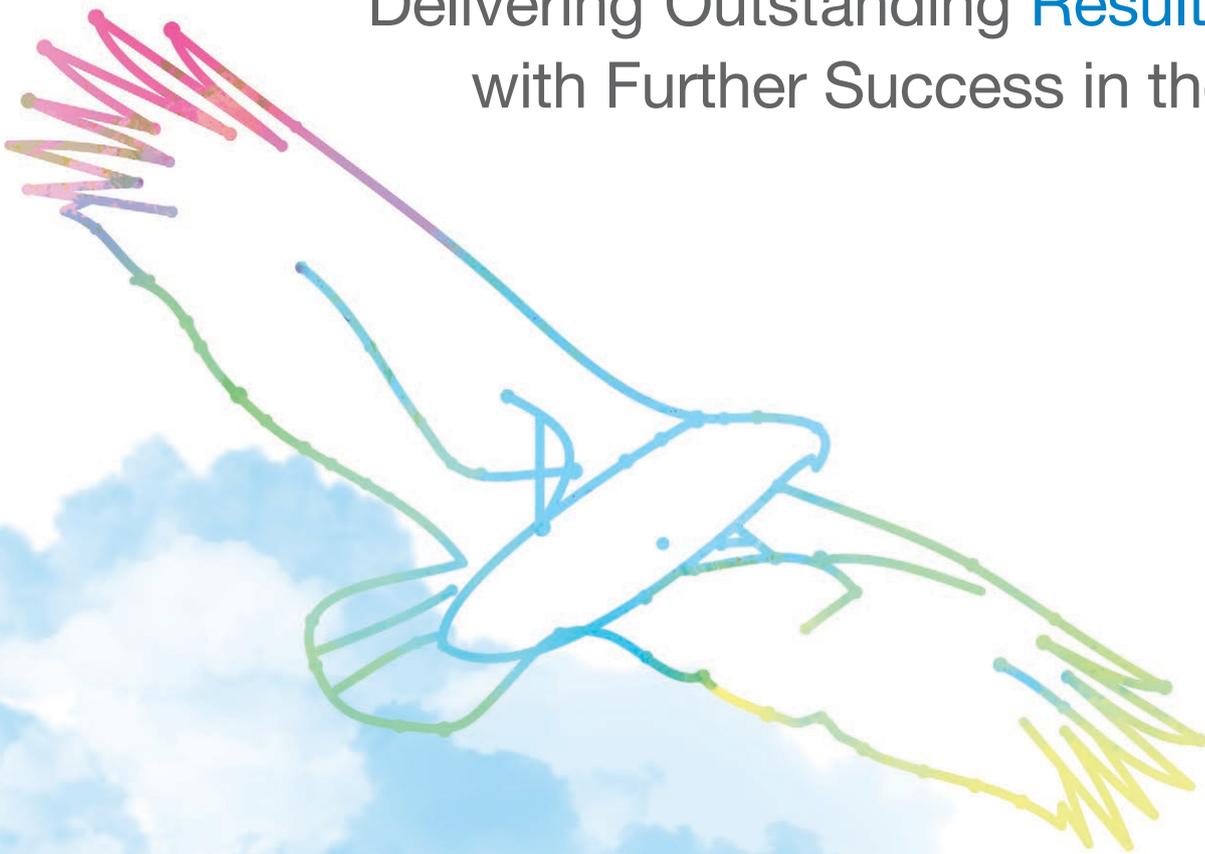




中国泰凌医药集团
CHINA NT PHARMA GROUP

Stock Code : 01011

Delivering Outstanding **Results**
with Further Success in the **Future**



Interim Report 2017



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Board of Directors and Board Committees

BOARD OF DIRECTORS

Executive Directors

Mr. NG Tit (*Chairman and Chief Executive Officer*)
Ms. CHIN Yu
Mr. WU Weizhong

Non-executive Directors

Dr. QIAN Wei
Mr. GE Jianqiu (resigned on 31 July 2017)
Ms. LOU Jianying (appointed on 31 July 2017)

Independent Non-executive Directors

Mr. Patrick SUN
Dr. Lap-Chee TSUI
Mr. Yue Nien Martin TANG (resigned on 29 June 2017)
Mr. YU Tze Shan Hailson (appointed on 29 June 2017)

BOARD COMMITTEES

Audit Committee

Mr. Patrick SUN (*Chairman*)
Dr. Lap-Chee TSUI
Mr. Yue Nien Martin TANG (resigned on 29 June 2017)
Mr. YU Tze Shan Hailson (appointed on 29 June 2017)

Remuneration Committee

Mr. Yue Nien Martin TANG (*Chairman*)
(resigned on 29 June 2017)
Mr. YU Tze Shan Hailson (*Chairman*)
(appointed on 29 June 2017)
Mr. Patrick SUN
Mr. NG Tit

Nomination Committee

Mr. NG Tit (*Chairman*)
Mr. Patrick SUN
Mr. Yue Nien Martin TANG (resigned on 29 June 2017)
Mr. YU Tze Shan Hailson (appointed on 29 June 2017)

Corporate Information

COMPANY SECRETARY

Mr. CHIU Yu Kang

AUDITORS

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

LEGAL ADVISORS AS TO HONG KONG LAWS

Li & Partners

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2305-06, 23/F
China Resources Buildings
26 Harbour Road, Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

11/F, Buildings S2, Bund Finance Centre
600 Zhongshan Dong Er Road, Huangpu District
Shanghai, PRC

REGISTERED OFFICE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Co., Limited
China Merchants Bank Co., Limited
Shanghai Pudong Development Bank Co., Limited

INVESTOR RELATIONS

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COMPANY'S WEBSITE

<http://www.ntpharma.com>

STOCK CODE

1011

Financial Highlights

A summary of the main financial data of China NT Pharma Group Company Limited (“NT Pharma” or the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 is set out below:

	For the six months ended 30 June		
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	% Change
Revenue	559,060	385,789	44.9%
Gross profit	297,850	156,743	90.0%
Profit from operations	118,774	62,048	91.4%
Profit attributable to equity holders of the Company	80,673	50,068	61.1%
Core profit attributable to equity holders of the Company	81,822	51,251	59.6%
Earnings per share (RMB cents)			
Basic	5.18	3.21	61.4%
Diluted	5.07	3.16	60.4%
Core earning per share (RMB cents)			
Basic	5.25	3.29	59.6%
Diluted	5.14	3.24	58.6%

The board of directors (the “Directors”) of the Company (the “Board”) did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

Management Discussion and Analysis

OVERVIEW

NT Pharma is a technology-based pharmaceutical company which is principally engaged in the investment, research and development (“R&D”), manufacturing and sales of pharmaceutical products in the People’s Republic of China (“China” or “PRC”) and over 20 countries overseas, with its products covering therapeutic areas of severe illness such as oncology, orthopedics, Central Nervous System (“CNS”), hepatopathy and respiratory system. NT Pharma owns two new Class 1 drugs in China, one well-known international brand-name drug, and a number of generic drugs, and the Group conducts its production through three of its subsidiaries, namely Suzhou First Pharmaceutical Co., Ltd. (“Suzhou First”), Jiangsu NT Biopharma Co., Ltd. (“Jiangsu Biopharma”) and NT Pharma Changsha Pharmaceutical Co., Ltd. (“Changsha Pharma”). The Group also owns several sales and distribution companies with around 1,000 sales professionals and R&D specialists. The Group has an extensive promotion network in China, covering nearly 10,000 hospitals. In addition, the Group maintains long-term and in-depth strategic cooperative relationships with Sinopharm Group Co., Ltd. and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (“FDZH”), and will adopt an innovative model of business cooperation with them, which will help NT Pharma grow into an innovative investment-oriented pharmaceutical company with outstanding R&D capabilities.

During the six months ended 30 June 2017, the Group substantially dedicated its focus on improving its operating profit margins, expanding its proprietary product portfolio and developing its own research and development capabilities. The overall revenue of the Group for the six months ended 30 June 2017 increased by RMB173.3 million or 44.9% to RMB559.1 million, as compared to RMB385.8 million for the corresponding period in 2016. Operating profit for the six months ended 30 June 2017 improved significantly to RMB118.7 million, as compared with an operating profit of RMB62.0 million for the

corresponding period in 2016. The improvement in operating results during the six months ended 30 June 2017 was mainly due to innovative drug Xi Di Ke and brand-name drug Miacalcic which contributed to the profit of the Group. As a result of the improved operating results, the Group reported a net profit of RMB80.2 million for the six months ended 30 June 2017, as compared with a net profit of RMB50.0 million for the corresponding period in 2016.

BUSINESS REVIEW

Production Bases

The Group conducts its production through three of its subsidiaries, namely, Suzhou First, Jiangsu Biopharma and Changsha Pharma.

Production Base of Chemical Drugs

Suzhou First is the Group’s production base of chemical drugs, which is dubbed a “High-tech Enterprise” in Jiangsu Province. It is located in the Sino-Singaporean Suzhou Industrial Park, covering an area of 150 mu. Among the 20 types of products that Suzhou First is currently producing and selling, “Shusi” (quetiapine fumarate tablets) is its core product and a recognized brand and high-tech product in Jiangsu Province, as well as a main treatment for the therapy of CNS. Its another product, Zhuo’ao (ambroxol hydrochloride for injection) is the main treatment for respiratory system therapy.

Production Base of Bio-chemical Drugs

Jiangsu Biopharma is a high-tech pharmaceutical enterprise, with its plant located in the Chinese Medicine City in Taizhou, China, which covers an area of 100 mu and is the Group’s production base for bio-chemical drugs. Jiangsu Biopharma owns a new national Class I anti-cancer drug “Xi Di Ke” (uroacitides injection), which has been approved to be used for the treatment of non-small cell lung cancer and breast cancer, with its new indication “myelodysplastic syndrome (MDS)” under phase II clinical research which has been admitted into the “Major New Drugs Innovation” projects shortlist of the Ministry of Science and Technology.

Management Discussion and Analysis (Continued)

Production Base of Traditional Chinese Medicine

Changsha Pharma is the Group's production base for traditional Chinese medicine, which is located in the National Bio-industry Base in Changsha, China, covering an area of 50 mu. It has also renewed its Good Manufacturing Practice certification. Its production lines commenced operation in June 2016. Changsha Pharma owns a new state-class drug known as Songzhi Wan, which is the only traditional Chinese medicine capable of curing hepatitis Type C. The development of Songzhi Wan was subsidized by China's 863 Programme.

Core Products

NT Pharma has 129 product registration certificates as approved by the State Food and Drug Administration ("SFDA"), among which, over 20 products are being sold and produced.

Miacalcic

The generic name of Miacalcic is salmon calcitonin, which is a well-known international orthopedic brand. The brand is mainly used for treatment of bone pain led by osteolysis and lower bone mass, osteoporosis, Paget's disease, hypercalcemia and reflex sympathetic dystrophy syndrome. The brand has a global sales network. After the completion of the major transaction on acquisition of Miacalcic Injection in respect of China and other regions from Novartis at a total purchase price of US\$145 million in July 2016, while transfer consideration of Miacalcic Spray which was conditional and not exceeding US\$65 million, the Group has strategically established its presence in the area of orthopedic treatment.

Xi Di Ke

Xi Di Ke, also known as uroacitides injection, is a proprietary product of Jiangsu Biopharma. Xi Di Ke, in combination with chemotherapy, is used in the treatment of advanced breast cancer and non-small cell lung cancer. In 2015, the research of treating myelodysplastic syndrome (MDS) with Xi Di Ke as well as its industrialization was admitted into the "Major New Drugs Innovation" projects shortlist of the Ministry of Science and Technology.

In April 2017, Xi Di Ke was officially offered for sale in hospitals, providing doctors with a better choice in prescribing medication and bringing good news to patients. The Group believes that the unique and exclusive Xi Di Ke has huge market potentials and it will become the main highlight of the future performance of the Group.

In June 2017, the project on the new indication "myelodysplastic syndrome (MDS)" of Xi Di Ke (uroacitides injection) (the "Project") has been admitted into the "Major New Drugs Innovation" projects of the Ministry of Science and Technology and the National Health and Family Planning Commission, and received subsidy funding from the Ministry of Finance, demonstrating the great importance and strong support attached to the Project.

Songzhi Wan

Songzhi Wan is the only traditional Chinese medicine capable of curing hepatitis Type C as approved by SFDA, the development of which was included in the Major Scientific and Technical Breakthrough Program under the "10th Five-Year Plan" and the National High Technology Research and Development Program (863 Program). During the Stage I-II-III clinical research on Songzhi Wan, we proceeded in strict accordance with the principles of evidence-based medicine, and as a result, its drug efficacy and safety have been carefully verified with modern medicine, for which it was finally approved to enter the market with a certificate of new drug. It was officially commercialized at hospitals in June 2016.

Shusi

Shusi, also known as quetiapine fumarate, is a proprietary product of Suzhou First. It was approved in May 2003, and was officially on the market in July 2003. Shusi is suitable for the treatment of schizophrenia and maniacalis insultus of bipolar affective disorder. As a recognized brand and high-tech product in Jiangsu Province, Shusi is one of the atypical antipsychotic drugs of a new generation with dopaminergic antagonist, and has a significant effect in treatment of the symptoms of schizophrenia and the maniacalis insultus of bipolar affective disorder.

Management Discussion and Analysis (Continued)

Libod

Libod, also known as doxorubicin hydrochloride liposome injection, is a product produced by FDZH with NT Pharma as the exclusive distributor. Libod applies to Level-I chemotherapy drugs, and is a good replacement for the traditional doxorubicin, with low cardiac toxicity, a stronger targeting capability, longer duration and better safety. It was recommended by NCCN for Level-I application for the first time in 2015.

Zhuo'ao

The generic name of Zhuo'ao is ambroxol hydrochloride for injection, which is a proprietary product of Suzhou First used for acute exacerbations of chronic bronchitis, asthmatic bronchitis and bronchial asthma.

OPERATING RESULTS

Sales

The Group currently operates three major business segments, namely proprietary products production and sales; Miacalcic and third-party pharmaceutical promotion and sales.

The proprietary products of the Group include Xi Di Ke, Shusi, Zhuo'ao and other drugs. The total revenue from the proprietary product production and sales segment increased by RMB37.9 million or 31.9% to RMB156.9 million for the six months ended 30 June 2017, as compared to RMB119.0 million for the corresponding period in 2016. Xi Di Ke was launched for sale in the market in April 2017, with revenue of RMB35.6 million for the six months ended 30 June 2017, as compared to nil for the corresponding period in 2016. Revenue of Shusi increased by RMB0.6 million or 0.7% to RMB87.2 million, as compared to RMB86.6 million for the corresponding period in 2016. The increase in the sales of Shusi was due to increased market demand as well as improved management of inventory in the distribution channels. Revenue from Zhuo'ao decreased by RMB4.7 million or 25.5% to RMB13.7 million for the six months ended 30 June 2017, as compared to RMB18.4 million for the corresponding period in 2016. The decrease of sales of Zhuo'ao was mainly due to the restructuring of its sole distributor, Sihuan Pharmaceutical during the period, which adversely affected the sales results.

During the six months ended 30 June 2017, revenue from Miacalcic segment amounted to RMB154.6 million, as compared to nil for the corresponding period in 2016.

During the six months ended 30 June 2017, revenue generated by the third-party pharmaceutical promotion and sales segment decreased by RMB19.2 million or 7.2% to RMB247.6 million, as compared to RMB266.8 million for the corresponding period in 2016. The decrease in overall revenue of this segment was mainly attributable to the decrease in the revenue generated from Libod. Libod, an oncology drug manufactured by FDZH, the revenue from which decreased by RMB17.4 million or 6.6% to RMB244.7 million for the six months ended 30 June 2017, as compared to RMB262.1 million for the corresponding period in 2016.

Research and Development

The Group has established research and development and clinical medical centre in Beijing, which maintain long-term strategic cooperation with domestic and foreign research institutions and companies. The Group conducts research and development of new products in many areas, such as cancer and blood diseases, central nervous system diseases, liver diseases, respiratory system diseases and infectious diseases, and it will offer more new products to patients in the future.

Management Discussion and Analysis (Continued)

PROSPECTS AND OUTLOOK OF THE GROUP

The Chinese government continues to commit resources to and invest in the healthcare sector as part of its long-term healthcare reform plan. Although more stringent regulations may create short-term operating pressures, NT Pharma believes that a better regulated market will ultimately bring opportunities to healthcare companies in China and enable the healthcare industry in China to maintain its growth in the long term. The Group believes that the growth of the healthcare industry in China is supported by a combination of favorable factors, including the size of an increasing ageing population, the Chinese government's commitment to improve access to healthcare services and better affordability from rising disposable income. With the Chinese government's continual reforms on the healthcare sector, NT Pharma has redefined its long-term growth strategies in accordance with the changing landscape of the industry. Going forward, NT Pharma will continue to refine and reinforce its strategies: the Group will actively conduct R&D of innovative drugs for driving the Group's profit growth and fully develop the market potential of original brand drugs and generic drugs, achieving the economies of scale for the Group through boosting sales performance of various drugs. The Group will continue to proactively identify opportunities to acquire quality products to enrich its product portfolio, gathering the momentum for sustainable development of the Group.

We have been in the field of medical and healthcare industry for over 20 years and strived to build our company to be an excellent medical and healthcare enterprise. In the future, the entire staff of NT Pharma will endeavor to deliver outstanding performance with progressive growth and constant innovation by seizing opportunities presented by various policies under the healthcare reform, upholding the advanced operation philosophies, taking advantage of extensive industry experience and expertise and leveraging our strong marketing network. Looking forward, we will create more value for our customers, shareholders and patients, embracing a new chapter for the Company.

HUMAN RESOURCES

As of 30 June 2017, the Group had 616 full-time employees (30 June 2016: 432 employees). For the six months ended 30 June 2017, the Group's total cost on remuneration, welfare and social security amounted to RMB51.8 million (2016: RMB19.1 million).

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

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and various retirement benefits schemes including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme ("**New Share Option Scheme**") adopted by the Company on 22 September 2014, and a share award scheme ("**New Share Award Scheme**") adopted on 4 September 2015, where options to subscribe for shares and share awards may be granted to the Directors and employees of the Group.

The Group made considerable efforts in continuing education and training programs for its staff, in order to continuously enhance their knowledge, skills and team spirit. The Group regularly provided internal and external training courses for relevant staff according to their needs.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June							
	2017 Sales volume '000	2017 Unit price RMB	2017 Sales amount RMB'000	2017 Proportion (%)	2016 Sales volume '000	2016 Unit price RMB	2016 Sales amount RMB'000	2016 Proportion (%)
Proprietary products production and sales								
Xi Di Ke	73.2	486.8	35,625	6.4%	–	–	–	–
Shusi	3,553	24.6	87,254	15.6%	3,220	26.9	86,643	22.5%
Zhuo'ao	11,166	1.2	13,739	2.5%	14,817	1.2	18,417	4.8%
Others	10,464	1.9	20,264	3.6%	7,250	1.9	13,908	3.6%
Subtotal			156,882	28.1%			118,968	30.9%
Miacalcic								
Miacalcic Injection	218	181.9	39,718	7.1%	–	–	–	–
Brand licensing fee income of Miacalcic Injection	780	147.2	114,833	20.5%	–	–	–	–
Subtotal			154,551	27.6%			–	–
Third-party pharmaceutical promotion and sales								
Libod	45	3,598.9	162,053	29.0%	52	3,472.6	179,483	46.5%
Service income for Libod	31	2,652.8	82,608	14.8%	32	2,581.3	82,602	21.4%
Others	25	116.8	2,966	0.5%	56	84.8	4,736	1.2%
Subtotal			247,627	44.3%			266,821	69.1%
Total			559,060	100.0%			385,789	100.0%

Management Discussion and Analysis (Continued)

Revenue from proprietary products production and sales increased by RMB37.9 million or 31.9% to RMB156.9 million, accounting for 28.1% of total revenue for the six months ended 30 June 2017, as compared to RMB119.0 million or 30.9% of the Group's total revenue for the corresponding period in 2016. The substantial increase in revenue from proprietary products production and sales was due to two reasons. Firstly, Xi Di Ke was launched for sale in the market in April 2017, bringing revenue contribution to the Company of RMB35.6 million for the six months ended 30 June 2017. Secondly, Shusi recorded an increase in sales. The increase in revenue of Shusi was primarily due to increased market demand as well as improved management of inventory in the distribution channels which resulted in an increase of 333,000 units or 10.3% in sales volume for the six months ended 30 June 2017 from 3,220,000 units for the corresponding period in 2016, which was partially offset by a decrease of RMB2.3 or 8.6% in the average commercial selling price per unit to RMB24.6 for the six months ended 30 June 2017 from RMB26.9 for the corresponding period in 2016.

The Group successfully received Novartis' Miacalcic Sales License in China in late April 2017. Therefore, starting from late April 2017, the Group will cease to charge brand licensing fee income in China from Novartis and turn to sell this product directly. Miacalcic Injection contributed a revenue of RMB154.6 million to the Company for the six months ended 30 June 2017, as compared to nil for the corresponding period in 2016. Among which, RMB114.8 million was brand licensing fee income and RMB39.7 million was from proprietary sales.

Revenue from third-party pharmaceutical promotion and sales decreased by RMB19.2 million or 7.2% to RMB247.6 million, accounting for 44.3% of total revenue for the six months ended 30 June 2017, as compared to RMB266.8 million or 69.1% of the Group's total revenue in 2016. The decrease in revenue from third-party pharmaceutical promotion and sales was primarily due to the revenue of Libod, an oncology drug manufactured by FDZH, decreased by RMB17.4 million or 6.6% to RMB244.7 million, accounting for 98.8% of the segment's total sales for the six months ended 30 June 2017, as compared to RMB262.1 million or 98.2% of the segment's total sales for the corresponding period in 2016. The decrease in revenue of Libod was primarily due to the decrease by 7,000 units or 13.5% in sales volume for the six months ended 30 June 2017 from 52,000 units for the corresponding period in 2016. In addition, included in the revenue of Libod in 2017 is a service income of RMB82.6 million, or RMB2,652.8 per unit sold, recognised under a contract between FDZH and a subsidiary of the Company. The service income was paid by FDZH to this subsidiary for the promotion of Libod.

Cost of Sales

For the six months ended 30 June 2017, cost of sales increased by RMB32.2 million or 14.0% to 261.2 million, as compared to RMB229.0 million for the six months ended 30 June 2016. The increase in the cost of sales during the year was mainly due to the launch of Xi Di Ke in the market and the sales of the newly acquired product, namely Miacalcic Injection.

Management Discussion and Analysis (Continued)

Gross Profit

Products	For the six months ended 30 June			
	2017 Gross Profit RMB'000	2017 Gross Profit Margin (%)	2016 Gross Profit RMB'000	2016 Gross Profit Margin (%)
Proprietary products production and sales				
Xi Di Ke	27,630	77.6%	–	–
Shusi	52,856	60.6%	64,558	74.5%
Zhuo'ao	7,056	51.4%	9,868	53.6%
Others	7,011	34.6%	(807)	N/A
Subtotal	94,553	60.3%	73,619	61.9%
Miacalcic				
Miacalcic Injection	19,355	48.7%	–	–
Brand licensing fee income of Miacalcic Injection	114,833	100.0%	–	–
Subtotal	134,188	86.8%	–	–
Third-party pharmaceutical promotion and sales				
Libod	68,776	28.1%	83,473	31.8%
Others	333	11.2%	(349)	N/A
Subtotal	69,109	27.9%	83,124	31.2%
Total	297,850	53.3%	156,743	40.6%

Gross profit increased by RMB141.1 million or 90.0% to RMB297.8 million for the six months ended 30 June 2017, as compared to RMB156.7 million in 2016. Gross profit margin increased by 12.7 percentage points to 53.3% for the six months ended 30 June 2017 as compared to 40.6% for the corresponding period in 2016. The increase was mainly due to contribution from innovative drug Xi Di Ke with higher gross profit margin and newly acquired product, namely Miacalcic Injection.

Management Discussion and Analysis (Continued)

Reportable Segment Operating Profit

The operating expenses of the segment increased by RMB72.2 million or 86.3% to RMB155.9 million for the six months ended 30 June 2017, as compared to RMB83.7 million for the corresponding period in 2016. An operating profit of RMB141.9 million was recorded for the six months ended 30 June 2017, as compared to RMB73.0 million for the corresponding period in 2016. The following table sets forth a breakdown of the Group's operating profit by reportable segment for the six months ended 30 June 2017:

Products	For the six months ended 30 June			
	2017 Operating Profit RMB'000	2017 Operating profit margin (%)	2016 Operating Profit RMB'000	2016 Operating profit margin (%)
Proprietary products production and sales	69,925	44.6%	63,669	53.5%
Miacalcic	113,870	73.7%	–	N/A
Third-party pharmaceutical promotion and sales	(41,878)	(16.9)%	9,338	3.2%
Total	141,917	25.4%	73,007	18.9%

Finance Costs

The Group's finance costs consist of interest on bank borrowings and bank charges. Finance costs increased by RMB21.6 million or 270.0% to RMB29.6 million for the six months ended 30 June 2017, as compared to RMB8.0 million for the six months ended 30 June 2016. The significant increase in finance costs was mainly due to finance costs relative to the new loans.

Taxation

Income tax expense was RMB9.0 million for the six months ended 30 June 2017 as compared to an income tax expense of RMB4.0 million for the six months ended 30 June 2016. The increase of taxation is primarily due to the increase of profit before taxation during the period.

Profit/Core Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company for the six months ended 30 June 2017 was RMB80.7 million as compared to RMB50.1 million for the six months ended 30 June 2016. Core profit attributable to equity holders of the Company for the six months ended 30 June 2017 was RMB81.8 million as compared to a core profit of RMB51.3 million for the six months ended 30 June 2016, which was mainly attributable to contribution from innovative drug Xi Di Ke and newly acquired product, namely Miacalcic Injection.

Management Discussion and Analysis (Continued)

Earnings per Share

The calculation of basic earnings per share and basic core earnings per share is based on the profit and core profit attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of the Company in issue during the six months ended 30 June 2017.

The calculation of diluted earnings per share and diluted core earnings per share is based on the profit and core profit attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of the Company in issue during the six months ended 30 June 2017 (subject to the adjustment on all the potential dilution effect of the ordinary shares).

	At 30 June 2017	2016
Profit attributable to equity shareholders of the Company (RMB'000)	80,673	50,068
Plus: equity-settled share option expenses (RMB'000)	462	1,396
Plus: share of loss/(profit) of an associate (RMB'000)	26	(970)
Plus: net exchange loss (RMB'000)	648	602
Plus: net loss on disposal of property, plant and equipment (RMB'000)	13	155
Core profit attributable to equity shareholders of the Company (RMB'000)	81,822	51,251
Weighted average number of ordinary shares in issue ('000)	1,558,393	1,557,998
Weighted average number of ordinary shares in issue after taking into the effect of shares issued upon exercise of share options ('000)	1,592,031	1,582,814
Basic earnings per share (RMB cent per share)	5.18	3.21
Diluted earnings per share (RMB cent per share)	5.07	3.16
Basic core earnings per share (RMB cent per share)	5.25	3.29
Diluted core earnings per share (RMB cent per share)	5.14	3.24

The core profit attributable to equity holders of the Company is the profit attributable to equity holders of the Company excluding equity-settled share option expenses, share of profit or loss of an associate, net exchange loss and net loss on disposal of property, plant and equipment.

Capital Expenditure

Total capital expenditure decreased by RMB11.6 million or 69.5% to RMB5.1 million for the six months ended 30 June 2017, as compared to RMB16.7 million for the six months ended 30 June 2016. The capital expenditure was mainly used for fixed assets and intangible assets acquired by the Group.

Management Discussion and Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

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

Foreign Currency Exposure

The Group is exposed to currency risks primarily through sales made by the Group's Hong Kong and PRC subsidiaries, certain bank deposits and bank loans which are denominated in Hong Kong dollars. During the six months ended 30 June 2017, the Group record a net exchange loss of RMB0.6 million, as compared to a net exchange loss of RMB0.6 million for the six months ended 30 June 2016. Presently, the Group does not employ any financial instruments for hedging against the foreign exchange exposure.

Interest Rate Exposure

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

Group Debt and Liquidity

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Total debt	(917,977)	(892,449)
Pledged bank deposits, cash and cash equivalents	548,177	222,624
Net debt	(369,800)	(669,825)

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Repayable:		
Within 1 year or on demand	785,478	892,449
After 1 year	132,499	–
	917,977	892,449

Management Discussion and Analysis (Continued)

The Group's bank borrowings of RMB778.4 million as at 30 June 2017 (31 December 2016: RMB703.5 million) were bank borrowings of RMB10.4 million (2016: RMB11.0 million) made from banks in Hong Kong at floating interest rate of 3.2% per annum and from banks in the PRC of RMB768.0 million (31 December 2016: RMB692.5 million) at fixed interest rate ranging from 4.3% to 6.5% per annum.

The Group issued 294,659,500 Convertible Preferred Shares at price of HK\$1.83 per Share in June 2017. Debt element of the Convertible Preferred Shares was RMB139.6 million and has been accounted for financial liabilities at fair value through profit or loss during the period.

Debt-to-Assets Ratio

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Total debt	917,977	892,449
Total assets	2,921,135	2,562,739
Debt-to-assets ratio	31.4%	34.8%

Charges on the Group's Assets

As at 30 June 2017, the Group's bank deposits of RMB136.2 million (31 December 2016: RMB133.0 million) were pledged to the banks to secure certain bank loans and bills payable in total of RMB162.2 million (31 December 2016: RMB151.0 million). As at 30 June 2017, certain banking facilities of the Group were also secured by the Group's fixed assets which amounted to RMB271.4 million (31 December 2016: RMB244.9 million).

Capital Commitments

The following table sets forth our capital commitments provided for but not settled as at 30 June 2017:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Contracted but not provided for		
– intangible assets: Miacalcic Nasal Spray	230,330	450,905
– property, plant and equipment	460	474
– investment in an associate	20,000	28,000
– intangible assets: computer software	1,391	2,300
	252,181	481,679

Management Discussion and Analysis (Continued)

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 1 year	15,949	14,001
After 1 year but within 5 years	20,132	29,963
Over 5 years	–	313
	36,081	44,277

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

Significant Investments Held

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company for the six months ended 30 June 2017.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended 30 June 2017.

Future Plans for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets for the six months ended 30 June 2017.

Contingent Liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

Other Information

PRE-IPO SHARE OPTION SCHEME

The Company adopted a share option scheme (“Pre-IPO Share Option Scheme”) on 7 April 2011. Under the Pre-IPO Share Option Scheme, the Company granted 50,027,881 options before the listing of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company. Up to 30 June 2017, no further options have been granted under the Pre-IPO Share Option Scheme. A summary

of the principal terms and conditions of the Pre-IPO Share Option Scheme is set out in the section headed “Pre-IPO Share Option Scheme” in Appendix VIII of the Prospectus. No options were lapsed during the six months ended 30 June 2017.

As at 30 June 2017, options to subscribe for an aggregate of 3,815,740 shares of the Company were outstanding and these options relate to the options granted to the following grantees.

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

	Date of grant	Option period	Exercise price	Number of share options			Balance as at 30/6/2017	Approximate percentage to the issued share capital
				Balance as at 1/1/2017	Exercised during the period	Lapsed/ cancelled during the period		
Employees	18/9/2009	18/9/2009	US\$0.20	1,999,074	–	–	1,999,074	0.13%
		– 18/9/2019					(Note 1)	
	28/1/2010	28/1/2010	US\$0.20	1,516,666	–	–	1,516,666	0.10%
		– 28/1/2020					(Note 2)	
	1/9/2010	1/9/2010	US\$0.20	300,000	–	–	300,000	0.02%
		– 1/9/2020					(Note 3)	

Notes:

- (1) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 18/9/2010, 18/9/2011 and 18/9/2012, respectively.
- (2) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 28/1/2011, 28/1/2012 and 28/1/2013, respectively.
- (3) The options are vested in three tranches in the proportion of 1/3, 1/3 and 1/3 on 1/9/2011, 1/9/2012 and 1/9/2013, respectively.

NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “New Share Option Scheme”) on 22 September 2014. Under the New Share Option Scheme, the Company granted 6,300,000 options to certain senior management staff of the Company with an exercise price of HK\$1.25 per share on 10 November 2014 (the “2014 Options”), and granted 41,500,000 options to certain individuals with an exercise price of HK\$1.23 per share on 15 January 2015 (the “2015 Options”), respectively. Each option gives the holder the right to subscribe for one ordinary share in the Company.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I of the circular of the Company dated 4 September 2014. For further details of the 2014 Options and the 2015 Options, please refer to the announcements of the Company dated 10 November 2014 and 15 January 2015, respectively. No options were lapsed nor cancelled and 329,166 options of the 2014 Options were exercised during the six months ended 30 June 2017.

As at 30 June 2017, options to subscribe for an aggregate of 2,708,334 shares of the Company were outstanding in respect of the 2014 Options and the 2015 Options, respectively.

Other Information (Continued)

SHARE AWARD SCHEME

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

The Company adopted the new share award scheme (the "New Share Award Scheme") on 4 September 2015. The purposes of the New Share Award Scheme are to recognise the contribution made by certain employees of the Group and to provide eligible employees with incentives in order to retain them for the continual operation and development of the Group and attract suitable personnel for the growth and further development of the Group.

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

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of Director	Number of shares of the Company				Approximate percentage of interest in the Company
	Personal interests	Family interests	Corporate interests	Other interests	
Ng Tit	500,000 <i>(Note 1)</i>	4,000,000 <i>(Note 1)</i>	601,592,000 <i>(Note 2)</i>	–	38.89%
Chin Yu	4,500,000 <i>(Note 1)</i>	–	601,592,000 <i>(Note 2)</i>	–	38.89%
Wu Weizhong	2,800,046	–	–	–	0.18%
Ge Jianqiu <i>(Note 3)</i>	2,335,000	–	–	–	0.15%

Notes:

- (1) Mr. Ng Tit and his spouse, Ms. Chin Yu jointly owned 500,000 shares of the Company. Ms. Chin Yu is also interested in 4,000,000 share options of the Company.
- (2) An aggregate of 601,592,000 shares are beneficially owned by Golden Base Investment Limited ("Golden Base"). Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders of Golden Base.
- (3) Mr. Ge Jianqiu has resigned from his position as a non-executive Director with effect from 31 July 2017.

Other Information (Continued)

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

Save as disclosed above, as at 30 June 2017, none of the Directors nor the chief executive of the Company or their associates (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, as recorded in the register required to be kept under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange under the Model Code contained in Appendix 10 to the Listing Rules.

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

As at 30 June 2017, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO were as follows:

Name	Nature of interest	Number of shares (long positions)	Approximate percentage of interest in the Company
Golden Base	Beneficial owner	601,592,000	38.60%
Shanghai Jiao Da Onlly Co., Ltd.	Beneficial owner	175,829,000	11.28%
	Interest in a controlled corporation (Note 1)	182,090,000	11.68%
Annie Investment Co., Ltd.	Beneficial owner (Note 2)	220,279,000	14.13%
Shum Ning	Interest in a controlled corporation (Note 2)	220,279,000	14.13%
	Interest of spouse (Note 3)	34,979,500	2.24%
leong Chong Mang	Beneficial owner	34,979,500	2.24%
	Interest of spouse (Note 4)	220,279,000	14.13%
GLB Capital	Investment manager (Note 5)	93,136,500	5.98%

Notes:

- (1) These shares are held by Onlly International Investment (HK) Limited, which is held as to 100% by Shanghai Jiao Da Onlly Co., Ltd..
- (2) These shares are held by Annie Investment Co., Ltd, which is held as to 100% by Shum Ning.
- (3) Shum Ning is the spouse of leong Chong Mang. Under the SFO, Shum Ning is deemed to be interested in all the shares in which leong Chong Mang is interested.
- (4) leong Chong Mang is the spouse of Shum Ning. Under the SFO, leong Chong Mang is deemed to be interested in all the shares in which Shum Ning is interested.
- (5) These shares are held by GLB Capital in its capacity as investment manager.

Other Information (Continued)

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any other parties (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

CHANGES IN THE BOARD AND THE DIRECTOR'S INFORMATION

The changes in the Board and the information of the Directors since the date of the Company's 2016 annual report are set below:

Mr. Yue Nien Martin Tang has resigned from his position as an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company with effect from 29 June 2017.

Mr. Ge Jianqiu has resigned from his position as a non-executive Director with effect from 31 July 2017.

Mr. Yu Tze Shan Hailson was appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company with effect from 29 June 2017.

Ms. Lou Jianying was appointed as a non-executive Director with effect from 31 July 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Apart from a total of 8,318,000 shares purchased by the trustee of the Share Award Scheme on the Stock Exchange at the price of approximately HK\$14,576,000 in aggregate pursuant to the terms of the Share Award Scheme and the relevant trust deed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

ISSUE OF CONVERTIBLE SECURITIES DURING THE SIX MONTHS ENDED 30 JUNE 2017

Pursuant to the placing agreement (the "Placing Agreement") dated 19 April 2017 entered into between the Company and Shenwan Hongyuan Securities (H.K.) Limited as the placing agent (the "Placing Agent"), the Company agreed to issue and the Placing Agent agreed to place, on a best effort basis, up to an aggregate of 325,000,000 redeemable convertible preference shares of US\$0.00000008 each in the share capital of the Company to not less than six placees at a price of HK\$1.83 per Convertible Preference Share (the "Placing").

The Placing was completed on 13 June 2017. 294,659,500 Convertible Preference Shares have been issued under the specific mandate which was granted to the Directors at the extraordinary general meeting held on 5 June 2017, and successfully placed by the Placing Agent to not fewer than six placees (who are independent professional, institutional or other investors) at the price of HK\$1.83 per Convertible Preference Share pursuant to the terms and conditions of the Placing Agreement.

The gross and net proceeds from the Placing amounted to approximately HK\$539.23 million and approximately HK\$533.32 million (the "Net Proceeds"), respectively. For further details, please refer to the announcements of the Company dated 19 April 2017, 21 April 2017, 5 June 2017 and 14 June 2017, and the circular of the Company dated 12 May 2017.

Other Information (Continued)

REDESIGNATION OF AUTHORISED SHARE CAPITAL

In order to allot and issue the Convertible Preference Shares upon the completion of the Placing, the Board proposed to re-designate the authorised share capital of the Company into 625,925,000,000 ordinary shares of US\$0.00000008 each and 325,000,000 Convertible Preference Shares of US\$0.00000008 each in the share capital of the Company. The proposed redesignation of authorised share capital has been approved by the shareholders of the Company at the extraordinary general meeting held on 5 June 2017.

For further details, please refer to the announcements of the Company dated 19 April 2017, 21 April 2017, 5 June 2017 and 14 June 2017, and the circular of the Company dated 12 May 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules and certain recommended best practices. The Company has complied with all the applicable code provisions in the CG Code throughout the six months ended 30 June 2017 except for the deviation from code provision A.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Tit assumes both the roles of chairman and chief executive officer of the Company. Nevertheless, the division of responsibilities between the two roles is clearly defined. On the whole, the role of chairman is that of monitoring the duties and performance of the Board, whereas the role of chief executive officer is that of managing the Company’s business. The Board believes that at the current stage of development of the Company, vesting the roles of both chairman and chief executive officer in the same person provides the Company with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors, with the independent non-executive Directors representing approximately 37.5% of the Board, which is higher than one third of the Board. Such percentage of independent non-executive Directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

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

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the requested standard set out in the Model Code. On specific enquiries made, all Directors have confirmed that they have complied with the standard as stipulated in the Model Code throughout the six months ended 30 June 2017. The Company continues and will continue to ensure compliance with the corresponding provisions set out in the Model Code.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises Mr. Patrick Sun (Chairman), Mr. Yu Tze Shan Hailson and Dr. Lap-Chee Tsui, who are all independent non-executive Directors. The Audit Committee has reviewed the unaudited interim report of the Group for the six months ended 30 June 2017 and has recommended its adoption by the Board. The Audit Committee is of the opinion that the financial statements comply with the applicable accounting standards.

By order of the Board
Ng Tit
Chairman

Hong Kong, 21 August 2017

Condensed Consolidated Income Statement

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue		559,060	385,789
Cost of sales		(261,210)	(229,046)
Gross profit		297,850	156,743
Other revenue	4	9,595	7,891
Other net loss	5	(662)	(757)
Selling and distribution expenses		(131,072)	(72,939)
Administrative expenses		(56,449)	(28,464)
Share of (loss)/profit of an associate		(26)	970
Equity – settled share option expenses		(462)	(1,396)
Profit from operations		118,774	62,048
Finance costs		(29,583)	(8,014)
Profit before taxation	6	89,191	54,034
Income tax expense	7	(9,013)	(3,966)
Profit for the period		80,178	50,068
Attributable to:			
Equity holders of the Company		80,673	50,068
Non-controlling interests		(495)	–
Profit for the period		80,178	50,068
Earnings per share	8		
Basic		5.18 cents	3.21 cents
Diluted		5.07 cents	3.16 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit for the period	80,178	50,068
Other comprehensive income for the period		
Exchange differences on translation of financial statements of entities outside the PRC	(4,691)	4,356
Total comprehensive income for the period	75,487	54,424
Attributable to:		
Equity holders of the Company	75,982	54,424
Non-controlling interests	(495)	–
Total comprehensive income for the period	75,487	54,424

Condensed Consolidated Statement of Financial Position

At 30 June 2017

(Expressed in Renminbi)

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment	9	256,945	266,625
– Interests in leasehold land held for own use under operating leases		44,464	42,975
– Investment property		42,131	42,131
		343,540	351,731
Intangible assets		1,121,295	1,156,700
Goodwill		–	–
Interest in an associate, net		11,943	11,969
Deferred tax assets	16	57,201	57,745
		1,533,979	1,578,145
Current assets			
Inventories	10	103,061	167,062
Trade and other receivables	11	735,918	594,908
Pledged bank deposits	12	133,170	133,000
Cash at banks and in hand		415,007	89,624
		1,387,156	984,594
Current liabilities			
Trade and other payables	13	566,257	449,027
Bank and other borrowings	14	778,410	892,449
Financial liabilities at fair value through profit or loss	15	7,068	–
Current taxation		23,417	26,103
		1,375,152	1,367,579
Net current assets/(liabilities)		12,004	(382,985)
Total assets		2,921,135	2,562,739

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2017

(Expressed in Renminbi)

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Total assets less current liabilities		1,545,983	1,195,160
Non-Current liabilities			
Considerations payable	14	–	156,138
Financial liabilities at fair value through profit or loss		132,499	–
Deferred tax liabilities		–	–
		132,499	156,138
NET ASSETS		1,413,484	1,039,022
CAPITAL AND RESERVES			
Share capital		1	1
Reserves		1,402,040	1,027,082
Total equity attributable to equity holders of the Company		1,402,041	1,027,083
Non-controlling interests		11,443	11,939
TOTAL EQUITY		1,413,484	1,039,022

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Attributable to owners of the Company												
	Share capital RMB'000	Preferred share RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Property revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2015 and 1 January 2016 (Audited)	1	-	1,487,120	43,595	88,206	8,256	338,509	38,264	-	(1,113,592)	890,363	12,360	902,723
Changes in equity for 2016:													
Profit for the year	-	-	-	-	-	-	-	-	-	116,181	116,181	(421)	115,760
Other comprehensive income													
Revaluation surplus on transfer from owner-occupied property to investment property	-	-	-	-	-	-	-	-	18,032	-	18,032	-	18,032
Exchange differences on translation of financial statements of entities within the Group outside the PRC	-	-	-	18,365	-	-	-	-	-	-	18,365	-	18,365
Total comprehensive income	-	-	-	18,365	-	-	-	-	18,032	116,181	152,578	(421)	152,157
Dividend paid	-	-	-	-	-	-	-	-	-	(13,249)	(13,249)	-	(13,249)
Issue of shares, net of issuing expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	-	-	2,625	-	-	2,625	-	2,625
Issue of new shares upon exercise of share options	-	-	441	-	-	-	-	(171)	-	-	270	-	270
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	(5,504)	-	-	(5,504)	-	(5,504)
Shares purchase under the Share Award Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeiture of vested share options	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016 (Audited)	1	-	1,487,561	61,964	88,206	8,256	338,509	35,214	18,032	(1,010,660)	1,027,083	11,939	1,039,022
Balance at 1 January 2017 (Audited)	1	-	1,487,561	61,964	88,206	8,256	338,509	35,214	18,032	(1,010,660)	1,027,083	11,939	1,039,022
Changes in equity for 2017:													
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	80,673	80,673	(496)	80,177
Other comprehensive income													
Revaluation surplus on transfer from owner-occupied property to investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of entities within the Group outside the PRC	-	-	-	(4,691)	-	-	-	-	-	-	(4,691)	-	(4,691)
Total comprehensive income	-	-	-	(4,691)	-	-	-	-	-	80,673	75,982	(496)	75,486
Issue of preferred shares	-	308,439	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	-	-	462	-	-	462	-	462
Issue of new shares upon exercise of share options	-	-	366	-	-	-	-	-	-	-	366	-	366
Shares purchase under the Share Award Scheme	-	-	-	-	-	-	-	(13,644)	-	-	(13,644)	-	(13,644)
Grant of shares under the Share Award Scheme	-	-	-	-	-	-	-	3,353	-	-	3,353	-	3,353
Balance at 30 June 2017 (Unaudited)	1	308,439	1,487,927	57,273	88,206	8,256	338,509	25,385	18,032	(929,987)	1,402,041	11,443	1,413,484

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2017
(Expressed in Renminbi)

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net cash generated/(used in) from operating activities	15,551	(23,485)
Investing activities		
Government grant received	10,000	–
Net cash outflow from acquisition of a subsidiary	–	(9,514)
Payment for purchases of property, plant and equipment	(2,374)	(7,167)
Payment for purchase of intangible assets	(2,685)	(120,170)
Payment for formation of a joint venture	–	–
Interest received	69	3,945
Increase in pledged bank deposits	(170)	–
Capital contribution to an associate	(8,000)	–
Net cash used in investing activities	(3,160)	(132,906)
Financing activities		
Proceeds from new bank loans	238,412	333,036
Repayment of unsecured debenture	–	(120,000)
Repayment of bank loans	(352,452)	(150,225)
Interest paid	(29,583)	(8,014)
Net proceeds from issuance of shares	–	–
Proceeds from issuance of shares upon exercise of share options	366	–
Shares purchase for the Share Award Scheme	(13,644)	(5,278)
Dividend paid to shareholders	–	(13,317)
Proceeds from preferred shares	468,006	–
Net cash generated from financing activities	311,105	36,202
Net increase/(decrease) in cash and cash equivalents	323,496	(120,189)
Cash and cash equivalents at 1 January	89,623	327,995
Effect of foreign exchange rate changes	1,887	2,298
Cash and cash equivalents at 30 June	415,007	210,104

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

1. PRINCIPAL ACTIVITIES OF REPORTING ENTITY

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended 31 December 2016.

Up to the date of issue of these financial statements, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2017, and which have not been adopted in these financial statements.

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

3. SEGMENT REPORTING

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

- Proprietary products production and sales: revenue from production and sales of NT Pharma branded products and generic drugs.
- Miacalcic: revenue from sale of Miacalcic Injection branded pharmaceutical products for treatment of bone pains caused by osteolysis and lower bone mass, osteoporosis, Paget’s disease, hypercalcemia and reflex sympathetic dystrophy syndrome and sub-licensing of intellectual property rights, marketing and distribution rights of Miacalcic Injection.
- Third-party pharmaceutical promotion and sales: revenue from selling and marketing third-party manufactured pharmaceutical products to customers and providing marketing and promotional services.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

3. SEGMENT REPORTING (CONTINUED)

(a) Segment results

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below.

	Proprietary products production and sales		Miacalcic		Third-party pharmaceutical promotion and sales		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue	156,882	118,968	154,551	–	247,627	266,821	559,060	385,789
Cost of sales	(62,329)	(45,349)	(20,363)	–	(178,518)	(183,697)	(261,210)	(229,046)
Reportable segment gross profit	94,553	73,619	134,188	–	69,109	83,124	297,850	156,743
Reportable segment operating profit/(loss)	69,925	63,669	113,870	–	(41,878)	9,338	141,917	73,007

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

3. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	559,060	385,789
Profit		
Reportable segment operating profit	141,917	73,007
Unallocated head office and corporate expenses	(31,588)	(17,667)
Other revenue	9,595	7,891
Other net loss	(662)	(757)
Finance costs	(29,583)	(8,014)
Share of (loss)/profit of an associate	(26)	970
Equity-settled share option expenses	(462)	(1,396)
Consolidated profit before taxation	89,191	54,034

4. OTHER REVENUE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	69	3,945
Government subsidy income	10,000	1,665
Other (loss)/income	(474)	2,281
	9,595	7,891

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

5. OTHER NET LOSS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net loss on disposal of property, plant and equipment	14	155
Net exchange loss	648	602
	662	757

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	8,430	9,589
Amortisation of interests in leasehold land held for own use under operating leases	457	418
Amortisation of intangible assets	206	115
Asset impairment losses:		
– inventories	22	70
– trade debtors	3,785	75
Operating lease charges in respect of properties	5,245	3,775
Cost of inventories sold	261,405	229,019
Reversal of impairment for inventories	(217)	(43)
Reversal of impairment for trade debtors	(5,615)	(3,153)

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

7. INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Income Tax		
Provision for the period	8,469	3,595
Deferred tax		
Origination and reversal of temporary differences	544	371
Income tax expense	9,013	3,966

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries in the Hong Kong Special Administrative Region are subject to Hong Kong profits tax at tax rate of 16.5% (2016: 16.5%). No income tax provision is made for the Hong Kong subsidiaries for the six months ended 30 June 2017, as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained losses for Hong Kong profits tax purpose.

During the six months ended 30 June 2017, the Company’s subsidiaries in PRC are subject to a statutory income tax rate of 25% (2016: 25%), except that Suzhou First is subject to income tax rate of 15% (2016: 15%).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the six months ended 30 June 2017 of RMB80,673,000 (2016: RMB50,068,000) and the weighted average number of 1,558,393,288 (2016: 1,557,997,800) ordinary shares of the Company in issue during the period.

(b) Diluted earnings per share

The calculation of fully diluted earnings per share is based on earnings for the six months ended 30 June 2017 of RMB80,673,000 (2016: RMB50,068,000) and the weighted average number of 1,592,031,242 (2016: 1,582,814,000) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired buildings under construction and land use rights with total net book value of RMB653,000 (2016: RMB4,818,000) and incurred RMB1,721,000 (2016: RMB2,349,000) on acquiring machineries and equipment.

As at 30 June 2017, certain banking facilities of the Group were secured by an office property of the Group held for its own use with a net book value amounting to RMB42,131,000 (2016: RMB24,256,000). Such property is located in Hong Kong under a medium-term land lease.

10. INVENTORIES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Raw materials	17,015	18,837
Work in progress	6,164	4,309
Finished goods	79,882	143,916
	103,061	167,062

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade debtors and bills receivable	1,243,652	1,074,489
Less: Allowance for doubtful debts	(611,126)	(612,957)
	632,526	461,532
Deposits, prepayments and other receivables	103,392	133,376
	735,918	594,908

As at 30 June 2017, none (31 December 2016: none) of the Group's trade and other receivables were used for securing certain banking facilities.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within 3 months	385,656	285,185
More than 3 months but within 6 months	75,146	73,295
More than 6 months but within 1 year	116,414	70,219
More than 1 year	55,310	32,833
	632,526	461,532

12. PLEDGED BANK DEPOSITS

As at 30 June 2017, there were no bank deposits of the Group (31 December 2016: RMB13.3 million) pledged to the banks to secure certain bank loans and bills payable (31 December 2016: RMB40.0 million).

13. TRADE AND OTHER PAYABLES

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade creditors	33,510	24,628
Bills payable	42,176	40,000
Total trade creditors and bills payable	75,686	64,628
Receipts in advance from customers	7,529	7,914
Accrued promotional expenses	100,229	81,953
Accrued staff costs	2,369	2,191
Considerations payable	337,294	188,156
Other payables and accruals	43,150	104,185
	566,257	449,027

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

13. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within 3 months	67,854	56,738
More than 3 months but within 6 months	2,602	2,816
More than 6 months but within 1 year	1,011	2,011
More than 1 year	4,219	3,063
	75,686	64,628

14. BANK AND OTHER BORROWINGS

As at 30 June 2017, the bank loans comprised:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Bank borrowings	778,410	703,466
Other borrowings	–	188,983
	778,410	892,449
Secured	778,410	803,446
Unsecured	–	88,983
	778,410	892,449

As at 30 June 2017, the banking facilities were secured by certain assets of the Group as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Fixed assets	113,107	89,792
Investment property	42,131	42,131
Pledged bank deposits	116,170	113,000
	271,408	244,923

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

15. DEFERRED TAXATION

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

	Provisions and impairment RMB'000	Total RMB'000
At 1 January 2016 (audited)	87,745	87,745
Charged to profit or loss	(30,000)	(30,000)
At 31 December 2016 (audited)	57,745	57,745
At 1 January 2017 (audited)	57,745	57,745
Credited to profit or loss	(544)	(544)
At 30 June 2017 (unaudited)	57,201	57,201

- (b) Reconciliation to the consolidated statement of financial position

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	57,201	57,745
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–
	57,201	57,745

16. CAPITAL, RESERVES AND DIVIDENDS

- (a) Movements in components of equity

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

- (b) Dividend

No dividend was declared or paid by the Company during the six months ended 30 June 2017.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

16. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

A summary of movements in the Company's issued share capital during the period ended 30 June 2017 is as follows:

	No. of shares '000	Amount RMB'000
Ordinary shares, issued and fully paid:		
At 1 January 2017 (audited) (i) (ii) (iii) & (iv)	1,558,248	1
Shares issued upon exercise of share options during the period (v)	329	–
At 30 June 2017 (unaudited)	1,558,577	1
Preference shares, issued and fully paid:		
At 1 January 2017	–	–
Shares issued pursuant to the Placing Agreement dated 19 April 2017 (vi)	294,660	308,439
At 30 June 2017 (unaudited)	294,660	308,439

Notes:

- (i) The Company was incorporated on 1 March 2010 with an authorised share capital of US\$50,100 divided into 626,250,000 shares of US\$0.00000008 each and one share was issued at par upon incorporation.
- (ii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.
- (iii) On 14 January 2015, the Company issued 216,391,300 new shares with a nominal value of US\$0.00000008, at a price of HK\$1.050 per share. Net proceeds from share issue, after deduction of issuing expenses, amounted to RMB176,188,000.
- (iv) On 1 July 2015, the Company issued 259,650,000 new shares with a nominal value of US\$0.00000008, at a price of HK\$1.860 per share. Net proceeds from share issue, after deduction of issuing expenses, amounted to RMB377,060,000.
- (v) During the six months ended 30 June 2017, share options to subscribe for 329,166 shares were exercised, for which RMB0.18 was credited to share capital and the balance of RMB336,000 was credited to the share premium account.
- (vi) On 13 June 2017, upon completion of a placing pursuant to a placing agreement dated 19 April 2017 entered into between the Company and Shenwan Hongyuan Securities (H.K.) Limited as the placing agent, the Company issued 294,659,500 redeemable convertible preference shares with a nominal value of US\$0.00000008, at a price of HK\$1.83 per share. Net proceeds from the share issue, after deduction of issuing expenses, amounted to RMB468,006,000.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

17. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

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

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

Date	Number of options	Vesting conditions	Exercise period
Options granted to directors:			
– On 1 March 2010	2,400,000	Exercisable in 3 equal tranches from 1 March each year from 2011 to 2013	On or prior to 28 February 2020
– On 1 July 2010	3,227,325	Exercisable in 3 equal tranches from 1 July each year from 2011 to 2013	On or prior to 30 June 2020
– On 15 January 2015	4,000,000	Vesting of the option is conditional upon the performance of the participant. Options granted are vested in 3 equal tranches from 15 January each year from 2016 to 2018	On or prior to 14 January 2025
	9,627,325		
Options granted to employees:			
– On 18 September 2009	29,003,915	Exercisable in 3 equal tranches from 18 September each year from 2010 to 2013	On or prior to 17 September 2019
– On 28 January 2010	11,373,966	Exercisable in 3 equal tranches immediately from 28 January 2011 to 2013	On or prior to 27 January 2020
– On 1 March 2010	100,000	Exercisable in 3 equal tranches from 1 March each year from 2011 to 2013	On or prior to 28 February 2020
– On 1 July 2010	1,522,675	Exercisable in 3 equal tranches from 1 July each year from 2011 to 2013	On or prior to 30 June 2020
– On 1 September 2010	800,000	Exercisable in 3 equal tranches from 1 September each year from 2011 to 2013	On or prior to 31 August 2020
– On 1 November 2010	1,000,000	Exercisable in 3 equal tranches from 1 November each year from 2011 to 2013	On or prior to 31 October 2020
– On 17 December 2010	600,000	Exercisable in 3 equal tranches from 17 December each year from 2011 to 2013	On or prior to 16 December 2020
– On 10 November 2014	487,500	Immediate from the date of grant	On or prior to 9 November 2024
– On 10 November 2014	1,462,500	Exercisable in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– On 10 November 2014	850,000	Vesting of the options is conditional upon the performance of the participants. Options granted are vested in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– On 15 January 2015	18,500,000	Vesting of the option is conditional upon the performance of the participants	On or prior to 14 January 2025
	65,700,556		

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

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

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

Date	Number of options	Vesting conditions	Exercise period
Options granted to consultants:			
– On 15 January 2015	19,000,000	Vesting of the option is conditional upon the performance of the participants	On or prior to 14 January 2025
	19,000,000		
	94,327,881		

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

	At 30 June 2017		At 31 December 2016	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	US\$0.17	24,565,740	US\$0.17	28,826,384
Exercised during the period/year	US\$0.16	(329,166)	US\$0.16	(250,000)
Forfeited during the period/year				
– Unvested	–	–	–	–
– Vested	–	–	–	–
Granted during the period/year	–	–	–	–
Outstanding at the end of the period/year	US\$0.17	24,236,574	US\$0.17	28,576,384
Exercisable at the end of the period/year	US\$0.17	24,236,574	US\$0.17	24,565,740

The share options outstanding at 30 June 2017 under the Pre-IPO Share option Scheme and 2014 Share Option Scheme had exercise price of US\$0.20 (2015: US\$0.20) and ranged from US\$0.16 to US\$0.20 (2016: ranged from US\$0.16 to US\$0.20) respectively and weighted average remaining contractual life of 2.5 years (2016: 3 years) and 7 years (2016: 7.5 years), respectively.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

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

(c) Fair value of share options and assumptions

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

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

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

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

The Group recognised the total expense of RMB462,000 (2016: RMB1,396,000) in the profit or loss during the period in relation of share options granted by the Group.

18. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2017 not provided for in the consolidated financial statements were as follows:

	The Group	
	At 30 June 2017	At 31 December 2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted but not provided for		
– intangible assets: Miacalcic Nasal Spray	230,330	450,905
– property, plant and equipment	460	474
– investment in an associate	20,000	28,000
– intangible assets: computer software	1,391	2,300
	252,181	481,679

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

18. COMMITMENTS (CONTINUED)

(b) At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	The Group	
	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within 1 year	15,949	14,001
After 1 year but within 5 years	20,132	29,963
Over 5 years	–	313
	36,081	44,277

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

19. CONTINGENT LIABILITIES

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

20. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2017, transactions with the following parties were considered to be related party transactions:

Name of related party	Relationship with the Group
Mr. Ng Tit and Ms. Chin Yu	Directors of the Company, beneficial holders of the Company's 38.89% equity interest
NT Holdings	Holding company of the Group prior to the Reorganisation

Key management personnel remuneration

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

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Short-term employee benefits	8,157	9,155
Equity-settled share-based payment expenses	462	–
	8,619	9,155

21. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Group had no significant non-adjusting events subsequent to 30 June 2017.