Bloomage BioTechnology Corporation Limited
華熙生物科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00963)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Financial Highlights

The Group's revenue amounted to approximately RMB418,341,000 for the first half of 2016, representing an increase of approximately RMB106,339,000 or approximately 34.1% as compared to the corresponding period of 2015.

The profit attributable to the equity shareholders of the Company amounted to approximately RMB108,433,000 for the first half of 2016, representing an increase of approximately RMB8,745,000 or 8.8% as compared to the corresponding period of 2015.

The earnings before interest, taxes, depreciation and amortisation (excluding share of profits less losses of associates and share of loss of a joint venture) of the Group for the first half of 2016 was approximately RMB173,691,000 (the corresponding period of 2015: approximately RMB146,305,000), representing an increase of approximately RMB27,386,000 or 18.7% as compared to the corresponding period of 2015.

The board (the "Board") of directors (the "Directors") of Bloomage BioTechnology Corporation Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 (the "Reporting Period") together with the comparative figures for the corresponding period in 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016-unaudited

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

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

for the six months ended 30 June 2016-unaudited

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2016-unaudited

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 30 June 2016-unaudited

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Preferred shares	15	**31,402**	39,933
Convertible bonds		**338,916**	326,938
Deferred income		**14,763**	16,243
Total non-current liabilities		**385,081**	383,114
NET ASSETS		**1,413,070**	1,191,957
CAPITAL AND RESERVES			
Share capital	16(c)	**3,207**	3,117
Reserves		**1,409,811**	1,188,787
Total equity attributable to equity shareholders of the Company		**1,413,018**	1,191,904
Non-controlling interests		**52**	53
TOTAL EQUITY		**1,413,070**	1,191,957

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016-unaudited

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015		2,969	97,308	61,192	(3,314)	104,044	490,257	752,456	51	752,507
Changes in equity for the six months ended 30 June 2015:										
Profit for the period		—	—	—	—	—	99,688	99,688	(1)	99,687
Other comprehensive income		—	—	—	(20)	—	—	(20)	(1)	(21)
Total comprehensive income for the period		—	—	—	(20)	—	99,688	99,668	(2)	99,666
Appropriation to statutory reserves		—	—	20,941	—	—	(20,941)	—	—	—
Dividends for the year ended 31 December 2014	16(b)	—	—	—	—	—	(6,578)	(6,578)	—	(6,578)
Equity settled share-based transactions		—	—	—	—	12,101	—	12,101	—	12,101
Shares issued on the exercise of share options granted under share option scheme		5	1,801	—	—	—	—	1,806	—	1,806
		5	1,801	20,941	—	12,101	(27,519)	7,329	—	7,329
Balance at 30 June 2015		2,974	99,109	82,133	(3,334)	116,145	562,426	859,453	49	859,502

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2016-unaudited

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2016-unaudited

	Note	Attributable to equity shareholders of the Company								
		Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016		3,117	263,036	82,133	2,504	187,983	653,131	1,191,904	53	1,191,957
Changes in equity for the six months ended 30 June 2016:										
Profit for the period		—	—	—	—	—	108,433	108,433	(1)	108,432
Other comprehensive income		—	—	—	8,100	—	—	8,100	—	8,100
Total comprehensive income for the period		—	—	—	8,100	—	108,433	116,533	(1)	116,532
Appropriation to statutory reserves		—	—	22,745	—	—	(22,745)	—	—	—
Dividends for the year ended 31 December 2015	16(b)	—	—	—	—	—	(8,350)	(8,350)	—	(8,350)
Equity settled share-based transactions		—	—	—	—	11,338	—	11,338	—	11,338
Shares issued on the exercise of share options granted under share option scheme		8	4,174	—	—	(960)	—	3,222	—	3,222
Issuances of shares to directors and employees at discount		82	99,865	—	—	(1,576)		98,371	—	98,371
		90	104,039	22,745	—	8,802	(31,095)	104,581	—	104,581
Balance at 30 June 2016		3,207	367,075	104,878	10,604	196,785	730,469	1,413,018	52	1,413,070

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

2 BASIS OF PREPARATION

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

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

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

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

3 CHANGES IN ACCOUNTING POLICIES

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

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

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue consists of the following:

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

(b) Segment reporting

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

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

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

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

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

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

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

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

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

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

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

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

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Geographic information

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

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

5 OTHER REVENUE

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

5 OTHER REVENUE (continued)

(a) Government grants

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

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest on bank borrowings	**6,898**	—
Dividends on preferred shares (Note 15)	**3,930**	4,227
Interest on convertible bonds	**13,237**	—
	24,065	4,227

(b) Staff costs

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

6 PROFIT BEFORE TAXATION (continued)

(c) Other items

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

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

7 INCOME TAX

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

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

7 INCOME TAX (continued)

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

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

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

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

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

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

(b) Diluted earnings per share

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

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

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

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

9 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

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

(b) Transfer from construction in progress

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

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

(d) As at 30 June 2016, property, plant and equipment of the Group of RMB194,697,000 (31 December 2015: RMB200,270,000) have been pledged as collateral for the issuance of letters of guarantee by a PRC bank (Note 13).

10 OTHER NON-CURRENT ASSETS

As at 30 June 2016, other non-current assets mainly represents loans of RMB81,280,000 (31 December 2015: nil) made by the Company to relevant directors and employees in connection with these directors and employees' subscription of the Company's shares (Note 16(c)) and deposits of RMB36,443,000 (31 December 2015: RMB35,723,000) made by the Group in 2015 in relation to the proposed acquisitions of equity interests in certain third-party target companies. During the six months ended 30 June 2016, the Group re-negotiated with relevant parties to change these deposits as prepayments for future purchase of cosmetic products. The directors of the Company are of the opinion that the Group can fully recover these deposits.

11 TRADE AND OTHER RECEIVABLES

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

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

11 TRADE AND OTHER RECEIVABLES (continued)

(i) Impairment of trade receivables and bills receivable

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

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

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

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

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

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

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

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

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

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

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

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

(i) Restricted cash mainly represents time deposits of RMB255,000,000 (31 December 2015: RMB255,000,000) placed with a PRC bank for issuance of letters of guarantee (Note 13) and time deposit of RMB5,061,000 (31 December 2015: nil) placed with a bank for issuance of a letter of credit.

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

13 SECURED BANK LOAN

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

14 TRADE AND OTHER PAYABLES

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

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

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

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

15 PREFERRED SHARES

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

16 DIVIDENDS AND CAPITAL

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

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

16 DIVIDENDS AND CAPITAL (continued)

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

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

(c) Share capital

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

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

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

17 CAPITAL COMMITMENTS

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

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

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

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

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

(b) Balances with related parties

As at the end of the Reporting Period, the Group had the following balances with related parties:

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP

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

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

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

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

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

BUSINESS REVIEW

During the first half of 2016, with the unstable global economy, the economic recovery of the United States slowing down, the significant impact caused by Brexit to the European Union and even the world and the economic growth of the PRC slowing down, the entire macro-economic environment was complicated. In the PRC, the high return rate of medical aesthetics industry has been slightly reduced. Nevertheless, it is still the area of focus sought by the capital market, and maintains a strong momentum of development. The external environment counts as both opportunities and pressure for the business development of the Group. The Group adhered to established development strategies and moved forward steadily. For the six months ended 30 June 2016, the Group's revenue amounted to approximately RMB418,341,000, which represents an increase of approximately 34.1% as compared to approximately RMB312,002,000 for the corresponding period in 2015. For the six months ended 30 June 2016, profit of approximately RMB108,432,000 was realized, which represents an increase of approximately 8.8% as compared to approximately RMB99,687,000 for the corresponding period in 2015. The earnings before interest, taxes, depreciation and amortisation (excluding share of profits less losses of associates and share of loss of a joint venture) of the Group for the first half of 2016 was approximately RMB173,691,000 (the corresponding period of 2015: approximately RMB146,305,000), representing an increase of approximately RMB27,386,000 or 18.7% as compared to the corresponding period of 2015.

HA raw material and end products business

HA raw material product

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

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

HA end product

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

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

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

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

Trading business

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

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

Research & development and quality

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

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

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

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

BUSINESS OUTLOOK

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

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

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

FINANCIAL REVIEW

REVENUE

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

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

COST OF SALES

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

GROSS PROFIT MARGIN

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

OTHER REVENUE

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

DISTRIBUTION COSTS

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

ADMINISTRATIVE EXPENSES

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

OTHER OPERATING EXPENSES, NET

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

FINANCE COSTS

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

PROFIT FOR THE PERIOD

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 30 June 2016, the Group's total bank borrowing was approximately RMB235.881 million (31 December 2015: approximately RMB472.873 million).

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

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

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

FOREIGN EXCHANGE RISK AND CONTINGENT LIABILITIES

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

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

CAPITAL COMMITMENT

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

EMPLOYEE INFORMATION

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

CHARGE ON ASSETS

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

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

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

CONTINUING CONNECTED TRANSACTIONS

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

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

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

SHARE OPTION SCHEME

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

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

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

Further details in relation to the Scheme will be set out in the interim report of the Company.

OPTION AGREEMENT

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

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

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

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

REVIEW OF FINANCIAL INFORMATION

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

PUBLICATION OF THE INTERIM REPORT

The interim report for the six months ended 30 June 2016 containing all information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders and posted on the websites of the Company (www.bloomagebio-tech.com) and the Stock Exchange (www.hkexnews.hk) in due course.

By order of the Board
Bloomage BioTechnology Corporation Limited
ZHAO YAN
Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the executive Directors are Ms. Zhao Yan, Mr. Jin Xuekun, Ms. Liu Aihua and Ms. Wang Aihua; the non-executive Director is Mr. Yau Wai Yan; the independent non-executive Directors are Ms. Zhan Lili, Mr. Li Junhong and Mr. Xue Zhaofeng.