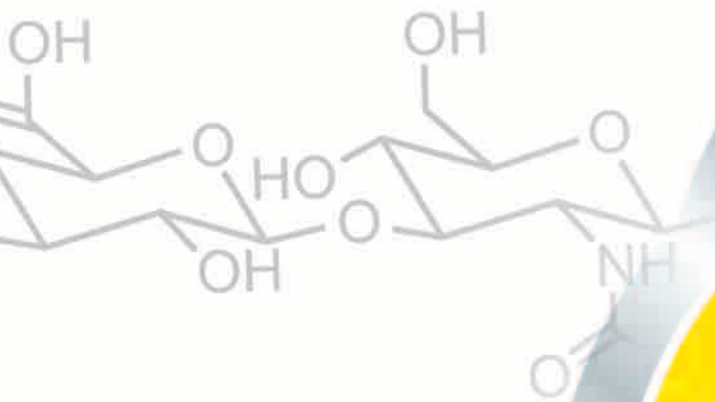




Bloomage BioTechnology Corporation Limited
華熙生物科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00963



2011
INTERIM REPORT

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhao Yan (*Chairman*)
Mr. Guo Jiajun (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTOR

Mr. Cheng Bo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhan Lili
Mr. Zhang Fuping
Mr. Qin Bin

COMPANY SECRETARY

Mr. Loong Ping Kwan

AUTHORISED REPRESENTATIVES

Mr. Guo Jiajun
Mr. Loong Ping Kwan

MEMBERS OF AUDIT COMMITTEE

Mr. Qin Bin (*Chairman*)
Ms. Zhan Lili
Mr. Zhang Fuping

MEMBERS OF REMUNERATION COMMITTEE

Ms. Zhan Lili (*Chairman*)
Mr. Zhang Fuping
Mr. Guo Jiajun

MEMBERS OF NOMINATION COMMITTEE

Mr. Zhang Fuping (*Chairman*)
Ms. Zhan Lili
Ms. Zhao Yan

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2001-2005, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

AUDITORS

KPMG

LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung

COMPANY WEBSITE

www.bloomagebio-tech.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

PRINCIPAL BANKERS

Agricultural Bank of China
Jinan Branch of the Bank of China

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00963

MANAGEMENT'S DISCUSSION AND ANALYSIS

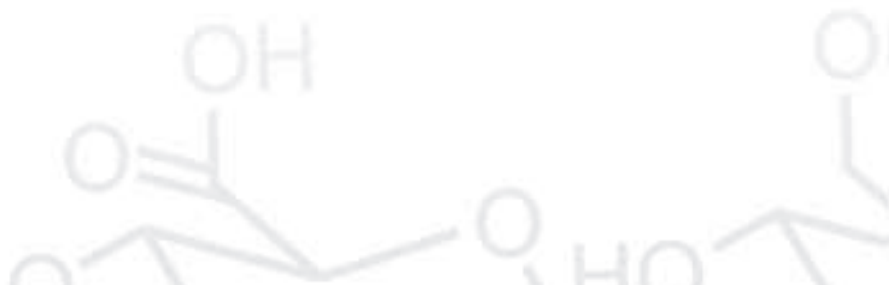
OVERVIEW:

Bloomage BioTechnology Corporation Limited (the "Company", and together with its subsidiaries, the "Group") is an investment holding company. Its principal operating subsidiary is a manufacturer of hyaluronic acid ("HA") in the Peoples Republic of China (the "PRC") principally engaged in the manufacture and sale of a diversified range of HA products. HA is a naturally occurring substance that can be found in many parts of human bodies and animals. It is typically found in the joints, vitreous humor in the eyes, skin, the umbilical cord and in rooster combs. HA is a hydrophilic (water-binding) molecule. It has strong moisturising effect for the skin and eye when applied topically. Another key characteristic of HA is its viscoelasticity since HA can form protective films in human and animal bodies to maintain moisture, withstand friction and compression, and lubricate body tissues. Given that HA exhibits hydrating, lubricating and viscoelastic properties, it is widely used as raw materials/excipients in pharmaceutical, cosmetic and healthcare products. The HA raw products of the Group can generally be classified into four grades, namely injection grade, eye drop grade, cosmetic grade and food grade. In the early stage of development, the Group focused on the development, production and sale of the more prevalent cosmetic grade and eye drop grade HA raw products. Upon continuous refinements on product quality and production technologies, the Group is now capable of mass production of injection grade HA raw products which have the most stringent quality requirements amongst all the four grades of HA raw products mentioned above. With an aim at increasing the Group's revenue base, the Group will expedite the development of HA end products while maintaining its strong foothold in the cosmetic grade and eye drop grade markets and continue the expansion of injection grade and food grade HA markets.

BUSINESS REVIEW:

For the six months ended 30 June 2011, the Group achieved satisfactory results. The turnover for the period amounted to RMB115,818,000, representing an increase of 48.0% as compared with RMB78,240,000 in the corresponding period of 2010. Gross profits were RMB87,395,000, representing an increase of 38.7% from RMB63,026,000 in the corresponding period of 2010; and its profit for the six months ended 30 June 2011 increased by 40.2% from RMB37,787,000 in the corresponding period of 2010 to RMB52,960,000.

During the first half of 2011, the Group has adopted active sales strategy in order to enhance the promotion of "Freda" as a high-end and professional HA raw product brand name. This successfully increased the sales in both domestic and overseas markets by attracting new customers and the expansion of the application of HA in new products for all the customers. The Group continued to expedite the registration process of new products and has made certain progress in the first half of 2011.



Brand promotion and market expansion

With the increase in living standard and consumption level, the usage of HA has been broadened and HA is used globally in cosmetic, health food and pharmacy products. During the first half of 2011, the Group actively promoted its high-end brand image of HA products through frequent and effective participation in trade fairs and high-end exhibitions. Besides, the Group paid frequent visits to customers and arranged invitation to high-end customers for factory visits in order to maintain a close relationship with them. With the effective implementation of its branding and marketing strategy, the Group achieved higher local and overseas products sales in first half of 2011. As compared to the corresponding period of 2010, the product sales has been increased by 48.0%, which included 46.4% increase in domestic sales and 49.1% increase in overseas sales.

R&D enhancement and product expansion

Research and development has always been the key element of the Group's sustainable development. While maintaining an advanced technology standard of HA and continuing improving the quality of its existing products and production efficiency, the Group also fortified its research and development efforts in developing new application of HA on new products and HA end products.

In the first half of 2011, the Group has achieved considerable progress for quality certification. For HA raw products, the Group has obtained the Ecocert certificate which is the prerequisite and guarantee for entering into the organic products market. For the HA end products, new products hyaluronan soft tissue filling gel for cosmetic surgery use and medical sodium hyaluronate gel for ophthalmologic use have passed the required medical device quality management standard production inspection for product registration in PRC. Besides, the Group has obtained European Union CE certification. Obtaining CE certification laid an important foundation for the promotion of HA end products in the international market.

BUSINESS OUTLOOK:

With the satisfactory sales results in the first half of 2011, together with the achievement in qualification and certification, the board (the "Board") of directors (the "Directors") are confident to lead the Group to accomplish a higher level of development.

The Group intends to increase the investment in the research and development of new production technologies and upgrade of equipments in order to enhance the registration and certification, which includes the acceleration of HA raw material and API qualification application and domestic certification and launching of HA end products such as hyaluronan soft tissue filling gel and medical sodium hyaluronate gel for orthopaedic and sodium hyaluronate injection for ophthalmologic uses.

In the second half of 2011, the Group will target to participate in more trade fairs, exhibitions and customer conferences. Besides, the Group will continue to enhance its HA raw product brand image and market promotion through media advertisement in overseas markets. In view of the CE certification obtained for hyaluronan soft tissue filling gel for cosmetic surgery use and medical sodium hyaluronate gel for ophthalmologic use, the Group will systematically open up overseas markets and develop the sales network for its HA end products.

The Board believes that the Group will maintain stable growth and increase shareholders' return in the second half of the year. For the expected future development, the Group is considering to expand the production lines by constructing an industrial park in order to further enhance the HA raw products production and also develop the related HA end products. The expansion is expected to meet the increase in business scale and diversified development needs, and hence the Group will be able to enhance the competitiveness and achieve higher overall performance.

FINANCIAL REVIEW

Turnover

The Group's turnover for the six months ended 30 June 2011 was RMB115.818 million, representing an increase of 48.0% as compared to the corresponding period of 2010. The increase in turnover was mainly attributable to the increase in sales of cosmetic and eye drop products. The breakdown of the Group's turnover by products was as follows:

	Six months ended 30 June			
	2011		2010	
	RMB'000	%	RMB'000	%
Injection	12,553	10.8	9,768	12.5
Eye drop	17,955	15.5	11,782	15.1
Cosmetic	72,783	62.9	47,029	60.1
Food	12,317	10.6	8,964	11.5
Other	210	0.2	697	0.8
Total	<u>115,818</u>	<u>100.0</u>	<u>78,240</u>	<u>100.0</u>

Cost of sales

Cost of sales for the six months ended 30 June 2011 was approximately RMB28.423 million, representing an increase of approximately 86.8% as compared to approximately RMB15.214 million for the corresponding period of 2010.

Gross profit margin

The Group's gross profit margin for the six months ended 30 June 2011 decreased to 75.5% from 80.6% in 2010. The decrease was mainly due to the increase in the purchase price of raw materials.

Other revenue

Other revenue of the Group was RMB2.483 million for the six months ended 30 June 2011, representing a decrease of RMB1.888 million as compared to the corresponding period of 2010. The decrease in other revenue was mainly attributable to the decrease in the government grants received as compared to the corresponding period of last year.

Distribution costs

The Group's distribution costs for the six months ended 30 June 2011 were RMB7.549 million, representing an increase of approximately 31.4% from approximately RMB5.746 million for the corresponding period of 2010. The increase was in line with the increase in total sales volume and especially the increase in export sales.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2011 were approximately RMB11.455 million, representing an increase of approximately 15.4% from approximately RMB9.924 million for the corresponding period of 2010. The increase in administrative expenses was mainly due to the increase in staff cost resulted from salary increment and recruitment of additional staff.

Other operating expenses

The Group's other operating expenses for the six months ended 30 June 2011 were approximately RMB1.160 million, representing an increase of approximately 256.9% from approximately RMB0.325 million for the corresponding period of 2010. The increase in other operating expenses was mainly attributable to the increase in the exchange loss and bank handling fees.

Finance costs

The Group's finance costs for the six months ended 30 June 2011 were approximately RMB4.448 million, representing an increase of approximately 2.1% from approximately RMB4.357 million for the corresponding period of 2010. The Group's finance costs represented the dividends on the preferred shares.

Profit for the period

The Group's profit for the six months ended 30 June 2011 was approximately RMB52.960 million, representing an increase of approximately 40.2% from approximately RMB37.787 million for the corresponding period of 2010.

Liquidity and Financial Resources

As at 30 June 2011, the current assets of the Group were approximately RMB221.798 million (31 December 2010: RMB180.326 million) and current liabilities of approximately RMB27.896 million (31 December 2010: RMB29.520 million). As at 30 June 2011, the current ratio of the Group was approximately 795.1% (31 December 2010: 610.9%). The increase in current ratio was mainly due to the increase in trade and other receivables and cash and cash equivalents.

As at 30 June 2011, cash and cash equivalents of the Group were approximately RMB148.828 million (31 December 2010: RMB134.388 million) and total liabilities were approximately RMB71.845 million (31 December 2010: RMB78.916 million).

The Group's gearing ratio (calculated by dividing total liabilities by total assets) as at 30 June 2011 was 20.9% (31 December 2010: 26.1%).

Net cash generated from operating activities for the six months ended 30 June 2011 was approximately RMB35.633 million (six months ended 30 June 2010: RMB36.584 million). Net cash outflow to investing activities for the six months ended 30 June 2011 was approximately RMB8.107 million (six months ended 30 June 2010: RMB12.529 million). Net cash outflow to financing activities for the six months ended 30 June 2011 was approximately RMB12.230 million (six months ended 30 June 2010: RMB12.209 million).

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.

As at 30 June 2011, the Group did not have any bank borrowing.

Exchange Risk Exposure and Contingent Liabilities

The sales of the Group were principally in RMB, US dollars and Japanese Yen, with the majority of which denominated in RMB. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations 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.

As at 30 June 2011, the Group had no contingent liabilities.

Capital Commitment

As at 30 June 2011, the capital commitment of the Group was RMB3.030 million (31 December 2010: RMB0.985 million).

Employee information

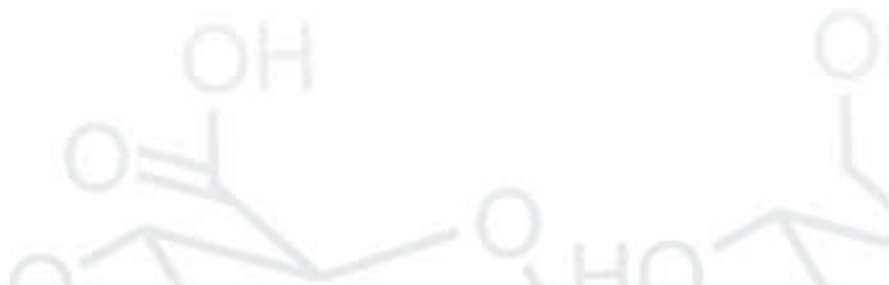
As at 30 June 2011, the Group had 256 employees (31 December 2010: 247 employees) and the majority of whom were stationed in the PRC. Total remuneration for the six months ended 30 June 2011 amounted to RMB10.625 million (six months ended 30 June 2010: RMB8.227 million). The Group adopts a competitive 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 the individual's performance.

Charge on assets

As at 30 June 2011, the Group did not have any charge on its assets (31 December 2010: nil).

Material acquisitions and disposal of subsidiaries and associated companies

During the six months ended 30 June 2011, there was no material acquisition and disposal of subsidiaries and associated companies by the Group.



OTHER INFORMATION

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

As at 30 June 2011, the interests and short positions of the Directors and/or chief executive of the Company in any 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 ("SFO")) which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests and short positions in the shares of the Company

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Ms. Zhao Yan ("Ms. Zhao")	Interest of a controlled corporation (<i>Note 2</i>)	182,520,000 (L) (<i>Note 1</i>)	58.5%
Mr. Cheng Bo ("Mr. Cheng")	Interest of a controlled corporation (<i>Note 3</i>)	28,080,000 (L)	9%

Notes:

- (1) The letter "L" denotes a long position in the shares of the Company.
- (2) The 182,520,000 shares of the Company are held by AIM First Investments Limited ("AFI"), which is wholly-owned by Ms. Zhao. Therefore, Ms. Zhao is deemed, or taken to be, interested in all the shares of the Company which are beneficially owned by AFI for the purposes of the SFO.
- (3) The 28,080,000 shares of the Company are held by Newgrand Holdings Limited ("Newgrand"), which is wholly-owned by Mr. Cheng. Therefore, Mr. Cheng is deemed, or taken to be, interested in all the shares of the Company which are beneficially owned by Newgrand for the purposes of the SFO.

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

Name of Director	Name of Associated corporation	Capacity	Number of securities	Approximate percentage of shareholding
Ms. Zhao	AFI	Beneficial owner	50,000 ordinary shares	100%

Save as disclosed above, as at 30 June 2011, 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 2011, 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 of the Company 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	Nature of interest held	Number of Shares	Approximate percentage of the issued capital of the Company
Substantial shareholders			
AFI (Note 2)	Beneficial owner	182,520,000 (L) (Note 1)	58.5%
Mr. Wang Yi (Note 3) ("Mr. Wang")	Interest of spouse	182,520,000 (L)	58.5%
Others			
Newgrand (Note 4)	Beneficial owner	28,080,000 (L)	9%
Ms. Zhu Jin Rong (Note 5) ("Ms. Zhu")	Interest of spouse	28,080,000 (L)	9%

Notes:

- (1) The letter "L" denotes a long 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 is the spouse of Ms. Zhao. Under the SFO, Mr. Wang is deemed, or taken to be, interested in all the shares of the Company in which Ms. Zhao is interested.
- (4) Newgrand is wholly-owned by Mr. Cheng. Mr. Cheng is the sole director of Newgrand.
- (5) Ms. Zhu is the spouse of Mr. Cheng. Under the SFO, Ms. Zhu is deemed, or taken to be, interested in all the shares of the Company in which Mr. Cheng is interested.

Save as disclosed above, as at 30 June 2011, the Directors of the Company 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

No share option was exercised, lapsed, cancelled or granted by the Company under the share option scheme (the "Scheme") during the six months ended 30 June 2011. There was no outstanding share option under the Scheme as at 30 June 2011.

INTERIM DIVIDEND

The Board does not recommend the declaration or payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the Company's issue of new shares in October 2008 (the "Share Offer"), less listing expenses, amounted to approximately HK\$60 million. As at 30 June 2011, the net proceeds from the Share Offer were utilised as follows:

	<i>HK\$'000</i>
Constructing the new production line for the manufacture of eye drop grade and injection grade HA products	13,224
Constructing the new production line for the manufacture of finished injection grade HA products which would be used as medical device	23,643
Improving research and development capability	6,758
Promotion and expansion of the Group's distribution network	10,989
Total	<u>54,614</u>

The remaining balance was deposited in banks in the PRC and Hong Kong.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the six months ended 30 June 2011, the Company has complied with the code provision of the Code.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "Audit Committee") are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Qin Bin, Ms. Zhan Lili and Mr. Zhang Fuping. Mr. Qin Bin who possesses rich financial management experience and relevant expertise, 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 Ms. Zhao Yan, an executive Director and two independent non-executive Directors, namely Mr. Zhang Fuping and Ms. Zhan Lili. Mr. Zhang Fuping is the chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The primary duties of the remuneration committee of the Company (the "Remuneration Committee") are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration Committee comprises Mr. Guo Jiajun, an executive Director and two independent non-executive Directors, namely Mr. Zhang Fuping and Ms. Zhan Lili. Ms. Zhan Lili 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 Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2011. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011. 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

25 August 2011

**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 15 to 32 which comprises the consolidated balance sheet of Bloomage BioTechnology Corporation Limited as of 30 June 2011 and the related consolidated statement of comprehensive income and the statement of changes in equity and the 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 2011 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

25 August 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011-unaudited

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
Turnover	5	115,818	78,240
Cost of sales		(28,423)	(15,214)
Gross profit		87,395	63,026
Other revenue	6	2,483	4,371
Distribution costs		(7,549)	(5,746)
Administrative expenses		(11,455)	(9,924)
Other operating expenses		(1,160)	(325)
Profit from operations		69,714	51,402
Finance costs	7(a)	(4,448)	(4,357)
Profit before taxation	7	65,266	47,045
Income tax	8	(12,306)	(9,258)
Profit for the period		52,960	37,787
Other comprehensive income for the period:			
Exchange differences on translation of financial statements of foreign operations		(751)	(256)
Total comprehensive income for the period		52,209	37,531
Profit attributable to			
Equity shareholders of the Company		52,962	37,787
Non- controlling interests		(2)	—
Profit for the period		52,960	37,787
Total comprehensive income attributable to:			
Equity shareholders of the Company		52,209	37,531
Non-controlling interests		—	—
Total comprehensive income for the period		52,209	37,531
Basic and diluted earnings per share (RMB)	9	0.17	0.12

The notes on pages 21 to 32 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 15.

CONSOLIDATED BALANCE SHEET

at 30 June 2011-unaudited

		At 30 June	At 31 December
		2011	2010
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment, net	10	106,380	109,830
Construction in progress		2,918	—
Intangible assets		730	774
Lease prepayments		11,720	11,855
		<hr/>	<hr/>
Total non-current assets		121,748	122,459
		<hr/>	<hr/>
Current assets			
Inventories		19,254	19,854
Trade and other receivables	11	53,101	22,532
Restricted cash	12	615	3,552
Cash and cash equivalents	12	148,828	134,388
		<hr/>	<hr/>
Total current assets		221,798	180,326
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	13	14,438	19,292
Current portion of preferred shares	14	8,480	7,853
Income tax payable		4,978	2,375
		<hr/>	<hr/>
Total current liabilities		27,896	29,520
		<hr/>	<hr/>
Net current assets		193,902	150,806
		<hr/>	<hr/>
Total assets less current liabilities		315,650	273,265
		<hr/>	<hr/>

The notes on pages 21 to 32 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET (continued)

at 30 June 2011-unaudited

		At 30 June	At 31 December
		2011	2010
	<i>Note</i>	RMB'000	RMB'000
Non-current liabilities			
Deferred income		2,055	1,805
Deferred tax liabilities		735	2,400
Preferred shares	14	41,159	45,191
Total non-current liabilities		43,949	49,396
NET ASSETS			
		271,701	223,869
CAPITAL AND RESERVES			
Share capital		2,801	2,801
Reserves		268,815	221,068
Total equity attributable to equity shareholders of the Company		271,616	223,869
Non-controlling interests		85	—
TOTAL EQUITY		271,701	223,869

Approved and authorised for issue by the board of directors on 25 August 2011.

Zhao Yan
Director

Guo Jiajun
Director

The notes on pages 21 to 32 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011-unaudited

Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total Equity
	Share capital	Share premium	Statutory reserves	Other reserve	Exchange reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2010	2,801	50,187	10,941	21,210	292	83,893	169,324	—	169,324
Changes in equity for the six months ended 30 June 2010:									
Profit for the period	—	—	—	—	—	37,787	37,787	—	37,787
Other comprehensive income	—	—	—	—	(256)	—	(256)	—	(256)
Total comprehensive income for the period	—	—	—	—	(256)	37,787	37,531	—	37,531
Appropriation to statutory reserves	—	—	6,175	—	—	(6,175)	—	—	—
Dividends for the year ended 31 December 2009	15(b)	—	—	—	—	(4,938)	(4,938)	—	(4,938)
Transactions with equity holders of the Group	—	—	6,175	—	—	(11,113)	(4,938)	—	(4,938)
Balance at 30 June 2010 and 1 July 2010	2,801	50,187	17,116	21,210	36	110,567	201,917	—	201,917
Changes in equity for the six months ended 31 December 2010:									
Profit for the period	—	—	—	—	—	22,655	22,655	—	22,655
Other comprehensive income	—	—	—	—	(703)	—	(703)	—	(703)
Total comprehensive income for the period	—	—	—	—	(703)	22,655	21,952	—	21,952
Appropriation to statutory reserves	—	—	1,050	—	—	(1,050)	—	—	—
Balance at 31 December 2010	2,801	50,187	18,166	21,210	(667)	132,172	223,869	—	223,869

The notes on pages 21 to 32 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2011-unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total Equity
	Share capital	Share premium	Statutory reserves	Other reserve	Exchange reserve	Retained earnings	Total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
<i>Note</i>									
Balance at 1 January 2011	2,801	50,187	18,166	21,210	(667)	132,172	223,869	—	223,869
Changes in equity for the six months ended 30 June 2011:									
Profit for the period	—	—	—	—	—	52,962	52,962	(2)	52,960
Other comprehensive income	—	—	—	—	(753)	—	(753)	2	(751)
Total comprehensive income for the period	—	—	—	—	(753)	52,962	52,209	—	52,209
Contribution from non-controlling interests	—	—	—	—	—	—	—	85	85
Appropriation to statutory reserves	—	—	6,175	—	—	(6,175)	—	—	—
Dividends for the year ended 31 December 2010	15(b)	—	—	—	—	(4,462)	(4,462)	—	(4,462)
Transactions with equity holders of the Group	—	—	6,175	—	—	(10,637)	(4,462)	85	(4,377)
Balance at 30 June 2011	2,801	50,187	24,341	21,210	(1,420)	174,497	271,616	85	271,701

The notes on pages 21 to 32 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2011-unaudited

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
Cash generated from operations		46,697	44,244
PRC income tax paid		(11,368)	(7,749)
Interest received		304	89
Net cash generated from operating activities		35,633	36,584
Net cash used in investing activities		(8,107)	(12,529)
Net cash used in financing activities		(12,230)	(12,209)
Net increase in cash and cash equivalents		15,296	11,846
Cash and cash equivalents at 1 January	12	134,388	95,282
Effect of foreign exchange rate changes		(856)	(329)
Cash and cash equivalents at 30 June	12	148,828	106,799

The notes on pages 21 to 32 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") is an investment holding company. Its principal subsidiary, Shandong Freda Biopharmaceutical Co., Ltd. ("Freda Biopharm"), was established in the People's Republic of China (the "PRC") principally engaging in the manufacture and sale of bio-chemical products.

The Company 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.

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 of Hong Kong Limited (the "Stock Exchange"), 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 25 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010 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 (the "Directors") is included on page 14.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2011.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)

The developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. As a result of these developments, Shandong Bausch & Lomb Freda Pharmaceutical Co., Ltd. ("SB&L") is no longer a related party to the Group, as SB&L and Freda Biopharm are under significant influence of Shandong Freda Pharmaceuticals Group Company Limited ("SFP"), the preferred shareholder of Freda Biopharm, with no presence of control or joint control in at least one leg of the indirect relationship. Apart from this, these developments have had no material impacts on the contents of this interim report.

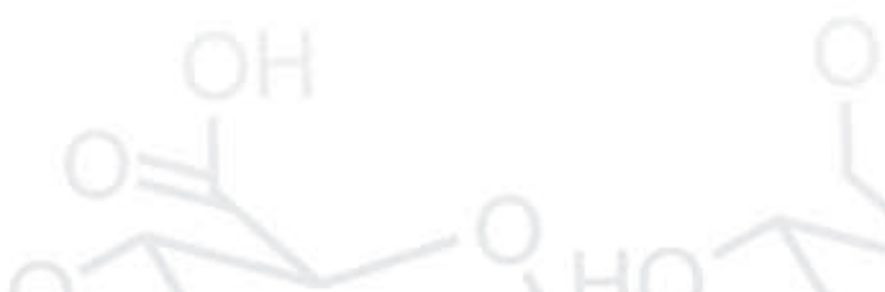
The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEGMENT REPORTING

Segment information disclosed in the interim financial report was 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 has presented two reportable segments for the six months ended 30 June 2011, namely domestic customers and overseas customers, for which business are derived from the production and sale of bio-chemical products.

In presenting information on the reportable segments, segment revenue is based on the geographical location of customers. The measure used for reporting segment profit is "gross profit", after deducting transportation expenses incurred. The Group's assets and liabilities are almost entirely situated in the PRC and accordingly, no information on segment assets, liabilities and capital expenditure is presented.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

4 SEGMENT REPORTING (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.

	Six months ended 30 June 2011				Total
	Domestic	Overseas			
		Asia	America	Others	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	70,718	17,308	10,597	17,195	115,818
Segment result	57,858	11,744	5,983	10,804	86,389
Unallocated income and expenses					(16,675)
Profit from operations					69,714
Finance costs					(4,448)
Income tax					(12,306)
Profit for the period					52,960
	Six months ended 30 June 2010				
	Domestic	Overseas			Total
		Asia	America	Others	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	47,430	14,953	11,780	4,077	78,240
Segment results	40,584	10,469	8,444	2,825	62,322
Unallocated income and expenses					(10,920)
Profit from operations					51,402
Finance costs					(4,357)
Income tax					(9,258)
Profit for the period					37,787

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

5 TURNOVER

The principal activities of the Group are the production and sale of bio-chemical products.

Turnover represents the sales value of goods sold, net of value added tax.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Hyaluronic acid ("HA") products	115,608	77,543
Heparin products	19	219
Others	191	478
	<u>115,818</u>	<u>78,240</u>

6 OTHER REVENUE

	Note	Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
Government grants	(a)	735	3,054
Interest income		304	89
Rental income		1,213	1,210
Others		231	18
		<u>2,483</u>	<u>4,371</u>

(a) Government grants

The grants represented an award of RMB 735,000 received by Freda Biopharm during the six months ended 30 June 2011 in relation to the technical achievement on the research and development of HA products accomplished by Freda Biopharm (six months ended 30 June 2010: an assistance of RMB 3,003,000 in relation to the research and development of HA products and an award of RMB 51,000 in relation to the promotion of "Freda" as a famous Shandong brand name in the PRC).

There are no unfulfilled conditions and other contingencies attached to the receipt of these government grants. There is no assurance that the Group will receive government grants in the future in respect of any of the Group's research and development and other activities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) *Finance costs*

	Six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends on preferred shares (Note 14)	4,448	4,357

(b) *Staff costs*

	Six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	9,675	7,728
Contributions to defined contribution retirement plans	950	499
	10,625	8,227

(c) *Other items*

	Note	Six months ended 30 June	
		2011	2010
		<i>RMB'000</i>	<i>RMB'000</i>
Amortisation			
– intangible assets		44	37
– lease prepayments		135	135
Depreciation	(i)	4,803	4,175
Net foreign exchange loss		856	185
Net loss on disposal of property, plant and equipment		6	2
Operating lease charges in respect of leased plant and equipment		125	125
Research and development costs	(i)	2,904	2,805

- (i) Research and development costs for the six months ended 30 June 2011 included RMB 1,973,000 (six months ended 30 June 2010: RMB 1,709,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately in Note 7(b) or above for each of these types of expenses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

8 INCOME TAX

Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2011	2010
	RMB'000	<i>RMB'000</i>
Current tax - PRC income tax		
Provision for the period	13,971	8,966
Deferred tax		
Origination and reversal of temporary difference	(1,665)	292
	<u>12,306</u>	<u>9,258</u>

- (i) Provision for PRC income tax is based on a statutory rate of 25%.

Pursuant to the "Advanced and New Technology Enterprise Certificate" (No. GR200837000125) issued to Freda Biopharm and the notice [Lu Ke Gao Zi (2009) No.12] issued by Department of Science & Technology of Shandong Province, Finance Bureau of Shandong Province, National Taxation Bureau of Shandong Province and Local Taxation Bureau of Shandong Province on 5 December 2008 and 16 January 2009, respectively, Freda Biopharm has satisfied certain conditions in the Corporate Income Tax Law of the PRC with effect on 1 January 2008 ("the tax law") and was granted the qualification of advanced and new technology enterprise. Freda Biopharm is therefore entitled to a concession on PRC income tax of 10% for three years from 1 January 2008 to 31 December 2010. The Directors consider that Freda Biopharm satisfies the conditions of advanced and new technology enterprise and Freda Biopharm is applying for an extension of the concession on PRC income tax of 10% for the three years ending 31 December 2013. Accordingly, the applicable PRC income tax rate of Freda Biopharm for the six months period ended 30 June 2011 is 15% (six months ended 30 June 2010: 15%).

- (ii) Pursuant to the tax law, from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment of a place of business in the PRC, 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"). During the six months ended 30 June 2011, the Group has provided for withholding tax of RMB 1,735,000 (six months ended 30 June 2010: RMB 1,373,000) in respect of profits earned by Freda Biopharm which are to be distributed to its immediate holding company Tactful World Limited, an investment holding company incorporated in Hong Kong.

As at 30 June 2011, temporary differences relating to the undistributed profits of Freda Biopharm amounted to RMB 139,260,000 (31 December 2010: RMB 113,880,000). Deferred tax liabilities of RMB 13,191,000 (31 December 2010: RMB 9,988,000) 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 Freda Biopharm 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 2011 (six months ended 30 June 2010: nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of RMB 52,962,000 (six months ended 30 June 2010: RMB 37,787,000) and the 312,000,000 ordinary shares in issue of the Company during the interim period (six months ended 30 June 2010: 312,000,000 ordinary shares).

There were no dilutive potential ordinary shares during the periods presented and therefore, diluted earnings per share are calculated on the same basis as basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT, NET

(a) *Acquisitions and disposals*

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of RMB 1,372,000 (six months ended 30 June 2010: RMB 268,000). Items of property, plant and equipment with a net book value of RMB 19,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB 124,000).

(b) *Transfer from construction in progress*

During the six months ended 30 June 2011, there was no construction in progress (six months ended 30 June 2010: RMB 28,000) completed and transferred to property, plant and equipment.

(c) As at 30 June 2011, property certificates of certain properties of the Group with an aggregate net book value of RMB 436,000 (31 December 2010: RMB 453,000) are yet to be obtained.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

11 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors and bills receivable with the following ageing analysis:

	At 30 June	At 31 December
	2011	2010
	RMB'000	<i>RMB'000</i>
Current	47,517	16,218
1 to 3 months overdue	483	1,959
3 to 6 months overdue	189	494
6 months to 1 year overdue	74	84
	<hr/>	<hr/>
Debtors and bills receivable	48,263	18,755
Prepayments and other receivables	3,573	3,765
Amounts due from related parties	1,265	12
	<hr/>	<hr/>
	53,101	22,532
	<hr/> <hr/>	<hr/> <hr/>

The credit term for trade receivables is generally 30 to 90 days.

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

		At 30 June	At 31 December
		2011	2010
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Cash at bank and on hand		149,443	137,940
Less: restricted cash	(i)	(615)	(3,552)
		<hr/>	<hr/>
Cash and cash equivalents		148,828	134,388
		<hr/> <hr/>	<hr/> <hr/>

(i) At 30 June 2011, restricted cash represented deposits with banks for issuance of bills by the Group.

All the Group's cash at bank were placed with banks in the PRC or Hong Kong. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

13 TRADE AND OTHER PAYABLES

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Trade payable to:		
– related parties	271	155
– third parties	3,096	1,347
	<u>3,367</u>	<u>1,502</u>
Payables for construction of plant and purchase of equipment	5,203	8,490
Receipts in advance	407	706
Value added tax payable	379	284
Other payables due to related parties	—	50
Accrued expenses and other payables	5,082	8,260
	<u>14,438</u>	<u>19,292</u>

The ageing analysis of trade payable is as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Due within 1 month or on demand	<u>3,367</u>	<u>1,502</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

14 PREFERRED SHARES

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
At 1 January	53,044	51,530
Dividends during the period (Note 7(a))	4,448	4,357
Payment of dividends of preferred shares	(7,853)	(7,271)
	<u>49,639</u>	<u>48,616</u>
Less: current portion of preferred shares	(8,480)	(7,853)
At 30 June	<u>41,159</u>	<u>40,763</u>

(a) Amount due to preferred shareholder

The present value of the amount due to preferred shareholder of the Group is repayable as follows:

	At 30 June	At 31 December
	2011	2010
	RMB'000	RMB'000
Within 1 year	8,480	7,853
After 1 year but within 5 years	27,918	29,043
After 5 years	13,241	16,148
	<u>49,639</u>	<u>53,044</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

15 DIVIDENDS

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

There was no interim dividend declared attributable to the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
2010 final dividends, approved and paid during the interim period, of HK 1.7 cents per ordinary share (2009 final dividends: HK 1.8 cents per ordinary share)	<u>4,462</u>	<u>4,938</u>

16 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June	At 31 December
	2011	2010
	RMB'000	RMB'000
Authorised and contracted for	3,030	98
Authorised but not contracted for	—	887
	<u>3,030</u>	<u>985</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

17 MATERIAL RELATED PARTY TRANSACTIONS

The Group leased out part of the buildings and plant to SFP, the preferred shareholder of Freda Biopharm, and its subsidiaries. The amount of rental income earned in the six months ended 30 June 2011 was RMB 1,178,000 (six months ended 30 June 2010: RMB 1,178,000) and the corresponding receivable balance at 30 June 2011 was RMB 1,178,000 (31 December 2010: RMB 405,000).

The Group purchased raw materials from Shandong Freda Biotechnology Co., Ltd. (formerly "Linyi Freda Bio-chemicals Co., Ltd."), which is a subsidiary of SFP. The amount of purchase by the Group during the six months ended 30 June 2011 was RMB 9,820,000 (six months ended 30 June 2010: RMB 3,852,000) and the payable balance at 30 June 2011 was RMB 260,000 (31 December 2010: RMB 155,000).

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

18 POST BALANCE SHEET EVENTS

No events requiring disclosure occurred between the balance sheet date and the date of the interim financial report.

