Bloomage BioTechnology Corporation Limited

華熙生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00963

2016

INTERIM REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhao Yan *(Chairman)*
Mr. Jin Xuekun *(Chief Executive Officer)*
Ms. Liu Aihua *(resigned on 26 August 2016)*
Mr. Gong Anmin *(appointed on 26 August 2016)*
Ms. Wang Aihua

NON-EXECUTIVE DIRECTOR

Mr. Yau Wai Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhan Lili
Mr. Li Junhong
Mr. Xue Zhaofeng

COMPANY SECRETARY

Mr. Yau Wai Yan

AUTHORISED REPRESENTATIVES

Ms. Wang Aihua
Mr. Yau Wai Yan

MEMBERS OF AUDIT COMMITTEE

Mr. Li Junhong *(Chairman)*
Ms. Zhan Lili
Mr. Xue Zhaofeng

MEMBERS OF REMUNERATION COMMITTEE

Mr. Xue Zhaofeng *(Chairman)*
Mr. Li Junhong
Mr. Jin Xuekun

MEMBERS OF NOMINATION COMMITTEE

Ms. Zhan Lili *(Chairman)*
Mr. Xue Zhaofeng
Ms. Liu Aihua *(resigned on 26 August 2016)*
Mr. Gong Anmin *(appointed on 26 August 2016)*

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 678 Tianchen Avenue
High-tech Development Zone
Jinan City
Shandong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 501, Hutchison House,
No 10 Harcourt Road,
Central
Hong Kong

AUDITORS

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Sidley Austin
39/F, Two International Finance Centre
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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Hong Kong

STOCK CODE

00963

COMPANY WEBSITE

www.bloomagebio-tech.com

PRINCIPAL BANKERS

Jinan Branch of the Bank of China
China Everbright Bank

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP

Bloomage BioTechnology Corporation Limited (the "Company", together with its subsidiaries, the "Group") was listed on the main board of the Stock Exchange in 2008. The Company is principally engaged in the development, manufacture and sales of raw materials and end products for a diversified range of hyaluronic acid (also known as hyaluronan, hyaluronic acid sodium, abbreviated as "HA"), and is a leading provider of medical beauty products and services in the PRC and one of the world's largest producers of HA raw materials. The Group devotes to develop itself to be a provider of comprehensive series of products and solutions based on HA as the core.

Since its establishment, the Group leverages on the development, manufacture and sales of a diversified range of HA and derivative raw materials based on bio-fermentation technology. The HA raw material products of the Group are classified into three major grades, namely pharmaceutical grade, cosmetic grade and food grade, covering more than 70 series of products, which are widely applied to various respects such as pharmaceutical, cosmetic and food. The Group also customizes products on demand to meet the needs of customers.

Leveraging on the outstanding research and development capability of the Group, the Group successfully launched its injection cosmetic filler product - Hyaluronan Soft Tissue Filling Gel in 2012 and extended its business scope to HA end products. Currently, the self-developed end products of the Group comprise Hyaluronan Soft Tissue Filling Gel (including BioHyalux and Dermallure), HA+ medical skin care products (including professional pre-operation and post-operation repair products and daily maintenance and moisturizing products), Medical HA Gel for ophthalmologic use (trade name "Hymois") and bone products for intra-articular injection (trade name "Hyprojoint").

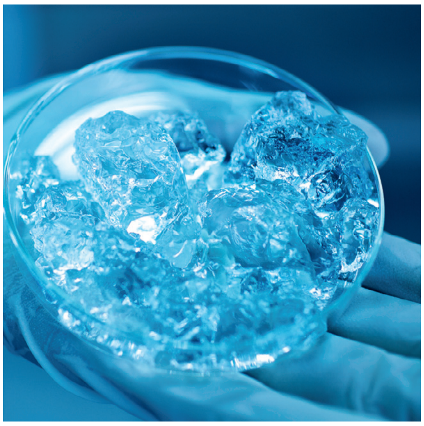
Based on its existing products and through integrating and utilizing global new technologies and products, the Group formed strategic cooperation with an European renowned manufacturer, Laboratoires Vivacy SAS ("Vivacy"), and an international corporation of high-end Toxin Medytox Inc ("Medytox") to become the regional exclusive distributor for their products. Meanwhile, the Group also entered into business cooperation with internationally renowned device manufacturers such as Syneron Medical Ltd. ("Syneron"), in order to obtain the distributor licenses for relevant beauty devices and to realize comprehensive development of medical beauty products and solutions.

The Group always treats technological innovation as its driving force and two decades' research and development efforts as the foundation to seek breakthroughs in technological innovation and to capture first mover opportunities for future growth.

BUSINESS REVIEW

During the first half of 2016, with the unstable global economy, the economic recovery of the United States slowing down, the significant impact caused by Brexit to the European Union and even the world and the economic growth of the PRC slowing down, the entire macro-economic environment was complicated. In the PRC, the high return rate of medical aesthetics industry has been slightly reduced. Nevertheless, it is still the area of focus sought by the capital market, and maintains a strong momentum of development. The external environment counts as both opportunities and pressure for the business development of the Group.

The Group adhered to established development strategies and moved forward steadily. For the six months ended 30 June 2016, the Group's revenue amounted to approximately RMB418,341,000, which represents an increase of approximately 34.1% as compared to approximately RMB312,002,000 for the corresponding period in 2015. For the six months ended 30 June 2016, profit of approximately RMB108,432,000 was realized, which represents an increase of approximately 8.8% as compared to approximately RMB99,687,000 for the corresponding period in 2015. The earnings before interest, taxes, depreciation and amortisation (excluding share of profits less losses of associates and share of loss of a joint venture) of the Group for the first half of 2016 was approximately RMB173,691,000 (the corresponding period of 2015: approximately RMB146,305,000), representing an increase of approximately RMB27,386,000 or 18.7% as compared to the corresponding period of 2015.



HA raw material and end products business

HA raw material product

During the first half of 2016, against a macroeconomic background of weak global economic recovery, in particular with a low domestic economic growth rate, the Group managed to realize approximately 11.3% growth in sales of HA raw material product on a year-on-year basis by adopting correct strategic arrangements and by leveraging on the long-term penetration and accumulation in the HA application areas.

During the first half of 2016, benefiting from the reasonable distribution of the Group's overseas markets, pharmaceutical grade HA achieved significant breakthrough in overseas markets, the Group set its eyes on international pharmaceutical companies, especially in overseas markets such as North America, Europe and India, resulting in significant increase in the sales amount of pharmaceutical HA on a year-on-year basis. In March 2016, the Group established an office in Japan to develop a second overseas business development center after establishing a US subsidiary by adopting a localized and professional business development model to promote all lines of products. In the personal skin care sector, although the impact of a weakened economy on downstream cosmetics business brought great pressure on the Group's sales of cosmetic grade HA, through product innovations and service innovations, the Group was able to maintain the stable development of cosmetic grade HA.

HA end product

During the first half of 2016, the Group's HA end product business continued to focus on the development of BioHyalux. Meanwhile, the Group also expanded into the markets for skin health and surgical products actively, and achieved an increase of approximately 32.8% in the revenue of end products as compared to the corresponding period in 2015.

2016 is the fourth anniversary of BioHyalux since its debut in the medical beauty market. With gradual standardization in supervision and control by national policies, market development has gradually become more mature. Injectable HA gel increased from two brands when BioHyalux was launched in the market to more than 10 different brands currently with CFDA approval for launching, competition has intensified. Due to insufficient differentiation in the brands of injectable HA gel, most competition was in the simple form of price cutting and the entire market suffered gravely. This also created great pressure on the price and market share of BioHyalux. In response to such a change in the market, the Group continued to promote its clinical design solutions with unique features, such as the exclusive injection method of "BV5" lifting. Meanwhile, the Group further promoted the biological activated combined treatment ("BACT") for skin and the combined aesthetic concepts of a number of therapeutic methods to formulate a series of product portfolios and service package solutions. Through various product portfolios, combing the dynamics of BioHyalux, global avant-garde beauty equipment and unique medical skin care products, etc., non-replicable skin therapy solutions were created to cover various aspects before, during and after medical beauty surgery and daily maintenance, minimising the negativity of competing in an increasingly homogeneous market landscape with a single product, which had also developed emerging channels for medical skin care products of the Group.

In the sector of skin health products, the unique HA based post-surgery recovery product of the Group won widespread recognition in the industry after it was launched in the market. The BioHyalux HA skin protective mask became the icon of best quality among similar products in the current market, and a range of ancillary functional products launched subsequently were also highly sought after in the market. By combining with global avant-garde medical beauty equipment, and providing more professional services to enhance the value added through cooperation between medical institutions and the Group, both the customers' reliability on the Group as well as the value added to the products were also enhanced, enabling the rapid development in the use and popularity of skin health products.

In addition, the Group's surgical products also established cooperative relationship with a number of hospitals and achieved a breakthrough in the Group's business.

Trading business

During the first half of 2016, the Group made a breakthrough progress in the trading business and realized sales revenue of approximately RMB50,923,000, which was mainly attributable to the marketing and sales of products of a French company, Vivacy introduced by the Group and cosmetic devices in the Asia Pacific region.

After the Group entered into a strategic partnership with Vivacy in July 2015, the Group actively proceeded with the registration of its filed products in China on one hand, while registration and filing for more breakdown categories of products under Vivacy also commenced. On the other hand, being an exclusive distributor of Vivacy in the Asia Pacific region, the Group commenced sales in the region including Hong Kong, Singapore and Thailand, with booming sales momentum. With further implementation of the Group's development strategy for medical beauty solutions, the Group also recorded remarkable progress in equipment distribution sales. The Group became the authorised distributor for various devices under international brands such as jetpeel needle-less vital injector from Israel, Derma Shine vital equipments from Korea, Syneron from Israel, together with the Group's self-researched skin health products, obtaining excellent promotional effect.

Research & development and quality

During the first half of 2016, the Group continued to research, produce and reserve a number of products and obtained the relevant qualifications and honors.

The Group's research and development team, the "Hyaluronic Acid Fermentation Technology Team (透明質酸發酵技術團隊)", was awarded the honor of "Innovation Team of Jinan (濟南市創新團隊)", and the "Hyaluronic Acid Cross-linking Technology Team (透明質酸交聯技術團隊)" of end products was included in the "Jinan High New Technology Zone Haiyou Talent Scheme (濟南高新區海右人才計劃)". Outstanding and excellent research and development talents have been developing new products for the Group constantly, providing a significant assurance for enriching the Group's product system.

On the development of raw material products, by leveraging on the Group's internationally leading fermentation technology in hyaluronic acid for over 20 years, the Group has established a microbiological fermentation technology platform and is in the process of developing a series of fermented raw materials. New products researched and developed by the Group also received many awards and honors during the first half of 2016. Nano HA®/mini HA® was awarded the "Innovative Product Award of the Cosmetic Industry (化妝品行業創新產品獎)" by the China Association of Fragrance Flavor and Cosmetic Industries (中國香料香精化妝品工業協會), this product was also awarded the honor of "Branded Product of Shandong Province (山東名牌產品)" concurrently, and the patent of this product was also granted the "Patent Award of the People's Government of Shandong Province (山東省人民政府專利獎)", fully reflecting the product's level of technological innovation. Another product Hyacross® was awarded "Personal Care and Cosmetics Technology Innovation Award in China (中國個人護理品及化妝品技術創新獎)" of 2016. On product registration, pharmaceutical grade sodium hyaluronate active ingredients have obtained registration certificate from Russia, hydrolyzed hyaluronic acid has obtained the ECOCERT certification, many specifications of pharmaceutical grade sodium hyaluronate are currently in the process of registration in the European Union and India, and HA injection filler is also in the process of registration in Russia.

On the research and development of end products, Hyaluronan Soft Tissue Filling Gel containing lidocaine hydrochloride (trade name: Dermallure, hereinafter "Dermallure") has obtained CFDA approval and received the Class III medical device registration certificate. Combined with the updated formula of lidocaine hydroch-loride, the new product Dermallure will effectively alleviate the pain induced from injection which enables doctors to operate easily and further enhance the acceptability of consumers. Other series of Hyaluronan Soft Tissue Filling products and sodium hyaluronate surgical hemostasis products are developing in the clinical test stage. Moreover, the Medytox botox products commissioned by the Group have completed the initial information preparatory stage and is entering the clinical test stage.

BUSINESS OUTLOOK

In the first half of 2016, the medical beauty eco-chain strategy implemented by the Group achieved initial fruition. The Group will continue to implement this strategy resolutely. Meanwhile, the intensifying competition in the industry will accelerate transformation, innovation and diversified development of the Group.

For HA raw materials, the Group will continue to develop overseas sales of pharmaceutical grade HA with strong efforts, while promoting new raw materials and new applications for personal care products to ensure the sales of cosmetic grade HA and to achieve sustainable and stable growth of the raw material business.

For HA end products, the Group will keep on developing towards the multi-product and multi-brand direction. With the launching of the new product, Dermallure, in the market, it formed a complementary force with BioHyalux products and divided the market into finer segments by covering various consumer group. The Group will develop and introduce new products and new equipment persistently to form portfolio and packages with existing products, and will eliminate old products and launch new products in order to satisfy existing demand from end product consumers while leading a new trend for the medical beauty industry in China. The Group will also enhance cooperation with existing customers by launching new products and enlarge the coverage of existing products through the expansion of various channels. Comprehensive products and technical solutions will be provided by combining service training teams from the perspective of customer needs.

FINANCIAL REVIEW

REVENUE

The Group's revenue for the six months ended 30 June 2016 was approximately RMB418.341 million, representing an increase of approximately 34.1% as compared to the corresponding period of 2015.

	Six months ended 30 June			
	2016		2015	
	RMB'000	***%***	*RMB'000*	*%*
Sales of self-produced products:				
—HA raw materials	**234,208**	**56.0**	210,391	67.4
—HA end products	**133,210**	**31.8**	100,309	32.2
Revenue from trading of cosmetic products and devices	**50,923**	**12.2**	1,302	0.4
Total	**418,341**	**100.0**	312,002	100.0

COST OF SALES

Cost of sales of the Group for the six months ended 30 June 2016 was approximately RMB136.007 million, representing an increase of approximately 62.4% as compared to approximately RMB83.766 million for the corresponding period of 2015. The increase was mainly attributable to the increase in sales volume and the new business segment of trading of cosmetics product and devices.

GROSS PROFIT MARGIN

The Group's gross profit margin for the six months ended 30 June 2016 decreased to approximately 67.5% from approximately 73.2% for the corresponding period of 2015. The decrease was mainly due to the new business segment of trading of cosmetics products and devices, which has a lower gross profit margin than that of the existing business from HA raw materials and HA end products.

OTHER REVENUE

Other revenue of the Group was approximately RMB13.266 million for the six months ended 30 June 2016, representing an increase of approximately RMB7.143 million as compared to the corresponding period of 2015. The increase in other revenue was mainly attributable to the increase of interest income from deposit at bank as compared to the six months ended 30 June 2015.

DISTRIBUTION COSTS

The Group's distribution costs for the six months ended 30 June 2016 were approximately RMB66.868 million, representing an increase of approximately 51.2% from approximately RMB44.222 million for the corresponding period of 2015. The increase was mainly attributable to the combined effect of the increase in amortisation expense of intangible assets related to the exclusive distribution agreements for the distribution of Vivacy's products in certain countries in the Asia-Pacific region and increase in staff cost resulting from the increase of the sales staff, which is in line with the Group's strategy on promotion enhancement and business development. The amortisation expense of intangible assets included in the distritubion costs for the six months ended 30 June 2016 were approximately RMB10.849 million (the corresponding period of 2015: nil).

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for the six months ended 30 June 2016 were approximately RMB73.499 million, representing an increase of approximately 29.5% from approximately RMB56.740 million for the corresponding period of 2015. The increase in administrative expenses was mainly due to the increase in staff costs as a result of increase in the number of staff. The non-cash equity-settled share-based payment expenses included in the administrative expenses for the six months ended 30 June 2016 were approximately RMB11.338 million (the corresponding period of 2015: RMB12.101 million).

OTHER OPERATING EXPENSES, NET

The Group's other operating expenses, net for the six months ended 30 June 2016 were approximately RMB7.793 million, representing an increase of approximately 308.0% from approximately RMB1.910 million for the corresponding period of 2015.

FINANCE COSTS

The Group's finance costs for the six months ended 30 June 2016 were approximately RMB24.065 million, representing an increase of approximately 469.3% from approximately RMB4.227 million for the corresponding period of 2015. The Group's finance costs mainly represented the interest on bank borrowings and the convertible bonds.

PROFIT FOR THE PERIOD

The Group's profit for the six months ended 30 June 2016 was approximately RMB108.432 million, representing an increase of approximately 8.8% from approximately RMB99.687 million for the corresponding period of 2015. The earnings before interest, taxes, depreciation and amortisation (excluding share of profits less losses of associates and share of loss of a joint venture) of the Group for the first half of 2016 was approximately RMB173,691,000 (the corresponding period of 2015: approximately RMB146,305,000), representing an increase of approximately RMB27,386,000 or 18.7% as compared to the corresponding period of 2015.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the current assets of the Group were approximately RMB1,140.083 million (31 December 2015: approximately RMB1,275.516 million) and the current liabilities were approximately RMB379.304 million (31 December 2015: approximately RMB624.100 million). As at 30 June 2016, the current ratio of the Group was approximately 300.6% (31 December 2015: approximately 204.4%). The increase in current ratio was mainly due to the repayment of the secured bank loan.

As at 30 June 2016, cash and cash equivalents of the Group were approximately RMB380.756 million (31 December 2015: approximately RMB651.050 million), of which approximately 27% (31 December 2015: approximately 10%) was denominated in RMB, approximately 1% (31 December 2015: approximately 4%) in Hong Kong dollars, approximately 67% (31 December 2015: approximately 84%) in United States dollars ("USD") and approximately 3% (31 December 2015: approximately 1%) in Japanese Yen ("JPY") and approximately 2% (31 December 2015: approximately 1%) in Euro.

As at 30 June 2016, the Group's total bank borrowing was approximately RMB235.881 million (31 December 2015: approximately RMB472.873 million). The total amount of bank borrowings as at 30 June 2016, was repayable within 3 years.

As at 30 June 2016, total liabilities were approximately RMB764.385 million (31 December 2015: approximately RMB1,007.214 million). The Group's gearing ratio (calculated by dividing total liabilities by total assets) as at 30 June 2016 was approximately 35.1% (31 December 2015: approximately 45.8%). The decrease in gearing ratio as at 30 June 2016 as compared to that as at 31 December 2015 was principally attributable to the repayment of the secured bank loan.

Net cash generated from operating activities for the six months ended 30 June 2016 was approximately RMB18.390 million (six months ended 30 June 2015: approximately RMB72.500 million). Net cash used in investing activities for the six months ended 30 June 2016 was approximately RMB52.204 million (six months ended 30 June 2015: approximately RMB174.651 million), mainly representing the expenditure for the purchase of equipments and intangible assets and payments for the acquisition of interest in associates. Net cash used in financing activities for the six months ended 30 June 2016 was approximately RMB247.211 million (six months ended 30 June 2015: net cash generated from financing activities of approximately RMB220.243 million), mainly representing the repayment of the secured bank loans.

The Board is of the opinion that the Group is in a strong and healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

The long-term funding and working capital required by the Group are primarily derived from income generated from its core business operations, and cash proceeds raised from bank and other borrowings, convertible bonds (including the 2015 Issue of CBs and Shares).

FOREIGN EXCHANGE RISK AND CONTINGENT LIABILITIES

The sales of the Group were principally denominated in RMB, USD and JPY, with the majority of which denominated in RMB. The Group's secured bank loan at 30 June 2016 was denominated in USD and Euro. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations (other than the fluctuation of exchange rates of USD and Euro) to materially impact the Group's operations. The Group has not adopted formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the period under review. The Group will closely monitor the foreign exchange risk and take appropriate measures when needed to address the risk.

As at 30 June 2016, the Group had no contingent liabilities (31 December 2015: Nil).

CAPITAL COMMITMENT

As at 30 June 2016, the capital commitment for construction of property, plant and equipment of the Group was approximately RMB6.020 million (31 December 2015: approximately RMB8.000 million).

EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 758 employees (31 December 2015: 717 employees) the majority of whom were stationed in the PRC. Total remuneration for the six months ended 30 June 2016 amounted to approximately RMB89.086 million (six months ended 30 June 2015: approximately RMB58.632 million). The Group adopts a competitive remuneration package for its employees. Promotion and salary increment are assessed based on a performance-related basis. Share options may also be granted to staff with reference to individual's performance.

CHARGE ON ASSETS

As at 30 June 2016, the Group has pledged bank deposit of RMB255.000 million, property, plant and equipment of RMB194.697 million and lease prepayments of RMB58.507 million for issuance of letters of guarantee issued by a PRC bank that in turn secure the bank loan borrowed from a Macau bank and a Hong Kong bank.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2016, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

CONTINUING CONNECTED TRANSACTIONS

On 4 January 2016, Beijing Bloomage Hyinc entered into a property leasing agreement (the "Property Leasing Agreement") with Beijing Bloomage Central Property Management Co., Ltd ("Bloomage Property"), pursuant to which Beijing Bloomage Hyinc leases from Bloomage Property certain properties located in Beijing, the PRC as office for a term of 1 year from 1 January 2016 to 31 December 2016 at an annual rental cap of RMB6,745,861.20. As Bloomage Property is currently ultimately owned as to approximately 86.8% by Ms. Zhao Yan, the controlling shareholder of the Company, the chairman of the Company and an executive Director, Bloomage Property is a connected person of the Company under the Listing Rules.

As none of the applicable percentage ratios (other than the profits ratio) for the Property Leasing Agreement in aggregate, on an annual basis, exceeds the 5% threshold under Rule 14A.76 of the Listing Rules, the Property Leasing Agreement is only subject to the reporting, annual review and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Property Leasing Agreement are set out in the announcement of the Company dated 4 January 2016.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors and/or chief executive of the Company in any shares (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which required notification pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests and short positions in the Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares and underlying Shares held/ interested in	Approximate percentage of the issued share capital of the Company
Ms. Zhao Yan	Interest of a controlled corporation *(Note 2)*	182,520,000 (L) *(Note 1)*	50.44%
	Interest of a controlled corporation *(Note 6)*	9,960,000 (L)	2.75%
	Interest of a controlled corporation *(Note 6)*	9,960,000 (S)	2.75%
	Beneficial owner	1,200,000 (L)	0.33%
Ms. Liu Aihua	Interest of a controlled corporation *(Note 3)*	4,544,000 (L)	1.26%
	Beneficial owner *(Note 3 and 4)*	2,190,000 (L)	0.61%
Ms. Wang Aihua	Beneficial owner *(Note 4)*	922,188 (L)	0.25%
Mr. Jin Xuekun	Interest of a controlled corporation *(Note 5)*	16,600,000 (L)	4.59%
	Beneficial owner *(Note 4)*	12,363,750 (L)	3.42%
	Interest of a controlled corporation *(Note 6)*	9,960,000 (L)	2.75%
	Interest of a controlled corporation *(Note 6)*	9,960,000 (S)	2.75%
Mr. Yau Wai Yan	Beneficial owner *(Note 4)*	341,788 (L)	0.09%

Notes:

(1) The letter "L" denotes a long position in the shares of the Company and the letter "S" denotes a short position in the shares of the Company.

(2) These 182,520,000 Shares are held by AIM First Investments Limited ("AFI"), which is wholly-owned by Ms. Zhao Yan. Therefore, Ms. Zhao is deemed, or taken to be, interested in all the Shares and underlying Shares which are beneficially owned by AFI for the purpose of the SFO.

(3) These 4,544,000 Shares are held by Forever Shining Holdings Limited ("Forever Shining"), which is owned as to 42.86% by Ms. Liu Aihua. Therefore, Ms. Liu Aihua is deemed, or taken to be, interested in all the Shares which are beneficially owned by Forever Shining for the purpose of the SFO. Ms. Liu Aihua is interested as a grantee of options to subscribe 2,190,000 shares of the Company under the share option scheme of the Company.

(4) On 24 December 2012, 2,190,000, 680,000 and 310,000 share options were granted to Ms. Liu Aihua, Ms. Wang Aihua and Mr. Jin Xuekun, respectively, pursuant to the share option scheme of the Company. On 29 October 2013, 99,600 and 6,640,000 share options were granted pursuant to the share option scheme of the Company to Mr. Yau Wai Yan and conditionally to Mr. Jin Xuekun respectively which was approved by the independent shareholders of the Company at the extraordinary general meeting held on 23 December 2013. Mr. Jin, Ms. Wang and Mr. Yau holds 5,413,750, 242,188, 242,188 Shares through their individual securities account respectively.

(5) These 16,600,000 warrants were held by Wealthy Delight Group Limited ("Wealthy Delight") which is wholly-owned by Mr. Jin Xuekun. Therefore, Mr. Jin Xuekun is deemed, or taken to be, interested in all the warrants beneficially owned by Wealthy Delight for the purpose of the SFO.

(6) On 22 May 2014, AFI had granted a call option to Wealthy Delight ("AFI Call Option") exercisable during the period from 22 May 2014 to 22 May 2019 to require AFI to transfer an aggregate of 9,960,000 shares of the Company or any part thereof held by AFI (the "Option Shares") to Wealthy Delight at HK$5.8 per share (the "Transfer Price"); and Wealthy Delight had granted a call option to AFI exercisable during the period commencing on the completion date of the transfer of the relevant Option Shares under the AFI Call Option and ending on 22 May 2019 to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI Call Option has been exercised by Wealthy Delight and Mr. Jin resigns as the chief executive officer of the Company due to personal reason(s).

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding
Ms. Zhao Yan	AFI	Beneficial owner	50,000 ordinary shares	100%

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2016, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of	**Nature of interest**	**Number of Shares and underlying Shares held/ interested in**	**Approximate percentage of the issued share capital of the Company**
Substantial shareholders			
AFI *(Note 2 and 6)*	Beneficial owner	182,520,000 (L) *(Note 1)*	50.44%
		9,960,000 (L)	2.75%
		9,960,000 (S)	2.75%
Mr. Wang Yi *(Note 3)*	Interest of spouse	183,720,000 (L)	50.77%
		9,960,000 (L)	2.75%
		9,960,000 (S)	2.75%
Wealthy Delight *(Note 4 and 6)*	Beneficial owner	16,600,000 (L)	4.59%
		9,960,000 (L)	2.75%
		9,960,000 (S)	2.75%
Ms. Zhang Lanying *(Note 5)*	Interest of spouse	28,963,750 (L)	8.00%
		9,960,000 (L)	2.75%
		9,960,000 (S)	2.75%
Ora Investment Pte. Ltd.	Beneficial owner	43,180,717 (L)	11.93%
GIC (Ventures) Pte. Ltd.	Interest of a controlled corporation	43,180,717 (L)	11.93%
GIC Special Investments Pte. Ltd.	Interest of a controlled corporation	43,180,717 (L)	11.93%
GIC Private Limited	Interest of a controlled corporation	43,180,717 (L)	11.93%

Notes:

(1) The letter "L" denotes a long position in the shares of the Company and the letter "S" denotes a short position in the shares of the Company.

(2) AFI is wholly-owned by Ms. Zhao. Ms. Zhao is the sole director of AFI.

(3) Mr. Wang Yi is the spouse of Ms. Zhao Yan. Under the SFO, Mr. Wang Yi is deemed, or taken to be, interested in all the Shares and underlying Shares in which Ms. Zhao is interested.

(4) On 27 December 2013, 16,600,000 warrants of the Company were granted to Wealthy Delight conferring the right to subscribe for 16,600,000 Shares by the holder of such warrants.

(5) Ms. Zhang Lanying is the spouse of Mr. Jin Xuekun. Under the SFO, Ms. Zhang Lanying is deemed, or taken to be, interested in all the Shares and underlying Shares in which Mr. Jin Xuekun is interested.

(6) On 22 May 2014, AFI had granted a call option to Wealthy Delight ("AFI Call Option") exercisable during the period from 22 May 2014 to 22 May 2019 to require AFI to transfer an aggregate of 9,960,000 shares of the Company or any part thereof held by AFI (the "Option Shares") to Wealthy Delight at HK$5.8 per share (the "Transfer Price"); and Wealthy Delight had granted a call option to AFI exercisable during the period commencing on the completion date of the transfer of the relevant Option Shares under the AFI Call Option and ending on 22 May 2019 to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI Call Option has been exercised by Wealthy Delight and Mr. Jin resigns as the chief executive officer of the Company due to personal reason(s).

Save as disclosed above, as at 30 June 2016, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred therein.

SHARE OPTION SCHEME

On 24 December 2012, 12,480,000 share options to subscribe for up to a total of 12,480,000 shares of the Company were granted to certain grantees under the share option scheme of the Company (the "Scheme") and each share option shall entitle the holder to subscribe for one share of the Company at the exercise price of HKD4.422 per Share. 50% of the share options may be exercised within the period from 25 December 2013 to 24 December 2017 and the remaining 50% of the share options may be exercised within the period from 25 December 2014 to 24 December 2017. Details of the grant of share options are set out in the announcement of the Company dated 24 December 2012.

Furthermore, on 29 October 2013, 3,320,000 share options to subscribe for a total of 3,320,000 shares were granted to certain employees of the Group, each share option shall entitle the holder to subscribe for one share at the exercise price of HKD16.652 per share, subject to achievement of the performance target for the relevant period before the share option can be exercised. 25% of the share options may be exercised within the period from 30 October 2014 to 29 October 2018, 25% of the share options may be exercised within the period from 30 October 2015 to 29 October 2018, 25% of the share options may be exercised within the period from 30 October 2016 to 29 October 2018, and the remaining 25% share options may be exercised within the period from 30 October 2017 to 29 October 2018. Details of the grant of share options are set out in the announcement of the Company dated 29 October 2013.

Moreover, on 29 October 2013, 6,640,000 share options to subscribe for a total of 6,640,000 shares were granted to Mr. Jin Xuekun under the Scheme, each share option shall entitle Mr. Jin to subscribe for one share at the exercise price of HKD16.652 per share, subject to achievement of the performance target for the relevant period before the share option can be exercised. 25% of the share options may be exercised within the period from 23 December 2014 to 22 December 2018, 25% of the share options may be exercised within the period from 23 December 2015 to 22 December 2018, 25% of the share options may be exercised within the period from 23 December 2016 to 22 December 2018, and the remaining 25% share options may be exercised within the period from 23 December 2017 to 22 December 2018. Details of the grant of share options are set out in the announcement of the Company dated 29 October 2013.

The status of the share options granted up to 30 June 2016 is as follows:

	Number of unlisted share options								
Name and category of participant	As at 1 January 2016	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	As at 30 June 2016	Date of grant of share options	Vesting period of share options*	End of exercise period	Exercise price of share options *HKD per share*
Directors									
Liu Aihua	2,190,000	—	—	—	2,190,000	24 December 2012	50%: 24 December 2012 to 24 December 2013 50%: 24 December 2012 to 24 December 2014	24 December 2017	4.422
Wang Aihua	680,000	—	—	—	680,000	24 December 2012	50%: 24 December 2012 to 24 December 2013 50%: 24 December 2012 to 24 December 2014	24 December 2017	4.422
Jin Xuekun	310,000	—	—	—	310,000	24 December 2012	50%: 24 December 2012 to 24 December 2013 50%: 24 December 2012 to 24 December 2014	24 December 2017	4.422
	6,640,000	—	—	—	6,640,000	29 October 2013	25%: 23 December 2013 to 22 December 2014 25%: 23 December 2013 to 22 December 2015 25%: 23 December 2013 to 22 December 2016 25%: 23 December 2013 to 22 December 2017	22 December 2018	16.652
Yau Wai Yan	99,600	—	—	—	99,600	29 October 2013	25%: 29 October 2013 to 29 October 2014 25%: 29 October 2013 to 29 October 2015 25%: 29 October 2013 to 29 October 2016 25%: 29 October 2013 to 29 October 2017	29 October 2018	16.652
Other employees	6,126,000	—	—	850,000	5,276,000	24 December 2012	50%: 24 December 2012 to 24 December 2013 50%: 24 December 2012 to 24 December 2014	24 December 2017	4.422
	3,220,400	—	199,200	—	3,021,200	29 October 2013	25%: 29 October 2013 to 29 October 2014 25%: 29 October 2013 to 29 October 2015 25%: 29 October 2013 to 29 October 2016 25%: 29 October 2013 to 29 October 2017	29 October 2018	16.652
Total	19,266,000	—	199,200	850,000	18,216,800				

Notes to the table of share options outstanding during the period:

* The vesting period of the share options is from the date of grant until the commencement of the exercise period. Such share options will only become vested upon expiry of the relevant vesting period.

OPTION AGREEMENT

On 22 May 2014, AIM First Investments Limited ("AFI"), Ms. Zhao Yan ("Ms. Zhao"), the chairman of the Company and an executive Director (as warrantor for AFI), Wealthy Delight Group Limited ("Wealthy Delight") and Mr. Jin Xuekun ("Mr. Jin"), the chief executive officer of the Company and an executive Director (as warrantor for Wealthy Delight) entered into an option agreement (the "Option Agreement"), pursuant to which, (i) AFI has granted a call option to Wealthy Delight ("AFI Call Option") exercisable during the period from 22 May 2014 to 22 May 2019 to require AFI to transfer an aggregate of 9,960,000 shares of the Company or any part thereof held by AFI (the "Option Shares") to Wealthy Delight at HK$5.8 per share (the "Transfer Price"); and (ii) Wealthy Delight has granted a call option to AFI exercisable during the period commencing on the completion date of the transfer of the relevant Option Shares under the AFI Call Option and ending on 22 May 2019 to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI Call Option has been exercised by Wealthy Delight and Mr. Jin resigns as the chief executive officer of the Company due to personal reason(s). Details of the Option Agreement are set out in the announcement of the Company dated 22 May 2014.

ISSUE OF CONVERTIBLE BONDS AND SUBSCRIPTION SHARES AND USE OF PROCEEDS

On 5 November 2015, the Company and Ora Investment Pte. Ltd. ("**ORA**") (an investment vehicle managed by GIC Pte. Ltd's ("**GIC**") private equity and infrastructure Group) entered into a shares and convertible bonds subscription agreement, pursuant to which and upon completion of the issue and subscription on 20 November 2015, the Company issued convertible bonds with total principal amount of HK$465 million and allotted and issued a total of 16,145,834 new Shares to ORA, representing approximately 4.84% of the issued share capital of the Company as at the date of the agreement. Both ORA and GIC are independent third parties. ("**2015 Issue of CBs and Shares**")

USE OF PROCEEDS FOR THE PERIOD ENDED 30 JUNE 2016

			Actual Use of Proceeds	
Fund Raising	**Net Proceeds HK$**	**Intended Use of Proceeds**	**Usage**	**Amount HK$**
2015 Issue of CBs and Shares	652.7 million (note)	Financing potential mergers and acquisitions, capital expenditures and working capital and general corporate purposes.	Investment in joint venture and associated companies	35.5 million
			Working capital and general corporate purposes (including the repayment of bank loans)	419.0 million
			Total	454.5 million

Note: As at 31 December 2015, approximately HK$62.6 million of the net proceeds of the 2015 Issue of CBs and Shares were used for working capital and general corporate purposes and approximately HK$590.1 million of the proceeds of the 2015 Issue of CBs and Shares remained unused.

As at 30 June 2016, approximately HK$135.6 million of the net proceeds of the 2015 Issue of CBs and Shares remained unused.

INTERIM DIVIDEND

The Board does not recommend the declaration or payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2016.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "Audit Committee") are to review the Group's financial information, oversee and supervise the financial reporting process, risk management and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Junhong, Ms. Zhan Lili and Mr. Xue Zhaofeng. Mr. Li Junhong is the chairman of the Audit Committee.

NOMINATION COMMITTEE

The primary duties of the nomination committee of the Company (the "Nomination Committee") are to make recommendations to the Board on the appointment of Directors and management of the Board's succession and to ensure that the candidates to be nominated as Directors are experienced, high calibre individuals. The Nomination Committee comprises one executive Director, namely Ms. Liu Aihua and two independent non-executive Directors, namely Ms. Zhan Lili and Mr. Xue Zhaofeng. Ms. Zhan Lili is the chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The primary duties of the remuneration committee of the Company (the "Remuneration Committee") are to regularly make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee comprises one executive Director, namely Mr. Jin Xuekun and two independent non-executive Directors, namely Mr. Xue Zhaofeng and Mr. Li Junhong. Mr. Xue Zhaofeng is the chairman of the Remuneration Committee.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealing in securities of the Company by the Directors. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiries to all Directors, it is confirmed that all Directors have complied with the Model Code during the six months ended 30 June 2016. Moreover, no incident of non-compliance of the Model Code by the relevant employees who are likely to be in possession of unpublished inside information of the Group was noted by the Company to date.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the auditing principles and practices adopted by the Company and adjusted matters related to auditing, internal control and financial reporting matters, including a review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016. The Audit Committee has also reviewed this interim report, and confirms that it is complete and accurate and complies with the Listing Rules.

By order of the Board
ZHAO YAN
Chairman

26 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016-unaudited

		Six months ended 30 June	
		2016	2015
	Note	**RMB'000**	RMB'000
Revenue	4	**418,341**	312,002
Cost of sales		**(136,007)**	(83,766)
Gross profit		**282,334**	228,236
Other revenue	5	**13,266**	6,123
Distribution costs		**(66,868)**	(44,222)
Administrative expenses		**(73,499)**	(56,740)
Other operating expenses, net		**(7,793)**	(1,910)
Profit from operations		**147,440**	131,487
Finance costs	6(a)	**(24,065)**	(4,227)
Share of profits less losses of associates		**13,041**	—
Share of loss of a joint venture		**(99)**	—
Profit before taxation	6	**136,317**	127,260
Income tax	7	**(27,885)**	(27,573)
Profit for the period		**108,432**	99,687
Other comprehensive income for the period (after tax adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries		**(1,396)**	(21)
Share of other comprehensive income of equity-accounted investees		**9,496**	—
Other comprehensive income for the period		**8,100**	(21)
Total comprehensive income for the period		**116,532**	99,666

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

for the six months ended 30 June 2016-unaudited

	Note	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Profit attributable to:			
Equity shareholders of the Company		**108,433**	99,688
Non-controlling interests		**(1)**	(1)
Profit for the period		**108,432**	99,687
Total comprehensive income attributable to:			
Equity shareholders of the Company		**116,533**	99,668
Non-controlling interests		**(1)**	(2)
Total comprehensive income for the period		**116,532**	99,666
Earnings per share (RMB)			
Basic	8(a)	**0.300**	0.299
Diluted	8(b)	**0.295**	0.292

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2016-unaudited

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Property, plant and equipment, net	9	**347,189**	362,731
Construction in progress		**5,250**	5,383
Intangible assets		**201,719**	208,093
Lease prepayments		**58,507**	59,161
Interest in a joint venture	10	**16,994**	—
Interest in associates	11	**276,749**	240,949
Deferred tax assets		**13,241**	11,615
Other non-current assets	12	**117,723**	35,723
Total non-current assets		**1,037,372**	923,655
Current assets			
Inventories		**167,807**	117,592
Trade and other receivables	13	**331,459**	251,874
Restricted cash	14	**260,061**	255,000
Cash and cash equivalents	14	**380,756**	651,050
Total current assets		**1,140,083**	1,275,516
Current liabilities			
Secured bank loans	15	**235,881**	472,873
Trade and other payables	16	**110,371**	117,801
Current portion of preferred shares	17	**12,461**	11,538
Income tax payable		**20,591**	21,888
Total current liabilities		**379,304**	624,100
Net current assets		**760,779**	651,416
Total assets less current liabilities		**1,798,151**	1,575,071

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 30 June 2016-unaudited

	Note	**At 30 June 2016 RMB'000**	At 31 December 2015 RMB'000
Non-current liabilities			
Preferred shares	17	**31,402**	39,933
Convertible bonds	18	**338,916**	326,938
Deferred income		**14,763**	16,243
Total non-current liabilities		**385,081**	383,114
NET ASSETS		**1,413,070**	1,191,957
CAPITAL AND RESERVES			
Share capital	20(c)	**3,207**	3,117
Reserves		**1,409,811**	1,188,787
Total equity attributable to equity shareholders of the Company		**1,413,018**	1,191,904
Non-controlling interests		**52**	53
TOTAL EQUITY		**1,413,070**	1,191,957

Approved and authorised for issue by the board of directors on 26 August 2016.

Zhao Yan
Director

Jin Xuekun
Director

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016-unaudited

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserve	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015		2,969	97,308	61,192	(3,314)	104,044	490,257	752,456	51	752,507
Changes in equity for the six months ended 30 June 2015:										
Profit for the period		—	—	—	—	—	99,688	99,688	(1)	99,687
Other comprehensive income		—	—	—	(20)	—	—	(20)	(1)	(21)
Total comprehensive income for the period		—	—	—	(20)	—	99,688	99,668	(2)	99,666
Appropriation to statutory reserves		—	—	20,941	—	—	(20,941)	—	—	—
Dividends for the year ended 31 December 2014	20(b)	—	—	—	—	—	(6,578)	(6,578)	—	(6,578)
Equity settled share-based transactions	6(b)	—	—	—	—	12,101	—	12,101	—	12,101
Shares issued on the exercise of share options granted under share option scheme	20(c)	5	1,801	—	—	—	—	1,806	—	1,806
		5	1,801	20,941	—	12,101	(27,519)	7,329	—	7,329
Balance at 30 June 2015		2,974	99,109	82,133	(3,334)	116,145	562,426	859,453	49	859,502

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2016-unaudited

	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2015	2,974	99,109	82,133	(3,334)	116,145	562,426	859,453	49	859,502
Changes in equity for the six months ended 31 December 2015:									
Profit for the period	—	—	—	—	—	90,705	90,705	3	90,708
Other comprehensive income	—	—	—	5,838	—	—	5,838	1	5,839
Total comprehensive income for the period	—	—	—	5,838	—	90,705	96,543	4	96,547
Equity settled share-based transactions	—	—	—	—	14,437	—	14,437	—	14,437
Equity component of convertible bonds	—	—	—	—	59,627	—	59,627	—	59,627
Issuance of new shares	131	156,147	—	—	—	—	156,278	—	156,278
Shares issued on the exercise of share options granted under share option scheme	12	7,780	—	—	(2,226)	—	5,566	—	5,566
	143	163,927	—	—	71,838	—	235,908	—	235,908
Balance at 31 December 2015	3,117	263,036	82,133	2,504	187,983	653,131	1,191,904	53	1,191,957

The notes on pages 29 to 51 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2016-unaudited

	Note	Attributable to equity shareholders of the Company								
		Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016		3,117	263,036	82,133	2,504	187,983	653,131	1,191,904	53	1,191,957
Changes in equity for the six months ended 30 June 2016:										
Profit for the period		—	—	—	—	—	108,433	108,433	(1)	108,432
Other comprehensive income		—	—	—	8,100	—	—	8,100	—	8,100
Total comprehensive income for the period		—	—	—	8,100	—	108,433	116,533	(1)	116,532
Appropriation to statutory reserves		—	—	22,745	—	—	(22,745)	—	—	—
Dividends for the year ended 31 December 2015	20(b)	—	—	—	—	—	(8,350)	(8,350)	—	(8,350)
Equity settled share-based transactions	6(b)	—	—	—	—	11,338	—	11,338	—	11,338
Shares issued on the exercise of share options granted under share option scheme	20(c)	8	4,174	—	—	(960)	—	3,222	—	3,222
Issuance of shares to directors and employees at discount	20(c)	82	99,865	—	—	(1,576)	—	98,371	—	98,371
		90	104,039	22,745	—	8,802	(31,095)	104,581	—	104,581
Balance at 30 June 2016		3,207	367,075	104,878	10,604	196,785	730,469	1,413,018	52	1,413,070

The notes on pages 29 to 51 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2016-unaudited

	Note	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Operating activities			
Cash generated from operations		**43,065**	91,721
PRC income tax paid		**(30,808)**	(19,788)
Interest received		**6,133**	567
Net cash generated from operating activities		**18,390**	72,500
Investing activities			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		**(16,808)**	(43,869)
Government grants received		**—**	900
Proceeds from disposal of available-for-sale financial assets		**—**	80,000
Payments for acquisition of interests in associates and a joint venture		**(30,356)**	—
Increase in restricted cash		**(5,061)**	(214,197)
Other cash flows arising from investing activities		**21**	2,515
Net cash used in investing activities		**(52,204)**	(174,651)
Financing activities			
Proceeds from bank loans		**—**	220,437
Proceeds from exercise of share options		**3,222**	1,806
Proceeds from issuance of shares to directors and employees		**14,755**	—
Repayment of bank loans		**(247,206)**	—
Dividends paid on preferred shares		**(5,000)**	(2,000)
Interest paid		**(12,982)**	—
Net cash (used in)/generated from financing activities		**(247,211)**	220,243
Net (decrease)/increase in cash and cash equivalents		**(281,025)**	118,092
Cash and cash equivalents at 1 January	14	**651,050**	187,840
Effect of foreign exchange rate changes		**10,731**	(92)
Cash and cash equivalents at 30 June	14	**380,756**	305,840

The notes on pages 29 to 51 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 GENERAL INFORMATION

Bloomage BioTechnology Corporation Limited (the "Company", and together with its subsidiaries, the "Group") was incorporated in the Cayman Islands on 3 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 October 2008. The Group is principally engaged in the manufacture and sale of bio-chemical products (including hyaluronic acid ("HA") raw materials and end products) and trading of cosmetic products and medical devices through its principal subsidiaries Bloomage Freda Biopharmaceutical Co., Ltd. ("Bloomage Biopharm"), Beijing Bloomage Hyinc Technology Company Limited ("Beijing Bloomage Hyinc"), Shandong Bloomage Hyinc Biopharm Company Limited ("Shandong Bloomage Hyinc") and Fumax Investment Limited and investment holding in associates and a joint venture engaging in design, development, manufacturing and sales of cosmetic products.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 26 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the IASB.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the board of directors is included on page 52.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012-2014 Cycle*
- Amendments to IAS 1, *Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to IFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue consists of the following:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Sales of self-produced products:		
—HA raw materials	**234,208**	210,391
—HA end products	**133,210**	100,309
Revenue from trading of cosmetic products and devices	**50,923**	1,302
	418,341	312,002

(b) Segment reporting

Segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments.

The Group completed an update of its long-term business strategy in 2016. This strategic update along with the establishment of a separate business line for trading of cosmetic products and devices led to a reassessment of the operating segments of the Group. As a result, the Group revised the reportable segments to better align with the current management of the businesses. The Group presented two reportable segments before 2016, namely domestic customers and overseas customers, for which business were mainly derived from the production and sale of bio-chemical products. The Group has presented the following two reportable segments for the six months ended 30 June 2016. The corresponding segment information for the comparative period presented in the interim financial report has been restated to reflect the change in segments. No operating segments have been aggregated to form the following reportable segments.

- production and sale of HA raw materials and end products: this segment manages and operates manufacturing plants and generates income from production and sale of HA raw materials and end products to external customers; and

- trading of cosmetic products and devices: this segment purchases cosmetic products and devices from external suppliers and sells them to external customers.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible assets, intangible assets and current assets with the exception of interest in associates and deferred tax assets. Segment liabilities include trade and other payables, deferred income, preferred shares and bank loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses include the Group's share of revenue and expenses arising from the activities of the Group's joint venture.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter segment sales, if any, and the Group's share of the joint venture's revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales, if any, are priced with reference to prices charged to external parties for similar orders.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period and the reconciliation of reportable segment revenues and profit or loss are set out below.

	Production and sale of HA raw materials and end products		**Trading of cosmetic products and devices**		**Total**	
For the six months ended 30 June	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment revenue	**367,418**	310,700	**50,923**	1,302	**418,341**	312,002
Reportable segment profit (adjusted EBITDA)	**185,729**	163,905	**4,454**	242	**190,183**	164,147
Interest income from cash at bank	**4,499**	567	**—**	—	**4,499**	567
Interest expense	**(3,930)**	(4,227)	**—**	—	**(3,930)**	(4,227)
Depreciation and amortisation for the period	**(21,438)**	(15,385)	**(10,946)**	—	**(32,384)**	(15,385)
As at 30 June/31 December						
Reportable segment assets	**1,267,668**	1,134,256	**299,509**	241,053	**1,567,177**	1,375,309
(including investment in a joint venture)	**—**	—	**16,994**	—	**16,994**	—
Additions to non-current segment assets during the period	**5,896**	6,752	**24**	—	**5,920**	6,752
Reportable segment liabilities	**157,362**	165,640	**1,307**	391	**158,669**	166,031

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Revenue		
Reportable segment revenue and consolidated revenue	**418,341**	312,002
Profit		
Reportable segment profit	**190,183**	164,147
Share of profits less losses of associates	**13,041**	—
Interest income on cash at bank	**6,133**	567
Depreciation and amortisation	**(32,384)**	(15,385)
Finance costs	**(24,065)**	(4,227)
Unallocated head office and corporate expenses	**(16,591)**	(17,842)
Consolidated profit before taxation	**136,317**	127,260

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
Assets		
Reportable segment assets	**1,567,177**	1,375,309
Interests in associates	**276,749**	240,949
Deferred tax assets	**13,241**	11,615
Unallocated head office and corporate assets	**320,288**	571,298
Consolidated total assets	**2,177,455**	2,199,171
Liabilities		
Reportable segment liabilities	**158,669**	166,031
Income tax payable	**20,591**	21,888
Secured bank loans	**235,881**	472,873
Convertible bonds	**338,916**	326,938
Other unallocated head office and corporate liabilities	**10,328**	19,484
Consolidated total liabilities	**764,385**	1,007,214

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets with the exception of deferred tax assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, lease prepayments and construction in progress, the location of the operation to which they are allocated, in the case of intangible assets and other non-current assets, and the location of operations, in the case of interest in associates and interest in a joint venture.

	Revenues from external customers		**Specified non-current assets**	
	Six months ended 30 June		**30 June**	31 December
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
China (including Hong Kong)	**318,817**	245,261	**747,201**	670,883
Americas	**38,486**	22,308	**181**	208
Asia	**35,237**	28,658	**31,202**	18,748
Europe	**24,576**	15,187	**245,547**	222,201
Other regions	**1,225**	588	**—**	—
	418,341	312,002	**1,024,131**	912,040

5 OTHER REVENUE

		Six months ended 30 June	
		2016	2015
	Note	**RMB'000**	RMB'000
Government grants	(a)	**3,917**	723
Interest income on cash at bank		**6,133**	567
Interest income on loans made to directors and employees		**1,438**	—
Interest income on available-for-sale financial assets		**21**	2,515
Rental income		**684**	1,249
Others		**1,073**	1,069
		13,266	6,123

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

5 OTHER REVENUE (continued)

(a) Government grants

The grants represented incentives and awards of RMB3,917,000 which were mainly in relation to the Group's technical achievement on the research and development of HA products and its expansion of business to overseas markets during the six months ended 30 June 2016 (six months ended 30 June 2015: incentives and awards of RMB723,000 in relation to the Group's expansion of business to overseas markets).

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest on bank borrowings	**6,898**	—
Dividends on preferred shares (Note 17)	**3,930**	4,227
Interest on convertible bonds (Note 18)	**13,237**	—
	24,065	4,227

(b) Staff costs

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Salaries, wages and other benefits	**73,378**	42,566
Contributions to defined contribution retirement plans	**4,370**	3,965
Equity settled share-based transaction expenses		
– share option scheme (Note 19(i))	**2,070**	3,449
– group share-based payment transaction settled by the controlling shareholder (Note 19(ii))	**9,268**	8,652
	89,086	58,632

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

6 PROFIT BEFORE TAXATION (continued)

(c) Other items

	Note	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Amortisation			
– intangible assets		**10,949**	84
– lease prepayments		**655**	655
Depreciation		**20,780**	14,646
Net foreign exchange loss/(gain)		**4,776**	(682)
Provision for impairment loss on trade receivables		**829**	345
Operating lease charges in respect of leased property, plant and equipment		**4,656**	3,415
Research and development costs	(i)	**20,206**	9,384

(i) Research and development costs for the six months ended 30 June 2016 included RMB8,092,000 (six months ended 30 June 2015: RMB3,631,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately in Note 6(b) or above for each of these types of expenses.

7 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Current tax - the People's Republic of China (the "PRC") income tax		
Provision for the period	**28,811**	25,393
Under-provision in respect of prior year	**700**	256
Deferred tax		
Origination and reversal of temporary differences	**(1,626)**	1,924
	27,885	27,573

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

7 INCOME TAX (continued)

(i) The statutory income tax rate is 25% for the subsidiaries of the Group established in the PRC (the "PRC subsidiaries"). Certain subsidiaries established in the PRC are entitled to a concession on the PRC income tax of 10% as they have satisfied certain conditions in the income tax law and was granted the qualification of advanced and new technology enterprise. As a result, the subsidiaries established in the PRC are subject to income tax rates ranging from 15% to 25% for the six months ended 30 June 2016 (six months ended 30 June 2015: 15% to 25%).

(ii) Pursuant to the PRC income tax law, non-resident enterprises are subject to PRC income tax at the rate of 10% on various types of passive income including dividends derived from sources in the PRC ("withholding tax"). Under the Sino-Hong Kong Double Tax Arrangement and the relevant regulations, the Group's Hong Kong subsidiaries holding the subsidiaries in the PRC are liable for withholding tax at the rate of 5% for dividend income derived from the PRC as the Hong Kong subsidiaries are the "beneficial owner" and hold 25% of equity interests or more of the subsidiaries in the PRC.

As at 30 June 2016, temporary differences relating to the undistributed profits of Bloomage Biopharm and Beijing Bloomage Hyinc amounted to RMB745,400,000 (31 December 2015: RMB604,267,000). Deferred tax liabilities of RMB37,270,000 (31 December 2015: RMB30,213,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of Bloomage Biopharm and Beijing Bloomage Hyinc and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

(iii) No provision for Hong Kong profits tax has been made as the Group did not have assessable profits subject to Hong Kong profits tax for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of RMB108,433,000 (six months ended 30 June 2015: RMB99,688,000) and the weighted average of 361,423,000 ordinary shares (six months ended 30 June 2015: 333,328,000 ordinary shares) in issue during the interim period, calculated as follows:

(i) Weighted average number of ordinary shares (basic)

	Six months ended 30 June	
	2016	2015
	'000	'000
Issued ordinary shares at 1 January	**351,320**	333,124
Effect of shares issued to directors and employees at discount	**9,687**	—
Effect of exercise of share options granted under share option scheme	**416**	204
Weighted average number of ordinary shares at 30 June (basic)	**361,423**	333,328

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of RMB108,433,000 (six months ended 30 June 2015: RMB99,688,000) and the weighted average number of 367,753,000 ordinary shares (six months ended 30 June 2015: 341,064,000 ordinary shares), calculated as follows:

(i) Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2016	2015
	'000	'000
Weighted average number of ordinary shares at 30 June (basic)	**361,423**	333,328
Effect of deemed issue of shares for nil consideration for the share options granted in 2012	**6,330**	7,736
Weighted average number of ordinary shares at 30 June (diluted)	**367,753**	341,064

Note: The convertible bonds are excluded from the calculation of diluted earnings per share for the six months ended 30 June 2016, because its effect is anti-dilutive.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

9 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB932,000 (six months ended 30 June 2015: RMB1,170,000). The Group disposed of property, plant and equipment with a net book value of RMB150,000 during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB2,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2016, construction in progress with a cost of RMB4,456,000 (six months ended 30 June 2015: RMB4,609,000) were completed and transferred to property, plant and equipment.

(c) As at 30 June 2016, property certificates of certain properties of the Group with an aggregate net book value of RMB18,899,000 (31 December 2015: RMB19,600,000) are yet to be obtained.

(d) As at 30 June 2016, property, plant and equipment of the Group of RMB194,697,000 (31 December 2015: RMB200,270,000) have been pledged as collateral for the issuance of letters of guarantee by a PRC bank (Note 15).

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10 INTEREST IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

			Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Medybloom China Limited ("Medybloom")	Incorporated	Hong Kong	50%	—	50%	Registration, promotion and sales of Botulinum Toxin products

Medybloom, a joint venture of the Group established in 2015, is an unlisted corporate entity whose quoted market price is not available.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

11 INTEREST IN ASSOCIATES

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Interest in a material associate	(a)	**245,547**	222,201
Interest in immaterial associates	(b)	**31,202**	18,748
		276,749	240,949

(a) Interest in a material associate

The following list contains only the particulars of a material associate whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
V Plus S.A.	Incorporated	Luxembourg	37.32%	—	37.32%	Design, development, manufacturing and sales of medical aesthetics devices

On 15 July 2015, the Group acquired 37.32% of the issued shares of V Plus S.A., an investment holding company with no substantial business activities other than its shareholding of its controlling subsidiaries including Laboratoires Vivacy SAS ("Vivacy") which is principally engaged in the design, development, manufacturing and sales of medical aesthetics devices including dermal fillers and cosmetics. In conjunction with the acquisition of the equity interest in V Plus S.A., the Group acquired exclusive distribution right for the distribution of Vivacy's products in certain countries in the Asia-Pacific region. The total of consideration paid and transaction costs incurred by the Group was approximately Euro 61 million, among which approximately Euro 31 million was costs of acquisition for the interest in this associate and approximately Euro 30 million was the costs for the exclusive distribution right based on an independent valuation report.

This material associate is accounted for using the equity method of accounting in the consolidated financial statements.

(b) Interest in immaterial associates

During the six months ended 30 June 2016, the Group acquired the interest in an associate company incorporated in Israel for a total consideration of RMB13,262,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

12 OTHER NON-CURRENT ASSETS

As at 30 June 2016, other non-current assets mainly represents loans of RMB81,280,000 (31 December 2015: nil) made by the Company to relevant directors and employees in connection with these directors and employees' subscription of the Company's shares (Note 20(c)) and deposits of RMB36,443,000 (31 December 2015: RMB35,723,000) made by the Group in 2015 in relation to the proposed acquisitions of equity interests in certain third-party target companies. During the six months ended 30 June 2016, the Group re-negotiated with relevant parties to change these deposits as prepayments for future purchase of cosmetic products. The directors of the Company are of the opinion that the Group can fully recover these deposits.

13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 3 months	**214,852**	190,131
3 to 6 months	**28,895**	9,294
6 to 9 months	**18,529**	7,957
9 to 12 months	**2,054**	195
Over 1 year	**8,492**	4,933
	272,822	212,510
Less: allowance for doubtful debts	**(1,561)**	(732)
	271,261	211,778
Prepayments and other receivables	**58,100**	37,843
Other receivables due from related parties	**2,098**	2,253
	331,459	251,874

13 TRADE AND OTHER RECEIVABLES (continued)

(i) Impairment of trade receivables and bills receivable

The movement in the allowance for doubtful debts during the period/year is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
At 1 January	**732**	—
Impairment loss recognised	**829**	732
At 30 June/31 December	**1,561**	732

At 30 June 2016, the Group's trade receivables of RMB1,561,000 (31 December 2015: RMB732,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed these receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts of RMB1,561,000 (31 December 2015: RMB732,000) were recognised.

(ii) Trade receivables and bills receivable that are not impaired

The analysis of trade receivables and bills receivable, based on the current and overdue status, that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current	**233,259**	180,634
1 to 3 months overdue	**16,317**	20,699
3 to 6 months overdue	**6,919**	7,676
6 months to 1 year overdue	**12,797**	2,203
More than 1 year overdue	**1,969**	566
	271,261	211,778

The credit term for trade receivables is generally 30 to 120 days. Bills receivable are generally due within 180 days from the date of billing.

Receivables that were neither past due nor impaired relate to a wide range of customers who do not have recent history of default.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

13 TRADE AND OTHER RECEIVABLES (continued)

(ii) Trade receivables and bills receivable that are not impaired (continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Group believes that no impairment allowance is necessary as there has not been any significant change in credit quality and these trade and other receivables were considered fully recoverable. The Group does not have any collateral over these balances.

Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted.

14 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash at bank and in hand	**640,817**	906,050
Less: restricted cash (i)	**260,061**	255,000
Cash and cash equivalents	**380,756**	651,050

(i) Restricted cash mainly represents time deposits of RMB255,000,000 (31 December 2015: RMB255,000,000) placed with a PRC bank for issuance of letters of guarantee (Note 15) and time deposit of RMB5,061,000 (31 December 2015: nil) placed with a bank for issuance of a letter of credit.

The Group's cash at bank are mainly placed with banks in the PRC, Hong Kong, Macau, Japan and United States. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

15 SECURED BANK LOANS

The secured bank loans represent the remaining balance of the loans borrowed in 2015 from a Macau bank and a Hong Kong bank for the acquisition of 37.32% issued share capital of V Plus S.A.. These loans have terms of 3 years, however the loan agreements contain clauses which give the banks the rights to demand immediate repayment if the Group fails the banks' annual credit assessment which is determined at the banks' discretion. The bank loans are secured by letters of guarantee issued by a PRC bank. The letters of guarantee are in turn secured by the Group's restricted cash of RMB255,000,000 (31 December 2015: RMB255,000,000), property, plant and equipment of RMB194,697,000 (31 December 2015: RMB200,270,000) (Note 9) and lease prepayments of RMB58,507,000 (31 December 2015: RMB59,161,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

16 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 3 month	**29,272**	24,884
3 to 6 months	**3,594**	9,898
6 months to 1 year	**906**	186
Over 1 year	**100**	123
Trade creditors and bills payable	**33,872**	35,091
Payables for construction of plant and purchase of equipment	**5,369**	21,504
Receipts in advance	**21,780**	15,721
Value added tax payable	**16,429**	12,852
Other payables due to related parties	**1,719**	1,563
Preferred share dividends payable	**6,538**	—
Dividends payable to equity shareholders of the Company	**8,350**	—
Accrued expenses and other payables	**16,314**	31,070
	110,371	117,801

The ageing analysis of trade creditors and bills payable is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Due within 1 month or on demand	**33,872**	35,091

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

17 PREFERRED SHARES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
At 1 January	**51,471**	53,629
Dividends during the period (Note 6(a))	**3,930**	4,227
Dividends of preferred shares declared	**(11,538)**	(10,683)
	43,863	47,173
Less: current portion of preferred shares	**(12,461)**	(11,538)
At 30 June	**31,402**	35,635

18 CONVERTIBLE BONDS

The movement of the carrying amount of the convertible bonds for the six months ended 30 June 2016 is set out below:

	Liability component	**Equity component**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2016	326,938	59,627	386,565
Interest charged during the period (Note 6(a))	13,237	—	13,237
Interest payable	(7,870)	—	(7,870)
Exchange adjustments	6,611	—	6,611
At 30 June 2016	338,916	59,627	398,543

On 20 November 2015, the Company issued convertible bonds in the aggregate principal amount of HK$465,000,000 to Ora Investment Pte. Ltd.. The convertible bonds bear interest rate at 4% per annum payable semi-annually. The maturity date of the convertible bonds is 20 November 2020. The convertible bonds are convertible into ordinary shares of the Company at the option of the holders of the convertible bonds at any time on or after the date of issue of the convertible bonds and up to the date falling seven days prior to the maturity date at a conversion price of HK$17.2 per share, subject to adjustments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

19 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(i) Share option scheme

The Company has a share option scheme which was adopted on 3 September 2008 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of HKD 1.0 to subscribe for shares of the Company.

For the options granted in 2013, subject to the satisfaction of certain performance conditions, 25% of the options vest after one year from the date of grant and are then exercisable within a period of four years, 25% of the options vest after two years from the date of grant and are then exercisable within a period of three years, 25% of the options vest after three years from the date of grant and are then exercisable within a period of two years and the remaining 25% of the options vest after four years from the date of grant and are then exercisable within a period of one year.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

During the six months ended 30 June 2016, expenses related to the share option scheme of RMB2,070,000 (six months ended 30 June 2015: RMB3,449,000) have been charged in profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

19 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(ii) Group share-based payment transaction settled by the controlling shareholder

On 22 May 2014, AIM First Investments Limited ("AFI", the controlling shareholder of the Company), Ms. Zhao Yan (as warrantor for AFI), Wealthy Delight Group Limited ("Wealthy Delight") and Mr. Jin (as warrantor for Wealthy Delight) entered into an option agreement (the "Option Agreement"). Pursuant to the Option Agreement, AFI granted a call option (the "AFI Call Option") to Wealthy Delight for the purchase of 9,960,000 shares of the Company (the "Option Shares") held by AFI. The AFI Call Option is exercisable from 22 May 2014 to 22 May 2019 at HK$5.80 per share (the "Transfer Price"). Also, pursuant to the same Option Agreement, Wealthy Delight granted a call option to AFI to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI Call Option has been exercised by Wealthy Delight and Mr. Jin resigns as the chief executive officer of the Company due to personal reasons. The call option granted by Wealthy Delight to AFI is exercisable from the completion date of the transfer of the relevant Option Shares under the AFI Call Option to 22 May 2019.

This transaction is accounted for as a group share-based payment transaction settled by the controlling shareholder and AFI Call Option is treated as vesting in a five-year period. During the six months ended 30 June 2016, expenses related to this group share-based payment transaction of RMB9,268,000 (six months ended 30 June 2015: RMB8,652,000) have been charged in profit or loss.

20 DIVIDENDS AND CAPITAL

(a) Dividends payable to equity shareholders attributable to the interim period

There has been no interim dividend declared attributable to the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

20 DIVIDENDS AND CAPITAL (continued)

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
2015 final dividends, approved during the interim period, of HK$2.7 cents per ordinary share (2014 final dividends: HK$2.5 cents per ordinary share)	**8,350**	6,578

(c) Share capital

	30 June 2016		31 December 2015	
	No. of shares		No. of shares	
	'000	**HK$'000**	'000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**1,000,000**	**10,000**	1,000,000	10,000

	30 June 2016		31 December 2015	
	No. of shares		No. of shares	
	'000	**RMB'000**	'000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	**351,320**	**3,117**	333,124	2,969
Shares issued to employees and directors at discount (note)	**9,687**	**82**	16,146	131
Shares issued on exercise of share options granted under share option scheme	**850**	**8**	2,050	17
At 30 June/31 December	**361,857**	**3,207**	351,320	3,117

Note: On 4 November 2015, the board of directors of the Company approved the grant of 9,687,500 shares at a subscription price of HK$12.0 per share to certain directors and employees. The shares were granted with a lock up period of six months during which the shares are not transferable. Share based payments expense of RMB1,576,000 related to this share grant was charged to profit or loss immediately in the year ended 31 December 2015. The Company made loans with a total amount of HK$98,812,500 to relevant directors and employees for their subscription of the Company's shares. The subscription of shares by the relevant directors and employees was completed on 8 January 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

There are no financial assets or liabilities measured at fair value as at 30 June 2016 (31 December 2015:nil).

(b) Financial assets and liabilities carried at other than fair value

All the financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 June 2016.

In respect of cash and cash equivalents, restricted cash, trade and other receivables, secured bank loans, trade and other payables and convertible bonds, the carrying amounts approximate fair value due to the relatively short term or the effective interest rates are approximate to the market interest rates.

Upon initial recognition, the estimated fair value amount of preferred shares has been determined by using market information and valuation methodology considered appropriate by the Group. However, considerable judgement is required to interpret market data to develop the estimate of fair value continuously. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amount. Due to the limitation of developing estimates, the fair value amount of preferred shares cannot be measured reliably, and therefore the fair value information of preferred shares as at 30 June 2016 has not been disclosed.

22 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2016 not provided for in the interim financial report are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Authorised and contracted for	**6,020**	8,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Significant related party transactions during the six months ended 30 June 2016 are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Purchase of materials from related parties	**92**	9,179
Dividends on preferred shares paid	**5,000**	2,000
Lease of buildings and plant to related parties	**684**	1,249
Rental expense for lease of properties from a related party	**3,736**	3,389
Loans to key management personnel*	**62,917**	—

* The loans are repayable on demand and bear an interest rate of 2% per annum.

In the opinion of the directors of the Company, the above related party purchase and lease transactions were conducted in the ordinary and usual course of business and on normal commercial terms.

(b) Balances with related parties

As at the end of the reporting period, the Group had the following balances with related parties:

	At 30 June	At 31 December
	2016	2015
	RMB'000	RMB'000
Trade and other receivables	**4,479**	3,201
Trade and other payables	**1,719**	1,563
Preferred shares, including current portion	**43,863**	51,471

INDEPENDENT REVIEW REPORT

Review Report to the Board of Directors of Bloomage BioTechnology Corporation Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 51 which comprises the consolidated statement of financial position of Bloomage BioTechnology Corporation Limited (the "Company") as at 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2016