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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)

**ANNOUNCEMENT OF PRELIMINARY ANNUAL RESULTS
FOR THE YEAR 2020**

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

The key financial data for the year ended 31 December 2020 (the “**Reporting Period**”), as set out in this announcement, is prepared by the Group in accordance with the China Accounting Standards for Business Enterprises and constitutes preliminary accounting data which has not been audited, while the final audited results should be subject to the data be disclosed in the 2020 annual report of the Company. Potential investors and shareholders of the Company are advised to pay attention to the underlying investment risks.

I. KEY FINANCIAL DATA AND INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB0' 000, unless otherwise specified

Item	For the year ended 31 December 2020	For the year ended 31 December 2019	Change (%)
Revenue	133,242.70	160,433.39	-16.95
Operating profit	25,889.98	43,537.95	-40.53
Profit before tax	25,705.43	43,434.88	-40.82
Net profit attributable to owners of the parent	23,007.99	37,077.88	-37.95
Net profit attributable to owners of the parent after deduction of non-recurring profit or loss	20,653.91	35,745.00	-42.22
Basic earnings per share (RMB/share)	1.30	2.27	-42.73
Weighted average return on net assets (%)	4.20%	9.26%	Decrease by 5.06 percentage points

Item	As at 31 December 2020	As at 31 December 2019	Change (%)
Total assets	630,022.53	615,186.94	2.41
Total equity attributable to ordinary equity holders of the parent	549,075.83	545,477.96	0.66
Share capital	17,720.66	17,784.53	-0.36
Net assets per share attributable to ordinary equity holders of the parent (RMB/share)	30.99	30.67	1.04

Notes:

1. The above comparative figures are the audited financial figures for the year ended 31 December 2019 prepared in accordance with the China Accounting Standards for Business Enterprises.
2. The above financial figures and indicators are based on the figures in the consolidated financial statements of the Company.

II. INFORMATION ON THE OPERATION RESULTS AND FINANCIAL CONDITION

Operation and Financial Condition and Key Factors Affecting Operation Results during the Reporting Period

During the Reporting Period, the Group recorded revenue of approximately RMB1,332.4270 million, representing a decrease of approximately 16.95% year-on-year, and profit before tax of approximately RMB257.0543 million, representing a decrease of approximately 40.82% year-on-year. The net profit attributable to owners of the parent amounted to approximately RMB230.0799 million, representing a decrease of approximately 37.95% year-on-year, and the net profit attributable to owners of the parent after deduction of non-recurring profit or loss amounted to approximately RMB206.5391 million, representing a decrease of approximately 42.22% year-on-year. As at the end of the Reporting Period, the Group had total assets of approximately RMB6,300.2253 million, representing an increase of approximately 2.41% from the beginning of the Reporting Period, and total equity attributable to ordinary equity holders of the parent of approximately RMB5,490.7583 million, representing an increase of approximately 0.66% from the beginning of the Reporting Period.

During the Reporting Period, the novel coronavirus pneumonia epidemic (the “**Pandemic**”) had a negative impact on the global economy. As the Group’s products are mainly applied in ophthalmology outpatient and elective surgeries, medical aesthetics outpatient clinics, intra-articular viscoelastic supplement treatment and non-emergency surgeries, etc. 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 2019. Specifically, in the first quarter of 2020, the impact of the Pandemic was, in particular, significant. From the second quarter of 2020, as the Pandemic was gradually brought under control and 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 2019. In the first half of 2020, the Group’s revenue decreased by approximately 36.85% compared to the corresponding period in 2019. Since the third quarter of 2020, apart from its ophthalmology business in overseas which continued to suffer from the impact of the global Pandemic, the Group had showcased 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. During the Reporting Period, the Group’s gross profit margin remained basically stable compared to 2019, but the decline in overall revenue led to a decrease in profit before tax and net profit attributable to owners of the parent for the Reporting Period.

Explanation of the Main Reasons for Relevant Items with over 30% Fluctuation in the Table above

During the Reporting Period, the Group's operating profit decreased by approximately 40.53% and profit before tax decreased by approximately 40.82% as compared to the corresponding period in 2019. This was mainly due to the decline in the Group's revenue, the gross profit margin remained stable basically and various operating expenses remained relatively high, resulting in the narrowing of operating profit and profit before tax.

During the Reporting Period, the Group's net profit attributable to owners of the parent decreased by approximately 37.95% as compared to the corresponding period in 2019, which was 1.90 percentage points less than the overall decrease in net profit of the Group by approximately 39.85%. This was mainly due to the year-on-year increase in operating loss of Henan Saimeishi Biotech Co., Ltd., a non-wholly owned subsidiary of the Company, as a result of its increased investment in research and development during the Reporting Period, as well as a larger decrease in the net profit of Shenzhen New Industries Material of Ophthalmology Co., Ltd., a non-wholly owned subsidiary of the Company, compared to the corresponding period of 2019, owing to the impact of the Pandemic and the poor transition during the joint volume-based procurement period in multiple provinces and cities on the Intraocular Lens (the "IOL") sales business. As a result, a loss attributable to non-controlling interests, compared with the profit attributable to non-controlling interests in the corresponding period in 2019 was recorded, and thus the decrease in net profit attributable to owners of the parent was reduced.

During the Reporting Period, the Group's net profit attributable to owners of the parent after deduction of non-recurring profit or loss decreased by approximately 42.22% as compared to the corresponding period of the previous year, which was 4.27 percentage points higher than the decrease in net profit attributable to owners of the parent. It was mainly due to the increase in non-recurring profit generated by the Group during the Reporting Period as compared to the corresponding period of 2019. The non-recurring profit or loss in 2019 included an one-off investment loss amounted to approximately RMB9.5314 million incurred from the disposal of 50% equity interest of the joint venture, Contateq B.V., and the one-off investment loss of approximately RMB9.9819 million incurred from the acquisition of ODC Industries, in which such investment losses are partially offset by non-recurring profit, including government grants, for the corresponding period in 2019.

During the Reporting Period, the basic earnings per share of the Company decreased by approximately 42.73% as compared with the corresponding period of the previous year. It was mainly due to the decrease in net profit attributable to owners of the parent of the Group and the difference in the calculation of earnings per share based on the weighted average number of shares for the corresponding period of 2019 as a result of the initial public offering of 17.80 million new shares of the Company on the Sci-Tech Innovation Board of Shanghai Stock Exchange in October 2019.

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

Shanghai, the PRC, 25 February 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