



# 上海昊海生物科技股份有限公司 Shanghai Haohai Biological Technology Co.,Ltd.

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

Stock Code : 6826



INTERIM REPORT **2015**

# CONTENTS

	Page
Corporate Information	2
Interim Results Highlights	4
Management Discussion and Analysis	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Financial Statements	21
Other Information	37
Definitions	42
Glossary of Technical Terms	43

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors:

Dr. Hou Yongtai (*Chairman*)  
Mr. Wu Jianying (*General Manager*)  
Mr. Ling Xihua (*Chief Financial Officer*)  
Mr. Huang Ping (*Secretary of the Board*)  
Ms. Chen Yiyi

### Non-executive Directors:

Ms. You Jie  
Mr. Gan Renbao

### Independent Non-executive Directors:

Mr. Chen Huabin  
Mr. Shen Hongbo  
Mr. Li Yuanxu  
Mr. Zhu Qin  
Mr. Wong Kwan Kit

## SUPERVISORS

Mr. Liu Yuanzhong  
Ms. Yang Qing  
Mr. Tang Yuejun  
Mr. Wei Changzheng  
Mr. Yang Linfeng

## AUTHORIZED REPRESENTATIVES

Mr. Huang Ping  
Mr. Chiu Ming King

## JOINT COMPANY SECRETARIES

Mr. Huang Ping  
Mr. Chiu Ming King (*an associate member of the Hong Kong Institute of Chartered Secretaries*)

## COMPLIANCE ADVISER

Guotai Junan Capital Limited  
27th Floor, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

## AUDIT COMMITTEE

Mr. Shen Hongbo (*Chairman*)  
Ms. You Jie  
Mr. Chen Huabin  
Mr. Li Yuanxu  
Mr. Zhu Qin

## REMUNERATION COMMITTEE

Mr. Zhu Qin (*Chairman*)  
Mr. Wu Jianying  
Mr. Ling Xihua  
Mr. Shen Hongbo  
Mr. Li Yuanxu

## NOMINATION COMMITTEE

Mr. Li Yuanxu (*Chairman*)  
Dr. Hou Yongtai  
Ms. You Jie  
Mr. Chen Huabin  
Mr. Zhu Qin

## STRATEGY COMMITTEE

Ms. You Jie (*Chairlady*)  
Dr. Hou Yongtai  
Mr. Wu Jianying  
Mr. Huang Ping  
Mr. Li Yuanxu

## LEGAL ADVISERS

*As to Hong Kong law and United States law:*  
O'Melveny & Myers  
31st Floor, AIA Central  
1 Connaught Road Central  
Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

## CORPORATE INFORMATION

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

4/F, Block 2, Alley 139  
Anshun Road, Changning District  
Shanghai, China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5501, 55th Floor  
Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

### H SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### INFORMATION OF H SHARES

Place of listing: The Main Board of The Stock  
Exchange of Hong Kong Limited  
Stock code: 6826  
Number of  
H shares issued: 40,045,300 H shares  
Nominal value: RMB1.00 per H share  
Stock short name: HAOHAI BIOTEC

### REGISTERED OFFICE

No. 5 Dongjing Road  
Songjiang Industrial Zone  
Shanghai, China

### PRINCIPAL BANKERS

Industrial and Commercial Bank of  
China Ltd.  
(Xinhua Road Sub-branch, Shanghai)  
No. 506 Xinhua Road  
Changning District  
Shanghai, China

Bank of Shanghai, Co., Ltd  
(Changning Branch, Shanghai)  
No. 320 Xianxia Road  
Changning District  
Shanghai, China

### INVESTOR ENQUIRIES

Investors' Service Line: (86) 021-62800674  
Fax: (86) 021-62805863  
Website: [www.3healthcare.com](http://www.3healthcare.com)

## INTERIM RESULTS HIGHLIGHTS

- The unaudited revenue was approximately RMB313,111,000, representing an increase of approximately 34.80% as compared to the corresponding period in 2014.
- The unaudited profit attributable to equity holders of the Company was approximately RMB140,890,000, representing a significant increase of approximately 72.60% as compared to the corresponding period in 2014.
- The unaudited basic earnings per share were RMB1.06 (corresponding period in 2014: RMB0.68).
- The board of directors of the Company (the “Board”) does not recommend the distribution of an interim dividend for the six-month period ended 30 June 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

In 2015, China continued to deepen the medical and health system reform. With the further promotion of medical reform, removal of price markups on medicine, restructuring of public hospitals and coupled with the gradual introduction of policies in respect of centralized procurement of medicines and of privately-run medical institutions, the marketisation of healthcare services continues to progress and the pharmaceutical industry is subject to different degrees of challenges.

During the six-month period ended 30 June 2015 (the “Reporting Period”), the Group continued to strategically focus on the four fast-growing areas in the absorbable biomedical materials market in the PRC, namely orthopedics, anti-adhesion and hemostasis, ophthalmology and wound care and tissue filling. Meanwhile, the Group took the following various measures in response to the challenges from policy changes to enhance its competitiveness; transform challenges into opportunities and strengthen its leading position in these areas:

- enhancing capacity utilization and using advanced production equipment to raise production efficiency;
- pushing forward the upgrade of existing products, expanding investment in research and development (“R&D”) of products, and promoting clinical application of products;
- achieving establishment and refined management of a professional sales team; and
- effective use of capital in identifying strategic targets for acquisitions.

During the Reporting Period, the principal business of the Group continued to grow rapidly and realized aggregate revenue of approximately RMB313.11 million (corresponding period in 2014: RMB232.28 million), representing an increase of 34.80% as compared to the corresponding period in 2014. Gross profit increased from RMB202.15 million for the corresponding period in 2014 to approximately RMB266.30 million for the six-month period ended 30 June 2015, representing a growth of 31.73%. During the Reporting Period, the profit attributable to the equity holders of the Company was RMB140.89 million (corresponding period in 2014: RMB81.63 million), representing an increase of 72.60% as compared to the corresponding period in 2014, and after deducting the after-tax exchange gains of approximately RMB19.78 million as a result of a one-off settlement of proceeds from initial public offering (“IPO”), there is still an increase of up to 48.36%. The basic earnings per share were RMB1.06 (corresponding period in 2014: RMB0.68).

The Group continued to maintain the leading position in the industry. According to the research report of SME Research, the Group’s anti-adhesion and ophthalmic viscoelastic device products maintained the first place ranking in the market, while the market share of intra-articular viscosupplement product and rhEGF product rose to the first and second place respectively in 2014.

During the first half of 2015, the increase in revenue and cost of the Group was driven by the growth of sales. While the revenue from sales of the Group’s original main products continued to grow steadily, the newly launched products, which have won extensive recognition in the industry for the quality and clinical efficacy, are gaining their popularity rapidly, and have become a new important growth driver to the Group’s revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

Moreover, the management noted that the overall gross profit margin of the Group decreased slightly from 87.03% in the corresponding period in 2014 to 85.05%, primarily due to the upgrading and industrialization reform in the second half of 2014 which led to a significant addition of fixed assets and facilities at the Company and Shanghai Qisheng for production purposes, resulting in a substantial increase of RMB 8.85 million in depreciation and long-term amortization expenses included in the costs as compared to the corresponding period last year. The management believes that through the upgrading and industrialization reform, the Group's research and development capacity and product quality will be further enhanced while the insufficient production capacity will also be improved, which is conducive to a relatively high gross profit margin to ensure the stable growth of the Group's long-term results and profit.

The Group's revenue breakdown for the first half of 2015 by therapeutic area was as follows (by amount and as a percentage of the total revenue):

	January to June 2015		January to June 2014	
	RMB' 000 (unaudited)	%	RMB' 000 (unaudited)	%
Orthopedics products	141,898	45.3%	106,854	46.0%
Wound care and tissue filling products	46,275	14.8%	21,840	9.5%
Ophthalmology products	36,673	11.7%	31,234	13.4%
Anti-adhesion and hemostasis products	88,265	28.2%	72,356	31.1%
<b>Total</b>	<b>313,111</b>	<b>100.0%</b>	<b>232,284</b>	<b>100.0%</b>

### Orthopedics Products

During the Reporting Period, the breakdown of revenue from orthopedics products by specific products was as follows (by amount and as a percentage of the total revenue of the Group):

	January to June 2015		January to June 2014	
	RMB' 000 (unaudited)	%	RMB' 000 (unaudited)	%
Sodium hyaluronate injection	114,932	36.7%	94,493	40.7%
Medical sodium hyaluronate gel	—	—	3,518	1.5%
Medical Chitosan	26,966	8.6%	8,843	3.8%
<b>Total of orthopedics products</b>	<b>141,898</b>	<b>45.3%</b>	<b>106,854</b>	<b>46.0%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group manufactures and sells orthopedics products used for intra-articular viscosupplement (骨關節腔注射), including products made of medical sodium hyaluronate or medical chitosan. According to the research report of SME Research, the Group's market share in the orthopedics products amounted to 31.67% and the Group became the largest manufacturer of intra-articular viscosupplement products in China in 2014.

During the first half of 2015, the Group's revenue from the sales of orthopedics products was approximately RMB141.90 million, representing an increase of RMB 35.04 million or 32.80% as compared to the corresponding period in 2014. Among the orthopedics products, the sales of sodium hyaluronate injection and medical chitosan recorded an increase of RMB20.44 million and RMB18.12 million respectively.

### *Sodium hyaluronate injection*

Sodium hyaluronate injection (for orthopedics), which is a traditional core product that has a longer history and enjoys higher acceptance, continued to achieve a brilliant sales performance during the Reporting Period and contributed RMB114.93 million to our revenue, representing an increase of 21.63% as compared to the corresponding period last year. On the other hand, the proportion of revenue contribution by sodium hyaluronate products to the Group's total revenue slightly decreased as compared to the corresponding period in 2014. The decrease was mainly due to the fast growth of new products developed by the Group which proved the positive effect of the operating strategy adopted by the management on product diversification.

During the Reporting Period, sodium hyaluronate/sodium hyaluronate injection of the Group was granted renewal of drug registration certificate with a term of five years.

### *Medical chitosan*

Revenue from the sales of the medical chitosan used for intra-articular viscosupplement (骨關節腔注射), which was launched in the market in 2014, increased by 204.94% from RMB8.84 million in the corresponding period of 2014 to RMB26.97 million in the Reporting Period. The product, which is used for intra-articular viscosupplement, is the only Class III medical device which has obtained the registration certificate in China. It can be used for treating degenerative osteoarthritis; help minimizing joint pains; improve joint mobility and reduce functional impairment. It is characterized by the Group's exclusive water-soluble technology which significantly reduces infection rate, has anti-microbial and hemostatic functions, a longer in vivo retention time and long-lasting therapeutic effect. After a year of market development, its significant efficacy and stable quality are now well-recognized by doctors and patients. The management has established a professional marketing team for the product and will further strengthen the professional promotion, raise product awareness and expand the market coverage to ensure a rapid growth for this exclusive product.

The management has set out clear positioning for different orthopedics products. To achieve mutual growth, the management strives to push forward the sales of medical chitosan products through differentiation of positioning among clinical application, pricing and target market while maintaining the growth momentum of sodium hyaluronate injection as the original core product of the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Wound care and tissue filling products

During the Reporting Period, the breakdown of revenue from wound care and tissue filling products by specific products was as follows (by amount and as a percentage of the total revenue of the Group):

	January to June 2015		January to June 2014	
	RMB' 000 (unaudited)	%	RMB' 000 (unaudited)	%
rhEGF	14,101	4.5%	12,350	5.4%
Medical cross-linked sodium hyaluronate gel	32,174	10.3%	9,490	4.1%
<b>Total of wound care and tissue filling products</b>	<b>46,275</b>	<b>14.8%</b>	<b>21,840</b>	<b>9.5%</b>

The Group manufactures and sells products used for wound care and tissue filling, including rhEGF (“Healin”) and medical cross-linked sodium hyaluronate gel (“Matrifill”) products. During the Reporting Period, the Group’s revenue from the sales of wound care and tissue filling products was RMB46.28 million, representing an increase of 111.88% as compared to RMB21.84 million for the corresponding period in 2014.

### *Healin*

The Group’s Healin-branded rhEGF products is the only product in China that has the same amino acid structure as the natural epidermal growth factors in human bodies, and is the first registered rhEGF product in the world. It was approved as Class I new drug by the CFDA in 2001 and was awarded the Second Prize of National Science and Technology Progress Award in 2002. Patented technology is adopted in the production of Healin, which is highly biologically active with significant efficacy in the treatment of wound care and tissue filling, and has a higher average market price. Its sales for the past four years showed an increasing trend with outstanding market performance. According to the research report of SME Research, the Group’s market share in 2014 was 15.34% with a growth of over 4 percentage points, and the Group has become the second largest manufacturer of rhEGF products. During the Reporting Period, the drug registration certificate of rhEGF products of the Group was granted renewal with a term of five years.

### *Matrifill*

The revenue from the sales of Matrifill, a new product launched in the market in 2014, increased by 239.03% during the Reporting Period as compared to the corresponding period of 2014. Matrifill is the first cross-linked sodium hyaluronate gel for injection approved by CFDA in China. It can, through injection into dermis layer, fill facial defect and folded portion to achieve wrinkle removal and facial shaping. The product was developed by the Group, which proved to have a longer in vivo retention time than other similar products after a number of randomized controlled clinical trials.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group established a professional sales and marketing team for the Matrifill brand. In the first half of 2015, the Group enhanced the brand reputation by launching a series of marketing campaigns targeting the professional market for end products with nearly 40 famous plastic surgery organizations throughout the nation, and leveraging new media platform to interact with consumers.

During the Reporting Period, clinical trial for the Group's second generation of cross-linked sodium hyaluronate gel was completed. As of the date of this report, the application of registration for medical device was accepted. In terms of efficacy, the product will achieve complementary advantages with the Group's Matrifill-branded product in the future. Moreover, type inspection for the third generation of cross-linked sodium hyaluronate gel has been completed and clinical trial will begin. The Group will accordingly achieve the combined effects of serialization and differentiation for products in the plastic surgery and wound care sector, and this will satisfy clinical application needs which are being increasingly segmental and diversified.

Currently, the medical beauty market in the PRC is experiencing rapid growth with the consistent emergence of domestic and foreign brands. However, there is increasing demand on products with advanced technology, safety and efficiency while the industry regulation is getting more stringent. The industry will undergo a market selection process under the principle of "survival of the fittest". This could be a challenge as well as an opportunity to the Group. The Group will leverage on the continuous innovation in R&D, stable product quality, sound clinical efficacy and effective market management to build a professional brand of medical and micro plastic surgery in the PRC.

### Ophthalmology Products

During the Reporting Period, the breakdown of revenue from ophthalmology products by specific products was as follows (by amount and as a percentage of the total revenue of the Group):

	January to June 2015		January to June 2014	
	RMB' 000 (unaudited)	%	RMB' 000 (unaudited)	%
Ophthalmic viscoelastic device	35,463	11.3%	31,234	13.4%
Lubricant eye drops	1,210	0.4%	—	0.0%
<b>Total of ophthalmology products</b>	<b>36,673</b>	<b>11.7%</b>	<b>31,234</b>	<b>13.4%</b>

The Group manufactures and sells ophthalmology products, including three ophthalmic viscoelastic devices, commonly known as "OVD" products, and one lubricant eye drops product. During the Reporting Period, the Group's revenue from the sales of ophthalmology products was RMB36.67 million, representing an increase of 17.41% as compared to RMB31.23 million for the corresponding period in 2014. Among the ophthalmology products, Eyesucom, a new product of lubricant eye drops launched in the market in October 2014, contributed sales amount of RMB1.21 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

Among the main brands of OVD in the PRC, our products have the significant advantages such as advanced technology, high quality and high price-performance ratio. According to the research report of SME Research, the market share of our OVD was 41.80% in 2014, with a market share of over 40% for the past eight consecutive years, making the Group as the largest OVD product manufacturer in the PRC. In the first half of 2015, our revenue of OVD increased by 13.54% as compared with the corresponding period in 2014.

During the Reporting Period, clinical trial for our new high concentration OVD was completed and we submitted application information for CFDA registration. The launch of such products will fill up the shortage of the products in China; upgrade our existing range of ophthalmology products; further extend the comparative advantage against the imported overseas brand of the same type of products and improve our market share.

Currently, our population is increasingly ageing and shows a trend of urbanization. Whilst the population proportion of 65-year-olds or above increases year by year, the incidence and number of patients contracting cataract and glaucoma increase significantly. The management believes that with the increasing treatment coverage of ophthalmic surgery in China, there will be huge market potential and a rapid growth trend in domestic ophthalmology product market.

### Anti-Adhesion and Hemostasis Products

The following table sets forth a breakdown of our revenue, by amount and as a percentage of our total revenue, from our anti-adhesion and hemostasis products by specific products for the Reporting Period:

	January to June, 2015		January to June, 2014	
	RMB' 000 (unaudited)	%	RMB' 000 (unaudited)	%
Sodium hyaluronate gel	26,800	8.6%	26,861	11.6%
Medical chitosan	56,434	18.0%	42,171	18.1%
Medical collagen sponge	5,031	1.6%	3,324	1.4%
<b>Total of anti-adhesion and hemostasis products</b>	<b>88,265</b>	<b>28.2%</b>	<b>72,356</b>	<b>31.1%</b>

The Group manufactures and sells anti-adhesion and hemostasis products, including post-operative anti-adhesion products, as well as medical collagen sponge made of sodium hyaluronate and chitosan. According to the research report of SME Research, the Group's market share of its post-operative anti-adhesion products amounted to 47.99% in 2014, consolidating its position as the largest manufacturer of anti-adhesion products in the PRC for seven consecutive years.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2015, the Group's revenue from the sales of anti-adhesion and hemostasis products was RMB88.27 million, representing an increase of RMB15.91 million or approximately 21.99% as compared to RMB72.36 million for the corresponding period in 2014, of which the revenue of medical chitosan increased by RMB14.26 million, or recorded a year-on-year increase of 33.82%.

During the Reporting Period, renewals for the product registration certificates of Class III medical devices for medical sodium hyaluronate gel (anti-adhesion and hemostasis) owned by the Company and Shanghai Qisheng were granted. The terms of all of the registration certificates are for five years, and three additional specifications were granted for the renewed registration certificate owned by the Company. The launch of products with new specifications will provide doctors and end-users with more flexible alternatives in their clinical uses.

On 30 June 2015, the Society of Gynecology and Obstetrics of the Chinese Medical Association (中華醫學會婦產科學分會) published the "Consensus of Chinese Experts on the Prevention of Abdominal Adhesions after Gynecologic Surgery (2015)" (預防婦產科手術後盆腹腔粘連的中國專家共識(2015)) (the "Consensus"). The Consensus indicated that adhesion is a common complication following abdominal surgery with extremely high risks. The prevention of post-operative adhesions not only raises the success rate of surgeries, but also eliminates pain for patients; improves their quality of living, enhances pregnancy rate and reduces medical costs.

The management believes that with the issuance of the above Consensus, adhesion will be increasingly emphasized by both doctors and patients. The issuance of the Consensus will help implement the provincial and national cost catalog and medical insurance, and further facilitate the abdominal and oncology on usage of post-operative anti-adhesion products, hence radically increasing clinical usage and further promoting the growth of our sales in post-operative anti-adhesion and hemostasis product.

### QUALITY MANAGEMENT

According to the Notice of Guo Shi Yao Jian An (2011) No. 101 (國食藥監安[2011]101號通知), the manufacturing of all medicine should fulfill the Good Manufacturing Practices for Drugs (2010 Revision) ("New GMP") requirements. Enterprises (factories) which fail to fulfill the requirements should not continue manufacturing products after the above period. Meanwhile, by late 2015, all enterprises manufacturing Class III medical devices in China should fulfill the requirements of Good Manufacture Practices for Medical Devices. By late 2017, all enterprises manufacturing medical devices should fulfill the requirements of Good Manufacture Practices for Medical Devices.

We emphasize the quality risk management of products. In each section of the industry chain, from product R&D to sales, we formulate strict quality safety mechanism to ensure the safety and accuracy of the entire process of R&D, production and sales.

Currently, all medicine manufacturing facilities of the Group have fulfilled New GMP requirements. Shanghai Likangrui is constructing the production base for the production of porcine endogenous fibrin sealant that can fulfill the New GMP requirements. The construction of the first phase of the production base is expected to be completed and the trial production is expected to commence in the second half of 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESEARCH AND DEVELOPMENT

The business strategy of focusing on R&D is one of our competitive strengths. During the first half of 2015, the Group continued to put in more resources towards R&D. The R&D expense during the Reporting Period amounted to RMB15.77 million, representing an increase of 14.29% as compared to the corresponding period in 2014 and accounted for 5.04% of the total revenue of the Group.

During the Reporting Period, in addition to the significant progress in our product pipelines as discussed above, innovative thermal-sensitive chitosan gel, our self-developed exclusive patent product, can be used more widely in ophthalmology, anti-adhesion and orthopedics. Type inspection for the product has been completed, and we are applying for clinical trial and planning to file for a variety of indications.

As at 30 June 2015, the Group has 19 registration certificates for its products, 11 chief product pipelines, 2 national technology platforms, 39 authorized patents and 37 pending patent applications, among which, the Group has obtained 15 additional authorized patents during the first half of 2015. The management expects that various product pipelines will start clinical trials in the second half of 2015.

In January 2015, the trademark of Shanghai Qisheng's medical chitosan and medical sodium hyaluronate (registration certificate number: 1345296) was recognized as the "Famous Trademarks in Shanghai" by Shanghai Administration for Industry & Commerce (上海市工商行政管理局) for an effective term of 3 years. This honour not only further enhanced the protection of the Group's trademarks and the market reputation of Shanghai Qisheng and its products, but also realized the Group's strategy of emphasizing the intellectual property rights and the promotion of the commercial value of the intellectual property rights.

In June 2015, Company was recognized and ranked as "2015 Shanghai Pilot Enterprises in Patent Operation" by Shanghai Intellectual Property Administration (上海市知識產權局). This does not only represent the recognition of the Company's management of its intellectual property rights, innovation and its competence in commercializing research findings, but also sets a target to achieve an even higher standard on the invention, application, protection and management of the intellectual property rights of the Company.

## SALES AND MARKETING

The Group participated and organized various major academic conferences, seminars and symposiums on our target therapeutic areas in the first half of 2015 to share the outcomes from the clinical trials and post-market clinical trial studies with other participants, and continued to provide skills trainings and support to distributors. Meanwhile, the Group continued to explore innovative marketing strategies.

During the Reporting Period, the sales and distribution expenses of the Group were approximately RMB 97.53 million, which accounted for 31.15% of the revenue as compared to 35.19% in the corresponding period of last year. The drop was mainly attributable to the management's continuous integration of the distribution networks and efforts on establishment and refined management of professional sales teams, realizing the management goal of cost reduction and efficiency enhancement.

# MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2015, the total number of distributors and sales force of the Group were over 1,100 and 129 respectively. During the Reporting Period, we derived revenue of approximately RMB252.63 million from sales of our products through distributors, which accounted for 80.68% of the Group's sales revenue and approximately RMB 60.48 million from direct sales, which accounted for 19.32 % of the Group's sales revenue.

## HUMAN RESOURCES

The Group had 541 employees as of 30 June 2015. The breakdown of our total number of employees by function was as follows:

Production	224
Research and Development	110
Sales and Marketing	129
Supply	11
Administration	67
Total	<u>541</u>

The Group's remuneration policy for its employees is based on their performance, working experience, local sales performance and external market competition. During the Reporting Period, the remuneration policy and training programs had no material changes and the total remuneration of the Group's employees amounted to approximately RMB 34.25 million. The management will continue to combine the human resources management and enterprise strategies to recruit professionals according to the changes of the external conditions so as to realize the Group's strategic goal through its strong and reasonable human resources structure.

## MERGERS AND ACQUISITIONS

Pursuant to the shareholders' resolution of Shanghai Baiyue on 28 January 2015, the Company would inject capital of RMB 6 million in cash into Shanghai Baiyue to acquire 60% of its share equity. The injection was completed in February 2015 and Shanghai Baiyue then became a non-wholly owned subsidiary of the Company. The Group will absorb and integrate the sales force of Shanghai Baiyue in the Shanghai region and the management believes that such move will effectively enhance the efficiency of the Group's direct sales management.

The Group's objective is to further strengthen our leading position in the absorbable biomedical materials market in China and becomes a leading biomedical materials company globally. In view of this, the Group will selectively acquire suitable biopharmaceutical or biomedical materials companies, and has set up a wholly-owned subsidiary in Hong Kong in July 2015. The establishment of the Hong Kong subsidiary enables the Group to leverage the regional advantage of Hong Kong to further expand its overseas business and build an offshore investment and financing platform that provides more favorable conditions for the successful expansion of overseas business and offshore investments of the Group.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this report, the Group had no material acquisition or disposal of subsidiaries and associates during the six-month period ended 30 June 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any concrete future plans for material investments or capital assets as at 30 June 2015.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2015, the total current assets of the Group was approximately RMB2,256.14 million, representing an increase of RMB 1,908.78 million as compared to that as at 31 December 2014, and the total current liabilities was approximately RMB 126.70 million, representing a decrease of RMB 12.54 million as compared to that as at 31 December 2014. As at 30 June 2015, the Group's current assets to liabilities ratio was approximately 17.81 as compared to 2.49 as at 31 December 2014, which was primarily due to the temporary use of proceeds by the Group for the short-term investments in term deposits.

During the Reporting Period, the net cash inflow from operating activities of the Group was RMB130.92 million, representing an increase of RMB 77.42 million as compared to RMB53.50 million for the corresponding period in 2014. The net cash outflow from the investment activities of the Group was RMB1,520.66 million, representing an increase of RMB1,468.68 million as compared to RMB51.98 million for the corresponding period in 2014, which is primarily due to the temporary use of proceeds of RMB 1,500 million by the Group for the short-term investments in term deposits.

The Company issued an aggregate of 40,045,300 H shares of RMB 1.00 each at a price of HK\$59.00 per H share, raising a total amount of HK\$2,362.67 million in its IPO in April 2015 and upon partial exercise of the over-allotment option in May 2015. Netting of the paid and accrued listing fee amounting to RMB 71.74 million, the effective increase of capital contribution was RMB1,791.97 million, in which the increase of issued capital and capital reserve were approximately RMB40.05 million and RMB1,751.92 million, respectively.

## TREASURY POLICIES

The Group adopts centralized financing and treasury policies designed to strengthen the control on bank deposits and to ensure the security and efficient use of the Group's capital. Surplus cash of the Group is generally placed in short term deposits denominated in HKD and RMB. 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 2015, the Group did not have any asset pledge.

## BANK BORROWINGS

As at 30 June 2015, the Group had no outstanding bank borrowings.

## GEARING RATIO

As at 30 June 2015, the total liabilities of the Group amounted to approximately RMB 143.73 million and the debt to assets ratio ((Total Liabilities / Total Assets) x 100%) was 5.38% as compared to 20.98% at 31 December 2014. The decline was primarily attributed to the significant increase in the total asset resulted from the proceeds from the issuance of H shares in April and May 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

For the six-month period ended 30 June 2015, the Group did not have any significant contingent liabilities.

## EVENT AFTER THE REPORTING PERIOD

On 17 July 2015, the Company has set up a wholly-owned subsidiary Haohai Healthcare Holdings Co., Ltd. in Hong Kong, with a registered share capital of HK\$100.00.

As at 17 July 2015, the Company completed the capital injection from RMB100 million to RMB0.16 billion into Shanghai Qisheng, and the procedures for increase of registered capital has been completed at the Shanghai Minhang Market Supervision Administration.

As at 21 July 2015, the Company completed capital injection from RMB 100 million to RMB0.15 billion into Shanghai Likangrui and the procedures for increase of registered capital has been completed at the Shanghai Qingpu Market Supervision Administration.

## FOREIGN EXCHANGE RISK

The sales of the Group were principally 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. During the Reporting Period, the Group did not enter into any hedging transactions nor where there any currency net investments hedged by currency borrowings and/or other hedging instruments.



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six-month period ended 30 June	
		2015	2014
		RMB' 000	RMB' 000
		(unaudited)	(unaudited)
	Notes		
<b>REVENUE</b>	5	<b>313,111</b>	232,284
Cost of sales		(46,812)	(30,136)
Gross profit		<u>266,299</u>	202,148
Other income and gains	5	34,973	8,850
Selling and distribution expenses		(97,530)	(81,738)
Administrative expenses		(21,217)	(18,194)
Research and development expenses		(15,773)	(13,801)
Other expenses		(1,420)	(1,279)
<b>PROFIT BEFORE TAX</b>		<b>165,332</b>	95,986
Income tax expense	6	(24,890)	(14,357)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>140,442</u></b>	<u>81,629</u>
Attributable to:			
Owners of the parent		140,890	81,629
Non-controlling interests		(448)	—
		<u>140,442</u>	<u>81,629</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
– Basic and diluted (RMB)	7	<u>1.06</u>	<u>0.68</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	376,293	352,003
Prepaid land lease payments		31,257	32,364
Other intangible assets		4,394	4,050
Deferred tax assets		4,941	5,453
Other non-current assets		966	10,678
Total non-current assets		<u>417,851</u>	<u>404,548</u>
<b>CURRENT ASSETS</b>			
Inventories	9	82,214	76,364
Trade and bills receivables	10	84,953	62,443
Tax recoverable		—	2,752
Prepayments, deposits and other receivables	11	37,732	18,609
Term deposits	12	1,504,833	—
Pledged deposits		—	5,846
Cash and bank balances	13	546,403	181,341
Total current assets		<u>2,256,135</u>	<u>347,355</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	5,449	8,790
Other payables and accruals	15	104,015	125,483
Tax payable		17,231	4,966
Total current liabilities		<u>126,695</u>	<u>139,239</u>
<b>NET CURRENT ASSETS</b>		<u>2,129,440</u>	<u>208,116</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,547,291</u>	<u>612,664</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Notes		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	690	761
Deferred income	16,343	17,743
Total non-current liabilities	<u>17,033</u>	<u>18,504</u>
Net assets	<u>2,530,258</u>	<u>594,160</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued share capital	160,045	120,000
Reserves	2,366,970	474,160
	<u>2,527,015</u>	594,160
Non-controlling interests	3,243	—
Total equity	<u>2,530,258</u>	<u>594,160</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary equity holders of the parent						
	Issued capital	Share premium account*	Statutory reserve funds*	Retained profits*	Total	Non- controlling interests	Total equity
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 31 December 2014 and 1 January 2015 (audited)	120,000	16,154	40,197	417,809	594,160	—	594,160
Total comprehensive income for the period	—	—	—	140,890	140,890	(448)	140,442
Acquisition of a subsidiary	—	—	—	—	—	3,691	3,691
Issue of shares**	40,045	1,823,656	—	—	1,863,701	—	1,863,701
Share issue expenses	—	(71,736)	—	—	(71,736)	—	(71,736)
As at 30 June 2015 (unaudited)	<u>160,045</u>	<u>1,768,074</u>	<u>40,197</u>	<u>558,699</u>	<u>2,527,015</u>	<u>3,243</u>	<u>2,530,258</u>

	Attributable to owners of the parent						
	Issued capital	Share premium account*	Statutory reserve funds*	Retained profits*	Total	Non- controlling interests	Total equity
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 31 December 2013 and 1 January 2014 (audited)	120,000	16,154	26,277	368,147	530,578	—	530,578
Total comprehensive income for the period	—	—	—	81,629	81,629	—	81,629
As at 30 June 2014 (unaudited)	<u>120,000</u>	<u>16,154</u>	<u>26,277</u>	<u>449,776</u>	<u>612,207</u>	<u>—</u>	<u>612,207</u>

\* These reserve accounts comprise the consolidated reserves of RMB2,366,970,000 and RMB492,207,000 as at 30 June 2015 and 2014, respectively, in the consolidated statement of the financial position.

\*\* The Company issued 40,000,000 H shares and 45,300 H shares on 30 April 2015 and 28 May 2015, respectively.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six-month period ended 30 June	
	2015 RMB' 000 (Unaudited)	2014 RMB' 000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH GENERATED FROM OPERATIONS</b>	<b>140,351</b>	<b>66,136</b>
Income tax paid	(9,427)	(12,641)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>130,924</b>	<b>53,495</b>
Interest received	1,234	1,294
Purchases of items of property, plant and equipment, prepaid land lease payments, other intangible assets and other non-current assets	(50,391)	(54,823)
Proceeds from disposal of items of property, plant and equipment	—	50
Receipt of government grants	7,160	1,500
Decrease in time deposits with original maturity of more than three months	21,342	—
Purchase of term deposits	(1,500,000)	—
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,520,655)</b>	<b>(51,979)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(49,680)	—
Proceeds from issue of shares	1,863,701	—
Share issue expenses	(40,918)	—
Capital injection from minority shareholders of a subsidiary	3,000	—
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,776,103</b>	<b>—</b>
Net increase in cash and cash equivalents	386,372	1,516
Cash and cash equivalents at the beginning of the period	159,999	176,477
Effect of foreign exchange rate changes, net	32	—
Cash and cash equivalents at the end of the period	<u>546,403</u>	<u>177,993</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>		
Cash and bank balances at the end of the period	<u>546,403</u>	<u>177,993</u>
Cash and cash equivalents at the end of the period	<u>546,403</u>	<u>177,993</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 1. CORPORATE INFORMATION

The Company was established as a limited liability company on 24 January 2007 in the People's Republic of China (the "PRC" or "China"), and the Company was converted into a joint stock limited liability company on 2 August 2010. The registered office of the Company is located at No. 5 Dongjing 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. And 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 Group is principally engaged in the research, manufacturing and sale of absorbable biomedical materials and medicine, such as biologicals, medical hyaluronate and water-soluble medical chitosan, as well as the research and manufacturing and sale of biological engineering pharmaceuticals.

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.

As at 30 June 2015, the Company has direct interests in the following subsidiaries, all of which are limited liability companies established in the PRC, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Paid-up capital/ registered ordinary share capital RMB	Percentage of equity interest attributable to the Company		Principal activities
			Direct %	Indirect %	
上海其勝生物製劑有限公司 Shanghai Qisheng Biologicals Co., Ltd.* ("Shanghai Qisheng")	PRC 27 May 1992	60,000,000	100	—	Manufacture and sale of biological reagents, biologicals and biological materials
上海建華精細生物製品有限公司 Shanghai Jianhua Fine Biological Products Co., Ltd.* ("Shanghai Jianhua")	PRC 20 October 1993	15,000,000	100	—	Manufacture and sale of medical sodium hyaluronate, biologicals, biochemical and HA series skin care products
上海利康瑞生物工程有限公司 Shanghai Likangrui Bioengineering Co., Ltd.* ("Shanghai Likangrui")	PRC 3 September 2001	50,000,000	100	—	Research and development of biological engineering and pharmaceutical products and related technology transfer, consultation and services
上海柏越醫療設備有限公司 Shanghai Baiyue Medical Equipment Co., Ltd.* ("Shanghai Baiyue")	PRC 25 September 2014	10,000,000	60	—	Sale of medical devices and laboratory equipment

\* English translations of names for identification purposes only.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### 2.1 Basis of presentation

This interim condensed consolidated financial statements for the six-month period ended 30 June 2015 have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting.

The 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 2014.

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 as follows:

IAS 19 Amendments	Defined Benefit Plans: Employee Contributions
Annual Improvements 2010-2012 Cycle	Amendments to a number of International Financial Reporting Standards ("IFRSs")
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs

The adoption of these new and revised standards has had no significant financial effect on these financial statements.

### 2.3 Issued but not yet effective standards

IFRS 9	Financial Instruments <sup>2</sup>
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
IFRS 10, IFRS 12 and IAS 28 Amendments	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
IFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
IAS 1 Amendments	Disclosure Initiative <sup>1</sup>
IAS 16 and IAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
IAS 16 and IAS 41 Amendments	Agriculture: Bearer Plants <sup>1</sup>
IAS 27 Amendments	Equity Method in Separate Financial Statements <sup>1</sup>
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective standards (Continued)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group is in the process of making an assessment of the impact of these new and revised standards upon initial application. So far, the Directors of the Company anticipate that the new and revised standards, excluding IFRS 15 and IAS 1 Amendments, may result in changes in accounting policies but are unlikely to have material impact on the Group's result of operations and financial positions upon application.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, the manufacturing and sale of biologicals, medical hyaluronate, research and development of biological engineering and pharmaceutical products and the provision of related services. Therefore, no analysis by operating segment is presented.

### Geographical information

Since the Group solely operates in the PRC and all of the assets of the Group are located in the PRC, geographical segment information as required by IFRS 8 Operating Segments is not presented.

### Information about major customers

There was no customer, the revenue from which amounted to 5% or more of the Group's revenue during the six-month period ended 30 June 2015 (for the corresponding period in 2014: nil).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 4. BUSINESS COMBINATION

### Acquisition of Shanghai Baiyue Medical Equipment Co., Ltd.

On 3 February 2015, the Company made a cash contribution of RMB6,000,000 to Shanghai Baiyue. Shanghai Baiyue was established in the PRC on 25 September 2014 with a registered share capital of RMB1,000,000. Pursuant to the shareholders' resolutions of Shanghai Baiyue on 28 January 2015, the shareholders of Shanghai Baiyue agreed to increase the paid-in capital from RMB1,000,000 to RMB10,000,000. Out of the total amount of RMB9,000,000 for the capital increase, the Company injected cash of RMB6,000,000, the original shareholders, Ms. Gu Lingzhi and Mr. Li Xudong injected cash of RMB2,750,000 and RMB250,000, respectively. In February 2015, Shanghai Baiyue received all the capital injections from the shareholders and then became a non-wholly owned subsidiary of the Company and is owned as to 60% by the Company. The interim condensed consolidated financial statements include the results of Shanghai Baiyue for the period from the acquisition date (3 February 2015) to 30 June 2015.

The fair values of the identifiable assets and liabilities of Shanghai Baiyue as at the date of acquisition were:

	Fair value recognised on acquisition RMB' 000 (unaudited)
Property, plant and equipment	14
Cash and bank balances	191
Prepayments, deposits and other receivables	180
Other payables and accruals	(157)
Identifiable net assets at fair value	228
Capital increase on cash by shareholders	9,000
Total identifiable net assets at fair value	9,228
Non-controlling interests (40%)	(3,691)
	5,537
Goodwill on acquisition	463
Cash paid by the Company	6,000

Goodwill of RMB463,000 was immediately impaired when occurred because of the continuous losses of Shanghai Baiyue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

An analysis of the Group's revenue is as follows:

	For the six-month period ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
<b>Revenue</b>		
Sale of goods	<u>313,111</u>	<u>232,284</u>
<b>Other income and gains</b>		
Interest income	6,067	1,294
Government grants (Note (i))	5,131	6,965
Gain on disposal of items of property, plant and equipment	—	44
Exchange gains	23,274	—
Others	<u>501</u>	<u>547</u>
	<u>34,973</u>	<u>8,850</u>

*Note (i):* Government grants were received from local government authorities in various regions in Shanghai, the PRC, for setting up research activities. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statements of financial position. There were no unfulfilled conditions and other contingencies attached to the government grants.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 6. INCOME TAX

	For the six-month period ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Current	24,449	14,869
Deferred	441	(512)
Total tax charge for the period	<u>24,890</u>	<u>14,357</u>

The Company and its subsidiaries are subject to different PRC corporate income tax ("CIT") rates. The applicable CIT rates are shown as follows:

	For the six-month period ended 30 June	
	2015	2014
The Company	15%	15%
Shanghai Qisheng	15%	15%
Shanghai Jianhua	15%	15%
Shanghai Likangrui	25%	25%
Shanghai Baiyue	25%	N/A

The Company and its subsidiaries are registered in the PRC and only have operations in Mainland China. They are subject to CIT on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 6. INCOME TAX (Continued)

In January 2015, the Company, Shanghai Qisheng and Shanghai Jianhua, were re-evaluated to be accredited as high and new-tech enterprises (the “HNTE status”) respectively, effective for three years from 2014 to 2016 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during the period from 2014 to 2016.

The applicable tax rate of Shanghai Likangrui and Shanghai Baiyue is 25%.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rate, are as follows:

	For the six-month period ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Profit before tax	<u>165,332</u>	<u>95,986</u>
Tax at the statutory tax rate	41,333	23,997
Adjustments in respect of current tax of previous periods	562	436
Additional deductible allowance for research and development expenses	(1,864)	(1,670)
Expenses not deductible for tax	510	485
Tax losses not recognised	942	680
Preferential tax rate due to HNTE status	<u>(16,593)</u>	<u>(9,571)</u>
Tax charge at the Group's effective rate	<u>24,890</u>	<u>14,357</u>

The effective tax rate for the six-month period ended 30 June 2015 is 15.1% (for the corresponding period in 2014: 15.0%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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

The calculation of basic earnings per share amounts is based on the profit for the six-month period ended 30 June 2015 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 133,340,883 (for the corresponding period in 2014: 120,000,000) in issue during the six-month period ended 30 June 2015, as adjusted to reflect the rights issue during the periods.

	For the six-month period ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Profit attributable to equity holders of the Company	140,890	81,629
Weighted average number of shares in issue (in thousands)	133,341	120,000
Basic earnings per share (RMB per share) <sup>#</sup>	<u>1.06</u>	<u>0.68</u>

<sup>#</sup> Diluted earnings per share is the same as basic earnings per share as the Group had no potential dilutive ordinary shares in issue during the periods.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2015, the Group acquired assets with total costs of approximately RMB229,000 (unaudited) (for the corresponding period in 2014: approximately RMB3,011,000 (unaudited)), excluding acquired property, plant and equipment of Shanghai Baiyue (see Note 4) and property under construction.

The Group continued the upgrading of existing production facilities of the Company, and the carrying amount as at 30 June 2015 was approximately RMB12,870,000 (unaudited) (31 December 2014: approximately RMB9,650,000 (audited)). The Group also continued the construction of infrastructure at the Shanghai Likangrui production facility, and the carrying amount as at 30 June 2015 was approximately RMB115,740,000 (unaudited) (31 December 2014: approximately RMB80,470,000 (audited)).

Assets with a net book value of approximately RMB12,000 (unaudited) were disposed of by the Group during the six-month period ended 30 June 2015 (for the corresponding period in 2014: RMB6,000 (unaudited)), resulting in a net loss on disposal of approximately RMB12,000 (unaudited) (for the corresponding period in 2014: net gain of approximately RMB44,000 (unaudited)).

In the mean time, the Group recognised depreciation expenses of approximately RMB15,767,000 (unaudited) during the six-month period ended 30 June 2015 (for the corresponding period in 2014: RMB7,026,000 (unaudited)).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 9. INVENTORIES

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Raw materials	26,870	28,529
Work in progress	12,345	9,771
Finished goods	42,999	38,064
	<u>82,214</u>	<u>76,364</u>

## 10. TRADE AND BILLS RECEIVABLES

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Trade receivables	88,752	64,908
Bills receivable	719	811
Impairment for trade receivables	(4,518)	(3,276)
	<u>84,953</u>	<u>62,443</u>

Customers are usually required to make payment in advance before the Group delivers goods to them. However, the Group sells goods on credit to certain major customers with good repayment history and high reputations. The credit period is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the senior management of the Group. In view of the above 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 receivables are non-interest-bearing.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 10. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of trade and bills receivables as at the end of the relevant periods based on the invoice date and net of provisions, is as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Outstanding balances with ages:		
Within 3 months	76,059	52,132
3 to 6 months	9,682	11,056
6 months to 1 year	3,245	2,340
1 to 2 years	460	184
2 to 3 years	25	7
	<u>89,471</u>	<u>65,719</u>

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Deposits and other receivables	22,528	15,876
Prepayments	17,234	4,720
Impairment	(2,030)	(1,987)
	<u>37,732</u>	<u>18,609</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 12. TERM DEPOSITS

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Term deposits	<u>1,504,833</u>	<u>—</u>

The term deposits represented bank financial products with principal guaranteed at floating interest rates from 0% to 4.4%, depending on the market performance of London Interbank Offered Rate, which were stated at amortised cost since the interest rates were predictable. All the term deposits would be matured on 29 September 2015.

## 13. CASH AND BANK BALANCES AND AND PLEDGED DEPOSITS

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Cash and cash equivalents	546,403	159,999
Time deposits with original maturity of more than three months when acquired	<u>—</u>	<u>21,342</u>
Cash and bank balances	<u>546,403</u>	<u>181,341</u>
Pledged deposits		
Pledged for bank endorsed bills payable	<u>—</u>	<u>5,846</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 14. TRADE AND BILLS PAYABLES

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Trade payables	5,449	2,944
Bills payable	—	5,846
	<u>5,449</u>	<u>8,790</u>

An ageing analysis of trade payables as at the end of the relevant periods is as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Outstanding balances with ages:		
Within 3 months	5,367	8,671
3 months to 1 year	—	72
Over 1 year	82	47
	<u>5,449</u>	<u>8,790</u>

The trade payables were non-interest-bearing and normally settled on 30 to 90 day terms.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 15. OTHER PAYABLES AND ACCRUALS

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Other taxes payable	12,935	5,960
Payroll and welfare payable	7,477	9,903
Advances from customers	7,164	5,257
Dividends payable	—	25,680
Withholding individual income tax on dividends	—	24,000
Payables related to:		
Government grants received	26,647	19,178
H share listing expenses	20,846	—
Deposits received	9,196	10,986
Purchases of property, plant and equipment	8,646	17,315
Accrued expenses	8,393	5,554
Others	2,711	1,650
	<u>104,015</u>	<u>125,483</u>

The above balances were non-interest-bearing and repayable on demand.

## 16. DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the Reporting Period (for the corresponding period in 2014: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 17. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group as at 30 June 2015 and 31 December 2014:

### Financial assets

	Loans and receivables	
	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Trade and bills receivables	84,953	62,443
Financial assets included in prepayment, deposits and other receivables	15,023	3,678
Term deposits	1,504,833	—
Pledged deposits	—	5,846
Cash and cash equivalents	546,403	181,341
	<u>2,151,212</u>	<u>253,308</u>

### Financial liabilities

	Other financial liabilities	
	As at 30 June 2015 RMB' 000 (unaudited)	As at 31 December 2014 RMB' 000 (audited)
Trade and bills payables	5,449	8,790
Financial liabilities included in other payables and accruals	49,792	35,505
	<u>55,241</u>	<u>44,295</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 18. COMMITMENTS

### (a) Capital expenditure commitments

The Group had the following capital commitments at the end of the relevant periods:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Contracted, but not provided for: In respect of:		
Plant and machinery	<u>12,216</u>	<u>45,272</u>

### (b) Operating lease commitments

The future aggregate minimum lease payments due under non-cancellable operating leases for office premises are as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Within one year	2,400	1,878
In the second to fifth year, inclusive	<u>3,727</u>	<u>4,313</u>
	<u>6,127</u>	<u>6,191</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

## 19. RELATED PARTY TRANSACTIONS

	For the six-month period ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Rental fee		
Ms. You Jie	150	150
Shanghai Haohai Chemical Company Limited ("Haohai Chemical")	150	150
	<u>300</u>	<u>300</u>

Pursuant to the leasing contract, the Company rented offices from Ms. You Jie and Haohai Chemical with a monthly rental fee of RMB25,000 respectively.

## 20. CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any contingent liabilities (31 December 2014: nil).

## 21. EVENTS AFTER THE REPORTING PERIOD

On 17 July 2015, the Company set up a wholly-owned subsidiary Haohai Healthcare Holdings Co., Ltd. with a registered share capital of HK\$100.00.

As at 17 July 2015, the Company completed the capital injection from RMB60 million to RMB0.16 billion into Shanghai Qisheng, and the procedures for increase of registered capital has been completed at the Shanghai Minhang Market Supervision Administration.

As at 21 July 2015, the Company completed capital injection from RMB50 million to RMB0.15 billion into Shanghai Likangrui and the procedures for increase of registered capital has been completed at the Shanghai Qingpu Market Supervision Administration.

### CORPORATE PROFILE AND GLOBAL OFFERING

The Company is a joint stock company incorporated in the PRC with limited liability and converted from its predecessor, Shanghai Haohai Bio Technology Company Limited on 2 August 2010. The Company's H shares were listed and traded on the Main Board of the Stock Exchange on 30 April 2015 (the "Listing Date"). The prospectus of the Company dated 20 April 2015 (the "Prospectus") has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.3healthcare.com](http://www.3healthcare.com)) for information disclosure.

### INTERIM RESULTS

The interim results of the Group for the six months ended June 30, 2015 were published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company on 27 August 2015 for information disclosure.

### INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2015.

### SHARE CAPITAL

Share capital of the Company as at 30 June 2015 was as follows:

Nature of shares	Number of shares	Percentage of total issued share capital
Domestic shares	120,000,000	74.98%
H shares	40,045,300	25.02%

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

During the period from the Listing Date to 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### SUBSTANTIAL SHAREHOLDERS

On 30 June 2015, to the best knowledge of the Directors, the interests or short positions of the following persons (which are not Directors, chief executives or supervisors of the Company) in the shares or underlying shares of the Company, which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

## OTHER INFORMATION

### Substantial Shareholders Holding Domestic Shares of the Company

Name	Number of domestic shares (shares)	Approximate percentage of total issued domestic share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
Jiang Wei <sup>(1)</sup>	46,800,000 (L)	39.00	29.24	Beneficial owner
	28,800,000 (L)	24.00	17.99	Interest of spouse
Lou Guoliang	10,000,000 (L)	8.33	6.25	Beneficial owner

Note: L denotes long position

- Mr. Jiang Wei directly holds 46,800,000 shares in the Company. He is the spouse of Ms. You Jie and therefore he is deemed under the SFO to be interested in the 28,800,000 shares held by Ms. You Jie in the Company.

### Substantial Shareholders Holding H Shares of the Company

Name	Number of H shares (shares)	Approximate percentage of total issued H share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
Schroders Plc <sup>(1) (2)</sup>	6,748,100 (L)	16.85	4.22	Investment manager
Prime Capital Management Company Limited <sup>(1)</sup>	6,044,578 (L)	15.09	3.78	Investment manager
Prudence Investment Management (Hong Kong) Limited <sup>(1)</sup>	4,102,300 (L)	10.24	2.56	Investment manager
UBS AG <sup>(1) (3)</sup>	3,517,522 (L)	8.78	2.20	Person having a security interest in shares
	491,300 (L)	1.23	0.31	Interest of corporation controlled by the substantial shareholder

## OTHER INFORMATION

Name	Number of H shares (shares)	Approximate percentage of total issued H share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
UBS Group AG <sup>(1) (4)</sup>	3,517,522 (L)	8.78	2.20	Person having a security interest in shares
	491,300 (L)	1.23	0.31	Interest of corporation controlled by the substantial shareholder
Morgan Stanley <sup>(1) (5)</sup>	2,850,652 (L)	7.12	1.78	Interest of corporation controlled by the substantial shareholder
	1,038,027 (S)	2.59	0.65	Interest of corporation controlled by the substantial shareholder

Notes: L denotes long position and S denotes short position

- The disclosure is based on the information available on the website of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)).
- Long position of these 6,748,100 H shares are held by Schroders Plc through its interest in a series of controlled corporations and in its capacity as an investment manager.
- Among the long position of these 4,008,822 H shares, UBS AG was deemed to hold long position of 3,517,522 H shares through its security interest in those shares. In addition, UBS AG was deemed to have interest in long position of 491,300 H shares (UBS Global Asset Management (Hong Kong) Limited and UBS Fund Services (Luxembourg) S.A. were all wholly-owned by UBS AG, and were beneficially holding long position of 122,800 H shares and long position of 368,500 H shares in the Company, respectively).
- UBS Group AG held 98.02% equity interest in UBS Global Asset Management (Hong Kong) Limited and UBS Fund Services (Luxembourg) S.A. respectively. For further details, please refer to Note 3 above.
- Long position of these 2,850,652 H shares and short position of these 1,038,027 H shares are held by Morgan Stanley through its interest in a series of controlled corporations and in its capacity as interest of corporation controlled by the substantial shareholder.

Saved as disclosed above, as of 30 June 2015, to the best knowledge of the Directors, there were no other persons who had interests or short positions in the shares or underlying shares of the Company, which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## OTHER INFORMATION

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

As at 30 June 2015, the interests or short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name	Number of domestic shares (shares)	Approximate percentage of total issued domestic share capital (%)	Approximate percentage of total issued share capital (%)	Capacity in which interests are held
You Jie <sup>(1)</sup>	28,800,000 (L)	24.00	17.99	Beneficial owner
	46,800,000 (L)	39.00	29.24	Interest of spouse
Hou Yongtai	6,000,000 (L)	5.00	3.75	Beneficial owner
Wu Jianying	6,000,000 (L)	5.00	3.75	Beneficial owner
Ling Xihua	6,000,000 (L)	5.00	3.75	Beneficial owner
Huang Ping	2,000,000 (L)	1.67	1.25	Beneficial owner
Gan Renbao	500,000 (L)	0.42	0.31	Beneficial owner
Chen Yiyi	400,000 (L)	0.33	0.25	Beneficial owner
Liu Yuanzhong	2,000,000 (L)	1.67	1.25	Beneficial owner

Note: L denotes long position

- Ms. You Jie directly holds 28,800,000 shares in the Company. She is the spouse of Mr. Jiang Wei and therefore she is deemed under the SFO to be interested in the 46,800,000 shares held by Mr. Jiang Wei in the Company.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2015, none of the other Directors, supervisors of the Company or any of their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

### CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions under the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the period from the Listing Date to 30 June 2015. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

### AUDIT COMMITTEE

The Company has established an audit committee, which is comprised of five Directors, namely Mr. Shen Hongbo (chairman), Ms. You Jie, Mr. Chen Huabin, Mr. Li Yuanxu and Mr. Zhu Qin. The primary duties of the audit committee of the Company (the “Audit Committee”) are to review and supervise the Company’s financial reporting procedures and internal control system. The Group’s unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

### COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Having made specific enquiries to all Directors and supervisors, all of them confirmed that they have complied with the required standard set out in the Model Code during the period from the Listing Date to 30 June 2015.

### DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or supervisors or their respective associates (as defined in the Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights during the period from the Listing Date to 30 June 2015.

### MATERIAL LITIGATION

Save as disclosed in the section headed “Business — Legal Proceedings” in the Prospectus, the Company was not involved in any material litigation or arbitration during the six months ended 30 June 2015. So far as the Directors are aware, there is no material litigation or claims which are pending or threatened against the Company.

### CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

From the Listing Date to the date of this interim report, the Company did not appoint or dismiss any Director, supervisor and senior management. Meanwhile, from the Listing Date to the date of this interim report, there is no change of information about the Directors, supervisors or chief executive which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

By order of the Board  
**Hou Yongtai**  
*Chairman*

Shanghai, the PRC, 27 August 2015

## DEFINITIONS

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

“Company”, “our Company” or “Haohai Biological”	Shanghai Haohai Biological Technology Co., Ltd. (上海昊海生物科技股份有限公司), a joint stock company incorporated in the PRC with limited liability and converted from its predecessor, Shanghai Haohai Bio Technology Company Limited (上海昊海生物科技股份有限公司) on 2 August 2010
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”, “China” or “People’s Republic of China”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan, unless otherwise specified
“Shanghai Likangrui”	Shanghai Likangrui Biological Engineering Company Limited (上海利康瑞生物工程有限公同), a limited liability company established in the PRC on 3 September 2001, which is a direct wholly-owned subsidiary of our Company
“Shanghai Qisheng”	Shanghai Qisheng Biologics Company Limited (上海其勝生物製劑有限公司), a company established in the PRC on 27 May 1992, converted into a joint-stock cooperative enterprise on 10 July 1995 and further converted into a limited liability company on 28 March 2001, which is a direct wholly-owned subsidiary of our Company
“Shanghai Baiyue”	Shanghai Baiyue Medical Equipment Co., Ltd. (上海柏越醫療設備有限公司), a company established in the PRC on 25 September 2014, a non-wholly owned subsidiary of our Company since 3 February 2015, the equity interest of which is owned by our Company as to 60%, Gu Lingzhi as to 36%, and Li Xudong as to 4%, who are independent third parties
“CFDA”	the China Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理總局)
“SME Research”	the China Food and Drug Administration Southern Medicine Economic Research Institute (國家食品藥品監督管理總局南方醫藥經濟研究所), a unit directly under CFDA. Its main responsibilities include publicizing and implementing the policies and regulations of CFDA, establishing food and drug supervision information databases, etc.
“RMB”	Renminbi, the lawful currency of the PRC

## GLOSSARY OF TECHNICAL TERMS

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

“anti-adhesion”	prevention of fibrous bands formed between tissues and adjacent tissues or organs resulted from injuries during a surgery
“chitosan” (幾丁糖)	a class of polysaccharide without acetyl group or with partial acetyl group, dissolvable in acidic conditions
“Class III medical device” (三類醫療器械)	a class of medical devices with high risks which shall be strictly controlled and administered through special measures to ensure their safety and effectiveness
“clinical trial”	a research study for validating or finding the therapeutic effects and side-effects of test drugs in order to determine the therapeutic value and safety of such drugs
“hemostasis”	the arrest of bleeding
“medical chitosan” (醫用幾丁糖)	normally carboxyl-methylated chitosan which can be dissolved in water, regulated by CFDA as a Class III medical device
“medical collagen sponge” (醫用膠原蛋白海綿)	spongy material manufactured from bovine tendon by biological purification. It is used to fill operational cavity, wound hemostasis and wound healing
“medical sodium hyaluronate gel” (醫用透明質酸鈉凝膠)	sodium hyaluronate gel solution used for the ophthalmic surgery or anti-adhesive surgery, regulated by CFDA as a Class III medical device
“sodium hyaluronate injection” (玻璃酸鈉注射液)	sodium hyaluronate gel solution used for the intra-articular injection, regulated by CFDA as a prescription drug
“ophthalmic viscoelastic device” or “OVD”	viscoelastic sodium hyaluronate solution used in ophthalmic surgery. It can play the role of cushion to deepen the anterior chamber, which makes the operation convenient. It can also protect intraocular tissue and endothelial cell with improved success rate and reduced operation complication. It is widely used in artificial contact lens implantation, penetrating keratoplasty surgery as well as ocular trauma

## GLOSSARY OF TECHNICAL TERMS

“recombinant human epidermal growth factor” or “rhEGF”	EGF manufactured specifically by the technology of recombinant genetic engineering in Escherichia coli fermentation
“tissue filling”	a process to inject biomaterials under the skin and fill in the area
“type inspection”	in the healthcare context, type inspection is a type of quality inspection for judging whether the quality of a product conforms to all characteristics given by design which does not involve clinical trials