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**Shanghai Haohai Biological Technology Co., Ltd.\***

**上海昊海生物科技股份有限公司**

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

**(Stock Code: 6826)**

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

**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).

## INTERIM RESULT (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Shanghai Haohai Biological Technology Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”, “**we**”, “**our**” or “**us**”) for the six-month period ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023.

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*As at 30 June 2024*

		30 June 2024	31 December 2023
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,540,826	1,407,916
Right-of-use assets		192,088	207,130
Other intangible assets		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		608,658	603,630
Deferred tax assets		53,697	53,124
Other non-current assets		108,563	92,185
		<hr/>	<hr/>
Total non-current assets		<b>3,521,828</b>	3,355,353
<b>CURRENT ASSETS</b>			
Inventories		504,211	526,174
Trade and bills receivables	9	347,154	337,083
Prepayments, other receivables and other assets		140,975	122,125
Financial assets at fair value through profit or loss		61,014	11,083
Assets classified as held for sale		–	13,000
Pledged deposits		712	680
Cash and bank balances		2,666,291	2,739,999
		<hr/>	<hr/>
Total current assets		<b>3,720,357</b>	3,750,144
<b>CURRENT LIABILITIES</b>			
Trade payables	10	64,956	55,108
Other payables and accruals		478,805	409,816
Interest-bearing bank and other borrowings	11	230,989	216,625
Tax payable		33,583	34,402
		<hr/>	<hr/>
Total current liabilities		<b>808,333</b>	715,951

		<b>30 June 2024</b>	31 December 2023
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NET CURRENT ASSETS</b>		<b>2,912,024</b>	3,034,193
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,433,852</b>	6,389,546
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>11</i>	<b>193,191</b>	191,324
Other payables and accruals		<b>4,500</b>	4,500
Deferred tax liabilities		<b>164,583</b>	161,665
Deferred income		<b>14,685</b>	13,625
Provision		<b>1,076</b>	1,139
Total non-current liabilities		<b>378,035</b>	372,253
<b>NET ASSETS</b>		<b>6,055,817</b>	6,017,293
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the parent</b>			
Share capital	<i>12</i>	<b>235,490</b>	171,477
Treasury shares	<i>12</i>	<b>(178,056)</b>	(248,455)
Reserves		<b>5,630,734</b>	5,727,042
<b>Non-controlling interests</b>		<b>5,688,168</b>	5,650,064
		<b>367,649</b>	367,229
<b>Total equity</b>		<b>6,055,817</b>	6,017,293

# 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.

## 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</i> <i>(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.

- (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 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
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
	<u>1,397,112</u>	<u>1,305,707</u>

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

(b) Non-current assets

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

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:

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

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

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

#### Type of goods sold

Medical aesthetics and wound care products	<b>631,817</b>	503,310
Ophthalmology products	<b>449,659</b>	479,149
Orthopedics products	<b>231,822</b>	231,173
Anti-adhesion and hemostasis products	<b>68,874</b>	70,676
Other products	<b>14,940</b>	21,399

Total	<b>1,397,112</b>	<b>1,305,707</b>
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#### Timing of revenue recognition

Goods transferred at a point in time	<b>1,396,280</b>	1,303,629
Services rendered over time	<b>832</b>	2,078

Total	<b>1,397,112</b>	<b>1,305,707</b>
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(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	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Bank interest income	36,759	39,110
Government grants ( <i>note</i> )	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
	<u>45,584</u>	<u>64,666</u>

*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.

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	413,817	379,291
Depreciation of property, plant and equipment	57,336	55,858
Depreciation of right-of-use assets	11,398	12,263
Amortisation of other intangible assets	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)

## 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.

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

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

## 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 12(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	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>235,283</u>	<u>205,235</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>233,870,378</u>	<u>238,018,354</u>

## 9. TRADE AND BILLS RECEIVABLES

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

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:

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

## 10. TRADE PAYABLES

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

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	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
	<u>64,956</u>	<u>55,108</u>

## 11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Current</b>			
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
		<u>230,989</u>	<u>216,625</u>

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Non-Current</b>			
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
		<u>193,191</u>	<u>191,324</u>
		<u>424,180</u>	<u>407,949</u>
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		<u>88,616</u>	<u>110,621</u>
		<u>378,060</u>	<u>350,263</u>
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		<u>3,462</u>	<u>4,158</u>
		<u>46,120</u>	<u>57,686</u>
		<u>424,180</u>	<u>407,949</u>

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:*

- (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.

## 12. SHARE CAPITAL

	<b>30 June 2024 RMB'000 (Unaudited)</b>	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	<b>235,490</b>	171,477

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

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

### *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 announcement, 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.

### *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.



### 13. 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:

	<b>Fair value recognised on acquisition</b> <i>RMB’000</i> <i>(Unaudited)</i>
Property, plant and equipment	47
Other intangible assets	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)
	<hr/>
Total identifiable net assets at fair value	51,924
Non-controlling interests	(25,442)
Goodwill on acquisition	9,807
	<hr/>
Total purchase consideration	36,289
	<hr/> <hr/>
Satisfied by	
Cash	36,289
	<hr/> <hr/>

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:

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

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.

#### **14. EVENTS AFTER THE REPORTING PERIOD**

From July to August 2024, 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.

## 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
<b>Total</b>	<b>1,397,112</b>	<b>100.00</b>	<b>1,305,707</b>	<b>100.00</b>	<b>7.00</b>

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”), phthalmic 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.

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.

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 monophasic cross-linking, low-temperature secondary cross-linking, linear non-particle crosslinking, 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 National Medical Products Administration of (“NMPA”) in the PRC. 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
<b>Total</b>	<b>631,817</b>	<b>45.22</b>	<b>503,310</b>	<b>38.55</b>	<b>25.53</b>

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.

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.

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.

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 (%)	
<b>Cataract product line</b>	<b>230,874</b>	<b>16.52</b>	258,886	19.83	-10.82
IOL products	<b>180,667</b>	<b>12.93</b>	202,924	15.54	-10.97
OVD products	<b>50,207</b>	<b>3.59</b>	55,962	4.29	-10.28
<b>Myopia prevention and control, and refractive correction product line</b>	<b>200,187</b>	<b>14.33</b>	205,480	15.74	-2.58
Ophthalmology and optometry materials	<b>107,056</b>	<b>7.66</b>	110,064	8.43	-2.73
Ophthalmology and optometry end products	<b>93,131</b>	<b>6.67</b>	95,416	7.31	-2.39
<b>Other ophthalmology products</b>	<b>18,598</b>	<b>1.33</b>	14,783	1.13	25.81
<b>Total</b>	<b>449,659</b>	<b>32.18</b>	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.

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 an 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:

- (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" (童靓) 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 Brighten Optix, 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.

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.

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 intraarticular 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 (%)
	<i>RMB '000</i> <i>(Unaudited)</i>	<i>Percentage</i> <i>(%)</i>	<i>RMB '000</i> <i>(Unaudited)</i>	<i>Percentage</i> <i>(%)</i>	
Sodium hyaluronate injection	<b>149,217</b>	<b>10.68</b>	150,585	11.53	-0.91
Medical chitosan used for intra-articular viscosupplement	<b>82,605</b>	<b>5.91</b>	80,588	6.17	2.50
Total	<b>231,822</b>	<b>16.59</b>	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.

## ***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 (%)
	<i>RMB '000</i> <i>(Unaudited)</i>	<i>Percentage</i> <i>(%)</i>	<i>RMB '000</i> <i>(Unaudited)</i>	<i>Percentage</i> <i>(%)</i>	
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
<b>Total</b>	<b>68,874</b>	<b>4.93</b>	<b>70,676</b>	<b>5.41</b>	<b>-2.55</b>

### **(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.

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.

## 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.



## **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.

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
	<hr/>
<b>Total</b>	<b><u><u>2,179</u></u></b>

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.

## **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 announcement, the Group has no other material investment plans or capital asset plans as at the date of this announcement.

## 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.

## Significant Subsequent Event

Please refer to note 14 to the financial statements in this results announcement for the details of significant subsequent event of the Group after the Reporting Period.

## Purchase, Sale or Redemption of the Company's Listed Securities

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

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate Consideration <sup>(1)</sup> (HK\$)
June	45,500	31.60	30.85	1,423,625.00
Total	<u>45,500</u>			<u>1,423,625.00</u>

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	No. of Shares repurchased	Highest price paid per Share (RMB)	Lowest price paid per Share (RMB)	Aggregate Consideration <sup>(1)</sup> (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	<u>660,988</u>			<u>59,585,439.11</u>

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

Save as disclosed in this announcement, 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.

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

On 24 August 2023, the Board approved the plan on repurchase 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 August 15, 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).

### **Interim dividend and Extraordinary General Meeting**

The Board recommended 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 announcement, 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 recommendations are subject to the approval of the Shareholders at the first extraordinary general meeting of the Company in 2024 (the “**EGM**”). Details of the interim dividend and the specific arrangements for the payment of the interim dividend and the relevant timing for the closure of the register of members for the H Shares will be separately disclosed by the Company in the circular of the EGM. Subject to the approval of the EGM, the interim dividend is expected to be paid to the eligible shareholders no later than two months after the EGM. The Company will separately announce the exact expected dividend payment date.

### **Corporate Governance Code**

The Company has complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of 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.

### **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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.

## **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.

## **Publication of Interim Results and Interim Report**

This announcement will be published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.3healthcare.com](http://www.3healthcare.com)).

The 2024 interim report of the Company that contains full information specified in the Hong Kong Listing Rules will be dispatched to the shareholders of the Company in due course and will be published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.3healthcare.com](http://www.3healthcare.com)).

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

Shanghai, the PRC, 16 August 2024

*As at the date of this announcement, the executive directors of the Company are Dr. Hou Yongtai, Mr. Wu Jianying, Ms. Chen Yiyi and Mr. Tang Minjie; the non-executive directors of the Company are Ms. You Jie and Mr. Huang Ming; and the independent non-executive directors of the Company are Mr. Shen Hongbo, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.*

\* For identification purpose only