



上海昊海生物科技股份有限公司

Shanghai Haohai Biological Technology Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6826



2024

INTERIM REPORT

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CORPORATE INFORMATION

FIFTH SESSION OF THE BOARD OF DIRECTORS

Executive Directors:

Dr. Hou Yongtai (*Chairman*)

Mr. Wu Jianying (*General Manager*)

Ms. Chen Yiyi

Mr. Tang Minjie (*Chief Financial Officer*)

Non-executive Directors:

Ms. You Jie

Mr. Huang Ming

Independent Non-executive Directors:

Mr. Shen Hongbo

Mr. Jiang Zhihong

Mr. Su Zhi

Mr. Yang Yushe

Mr. Zhao Lei

FIFTH SESSION OF THE SUPERVISORY COMMITTEE

SUPERVISORS

Mr. Liu Yuanzhong

Ms. Yang Qing

Mr. Tang Yuejun

Mr. Wei Changzheng

Ms. Song Xiao

AUTHORIZED REPRESENTATIVES

Mr. Huang Ming

Mr. Chiu Ming King

JOINT COMPANY SECRETARIES

Ms. Tian Min

Mr. Chiu Ming King (*a fellow member of the
Hong Kong Chartered
Governance Institute*)

AUDIT COMMITTEE

Mr. Shen Hongbo (*Chairman*)

Ms. You Jie

Mr. Jiang Zhihong

Mr. Su Zhi

Mr. Zhao Lei

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Su Zhi (*Chairman*)

Mr. Wu Jianying

Mr. Huang Ming

Mr. Shen Hongbo

Mr. Zhao Lei

NOMINATION COMMITTEE

Mr. Zhao Lei (*Chairman*)

Dr. Hou Yongtai

Ms. You Jie

Mr. Shen Hongbo

Mr. Su Zhi

STRATEGY COMMITTEE

Ms. You Jie (*Chairlady*)

Dr. Hou Yongtai

Mr. Wu Jianying

Mr. Huang Ming

Mr. Yang Yushe

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CORPORATE INFORMATION

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A SHARE REGISTRATION INSTITUTION

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INFORMATION OF H SHARES

Place of listing: The Main Board of The Stock
Exchange of Hong Kong Limited
Stock code: 6826
Number of
H Shares issued: 29,598,600 H Shares
(as at 30 June 2024)
Nominal value: RMB1.00 per H Share
Stock short name: HAOHAI BIOTEC

INFORMATION ON A SHARES

Place of listing: Sci-tech Innovation Board of the
Shanghai Stock Exchange
Stock code: 688366
Number of
A Shares issued: 194,051,855 A Shares
(as at 30 June 2024)
Nominal value: RMB1.00 per A Share
Stock short name: HAOHAI BIOTEC

REGISTERED OFFICE

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INTERIM RESULTS HIGHLIGHTS

HIGHLIGHTS OF INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

- During the Reporting Period, the Group recorded a revenue of approximately RMB1,397.11 million (the corresponding period in 2023: approximately RMB1,305.71 million), representing an increase of approximately RMB91.40 million or approximately 7.00% as compared to the corresponding period in 2023.
- During the Reporting Period, R&D expenses of the Group was approximately RMB125.40 million, representing an increase of approximately RMB24.01 million or approximately 23.68% as compared to the corresponding period in 2023. R&D expenses of the Group accounted for 8.98% of its revenue (the corresponding period in 2023: 7.77%).
- During the Reporting Period, the profit attributable to the ordinary equity holders of the Company was approximately RMB235.28 million (the corresponding period in 2023: approximately RMB205.24 million), representing an increase of approximately RMB30.04 million or approximately 14.64% as compared to the corresponding period in 2023.
- During the Reporting Period, the basic earnings per share of the Company was RMB1.01 (the corresponding period in 2023: RMB0.86).
- The Board has proposed to declare the interim dividend of RMB0.40 (inclusive of tax) per share for the six months ended 30 June 2024 (the corresponding period in 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Operation overview

2024 is a key year for our country to achieve the goals and tasks of the “14th Five-Year Plan,” and the coordinated reform of health insurance, medical services and the pharmaceutical industry will continue to deepen. In the first half of 2024, the pharmaceutical industry in which the Group operates faced challenges in a complex economic environment but also demonstrated resilience. During the Reporting Period, the Group actively responded to the changes and impacts of the internal and external environment, strengthened the building of product lines, improved the quality of products and services, broadened marketing channels and increased market share, which made the Group’s overall business development stable and toward to a steady pickup.

During the Reporting Period, the Group recorded a total revenue of RMB1,397.11 million, representing an increase of RMB91.40 million or 7.00% as compared to the corresponding period of last year. During the Reporting Period, the breakdown of the Group’s revenue from the main business of each product line by therapeutic areas is as follows (by the amount and as a percentage of the total revenue of the Group):

Product line	January to June 2024		January to June 2023		Change (%)
	RMB '000 (Unaudited)	Percentage (%)	RMB '000 (Unaudited)	Percentage (%)	
Medical aesthetics and wound care products	631,817	45.22	503,310	38.55	25.53
Ophthalmology products	449,659	32.18	479,149	36.70	-6.15
Orthopaedics Products	231,822	16.59	231,173	17.70	0.28
Anti-adhesion and hemostasis products	68,874	4.93	70,676	5.41	-2.55
Other Products	14,940	1.08	21,399	1.64	-30.18
Total	1,397,112	100.00	1,305,707	100.00	7.00

During the Reporting Period, the overall gross profit margin of the Group was 70.38%, representing a slight decrease compared with 70.95% in the corresponding period of the previous year. Among them, the operating revenue from hyaluronic acid (“HA”) Dermal Filler products with high gross profit margin and its share of the Group’s revenue continued to grow, which continued to promote the upward increase in the Group’s overall gross profit margin. on the other hand, products such as ophthalmic intraocular lens (“IOL”), ophthalmic viscoelastic device and orthopaedic sodium hyaluronate injection were in the implementation stage of a new round of national or provincial centralized volume-based procurement during the Reporting Period, and the sales price of the products decreased, essentially offsetting the sales growth contribution of HA Dermal Filler products to the overall gross profit margin growth.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group stayed committed to independent innovation and continued to increase investment in research and development (“R&D”). During the Reporting Period, R&D expenses amounted to RMB125.40 million, representing an increase of RMB24.01 million, or approximately 23.68%, as compared to the corresponding period of the previous year. At present, the Group focuses on expanding its innovative product lines in medical aesthetics and ophthalmology. The world’s first organic cross-linked HA Dermal Filler product which was independently developed by the Group, “Hyalumatrix MoomWhite (海魅月白)”, was successfully approved in July 2024. In addition, the Group’s sodium hyaluronate eye drop product was approved in March 2024, and the bio-gel products for intraocular fillers and the hydrophobic molded toric aspheric IOL project entered the registration application stage in January 2024 and February 2024, respectively. The clinical trials of important projects such as hydrophilic aspheric multifocal IOL, hydrophobic molded toric aspheric trifocal IOL, the aqueous humor permeable Phakic Refractive Lens (“PRL”) products, medical cross-linked chitosan gel, and painless cross-linked HA Dermal Filler were also successfully pushed forward during the Reporting Period. The clinical trials of high gas permeable scleral lens products and new high gas permeable (DK 180) orthokeratology lenses have been officially launched in July and August 2024, respectively.

During the Reporting Period, the Group’s net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting nonrecurring gains or losses were RMB235.28 million and RMB230.34 million, respectively, representing increases of 14.64% and 22.66% as compared to the corresponding period of the previous year, which were mainly attributable to the growth in revenues during the Reporting Period.

As at the end of the Reporting Period, the total assets of the Group were RMB7,242.19 million, and the net assets of the Group attributable to shareholders of the Company were RMB5,688.17 million, representing increases of approximately RMB136.69 million and RMB38.11 million respectively, representing increases of 1.92% and 0.67% as compared to those at the end of 2023.

(2) Management Discussion and Analysis by Product Line

Medical Aesthetics and Wound Care Products

In the field of medical aesthetics and wound care, the Group has formed a business matrix covering four categories, namely HA Dermal Filler, genetic-engineering preparations for epidermal repair, radio frequency devices and laser equipment. Through the multi-level business arrangements, the Group was able to meet the comprehensive demand of end customers for medical aesthetics in relation to epidermis, dermis and subcutaneous tissue.

The Group’s human epidermal growth factor (“hEGF”) for external use “Healin”, developed and produced by genetic engineering technology, is the only epidermal growth factor product in China that has exactly the same quantity, sequence and spatial structure of amino acids as human natural epidermal growth factor and the first registered hEGF product in the world. According to the research reports of Guangzhou Biaodian Medical Information Co., Ltd.* (“Biaodian Medical”), the market share of “Healin” products in 2023 was 26.91% (2022: 27.01%), continuing to be ranked second in the domestic market share.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's HA Dermal Filler product portfolio has been widely recognized in the market and has become a leading brand of domestic HA Dermal Filler products for injection. The Group has independently developed and mastered the cross-linking processes such as mono-phase cross-linking, low-temperature secondary cross-linking, linear non-particle cross-linking, and organic cross-linking. The Group's first-generation HA Dermal Filler "Matrifill" is the first mono-phase sodium hyaluronate gel for injection approved by the NMPA. It is mainly positioned as a popular entry-level HA. The Group's second-generation HA Dermal Filler "Janlane" is mainly positioned at the mid-to-high end, and mainly features the dynamic filling function. In addition, on top of the original indication for nasolabial fold injections, this product has also expanded its indications to include lip augmentation, further expanding the clinical application scenarios of the product. The third-generation HA Dermal Filler "Hyalumatrix" has the linear non-particle feature and is positioned for high-end consumers by providing the "precise embellishment" function.

The fourth-generation HA Dermal Filler product "Hyalumatrix MoomWhite" which was approved in July 2024, has better long-term safety, longer-lasting characteristics and stimulation of collagen hyperplasia. "Hyalumatrix MoomWhite" continued the brand DNA of "Hyalumatrix" series, and together with "Hyalumatrix" and "Hyalumatrix YUN" brands, will form the Group's high-end HA Dermal Filler product series.

During the Reporting Period, the revenue of the Group from medical aesthetics and wound care products was approximately RMB631.82 million, representing an increase of RMB128.51 million, or 25.53%, as compared to the corresponding period of the previous year. The breakdown of the revenue from the main business by specific products is as follows:

Item	January to June 2024		January to June 2023		Change (%)
	RMB '000 (Unaudited)	Percentage (%)	RMB '000 (Unaudited)	Percentage (%)	
HA Dermal Filler	415,479	29.73	275,046	21.07	51.06
hEGF	80,883	5.79	74,919	5.74	7.96
Radio frequency devices and laser equipment	135,455	9.70	153,345	11.74	-11.67
Total	631,817	45.22	503,310	38.55	25.53

In recent year, as China's per capita disposable income continues to rise, consumers of different ages and genders are becoming increasingly aware of the pursuit of beauty, health and self-confidence. The demand for medical aesthetics in the PRC is strong and diverse, and the supply is becoming increasingly abundant due to the iterative innovation of upstream products and technologies as well as expansion of the indications of the existing products. All these factors are driving the robust development of the medical aesthetics industry in the PRC. In recent years, regulators have launched compliance measures for the medical aesthetic market, which have also continued to strengthen the healthy development of the industry.

Data shows that China's medical aesthetics market size grew from RMB99.3 billion to RMB189.2 billion from 2017 to 2021, at a CAGR of 17.5%. China has become the world's second-largest medical aesthetics market. Compared with other countries with a well-developed medical aesthetic industry, the number of medical aesthetic treatments per 1,000 people in China is only 1/3 of that in Brazil and the USA, and only 1/4 of that in South Korea. The low penetration rate of China's medical aesthetic market will continue to increase in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

According to “China Medical Aesthetic Industry Outlook 2024” jointly published by Chinese Association of Plastics and Aesthetics and Allergan Aesthetics China and Deloitte Consulting, China’s medical aesthetics market size is expected to continue to grow by approximately 10% in 2024 from the demand side, and the growth rate in the next four years is expected to maintain at approximately 10-15% with a promising development future. Among the many medical aesthetic projects, non-surgical projects have a high degree of consumer acceptance due to the characteristics of minimal invasiveness, quick results, short recovery period, high cost-effectiveness, etc., and have occupied 52% of China’s medical aesthetic market share (calculated by consumption amount), of which the proportion of injectable and energy-source projects each accounted for 45%, respectively, and the CAGR in the next five years is expected to reach 20-30% and 15-20%, respectively. In addition, 2024 performance growth of medical aesthetic institutions is mainly due to skin and non-invasive medical aesthetic business growth, and institutions are generally optimistic on the continued growth of filling/plastic injection projects (HA Dermal Filler), wrinkle removal/anti-aging photoelectric projects and botulinum toxin products in the next 2-3 years.

Leveraging on its highly competitive R&D efforts in biomedical materials, manufacturing and marketing platforms and comprehensive strengths in the technology and quality control of products, the Group’s products, based on their characteristics and efficacy, have established the differentiated positioning and supplementary development. Meanwhile, the Group’s marketing team provides multi-dimensional and all-round services to medical institutions, doctors and consumers, conducts client-side education through online channels and builds personal brand (IP) for doctors, continuously launches rich comprehensive offline solutions for facial rejuvenation through a diversified product matrix, thus leading the trend of combined application of HA Dermal Filler in the non-invasive medical aesthetic market in the PRC, and continuously strengthens the stickiness among brands, institutions and consumers to drive the growth of sales revenue.

During the Reporting Period, the Group’s HA Dermal Filler products recorded sales revenue of RMB415.48 million, representing an increase of approximately RMB140.43 million, or 51.06%, as compared to the corresponding period of the previous year. The third generation HA Dermal Filler “Hyalumatrix” produced by the Group won the market’s recognition for its high-end HA Dermal Filler due to its non-particle and high cohesion features, making it less susceptible to deformation and displacement after injection, and giving it a more natural and longer-lasting effect. The high-end positioning of this product’s HA Dermal Filler has been recognized by the market. During the Reporting Period, the product’s sales volume continued to increase rapidly, which contributed to the revenue of HA Dermal Filler product line. At the same time, through the high-end product series of “Hyalumatrix”, the Group solidified its leading academic position in the industry enhanced the customer stickiness to HA Dermal Filler products of the Group and drove the overall upward trend of the HA Dermal Filler product portfolio. Concurrently as the revenue of “Hyalumatrix” series products increased rapidly, the revenue of first-generation and second-generation HA Dermal Filler products also achieved substantial growth.

During the Reporting Period, the revenue of the Group from hEGF products was RMB80.88 million, representing an increase of RMB5.96 million or 7.96%, as compared to the corresponding period of the previous year. In recent years, the Group strengthened the academic promotion of this product, the awareness of product efficacy has been continuously strengthened, and the application of the product has been gradually extended from traditional departments such as burns and dermatology to pediatrics, oncology, stomatology, general surgery, obstetrics and gynecology, endocrinology, gastroenterology and other departments.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the revenue of the Group from the radio frequency (“RF”) and laser equipment product line was RMB135.46 million, representing a decrease of approximately RMB17.89 million, or 11.67%, as compared to the corresponding period of the previous year, which was mainly generated by Juva Medical, a subsidiary of the Group. Listed company EndyMed in Israel, a subsidiary of Juva Medical, focuses on RF beauty equipment, and Laserconn, a subsidiary of Juva Medical, focuses on laser beauty equipment, products of which are mainly exported to overseas market. In March 2022, the NMPA issued the “Announcement on Adjusting Parts of the “Medical Device Classification Catalog” (No. 30, 2022), which upgraded the regulatory category of radio frequency therapeutic device products from Class II to Class III medical devices, and since 1 April 2024, RF therapeutic device and RF skin therapeutic device products which fail to obtain the registration certificate for the medical device in accordance with the law shall not be manufactured, imported or sold. During the Reporting Period, the aforesaid policy has had a relatively large negative impact on the sales of household and cosmetic grade products of the Group’s RF equipment product line in mainland China. The Group’s medical grade RF equipment product “Endymed Pro” is one of the few RF products in China that has obtained the registration certificate for Class III medical devices, which is scarce in the domestic market. During the Reporting Period, “Endymed Pro” high-frequency skin treatment device and related consumables achieved significant growth. In July 2024, the NMPA issued the “Announcement on Further Clarifying the Relevant Requirements for Radio Frequency Therapeutic Device” (No. 84, 2024), which extended the period for obtaining the Class III registration certificate for radio frequency therapeutic device and radio frequency skin therapeutic device products from the deadline stated in the above-mentioned “No. 30, 2022” announcement to 1 April 2026. The Group will take advantage of the valuable time window after the extension by “No. 84, 2024” announcement to accelerate the registration and application of Class III registration certificate of medical devices for the household and cosmetic grade products of “Endymed Pure”.

Ophthalmology products

Focusing on the leading technologies in the global ophthalmology field, the Group is committed to expediting the localization of China’s ophthalmology industry through independent R&D and investment integration, with the goal of becoming an internationally renowned manufacturer of comprehensive ophthalmology products. During the Reporting Period, the Group’s ophthalmology business has covered the therapeutic fields including cataract treatment, myopia prevention and control, refractive correction, and ocular surface, and has owned a number of products under development in the field of fundus disease treatment.

The Group is the largest ophthalmic viscoelastic device (“OVD”) product manufacturer in the PRC. According to the research reports of Biaodian Medical, the market share of the Group’s OVD products increased from 44.52% in 2022 to 46.98% in 2023, ranking first in China for the past 17 consecutive years. Meanwhile, the Group is a major supplier in the domestic IOL market. In addition, Contamac Holdings Limited (“Contamac”), a subsidiary of the Company, is one of the world’s largest independent manufacturers of ophthalmology and optometry materials, such as providing materials for IOL, Orthokeratology Lens and scleral lens to customers in more than 70 countries worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's revenue from the sales of ophthalmology products was RMB449.66 million, representing a decrease of RMB29.49 million, or 6.15%, as compared to the corresponding period of the previous year. The breakdown of revenue from ophthalmology products by specific products is as follows:

Item	January-June 2024		January-June 2023		Change (%)
	RMB '000 (Unaudited)	Percentage (%)	RMB '000 (Unaudited)	percentage (%)	
Cataract product line	230,874	16.52	258,886	19.83	-10.82
IOL products	180,667	12.93	202,924	15.54	-10.97
OVD products	50,207	3.59	55,962	4.29	-10.28
Myopia prevention and control, and refractive correction product line	200,187	14.33	205,480	15.74	-2.58
Ophthalmology and optometry materials	107,056	7.66	110,064	8.43	-2.73
Ophthalmology and optometry end products	93,131	6.67	95,416	7.31	-2.39
Other ophthalmology products	18,598	1.33	14,783	1.13	25.81
Total	449,659	32.18	479,149	36.70	-6.15

IOL and OVD products are mainly used for cataract surgery. During the Reporting Period, the revenue of the Group from the cataract product line amounted to RMB230.87 million, representing a decrease of RMB28.01 million or 10.82% as compared to the corresponding period of the previous year. Specifically, the revenue from IOL products was RMB180.67 million, representing a decrease of RMB22.26 million or 10.97% as compared to the corresponding period of the previous year. The revenue of OVD products was RMB50.21 million, representing a decrease of RMB5.76 million or 10.28% compared with the corresponding period of the previous year.

On 30 November 2023, the National Organisation Joint Procurement Office for High-Value Medical Consumables (“國家組織高值醫用耗材聯合採購辦公室”) issued the “Announcement of the Preliminary Selected Results for Volume-Based the Centralized Procurement of Intraocular Lens and Sports Medicine Medical Consumables 《國家組織人工晶體類及運動醫學類醫用耗材集中帶量採購擬中選結果公示》” and the Group's 5 IOL products brands and 4 OVD products brands were all selected. The selected products were gradually implemented during the Reporting Period. Although the Group's elected IOL products achieved a certain increase in sales volume, especially with regards to the sales volume of mid-end preinstalled aspherical products and high-end regionally refractive bifocal IOL products which have increased by 25% and 12% respectively compared with the corresponding period of the previous year. However, due to the relatively large decrease in the selected prices of centralized volume-based procurement, the sales revenue of the Group's IOL products during the Reporting Period still showed a year-on-year decrease. With the in-depth implementation of national centralized volume-based procurement in the second half of 2024, the sales volume of the Group's elected IOL products and OVD products is expected to further increase, especially in the sales volume of mid-to-high-end IOL products. The optimization of the internal structure of the product is expected to drive the growth of sales revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the revenue of the Group from the myopia prevention and control, and refractive correction product line amounted to RMB200.19 million, representing a decrease of RMB5.29 million or 2.58% as compared to the corresponding period of the previous year. The revenue from the ophthalmology and optometry materials business in the upstream part of the supply chain was RMB107.06 million during the Reporting Period, representing a decrease of RMB3.01 million or 2.73% as compared to the corresponding period of the previous year. The business was operated by Contamac, a UK subsidiary of the Company. The revenue fluctuation during the Reporting Period was mainly related to cyclical nature of raw material stocking by its downstream customers. Ophthalmology and optometry end products cover Orthokeratology Lenses and eye drops used in conjunction, specialty frame glasses, “Yijing” PRL and other products. During the Reporting Period, the revenue of the Group from the ophthalmology and optometry end products amounted to RMB93.13 million, representing a decrease of RMB2.29 million or 2.39% as compared to the corresponding period of the previous year, mainly due to the decrease in the revenue of Orthokeratology Lens products. Since the second half of 2023, the domestic consumption market has experienced fatigue, which has also affected the consumption of overall orthokeratology lens category. At the same time, the approval of a number of new orthokeratology lenses in recent years has intensified competition, and the addition of new categories such as functional frame glasses has also created a certain diversion effect on orthokeratology lenses customers. In this environment, during the Reporting Period, “Hiline” Orthokeratology Lens products, as a matured product launched in 2011, was significantly impacted, and its revenue decreased in stages, but “Maierkang myOK” and “Optoshare” (童享) Orthokeratology Lens products rely on higher gas permeable materials and more advanced design concepts, and revenue of prescription lens increased by 48.6% and 189.9% respectively over the corresponding period of the previous year.

Other ophthalmology products mainly include injectors, scalpels, suture needles and other products used in various ophthalmic operations. During the Reporting Period, the Group’s other ophthalmology products recorded a revenue of RMB18.60 million, representing an increase of RMB3.82 million or 25.81% as compared to the corresponding period of the previous year, mainly due to the launch of more comprehensive promotional policies by the Group for the sales of IOL and injector product packages, which resulted in a significant increase in sales volume and revenue of injector products.

Cataract is the biggest cause of blindness in the PRC. The only effective treatment for cataract is IOL implantation through surgery. In terms of industrial chain construction, the Group currently has initially completed the layout of the entire industrial chain of IOL products. We have opened up the upstream raw material production link of the IOL industrial chain through our subsidiary Contamac, mastered the R&D and production process of hydrophilic and hydrophobic IOL products through our subsidiaries Aaren, Henan Universe, and Henan Simedice. and strengthened the downstream sales channels of IOL products through the professional ophthalmology high-value consumables marketing platform of NIMO at the same time. In terms of the layout of product lines, leveraging on its domestic and foreign brands, the Group has covered a full range of products from ordinary spherical monofocal IOL to multifocal IOL. In addition, leveraging on the support of the National Key R&D Programs under the “13th Five-Year Plan”, the Group creates synergy among the ophthalmology R&D innovation platforms of the Group in the PRC, the USA and the U.K. The Group has promoted the R&D activities for high-end toric, multifocal and Extended-depth-of-focus (“EDOF”) IOL products. The Group adopts the one-time injection molding process that is different from the traditional turning and milling process, thus achieving a comprehensive layout of high-end IOL materials, complex optical features, and innovative processing technology. Among them:

MANAGEMENT DISCUSSION AND ANALYSIS

- (i) the hydrophobic molded toric aspheric IOL product has completed the clinical trials, which started in July 2021, and entered the registration and application stage in February 2024;
- (ii) the hydrophilic aspheric multifocal IOL product has carried out the clinical trials in March 2023;
- (iii) innovative hydrophobic molded aspheric trifocal IOL has started its clinical trials in China in July 2023. Recently, the Center for Medical Device Evaluation of the NMPA issued the “Announcement of the Review Results of the Special Review Application for Innovative Medical Devices (No. 7, 2024) 《創新醫療器械特別審查申請審查結果公示(2024年第7號)》”. The product has passed the review and entered the special review “green channel” of innovative medical devices, which is currently in the publication stage;
- (iv) in July 2024, the hydrophilic EDOF IOL product has started clinical trial in China.

China is one of the countries with the largest number of blind and visually impaired patients in the world, with cataracts accounting for 32.5% and refractive errors accounting for 44.2% of visual impairment factors, while the prevalence of ophthalmic diseases in the highly myopic population is much higher than that in the normal-vision population. In 2019, the number of myopia patients worldwide was approximately 1.4 billion, among which, the number of myopia patients in China exceeded 600 million, and as a result the capacity of China’s myopia prevention and control and refractive correction market is considerable while the penetration rate is low.

In the field of myopia prevention, control and management, developed using the self-developed optical design system, based on the world’s leading high oxygen permeability material of Contamac, the self-developed “Optoshare” (童享) series of new Orthokeratology Lens products was approved and registered in China in December 2022, with an oxygen permeability coefficient of 125 DK. At the same time, the Group’s “TongLiang” (童靚) series Orthokeratology Lens product made of the same materials are in the registration and application stage. In August 2024, the Group started clinical trials for another new type of ultra-high oxygen permeable Orthokeratology Lens product, which is made of high oxygen permeable material “Contamac Infinite” with a DK coefficient of up to 180, which will become one of the Orthokeratology Lens products with the highest oxygen permeability in the world. In addition, the Group has entered into deep cooperation with Brighten Optix Co., Ltd.* (“Brighten Optix”). Through our subsidiaries Shanghai Brighten Vision and Nanpeng Optics, we have the right to exclusively distribute “Maierkang myOK”, a high-end Orthokeratology Lens product, “Hiline”, an Orthokeratology Lens product, “Bestivue”, a peripheral defocus lens, and rigid gas permeable contact lens of Brighten Optix in China. With more than 40 years of professional experience in the field of corneal contact lenses, Brighten Optix has deep technical expertise and a complete layout of intellectual property rights in mainland China and the global market. The “Maierkang myOK” Orthokeratology Lense product is made of oxygen permeability material with 141 DK and has 7 Chinese patents. “Hiline” Orthokeratology Lens product has been sold in the Chinese market for more than 10 years, with a high reputation in the industry and brand reputation. Through the above layout, the Group will have a differentiated product matrix of Orthokeratology Lens products, which enables more flexible and precise launching of different products to the target market according to market demand and consumption characteristics to meet the needs of various consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

In the terminal product line for use with Orthokeratology Lens and other products, the Group's self-developed eye drops product "Eyesucom" is made of exclusively patented ingredients including medical chitosan and sodium hyaluronate and is packaged in an aseptic packaging method without preservatives. The product has the functions of natural antibacterial, moisturizing and lubricating, promoting the repair of corneal epithelial damage and reducing staining, etc. It can comprehensively protect the eye surface health of the wearers of Orthokeratology Lens. Moxifloxacin hydrochloride eye drops used in the treatment of bacterial conjunctivitis belong to the fourth-generation fluoroquinolones and is one of the mainstream drugs used in the treatment of bacterial conjunctivitis. In addition, the sodium hyaluronate eye drops developed by the Group were approved by the NMPA in March 2024. This product can be used for the treatment and relief of endogenous diseases such as dry eye syndrome, as well as conjunctival epithelial damage caused from operations, drugs-induced, trauma, wearing of contact lenses and other exogenous diseases.

In the field of refractive correction, the Group's subsidiary Hangzhou Aijinglun is mainly engaged in the R&D, production and sales of crystalline refractive lenses, and has independent intellectual property rights of its own developed "Yijing" PRL product, which has a refractive correction range of -10.00D~-30.00D and has been approved by the NMPA. Refractive lens surgery with crystalline lens can correct myopia without cutting normal corneal tissues and has the advantages of preserving the adjustment function of the human lens and surgical reversibility, so it is a safe and effective method to correct myopia. Currently, there are only two such products approved for sale in the Chinese market, and "Yijing" product is the only domestic product and the only choice for patients with severe myopia above 1,800 degrees, and therefore the product is highly scarce. In addition, the Company began the process of upgrading its PRL products after the acquisition of Hangzhou Aijinglun, with the second generation of the aqueous humor permeable product conducting the clinical trials, which, compared with the first generation, will enable aqueous humor circulation and provide a wider range of vision correction.

In March 2024, the Group signed the "Share Purchase Agreement" with the shareholders of Shanghai Shenhao Eyehealth Technology Development Co., Ltd ("Shenhao Eyehealth"), for a consideration of RMB36.2885 million. By the transfer of the original shareholder equity and through capital increase, we were able to obtain 51% equity interests in Shenhao Eyehealth, and completed the above equity acquisition in June 2024. Shenhao Eyehealth is an exclusive distributor of rigid gas permeable scleral contact lens ("CS Scleral Lenses") produced by US Company Valley Contax, Inc. in China (including Hong Kong and Macau Special Administrative Regions). CS Scleral Lenses are one of the few such products certified by the US FDA. It has achieved a leading market position in the US market and has accumulated a lot of clinical application experience. In October 2023, the product obtained the Class III medical device registration certificate approved by the NMPA and is one of the three scleral lenses products currently approved in the Chinese market. Scleral lens is a type of large-diameter rigid breathable contact lens, which can cover the cornea and create a reservoir of tears between the lens and the eye surface, which is especially suitable for the treatment of visual problems caused by irregular corneal shape. For example, patients of keratoconus, dry eye, and visual problems after refractive surgery are all suited for this product. Its visual correction effect is better than conventional lenses such as frame glasses. For severe ocular surface diseases, it can provide a protective effect on the tissues. Also, the comfort of wearing these lenses is better than traditional rigid breathable contact lenses. As incidence rate for the aforementioned diseases continues to rise, the market demand for clinical scleral lenses will also pick up. Upon completion of the investment, the Group's visual management product line was further expanded.

MANAGEMENT DISCUSSION AND ANALYSIS

Through the above product layout, the Group has been able to provide a variety of myopia solutions from prevention and control to correction for all age groups.

Orthopaedics Products

In the field of orthopedics, the Group is the largest domestic manufacturer of orthopedic intra-articular viscoelastic supplements. According to the research reports of Biaodian Medical, in 2023, the Group has been ranked the largest manufacturer of orthopedic intra-articular viscoelastic supplements in the PRC for ten consecutive years, with a market share significantly increasing from 46.54% in 2022 to 50.44%.

During the Reporting Period, the revenue of the Group from orthopedics products was RMB231.82 million, remaining basically flat, as compared to the corresponding period of the previous year. The breakdown of the revenue from the orthopedics products by specific products is as follows:

Item	January – June 2024		January – June 2023		Change (%)
	RMB '000 (Unaudited)	Percentage (%)	RMB '000 (Unaudited)	Percentage (%)	
Sodium hyaluronate injection	149,217	10.68	150,585	11.53	-0.91
Medical chitosan used for intra-articular viscosupplement	82,605	5.91	80,588	6.17	2.50
Total	231,822	16.59	231,173	17.70	0.28

Orthopedic intra-articular viscoelastic supplements are mainly used in degenerative osteoarthritis. Degenerative osteoarthritis is also a common disease in the senior population. According to statistics, the incidence of osteoarthritis in men over the age of 65 is 58%, and that in women is 65% to 67%; the incidence of people over the age of 75 is as high as 80%. At present, there are more than 100 million osteoarthritis patients in China. The Group is the only manufacturer having sodium hyaluronate injection products with full series of specifications of 2mL, 2.5mL and 3mL in the PRC market. The Group's medical chitosan product (for intra-articular viscosupplement) is the only intra-articular viscoelastic supplement registered as a Class III medical device in the PRC. The Group's medical chitosan product (for intra-articular viscosupplement) and sodium hyaluronate injection product have formed unique therapeutic effects and synergic advantages. With a good pricing system, the product portfolio continued to expand its market share.

During the Reporting Period, sodium hyaluronate injection products entered the implementation stage in the provincial centralized volume-based procurement in Zhejiang Province and other regions, resulting in a decrease in product sales prices. The Group promoted sales volume growth and expanded market share by actively completing the agreed supply volume and expanding sales channels, which partially offset the impact of the decrease in unit price on revenue. In addition, in addition to consolidating the production and sales of sodium hyaluronate injection products, the Group also actively expanded the contract manufacturing services of sodium hyaluronate injection products, which not only effectively utilized the existing capacity, but also further helped the steady development of this product line.

MANAGEMENT DISCUSSION AND ANALYSIS

Anti-adhesion and Hemostatic Products

According to the research report of Biaodian Medical, the Group was the largest supplier of anti-adhesion materials in China, with the share of the anti-adhesion materials market reaching 28.82% in 2023. During the Reporting Period, the Group's anti-adhesion and hemostasis products recorded revenue of RMB68.87 million, representing a decrease of RMB1.80 million, or 2.55%, as compared to the corresponding period of the previous year, which was mainly influenced by policy factors such as cost and volume control of high-value consumables, among which medical chitosan products with higher unit prices were particularly affected. The breakdown of the revenue from the anti-adhesion and hemostasis products by specific products is as follows:

Item	January – June 2024		January – June 2023		Change (%)
	RMB '000 (Unaudited)	Percentage (%)	RMB '000 (Unaudited)	Percentage (%)	
Medical chitosan used for anti-adhesion	30,492	2.18	34,850	2.67	-12.51
Medical sodium hyaluronate gel	27,474	1.97	25,049	1.92	9.68
Collagen sponge	10,908	0.78	10,777	0.82	1.22
Total	68,874	4.93	70,676	5.41	-2.55

(III) DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT

Development Strategy

The Group always aims to continuously improve the health quality of Chinese people and promote the rehabilitation of patients and takes differentiated development as its corporate strategy. The Group will continue to focus on four fast-growing therapeutic areas, including medical aesthetics and wound care, ophthalmology, orthopedics and surgery. The Group will pay attention to scientific research innovation and achievement transformation, and strengthen professional services; continue to maintain the Company's leading position in technology through cooperation with domestic and foreign well-known R&D institutions, independent R&D and technology introduction; continuously optimize and improve management capabilities and improve operational efficiency; continuously expand and improve product lines and integrate the industrial chain through the combination of endogenous growth and mergers and acquisitions; strengthen the Company's brand building and enhance brand value, making the Group a leading domestic and internationally renowned biomedical company in the field of biomedical materials.

Business Plan

In the second half of 2024, the Group will continue to deeply promote the deployment of internal resources of the Group, and further strengthen the integration of merged and acquired enterprises in all aspects of R&D, production, sales and services, enabling merged and acquired enterprises to quickly integrate into the Group's management system. This aims to maximize synergy, improve operational efficiency, develop innovative technologies, and expand market space, while continuing to enhance core competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

In the field of medical aesthetics and wound care, in the second half of 2024, the Group will take advantage of the efficacy and price positioning of the “Matrifill”, “Janlane”, “Hyalumatrix” and “Hyalumatrix Moomwhite” series of four generation HA Dermal Filler products to continue to focus on building the brand image of “Hyalumatrix” high-end HA Dermal Filler products, strengthen the market promotion of the new indications of lip filler product “Janlane Lips” under “Janlane” HA Dermal Filler products, assist downstream medical and aesthetic institutions to develop unique injection solutions for the indications, further expand the market penetration, improve the overall market share of the Group’s HA Dermal Filler series products and strengthen the leading position of the Group’s domestic HA Dermal Filler brand for injection through the extensive online and offline sales network. Meanwhile, the Group will continue to promote the production permission application of the fourth generation organic cross-linked HA Dermal Filler “Hyalumatrix Moomwhite” as planned and start the pre-market warm-up efforts before its launch and continued to take forward the clinical trials of important R&D projects such as painless cross-linked HA Dermal Filler products etc.. In addition, the Group will accelerate the integration of the advantageous resources of Juva Medical to capitalize on the high degree of synergy between the Group and Juva Medical in terms of technology R&D, product layout and marketing. Meanwhile, under the new industry compliance trend, the Group will continue to adhere to standardized and professional development, take advantage of the combined use of the EndyMed radio-frequency skin beauty device and the Group’s sodium hyaluronate gel products to achieve the superimposed sales effect of 1+1>2.

In the field of ophthalmology, the Group will focus on the changes in the industry policy environment, in particular the implementation of the results of the volume-based procurement of IOL among each province, and make timely adjustments to its supply chain and sales strategies by leveraging on the Group’s multi-brand product line advantages, channel advantages and cost advantages, in order to respond to the new marketing pattern in the “post volume-based procurement era”. In the field of innovative product R&D, the Group will, by utilizing its superior R&D resources in China, the USA, the UK and France and by continuing the R&D investment in innovative products, keep promoting the upgrade of product portfolios. In the second half of 2024, the Group will focus on promoting the registration and application of hydrophobic molded toric aspheric IOL, the clinical trials of important R&D projects such as hydrophilic aspheric multifocal IOL, hydrophobic molded toric aspheric trifocal IOL, the second generation of the aqueous humor permeable PRL products, new ultra-high oxygen permeable Orthokeratology Lens, the hydrophilic Extended-range-of-vision(ERV) IOL product and promoting the start of clinical trials of molded hydrophobic EDOF IOL product projects. In the field of myopia prevention and control, the Group will continue to explore the integrated marketing and brand operation of products such as “Maierkang myOK”, “Hiline” and “Optoshare” (童享), “TongLiang” (童靓) and accelerate the market penetration of the Group’s Orthokeratology Lens product line based on the changes of consumers market, so as to consolidate the market share of the existing brand “Hiline” and increase the market shares of new brands “Maierkang myOK” and “Optoshare” (童享). In the field of fundus disease treatment, the Group will actively promote the registration and application of innovative bio-gel products for intraocular fillers.

In 2024, the Group will continue to use its own funds effectively, explore the fast-growing therapeutic areas such as medical aesthetics, ophthalmology, orthopedics and surgery, actively seek advanced technologies and excellent products and take the opportunity to introduce technologies or invest in cooperation, so as to increase the product reserve and ensure the long-term sustainable development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue, Cost and Gross Profit Margin

During the Reporting Period, the Group recorded an aggregate revenue of approximately RMB1,397.11 million (corresponding period of 2023: approximately RMB1,305.71 million), representing an increase of RMB91.40 million or 7.00% as compared with the corresponding period of 2023. During the Reporting Period, the pharmaceutical industry in Chinese Mainland was under the pressure and challenges of the volatile overall economic climate and changes in industry policies. The Group proactively responded to the changes and impacts of the internal and external environments, and its overall business development maintained stable and improved. During the Reporting Period, the Group's HA Dermal Filler products remained positive sales trend, resulting in the sustainable increase of the revenue, and driving the Group's revenue of medical aesthetics and wound care products lines to increase by RMB128.51 million, or 25.53%, as compared with the corresponding period in 2023. On the other hand, during the Reporting Period, the new round of national centralized volume-based procurement policy for IOL and OVD products were gradually implemented, as a result, the unit price of the Group's IOL and OVD products decreased significantly, which contributed to the decrease in the overall revenue of ophthalmology products line by approximately RMB29.49 million, or 6.15%, as compared with that of the corresponding period of 2023.

During the Reporting Period, the overall gross profit margin of the Group was 70.38%, representing a slight decrease as compared to 70.95% for the corresponding period of 2023, among which the operating revenue from medical aesthetics HA Dermal Filler products with a higher gross profit margin and its contribution to the Group's revenue continued to grow, driving the Group's overall gross profit margin upwards. However, on the other hand, products such as ophthalmic IOL, OVD and orthopedic sodium hyaluronate injection were undergoing a new round of centralized volume-based procurement at the national or provincial level during the Reporting Period, and the unit price of the products decreased significantly, which basically offset the contribution of the sales growth of HA Dermal Filler products to the overall gross profit margin growth.

Other Income and Gains

During the Reporting Period, the Group's other income and gains was approximately RMB45.58 million, representing a decrease of RMB19.09 million, or 29.52% from approximately RMB64.67 million for the corresponding period of 2023, primarily due to the decrease in government grants received.

R&D Expenses

During the Reporting Period, the R&D expenses of the Group were approximately RMB125.40 million, representing an increase of RMB24.01 million or 23.68% from approximately RMB101.39 million for the corresponding period of 2023, primarily due to the continuous increase of R&D investments and the expansion of innovative product lines of medical aesthetics and ophthalmology made by the Group and the fact that a number of products were in the process of registration or on-going clinical trials during the Reporting Period, resulting in an increase in relevant labor costs, R&D material consumption fees and clinical trial fees. During the Reporting Period, the Group's R&D expenses accounted for 8.98% of its revenue (corresponding period of 2023: 7.77%), which remained at a relatively high level.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Expenses

During the Reporting Period, the Group's other expenses were approximately RMB18.78 million, representing an increase of RMB8.41 million or 81.10% from approximately RMB10.37 million for the corresponding period of 2023, primarily due to the increase in the Group's provision of inventory loss allowance for certain merchandises in stock that were aged and close to their expiry dates as compared to the corresponding period of 2023.

Finance Costs

During the Reporting Period, the Group's finance costs was approximately RMB7.52 million, representing an increase of RMB3.85 million or 104.90% from approximately RMB3.67 million for the corresponding period of 2023, which was mainly attributable to the increase in interest expenses due to the increase in the Group's new bank borrowings for the purpose of its operation.

Results of the Reporting Period

During the Reporting Period, the profit attributable to ordinary equity holders of the Company was approximately RMB235.28 million (corresponding period of 2023: RMB205.24 million), representing an increase of RMB30.04 million or 14.64% as compared with the corresponding period of 2023, primarily due to the increase in gross profit resulting from the increase in operating revenue.

Basic earnings per share during the Reporting Period amounted to RMB1.01 (corresponding period of 2023: RMB0.86). During the Reporting Period, the Company approved and implemented the proposal to complete the transfer of reserve into share capital, and adjusted the weighted average number of shares for the purpose of basic earnings per share calculation retrospectively.

Liquidity and Capital Resources

As at 30 June 2024, the total current assets of the Group were approximately RMB3,720.36 million, representing a decrease of approximately RMB29.78 million or 0.79% as compared with that of as at 31 December 2023.

As at 30 June 2024, the total current liabilities of the Group were approximately RMB808.33 million, representing an increase of approximately RMB92.38 million or 12.90% as compared with the balance as at 31 December 2023. This was primarily due to the increase in dividend payable of approximately RMB26.20 million as a result of the non-payment of dividends of H shares as at the end of the Reporting Period due to the approval of the dividend distribution plan at the 2023 annual general meeting of the Company in May 2024, and the increase in dividend payable to the minority shareholders of approximately RMB12.86 million as a result of the non-payment of dividends by certain non-wholly owned subsidiaries during the Reporting Period. In addition, during the Reporting Period, the Company received asset-related government grants of approximately RMB37.56 million in relation to the International Medical R&D and Industrialization Project by Shanghai Haohai Biological Technology Co., Ltd. (i.e. the fund raising project for the Company's initial public offering of A shares for listing on the Sci-Tech Innovation Board), which had not yet been completed and accepted and therefore the Company accounted for the amount received as other payables, resulting in an increase in the balance of current liabilities at the end of the Reporting Period; and the Group raised more bank borrowings according to its operational needs, among which, the balance of current portion of bank and other borrowings increased by approximately RMB17.04 million as compared with the balance as at the end of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group's current assets to liabilities ratio was approximately 4.60 (31 December 2023: 5.24), representing a slight decrease as compared with that as at the year end of 2023, but it was still at a relatively high and stable level.

Employees and Remuneration Policy

The Group had 2,179 employees as at 30 June 2024. The breakdown of the total number of employees by function was as follows:

Production	864
R&D	379
Sales and Marketing	620
Finance	80
Administration	236
Total	2,179

During the Reporting Period, the remuneration policy for the Group's employees had no material change, and the employees' remuneration is based on their working experience, daily performance, the operation situation of the Company and external market competition. During the Reporting Period, the total remuneration of the Group's employees amounted to approximately RMB337.30 million, representing an increase of approximately RMB21.77 million as compared to approximately RMB315.53 million for the corresponding period of 2023, primarily due to the corresponding increase in remuneration of employees as a result of the expansion of the business, the increase in the number of employees and the normal salary adjustment.

To further improve the corporate governance structure of the Company, establish and improve the long-term incentive and constraint mechanism, attract and retain the core management, technical or business backbone, fully mobilize their enthusiasm and creativity, effectively enhance the cohesion of the core team and the competitiveness of the Company, and unite the interests of shareholders, the Company and the core team, so that they will pay attention to the long-term development of the Company and ensure the achievement of the Company's development strategies and business objectives, the Company has implemented the 2021 A Share Restricted Stock Incentive Scheme.

The Group provides various targeted training programs to its employees regularly. During the Reporting Period, there was no material change in the Group's training programs.

Treasury Policies

In order to strengthen the monitoring of bank deposits and to ensure that the Group's funds are used effectively, the Group adopts centralized financing and treasury policies designed to strengthen the control on bank deposits and to ensure the secured and efficient use of the Group's capital. Surplus cash of the Group is generally placed in short-term deposits denominated in RMB, US Dollars and Hong Kong Dollars. It is the Group's policy to enter into principal guaranteed and conservative deposits transactions only and the Group is restricted from investing in high-risk financial products.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset Pledge

As at 30 June 2024, the Group had bank deposits of approximately RMB0.71 million as guarantee deposits for the issuance of performance guarantee. As at 31 December 2023, the Group's had bank deposits of approximately RMB0.68 million as guarantee deposits for the issuance of performance guarantee.

Gearing Ratio

As at 30 June 2024, the total liabilities of the Group amounted to approximately RMB1,186.37 million and the gearing ratio (the percentage of total liabilities to total assets) was 16.38%, representing an increase of 1.07 percentage points from 15.31% as at 31 December 2023, which was mainly due to the increase in bank borrowings of the Group during the Reporting Period and the increase in the balances of dividend payable and other payables at the end of the Reporting Period.

Cash and Cash Equivalents

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB924.21 million, representing an increase of approximately RMB354.89 million from that of approximately RMB569.32 million as at 31 December 2023. The increase was primarily due to the net cash flow generated from operating activities of approximately RMB328.49 million; and the net cash flow generated from investing activities of approximately RMB158.69 million as a result of the maturity or transfer of certain bank certificates of deposits purchased for the purpose of effective cash management and the recovery of large amount of funds during the Reporting Period, which was partially offset by the net cash flow used in financing activities of approximately RMB133.06 million.

Bank Borrowings

As at 30 June 2024, the Group had total interest-bearing bank borrowings of approximately RMB378.06 million (31 December 2023: approximately RMB350.26 million), of which approximately RMB212.20 million (31 December 2023: approximately RMB194.98 million) of the bank borrowings will expire within one year, and the remaining bank borrowings of approximately RMB165.86 million (31 December 2023: approximately RMB155.28 million) will mature within two to five years.

Risk of Exchange Rate Fluctuations

The sales, costs and expenses of the Group were principally and mostly denominated in RMB. Despite the fact that the Group might be exposed to foreign exchange risk, the Board expects that exchange rate fluctuation of the foreign currencies held by the Group will not have any material adverse impact on the Group in the future. During the Reporting Period and as at 30 June 2024, the Group did not enter into any hedging transactions.

Future Plans for Material Investments and Capital Assets

Saved as disclosed in this report, the Group has no other material investment plans or capital asset plans as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investment, Material Acquisitions or Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had no other significant investment, material acquisitions or disposal of subsidiaries, associates or joint ventures.

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	1,397,112	1,305,707
Cost of sales		(413,817)	(379,291)
Gross profit		983,295	926,416
Other income and gains, net	4	45,584	64,666
Selling and distribution expenses		(405,272)	(420,946)
Administrative expenses		(210,191)	(200,636)
Reversal of impairment losses/(impairment losses) on financial assets, net		473	(4,594)
Research and development costs		(125,400)	(101,391)
Other expenses		(18,779)	(10,372)
Finance costs		(7,523)	(3,672)
Share of profits and losses of: an associate		305	326
PROFIT BEFORE TAX	5	262,492	249,797
Income tax expense	6	(44,834)	(41,110)
PROFIT FOR THE PERIOD		217,658	208,687
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		1,821	48,367
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		1,821	48,367

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(25,269)	(7,870)
Income tax effect		2,527	379
		(22,742)	(7,491)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(22,742)	(7,491)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(20,921)	40,876
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		196,737	249,563
Profit attributable to:			
Owners of the parent		235,283	205,235
Non-controlling interests		(17,625)	3,452
		217,658	208,687
Total comprehensive income attributable to:			
Owners of the parent		214,345	236,412
Non-controlling interests		(17,608)	13,151
		196,737	249,563
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)			
– For profit for the period	8	1.01	0.86

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,540,826	1,407,916
Right-of-use assets		192,088	207,130
Other intangible assets	10	591,386	574,876
Goodwill		422,833	413,021
Investment in an associate		3,777	3,471
Equity investments designated at fair value through other comprehensive income	11	608,658	603,630
Deferred tax assets		53,697	53,124
Other non-current assets	12	108,563	92,185
Total non-current assets		3,521,828	3,355,353
CURRENT ASSETS			
Inventories	13	504,211	526,174
Trade and bills receivables	14	347,154	337,083
Prepayments, other receivables and other assets		140,975	122,125
Financial assets at fair value through profit or loss	15	61,014	11,083
Assets classified as held for sale		–	13,000
Pledged deposits	16	712	680
Cash and bank balances	16	2,666,291	2,739,999
Total current assets		3,720,357	3,750,144
CURRENT LIABILITIES			
Trade payables	17	64,956	55,108
Other payables and accruals	18	478,805	409,816
Interest-bearing bank and other borrowings	19	230,989	216,625
Tax payable		33,583	34,402
Total current liabilities		808,333	715,951
NET CURRENT ASSETS		2,912,024	3,034,193
TOTAL ASSETS LESS CURRENT LIABILITIES		6,433,852	6,389,546

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	19	193,191	191,324
Other payables and accruals	18	4,500	4,500
Deferred tax liabilities		164,583	161,665
Deferred income		14,685	13,625
Provision		1,076	1,139
Total non-current liabilities		378,035	372,253
NET ASSETS		6,055,817	6,017,293
EQUITY			
Equity attributable to ordinary equity holders of the parent			
Share capital	20	235,490	171,477
Treasury shares	20	(178,056)	(248,455)
Reserves		5,630,734	5,727,042
Non-controlling interests		5,688,168	5,650,064
		367,649	367,229
Total equity		6,055,817	6,017,293

Hou Yongtai
Director

Tang Minjie
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

For the six months ended 30 June 2023

	Attributable to ordinary equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Fair value reserve*	Statutory reserve funds*	Exchange fluctuation reserve*	Other reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023	174,130	(74,042)	3,003,117	(47,985)	88,923	1,229	(264)	2,369,501	5,514,609	387,774	5,902,383
Profit for the period	-	-	-	-	-	-	-	205,235	205,235	3,452	208,687
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(7,491)	-	-	-	-	(7,491)	-	(7,491)
Exchange differences on translation of foreign operations	-	-	-	-	-	38,668	-	-	38,668	9,699	48,367
Total comprehensive income for the period	-	-	-	(7,491)	-	38,668	-	205,235	236,412	13,151	249,563
Issue of shares	593	-	55,316	-	-	-	-	-	55,909	-	55,909
Repurchase of H shares	-	(21,522)	-	-	-	-	-	-	(21,522)	-	(21,522)
Retirement of H shares	(3,435)	95,564	(92,129)	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	(85,070)	-	-	-	-	-	(85,070)	(54,930)	(140,000)
Capital injection of non-controlling shareholders	-	-	-	-	-	-	-	-	-	47,000	47,000
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(13,904)	(13,904)
Share redemption option granted to non-controlling shareholders of a subsidiary	-	-	66,881	-	-	-	-	-	66,881	952	67,833
Share-based payments credited to the owner's equity	-	-	10,913	-	-	-	-	-	10,913	911	11,824
Dividends declared	-	-	-	-	-	-	-	(68,515)	(68,515)	-	(68,515)
Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income	-	-	-	(9,719)	-	-	-	9,719	-	-	-
As at 30 June 2023	171,288	-	2,959,028	(65,195)	88,923	39,897	(264)	2,515,940	5,709,617	380,954	6,090,571

* These reserve accounts comprise the consolidated reserves of approximately RMB5,538,329,000 (unaudited) (31 December 2022: RMB5,414,521,000 (audited)) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

For the six months ended 30 June 2024

	Attributable to ordinary equity holders of the parent										
	Share capital RMB'000	Treasury shares RMB'000	Share	Fair value reserve* RMB'000	Statutory	Exchange	Other reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			premium account* RMB'000		reserve funds* RMB'000	fluctuation reserve* RMB'000					
As at 31 December 2023 and 1 January 2024	171,477	(248,455)	2,981,201	(103,595)	88,923	32,150	(264)	2,728,627	5,650,064	367,229	6,017,293
Profit for the period	-	-	-	-	-	-	-	235,283	235,283	(17,625)	217,658
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	(22,742)	-	-	-	-	(22,742)	-	(22,742)
Exchange differences on translation of foreign operations	-	-	-	-	-	1,804	-	-	1,804	17	1,821
Total comprehensive income for the period	-	-	-	(22,742)	-	1,804	-	235,283	214,345	(17,608)	196,737
Repurchase of A shares and H shares	-	(61,113)	-	-	-	-	-	-	(61,113)	-	(61,113)
Retirement of H shares	(3,296)	131,512	(128,216)	-	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(14,418)	(14,418)
Dividends declared	-	-	-	-	-	-	-	(166,957)	(166,957)	-	(166,957)
Capital injection of non-controlling shareholders	-	-	-	-	-	-	-	-	-	7,004	7,004
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	25,442	25,442
Share-based payments credited to the owner's equity	-	-	2,379	-	-	-	-	-	2,379	-	2,379
Issue of shares	526	-	48,924	-	-	-	-	-	49,450	-	49,450
Issue of shares under capitalisation issue	66,783	-	(66,783)	-	-	-	-	-	-	-	-
Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income	-	-	-	(3,158)	-	-	-	3,158	-	-	-
As at 30 June 2024	235,490	(178,056)	2,837,505	(129,495)	88,923	33,954	(264)	2,800,111	5,688,168	367,649	6,055,817

* These reserve accounts comprise the consolidated reserves of approximately RMB5,630,734,000 (unaudited) (31 December 2023: RMB5,727,042,000 (audited)) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	380,712	325,038
Income tax paid	(52,218)	(41,067)
Net cash inflows from operating activities	328,494	283,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	36,528	38,361
Interest income received from financial assets at fair value through profit or loss	–	263
Purchases of items of property, plant and equipment	(222,088)	(106,024)
Purchase of other intangible assets	(508)	(499)
Proceeds from disposal of items of property, plant and equipment	992	609
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	13,158	14,565
Proceeds from disposal of financial assets at fair value through profit or loss	7,200	46,520
Payment for acquisition of a subsidiary	(16,009)	–
Payment for liabilities arising from the acquisition of subsidiaries	(1,529)	–
Purchases of equity investments designated at fair value through other comprehensive income	(30,455)	(9,000)
Purchase of financial assets at fair value through profit or loss	(57,217)	(46,520)
Decrease/(increase) in time deposits with original maturity of three months or more when acquired	428,600	(194,206)
Dividends received from equity investments at fair value through other comprehensive income	16	290
Net cash flows from/(used in) investing activities	158,688	(255,641)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		49,451	55,909
Principal portion of lease payments		(11,586)	(12,217)
Dividends paid to non-controlling shareholders		(14,418)	(2,039)
New bank loans		56,000	132,255
Repayment of bank loans and other borrowings		(28,863)	(9,771)
Repurchase of A shares and H shares		(61,113)	(21,522)
Acquisition of non-controlling interests		–	(140,000)
Capital injection from non-controlling interests		7,004	47,000
Interest paid		(5,041)	(1,992)
Dividends paid		(124,489)	–
Net cash flows (used in)/from financing activities		(133,055)	47,623
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		569,319	559,197
Effect of foreign exchange rate changes, net		765	16,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD		924,211	651,665
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances and pledged deposits as stated in the statement of financial position	16	2,667,003	2,830,510
Time deposits with original maturity of more than three months when acquired	16	(1,742,080)	(2,178,165)
Pledged deposits for bank borrowings	16	(712)	(680)
Cash and cash equivalents as stated in the statement of cash flows		924,211	651,665

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE AND GROUP INFORMATION

Shanghai Haohai Biological Technology Co., Ltd. (the “**Company**”) was established as a limited liability company on 24 January 2007 in the People’s Republic of China (the “**PRC**”), and the Company was transformed into a joint stock company with limited liability on 2 August 2010. The registered office of the Company is located at No. 5 Tongjing Road, Songjiang Industrial Zone, Shanghai, PRC. The Company issued 40,000,000 H shares and 45,300 H shares on 30 April 2015 and 28 May 2015, respectively. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 April 2015. The Company issued 17,800,000 A shares on 30 October 2019 (“**A Share Offering**”). The A shares of the Company have been listed on the Sci-tech Innovation Board of the Shanghai Stock Exchange (the “**SSE**”) since 30 October 2019. Total number of issued shares of the Company after the A Share Offering was 177,845,300 shares (comprising 40,045,300 H shares and 137,800,000 A shares).

During the period from March 2020 to December 2023, the Company repurchased and completed the cancellation of a total of 10,446,700 H shares. In May, September, December 2023 and March 2024, a total of 1,308,603 A shares were issued to eligible participants pursuant to the completion of attribution of the first and reserved grants under the Company’s 2021 Restricted A Share Incentive Scheme. In June 2024, the Company issued additional 66,782,692 capitalisation shares (comprising 54,943,252 A shares and 11,839,440 H shares) by transferring from capital reserve to share capital. From September 2023 to June 2024, the Company repurchased 45,500 H shares and 1,750,474 A shares. As of the date of this report, the aforementioned repurchased shares have not been cancelled yet.

During the Reporting Period, the Company and its subsidiaries (the “**Group**”) was principally engaged in the manufacture and sale of biologicals, medical hyaluronate and ophthalmology products, research and development of biological engineering, manufacture and sale of pharmaceutical and ophthalmology products and the provision of related services.

In the opinion of the directors of the Company (the “**Directors**”), the ultimate controlling shareholders of the Company are Mr. Jiang Wei and his spouse, Ms. You Jie (the “**Controlling Shareholders**”).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) No. 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. They have been prepared under historical cost convention, except for certain equity instruments and certain other payables and accruals, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies and Disclosures (Continued)

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, the manufacture and sale of biologicals, medical hyaluronate and intraocular lens, research and development of biological engineering and pharmaceutical products and the provision of related services. Therefore, management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

- (a) Revenue from external customers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Chinese Mainland	1,179,576	1,059,733
Europe	74,918	87,055
United States of America ("USA")	66,171	65,143
Other regions and countries	76,447	93,776
	1,397,112	1,305,707

The revenue information of continuing operations above is based on the locations of the customers.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Chinese Mainland	2,351,375	2,199,447
United Kingdom (U.K.)	285,644	282,825
USA	32,306	31,047
Other regions and countries	190,148	185,280
	2,859,473	2,698,599

The non-current asset information of continuing operations above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

No revenue from a single customer contributed to 10% or more of the Group's revenue during the Reporting Period (six months ended 30 June 2023: none).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	1,397,112	1,305,707

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE, OTHER INCOME AND GAINS (Continued)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers		
(a) Disaggregated revenue information		
Type of goods sold		
Medical aesthetics and wound care products	631,817	503,310
Ophthalmology products	449,659	479,149
Orthopedics products	231,822	231,173
Anti-adhesion and hemostasis products	68,874	70,676
Other products	14,940	21,399
Total	1,397,112	1,305,707
Timing of revenue recognition		
Goods transferred at a point in time	1,396,280	1,303,629
Services rendered over time	832	2,078
Total	1,397,112	1,305,707

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of products and payment is generally due within six months from delivery, except for distributors, where payment in advance is normally required.

Equipment technical service

The performance obligation is satisfied over time as services are rendered. Service contracts are billed based on the time incurred or monthly.

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income	36,759	39,110
Government grants (note)	6,963	18,820
Dividend income from equity investments at fair value through other comprehensive income	16	290
Gain on disposal of items of property, plant and equipment	406	885
Others	1,440	5,561
	45,584	64,666

Note:

Various government grants have been received from local government authorities in various regions in the PRC, for compensating research activities. The government grants released have been recorded in other income and gains, among which there were no unfulfilled conditions or contingencies relating to these recognised government grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived after charging/(crediting):

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	413,817	379,291
Depreciation of property, plant and equipment (note 9)	57,336	55,858
Depreciation of right-of-use assets	11,398	12,263
Amortisation of other intangible assets (note 10)	29,838	33,653
Research and development costs	125,400	101,391
Lease payments not included in the measurement of lease liabilities	1,348	824
Employee benefit expenses:		
– Wages and salaries	299,998	272,256
– Pension scheme contributions	34,923	31,449
Equity-settled share option expenses	2,379	11,824
Foreign exchange differences, net	3,758	3,166
(Reversal of impairment)/impairment of financial assets, net	(473)	4,594
Write-down of inventories to net realisable value	12,517	4,870
Bank interest income (note 4)	(36,759)	(39,110)
Dividend income from equity investments at fair value through other comprehensive income (note 4)	(16)	(290)
Net gain on disposal of items of property, plant and equipment (note 4)	(406)	(885)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

6. INCOME TAX

The Company is registered in the PRC and is subject to PRC corporate income tax (“CIT”) on the taxable income as reported in its PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

The Company, Shanghai Qisheng Biologics Company Limited (“**Shanghai Qisheng**”), Shanghai Jianhua Fine Biological Products Company Limited (“**Shanghai Jianhua**”), Henan Universe Intraocular Lens Research and Manufacture Company Ltd. (“**Henan Universe**”) and Qingdao Huayuan Fine Biological Product Co., Ltd. (“**Qingdao Huayuan**”) were accredited as high and new-tech enterprises (the “**HNTE**”) for the three years from 2023 to 2025 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during the Reporting Period for the Company, Shanghai Qisheng, Shanghai Jianhua, Henan Universe and Qingdao Huayuan.

Shenzhen New Industries Material of Ophthalmology Co., Ltd. (“**NIMO**”), Hangzhou Aijinglun Technology Co., Ltd. (“**Hangzhou Aijinglun**”) and Sanhe Laserconn Technology Company Limited (“**Laserconn**”) were accredited as HNTE for the three years from 2022 to 2024 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during the Reporting Period for NIMO, Hangzhou Aijinglun and Laserconn.

The applicable tax rate for the other subsidiaries registered in Chinese Mainland was 25% (six months ended 30 June 2023: 25%) during the Reporting Period.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The profits tax for subsidiaries in the USA has been provided at the rate of 21% (six months ended 30 June 2023: 21%) on the estimated assessable profits arising in the USA during the Reporting Period.

The profits tax for subsidiaries in the U.K. has been provided at the rate of 25% (six months ended 30 June 2023: 19%) on the estimated assessable profits arising in the U.K. during the Reporting Period.

The profits tax for subsidiaries in France has been provided at the rate of 25% (six months ended 30 June 2023: 25%) on the estimated assessable profits arising in France during the Reporting Period.

The profits tax for subsidiaries in Israel has been provided at the rate of 23% (six months ended 30 June 2023: 23%) on the estimated assessable profits arising in Israel during the Reporting Period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. INCOME TAX (Continued)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current		
Charge for the period	53,676	47,565
(Over)/under provision in prior periods	(2,280)	183
Deferred	(6,562)	(6,638)
Total tax charge for the period	44,834	41,110

7. DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Proposed interim – RMB0.40 (six months ended 30 June 2023: nil) per ordinary share	93,192	–

On 16 August 2024, the Directors proposed to declare the interim dividend of RMB0.40 (inclusive of tax) per ordinary share, amounting to RMB93,192,128 for the six months ended 30 June 2024, based on the total number of shares issued by the Company and deducting total shares which have been repurchased but not cancelled by the Company as of 16 August 2024.

The proposed final dividend of RMB1.00 (inclusive of tax) per ordinary share of the Company for the year ended 31 December 2023 was declared payable by the shareholders of the Company at the annual general meeting of the Company on 29 May 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the Reporting Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 233,870,378 (for the six months period ended 30 June 2023: 238,018,354) in issue during the Reporting Period. The weighted average number of ordinary shares for the purposes of calculating basic earnings per share have been retrospectively adjusted to reflect the effect of issuance of shares under the capitalisation issue (Note 20(2)).

The Group had no potentially dilutive ordinary shares in issue during the Reporting Period (for the six months period ended 30 June 2023: nil).

The Group has a share option scheme that has an anti-dilution effect on earnings per share, so the amount of diluted earnings per share and basic earnings per share is the same.

The calculation of basic and diluted earnings per share is based on:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	235,283	205,235
<u>Shares</u>		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	233,870,378	238,018,354

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Carrying amount at beginning of the period	1,407,916	1,286,396
Additions	190,317	71,419
Acquisition of a subsidiary	47	–
Disposals	(549)	(303)
Depreciation provided during the period	(57,336)	(55,858)
Exchange realignment	431	9,104
Carrying amount at end of the period	1,540,826	1,310,758

At 30 June 2024 and 31 December 2023, no property, plant and equipment were pledged.

10. OTHER INTANGIBLE ASSETS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Carrying amount at beginning of the period	574,876	620,416
Additions	508	499
Acquisition of a subsidiary	46,500	–
Amortisation provided during the period	(29,838)	(33,653)
Exchange realignment	(660)	18,244
Carrying amount at end of the period	591,386	605,506

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

11. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
Union Medical Healthcare Limited	3,963	5,659
Raily Aesthetic Medicine International Holdings Ltd.	1,497	4,350
Aesthetic Medical International Holdings Group Limited	795	1,222
	6,255	11,231
Unlisted equity investments		
Shenwu No.1 Investment Product	217,929	239,136
Eirion Therapeutics, Inc.	171,044	169,985
Shanghai Semecell Technology Co., Ltd.	96,000	96,000
Jiangsu Meifengli Medical Technology Co., Ltd.	52,800	52,800
Genzhishiguang Technology (Shanghai) Co., Ltd	20,000	10,000
Zhejiang Boye Biotech Limited	20,000	–
ArcScan, Inc.	17,503	17,395
Ornovi, Inc.	7,127	7,083
	602,403	592,399
	608,658	603,630

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the Reporting Period, the Group disposed of its investment in Shanghai Resthetic Biotechnology Co., Ltd. The fair value on the date of disposal was approximately RMB13,158,000 and the accumulated gain recognised in other comprehensive income of approximately RMB3,158,000 was transferred to retained earnings. During the Reporting Period, the Group received dividends in the amount of approximately RMB16,000 from Union Medical Healthcare Limited.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. OTHER NON-CURRENT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments for property, plant and equipment	108,563	92,185

13. INVENTORIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Raw materials	175,114	171,778
Work in progress	72,905	62,173
Finished goods	179,063	210,138
Merchandises	105,882	99,908
	532,964	543,997
Less: provision for inventories	28,753	17,823
	504,211	526,174

14. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bills receivable	10,940	9,222
Trade receivables	372,212	364,880
Impairment	(35,998)	(37,019)
	347,154	337,083

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

14. TRADE AND BILLS RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to twelve months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

An ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	334,888	328,230
1 to 2 years	12,266	8,853
	347,154	337,083

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments	71,103	52,252
Input value added tax to be deducted	17,189	22,306
Deposits and other receivables	29,134	23,579
Compensation derived from the relocation of aborted plant	2,000	2,000
Other current assets*	25,238	25,238
Impairment allowance	(3,689)	(3,250)
	140,975	122,125

* Long-term receivables from the companies controlled by the non-controlling interests of JUVA MEDICAL Group arising before acquisition. The controlling shareholder of the Group, Mr. Jiang Wei, is still proactively taking efforts to collect the receivables and promised to pay off the part which has not been collected back as of 31 December 2024. Due to the payment date falling within one year, the long-term receivables were classified as other current assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and bank balances and pledged deposits	2,667,003	2,740,679
Time deposits with original maturity of more than three months when acquired	(1,742,080)	(2,170,681)
Less: Pledged time deposits:	924,923	569,998
Guarantee deposits	712	680
Cash and cash equivalents	924,211	569,318

17. TRADE PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	64,956	55,108

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	60,396	51,602
3 months to 1 year	3,012	1,197
Over 1 year	1,548	2,309
	64,956	55,108

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

18. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current:		
Payroll and welfare payable	96,861	121,286
Payables related to:		
Government grants received	82,053	44,670
Deposits received	32,845	39,324
Purchases of property, plant and equipment	22,472	28,248
Acquisition of a subsidiary and contingent consideration	–	1,572
Others	28,302	17,853
Accrued expenses	72,548	52,833
Contract liabilities – short-term advances received from customers	86,256	80,023
Other taxes payable	18,405	24,007
Dividends payable	26,198	–
Dividends payable to non-controlling shareholders of a subsidiary	12,865	–
	478,805	409,816
Non-current:		
Payables for acquisition of a subsidiary as contingent consideration	4,500	4,500

Except for the payables for acquisition of the subsidiaries and contingent consideration, the above current balances were non-interest-bearing and repayable on demand.

RMB4,500,000 will be paid to the original shareholders of Hangzhou Aijinglun, provided that Hangzhou Aijinglun obtains the registration certificate from the relevant authorities for certain new products under development within five years from the date of acquisition.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current			
Lease liabilities		17,637	20,310
Bank loans:			
– Unsecured	(2)	26,000	10,000
Current portion of long term bank loans:			
– Guaranteed	(1)	1,189	1,219
– Unsecured	(2)	185,013	183,764
Current portion of long term other loans:			
– Guaranteed	(1)	1,150	1,332
		230,989	216,625
Non-Current			
Lease liabilities		25,801	33,883
Bank loans:			
– Unsecured	(2)	164,573	153,373
– Guaranteed	(1)	1,285	1,907
Other loans:			
– Guaranteed	(1)	1,532	2,161
		193,191	191,324
		424,180	407,949
Analysed into:			
Bank loans repayable:			
Within one year or on demand		212,202	194,983
In the second year		77,242	44,659
In the third to fifth years, inclusive		88,616	110,621
		378,060	350,263
Other borrowings repayable:			
Within one year or on demand		18,787	21,642
In the second year		12,731	17,002
In the third to fifth years, inclusive		11,140	14,884
Beyond five years		3,462	4,158
		46,120	57,686
		424,180	407,949

The bank loans bear interest at rates ranging from 0.73% to 2.38% (31 December 2023: 0.73% to 2.65%) per annum.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

19. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (1) The guaranteed bank and other loans represent the loans obtained by Bioxis guaranteed by the government.
- (2) The unsecured bank loans represent the loans obtained by the Company, Shanghai Qisheng, Shanghai Jianhua and Haohai Development.

20. SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid: 235,489,895 (31 December 2023: 171,477,258) ordinary shares of RMB1.00 each	235,490	171,477

A summary of the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2023 and 1 January 2024	171,477,258	171,477
Issue of A shares (note 1)	526,445	526
Capitalisation issue of new shares (note 2)	66,782,692	66,783
Cancellation of repurchased H Shares (note 3)	(3,296,500)	(3,296)
At 30 June 2024	235,489,895	235,490

Note 1:

During the Reporting Period, the subscription rights attaching to 526,445 share options were exercised at the subscription price of RMB93.90 per share, resulting in the issue of 526,445 A shares for a total cash consideration, before expenses, of approximately RMB49,450,000.

Note 2:

On 8 March 2024, the directors proposed to issue 4 new shares for every 10 existing shares of the Company to the shareholders by transferring reserve to share capital (the "Capitalisation Issue"), which was approved by the shareholders of the Company at the annual general meeting of the Company on 29 May 2024. As of date of this report, the Capitalisation Issue has been completed, resulting in issuance of 66,782,692 shares (comprising 54,943,252 A shares and 11,839,440 H shares), and approximately RMB66,783,000 was transferred from share premium in capital reserve to share capital.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. SHARE CAPITAL (Continued)

Note 3:

During the Reporting Period, 3,296,500 H shares were cancelled on 19 March 2024. These H shares were repurchased by the Company from August to December 2023, at a total consideration of approximately HK\$143,204,000 (equivalent to RMB131,294,000).

From September 2023 to June 2024, 1,750,474 A shares and 45,500 H shares were repurchased at a total consideration of approximately RMB178,056,000. As at the end of the Reporting Period, these repurchased shares were not cancelled yet and accounted as treasury shares.

21. BUSINESS COMBINATION

On 30 June 2024, the Group acquired a 51% interest in Shanghai Shenhao Eye Health Technology Development Co., Ltd. (“Shenhao Eye Health”) from third parties. The acquisition was made as part of the Group’s strategy to expand its product portfolio of the ophthalmology product line. The purchase consideration for the acquisition was RMB36,289,000, among which, RMB16,289,000 was paid during the Reporting Period and the remaining RMB20,000,000 was paid subsequently in July 2024.

The fair values of the identifiable assets and liabilities of Shenhao Eye Health as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB’000 (Unaudited)
Property, plant and equipment	9	47
Other intangible assets	10	46,500
Cash and bank balances		280
Trade receivables		199
Prepayments, other receivables and other assets		20,181
Inventories		245
Trade payables		(17)
Other payable and accruals		(3,886)
Deferred tax liabilities		(11,625)
Total identifiable net assets at fair value		51,924
Non-controlling interests		(25,442)
Goodwill on acquisition		9,807
Total purchase consideration		36,289
Satisfied by Cash		36,289

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

21. BUSINESS COMBINATION (Continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB199,000 and RMB20,181,000 respectively. No impairment allowances were provided for the trade receivables and other receivables as at the date of acquisition.

An analysis of the cash flows in respect of the acquisition of Shenhao Eye Health is as follows:

	RMB'000
Cash consideration paid	16,289
Cash and bank balances acquired	(280)
Net outflow of cash and cash equivalents included in cash flows from investing activities	16,009

The Group engaged an independent appraiser to assist with the identification and determination of fair values to be assigned to the assets and liabilities of Shenhao Eye Health as disclosed above. However, the valuation was not finalised and hence the initial accounting for the business combination of Shenhao Eye Health was incomplete by the date of this report. Therefore, these amounts recognised in the Group's interim condensed consolidated financial statements in relation to the acquisition of Shenhao Eye Health were on a provisional basis.

22. CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

23. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	441,337	541,152

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

24. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Reporting Period:

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases			
Haohai Technology (Changxing) Co., Ltd.	(i)	2,475	3,693
Sales			
Lifeline Medical Devices Private Limited (“Lifeline”)	(ii)	2,574	2,368

Notes:

- (i) During the Reporting Period, the Group purchased the production accessories of approximately RMB2,475,000 from Haohai Technology (Changxing) Co., Ltd., a company controlled by the Controlling Shareholders. The Directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances.
- (ii) During the Reporting Period, the Group sold semi buttons of GBP285,000 (approximately RMB2,574,000) to the associate, Lifeline.
- (b) Other transactions with related parties:

During the Reporting Period, the Company rented the rooms in Shanghai with a total building area of 329.77 square metres at an annual rental fee of RMB350,000 and the other rooms in Shanghai with the same total building area at an annual rental fee of RMB350,000 from Shanghai Haohai Chemical Company Limited and Ms. You Jie, respectively. The total rental fee amounted to RMB350,000 for the Reporting Period (six months ended 30 June 2023: RMB350,000).

- (c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	3,902	2,866
Pension scheme contributions	545	605
Total compensation paid to key management personnel	4,447	3,471

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

25. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The corporate finance department headed by the chief financial officer (the “CFO”) is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the CFO.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial liabilities:				
Interest-bearing bank and other borrowings (other than lease liabilities)	167,390	157,441	167,880	147,555
Financial liabilities included in other payables and accruals-contingent consideration	4,500	4,500	4,500	4,500

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

25. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	–	61,014	61,014
Trade and bills receivable	–	10,940	–	10,940
Equity investments designated at fair value through other comprehensive income	6,255	217,929	384,474	608,658
	6,255	228,869	445,488	680,612

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	–	11,083	11,083
Trade and bills receivable	–	9,222	–	9,222
Equity investments designated at fair value through other comprehensive income	11,231	239,136	353,263	603,630
	11,231	248,358	364,346	623,935

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2024

25. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial liabilities included in other payables and accruals-contingent consideration	–	–	4,500	4,500
	–	–	4,500	4,500

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial liabilities included in other payables and accruals-contingent consideration	–	–	4,500	4,500
	–	–	4,500	4,500

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

25. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2024 (Unaudited)

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings (other than lease liabilities)	–	167,880	–	167,880

As at 31 December 2023 (Audited)

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings (other than lease liabilities)	–	147,555	–	147,555

26. EVENTS AFTER THE REPORTING PERIOD

From 1 July 2024 to the date of this report, the Company repurchased a total of 265,200 A shares and 448,400 H shares, at a total consideration of approximately RMB16,109,000 and approximately RMB13,437,000 (including transaction fee), respectively.

There was no other material subsequent event undertaken by the Group after 30 June 2024.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 16 August 2024.

OTHER INFORMATION

INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2024 were published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.3healthcare.com) on 16 August 2024 for information disclosure.

INTERIM DIVIDEND

The Board proposed the payment of an interim dividend of RMB0.40 (inclusive of tax) per share for the six months ended 30 June 2024. As at the date of this report, the total share capital of the Company is 235,489,895, net of 2,015,674 A Shares held as treasury shares and 493,900 H Shares which have been repurchased and not yet cancelled, which was used to calculate the aggregate proposed interim dividend of RMB93,192,128.40 (tax inclusive). Prior to the equity registration date, if there is any change in the total share capital of the Company, the Company will maintain the dividend distribution per share and adjust the total interim dividend accordingly. The above proposal is subject to the approval of the Shareholders at the 2024 first extraordinary general meeting of the Company to be held on 13 September 2024.

SHARE CAPITAL

Share capital of the Company as at the date of this report was as follows:

Nature of Shares	Number of Shares	Approximate percentage of total issued share capital
A Shares	194,051,855	82.403%
H Shares	41,438,040	17.597%

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Details of the H Shares repurchased by the Company on the Hong Kong Stock Exchange during the period of the six months ended 30 June 2024 are as follows:

Month of repurchase	Number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate Consideration ⁽¹⁾ (HK\$)
June	45,500	31.60	30.85	1,423,625.00
Total	45,500			1,423,625.00

OTHER INFORMATION

Details of the A Shares repurchased by the Company on the SSE during the period of the six months ended 30 June 2024 are as follows:

Month of repurchase	Number of Shares repurchased	Highest price paid per Share (RMB)	Lowest price paid per Share (RMB)	Aggregate Consideration ⁽¹⁾ (RMB)
January	167,837	93.50	86.58	14,926,936.41
February	89,505	91.67	84.26	8,013,516.89
May	403,646	93.22	86.11	36,644,985.81
Total	660,988			59,585,439.11

Note (1): The aggregate consideration excludes transaction fee.

Save as disclosed in this report, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities nor disposed of any of the Company's treasury shares in the market during the Reporting Period. As at 30 June 2024, the Company did not hold any H Shares as treasury shares.

3,296,500 H Shares repurchased during the period from 25 August 2023 to 20 December 2023 were cancelled on 19 March 2024.

On 24 August 2023, the Board approved the plan on repurchase of A Shares through centralized bidding trading (the "Repurchase Plan"), which was approved by the Shareholders by way of special resolutions at the extraordinary general meeting and the class meetings held on 15 September 2023. On 15 August 2024, the Company completed A Share repurchase. Pursuant to the Repurchase Plan, the Company repurchased 2,015,674 A Shares in aggregate through centralized bidding trading, with the highest trading price at RMB113.50 per A Share (the highest price before the ex-right and ex-dividend pursuant to the Company's 2023 Profit Distribution and Capital Reserve Capitalization Plan), the lowest trading price at RMB58.45 per A Share and the average trading price at RMB95.67 per A Share. The total amount of funds used is RMB192,839,755.99 (excluding transaction fees).

SIGNIFICANT SUBSEQUENT EVENT

Please refer to note 26 to the Interim Condensed Consolidated Financial Statements in this report for the details of significant subsequent event of the Group after the Reporting Period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, to the best knowledge of the Directors, the interests or short positions of the following persons (which are not Directors, chief executives or Supervisors of the Company) in the shares or underlying Shares, which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Hong Kong Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Hong Kong Stock Exchange.

OTHER INFORMATION

Substantial Shareholders Holding A Shares of the Company

Name	Number of A Shares (shares)	Approximate Percentage of total issued A Shares (%)	Approximate percentage of total issued Shares ⁽²⁾ (%)	Capacity in which interests are held
Jiang Wei ⁽¹⁾	66,528,000 (L)	34.28	28.25	Beneficial owner
	40,320,000 (L)	20.78	17.12	Interest of spouse
	2,338,000 (L)	1.20	0.99	Interest of corporation controlled by the substantial shareholder

Notes: L denotes long position

- Mr. Jiang Wei directly holds 66,528,000 A Shares in the Company. He is the spouse of Ms. You Jie, the non-executive Director, and therefore he is deemed under the SFO to be interested in the 40,320,000 A Shares held by Ms. You Jie in the Company. He holds 2,338,000 A Shares in the Company through entities controlled by him.
- The above number of A Shares as approximate percentage of total issued Shares are calculated based on the Company's total number of issued Shares of 235,489,895 Shares as at the date of this report (i.e. after the completion of the Capitalization Issue).

Substantial Shareholders Holding H Shares of the Company

Name	Number of H Shares (shares)	Approximate Percentage of total issued H Shares (%)	Approximate Percentage of total issued Shares ⁽¹⁾ (%)	Capacity in which interests are held
Prudence Investment Management (Hong Kong) Limited	1,969,600(L)	6.65	0.88	Investment Manager

Notes: L denotes long position

- The above number of H Shares as approximate percentage of total issued H Shares and of total issued Shares are calculated based on the Company's total number of issued H Shares of 29,598,600 Shares and the Company's total number of issued Shares of 223,650,455 Shares as at 30 June 2024 (i.e. new H Shares have not yet been issued pursuant to the Capitalization Issue) respectively.
- The above disclosure is based on the information available on the website of the Hong Kong Stock Exchange (www.hkexnews.com.hk).

OTHER INFORMATION

Saved as disclosed above, as at 30 June 2024, to the best knowledge of the Directors, there were no other persons who had interests or short positions in the shares or underlying Shares, which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, none of the Directors or Supervisors or their respective associates (as defined in the Hong Kong Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights during the Reporting Period.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of Hong Kong Listing Rules were as follows:

Name	Number of H Shares (shares)	Approximate percentage of total issued	Number of A Shares (shares)	Restricted Shares ⁽¹⁾ (shares)	Approximate percentage of total issued	Aggregate interests as approximate percentage of total issued	Capacity in which interests are held
		H Shares (%)			A Shares (%)	Shares ⁽⁵⁾ (%)	
Hou Yongtai			8,408,764 (L)	34,405(L)	4.35	3.59	Beneficial owner
Wu Jianying			8,495,717 (L)		4.38	3.61	Beneficial owner
Chen Yiyi			593,964 (L)	34,405(L)	0.32	0.27	Beneficial owner
Tang Minjie ⁽²⁾	15,400(L)	0.04	68,369 (L)		0.04	0.04	Beneficial owner
You Jie ⁽³⁾			40,320,000 (L)		20.78	17.12	Beneficial owner
			68,866,000 (L)		35.49	29.24	Interest of spouse
Huang Ming			2,800,000 (L)		1.44	1.19	Beneficial owner
Liu Yuanzhong			2,800,000 (L)		1.44	1.19	Beneficial owner
Wei Changzheng ⁽⁴⁾			938(L)	1,376(L)	0.001	0.001	Interest of spouse

OTHER INFORMATION

Notes: L denotes long position

1. The Company granted a total of 1,800,000 Restricted Shares to participants pursuant to the 2021 Restricted A Share Incentive Scheme. As of the date of this report, all Restricted Shares in the first attribution tranche have been vested, and Restricted Shares in the second attribution tranche under the First Grant were partly vested. The number of Restricted Shares yet not vested was adjusted according to the Company's Capitalization Issue.
2. The number of H Shares held by Mr. Tang Minjie and the total issued H Shares are calculated based on the number of Shares as at the date of this report (i.e. after completion of the Capitalization Issue).
3. Ms. You Jie directly holds 40,320,000 A Shares in the Company. She is the spouse of Mr. Jiang Wei and therefore she is deemed under the SFO to be interested in 66,528,000 A Shares directly held by Mr. Jiang Wei and 2,338,000 A Shares held through his controlling entities.
4. Mr. Wei Changzheng, the Supervisor, is deemed under the SFO to be interested in the 938 A Shares and 1,376 Restricted Shares in the Company directly held by his spouse.
5. The above aggregate interests as approximate percentage of total issued share capital are calculated based on the Company's total issued Shares of 235,489,895 Shares as at the date of this report (i.e. after the completion of the Capitalization Issue).

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2024, none of the other Directors, Supervisors or chief executives of the Company or any of their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which are required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

2021 RESTRICTED A SHARE INCENTIVE SCHEME

To further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management personnel, core technical or operational personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the Shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized.

On 29 December 2021, the Board proposed to adopt the 2021 Restricted A Share Incentive Scheme, which was approved and adopted by its Shareholders at the 2022 extraordinary general meeting, the 2022 first A Shareholders' class meeting and the 2022 first H Shareholders' class meeting held on 7 March 2022. Under the Incentive Scheme, 1,440,000 Restricted Shares under the First Grant were granted to 204 participants on 11 March 2022, and 360,000 Restricted Shares under the Reserved Grant were granted to 93 participants on 16 November 2022. The source of all Restricted Shares under the Incentive Scheme is new ordinary A Shares to be issued by the Company to the participants.

OTHER INFORMATION

On 7 March 2022, the Grant Price of this Incentive Scheme, as approved by the general meeting, was RMB95.00 per Share. Based on this Incentive Scheme and the implementation of the Company's final dividend for the year ended 31 December 2021, the Board resolved to adjust the Grant Price to RMB94.30 per Share on 16 November 2022. Based on this Incentive Scheme and the implementation of the Company's final dividend for the year ended 31 December 2022, the Board resolved to adjust the Grant Price to RMB93.90 per Share on 11 September 2023. In light of the implementation of the Company's final dividend for the year ended 31 December 2023 and the Capitalization Issue, the Grant Price will be further adjusted to RMB66.36 per Share.

Attribution arrangements of the First Grant under the Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date of the First Grant until the last trading day within the 24 months following the Grant Date of the First Grant	50%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date of the First Grant until the last trading day within the 36 months following the Grant Date of the First Grant	50%

Attribution arrangements of the Reserved Grant under the Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date of the Reserved Grant until the last trading day within the 24 months following the Grant Date of the Reserved Grant	50%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date of the Reserved Grant until the last trading day within the 36 months following the Grant Date of the Reserved Grant	50%

OTHER INFORMATION

Details of the Restricted Shares under the First Grant of the Incentive Scheme during the Reporting Period are as follows:

Name of Participant(s)	Category of Participant(s)	Date of Grant ⁽¹⁾	Number of Restricted Shares				Granted but Unvested as at 30 June 2024 ⁽⁴⁾
			Granted but Unvested as at 1 January 2024	Newly Granted	Attributed ⁽²⁾	Lapsed ⁽³⁾	
Dr. Hou Yongtai	Executive Director	11 March 2022	25,000	0	0	425	34,405
Mr. Wu Jianying	Executive Director and general manager	11 March 2022	35,000	0	34,405	595	0
Mr. Tang Minjie	Executive Director	11 March 2022	25,000	0	24,575	425	0
Ms. Chen Yiyi	Executive Director	11 March 2022	25,000	0	0	425	34,405
Ms. Sheng Ailian	Spouse of a Supervisor	11 March 2022	1,000	0	0	17	1,376
199 employees	Other employee participants	11 March 2022	592,000	0	467,465	21,805	143,820
Total			703,000	0	526,445	23,692	214,006

Notes:

- (1) The closing price of A Shares immediately before the grant date of the First Grant was RMB92.25 per A Share.
- (2) During the Reporting Period, Restricted Shares in the second attribution tranche under the First Grant were partly vested on 26 March 2024. The purchase prices of the vesting Shares are RMB93.9 per Share. The weighted average closing price of the Shares immediately before the date on which such Shares were vested (i.e. 26 March 2024) was RMB106.2 per Share.
- (3) The lapsed Restricted Shares under the First Grant is due to the failure of the performance at the Company level in the second attribution tranche under the Incentive Scheme, the departure of individual Participants or the failure of the performance assessment at the individual level.
- (4) In accordance with the Incentive Scheme, the number of Restricted Shares granted but not vested is adjusted accordingly as the Company has implemented the Capitalization Issue.

OTHER INFORMATION

Details of the Restricted Shares under the Reserved Grant of the Incentive Scheme during the Reporting Period are as follows:

Name of Participant(s)	Category of Participant(s)	Date of Grant ⁽¹⁾	Number of Restricted Shares				
			Granted but Unvested as at 1 January 2024	Newly Granted	Attributed	Lapsed	
93 employees	Other employee participants	16 November 2022	173,500	0	0	0	Granted but Unvested as at 30 June 2024 ⁽²⁾ 242,900

Notes:

- (1) The closing price of A Shares immediately before the grant date of the Reserved Grant was RMB81.90 per A Share.
- (2) In accordance with the Incentive Scheme, the number of Restricted Shares granted but not vested is adjusted accordingly as the Company has implemented the Capitalization Issue.

The fair value of the Restricted Shares under the First Grant and the Reserved Grant of the Incentive Scheme on their respective Grant Date is as follows:

Grant Date	Attribution Period	Fair Value (RMB per share)
First Grant (i.e., 11 March 2022)	First tranche	20.33
	Second tranche	26.96
Reserved Grant (i.e., 16 November 2022)	First tranche	13.36
	Second tranche	19.55

For the method of determining the fair value and the accounting standards and policies adopted for the Restricted Shares, and further details of the 2021 Restricted A Share Incentive Scheme are set out in the Company's announcements dated 29 December 2021, 11 March 2022 and 16 November 2022, the circular dated 15 February 2022.

Saved as disclosed in this report, there is no options and awards available for grant under any scheme of the Company at the beginning and the end of the Reporting Period. During the Reporting Period, the number of shares available for issue under all schemes (i.e. this Incentive Scheme) was 764,143 A Shares (taking into account the Capitalization Issue), representing 0.40% of the weighted average number of A Shares in issue for the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions under Part 2 of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Hong Kong Listing Rules throughout the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the code provisions as set out in the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference. As at the date of this report, the Audit Committee comprises five directors, namely Mr. Shen Hongbo (Chairman), Ms. You Jie, Mr. Jiang Zhihong, Mr. Su Zhi and Mr. Zhao Lei. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting procedures, risk management and internal control systems, and the environmental, social and governance work of the Group.

During the Reporting Period, the Audit Committee held meetings on 8 March 2024 and 29 April 2024 respectively to mainly consider the Group’s audited consolidated financial statements for the year ended 31 December 2023 and the unaudited consolidated financial statements for the three months ended 31 March 2024. The Audit Committee held a meeting on 16 August 2024 to review the unaudited consolidated financial statements, interim results and the interim report of the Group for the six months ended 30 June 2024 and agreed with the accounting treatments adopted by the Company.

CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in the information of Directors and Supervisors since the date of the Company’s 2023 annual report are set out below:

Name	Details of Change
Mr. Wu Jianying	appointed as a chairman of Shenhao Eyehealth, a subsidiary of the Company, in March 2024
Ms. Chen Yiyi	appointed as a director of Shenhao Eyehealth, a subsidiary of the Company, in March 2024
Mr. Zhao Lei	retired as an independent director of Chengdu Sino-Microelectronics Tech. Co., Ltd. (a company listed on the Sci-tech Innovation Board of the SSE, stock code: 688709) in July 2024
Ms. Song Xiao	appointed as a supervisor of Shenhao Eyehealth, a subsidiary of the Company, in March 2024

Apart from above, there is no change in information of the Directors, Supervisors or chief executive of the Company which shall be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 of the Hong Kong Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors. Following specific enquiries by the Company, all of Directors and Supervisors confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. So far as the Directors are aware, there is no material litigation or claims which are pending or threatened against the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HONG KONG LISTING RULES

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

By order of the Board
Chairman
Hou Yongtai

Shanghai, the PRC, 16 August 2024

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions have the following meanings.

“A Share(s)”	ordinary shares in the share capital of the Company with a par value of RMB1.00 each and listed on the Sci-Tech Innovation Board of the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“Board”	the board of Directors of the Company
“Brighten Vision”	Shanghai Hengtai Vision Technology Co., Ltd. (上海亨泰視覺科技有限公司), a non-wholly-owned subsidiary of the Company
“Capitalization Issue”	in light of the Company’s 2023 Profit Distribution and Capital Reserve Capitalization Plan, the Company issues new A Shares and new H Shares to the Shareholders on the basis of 4 Shares for every existing 10 Shares out of capital reserves
“Company” or “Haohai Biological”	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 PRC with limited liability and its H Shares and A shares are listed on the Hong Kong Stock Exchange (Stock Code: 6826) and the Sci-Tech Innovation Board of the SSE (Stock Code: 688366), respectively
“Contamac”	Contamac Holdings limited, a non-wholly-owned subsidiary of the Company in UK
“CSRC”	China Securities Regulatory Commission
“Directors”	directors of the Company
“First Grant”	the grant of 1,440,000 Restricted Shares, representing 80% of the total number of Restricted Shares under the Incentive Scheme on 11 March 2022
“Grant Price”	the price of each Restricted Share to be granted to the participants of the Incentive Scheme
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hangzhou Aijinglun”	Hangzhou Aijinglun Technology Co., Ltd., (杭州愛晶倫科技有限公司), a non-wholly-owned subsidiary of the Company

DEFINITIONS

“Henan Universe”	Henan Universe Intraocular Lens Research and Manufacture Company, Ltd (河南宇宙人工晶狀體研製有限公司), a wholly-owned subsidiary of the Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“Incentive Scheme” or “2021 Restricted A Share Incentive Scheme”	the Company’s 2021 restricted A Share incentive scheme approved and adopted by its Shareholders at the 2022 general meeting, the 2022 first A Shareholders’ class meeting and the 2022 first H Shareholders’ class meeting held on 7 March 2022
“Juva Medical”	OHMK (TianJin) Medical Technology Co. Ltd. (歐華美科(天津)醫學科技有 限公司), a non-wholly-owned subsidiary of the Company
“Nanpeng Optics”	Xiamen Nanpeng Optical Company Limited (廈門南鵬光學有限公司), as at the date of this annual report, the Company indirectly holds 51% of its equity interest
“NIMO”	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 Company
“NMPA”	The National Medical Products Administration of the PRC
“PRC”, “China” or “People’s Republic of China”	the People’s Republic of China which, for the purpose of this report only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the 6-month period from 1 January 2024 to 30 June 2024

DEFINITIONS

“Reserved Grant”	the grant of 360,000 Restricted Shares, representing 20% of the total number of Restricted Shares under the Incentive Scheme on 16 November 2022
“Restricted Share(s)”	A Share(s) to be granted to the Participants by the Company on such conditions and at the Grant Price stipulated under the Incentive Scheme, which are subject to the attribution conditions stipulated under the Incentive Scheme and can only be attributed and transferred after satisfactory with the attribution conditions
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	A Shareholder(s) and/or H Shareholder(s)
“SSE”	the Shanghai Stock Exchange
“STAR Market Listing Rules”	the Rules Governing the Listing of Securities on the Sci-Tech Innovation Board of the Shanghai Stock Exchange, as amended from time to time
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

The glossary of technical terms contains explanations and definitions of certain terms used in this report in connection with us and our business. The terms and their meaning may not correspond to meanings or usage of these terms as used by others.

“anti-adhesion”	prevention of fibrous bands formed between tissues and adjacent tissues or organs resulted from injuries during a surgery
“chitosan” (幾丁糖)	a class of polysaccharide without acetyl group or with partial acetyl group, dissolvable in acidic conditions
“clinical trial”	a research study for validating or finding the therapeutic effects and side-effects of test drugs in order to determine the therapeutic value and safety of such drugs
“EGF”	epidermal growth factor, is a polypeptide growth factor that stimulates epidermal and epithelial growth. It can promote growth of a wide of variety of cells in vivo and in vitro
“hemostasis”	the arrest of bleeding
“intraocular lens” or “IOL”	an artificial lens implanted in the eyes used to replace natural lens and to treat cataracts or myopia
“medical chitosan” (醫用幾丁糖)	normally carboxyl-methylated chitosan which can be dissolved in water, regulated by National Medical Products Administration as a Class III medical device
“medical collagen sponge”	spongy material manufactured from bovine tendon by biological purification. It is used to fill operational cavity, wound hemostasis and wound healing
“medical sodium hyaluronate gel” (醫用透明質酸鈉凝膠)	sodium hyaluronate gel solution used for the ophthalmic surgery or anti – adhesive surgery, regulated by National Medical Products Administration as a Class III medical device
“ophthalmic viscoelastic device” or “OVD”	viscoelastic sodium hyaluronate solution used in ophthalmic surgery. It can play the role of cushion to deepen the anterior chamber, which makes the operation convenient. It can also protect intraocular tissue and endothelial cell with improved success rate and reduced surgical complications. It is widely used in microsurgeries such as artificial contact lens implantation, penetrating keratoplasty surgery as well as ocular trauma
“Orthokeratology Lens”	a rigid gas permeable contact lenses for myopia control and vision correction function
“Phakic Refractive Lens” or “PRL”	a precise optical component that is surgically implanted into the eyes to achieve refractive correction
“sodium hyaluronate injection” (玻璃酸鈉注射液)	sodium hyaluronate gel solution used for the intra-articular injection, regulated by National Medical Products Administration as a prescription drug