



INTERIM REPORT

2016



**BBI Life Sciences Corporation**

**BBI 生命科學有限公司**

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1035

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## CORPORATE PROFILE

BBI Life Sciences Corporation (the “**Company**” or “**BBI Life Sciences**”, together with its subsidiaries, the “**Group**”) is a well-recognized provider with comprehensive portfolio coverage in the life sciences research product and service industry in the People’s Republic of China (the “**PRC**”). Its wide-range products and services include (1) DNA synthesis products; (2) genetic engineering services; (3) life sciences research consumables, and (4) protein and antibody related products and services (the “**Four Business Segments**”). Its diversified customer portfolio comprises mainly universities, research institutes, pharmaceutical and biotech companies. As one of the largest DNA synthesis product providers in the PRC, BBI Life Sciences has been expanding its product and service offerings, consistently providing high quality products to its customers. The Group’s mission is to become a one-stop solution provider in the long run. Leveraging on our strong research and development capabilities, extensive direct sales network and comprehensive product and service offerings under the brands “Sangon” and “BBI”, the Group serves both domestic and overseas professional markets. We are now ready and prepared to capture opportunities in the market, becoming the preferred supplier for our customers in the life sciences industry.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Qisong  
Ms. Wang Luojia  
Ms. Wang Jin

### Non-executive Director

Mr. Hu Xubo

### Independent Non-executive Directors

Mr. Xia Lijun  
Mr. Ho Kenneth Kai Chung  
Mr. Liu Jianjun

## AUDIT COMMITTEE

Mr. Xia Lijun (*Chairman*)  
Mr. Ho Kenneth Kai Chung  
Mr. Liu Jianjun

## REMUNERATION COMMITTEE

Mr. Ho Kenneth Kai Chung (*Chairman*)  
Mr. Xia Lijun  
Mr. Liu Jianjun

## NOMINATION COMMITTEE

Mr. Liu Jianjun (*Chairman*)  
Mr. Ho Kenneth Kai Chung  
Mr. Xia Lijun

## RISK MANAGEMENT COMMITTEE

Mr. Liu Jianjun (*Chairman*)  
Mr. Ho Kenneth Kai Chung  
Mr. Xia Lijun

## JOINT COMPANY SECRETARIES

Ms. Hu Heng  
Ms. Ng Sau Mei

## AUTHORISED REPRESENTATIVES

Ms. Wang Luojia  
Ms. Ng Sau Mei

## LEGAL ADVISERS

### Hong Kong Law:

Howse Williams Bowers  
27/F, Alexandra House  
18 Chater Road, Central  
Hong Kong

### Cayman Islands Law:

Conyers Dill & Pearman (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22/F, Prince's Building  
Central, Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 698, Xiangmin Road  
Songjiang District  
Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two  
Times Square, 1 Matheson Street  
Causeway Bay, Hong Kong

# CORPORATE INFORMATION (CONTINUED)

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
16/F, Standard Chartered Bank Building  
4-4A Des Voeux Road Central  
Hong Kong

Industrial and Commercial Bank of The PRC  
2/F, No. 218, Zhongshan Road  
Songjiang District  
Shanghai, PRC

## COMPANY WEBSITES

<http://www.bbi-lifesciences.com>  
<http://www.sangon.com>  
<http://www.biobasic.com>

## STOCK CODE

1035

## LISTING DATE

30 December 2014

## FINANCIAL HIGHLIGHT

- For the six months ended 30 June 2016 (the “**Reporting Period**”), the revenue of the Group was approximately RMB164.21 million, representing an increase of 24.6% as compared with RMB131.78 million for the same period of 2015.
- For the six months ended 30 June 2016, the gross profit increased by 26.4% from RMB67.38 million for the same period of 2015 to RMB85.18 million.
- For the six months ended 30 June 2016, net profit of the Group increased by 34.5% from approximately RMB21.29 million for the same period of 2015 to approximately RMB28.64 million.
- For the six months ended 30 June 2016, profit attributable to equity holders of the Company increased by 35.0% from approximately RMB21.28 million for the same period of 2015 to approximately RMB28.73 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 June 2016, the Group's overall revenue increased by 24.6% to RMB164.21 million (the same period in 2015: RMB131.78 million). Gross profit was RMB85.18 million, representing an increase of 26.4% from RMB67.38 million for the same period in 2015. Gross profit margin maintained at a stable level of 51.9%. The profit attributable to equity holders of the Company was approximately RMB28.73 million, increased by 35.0% as compared with RMB21.28 million for the same period in 2015.

During the Reporting Period, the revenue of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services accounted for approximately 39.7%, 20.6%, 28.7% and 11.0% respectively of the total revenue of the Group.

### Results Analysis of the Four Business Segments

#### 1. DNA Synthesis Products

During the Reporting Period, revenue of DNA synthesis products segment increased by 21.6% to RMB65.22 million (the same period in 2015: RMB53.65 million). Gross profit margin increased slightly to 60.8% this year from 59.2% in the same period last year. To maintain its leading position in the industry, the Group has continuously upgraded its technology, improved the modularity, automation and scale of its processing, accelerated reactions to orders placed and reduced the lead time. Leveraging on the above strategies, we recorded much higher revenue in this segment over the same period last year and maintained relatively high gross profit margin.

During the Reporting Period, we proceeded with the construction of our industrial product line of DNA related products which is expected to commence operation gradually in 2017 and will facilitate the expansion of our product and service portfolio.

#### 2. Genetic Engineering Services

During the Reporting Period, revenue of genetic engineering services segment increased by 34.2% to RMB33.77 million (the same period in 2015: RMB25.16 million). Gross profit margin was 46.7% this year as compared to 49.3% in the same period last year. Revenue of this segment grew remarkably from the same period last year as the Group has established sequencing service sites in the second- or third-tier cities in the PRC and implemented favorable pricing policies to gain market shares since the second half of 2015, which in turn boosted more orders from those cities. Gross profit margin of the segment decreased slightly year-on-year in the short run due to new pricing policies.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 3. Life Sciences Research Consumables

During the Reporting Period, revenue of life sciences research consumables segment was RMB47.15 million, representing an increase of 24.5% over RMB37.86 million of the same period in 2015. Gross profit margin increased to 48.9% this year from 47.6% in the same period last year. During the Reporting Period, revenue and gross profit margin of the segment increased moderately year-on-year as we upgraded our automated production, separated loading procedure and logistic integration by facility upgrades, which improved our lead time and accuracy of delivery.

### 4. Protein and Antibody Related Products and Services

During the Reporting Period, revenue of protein and antibody related products and services segment increased by 19.6% to RMB18.07 million (the same period in 2015: RMB15.11 million). Gross profit margin was 37.4% this year as compared to 34.6% in the same period last year. The Group continued adjusting its product and service portfolio and arranged more professional technical supporting staff in line with features of the segment so as to improve customer experience.

## FINANCIAL REVIEW

	Six months ended 30 June		Change
	2016 RMB'000	2015 RMB'000	
Revenue	<b>164,207</b>	131,780	24.6%
Gross profit	<b>85,185</b>	67,376	26.4%
Net profit	<b>28,638</b>	21,285	34.5%
Profit attributable to the equity holders of the Company	<b>28,733</b>	21,283	35.0%
Earnings per share (RMB)	<b>0.053</b>	0.040	32.5%

### Revenue

During the Reporting Period, the Group recorded revenue of RMB164.21 million, representing an increase of 24.6% from RMB131.78 million for the same period of 2015. It is contributed by the steady growth of the Four Business Segments.

### Gross Profit

During the Reporting Period, the Group's gross profit increased by 26.4% to RMB85.18 million from RMB67.38 million for the same period of 2015. Gross profit margin varied from 51.1% for the same period last year to 51.9% this year, maintained at a stable level.

### Selling and distribution expenses

The selling and distribution expenses increased by 44.9% to RMB30.52 million during the Reporting Period from RMB21.07 million for the same period of 2015. It is attributed to change of the policy of sales commission.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### General and administrative expenses

During the Reporting Period, the general and administrative expenses increased by 6.4% to RMB13.54 million from RMB12.72 million for the same period of 2015, excluding the research and development expenses. This is mainly due to the increase in employees' salaries.

### Research and development expenses

During the Reporting Period, the research and development expenses increased by 16.1% to RMB8.96 million from RMB7.72 million for the same period of 2015, as the Company accelerated the upgrade of its technology.

### Income tax expenses

The income tax expenses increased from RMB5.18 million for the same period of 2015 to RMB8.38 million for the Reporting Period, mainly because the income tax rate of one of our subsidiaries, Sangon Biotech (Shanghai) Co. Ltd., was temporarily adjusted to 25% from 15% before the review procedure of High-Tech Enterprise qualification approved by the PRC authority.

### Net profit

For the Reporting Period, net profit of the Group increased by 34.5% from approximately RMB21.29 million for the same period of 2015 to approximately RMB28.64 million.

### Significant investments held, material acquisitions and disposals

During the six months ended 30 June 2016, the Group invested in Shanghai Youlong Biotech Co., Ltd (“**YouLong Biotech**”) by way of capital increase. The amount of capital increase is RMB11.5 million, which means the Group holds approximately 34% of the total registered capital of YouLong Biotech. In addition, the Group and NingBo BaiRuiDa Medical Technology Co., Ltd established a joint funded company which named Sangon Peptide Biotech Ningbo Co., Ltd (a subsidiary of the Group, of which the Group holds 65% of the shares) with the total registered capital of RMB10.0 million in Ningbo, the PRC, in January 2016.

### Contingent liabilities and guarantees

As at 30 June 2016, the Group did not have any material contingent liabilities or guarantees.

### Future plans for significant investment or capital assets

Save as disclosed in this interim report, there was no specific plan for material investments or capital assets as at 30 June 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and United States dollar. Foreign exchange risk arises from foreign currencies held in certain overseas subsidiaries. The Group did not hedge against any fluctuation in foreign currency during the Reporting Period. The management of the Group may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in future.

## Cash flow and fair value interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate any significant impact on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

## Credit risk

The carrying amounts of cash and cash equivalents, trade bills and other receivables are the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

In respect of trade bills and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments, take into account information specific to the counterparty and pertain to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. We grant credit limits to certain customers in consideration of their payment history and business performance. Prepayment is usually required for orders placed over credit limits. In addition, the Group reviews the recoverable amount of each individual trade bills and other receivable balance at the end of the year to ensure adequate impairment losses are made for irrecoverable amounts.

## Charges on Group assets

As at 30 June 2016, the Group had no charges over assets.

## Working capital and financial resources

As at 30 June 2016, the cash and cash equivalents of the Group amounted to RMB334.24 million (as at 31 December 2015: RMB349.89 millions).

## Capital expenditure

During the Reporting Period, the expenditure incurred in the purchase of intangible assets, mainly computer software, was RMB0.02 million, while the expenditure incurred in the purchase of property, plant and equipment and of construction in process amounted to RMB33.75 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Employees and remuneration policies

As at 30 June 2016, the Group has a total of 1,010 employees. The Group has entered into employment contracts covering positions, employment conditions and terms, salary, employees' benefits, responsibility for breach of contractual obligations and reason for termination with its employees. The remuneration package of the Group's employees includes basic salary, subsidies and other employees' benefits, which are determined with reference to the experience and working years of the employees and general situations.

For the Reporting Period, the Group's total expenses on the remuneration of employees were approximately RMB39.51 million (excluding share-based payment of approximately RMB0.50 million), representing 24.1% of the revenue of the Group.

On 4 September 2014, the Company adopted the First 2014 Employee Stock Option Plan A ("**Pre-IPO Scheme A**") and First 2014 Stock Option Plan B ("**Pre-IPO Scheme B**") (collectively, the "**Pre-IPO Share Option Schemes**"). On 8 December 2014, the Company adopted a Post-IPO share option scheme ("**Post-IPO Share Option Scheme**") (together with the Pre-IPO Share Option Schemes, the "**Share Option Schemes**"). No further options could be granted under Pre-IPO Scheme A and Pre-IPO Scheme B since 4 September 2014 up to 30 June 2016. No further options have been granted under the Post-IPO Share Option Scheme since 8 December 2014 up to 30 June 2016.

The number of employees of the Group categorised by function as at 30 June 2016 is set forth as follows:

<b>Function</b>	<b>Number of employees</b>	<b>Percentage</b>
Production	493	48.81%
Sales and marketing	272	26.93%
Administration	72	7.13%
Research and development	103	10.20%
Management	70	6.93%
Total:	1,010	100.00%

The Group's remuneration policy and structure for remuneration of the directors of the Company (the "**Directors**") and senior management of the Group are based on the Group's operating results, individual performance and comparable market statistics and are reviewed by the remuneration committee of the Company (the "**Remuneration Committee**") periodically.

The remuneration of the Directors is recommended by the Remuneration Committee and is decided by the board of Directors (the "**Board**"), having regard to the merit, qualifications and competence of individual Director, the Group's operating results and comparable market statistics.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## USE OF NET PROCEEDS FROM LISTING

Net proceeds from the listing of the Company (after deducting underwriting fee and relevant expenses) amounted to approximately HK\$219.87 million (equivalent to RMB175.92 million). Such amount was proposed to be used according to the allocation set out in the prospectus of the Company dated 16 December 2014. Use of net proceeds from listing as at 30 June 2016 is set forth as follows:

	<b>Utilised amount as at 30 June 2016</b> (RMB million)
Plant expense	23.89
SAP and other software expense	4.26
Deep and broad product and service portfolio	45.65
DNA synthesis	20.12
Genetic engineering service	10.51
Life science consumables	6.21
Protein and antibody related products and services	8.81
Total	73.80

## PROSPECTS

Looking forward into the second half of 2016, the global economy remains unclear with the increase of uncertainties. However, life sciences research has low correlation to the trend of real economy and can develop steadily even in economic downturns based on our experience.

The Group expects to provide our customers with polypeptide related products and services through its newly-established associated company in Ningbo, the PRC which is mainly engaged in polypeptide products, aiming to complete and expand the portfolio of our protein and antibody related products and services segment.

Given that the acquisition of NBS Biologicals Ltd was effective during the course of our expansion into the European market in 2015, we will continue carrying out this strategy by establishing new business entity in areas such as Singapore, with the purpose of enlarging our market share in those regions.

Meanwhile, we will further increase our input in our research and development and improve our technology level of products and services portfolio in accordance with the most advanced technology in the life science research industry so as to meet the changing needs of our customers.

The Board is confident to the future development of our Group as long as the above strategies can be carried out. We believe that the hard-working of our management and all the employees will create greater investment returns to our shareholders (the "**Shareholders**").

# OTHER INFORMATION

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2016, no Directors or any of their close associates had any interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2016, the interests and short positions of the Directors and chief executive officer of the Company in the shares (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 (the "**SFO**"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), are set out as follows:

Name of Director	Nature of interest	Number of Shares/ underlying Shares held	Shareholding percentage (%)	Long position/ Short position/ Lending pool
Wang Luojia (Notes 1, 2, 3)	Beneficial owner, trustee of a trust, interest in a controlled corporation and interests held jointly with another person	312,221,948	57.42	Long position
Wang Jin (Notes 1, 2, 4)	Trustee of a trust and interests held jointly with another person	312,221,948	57.42	Long position
Wang Qisong (Notes 1, 2, 5)	Beneficial owner, settlor of a trust and interests held jointly with another person	312,221,948	57.42	Long position

## OTHER INFORMATION (CONTINUED)

Note:

1. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, with Wang Qisong as the settlor, Wang Luoia as the trustee and Wang Jin and her children as the beneficiaries. Wang J Family Trust owns 51.15% of the total issued shares of LJ Peace Ltd. and 50% of the total issued shares of LJ Venture Ltd.
2. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, with Wang Qisong as the settlor, Wang Jin as the trustee and Wang Luoia and her children as the beneficiaries. Wang L Family Trust owns 48.85% of the issued shares of LJ Peace Ltd. and 50% of the issued shares of LJ Venture Ltd.
3. Wang Luoia (i) is the trustee of Wang J Family Trust which owns 51.15% of the total issued shares of LJ Peace Ltd. and 50% of the total issued shares of LJ Venture Ltd.; (ii) owns 50% of the total issued shares of LJ Hope Ltd. which in turn holds 8,449,833 Shares; (iii) is the grantee of an option granted pursuant to the Pre-IPO Share Option Schemes pursuant to which 483,149 Shares will be issued to Wang Luoia upon exercise of the same; (iv) personally owns 322,099 Shares as beneficial owner and (v) is a party to the a deed of confirmation ("**Acting in Concert Deed**") dated 4 November 2014 executed by Mr. Wang Qisong, Ms. Wang Luoia and Ms. Wang Jin, pursuant to which each of Wang Qisong, Wang Luoia and Wang Jin has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Wang Luoia is therefore deemed to be interested in the Shares held by LJ Peace Ltd., LJ Venture Ltd. and LJ Hope Ltd. respectively and the underlying Shares in respect of the options granted to herself and to Wang Qisong pursuant to the Pre-IPO Share Option Schemes under the SFO. Each of Wang Luoia, Wang Jin and Wang Qisong is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
4. Wang Jin is the trustee of Wang L Family Trust which owns 48.85% of the total issued shares of LJ Peace Ltd. and 50% of the total issued shares of LJ Venture Ltd. Accordingly, Wang Jin, being the trustee of Wang L Family Trust, is deemed to be interested in the Shares held by LJ Peace Ltd. and LJ Venture Ltd. respectively under the SFO. Pursuant to the Acting in Concert Deed, each of Wang Qisong, Wang Luoia and Wang Jin has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner and hence each of Wang Luoia, Wang Jin and Wang Qisong is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
5. In light of notes 1 and 2, Wang Qisong, being the settlor of both Wang L Family Trust and Wang J Family Trust, is deemed to be interested in the Shares held by LJ Venture Ltd. and LJ Peace Ltd., respectively. Wang Qisong personally owns 760,776 Shares as beneficial owner. Pursuant to the Acting in Concert Deed, each of Wang Qisong, Wang Luoia and Wang Jin has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner and hence each of Wang Luoia, Wang Jin and Wang Qisong is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that (i) was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise (ii) was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, within the knowledge of the Directors, the following persons (other than the Directors or chief executive officer of the Company) had an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares/ underlying Shares held	Shareholding percentage %	Long position/ Short position/ Lending pool
LJ Peace Ltd. (Notes 1, 2)	Beneficial owner	184,156,346	33.87	long position
LJ Venture Ltd. (Notes 1, 2)	Beneficial owner	118,049,745	21.71	long position
Mai Jun (Note 3)	Interest of a spouse and interest in a controlled corporation	312,221,948	57.42	long position
Lu Guang Yi (Note 4)	Interest of a spouse	312,221,948	57.42	long position
Qiming Venture Partners II, L.P. ("QVP II") (Note 5)	Beneficial owner and person acting in concert	82,841,176	15.23	long position
Qiming Venture Partners II-C, L.P. ("QVP II-C") (Note 5)	Beneficial owner and person acting in concert	82,841,176	15.23	long position
Qiming Managing Directors Fund II, L.P. ("QMDF") (Note 5)	Beneficial owner and person acting in concert	82,841,176	15.23	long position
Grandeur Peak Global Advisors, LLC	Investment Manager	39,557,500	7.27	long position

## OTHER INFORMATION (CONTINUED)

### Notes:

1. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, with Wang Qisong as the settlor, Wang Luoia as the trustee and Wang Jin and her children as the beneficiaries. Wang J Family Trust owns 51.15% of the total issued shares of LJ Peace Ltd. and 50% of the total issued shares of LJ Venture Ltd.
2. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, with Wang Qisong as the settlor, Wang Jin as the trustee and Wang Luoia and her children as the beneficiaries. Wang L Family Trust owns 48.85% of the issued shares of LJ Peace Ltd. and 50% of the issued shares of LJ Venture Ltd.
3. Mai Jun is the spouse of Wang Luoia and is deemed to be interested in the Shares which are deemed to be interested by Wang Luoia under the SFO. Mai Jun also owns 50% of LJ Hope Ltd. and is therefore also deemed to be interested in the Shares held by LJ Hope Ltd.
4. Lu Guang Yi is the spouse of Wang Jin. Accordingly, Lu Guang Yi is deemed to be interested in the Shares which are deemed to be interested by Wang Jin under the SFO.
5. QVP II, QVP II-C and QMDF beneficially hold 75,161,799 Shares, 6,585,871 Shares and 1,093,506 Shares respectively, representing approximately 14.33%, 1.26% and 0.21% respectively of the total issued share capital of the Company. By virtue of QVP II acting in concert with QVP II-C and QMDF, each of QVP II, QVP II-C and QMDF is deemed to be interested in all Shares held by them in aggregate under the SFO.

Save as disclosed above, as at 30 June 2016, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEMES

As disclosed above, the Company has adopted the Pre-IPO Share Option Schemes and Post-IPO Share Option Scheme. The purpose of the Share Option Schemes is to enable us to grant options to selected participants as incentives or rewards for their contributions. The Directors consider the Share Option Schemes, with its broad basis of participation, will enable the Company to reward its employees, Directors and other selected participants for their contributions. During the six months ended 30 June 2016, no further option could be granted under the Pre-IPO Share Option Schemes and no option has been granted under the Post-IPO Share Option Scheme.

Set out below are details of the outstanding options under the Pre-IPO Share Option Schemes:

Category/Name of Grantee	Scheme Type	Date of Grant	Number of Outstanding Options		Exercise Price per Share	Exercised during the Reporting Period	The Weighted average closing price before the exercised dates (HK\$)	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vesting/Exercise period (Day/Month/Year)
			As at 1 January 2016	As at 30 June 2016						
Wang Luoia	B	16/01/2014	644,198	483,149	HK\$1.1	161,049	1.6	—	—	16/01/2014-16/01/2019
4 Employees	A	16/01/2014	314,478	94,256	HK\$1.1	220,222	1.46	—	—	note 1
Sub-Total	—	16/01/2014	958,676	577,405	HK\$1.1	381,271	—	—	—	—
79 Employees	A	04/09/2014	7,464,549	1,075,866	HK\$1.1	6,388,683	1.22	—	—	note 1
76 Employees	B	04/09/2014	8,457,118	8,177,901	HK\$1.1	142,901	1.31	—	136,316	16/01/2014-16/01/2019
Total	—	—	16,880,343	9,831,172	—	6,912,855	—	—	136,316	—

### Note:

1. At any time and from time to time up to the last day of the 5th anniversary of 16 January 2015.



## OTHER INFORMATION (CONTINUED)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Reporting Period and up to the date of this interim report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company had maintained a sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules as at the date of this interim report.

### DIVIDEND

A final dividend approximately of HK\$5,982,000 (equivalent to RMB5,112,000) in respect of the year ended 31 December 2015 was fully paid to the Shareholders in July 2016.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### MODEL CODE FOR SECURITIES TRANSACTIONS OF THE DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions of the Directors. Specific enquiry has been made to all Directors and each of the Directors has confirmed he/she has complied with the Model Code during the Reporting Period.

### CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has been in compliance with the code provisions of the Corporate Governance Code throughout the six months ended 30 June 2016.

## OTHER INFORMATION (CONTINUED)

### AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”). The Audit Committee currently consists of three members, namely Mr. Xia Lijun (Chairman), Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, all of whom are independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process and internal controls.

The Audit Committee together with the management has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group’s unaudited consolidated interim results for the six months ended 30 June 2016.

### CHANGES TO DIRECTORS’ INFORMATION

Save as disclosed in this interim report, the Directors confirmed that there has been no change to any of the information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules.

### EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 30 June 2016 up to the date of this interim report.

# INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2016

	<i>Note</i>	<b>As at 30 June 2016 Unaudited RMB'000</b>	As at 31 December 2015 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>184,060</b>	155,924
Land use rights	6	<b>29,844</b>	30,178
Intangible assets	6	<b>7,539</b>	8,265
Deferred income tax assets		<b>2,617</b>	3,402
Investment in an associate	9	<b>11,160</b>	–
Other non-current assets	8	<b>280</b>	7,342
		<b>235,500</b>	205,111
<b>Current assets</b>			
Inventories		<b>51,393</b>	49,205
Trade and bills receivables	7	<b>77,475</b>	59,931
Prepayments, deposits and other receivables	8	<b>24,751</b>	19,930
Cash and cash equivalents		<b>334,243</b>	349,892
		<b>487,862</b>	478,958
<b>Total assets</b>		<b>723,362</b>	684,069
<b>EQUITY</b>			
Share capital	10	<b>4,297</b>	4,239
Share premium	10	<b>462,347</b>	456,013
Other reserves	11	<b>(47,634)</b>	(58,525)
Retained earnings		<b>175,883</b>	158,841
		<b>594,893</b>	560,568
<b>Non-controlling interests</b>		<b>2,327</b>	22
<b>Total equity</b>		<b>597,220</b>	560,590

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

# INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2016

	<i>Note</i>	<b>As at 30 June 2016 Unaudited RMB'000</b>	As at 31 December 2015 Audited RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>4,633</b>	4,694
Deferred income		<b>853</b>	1,201
		<b>5,486</b>	5,895
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>9,118</b>	7,253
Accruals and other payables	<i>14</i>	<b>102,509</b>	105,428
Income tax payable		<b>3,311</b>	4,386
Dividend payable	<i>18</i>	<b>5,112</b>	–
Current portion of deferred income		<b>606</b>	517
		<b>120,656</b>	117,584
<b>Total liabilities</b>		<b>126,142</b>	123,479
<b>Total equity and liabilities</b>		<b>723,362</b>	684,069

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 Unaudited RMB'000	2015 Unaudited RMB'000
Revenue	5	164,207	131,780
Cost of sales	5, 15	(79,022)	(64,404)
<b>Gross profit</b>		<b>85,185</b>	67,376
Selling and distribution costs	15	(30,521)	(21,071)
Administrative expenses	15	(22,501)	(20,447)
Other income – net		259	134
Other gains – net		1,875	59
<b>Operating profit</b>		<b>34,297</b>	26,051
Finance income		3,350	1,942
Finance costs		(286)	(1,532)
<b>Finance income – net</b>		<b>3,064</b>	410
Share of loss of an associate		(340)	–
<b>Profit before income tax</b>		<b>37,021</b>	26,461
Income tax expenses	16	(8,383)	(5,176)
<b>Profit for the period</b>		<b>28,638</b>	21,285
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		3,809	538
<b>Total comprehensive income for the period</b>		<b>32,447</b>	21,823

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2016</b> <b>Unaudited</b> <b>RMB'000</b>	2015 Unaudited RMB'000
<b>Total profit attributable to:</b>			
Equity holders of the Company		<b>28,733</b>	21,283
Non-controlling interests		<b>(95)</b>	2
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>32,542</b>	21,821
Non-controlling interests		<b>(95)</b>	2
		<b>32,447</b>	21,823
<b>Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)</b>			
– Basic earnings per share (expressed in RMB per share)		<b>0.053</b>	0.040
– Diluted earnings per share (expressed in RMB per share)	17	<b>0.053</b>	0.039

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Unaudited Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	RMB'000 (Note 10)	RMB'000 (Note 10)	RMB'000 (Note 11)	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	4,239	456,013	(58,525)	158,841	560,568	22	560,590
<b>Comprehensive income</b>							
Profit/(loss) for the period	-	-	-	28,733	28,733	(95)	28,638
Currency translation differences	-	-	3,809	-	3,809	-	3,809
<b>Total comprehensive income</b>	-	-	3,809	28,733	32,542	(95)	32,447
<b>Transactions with owners</b>							
Share-based payment							
- Value of employee services	-	-	503	-	503	-	503
- Exercise of share options	58	6,334	-	-	6,392	-	6,392
Dividends	-	-	-	(5,112)	(5,112)	-	(5,112)
Appropriation to statutory reserve	-	-	6,579	(6,579)	-	-	-
Capital injection by non-controlling interests	-	-	-	-	-	2,400	2,400
<b>Total transactions with owners</b>	58	6,334	7,082	(11,691)	1,783	2,400	4,183
<b>Balance as at 30 June 2016 (unaudited)</b>	<b>4,297</b>	<b>462,347</b>	<b>(47,634)</b>	<b>175,883</b>	<b>594,893</b>	<b>2,327</b>	<b>597,220</b>
Balance at 1 January 2015	4,142	445,429	(74,964)	119,504	494,111	39	494,150
<b>Comprehensive income</b>							
Profit for the period	-	-	-	21,283	21,283	2	21,285
Currency translation differences	-	-	538	-	538	-	538
<b>Total comprehensive income</b>	-	-	538	21,283	21,821	2	21,823
<b>Transactions with owners</b>							
Share-based payment							
- Value of employee services	-	-	1,577	-	1,577	-	1,577
- Exercise of share options	40	4,383	-	-	4,423	-	4,423
Dividends	-	-	-	(3,311)	(3,311)	-	(3,311)
Appropriation to statutory reserve	-	-	4,754	(4,754)	-	-	-
<b>Total transactions with owners</b>	40	4,383	6,331	(8,065)	2,689	-	2,689
<b>Balance as at 30 June 2015 (unaudited)</b>	<b>4,182</b>	<b>449,812</b>	<b>(68,095)</b>	<b>132,722</b>	<b>518,621</b>	<b>41</b>	<b>518,662</b>

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2016 Unaudited RMB'000</b>	2015 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>16,564</b>	2,325
Income tax paid		<b>(8,718)</b>	(53)
Net cash generated from operating activities		<b>7,846</b>	2,272
<b>Cash flows from investing activities</b>			
Investment of an associate	9	<b>(11,500)</b>	–
Purchase of property, plant and equipment		<b>(33,751)</b>	(20,982)
Purchase of intangible assets		<b>(18)</b>	(1,834)
Proceeds from disposal of an associate	8	<b>7,627</b>	9,441
Interest received from available-for-sale financial assets		<b>2,454</b>	1,203
Proceeds from disposal of property, plant and equipment		–	52
Purchases of available-for-sale financial assets		<b>(160,000)</b>	(160,000)
Disposal of available-for-sale financial assets		<b>160,000</b>	160,000
Net cash used in investing activities		<b>(35,188)</b>	(12,120)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares			
– Proceeds from IPO, net off underwriting commission		–	121,202
– Proceeds from issue of shares due to exercise of share option	12	<b>6,392</b>	4,423
Payments of listing expenses		–	(16,941)
Dividends paid to equity holders of the Company	18	–	(3,311)
Capital injection by a non-controlling shareholder		<b>2,400</b>	–
Net cash generated from financing activities		<b>8,792</b>	105,373
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18,550)</b>	95,525
Cash and cash equivalents at beginning of the period		<b>349,892</b>	195,821
Effect of foreign exchange rate changes on cash and cash equivalents		<b>2,901</b>	535
<b>Cash and cash equivalents at end of the period</b>		<b>334,243</b>	291,881

The notes on page 24 to 40 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 1 GENERAL INFORMATION

BBI Life Sciences Corporation (the “**Company**”) was incorporated in the Cayman Islands on 10 July 2013 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 address of its registered office was Floor 4, Willow House, Cricket Square, P.O. BOX 2804 Grand Cayman KY1-1112, Cayman Islands. In September 2014, the Company’s registered office was changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 December 2014.

The Company, an investment holding company, and its subsidiaries (the “**Group**”) are principally engaged in the development, manufacture and sale of various life science products used in scientific research, and the provision of life science related services. The products and services include mainly DNA synthesis products, genetic engineering services, life science research consumables and protein and antibody related products and services.

This condensed consolidated interim financial information is presented in Renminbi (RMB), unless otherwise stated, and were approved for issue by the Board on 30 August 2016.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### (a) New and amended standards adopted by the Group

HKFRS 7 (Amendments) “Financial instruments: Disclosures condensed interim financial statements” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that the additional disclosure required by the amendments to HKFRS 7, ‘Disclosure – Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by HKAS 34.

HKAS 19 (Amendments) “Employee benefits” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

HKAS 34 (Amendments) “Interim financial reporting” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

Amendments and interpretations as mentioned above are not expected to have a material effect on the Group’s operating results, financial position or comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) Standards, amendments and interpretations to existing standards effective in 2016 but not relevant to the Group

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 27 (Amendment)	Separate financial statements	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKAS 41 (Amendment)	Agriculture	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Application of the disclosure requirements to a servicing contract	1 January 2016
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016

- (c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 (Amendment)	Consolidated financial statements	To be determined
HKAS 28 (Amendment)	Investment in associates	To be determined



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 3 ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

During the six months ended 30 June 2016, the Group conducted a thorough review of the collection status of the accounts receivable based on historical data. As a result of the review, the Group changed the estimation of the provision for impairment of trade and other receivables and reversed the provision balance of RMB2,898,000 as of 30 June 2016.

### 4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015.

There have been no material changes in any material risk management policies since 31 December 2015.

### 5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on the internal reports provided for review by the Executive Directors. The Executive Directors consider the performance of the Group from a product perspective. The Executive Directors assess the performance of the operating segments based on a measure of gross profit for the period which is consistent with that in the condensed consolidated interim financial information.

The Group's operations are mainly organised under the following business segments: DNA synthesis products, genetic engineering services, life science research consumables, and protein and antibody related products and services.

The amounts provided to Executive Directors with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of in the condensed consolidated interim financial information. Executive Directors review the total assets, total liabilities and capital expenditure at Group level, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 5 SEGMENT INFORMATION (CONTINUED)

### (a) Revenue

The Group's revenue which represents turnover for the six months ended 30 June 2016 and 2015 is as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
DNA synthesis products	65,218	53,652
Genetic engineering services	33,770	25,159
Life science research consumables	47,153	37,863
Protein and antibody related products and services	18,066	15,106
	<b>164,207</b>	131,780

### (b) Segment information

The segment information for the six months ended 30 June 2016 is as follows:

	DNA synthesis products RMB'000	Genetic engineering services RMB'000	Life science research consumables RMB'000	Protein and antibody related products and services RMB'000	Total RMB'000
Segment sales	65,218	33,770	47,153	18,066	164,207
Segment cost of sales	(25,598)	(18,012)	(24,093)	(11,319)	(79,022)
Segment gross profit	39,620	15,758	23,060	6,747	85,185

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 5 SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (continued)

The segment information for the six months ended 30 June 2015 is as follows:

	DNA synthesis products RMB'000	Genetic engineering services RMB'000	Life science research consumables RMB'000	Protein and antibody related products and services RMB'000	Total RMB'000
Segment sales	53,652	25,159	37,863	15,106	131,780
Segment cost of sales	(21,909)	(12,768)	(19,843)	(9,884)	(64,404)
Segment gross profit	31,743	12,391	18,020	5,222	67,376

#### (c) Entity-wide information

Analysis of the Group's sales to external customers in different countries is as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
PRC	126,950	101,160
Overseas countries	37,257	30,620
	<b>164,207</b>	131,780

The total of non-current assets other than deferred income tax assets located in different countries is as follows:

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Total non-current assets other than deferred income tax assets		
– PRC	213,164	183,033
– Overseas countries	19,719	18,676
Deferred income tax assets	2,617	3,402
	<b>235,500</b>	205,111

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 6 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000
<b>As at 1 January 2016</b>			
Cost	217,348	33,505	9,938
Accumulated depreciation	(61,424)	(3,327)	(1,673)
Net book amount	155,924	30,178	8,265
<b>As at 30 June 2016</b>			
Opening net book amount	155,924	30,178	8,265
Additions	34,432	–	18
Disposals	(23)	–	–
Depreciation and amortisation (Note 15)	(7,570)	(334)	(411)
Exchange difference	1,297	–	(333)
Closing net book amount	184,060	29,844	7,539
<b>As at 30 June 2016</b>			
Cost	253,164	33,505	9,586
Accumulated depreciation	(69,104)	(3,661)	(2,047)
Net book amount	184,060	29,844	7,539
<b>As at 1 January 2015</b>			
Cost	164,278	33,505	3,911
Accumulated depreciation	(47,738)	(2,656)	(1,048)
Net book amount	116,540	30,849	2,863
<b>As at 30 June 2015</b>			
Opening net book amount	116,540	30,849	2,863
Additions	21,262	–	1,834
Disposals	(307)	–	–
Depreciation and amortisation (Note 15)	(5,795)	(335)	(211)
Exchange difference	(1,035)	–	(1)
Closing net book amount	130,665	30,514	4,485
<b>As at 30 June 2015</b>			
Cost	184,007	33,505	5,724
Accumulated depreciation	(53,342)	(2,991)	(1,239)
Net book amount	130,665	30,514	4,485

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 7 TRADE AND BILLS RECEIVABLES

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Trade and bills receivables	<b>80,469</b>	65,569
Less: provision for impairment of trade receivables	<b>(2,994)</b>	(5,638)
Trade and bills receivables – net	<b>77,475</b>	59,931

The majority of the Group's sales are on credit with credit terms ranging from 1 month to 6 months. Trade receivables are non-interest bearing.

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Within 3 months	<b>50,163</b>	38,983
3 to 6 months	<b>14,298</b>	10,976
6 to 12 months	<b>9,043</b>	9,145
Over 12 months	<b>6,965</b>	6,465
	<b>80,469</b>	65,569

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Non-current:		
Receivables for disposal of an associate ( <i>Note 1</i> )	–	7,030
Others	<b>280</b>	312
	<b>280</b>	7,342
Current:		
Prepayments for purchases of raw materials	<b>5,866</b>	2,566
Receivables for disposal of an Associate ( <i>Note 1</i> )	<b>7,213</b>	7,463
Prepaid value-added tax, current income tax and other taxes	<b>6,088</b>	5,646
Others	<b>5,584</b>	4,255
	<b>24,751</b>	19,930

*Note 1:* In April 2014, the Group disposed its equity interest in Prime Gene, an associate of the Group, to a third party company. According to the payment terms stipulated in the sales and purchase agreement, the buyer committed to pay RMB9,441,000 within 1 year from the transaction date, and pay RMB7,627,000 at each of the second and third anniversary of the sales transaction date. The Group has received RMB7,627,000 during the six months ended 30 June 2016.

As at 30 June 2016, receivables for disposal of an associate amounted to RMB7,213,000 were guaranteed by an affiliate of the acquiring company.

### 9 INVESTMENT IN AN ASSOCIATE

	<b>Six months ended 30 June 2016 RMB'000</b>
At 1 January 2016	–
Addition	<b>11,500</b>
Share of losses of an associate	<b>(340)</b>
At 30 June 2016	<b>11,160</b>

On 23 March 2016, Sangon Biotech (Shanghai) Co., Ltd. ("**Sangon Biotech**"), the wholly subsidiary of the Company, entered into certain agreements ("**the Agreements**") with Shanghai YouLong Biotech Co., Ltd. ("**YouLong Biotech**") and its shareholders. Pursuant to the Agreements, Sangon Biotech acquired 34% equity interest in YouLong Biotech with a cash consideration of RMB11,500,000.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 10 SHARE CAPITAL AND SHARE PREMIUM

	Note	Number of authorised ordinary shares	Number of issued and fully paid shares	Nominal value of ordinary shares HK\$/NT\$	Equivalent nominal value of ordinary shares RMB'000	Share Premium RMB'000
At 1 January 2016		2,000,000,000	536,874,480	HK\$5,368,745	4,239	456,013
Transaction with owners for the six months ended 30 June 2016						
Share-based payment – exercise of share option	12	–	6,912,855	HK\$69,129	58	6,334
At 30 June 2016		2,000,000,000	543,787,335	HK\$5,437,874	4,297	462,347
Balance at 30 June 2015		2,000,000,000	529,764,242	HK\$5,297,642	4,182	449,812

### 11 OTHER RESERVES

	Capital reserve (i) RMB'000	Statutory reserve (ii) RMB'000	Share-based payment reserve RMB'000	Currency translation reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	(91,004)	15,977	14,166	8,791	(6,455)	(58,525)
Currency translation differences	–	–	–	3,809	–	3,809
Share-based payment-value of employee service	–	–	503	–	–	503
Appropriation to statutory reserve	–	6,579	–	–	–	6,579
At 30 June 2016	(91,004)	22,556	14,669	12,600	(6,455)	(47,634)
At 1 January 2015	(91,004)	8,281	11,909	2,326	(6,476)	(74,964)
Currency translation differences	–	–	–	538	–	538
Share-based payment-value of employee service	–	–	1,577	–	–	1,577
Appropriation to statutory reserve	–	4,754	–	–	–	4,754
At 30 June 2015	(91,004)	13,035	13,486	2,864	(6,476)	(68,095)

(i) Capital reserve represents the difference between the share capital and premium issued by the Company for acquisition of the subsidiaries pursuant to the reorganisation before its listing and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

(ii) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory reserve. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 12 SHARE-BASED PAYMENT

Movement in the number of share options outstanding and their related weighted average exercise prices for the six months ended 30 June 2016 was as follows:

	Six months ended 30 June 2016	
	Average exercise price in HK\$	Number of options
At 1 January 2016	1.1	16,880,343
Forfeited	1.1	(136,316)
Exercised	1.1	(6,912,855)
At 30 June 2016	1.1	9,831,172

Options exercised during the six months ended 30 June 2016 resulted in 6,912,855 shares being issued (six months ended 30 June 2015: 5,101,142), with exercise proceeds of HK\$7,604,000 (equivalent to RMB6,392,000) (six months ended 30 June 2015: HK\$5,611,000, equivalent to RMB4,423,000).

Share options outstanding at 30 June 2016 and 31 December 2015 have the following expiry dates and exercise prices:

Expiry date	Exercise price (HK\$ per share)	Number of options	
		As at 30 June 2016	As at 31 December 2015
17 January 2019	1.1	1,170,122	7,779,027
17 January 2020	1.1	8,661,050	9,101,316
		9,831,172	16,880,343

### 13 TRADE PAYABLES

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Within 3 months	8,532	6,855
3 months to 6 months	185	368
6 months to 1 year	383	30
Over 1 year	18	–
	9,118	7,253

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 14 ACCRUALS AND OTHER PAYABLES

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Payables for purchase of property, plant and equipment	1,368	687
Salary and staff welfare payables	8,680	8,611
Payables for value-added tax and other taxes	2,901	1,930
Advance from customers	84,245	87,916
Payables for listing expenses	50	50
Payables for professional fees	1,617	2,283
Other payables	3,648	3,951
	<b>102,509</b>	105,428

### 15 EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2016 RMB'000</b>	2015 RMB'000
Raw materials used	51,113	38,878
Changes in inventories of finished goods and work in progress	(1,970)	(5,402)
Employee benefit expenses	40,012	38,264
Research and development expenses	8,965	7,724
Depreciation and amortisation charges (Note 6)	8,315	6,341
Transportation expenses	4,880	3,950
Office expenses	7,409	3,930
Taxes and surcharges	1,774	1,576
Repair expenses	1,293	1,231
Utilities	1,680	1,224
Travel expenses	3,744	1,166
Professional service fees	808	779
Operating leases	1,268	659
(Reversal of provision)/Provision for impairment of trade and bills receivables	(2,644)	654
Auditor's remuneration	1,022	500
Provision for write-down of inventories	113	674
Other expenses	4,262	3,774
	<b>132,044</b>	105,922
Total cost of sales, selling and distribution costs and administrative expenses	<b>132,044</b>	105,922

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 16 INCOME TAX EXPENSES

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current income tax	7,699	3,056
Deferred income tax	684	2,120
	<b>8,383</b>	5,176

(i) Cayman Islands profits tax

The Company is not subject to any taxation of Cayman Islands income tax.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits.

(iii) PRC corporate income tax

The corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

Pursuant to the PRC Corporate Income Tax Law (the "CIT Law"), the CIT is unified at 25% for all type of entities, effective from 1 January 2008. Sangon Biotech had enjoyed a preferential CIT rate of 15% during a 3 years period from 2013 to 2015, as it was certified as High and New Technology Enterprises ("HNTE"). Sangon Biotech is applying for the renewal of the HNTE qualification in 2016. since there is uncertainty of Sangon Biotech being able to successfully renew the HNTE qualification, the management applied the statutory CIT rate of 25% in calculation of the income tax for the six months ended 30 June 2016.

(iv) PRC withholding income tax

Pursuant to the CIT Law, a 10% withholding tax will be levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007.

(v) Canada profits tax

Canada profits tax has been provided for at the rate of 26.50% on the estimated assessable profits for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 26.50%).

(vi) The United States profits tax

The United States profits tax has been provided for at the rate of 15% on the estimated assessable profits for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 15%).

(vii) The United Kingdom profits tax

The United Kingdom profits tax has been provided for at the rate of 20% on the estimated assessable profits for the six months ended 30 June 2016.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 17 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the period.

	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (RMB'000)	<b>28,733</b>	21,284
Weighted average number of ordinary shares in issue ('000)	<b>543,787</b>	525,895
Basic earnings per share (RMB per share)	<b>0.053</b>	0.040

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has only one category of dilutive potential ordinary shares, which is the share option plan mentioned in Note 12.

For the share option plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period when the options are outstanding) based on the monetary value of the subscription rights attached to outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (RMB'000)	<b>28,733</b>	21,284
Weighted average number of ordinary shares in issue after capitalisation ('000)	<b>543,787</b>	525,895
Adjustments for share option plan ('000)	<b>232</b>	16,084
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>544,019</b>	541,979
Diluted earnings per share (RMB per share)	<b>0.053</b>	0.039

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 18 DIVIDENDS

A final dividend in respect of the year ended 31 December 2015 of HK\$0.011 per ordinary share, totalling HK\$5,982,000 (equivalent to RMB5,112,000), has been resolved to declare at the annual general meeting on 17 June 2016 and has been paid to shareholders whose names appeared on the register of shareholders at 23 June 2016. The final dividend has been recognised as a liability in this interim financial information.

The Board does not declare an interim dividend for the six months ended 30 June 2016 (2015 interim dividend: nil).

### 19 COMMITMENTS

#### (a) Capital commitments

Capital expenditure contracted for at each balance sheet date but not yet incurred is as follows:

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Property, plant and equipment	<b>6,955</b>	8,934

#### (b) Operating lease commitments

The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
No later than 1 year	<b>1,065</b>	1,050
Later than 1 year and no later than 5 years	<b>497</b>	721
	<b>1,562</b>	1,771

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 20 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Save as disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the period ended 30 June 2016.

### (a) Name and relationship with related parties

#### (i) Controlling Party

Mr. Wang Qisong, Ms. Wang Luoia, Ms. Wang Jin\*

\* As Mr. Wang Qisong, Ms. Wang Luoia, and Ms. Wang Jin entered into an agreement for acting in concert, they are collectively regarded as the Controlling Party with a controlling shareholding of 59.51% of the Company through LJ Hope Ltd., LJ Peace Ltd., and LJ Venture Ltd.,

#### (ii) Associates of the Group

YouLong Biotech

### (b) The following transactions were carried out with related parties:

#### (i) Sales of goods and services

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
An associate	39	—

#### (ii) Purchases of goods and services

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
An associate	92	—

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 20 RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (c) Balances with related parties

	<b>As at 30 June 2016 RMB'000</b>	As at 31 December 2015 RMB'000
Trade receivables due from an associate	<b>39</b>	–
Trade payables due to an associate	<b>33</b>	–

#### (d) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended 30 June</b>	
	<b>2016 RMB'000</b>	2015 RMB'000
Salaries and other employee benefits	<b>1,582</b>	1,595

### 21 CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

### 22 PRINCIPAL SUBSIDIARIES

The Group had direct or indirect interests in the following subsidiaries as at 30 June 2016:

Company name	Country/ Place of incorporation/ operation	Paid in capital as of 30 June 2016 (‘000)	Effective interests held %	Principal activities
<b>Directly Owned:</b>				
BBI International Limited	Hong Kong	USD5,843	100	Investment holding
BBI Asia Limited	Hong Kong	USD12,973	100	Investment holding
<b>Indirectly Owned:</b>				
Sangon Biotech	PRC	RMB180,000	99.99	Manufacturing and sales of various life science products and provide life science related services
BBI China	PRC	RMB52,420	100	Investment holding and management consulting
Bio Basic (Canada)	Canada	CAD3,000	99.99	Manufacturing and sales of various life science products and provide life science related services
Bio Basic (US)	USA	USD2,000	99.99	Manufacturing and sales of various life science products and provide life science related services
Sangon Peptide Biotech (Ningbo) Co., Ltd	PRC	RMB8,000	64.97	Manufacturing and sales of various life science products and provide life science related services
NBL (UK)	UK	GBP100	100	Sales of various life science products and life sciences related services