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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)

**UPDATE OF A SHARE OFFERING
FINANCIAL INFORMATION IN RELATION TO
PROSPECTUS OF A SHARE OFFERING**

This announcement is made by Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 3 January 2019, 18 April 2019, 16 May 2019, 28 May 2019, 4 June 2019 and 4 July 2019, respectively, and the circular of the Company dated 25 February 2019, which include, among other things, matters related to the proposed A share offering by the Company (the “**A Share Offering**”). Unless otherwise defined, capitalized terms used in this announcement shall have the meanings as defined in the above announcements and circular.

The Company has submitted a prospectus of the A Share Offering (Submission Proof) (the “**Submission Proof Prospectus**”) to the Shanghai Stock Exchange (the “**SSE**”) in connection with its application for A Share Offering. According to the relevant regulations of the PRC, the Submission Proof Prospectus and related materials have been published on the website of the Review and Approval of the Issuance of Listing of Stocks on the Sci-Tech Innovation Board of the SSE (上交所科創板股票發行上市審核網站) at kcb.sse.com.cn on 4 July 2019.

The Submission Proof Prospectus contains, among other things, the key financial data in the consolidated financial statements of the Group for the three months ended 31 March 2019 (the “**Consolidated Financial Statements**”) and the Group’s major financial data for the six months ended 30 June 2019.

I Key Financial Data in the Consolidated Financial Statements

The Consolidated Financial Statements were prepared in accordance with the Chinese Accounting Standards and reviewed by Ernst & Young Hua Ming LLP. The details of the key financial data in the Consolidated Financial Statements are as follow:

1. Comparison of Key Financial Data

Item	As at 31 March 2019	As at 31 December 2018	<i>Unit: RMB0'000</i>
			Change at the end of the current reporting period as compared to the end of last year
Total assets	437,953.98	443,635.26	-1.28%
Total liabilities	53,012.44	60,090.66	-11.78%
Total equity	384,941.54	383,544.60	0.36%
Total equity attributable to owners of the parent company	361,659.58	361,150.97	0.14%

Item	For the three months ended 31 March 2019	For the three months ended 31 March 2018	<i>Unit: RMB0'000</i>
			Change at the end of the current reporting period as compared to the same period of last year
Revenue	31,229.02	27,573.73	13.26%
Operating profit	8,504.91	8,329.67	2.10%
Profit before tax	8,514.05	8,291.45	2.68%
Profit for the period	7,406.26	7,203.36	2.82%
Profit attributable to owners of the parent company	6,659.15	6,364.48	4.63%
Profit attributable to the owners of the parent company after deduction of non-recurring profit or loss	6,773.29	5,902.56	14.75%
Net cash flow generated from operating activities	403.13	1,010.23	-60.10%

2. Key Data in the Statement of Non-Recurring Profit or Loss

Item	<i>Unit: RMB0'000</i>	
	For the three months ended 31 March 2019	For the three months ended 31 March 2018
Gain or loss on disposal of non-current assets, including the offset part of the assets impairment allowance provided	-0.01	-1.03
Government grants credited to profit or loss for the current period (exclusive of those that are closely related to the normal operation of the Group and received in a certain amount or fixed quantity according to the requirements of national policies)	647.40	578.17
Loss on disposal of assets held for sale	-953.14	—
Gain or loss on changes in fair values derived from financial assets held for trading and financial liabilities held for trading and gain on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging operations related to the normal operations of the Company	40.65	8.22
Other non-operating income and expenses other than the above items	<u>9.14</u>	<u>-38.21</u>
	-255.95	547.14
Income tax effect	-105.03	-82.09
Effect on non-controlling interests (after tax)	<u>246.85</u>	<u>-3.13</u>
Total non-recurring profit or loss	<u><u>-114.14</u></u>	<u><u>461.93</u></u>

3. Analysis of fluctuation

As of 31 March 2019, the total assets of the Group was RMB4,379.5398 million, representing a decrease of 1.28% as compared to the amount as of 31 December 2018, and the total liabilities was RMB530.1244 million, representing a decrease of 11.78% as compared to the amount as of 31 December 2018. The Group's asset scale remained stable while the total liabilities decreased, mainly due to that the "non-current liabilities due within one year" became due and were repaid. The Group's equity attributable to the owners of the parent company was RMB3,616.5958 million, representing an increase of 0.14% as compared to the amount as of 31 December 2018. This was mainly attributable to the net profit and other comprehensive income realized during the three months ended 31 March 2019 after deducting the dividend distributed to owners of the parent company for the current period.

The Group's principal business has maintained a steady growth trend in general. The revenue for the three months ended 31 March 2019 was RMB312.2902 million, representing a year-on-year increase of 13.26%; profit attributable to the owners of the parent company after deducting non-recurring profit or loss was RMB67.7329 million, representing a year-on-year increase of 14.75%.

For the three months ended 31 March 2019, the net cash flow generated from operating activities of the Group was RMB4.0313 million, representing a decrease of 60.10% as compared to same period of last year, which was mainly due to an increase in the performance-related bonuses paid in cash amounted to RMB7.0478 million to the employees for the three months ended 31 March 2019, as the Group achieved a good performance in the annual results of 2018.

For the three months ended 31 March 2019, the non-recurring profit or loss (after tax) of the Group attributable to owners of the parent company is minimal and did not have a material impact on the operating results of the Group.

II Major Financial Data for the Six Months Ended 30 June 2019

During the first half of 2019, the Group is expected to be operate smoothly and well. Taking account of the overall industry development and the Group's actual business performance, we expect that the Group will record revenue in the range from approximately RMB767.00 million to RMB800.00 million, representing a year-on-year change of about 0.0% to 4.3%; profit attributable to owners of the parent company is expected to be in the range from approximately RMB182.00 million to RMB200.00 million, representing a year-on-year change of about -13.9% to -5.4%; and profit attributable to owners of the parent company after deducting non-recurring profit and loss is expected to be in the range from approximately

RMB180.00 million to RMB198.00 million, representing a year-on-year change of about -10.2% to -1.2%. The above financial data for the first half of 2019 are derived from preliminary accounting data prepared by the Company. They have not been audited or reviewed by the accountant and they do not constitute a profit forecasts.

Benefiting from the steady growth of revenue from products such as sodium hyaluronate injection, intraocular lens and recombinant human epidermal growth factor, it is expected that the Group's overall revenue has increased for the first half of 2019 as compared to the corresponding period last year. However, the industry consolidation in medical aesthetic market and more products launched in the market bring a gradual decline in the sales prices of hyaluronic acids (“HA”) dermal filler products, resulting in a decrease in the revenue of the Group's HA dermal filler products for the current period by more than RMB30.00 million. As the HA dermal filler products have higher gross margins, the overall gross margin for the current period decreases.

For the first half of 2019, the Group's profit attributable to owners of the parent company and profit attributable to owners of the parent company after deducting non-recurring profit and loss are both expected to decrease on a year-on-year basis. They are also subject to the combined effect of these major factors: (1) the Group has increased its investment in research and development for ophthalmology and medical aesthetics products during the first half of 2019, leading to an increase of R&D expenses of more than RMB10.00 million in the current period than the corresponding period last year; (2) Contamac Holdings Limited, a subsidiary of the Company, disposed its 50% equity interests in a joint venture, Contateq B.V. in January 2019, and recorded a non-recurring loss of RMB9.50 million; and (3) Shanghai Qisheng Biologics Company Limited (上海其勝生物製劑有限公司, “**Qisheng Biologics**”), a subsidiary of the Company, satisfies the financial subsidy requirements for High Technological Achievement Transformation Projects (高新技術轉化成果轉化項目) under the relevant supportive policy. The subsidy of RMB14.3840 million for 2017 was credited into recurring profits and losses for the first half of 2018. During 2019, Qisheng Biologics made a financial subsidy application in May for 2018 High Technological Achievement Transformation Projects and passed the preliminary examination and re-examination of Minhang District Taxation Bureau (閔行區稅務局) and Minhang District Finance Bureau (閔行區財政局), respectively in Shanghai; however, it is expected the subsidy of about RMB12.8860 million will only be received in July 2019 from Shanghai Finance Bureau, and the amount has not been recognized by the Group for the first half of 2019.

The above estimates of the Company do not constitute any guarantee of its future development, and may differ from the actual results of the Company due to various uncertainties. Such estimates do not constitute actual commitments to potential investors and shareholders of the Company. Potential investors and shareholders of the Company should be aware that inappropriate reliance on and usage of such information may expose themselves to investment risks.

III Main Operating Position

As of the date of the Submission Proof Prospectus, the Group's principal operating conditions were normal, and its operating results remained stable. There were no significant changes in the Group's business model, the purchase scale and price of major raw materials, the production, sales scale and price of the major products, the composition of the major customers and suppliers, tax policies and other aspects. There were also no other significant events that may affect the investors' judgment.

The above English version of the key financial figures, analysis of change and the major operating conditions of the Group is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

As the A Share Offering is subject to certain conditions precedent, it may or may not proceed to completion and the shareholders and potential investors of the Company are advised to exercise caution when dealing in the H shares of the Company. Further announcement(s) will be published by the Company as and when appropriate in respect of any material development relating to the A Share Offering.

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

Shanghai, the PRC, 4 July 2019

As at the date of this announcement, the executive directors of the Company are Dr. Hou Yongtai, Mr. Wu Jianying, Mr. Huang Ming, Ms. Chen Yiyi and Mr. Tang Minjie; the non-executive director of the Company is Ms. You Jie; and the independent non-executive directors of the Company are Mr. Chen Huabin, Mr. Shen Hongbo, Mr. Zhu Qin and Mr. Wong Kwan Kit.

** For identification purpose only*