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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)

PROFIT ALERT

This announcement is published by Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to the Inside Information Provisions under of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is also published on the website of the Shanghai Stock Exchange simultaneously.

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Group and its preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (the “**Reporting Period**”), the Group is expected to record an unaudited net profit attributable to shareholders of the Company of approximately RMB65,000,000 to RMB78,000,000 during the Reporting Period, representing a decrease of approximately RMB166,022,800 to RMB153,022,800, or approximately 71.86% to 66.24%, as compared to that in 2021 (corresponding period in 2021: unaudited net profit attributable to shareholders of the Company of RMB231,022,827.13). The unaudited net profit attributable to shareholders of the Company after deducting the non-recurring profit or loss is expected to be approximately RMB50,000,000 to RMB60,000,000, representing a decrease of approximately RMB170,987,500 to RMB160,987,500, or approximately 77.37% to 72.85%, as compared to that in 2021 (corresponding period in 2021: unaudited net profit attributable to shareholders of the Company after deducting the non-recurring profit or loss of RMB220,987,496.50).

As far as the Board is aware, the decline in performance for the Reporting Period as compared to the corresponding period in 2021 was mainly attributable to the following:

- (i) Shanghai and its surrounding cities have been experiencing an extremely serious COVID-19 pandemic (the “**Pandemic**”) since February 2022. The production of the Company and its three subsidiaries in the Shanghai were significantly affected. The Pandemic subsided and the whole-region-wide static management in Shanghai was gradually lifted in early June, and the Company gradually resumed the production. Although the Group actively organized production and logistics with good Pandemic precautions to minimize the impact of the Pandemic, and strived to compensate during June, the Company and its subsidiaries in Shanghai still recorded a decrease in revenues as compared to that in 2021, resulting in a decrease in gross profits and the shutdown losses of exceeding RMB90,000,000;
- (ii) In the first half of 2021, the Group received dividends in the amount of approximately RMB25,690,000 from Shenwu No. 1 Investment Product, while the Group did not receive such dividends during the Reporting Period;
- (iii) During the Reporting Period, the distribution agreement between Aaren Scientific Inc. (the Company’s subsidiary in USA, “**Aaren**”) and the original exclusive distributor in Mainland China was terminated, the domestic sales channels of “Aaren” brand intraocular lens products manufactured by Aaren were facing reconsolidation. The management of the Company considered that an indication of impairment in Aaren Business existed, and an impairment testing was conducted. According to the impairment testing results, a total asset impairment loss of approximately RMB25,000,000 was provided on the goodwill and intangible assets of Aaren Business; and
- (iv) During the Reporting Period, the Company and some of its subsidiaries incurred a total amortized share-based payment expense of approximately RMB15,000,000 due to the implementation of certain equity incentive schemes, which did not exist in the corresponding period in 2021.

The Board hereby reminds the Shareholders and potential investors of the Company that the information set out in this announcement is based on an assessment with reference to the information currently available to the Group and has not been reviewed by the audit committee of the Company and the independent auditors. The Group is still finalizing the unaudited results for the six months ended 30 June 2022 (the “**Interim Results**”), which are subject to adjustments (if necessary). The Interim Results may differ from the data set out in this announcement. Shareholders and potential investors of the Company are advised to read carefully the details of the Group’s Interim Results, which is expected to be published in late August 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Shanghai, the PRC, 29 July 2022

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