389,646.02	892,155,592.36	1,144,705,121.05
II. Total operating costs	317,248,919.13	299,886,373.78	829,776,451.60	872,414,038.78
Including: Cost of sales	94,304,009.43	75,156,409.72	207,357,321.81	258,749,021.35
Business taxes and levies	2,574,577.43	1,490,825.22	5,520,938.15	5,629,504.71
Selling expenses	153,105,587.48	146,113,691.79	454,075,368.34	395,962,582.77
Administrative expenses	61,200,325.26	66,848,572.99	159,308,445.27	175,167,995.04
R&D expenses	27,529,488.77	28,105,188.21	84,102,491.46	79,424,323.17
Financial expenses	-21,465,069.24	-17,828,314.15	-80,588,113.43	-42,519,388.26
Including: Interest expenses	1,995,056.73	360,024.71	3,460,176.66	2,691,197.25
Interest income	26,863,460.64	14,588,198.60	80,965,596.12	38,977,737.10
Add: Other income	1,207,900.23	30,488,628.72	21,565,359.15	42,388,215.35
Investment income				
(Loss denoted in “-”)	17,714,011.37	5,946,566.49	31,804,714.75	7,516,910.75
Including: Gains from investment in associates and joint ventures	-141,069.64	934,208.07	-115,157.18	19,083,615.31
Credit impairment losses				
(Loss denoted in “-”)	4,551,329.95	-1,413,143.92	1,582,565.00	192,106.14
Assets impairment losses				
(Loss denoted in “-”)	1,304,507.35	-642,945.13	-1,612,780.48	-766,770.62
Gain on disposal of assets				
(Loss denoted in “-”)	-95,018.04	72.00	-704,177.90	46,629.42
III. Operating profit (Loss denoted in “-”)	103,625,242.66	93,882,450.40	115,014,821.28	321,668,173.31
Add: Non-operating income	122,236.18	161.11	138,454.39	18,521.67
Less: Non-operating expenses	184,914.15	165,018.14	564,991.76	483,100.64
IV. Total profit (Total loss denoted in “-”)	103,562,564.69	93,717,593.37	114,588,283.91	321,203,594.34
Less: Income tax expenses	13,264,456.27	17,980,657.14	12,176,248.96	48,981,533.18
V. Net profit (Net loss denoted in “-”)	<u>90,298,108.42</u>	<u>75,736,936.23</u>	<u>102,412,034.95</u>	<u>272,222,061.16</u>

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
(I) According to operating continuity				
1. Net profit from continuing operations (Net loss denoted in “-”)	90,298,108.42	75,736,936.23	102,412,034.95	272,222,061.16
2. Net profit from discontinued operations (Net loss denoted in “-”)	—	—	—	—
(II) According to ownership				
1. Net profit attributable to shareholders of Company (Net loss denoted in “-”)	85,119,669.01	68,480,459.49	112,646,895.39	251,048,457.85
2. Non-controlling interests (Net loss denoted in “-”)	5,178,439.41	7,256,476.74	-10,234,860.44	21,173,603.31
VI. Other comprehensive income, net of tax	-3,074,213.07	-7,657,623.69	-47,707,871.59	12,697,558.16
(I) Other comprehensive income attributable to shareholders of the Company, net of tax	-3,564,108.17	-8,232,892.49	-43,006,281.53	11,707,652.26
1. Other comprehensive income that cannot be reclassified to profit or loss	4,818,286.79	-13,529,712.51	-26,997,830.89	4,452,637.64
(3) Changes in fair value of other equity instrument investments	4,818,286.79	-13,529,712.51	-26,997,830.89	4,452,637.64
2. Other comprehensive income to be reclassified to profit or loss	-8,382,394.96	5,296,820.02	-16,008,450.64	7,255,014.62
(6) Exchange differences on foreign currency translations	-8,382,394.96	5,296,820.02	-16,008,450.64	7,255,014.62
(II) Other comprehensive income attributable to non-controlling interests, net of tax	489,895.10	575,268.80	-4,701,590.06	989,905.90
VII. Total comprehensive income	87,223,895.35	68,079,312.54	54,704,163.36	284,919,619.32
(I) Total comprehensive income attributable to shareholders of the Company	81,555,560.84	60,247,567.00	69,640,613.86	262,756,110.11
(II) Total comprehensive income attributable to non-controlling interests	5,668,334.51	7,831,745.54	-14,936,450.50	22,163,509.21
VIII. Earnings per share:				
(I) Basic earnings per share (RMB/share)	0.48	0.43	0.63	1.57
(II) Diluted earnings per share (RMB/share)	0.48	0.43	0.63	1.57

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

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

STATEMENT OF PROFIT OR LOSS OF THE PARENT COMPANY

January to September 2020

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

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

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Operating revenue	107,977,276.30	103,174,019.48	262,535,267.23	285,626,356.81
Less: Cost of sales	19,733,097.83	16,629,148.32	66,858,422.02	52,561,437.69
Business taxes and levies	1,180,500.68	603,678.01	2,736,572.65	2,453,029.56
Selling expenses	76,566,472.18	63,830,237.85	176,039,525.92	127,197,321.96
Administrative expenses	14,379,298.35	12,458,207.86	36,478,216.49	43,387,662.80
R&D expenses	8,615,954.67	11,799,584.47	25,617,869.22	24,835,643.97
Financial expenses	-11,040,369.32	-5,705,151.63	-36,026,674.29	-20,725,857.19
Including: Interest expenses	396,079.84	–	560,979.86	–
Interest income	11,445,966.43	5,702,233.55	36,674,768.56	20,978,174.47
Add: Other income	431,744.75	9,407,048.23	10,276,859.10	18,413,021.69
Investment income				
(Loss denoted in “-”)	33,566,032.63	864,398.62	43,634,580.50	18,678,264.58
Including: Gains from investment in associates and joint ventures	–	864,398.62	–	18,678,264.58
Credit impairment losses				
(Loss denoted in “-”)	-138,254.22	-1,102,212.96	4,425,620.75	–
Gain on disposal of assets				
(Loss denoted in “-”)	–	–	–	46,715.65
II. Operating profit (Loss denoted in “-”)	32,401,845.07	12,727,548.49	49,168,395.57	93,055,119.94
Add: Non-operating income	10,000.00	–	10,000.00	–
Less: Non-operating expenses	–	–	250,000.00	160,000.00
III. Total profit (Total loss denoted in “-”)	32,411,845.07	12,727,548.49	48,928,395.57	92,895,119.94
Less: Income tax expenses	885,401.54	3,762,330.21	1,325,774.09	14,556,964.67

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
IV. Net profit (Net loss denoted in “-”)	<u>31,526,443.53</u>	<u>8,965,218.28</u>	<u>47,602,621.48</u>	<u>78,338,155.27</u>
(I) Net profit from continuing operations (Net loss denoted in “-”)	31,526,443.53	8,965,218.28	47,602,621.48	78,338,155.27
(II) Net profit from discontinued operations (Net loss denoted in “-”)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
V. Other comprehensive income, net of tax	<u>-9,967,784.42</u>	<u>410,776.73</u>	<u>-7,770,396.14</u>	<u>-1,207,260.32</u>
(I) Other comprehensive income that cannot be reclassified to profit or loss	<u>-9,967,784.42</u>	<u>410,776.73</u>	<u>-7,770,396.14</u>	<u>-1,207,260.32</u>
3. Changes in fair value of other equity instrument investments	<u>-9,967,784.42</u>	<u>410,776.73</u>	<u>-7,770,396.14</u>	<u>-1,207,260.32</u>
VI. Total comprehensive income	21,558,659.11	9,375,995.01	39,832,225.34	77,130,894.95
VII. Earnings per share:				
(I) Basic earnings per share (<i>RMB/share</i>)	0.18	0.06	0.27	0.49
(II) Diluted earnings per share (<i>RMB/share</i>)	0.18	0.06	0.27	0.49
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 September 2020

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

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

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,006,728,949.99	1,233,159,319.06
Cash received relating to other operating activities	23,712,964.84	64,736,840.49
Sub-total of cash inflows from operating activities	1,030,441,914.83	1,297,896,159.55
Cash paid for goods and services	164,004,131.79	207,799,588.97
Cash paid to and on behalf of employees	249,810,448.57	244,781,840.89
Payments of taxes and surcharges	115,636,279.16	135,500,011.47
Cash paid relating to other operating activities	390,939,072.00	509,113,035.54
Sub-total of cash outflows from operating activities	920,389,931.52	1,097,194,476.87
Net cash flows from operating activities	110,051,983.31	200,701,682.68
II. Cash flows from investing activities:		
Cash received from disposal of investments	630,001,385.66	1,593,531,212.68
Cash received from returns on investments	101,476,041.73	40,939,407.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	887,136.79	176,030.00
Cash received relating to other investing activities	–	80,537,339.37
Sub-total of cash inflows from investing activities	732,364,564.18	1,715,183,989.46
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	132,651,981.94	253,207,701.48
Cash paid for investments	938,600,000.00	1,542,116,809.80
Net cash paid for acquisition of subsidiaries and other business units	42,538,282.93	107,659,912.99
Cash paid relating to other investing activities	–	6,733,500.00
Sub-total of cash outflows from investing activities	1,113,790,264.87	1,909,717,924.27
Net cash flows from investing activities	-381,425,700.69	-194,533,934.81

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
III. Cash flows from financing activities:		
Cash received from borrowings	98,361,333.11	48,116,826.69
Sub-total of cash inflows from financing activities	<u>98,361,333.11</u>	<u>48,116,826.69</u>
Cash paid for repayment of borrowings	32,384,148.46	26,931,979.60
Cash paid for dividends or profits distribution or repayment of interests	124,449,600.18	82,114,786.05
Including: Dividends and profits paid to non-controlling shareholders by subsidiaries	8,370,675.04	–
Cash paid relating to other financing activities	<u>113,103,373.43</u>	<u>13,435,678.55</u>
Sub-total of cash outflows from financing activities	<u>269,937,122.07</u>	<u>122,482,444.20</u>
Net cash flows from financing activities	<u>-171,575,788.96</u>	<u>-74,365,617.51</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-2,792,394.96</u>	<u>3,101,006.11</u>
V. Net increase in cash and cash equivalents	-445,741,901.30	-65,096,863.53
Add: Opening balance of cash and cash equivalents	<u>944,505,974.70</u>	<u>335,625,539.75</u>
VI. Closing balance of cash and cash equivalents	<u><u>498,764,073.40</u></u>	<u><u>270,528,676.22</u></u>

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

CASH FLOW STATEMENT OF THE PARENT COMPANY

January to September 2020

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

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

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	269,723,651.36	287,270,598.04
Cash received relating to other operating activities	12,128,171.10	25,591,020.00
Sub-total of cash inflows from operating activities	281,851,822.46	312,861,618.04
Cash paid for goods and services	37,935,214.62	29,303,296.08
Cash paid to and on behalf of employees	64,654,012.11	66,246,190.72
Payments of taxes and surcharges	33,098,667.74	48,011,122.66
Cash paid relating to other operating activities	172,349,043.94	166,977,967.70
Sub-total of cash outflows from operating activities	308,036,938.41	310,538,577.16
Net cash flows from operating activities	-26,185,115.95	2,323,040.88
II. Cash flows from investing activities:		
Cash received from disposal of investments	120,001,385.66	1,022,459,531.61
Cash received from returns on investments	68,360,670.87	48,528,174.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	175,000.00
Sub-total of cash inflows from investing activities	188,362,056.53	1,071,162,706.08
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	33,629,129.67	166,126,566.83
Cash paid for investments	144,900,000.00	542,082,583.19
Net cash paid for acquisition of subsidiaries and other business units	–	43,200,000.00
Cash paid relating to other investing activities	63,520,167.96	251,310,076.07
Sub-total of cash outflows from investing activities	242,049,297.63	1,002,719,226.09
Net cash flows from investing activities	-53,687,241.10	68,443,479.99

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
III. Cash flows from financing activities:		
Cash received from borrowings	50,000,000.00	–
Sub-total of cash inflows from financing activities	50,000,000.00	–
Cash paid for dividends or profits distribution or repayment of interests	113,495,984.01	80,022,650.00
Cash paid relating to other financing activities	53,362,329.88	6,241,592.71
Sub-total of cash outflows from financing activities	166,858,313.89	86,264,242.71
Net cash flows from financing activities	-116,858,313.89	-86,264,242.71
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-154,144.41	193,065.67
V. Net increase in cash and cash equivalents	-196,884,815.35	-15,304,656.17
Add: Opening balance of cash and cash equivalents	500,211,737.02	61,636,883.07
VI. Closing balance of cash and cash equivalents	303,326,921.67	46,332,226.90

Legal representative:
Hou Yongtai

Person in charge of
accounting affairs:
Tang Minjie

Person in charge of the
accounting department:
Bian Yiping

4.2 Adjustments to the financial statements at the beginning of the year due to initial adoption of new revenue standards and new lease standards since 2020

Applicable Not applicable

4.3 Explanation on retrospective adjustments to previous comparative figures due to initial adoption of new revenue standards and new lease standards since 2020

Applicable Not applicable

4.4 Audit report

Applicable Not applicable