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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)**

### **2021 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 three and nine months ended 30 September 2021 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.\***  
*Chairman*  
**Hou Yongtai**

Shanghai, the PRC, 28 October 2021

*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 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.
- 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 statements contained in the Third Quarterly Report.
- The Third Quarterly Report is audited
  - Yes    No

## I. MAJOR FINANCIAL DATA

### (I) Major accounting data and financial indicators

Unit: Yuan; Currency: RMB

Items	The Reporting Period	Increase/ decrease for the Reporting Period over the corresponding period of last year (%)	From the beginning of the year to the end of the Reporting Period	Increase/ decrease for the period from the beginning of the year to the end of the Reporting Period as compared to the corresponding period of last year (%)
Revenue	423,575,353.64	6.91	1,274,803,623.23	42.89
Net profit attributable to shareholders of the Company	79,472,175.84	-6.63	310,495,002.97	175.64
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company	71,734,559.87	-14.79	292,722,056.37	218.13
Net cash flows from operating activities	Not applicable	Not applicable	180,648,560.92	64.15
Basic earnings per share (RMB/share)	0.45	-6.25	1.76	179.37
Diluted earnings per share (RMB/share)	0.45	-6.25	1.76	179.37
Weighted average return on net assets (%)	1.40	Decreased by 0.20 percentage point	5.53	Increased by 3.46 percentage points
Total research and development (“R&D”) expenses	40,267,250.06	46.27	113,753,193.63	35.26
R&D expenses as a percentage of revenue (%)	9.51	Increased by 2.56 percentage points	8.92	Decreased by 0.51 percentage point
		<b>As at the end of the Reporting Period</b>	<b>As at the end of last year</b>	<b>Increase/ decrease as at the end of the Reporting Period over the end of last year (%)</b>
Total assets	6,811,289,552.29		6,298,705,388.16	8.14
Equity attributable to shareholders of the Company	5,700,126,660.69		5,490,748,515.90	3.81

Note: “Reporting Period” refers to the three-month period from the beginning of this quarter to the end of this quarter and the same meaning applies to the contents below.

**(II) Non-recurring profit or loss items and amount***Unit: Yuan; Currency: RMB*

<b>Items</b>	<b>Amount for the Reporting Period</b>	<b>Amount from the beginning of the year to the end of the Reporting Period</b>	<b>Note</b>
Gain or loss on disposal of non-current assets (including the write-off portion of provision for asset impairment)	96,731.50	72,602.73	
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)	8,676,909.86	20,011,125.66	
Gain or loss arising from change in fair value of financial assets held for trading, financial liabilities held for trading, and investment income from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, other than effective hedging business conducted in the course of normal business of the Company	801,099.75	1,730,507.79	
Other non-operating income and expenses other than abovementioned items	-379,100.70	-648,286.22	
Less: Effect of income tax	1,329,636.74	2,911,371.85	
Effect of non-controlling interests (after tax)	128,387.70	481,631.51	
Total	<u>7,737,615.97</u>	<u>17,772,946.60</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 from the beginning of the year to the end of the Reporting Period	42.89	Mainly due to, despite the fact that the Group's business was heavily impacted by the global COVID-19 pandemic (the "Pandemic") in the corresponding period of last year, the significant increase of revenue along with a full recovery of various product line businesses of the Group resulting from the gradual easing of the Pandemic from the beginning of this year to the end of the Reporting Period.
Net profit attributable to shareholders of the Company from the beginning of the year to the end of the Reporting Period	175.64	Mainly due to the significant increase of revenue and the increase of sale gross profit brought by the relatively stable overall gross profit margin from the beginning of this year to the end of the Reporting Period.
Net profit after deducting non-recurring profit or loss attributable to shareholders of the Company from the beginning of the year to the end of the Reporting Period	218.13	Mainly due to the increase of net profit attributable to shareholders of the Company from the beginning of this year to the end of the Reporting Period compared to the same period of last year.
Net cash flows from operating activities from the beginning of the year to the end of the Reporting Period	64.15	Mainly due to the increase of Group's revenue from the beginning of this year to the end of the Reporting Period compared to the same period of last year, alongside with the increase of cash flows from operating activities.
Basic earnings per share from the beginning of the year to the end of the Reporting Period	179.37	Mainly due to the increase of net profit attributable to shareholders of the Company from the beginning of this year to the end of the Reporting Period compared to the same period of last year.
Diluted earnings per share from the beginning of the year to the end of the Reporting Period	179.37	Same as above.

Items	Percentage change (%)	Key reasons
Total R&D expenses from the beginning of the year to the end of the Reporting Period	35.26	Mainly due to the increase of R&D investments compared to the same period of last year, resulting from the continued engagement of the clinical trial of various innovative products of the ophthalmic and medical aesthetics product lines of the Group from the beginning of this year to the end of the Reporting Period.
Total R&D expenses during the Reporting Period	46.27	Mainly due to the increase of clinical trial fees as compared to the same period of last year, resulting from the smooth progress of the clinical trial of various innovative products of the ophthalmic and medical aesthetics product lines of the Group during the Reporting Period.

## 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*

<b>Total number of ordinary shareholders at the end of the Reporting Period</b>	11,364	<b>Total number of preferred shareholders with voting rights resumed at the end of the Reporting Period (if any)</b>	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 NOMINEES LIMITED	Other	37,948,289	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	Domestic natural person	8,476,475	4.82	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
Hou Yongtai	Domestic natural person	6,000,000	3.41	0	0	None	0
Wu Jiangying	Domestic natural person	6,000,000	3.41	0	0	None	0
China Construction Bank Corporation - Yinhua rich-themed Hybrid Securities Investment Fund	Other	3,981,330	2.26	0	0	Unknown	-
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

**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	37,948,289	Overseas listed foreign shares	37,948,289
Lou Guoliang	8,476,475	RMB ordinary shares	8,476,475
Hou Yongtai	6,000,000	RMB ordinary shares	6,000,000
Wu Jiangying	6,000,000	RMB ordinary shares	6,000,000
China Construction Bank Corporation – Yinhua rich-themed Hybrid Securities Investment Fund	3,981,330	RMB ordinary shares	3,981,330
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	1,577,000	RMB ordinary shares	1,577,000
China Merchants Bank Co., Ltd – China AMC SSE STAR 50 Exchange Traded Fund	1,274,437	RMB ordinary shares	1,274,437

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 THIRD QUARTERLY FINANCIAL STATEMENTS

##### (I) The category of audit opinion

Applicable  Not applicable

##### (II) Financial statements

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

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

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

Items	30 September 2021	31 December 2020
<b>Current assets:</b>		
Cash and bank balance	2,903,314,879.27	3,143,566,040.32
Financial assets held for trading	6,136,943.47	22,364,302.54
Accounts receivable	401,984,230.83	333,527,490.76
Prepayments	106,827,505.79	43,720,585.79
Other receivables	61,390,657.18	11,653,207.22
Inventories	314,609,331.03	255,126,944.53
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Total current assets	3,794,263,547.57	3,809,958,571.16
<b>Non-current assets:</b>		
Debt investments	62,889,901.02	—
Long-term equity investments	92,037,352.58	50,219,331.97
Other investments in equity instruments	442,813,195.47	405,279,267.43
Other non-current financial assets	6,485,400.00	—
Fixed assets	633,677,455.35	532,304,249.03
Construction in progress	490,708,577.74	441,012,381.29
Right-of-use assets	33,617,724.48	27,823,346.09
Intangible assets	803,228,208.64	578,887,032.44
Goodwill	404,688,479.35	385,490,081.16
Long-term prepayments	6,346,222.59	4,699,989.48
Deferred tax assets	34,494,774.70	26,186,276.59
Other non-current assets	6,038,712.80	36,844,861.52
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Total non-current assets	3,017,026,004.72	2,488,746,817.00
	<hr/>	<hr/>
TOTAL ASSETS	<u>6,811,289,552.29</u>	<u>6,298,705,388.16</u>

Items	30 September 2021	31 December 2020
<b>Current liabilities:</b>		
Short-term borrowings	25,365,347.12	78,691,413.10
Accounts payable	63,465,411.55	28,032,404.05
Contract liabilities	27,196,616.78	16,162,197.79
Employee benefits payable	51,919,536.83	56,366,490.75
Tax payable	34,025,641.81	32,922,546.12
Other payables	214,971,755.41	212,573,698.05
Including: Interest payable	–	–
Dividends payable	9,240,000.00	–
Non-current liabilities due within one year	11,842,808.95	9,016,553.20
Total current liabilities	428,787,118.45	433,765,303.06
<b>Non-current liabilities:</b>		
Long-term borrowings	28,919,584.85	581,763.10
Lease liabilities	23,828,838.50	19,790,546.31
Long-term payables	4,500,000.00	4,500,000.00
Provision	160,472.21	–
Deferred income	10,657,611.54	3,543,816.62
Deferred tax liabilities	158,292,515.42	102,281,513.65
Total non-current liabilities	226,359,022.52	130,697,639.68
TOTAL LIABILITIES	655,146,140.97	564,462,942.74
<b>Equity attributable to equity holders (or shareholders):</b>		
Paid-up capital (or issued capital)	175,822,100.00	177,206,600.00
Capital reserve	3,167,119,484.43	3,259,539,312.91
Less: Treasury shares	–	28,263,248.47
Other comprehensive income	-1,743,333.89	36,195,728.65
Surplus reserve	88,922,650.00	88,922,650.00
Retained earnings	2,270,005,760.15	1,957,147,472.81
Total equity attributable to equity holders (or shareholders) of the parent company	5,700,126,660.69	5,490,748,515.90
Non-controlling interests	456,016,750.63	243,493,929.52
TOTAL EQUITY	6,156,143,411.32	5,734,242,445.42
TOTAL LIABILITIES AND EQUITY	6,811,289,552.29	6,298,705,388.16

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 2021

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

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
<b>I. Total revenue</b>	1,274,803,623.23	892,155,592.36
Including: Operating revenue	1,274,803,623.23	892,155,592.36
<b>II. Total operating costs</b>	982,116,844.27	829,776,451.60
Including: Cost of sales	328,369,194.07	207,357,321.81
Taxes and surcharges	8,051,178.14	5,520,938.15
Selling expenses	416,855,678.56	454,075,368.34
Administrative expenses	182,546,125.29	159,308,445.27
R&D expenses	113,753,193.63	84,102,491.46
Financial expenses	-67,458,525.42	-80,588,113.43
Including: Interest expenses	2,734,750.34	3,460,176.66
Interest income	73,535,481.92	80,965,596.12
Add: Other income	20,011,125.66	21,565,359.15
Investment income (Loss denoted in “-”)	41,577,512.03	31,804,714.75
Including: Gains from investment in associates and joint ventures	-2,660,939.68	-115,157.18
Credit impairment losses (Loss denoted in “-”)	1,647,243.62	1,582,565.00
Assets impairment losses (Loss denoted in “-”)	280,805.03	-1,612,780.48
Gain on disposal of assets (Loss denoted in “-”)	72,602.73	-704,177.90
<b>III. Operating profit (Loss denoted in “-”)</b>	356,276,068.03	115,014,821.28
Add: Non-operating income	206,089.82	138,454.39
Less: Non-operating expenses	854,376.04	564,991.76
<b>IV. Total profit (Total loss denoted in “-”)</b>	355,627,781.81	114,588,283.91
Less: Income tax expenses	41,398,608.79	12,176,248.96

Items	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
<b>V. Net profit (Net loss denoted in “-”)</b>	<u>314,229,173.02</u>	<u>102,412,034.95</u>
(I) According to operating continuity		
1. Net profit from continuing operations (Net loss denoted in “-”)	314,229,173.02	102,412,034.95
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 “-”)	310,495,002.97	112,646,895.39
2. Non-controlling interests (Net loss denoted in “-”)	<u>3,734,170.05</u>	<u>-10,234,860.44</u>
<b>VI. Other comprehensive income, net of tax</b>	50,828,739.87	-47,707,871.59
(I) Other comprehensive income attributable to equity holders of the parent company, net of tax	52,335,271.83	-43,006,281.53
1. Other comprehensive income that cannot be reclassified to profit or loss	46,020,895.41	-26,997,830.89
(3) Changes in fair value of other equity instrument investments	46,020,895.41	-26,997,830.89
2. Other comprehensive income to be reclassified to profit or loss	6,314,376.42	-16,008,450.64
(6) Exchange differences on foreign currency translations	6,314,376.42	-16,008,450.64
(II) Other comprehensive income attributable to non-controlling interests, net of tax	-1,506,531.96	-4,701,590.06
<b>VII. Total comprehensive income</b>	365,057,912.89	54,704,163.36
(I) Total comprehensive income attributable to equity holders of the parent company	362,830,274.80	69,640,613.86
(II) Total comprehensive income attributable to non- controlling interests	2,227,638.09	-14,936,450.50
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB/share</i> )	1.76	0.63
(II) Diluted earnings per share ( <i>RMB/share</i> )	1.76	0.63

For business combination under common control conducted during the first three quarters of 2021, the acquiree achieved a net profit of RMB0 before the combination; the acquiree achieved a net profit of RMB0 during the same period of last 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 September 2021

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

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods or rendering of services	1,329,553,071.35	1,006,728,949.99
Refund of taxes and surcharges	393,748.75	—
Cash received relating to other operating activities	20,912,522.02	23,712,964.84
Sub-total of cash inflows from operating activities	<u>1,350,859,342.12</u>	<u>1,030,441,914.83</u>
Cash paid for goods and services	276,562,206.42	164,004,131.79
Cash paid to and on behalf of employees	302,714,799.71	249,810,448.57
Payments of taxes and surcharges	124,493,075.29	115,636,279.16
Cash paid relating to other operating activities	466,440,699.78	390,939,072.00
Sub-total of cash outflows from operating activities	<u>1,170,210,781.20</u>	<u>920,389,931.52</u>
Net cash flows from operating activities	<u>180,648,560.92</u>	<u>110,051,983.31</u>
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	1,295,220,276.44	630,001,385.66
Cash received from returns on investments	112,960,616.65	101,476,041.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	52,258.83	887,136.79
Cash received relating to other investing activities	16,031.71	—
Sub-total of cash inflows from investing activities	<u>1,408,249,183.63</u>	<u>732,364,564.18</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	158,309,614.89	132,651,981.94
Cash paid for investments	1,117,725,795.99	938,600,000.00
Net cash paid for acquisition of subsidiaries and other business units	50,728,061.82	42,538,282.93
Sub-total of cash outflows from investing activities	<u>1,326,763,472.70</u>	<u>1,113,790,264.87</u>
Net cash flows from investing activities	<u>81,485,710.93</u>	<u>-381,425,700.69</u>

Items	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment	4,000,000.00	–
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	4,000,000.00	–
Cash received from borrowings	38,026,233.67	98,361,333.11
Cash received relating to other financing activities	50,000,000.00	–
Sub-total of cash inflows from financing activities	92,026,233.67	98,361,333.11
Cash paid for repayment of borrowings	94,140,211.07	32,384,148.46
Cash paid for dividends or profits distribution or repayment of interests	89,442,145.72	124,449,600.18
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries	5,760,000.00	8,370,675.04
Cash paid relating to other financing activities	109,257,726.03	113,103,373.43
Sub-total of cash outflows from financing activities	292,840,082.82	269,937,122.07
Net cash flows from financing activities	-200,813,849.15	-171,575,788.96
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-1,910,574.54	-2,792,394.96
<b>V. Net increase in cash and cash equivalents</b>	59,409,848.16	-445,741,901.30
Add: Opening balance of cash and cash equivalents	1,327,887,460.94	944,505,974.70
<b>VI. Closing balance of cash and cash equivalents</b>	1,387,297,309.10	498,764,073.40

Legal representative:  
Hou Yongtai

Person in charge of  
accounting affairs:  
Tang Minjie

Person in charge of  
the accounting department:  
Bian Yiping

**(II) Adjustments to the financial statements at the beginning of the year due to initial adoption of new leases standards since 2021**

Applicable     Not applicable