

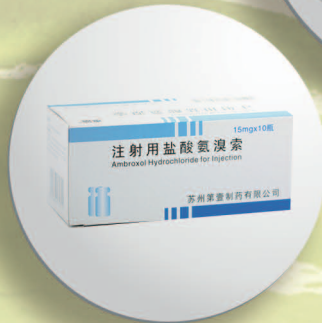


中国泰凌医药集团有限公司

CHINA NT PHARMA GROUP COMPANY LIMITED

Stock Code: 01011

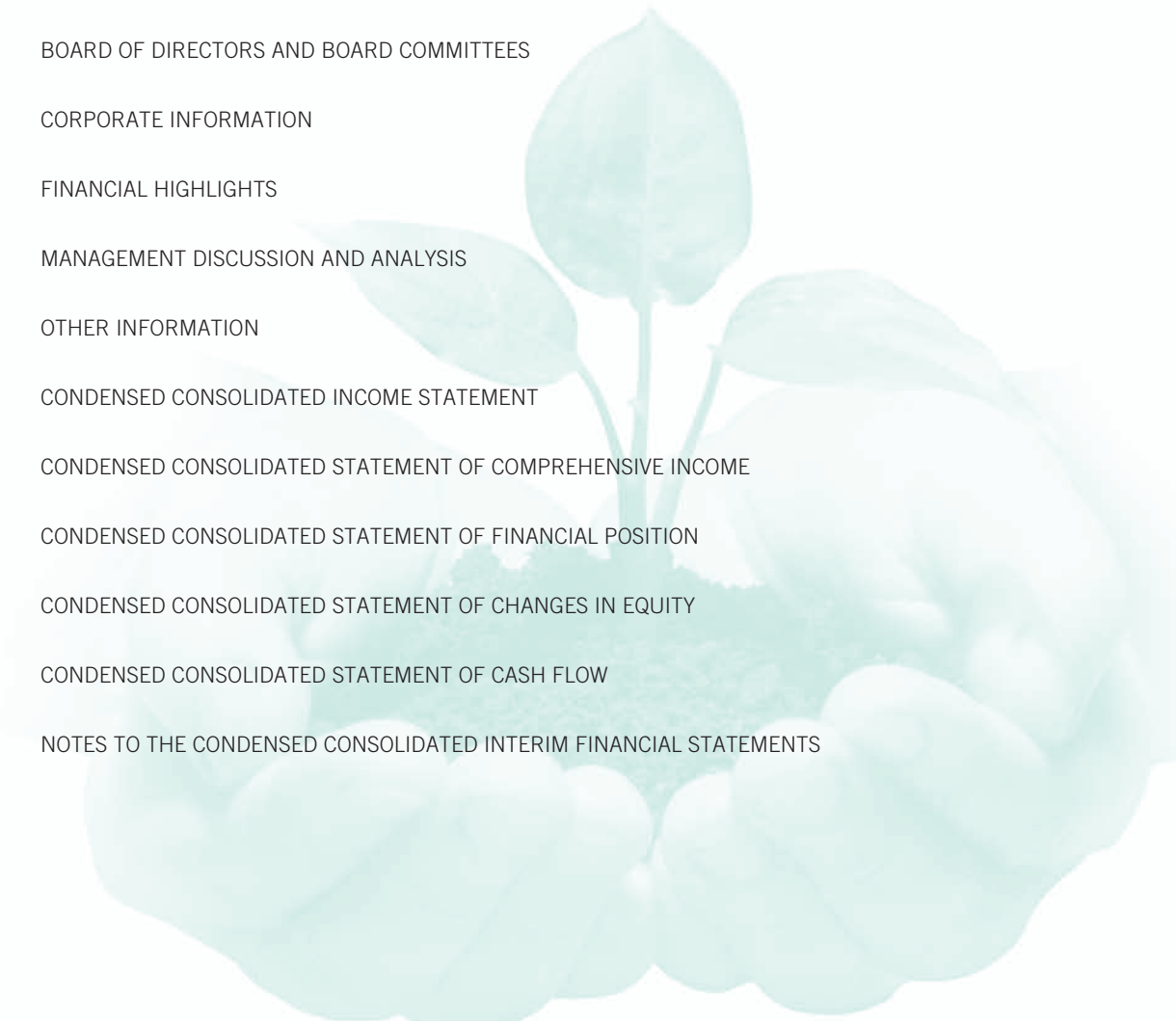
INTERIM
REPORT
2015



Care, Sustainability, Life

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BOARD OF DIRECTORS AND BOARD COMMITTEES

BOARD OF DIRECTORS

Executive Directors

Mr. NG Tit (*Chairman and Chief Executive Officer*)

Ms. CHIN Yu

Mr. WU Weizhong

Non-executive Director

Dr. QIAN Wei

Independent Non-executive Directors

Mr. Patrick SUN

Mr. Yue Nien Martin TANG

Dr. Lap-Chee TSUI

BOARD COMMITTEES

Audit Committee

Mr. Patrick SUN (*Chairman*)

Mr. Yue Nien Martin TANG

Dr. Lap-Chee TSUI

Remuneration Committee

Mr. Yue Nien Martin TANG (*Chairman*)

Mr. Patrick SUN

Mr. NG Tit

Nomination Committee

Mr. NG Tit (*Chairman*)

Mr. Patrick SUN

Mr. Yue Nien Martin TANG

CORPORATE INFORMATION

COMPANY SECRETARY

Mr. CHIU Yu Kang

AUDITORS

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

LEGAL ADVISORS AS TO HONG KONG LAW

Li & Partners

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1505, 15/F
Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

5/F, Urban City Center
45 Nanchang Road, Shanghai, China

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China CITIC Bank Corporation Limited
China Merchants Bank Co., Limited
Shanghai Pudong Development Bank Co., Limited

INVESTOR RELATIONS

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Email: ir@ntpharma.com

COMPANY'S WEBSITE

<http://www.ntpharma.com>

STOCK CODE

1011

FINANCIAL HIGHLIGHTS

A summary of the main financial data of China NT Pharma Group Company Limited (“NT Pharma” or the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 is set out below:

	For the six months ended 30 June		
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	% Change
Revenue	380,903	408,099	(6.7)%
Gross profit	180,203	164,509	9.5%
Profit from operations	57,181	39,545	44.6%
Profit attributable to equity shareholders of the Company	36,490	2,294	1,490.7%
Core profit attributable to equity shareholders of the Company	47,970	2,294	1,991.1%
<hr/>			
Earnings per share (RMB cents)			
Basic	2.84	0.21	1,252.4%
Diluted	2.84	Not applicable	Not applicable
<hr/>			
Core earning per share (RMB cents)			
Basic	3.74	0.21	1,681.0%
Diluted	3.73	Not applicable	Not applicable

The board of directors (the “Directors”) of the Company (the “Board”) did not recommend the payment of an interim dividend for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

NT Pharma is principally engaged in research and development, manufacturing, sales and distribution of pharmaceutical products, as well as the provision of pharmaceutical marketing and promotion services in the People's Republic of China (“**China**” or “**PRC**”). The Group's history dates back to 1995 and the Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the “**HKSE**”) since 20 April 2011. NT Pharma has an extensive promotion network covering over 4,400 hospitals in China. The Group possesses manufacturing capabilities through its wholly-owned subsidiary, Suzhou First Pharmaceutical Co., Ltd. (“**Suzhou First**”), which is certified by the new Good Manufacturing Practices (“**GMP**”), and has obtained approvals from the State Food and Drug Administration of China (the “**SFDA**”) for 176 drug registration licences.

The Group now focuses on operating its pharmaceutical promotion and sales business, expanding its proprietary product portfolio and developing its own research and development capabilities after the restructuring exercise was completed in last year. Although the overall revenue of the Group for the six months ended 30 June 2015 decreased by RMB27.2 million or 6.7% to RMB380.9 million, as compared with RMB408.1 million for the corresponding period in 2014, the operating profit for the period amounted to RMB57.2 million, as compared with RMB39.5 million for the corresponding period in 2014. The improvement in operating results during the six months ended 30 June 2015 was mainly due to improvement of gross profit margin of 7 percentage points from 40.3% for the six months ended 30 June 2014 to 47.3% for the six months ended 30 June 2015 and lower operating expenses as well as lower finance costs were incurred. As a result of the improved operating result, the Group reported profit attributable to equity shareholders of the Company (“net profit”) of RMB36.5 million for the six months ended 30 June 2015, as compared with RMB2.3 million for the corresponding period in 2014. Excluding equity-settled share option expenses and share of loss of a joint venture, the core profit attributable to equity shareholders of the Company (“core profit”) increased by 1,991.1% from 2.3 million to 48.0 million.

BUSINESS REVIEW

The Group currently operates three major business segments, namely (1) third-party pharmaceutical promotion and sales, (2) proprietary products production and sales, and (3) third-party vaccines and other pharmaceuticals.

Third-party Pharmaceutical Promotion and Sales

During the six months ended 30 June 2015, revenue generated by the third-party pharmaceutical promotion and sales segment decreased by RMB42.8 million or 13.1% to RMB283.4 million, as compared with RMB326.2 million for the corresponding period in 2014.

The decrease in overall revenue of the segment was mainly attributable to Fortum, an antibiotic manufactured by GlaxoSmithKline Plc (“**GSK**”). The revenue of Fortum decreased by RMB60.9 million or 45.6% to RMB72.7 million, accounting for 25.6% of the segment's total sales for the six months ended 30 June 2015, as compared with RMB133.6 million or 40.9% of the segment's total sales for the corresponding period in 2014. GSK has been restructuring its business model in China in order to rein in operational, legal and compliance risks. New management team members have been appointed and new internal control measures have been implemented at GlaxoSmithKline China (“**GSK China**”). One of the key initiatives introduced by GSK China is to reduce the inventory level at its distributors to avoid overstocking in the distribution channels. The supply of Fortum to the Group has therefore been subject to much greater constraints which affected adversely the Group's delivery of Fortum to its own distributors. In view of the fact that this represents GSK China's nationwide policy across all product categories, NT Pharma anticipates that the supply situation of Fortum will most likely remain rather tight in the foreseeable future.

On the other hand, the revenue of Libod, an oncology drug manufactured by Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd (“**FDZH**”), increased by RMB120.7 million or 164.6% to RMB194.0 million, accounting for 68.4% of the segment's total sales for the six months ended 30 June 2015, as compared with RMB73.3 million or 22.5% of the segment's total sales for the corresponding period in 2014. The increase in revenue of Libod was primarily due to an increase of 14,100 units or 87.1% in sales volume for the six months ended 2015 from 16,180 units for the corresponding period in 2014 which was partially offset by a decrease of RMB526 or 11.6% in the average commercial selling price per unit to RMB4,006 for the six months ended 2015 from RMB4,532 for the corresponding period in 2014. In addition, included in the revenue of Libod for the first half of 2015 is a promotion income of RMB72.7 million, or RMB2,400 per unit sold, recognised under a new contract between FDZH and a subsidiary of the Company. The promotion income was paid by FDZH to this subsidiary for the promotion of Libod. Given the prevalence of cancer in China, the Group believes that Libod will continue to demonstrate robust growth in sales.

The Group has commenced in 2015 an exercise to revamp its sales force as well as the policies and controls on selling and promotional expenses. As a result of these efforts, the operating expenses of the segment decreased by RMB45.1 million or 38.2% to RMB72.9 million for the six months ended 30 June 2015, as compared with RMB118.0 million for the corresponding period in 2014. As a result of the fore-going factors, despite reporting a lower revenue, the segment reported an operating profit of RMB52.4 million for the six months ended 30 June 2015, as compared with RMB8.0 million for the corresponding period in 2014.

NT Pharma will strive to continue to expand the size of its sales network and hospital penetration rate, as well as improve the operational efficiency of the segment to enhance its profitability. As at 30 June 2015, the Group's sales network comprised over 4,400 hospitals.

Proprietary Products Production and Sales

Proprietary products of the Group are produced by Suzhou First and comprise Shusi, an atypical antipsychotic drug, as well as a wide range of other drugs. The total revenue of the proprietary products production and sales segment increased by RMB16.2 million or 20.0% to RMB97.5 million for the six months ended 30 June 2015, as compared with RMB81.3 million for the corresponding period in 2014. Of the total segment revenue, the revenue of Shusi increased by RMB14.2 million or 36.2% to RMB53.6 million, accounting for 55.0% of the segment's total sales for the six months ended 30 June 2015, as compared with RMB39.3 million or 48.3% of the segment's total sales for the corresponding period in 2014. The increase in revenue of Shusi was primarily due to more favourable market environment as well as improved management of inventory in the distribution channels which resulted in an increase of 587,764 units or 29.1% in sales volume for the six months ended 2015 from 2,020,200 units for the corresponding period in 2014 and an increase of RMB1 or 5.0% in the average commercial selling price per unit to RMB21.0 for the six months ended 2015 from RMB20 for the corresponding period in 2014.

Due to the increase in revenue, operating profit of the segment increased by RMB9.6 million or 42.3% to RMB32.2 million for the six months ended 30 June 2015, as compared with RMB22.6 million for the corresponding period in 2014.

Third-Party Vaccines and Other Pharmaceuticals

Third-party vaccines and other pharmaceuticals business segment includes sales from vaccine promotion, vaccine supply chain and pharmaceutical supply chain.

With a view to enhancing competitiveness and improving cash flow, the Group began restructuring its business model in the second quarter of 2012 by exiting from its low-margin vaccine business, downsizing its vaccine promotion and sales team and focusing on its pharmaceutical manufacturing, promotion and sales business which has higher margins and returns. As a result, no revenue was derived from third-party vaccines and other pharmaceuticals in the first six months of 2015 due to the fact that the Group had ceased its vaccine sales and promotion activities since the end of 2014.

PROSPECTS AND OUTLOOK OF THE GROUP

The Chinese government continues to commit resources to and invest in the healthcare sector as part of its long-term healthcare reform plan. Although more stringent regulations may create short-term operating pressures, NT Pharma believes that a better regulated market will ultimately bring opportunities to healthcare companies in China and enable the healthcare industry in China to maintain its growth in the long term. The Group believes that the growth of the healthcare industry in China is supported by a combination of favourable factors, including the increasing size of an ageing population, the Chinese government's commitment to improving access to healthcare services and better affordability from rising disposable income.

With the Chinese government's continual reforms on the healthcare sector, NT Pharma has redefined its long term growth strategies in accordance with the changing landscape of the industry. Going forward, NT Pharma will continue to refine and reinforce its new strategy of focusing on the pharmaceutical promotion and sales business which includes both third-party and proprietary products. Whilst the Group believes that the existing specialized therapeutic areas of oncology and central nervous system will deliver sustainable growth in the long-run, it will also actively identify other specialized, high-end and high-growth therapeutic areas to bolster the business. NT Pharma is particularly interested in searching for opportunities to acquire new proprietary products to enrich its existing and future product portfolio. During 2013, the Group completed the acquisition of the intellectual property rights including patents, know-how and trademarks in relation to Xi Di Ke, a unique national class 1 new drug approved by the SFDA for the treatment of malignant lung and breast tumors. At the beginning of 2014, the SFDA also granted approval for the Group to commence the phase II clinical trial for the treatment of myelodysplastic syndromes ("MDS"), a new indication, for Xi Di Ke. In line with NT Pharma's strategic focus on the promotion and sales of oncology products, the Group believes that the acquisition of Xi Di Ke will not only complement its existing product portfolio but will also strengthen its product pipeline with Xi Di Ke's potential to treat MDS in the future. Although the revenue contribution of Xi Di Ke was insignificant during the six months ended 30 June 2015 due to the time required to penetrate the market, NT Pharma believes that the successful marketing of Xi Di Ke will provide long-term growth for the Group in view of the increasing prevalence of cancer in China. In order to meet its future demand, the Group is in the course of constructing a new factory in Taizhou, Jiangsu, which is expected to be completed at the end of 2015. On 7 July 2015, the placing of 179,650,000 new shares of the Company and the subscription of 80,000,000 new shares of the Company were completed. The Company raised the net proceeds of approximately HK\$476.68 million, which is expected to be used for expanding the Group's proprietary products portfolio and developing its research and development capabilities, repayment of certain debt of the Company and general corporate purpose.

NT Pharma will continue to strengthen its internal control and credit control systems and procedures so as to improve management of working capital and cash flow. The Group will also continue to introduce cost-saving measures in regard of both selling and distribution expenses as well as administrative expenses. In particular, the Group is in the course of revamping its sales force and revising its policies on selling and promotion expenses. New structures and policies that strengthens compliance practices and reduce operational risks, yet on the other hand incentivise sales performance are being implemented. The positive effects of these new initiatives becomes more apparent in current year. On a macro level, the Group will continue to closely monitor the trends of the Chinese pharmaceutical market and the directions of related government policies. NT Pharma remains confident in its ability to continue to enhance its competitive position in the Chinese pharmaceutical market.

HUMAN RESOURCES

As at 30 June 2015, the Group had 283 full-time employees (2014: 540 employees). For the six months ended 30 June 2015, the Group's total cost on remuneration, welfare and social security amounted to RMB26.3 million (2014: RMB40.5 million).

The remuneration structure of the Group is based on employee performance, local consumption level and prevailing conditions in the human resources market. Directors' remuneration is determined with reference to each Director's experience, responsibilities and prevailing market standards.

FINANCIAL REVIEW

Revenue

Total revenue for the six months ended 30 June 2015 decreased by RMB27.2 million or 6.7% to RMB380.9 million, as compared to RMB408.1 million for the six months ended 30 June 2014. The decrease was primarily due to the decrease in revenue from the third-party pharmaceutical promotion and sales business.

The following table sets forth a breakdown of the Group's revenue by reportable segment for the six months ended 30 June 2015:

Breakdown of Reportable Segment Revenue

	For the six months ended 30 June				
	2015		2014		% Change
	Revenue RMB'000 (Unaudited)	% of total revenue	Revenue RMB'000 (Unaudited)	% of total revenue	
Third-party pharmaceutical promotion and sales	283,417	74.4%	326,212	79.9%	(13.1)%
Proprietary products production and sales	97,486	25.6%	81,261	19.9%	20.0%
Third-party vaccines and other pharmaceuticals	–	–	626	0.2%	(100.0)%
Total	380,903	100%	408,099	100.0%	(6.7)%

Revenue from third-party pharmaceutical promotion and sales decreased by RMB42.8 million or 13.1% to RMB283.4 million, accounting for 74.4% of total revenue in the first six months of 2015, as compared with RMB326.2 million or 79.9% of the Group's total revenue for the six months ended 30 June 2014. The decrease in revenue from third-party pharmaceutical promotion and sales was primarily due to a decrease in sales of Fortum.

Cost of Sales

Cost of sales decreased by RMB42.9 million or 17.6% to RMB200.7 million for the six months ended 30 June 2015, as compared to RMB243.6 million for the six months ended 30 June 2014. The decrease in cost of sales was primarily due to a decrease in total revenue of the Group.

Revenue from proprietary products production and sales increased by RMB16.2 million or 20.0% to RMB97.5 million, accounting for 25.6% of total revenue in the first six months of 2015, as compared with RMB81.3 million or 19.9% of the Group's total revenue for the six months ended 30 June 2014. The increase in revenue from proprietary products production and sales was primarily due to an increase in sales of Shusi.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB15.7 million or 9.5% to RMB180.2 million for the six months ended 30 June 2015, as compared to RMB164.5 million for the corresponding period in 2014.

Gross profit margin increased by 7 percentage points to 47.3% for the six months ended 30 June 2015 as compared to 40.3% for the corresponding period in 2014. The increase was mainly due to increased contribution of higher-margin products, such as Libod and Shusi, to the overall revenue of the Group.

Segment Operating Profit

Total segment operating profit was RMB85.1 million for the six months ended 30 June 2015 as compared to the total segment operating profit of RMB36.6 million for the six months ended 30 June 2014.

The following table sets forth a breakdown of the Group's operating profit by reportable segment for the six months ended 30 June 2015:

Breakdown of Reportable Segment Operating Profit

	For the six months ended 30 June		% Change
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	
Third-party pharmaceutical promotion and sales	52,356	8,006	554.0%
Proprietary products production and sales	32,219	22,646	42.3%
Third-party vaccines and other pharmaceuticals	504	5,960	(91.5)%
Total	85,079	36,612	132.4%

Finance Costs

The Group's finance costs consist of interest on bank borrowings and bank charges. Finance costs decreased by RMB17.4 million or 47.7% to RMB19.0 million for the six months ended 30 June 2015, as compared to RMB36.4 million for the corresponding period in 2014.

Taxation

Income tax expense was RMB1.7 million for the six months ended 30 June 2015 as compared to an income tax credit of RMB0.8 million for the corresponding period in 2014.

Profit/Core Profit Attributable to Equity Shareholders of the Company

Profit attributable to equity shareholders of the Company was RMB36.5 million for the six months ended 30 June 2015 as compared to net profit of RMB2.3 million for the corresponding period in 2014 while core profit attributable to equity shareholders of the Company was RMB48.0 million for the six months ended 30 June 2015 as compared to core profit of RMB2.3 million for the corresponding period in 2014. This is primarily attributable to the fact that the improvement of gross profit margin and lower operating expenses as well as lower finance costs was incurred during the six months ended 30 June 2015.

Earnings per Share

Basic earnings per share and basic core earnings per share is calculated by dividing the profit attributable to owners of the parent and core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six months ended 30 June 2015, respectively.

Diluted earnings per share and diluted core earnings per share is calculated by dividing the profit attributable to owners of the parent and core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares during the six months ended 30 June 2015, respectively.

	At 30 June	
	2015	2014
Profit attributable to equity shareholders of the Company (RMB'000)	36,490	2,294
Plus: equity-settled share option expenses (RMB'000)	5,175	–
Plus: share of loss of a joint venture (RMB'000)	6,304	–
Core profit attributable to equity shareholders of the Company (RMB'000)	47,969	2,294
Weighted average number of ordinary shares in issue ('000)	1,283,922	1,081,957
Weighted average number of ordinary shares in issue after the effect of shares issued upon exercise of share options ('000)	1,285,999	1,081,957
Basic earnings per share (RMB cent per share)	2.84	0.21
Diluted earnings per share (RMB cent per share)	2.84	Not applicable
Basic core earnings per share (RMB cent per share)	3.74	0.21
Diluted core earnings per share (RMB cent per share)	3.73	Not applicable

As the share options outstanding during the period ended 30 June 2014 had no dilutive effect on the basic earnings per share, diluted earnings per share was the same as basic earnings per share. The core profit attributable to equity shareholders of the Company is the profit attributable to equity shareholders of the Company excluding equity settled share option expenses and share of loss of a joint venture.

Capital Expenditure

Total capital expenditure decreased by RMB31.2 million or 69.3% to RMB13.8 million for the six months ended 30 June 2015, as compared to RMB45.0 million for the corresponding period in 2014. The capital expenditure was used mainly for constructing the factory building for the Group's new factory in Taizhou.

LIQUIDITY AND FINANCIAL RESOURCES

General Policies

The primary objective of the Group's capital management is to maintain the ability to continue as a going concern so that the Group can continue to provide returns for its shareholders and benefits for other stakeholders by pricing products appropriately and by securing access to financing at a reasonable cost. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group also closely monitors its debt-to-assets ratio, which is defined as total borrowings divided by total assets.

Foreign Currency Exposure

The Group is exposed to currency risks primarily through purchases made by the Group's PRC subsidiaries in Pounds Sterling. In addition, certain bank loans are denominated in Hong Kong dollars. During the six months ended 30 June 2015, the Group recorded a net exchange gain of RMB1.9 million, as compared to a net exchange loss of RMB4.9 million for the corresponding period in 2014. Presently, the Group does not employ any financial instruments for hedging against foreign currency exposures.

Interest Rate Exposure

The Group's interest rate risk arises primarily from bank loans, unsecured debenture and bank balances. Borrowings at variable rates expose the Group to cash flow interest rate risk. Presently, the Group does not employ any financial instruments to hedge against interest rate exposures.

Group Debt and Liquidity

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Total debt	(310,888)	(664,242)
Cash and cash equivalents	169,934	557,014
Net debt	(140,954)	(107,228)

The maturity profile of the Group's borrowings is set out as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Repayable:		
Within 1 year or on demand	310,888	544,242
After more than 1 year	–	120,000
	310,888	664,242

The Group had bank borrowings in the sum of approximately RMB 310.9 million as at 30 June 2015. Bank borrowing were made from banks in Hong Kong at floating interest rate of 3.2% per annum and from banks in the PRC at fixed interest rate ranging from 5.6% to 7.2% per annum.

In May 2014, the Group's PRC subsidiary, Suzhou First issued a RMB120,000,000 non-publicly traded bond to a qualified institutional investor. The coupon interest rate of the bond is 8.5% per annum. The bond has a maturity period of two years from the date of the bond issuance.

Debt-to-Assets Ratio

The Group closely monitors its debt-to-assets ratio to optimize its capital structure so as to ensure solvency and its ability to continue as a going concern.

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Total debt	310,888	664,242
Total assets	1,091,883	1,485,432
Debt-to-assets ratio	28.5%	44.7%

Charges on the Group's Assets

As at 30 June 2015, bank deposits of the Group of RMB140.8 million (31 December 2014: RMB211.0 million) were pledged to banks to secure certain bank loans and bills payable amounting to a total of RMB371.7 million (31 December 2014: RMB597.1 million). As at 30 June 2015, certain banking facilities of the Group were also secured by the Group's fixed assets and trade and other receivables which amounted to RMB21.2 million (31 December 2014: RMB24.0 million).

Capital Commitments

(a) Capital commitments outstanding as at 30 June 2015 not provided for were as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	15,529	35,444

(b) As at 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	5,923	6,549
After 1 year but within 5 years	1,739	3,336
	7,662	9,885

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of between one to three years. None of the leases include contingent rentals.

Significant Investments Held

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company for the six months ended 30 June 2015.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended 30 June 2015.

Future Plans for Material Investments and Capital Assets

Save for the formation of a joint venture company as disclosed in the announcement dated 4 February 2015, the Group did not have other plans for material investments and capital assets for the six months ended 30 June 2015.

Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities.



OTHER INFORMATION

PRE-IPO SHARE OPTION SCHEME

The Company adopted a share option scheme (“Pre-IPO Share Option Scheme”) on 7 April 2011. Under the Pre-IPO Share Option Scheme, the Company granted 50,027,881 options before the listing of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company. Up to 30 June 2015, no further options have been granted under the Pre-IPO Share Option Scheme. A summary of the principal terms and

conditions of the Pre-IPO Share Option Scheme is set out in the section headed “Pre-IPO Share Option Scheme” in Appendix VIII of the Prospectus. A total number of 998,340 options were lapsed during the six months ended 30 June 2015.

As at 30 June 2015, options to subscribe for an aggregate 7,826,384 shares of the Company were outstanding and these options relate to the options granted to the following grantees.

Employees of the Company Working under Continuous Contracts other than the Directors

	Date of grant	Option period	Exercise price	Number of share options			Balance as at 30/6/2015	Approximate percentage to the issued share capital
				Balance as at 1/1/2015	Exercised during the period	Lapsed/ cancelled during the period		
Employees	18/9/2009	18/9/2009 –18/9/2019	US\$0.20	4,836,456	–	746,679	4,089,777 (Note 1)	0.31%
	28/1/2010	28/1/2010 –28/1/2020	US\$0.20	3,088,268	–	251,661	2,836,607 (Note 2)	0.22%
	1/9/2010	1/9/2010 –1/9/2020	US\$0.20	300,000	–	–	300,000 (Note 3)	0.02%
	17/12/2010	17/12/2010 –17/12/2020	HK\$3.178 (Note 5)	600,000	–	–	600,000 (Note 4)	0.05%

Notes:

- (1) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 18/9/2010, 18/9/2011 and 18/9/2012, respectively.
- (2) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 28/1/2011, 28/1/2012 and 28/1/2013, respectively.
- (3) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 1/9/2011, 1/9/2012 and 1/9/2013, respectively.
- (4) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 17/12/2011, 17/12/2012 and 17/12/2013, respectively.
- (5) The exercise price of the options is 70% of the Company’s offer price at the initial public offering.

NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “New Share Option Scheme”) on 22 September 2014. Under the New Share Option Scheme, the Company granted 6,300,000 options to certain senior management staff of the Company on 10 November 2014, and granted 41,500,000 options to certain individuals on 15 January 2015, respectively. Each option gives the holder the right to subscribe for one ordinary share in the Company.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I of the circular of the Company dated 4 September 2014. A total number of 3,500,000 options were lapsed during the six months ended 30 June 2015.

As at 30 June 2015, options to subscribe for an aggregate of 44,300,000 shares of the Company were outstanding.

SHARE AWARD SCHEME

With effect from 6 March 2014, the share award scheme (the “Share Award Scheme”) of the Company, which was adopted on 11 January 2012, was terminated. No share had been granted nor held by the trustee under the Share Award Scheme since its adoption.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 13 January 2015, the Company placed an aggregate of 216,391,300 placing shares to not fewer than six placees at the placing price of HK\$1.05 per placing share. The net proceeds of approximately HK\$220.4 million from the share placement was used for expanding the Group’s proprietary products portfolio and developing its research and development capabilities and repayment of certain debts of the Group.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the HKSE under the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), were as follows:

(1) Long Positions in the Ordinary Shares of the Company

Name of Director	Number of shares of the Company				Approximate percentage of interest in the Company
	Personal interests	Family interests	Corporate interests	Other interests	
Ng Tit	500,000 (Note 1)	4,000,000 (Note 1)	505,062,500 (Note 2)	–	39.25%
Chin Yu	4,500,000 (Note 1)	–	505,062,500 (Note 2)	–	39.25%
Wu Weizhong	2,800,046	–	–	–	0.22%

Notes:

- (1) Mr. Ng Tit and his spouse, Ms. Chin Yu jointly owned 500,000 shares of the Company. Ms. Chin Yu is also interested in 4,000,000 share options of the Company.
- (2) An aggregate of 505,062,500 shares is beneficially owned by Golden Base Investment Limited (“Golden Base”). Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders of Golden Base.

(2) Long Positions in the Underlying Shares of the Company

Save as disclosed above, as at 30 June 2015, none of the Directors nor the chief executive of the Company or their associates (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, recorded in the register required to be kept under Section 352 of the SFO or required to be notified to the Company and the HKSE under the Model Code contained in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS Substantial Shareholders Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2015, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO were as follows:

Name	Nature of interest	Number of shares (long positions)	Approximate percentage of interest in the Company
Golden Base	Beneficial owner	505,062,500	38.90%

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any other parties (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

Mr. Yue Nien Martin Tang resigned as Vice Chairman and Council Member of the Hong Kong University of Science & Technology with effect from 18 June 2015. He ceased to be a member of MIT Corporation on 30 June 2015. He joined the Board of Governors of the Asia School of Business, Kuala Lumpur on 6 August 2015.

CHANGES IN THE BOARD AND THE DIRECTOR'S INFORMATION

The changes in the Board and the information of the Directors since the date of the Company's 2014 annual report are set below:

Mr. Wu Weizhong was appointed as an executive Director with effect from 20 March 2015.

Mr. Wang Fan resigned as a non-executive Director with effect from 20 March 2015.

Mr. Patrick Sun ceased to be an independent non-executive director of China CNR Corporation Limited and was appointed as an independent non-executive director of CRRC Corporation Limited (HKSE stock code: 1766; SSE stock code: 601766) in May 2015, due to merger of these two companies. In May 2015, he was appointed as an independent non-executive director of China Railway Signal & Communication Corporation Limited (HKSE stock code: 3969), which became a listed company in Hong Kong in August 2015. In June 2015, he retired as an independent non-executive director and non-executive chairman of Solomon Systech (International) Limited (HKSE stock code: 2878). In June 2015, he ceased to serve as the chairman of The Chamber of Hong Kong Listed Companies, while remaining as its vice-chairman.

Dr. Lap-Chee Tsui has been an independent non-executive director of Purapharm Corporation Limited (HKSE stock code: 1498), a company listed on the HKSE, from 8 July 2015. He has been a director of IDS Medical Holdings Limited from 9 December 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the placing of 216,391,300 new shares of the Company, which was completed on 13 January 2015, and the placing of 179,650,000 new shares of the Company and the subscription of 80,000,000 new shares of the Company, which were completed on 7 July 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and certain recommended best practices. The Company has complied with all the applicable code provisions in the CG Code throughout the six months ended 30 June 2015 except for the deviation from code provision A.2.1

of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Tit assumes both the roles of chairman and chief executive officer of the Company. Nevertheless, the division of responsibilities between the two roles is clearly defined. On the whole, the role of chairman is that of monitoring the duties and performance of the Board, whereas the role of chief executive officer is that of managing the Company's business. The Board believes that at the current stage of development of the Company, vesting the roles of both chairman and chief executive officer in the same person provides the Company with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board currently comprises three executive Directors, one non-executive Directors and three independent non-executive Directors, with the independent non-executive Directors representing approximately 42.9% of the Board, which is higher than one third of the Board. Such percentage of independent non-executive Directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. On specific enquiries made, all Directors have confirmed that they have complied with the standard as stipulated in the Model Code throughout the six months ended 30 June 2015.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises Mr. Patrick Sun (Chairman), Mr. Yue Nien Martin Tang and Dr. Lap-Chee Tsui, who are all independent non-executive Directors. The Audit Committee has reviewed the unaudited interim report of the Group for the six months ended 30 June 2015 and has recommended its adoption by the Board.

By order of the Board

Ng Tit
Chairman

Hong Kong, 6 August 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue		380,903	408,099
Cost of sales		(200,700)	(243,590)
Gross profit		180,203	164,509
Other revenue	4	1,030	32,616
Other net income/(loss)	5	1,887	(4,977)
Selling and distribution expenses		(89,929)	(125,726)
Administrative expenses		(24,531)	(26,877)
Share of profit of a joint venture		(6,304)	–
Equity – settled share option expenses		(5,175)	–
Profit from operations		57,181	39,545
Finance costs		(19,020)	(36,400)
Profit before taxation	6	38,161	3,145
Income tax expense	7	(1,671)	(851)
Profit for the period		36,490	2,294
Attributable to:			
Equity shareholders of the Company		36,490	2,294
Non-controlling interests		–	–
Profit for the period		36,490	2,294
Earnings per share	8		
Basic		2.84 cents	0.21 cents
Diluted		2.84 cents	Not applicable

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	36,490	2,294
Other comprehensive income for the period		
Exchange differences on translation of financial statements of entities outside the PRC	(2,290)	2,771
Total comprehensive income for the period	34,200	5,065
Attributable to:		
Equity shareholders of the Company	34,200	5,065
Non-controlling interests	–	–
Total comprehensive income for the period	34,200	5,065

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015
(Expressed in Renminbi)

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment	9	271,124	264,122
– Interests in leasehold land held for own use under operating leases		38,407	38,825
		309,531	302,947
Intangible assets		35,001	38,524
Interests in a joint venture		1,696	–
Deferred tax assets	16	96,083	96,083
		442,311	437,554
Current assets			
Inventories	10	73,041	84,240
Trade and other receivables	11	406,597	403,624
Held-to-maturity investment		–	3,000
Pledged bank deposits	12	140,780	210,952
Cash at bank and in hand		29,154	346,062
		649,572	1,047,878
Current liabilities			
Trade and other payables	13	313,490	570,401
Bank loans	14	190,888	200,261
Unsecured debenture	15	120,000	343,981
Current taxation		16,131	14,978
		640,509	1,129,621
Net current assets		9,063	(81,743)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
 At 30 June 2015
 (Expressed in Renminbi)

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Total assets less current liabilities		451,374	355,811
Non-current liabilities			
Government grant received		22,216	22,216
Unsecured debenture	15	–	120,000
Deferred tax liabilities	16	616	616
NET ASSETS		428,542	212,979
CAPITAL AND RESERVES	17		
Share capital		1	1
Reserves		428,541	212,978
Total equity attributable to equity shareholders of the Company		428,542	212,979
Non-controlling interests		–	–
TOTAL EQUITY		428,542	212,979

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Statutory reserve	Merger reserve	Other reserve	Capital reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014 (Audited)	1	933,872	39,311	88,206	8,256	338,509	14,855	(1,214,211)	208,799	-	208,799
Changes in equity for 2014:											
Profit for the year	-	-	-	-	-	-	-	2,087	2,087	-	2,087
Other comprehensive income	-	-	1,623	-	-	-	-	-	1,623	-	1,623
Total comprehensive income	-	-	1,623	-	-	-	-	2,087	3,710	-	3,710
Equity-settled share based transaction	-	-	-	-	-	-	470	-	470	-	470
Forfeiture of vested share options	-	-	-	-	-	-	(5,690)	5,690	-	-	-
Balance at 31 December 2014 (Audited)	1	933,872	40,934	88,206	8,256	338,509	9,635	(1,206,434)	212,979	-	212,979
Balance at 1 January 2015 (Audited)	1	933,872	40,934	88,206	8,256	338,509	9,635	(1,206,434)	212,979	-	212,979
Changes in equity for 2015:											
Profit for the year	-	-	-	-	-	-	-	36,490	36,490	-	36,490
Other comprehensive income	-	-	(2,290)	-	-	-	-	-	(2,290)	-	(2,290)
Total comprehensive income	-	-	(2,290)	-	-	-	-	36,490	34,200	-	34,200
Shares issued under placing net of share issuance expenses	-	176,188	-	-	-	-	-	-	176,188	-	176,188
Equity-settled share-based transactions	-	-	-	-	-	-	5,175	-	5,175	-	5,175
Forfeiture of vested share options	-	-	-	-	-	-	(989)	989	-	-	-
Balance at 30 June 2015 (Unaudited)	1	1,110,060	38,644	88,206	8,256	338,509	13,821	(1,168,955)	428,542	-	428,542

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	(93,683)	20,584
Investing activities		
Payment for purchases of property, plant and equipment	(13,813)	(20,183)
Payment for interests in leasehold land held for own use under operating lease	–	(24,800)
Decrease in prepayments	–	16,000
Payment for formation of a joint venture	(8,000)	–
Interest received	982	10,083
Net cash used in investing activities	(20,831)	(18,900)
Financing activities		
Proceeds from new bank loans	109,907	129,781
Proceeds from issuance of unsecured debenture	–	119,280
Repayment of unsecured debenture	(348,935)	–
Repayment of bank loans	(119,281)	(220,786)
Interest paid	(19,020)	(36,400)
Net proceeds from issuance of shares	176,188	–
Net cash used in from financing activities	(201,141)	(8,125)
Net decrease in cash and cash equivalents	(315,655)	(6,441)
Cash and cash equivalents at 1 January	346,062	229,239
Effect of foreign exchange rate changes	(1,253)	15
Cash and cash equivalents at 30 June	29,154	222,813

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. PRINCIPAL ACTIVITIES OF REPORTING ENTITY

The Group is principally engaged in research and development, manufacturing, sales and distribution of pharmaceutical and vaccine products and the provision of marketing and promotion services to suppliers in the PRC.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 *Interim Financial Reporting*.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 December 2014.

Up to the date of issue of these financial statements, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2015, and which have not been adopted in these financial statements.

The Directors anticipate that the application of these new or revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. SEGMENT REPORTING

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

- Third-party pharmaceutical promotion and sales: turnover is derived from selling and marketing third-party manufactured pharmaceutical products to customers and providing marketing and promotion services.
- Proprietary products production and sales: turnover is derived from production and sales of proprietary branded products and generic drugs through the Company's subsidiary, Suzhou First Pharmaceutical Co., Ltd ("**Suzhou First**").
- Third-party vaccines and other pharmaceuticals: this segment includes sales from vaccine promotion, vaccine supply chain and pharmaceutical supply chain. For the supply chain business, turnover is derived from supply chain services for pharmaceutical/vaccine products sold through the Group's supply chain network. Promotional activities of such products are carried out by suppliers but not the Group.

(a) Segment results

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

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred specifically by those segments.
- The measure used for reporting segment operating profit/loss is "operating profit/loss" which is the profit/loss from operations adjusted for items not specifically attributed to individual segments, such as other revenue, other net income/loss, head office or corporate administration expenses.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results (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 six months ended 30 June 2015 and 2014 is set out below.

	Third-party pharmaceutical promotion and sales		Proprietary products production and sales		Third-party vaccines and other pharmaceuticals		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue	283,417	326,212	97,486	81,261	-	626	380,903	408,099
Cost of sales	(158,157)	(200,175)	(42,543)	(40,677)	-	(2,738)	(200,700)	(243,590)
Reportable segment gross profit/(loss)	125,260	126,037	54,943	40,584	-	(2,112)	180,203	164,509
Reportable segment operating profit	52,356	8,006	32,219	22,646	504	5,960	85,079	36,612

(b) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	380,903	408,099
Profit		
Reportable segment operating profit	85,079	36,612
Unallocated head office and corporate expenses	(19,336)	(24,706)
Other revenue	1,030	32,616
Other net loss	1,887	(4,977)
Finance costs	(19,020)	(36,400)
Share of loss of a joint venture	(6,304)	-
Equity-settled share option expenses	(5,175)	-
Consolidated profit before taxation	38,161	3,145

4. OTHER REVENUE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	982	10,083
Government subsidy income	3	22,216
Sundry income	45	317
	1,030	32,616

5. OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net loss on disposal of property, plant and equipment	(31)	(47)
Net exchange gain/(loss)	1,918	(4,930)
	1,887	(4,977)

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	6,649	7,095
Amortisation of interests in leasehold land held for own use under operating leases	418	375
Amortisation of intangible assets	1,115	5,187
Asset impairment losses:		
– inventories	21,472	150
– trade debtors	10,841	3,351
Operating lease charges in respect of properties	2,036	3,756
Cost of inventories sold	188,350	270,049
Reversal of impairment for trade debtors	(3,406)	(15,623)
Reversal of impairment for inventories	(9,122)	(26,609)

7. INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Income Tax		
Provision for the period	1,671	851
Over provision in respect of prior years	–	(7,082)
	1,671	(6,231)
Deferred tax		
Origination and reversal of temporary differences	–	7,082
Income tax expense	1,671	851

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries in the Hong Kong Special Administrative Region are subject to Hong Kong Profits Tax at tax rate of 16.5% (2014: 16.5%). No income tax provision is made for the Hong Kong subsidiaries for the six months ended 30 June 2015, as these subsidiaries either derived no income subject to Hong Kong Profits Tax or sustained tax losses for Hong Kong Profits Tax purpose.

During the six months ended 30 June 2015, the Company’s subsidiaries in PRC are subject to a statutory income tax rate of 25% (2014: 25%), except that Suzhou First is subject to income tax rate of 15% (2014: 15%).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the six months ended 30 June 2015 of RMB36,490,000 (2014: RMB2,294,000) and the weighted average number of 1,283,922,000 (2014: 1,081,957,000) ordinary shares of the Company in issue during the period.

(b) Diluted earnings per share

The Calculation of fully diluted earnings per share is based on earnings of RMB36,490,000 and the weighted average number of 1,285,999,000 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares. No adjustment for share options was made in calculating diluted earnings per share in 2014 as the average market price of ordinary shares did not exceed the exercise price of share options during the six months ended 30 June 2014.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired buildings under construction and land use rights with total net book value of RMB13,300,000 (2014: RMB42,707,000) and incurred RMB513,000 (2014: RMB2,276,000) on acquiring machineries and equipment.

As at 30 June 2015, certain banking facilities of the Group were secured by an office property of the Group held for its own use with a net book value amounting to RMB21,204,000 (2014: RMB24,011,000). Such property is located in Hong Kong under a medium-term land lease.

10. INVENTORIES

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Raw materials	14,008	11,646
Work in progress	1,005	1,442
Finished goods	58,028	71,240
	73,041	84,240

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Trade debtors and bills receivable	845,087	851,669
Less: Allowance for doubtful debts	(606,774)	(599,339)
	238,313	252,330
Deposits, prepayments and other receivables	168,284	151,294
	406,597	403,624

As at 30 June 2015, none (31 December 2014: none) of the Group's trade and other receivables were used for securing certain banking facilities.

Trade debtors are normally due within 30 to 240 days from the date of billing. Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis, based on the billing date of invoice, as of the date of the statement of financial position:

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Within 3 months	175,881	211,563
More than 3 months but within 6 months	7,275	2,465
More than 6 months but within 1 year	38,588	20,254
More than 1 year but within 2 years	16,569	18,048
	238,313	252,330

12. PLEDGED BANK DEPOSITS

Bank deposits of the Group of RMB140,780,000 (31 December 2014: RMB210,952,000) have been pledged to the banks to secure certain bank loans and bills payable amounting to a total of RMB371,676,000 (31 December 2014: RMB597,100,000) as at 30 June 2015.

13. TRADE AND OTHER PAYABLES

All the trade and other payables are expected to be settled within one year or are repayable on demand.

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Trade creditors	14,820	66,737
Bills payable	191,676	408,080
Total trade creditors and bills payable	206,496	474,817
Receipts in advance	12,244	16,437
Other payables and accrued charges	94,750	79,147
	313,490	570,401

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis, based on the date of invoice, as of the date of the statement of financial position:

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Within 3 months	14,740	63,600
More than 3 months but within 6 months	190,213	403,366
More than 6 months but within 1 year	62	469
More than 1 year	1,481	7,382
	206,496	474,817

14. BANK LOANS

As at 30 June 2015, the bank loans comprised:

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Bank loans repayable within 1 year or on demand		
– Secured	190,888	200,261

As at 30 June 2015, the banking facilities were secured by certain assets of the Group as follows:

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Fixed assets	21,204	24,011
Pledged bank deposits	41,600	33,000
	62,804	57,011

15. UNSECURED DEBENTURE

- (a) In April 2012, Suzhou First joined a “Small and Medium Enterprises of Suzhou Industrial Park Collective Bonds Issuance” project sponsored by a Chinese commercial bank. Under this project, Suzhou First issued an unsecured debenture of RMB20,000,000 with a maturity period of three years from 27 April 2012 to 26 April 2015. The debenture carries a fixed annual interest rate of 7.5%. The interest is payable annually on 26 April. The debenture was fully repaid on 26 April 2015.
- (b) In February 2013, the Group’s PRC subsidiary, NT Pharma (Jiangsu) Co., Ltd., issued a RMB300,000,000 local SME Private Debt, which is regulated and approved by the Shanghai Stock Exchange. The coupon interest rate of the debt is 9.5% per annum. The debt has a maturity period of three years with the debt holder having an option to redeem the debt at face value after two years. The debt is guaranteed by a company controlled by municipal-level government in the PRC and fully repaid on 28 January 2015.
- (c) In May 2014, the Group’s PRC subsidiary, Suzhou First, issued a RMB120,000,000 non-publicly traded bond to a qualified institutional investor. The coupon interest rate of the bond is 8.5% per annum. The bond has a maturity period of two years from the date of the bond issuance.

16. DEFERRED TAXATION

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

	Revaluation of assets arising from acquisition of business	Provisions and impairment	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2014 (Audited)	(871)	109,763	108,892
Credited to profit or loss	255	(13,680)	(13,425)
At 31 December 2014 (Audited)	(616)	96,083	95,467
At 1 January 2015 (Audited)	(616)	96,083	95,467
Credited to profit or loss	–	–	–
At 30 June 2015 (Unaudited)	(616)	96,083	95,467

(b) Reconciliation to the consolidated statement of financial position

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	96,083	96,083
Net deferred tax liabilities recognised in the consolidated statement of financial position	(616)	(616)
	95,467	95,467

17. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the condensed consolidated statement of changes in equity.

(b) Dividend

No dividend was declared or paid by the Company during the six months ended 30 June 2015.

(c) Share capital

A summary of movements in the Company's issued share capital during the period ended 30 June 2015 is as follows:

	No of shares '000	Amount USD'000
Ordinary shares, issued and fully paid:		
At 31 December 2014 and 1 January 2015 (Audited)	1,081,957	1
Shares issued during the period	216,391	–
At 30 June 2015 (unaudited)	1,298,348	1

Notes:

- (i) The Company was incorporated on 1 March 2010 with an authorised Share Capital of US\$50,100 divided into 626,250,000 shares of US\$0.00000008 each and one share was issued at par upon incorporation.
- (ii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.
- (iii) On 13 January 2015, an aggregate of 216,391,300 ordinary shares have been successfully placed to not fewer than six places at the price of HK\$1.05 per shares.

18. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

NT Pharma Holdings Company Limited (“NT Holdings”) operated a share option scheme which was adopted on 18 September 2009 (“2009 Share Option Scheme”). Under the scheme, certain employees of the Group may be granted share options to acquire the shares in NT Holdings. The options vest after one to three years from the date of grant and are exercisable within ten years after the date of grant. Each option gives the holder the right to subscribe for one ordinary share in NT Holdings.

On 7 April 2011, the directors of NT Holdings terminated the 2009 Share Option Scheme and the directors of the Company adopted the Pre-IPO Share Option Scheme under which each option gives the holder the right to subscribe for one ordinary share in the Company. Under the Pre-IPO Share Option Scheme, each grantee of options under the 2009 Share Option Scheme exchanged his/her options under the 2009 Share Option Scheme for options under the Pre-IPO Share Option Scheme on a 2 for 1 basis. The exercise price payable by the grantees for each option granted under the Pre-IPO Share Option Scheme is double the exercise price payable by the grantees for their respective options granted under the 2009 Share Option Scheme (save for those options which have an exercise price of 70% of the price at which the Company offered its shares for subscription in the public offering on 20 April 2011 (the “Offer Price”). All other terms of the Pre-IPO Share Option Scheme are identical to the 2009 Share Option Scheme. The exchange of the share options was considered a modification to the 2009 Share Option Scheme. As the modification did not result in a material change in the value of the outstanding options at the date of modification, the modification had no impact on the profit or loss of the Group for the year ended 31 December 2011.

The Company adopted a share award scheme (the “Share Award Scheme”) on 11 January 2012 which was subsequently terminated on 6 March 2014.

A new share option scheme was approved and adopted by the shareholders of the Company pursuant to an ordinary resolution passed on 22 September 2014 (“2014 Share Option Scheme”). The 2014 Share Option Scheme was set up for the purpose to provide rewards and incentives to eligible participants for their contribution to the Group. The exercise price is to be determined by the Board and shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of such a share option; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding to the day of offer of such a share option; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the share option within 21 days from the date of making such offer.

The maximum number of shares in respect of which options may be granted under the 2014 Share Option Scheme and any other share option schemes of the Company may not exceed 10% of the issued share capital of the Company at the date of approval of the 2014 Share Option Scheme. The options under the 2014 Share Option Scheme vest immediately and after one to three years from the date of grant and are exercisable for a period of ten years following the date of grant.

On 10 November 2014, the Company granted 2,800,000 share options to employees under the 2014 Share Option Scheme. Each share option entitles the holder to subscribe for one share of US\$0.00000008 of the Company at an exercise price of HK\$1.25.

18. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The terms and conditions of the grants (after modification)

Date	Number of options	Vesting conditions	Exercise period
Options granted to directors:			
– 1 March 2010	2,400,000	Exercisable in 3 equal tranches from 1 March each year from 2011 to 2013	On or prior to 28 February 2020
– 1 July 2010	3,227,325	Exercisable in 3 equal tranches from 1 July each year from 2011 to 2013	On or prior to 30 June 2020
– 15 January 2015	4,000,000	Vesting of the option is conditional upon the performance of the participant. Options granted are vested in 3 equal tranches from 15 January each year from 2016 to 2018	On or prior to 14 January 2025
	9,627,325		
Options granted to employees:			
– 18 September 2009	29,003,915	Exercisable in 3 equal tranches from 18 September each year from 2010 to 2012	On or prior to 17 September 2019
– 28 January 2010	11,373,966	Exercisable in 3 equal tranches immediately from 28 January 2011 to 2013	On or prior to 27 January 2020
– 1 March 2010	100,000	Exercisable in 3 equal tranches from 1 March each year from 2011 to 2013	On or prior to 28 February 2020
– 1 July 2010	1,522,675	Exercisable in 3 equal tranches from 1 July each year from 2011 to 2013	On or prior to 30 June 2020
– 1 September 2010	800,000	Exercisable in 3 equal tranches from 1 September each year from 2011 to 2013	On or prior to 31 August 2020
– 1 November 2010	1,000,000	Exercisable in 3 equal tranches from 1 November each year from 2011 to 2013	On or prior to 31 October 2020
– 17 December 2010	600,000	Exercisable in 3 equal tranches from 17 December each year from 2011 to 2013	On or prior to 16 December 2020
– 10 November 2014	487,500	Immediate from the date of grant	On or prior to 9 November 2024

18. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The terms and conditions of the grants (after modification)

Date	Number of options	Vesting conditions	Exercise period
– 10 November 2014	1,462,500	Exercisable in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– 10 November 2014	850,000	Vesting of the options is conditional upon the performance of the participants. Options granted are vested in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– 15 January 2015	18,500,000	Vesting of the option is conditional upon the performance of the participants	On or prior to 14 January 2025
	65,700,556		
Options granted to consultants:			
– 15 January 2015	19,000,000	Vesting of the option is conditional upon the performance of the participants	On or prior to 14 January 2025
	19,000,000		
	94,327,881		

18. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) The number and weighted average exercise prices of share options

	At 30 June 2015		At 31 December 2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	US\$0.18	11,624,724	US\$0.20	14,272,068
Exercised during the period/year	–	–	–	–
Forfeited during the period/year				
– Unvested	US\$0.18	–	US\$0.20	–
– Vested	US\$0.18	(998,340)	US\$0.20	(5,447,344)
Granted during the period/year	US\$0.16	41,500,000	US\$0.16	2,800,000
Outstanding at the end of the period/year	US\$0.17	52,126,384	US\$0.18	11,624,724
Exercisable at the end of the period/year	US\$0.17	11,113,884	US\$0.18	9,312,224

The share options outstanding at 30 June 2015 under the Pre-IPO Share option Scheme and 2014 Share Option Scheme had exercise price of US\$0.20 (2014: 0.20) and US\$0.16 (2014: 0.16), respectively and weighted average remaining contractual life of 4.5 years (2014: 5.5 years) and 9 years (2014: 9.5), respectively.

18. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options. The estimate of the fair value of the share options granted is measured based on a Binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial lattice model.

Fair value of share options and assumptions	Options granted on 18 September 2009	Options granted on 28 January 2010	Options granted on 1 March 2010	Options granted on 1 July 2010	Options granted on 1 September 2010	Options granted on 1 November 2010	Options granted on 17 December 2010	Options granted on 10 November 2014	Options granted on 15 January 2015
Fair value at measurement date	US\$0.14	US\$0.16	US\$0.14	US\$0.22	US\$0.22	US\$0.16	US\$0.18	HK\$0.87	HK\$0.67
Share price	US\$0.24	US\$0.28	US\$0.24	US\$0.34	US\$0.34	US\$0.34	US\$0.34	HK\$1.24	HK\$1.20
Exercise price	US\$0.20	US\$0.20	US\$0.20	US\$0.20	US\$0.20	US\$0.20	HK\$3.18 (70% of the Offer Price)	HK\$1.25	HK\$1.23
Expected volatility	58.46%	58.23%	58.00%	59.51%	58.94%	53.10%	57.19%	61.66%	74.90%
Option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	4.297%	4.378%	4.293%	4.072%	3.415%	3.241%	3.858%	1.83%	1.49%

The expected volatility is based on the historical volatility of listed companies in similar industries (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

The Group recognised the total expense of RMB5,175,000 (2014: 470,000) in the profit or loss during the period in relation of share options granted by the Group.

19. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2015 not provided for in the consolidated financial statements were as follows:

	The Group	
	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Contracted for		
– property, plant and equipment	15,529	27,944
– interests in a joint venture	–	7,500
	15,529	35,444

19.COMMITMENTS (CONTINUED)

(b) At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	The Group	
	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Within 1 year	5,923	6,549
After 1 year but within 5 years	1,739	3,336
	7,662	9,885

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

20.CONTINGENT LIABILITIES

The Group has no outstanding litigations or contingent liabilities up to the date of this report.

21.MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2015, transactions with the following parties were considered to be related party transactions:

Name of related party	Relationship with the Group
Mr. Ng Tit and Ms. Chin Yu	Directors of the Company, beneficial holders of the Company's 38.90% equity interest
NT Holdings	Holding company of the Group prior to the Reorganisation

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short-term employee benefits	5,531	4,713
Equity-settled share-based payment expenses	–	–
	5,531	4,713

22. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Placing and subscription of new shares

According to the announcement of the Company dated 22 May 2015, 179,650,000 new shares of the Company were conditionally placed to not less than six places at the placing price of HK\$1.86 per share ("Placing Shares") through placing agents ("Placing"). Moreover, 80,000,000 new shares of the Company were conditionally subscribed at the subscription price of HK\$1.86 per share ("Subscription Shares") by Golden Base Investment Limited ("Golden Base"), which Mr. NG Tit, Chairman and Chief Executive Officer and Ms. CHIN Yu, Executive Director of NT Pharma are the controlling shareholders of Golden Base ("Subscription").

The net proceeds of the Placing and the Subscription (after deducting related placing commissions, professional fees and related expenses which were borne by the Company) were approximately HK\$476.68 million. The Company intends to use the net proceeds from the Placing and Subscription in the following manner: (i) for expanding the Group's proprietary products portfolio and developing its research and development capabilities; (ii) for the repayment of certain debt of the Group; and (iii) for general corporate purpose.

The Placing Shares and the Subscription Shares were allotted and issued under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 21 May 2015.

The Placing and the Subscription were completed on 7 July 2015.

(b) Acquisition of a company

On 5 August 2015, the Jiangsu Tailing Investment Co., Ltd. ("Purchaser") entered into the Equity Transfer Agreements with Shenzhen Kexing, Meng Yonghong and Hunan Jimeng (the "Vendors"), pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase in aggregate 100% equity interest in the Target Company, being 65%, 18% and 17% equity interest held by Shenzhen Kexing Biotech Co., Ltd., Meng Yonghong and Hunan Province Jimeng Chinese Herbal Medicine Institute of Liver Diseases Co., Ltd., respectively, for the consideration of approximately RMB95,000,000.

Pursuant to the Settlement Agreement, the Hunan Kexing Jimeng Pharmaceutical Co., Ltd. ("Target Company") is obliged to repay an amount of approximately RMB13,536,385 to Changsha Pilot Pural Commercial Bank Co., Ltd. Yinshan Branch (the "Creditor"). Such amount represents the principal amount, interest expenses and other related expenses of a loan under a charge agreement entered into between the Target Company and the Creditor.

Apart from the consideration, the Purchaser intends to assist the Target Company in repaying an amount of approximately RMB13,536,385 to the Creditor as part of the transfer price of the Acquisition.