



BBI Life Sciences Corporation

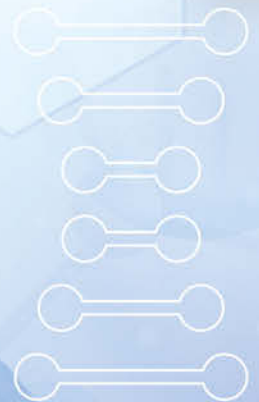
BBI 生命科學有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1035



INTERIM REPORT **2019**



CONTENTS

	Pages
Corporate Profile	2
Corporate Information	3
Financial Highlight	5
Management Discussion and Analysis	6
Other Information	12
Interim Consolidated Balance Sheet	18
Interim Consolidated Statement of Comprehensive Income	20
Interim Consolidated Statement of Changes in Equity	22
Interim Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Interim Financial Information	24



CORPORATE PROFILE

BBI Life Sciences Corporation (the “**Company**” or “**BBI Life Sciences**”, together with its subsidiaries, the “**Group**”) is a renowned supplier of life science products and services 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; (4) protein and antibody related products and services; and (5) third party detection (the “**Five Business Segments**”). Its diversified client portfolio comprises mainly universities, research institutes, and pharmaceutical and biotech companies. As one of the largest DNA synthesis product providers in the PRC, BBI Life Sciences has been expanding its product 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 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. Zhou Mi

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

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

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers 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 2019 (the “**Reporting Period**”), the revenue of the Group was approximately RMB322.45 million, representing an increase of 20.1% as compared with RMB268.45 million for the same period of 2018.
- For the six months ended 30 June 2019, the gross profit increased by 23.5% from RMB137.23 million for the same period of 2018 to RMB169.48 million.
- For the six months ended 30 June 2019, net profit of the Group increased by 20.9% from approximately RMB37.31 million for the same period of 2018 to approximately RMB45.11million.
- For the six months ended 30 June 2019, profit attributable to equity holders of the Company increased by 23.1% from approximately RMB37.74 million for the same period of 2018 to approximately RMB46.45 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2019, the Group's overall revenue increased by 20.1% to RMB322.45 million (the same period in 2018: RMB268.45 million). Gross profit increased by 23.5% to RMB169.48 million (the same period in 2018: RMB137.23 million). Gross profit margin arrived at 52.6% (the same period in 2018: 51.1%), it is primarily attributed to the sustained and rapid development of the Group's main business. The profit attributable to equity holders of the Company recorded a year-on-year increase of 23.1% to RMB46.45 million (the same period in 2018: RMB37.74 million).

During the Reporting Period, the revenue of DNA synthesis products, genetic engineering services, life sciences research consumables, protein and antibody related products and services and third party detection of the Group accounted for approximately 36.1%, 23.3%, 31.2%, 9.2% and 0.2% respectively of the total revenue of the Group.

Results Analysis of the Five Business Segments

1. DNA Synthesis Products

As the biggest supplier of DNA synthesis products in the PRC, during the Reporting Period, revenue of such segment recorded a year-on-year increase of 24.0% to RMB116.41 million as compared to the same period in 2018 (the same period in 2018: RMB93.90 million). Relying on its leading position in the industry, the Group is constantly promoting process renewal and deepening the construction of automated production lines, leading to a significant increase in orders. Standard GMP plants, workshops, and automated facilities synthesized by DNA at the Shanghai head office are expected to be fully in place in the fourth quarter of 2019, which will meet the demand of high-quality customized products of industrial customers and continue to enhance product competitiveness and brand influence. Overall gross profit margin of this segment increased to 59.7% during the Reporting Period from 58.1% for the same period last year.

2. Genetic Engineering Services

During the Reporting Period, revenue of genetic engineering services recorded a year-on-year increase of 28.3% to RMB75.36 million (the same period in 2018: RMB58.74 million). The increase was mainly benefited by a rapid improvement in the comprehensive layout and service quality of upfront domestic service outlets, which enhanced the quick response ability of the whole value chain significantly, leading to a remarkable increase in the revenue of the segment. Gross profit margin of this segment increased to 47.8% during the Reporting Period from 46.0% for the same period last year.

3. Life Sciences Research Consumables

During the Reporting Period, while consolidating overseas markets and optimizing the integration of domestic production and logistics models, the Group improved the quality and standard of its products, leading to an increase of the orders received in China and abroad. The income from life science research consumables was RMB100.45 million. However, as the similar market in South Korea with a large base is still in the development stage, the Group recorded an increase of 14.7% in revenue of this segment as compared to the same period of 2018 (the same period in 2018: RMB87.54 million). Excluding the impact of South Korea, the revenue of this segment will continue to grow by more than 20%. Gross profit margin of this segment increased to 52.0% from 49.3% for the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Protein and Antibody Related Products and Services

The majority of the customers in the protein and antibody market are more reliant on the brands, while the importer of this market has been in deep reach of the customer base for many years. In addition, the customer's reliance on the brand is relatively strong, and since the Company has only been conducting this business in recent years, it still needs time to obtain the approval of its customers for the series of products. During the Reporting Period, revenue of protein and antibody related products and services segment increased by 4.9% to RMB29.66 million as compared to the same period in 2018 (the same period in 2018: RMB28.27 million). Due to low ratio of revenue and scale in this segment, low sales growth and the relocation of new plants, depreciation increased as compared to last year, resulting in a decline in gross profit. The gross profit margin of this segment decreased to 38.8% from 44.2% for the same period last year.

5. Third party detection

The third-party detection sector focused on developing medical-related detection as well as diagnosis and scientific research services. During the Reporting Period, the revenue of this segment reached RMB0.58 million and the gross profit was 32.0%. The third-party medical laboratory is currently in the final stage of the issuance of medical examination qualification license. After obtaining the license, it will undertake business in related fields such as hospitals and medical examination agencies, accelerate the development of major disease diagnosis services such as targeted drugs, improving professional services in both horizontal and vertical areas, with a view to adding new achievements to the Group.

FINANCIAL REVIEW

	Six months ended 30 June		Change
	2019	2018	
	RMB'000	RMB'000	
Revenue	322,454	268,450	20.1%
Gross profit	169,481	137,226	23.5%
Net profit	45,112	37,307	20.9%
Profit attributable to the equity holders of the Company	46,445	37,735	23.1%
Earnings per share (RMB)	0.085	0.069	23.2%

Revenue

During the Reporting Period, the Group recorded revenue of RMB322.45 million, representing an increase of 20.1% from RMB268.45 million for the same period of 2018. It was contributed by the steady growth of the Five Business Segments.

Gross profit

During the Reporting Period, the Group's gross profit increased by 23.5% to RMB169.48 million from RMB137.23 million for the same period of 2018. Gross profit margin increased from 51.1% for the same period last year to 52.6% for the Reporting Period.

Selling and distribution expenses

The selling and distribution expenses increased by 26.5% to RMB63.14 million during the Reporting Period from RMB49.91 million for the same period of 2018. It was attributed by promoting the business cooperation and negotiation of the new market as well as improving the sales networking of products and services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

General and administrative expenses

During the Reporting Period, the general and administrative expenses increased by 23.8% to RMB30.66 million from RMB24.76 million for the same period of 2018, excluding the research and development expenses. The increase in general and administrative expenses is mainly due to the increase in remuneration of employees.

Research and development expenses

During the Reporting Period, the research and development expenses increased by 19.0% to RMB23.74 million from RMB19.95 million for the same period of 2018. This was mainly because of the investment of the synthetic research and development center as well as the products and services expansion of the third party detection.

Income tax expenses

The income tax expenses decreased from RMB5.72 million for the same period of 2018 to RMB6.90 million for the Reporting Period, mainly because of the profit growth.

Net profit

During the Reporting Period, net profit of the Group increased by 20.9% from approximately RMB37.31 million for the same period of 2018 to approximately RMB45.11 million, the growth rate is consistent with the revenue of the Group.

Significant investments held, material acquisitions and disposals

During the six months ended 30 June 2019, the Group invested RMB12.00 million in Ke Chun Gene Technology (Guangzhou) Co., Ltd* (科純基因技術(廣州)有限公司) (“**Ke Chun Gene**”), accounting for 60% of the registered capital of Ke Chun Gene. In addition, the Group disposed of its investment in an associated company, Tianjin Hengjia Biotech Development Co., Ltd. and recognized the transfer revenue of RMB0.01 million in March 2019.

Contingent liabilities and guarantees

As at 30 June 2019, 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 2019.

Bank Loans

As at 30 June 2019, the Group had bank loan of RMB74.31 million.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, taking into account information specific to the counterparty and pertaining 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

On 8 April 2019, the Group pledged the industrial plant of Hu (2019) Cong Zhi Bu Dong Chan Quan No. 012368 located at No. 698, Xiangmin Road, Chedun Town, Songjiang District, Shanghai, the PRC to Industrial and Commercial Bank of China so as to apply for the working capital loans amounted to RMB60 million.

Working capital and financial resources

As at 30 June 2019, the cash and cash equivalents of the Group amounted to RMB150.92 million (as at 31 December 2018: RMB133.53 million).

Capital expenditure

During the Reporting Period, the expenditure incurred in the purchase of intangible assets, mainly computer software, was RMB0.43 million, while the expenditure incurred in the purchase of property, plant and equipment and of construction in process amounted to RMB116.15 million.

Employees and remuneration policies

As at 30 June 2019, the Group has a total of 1,588 employees. The Group has entered into employment contracts covering positions, employment conditions and terms, salary, employee 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 RMB94.68 million (excluding share-based payment of approximately RMB1.11 million), representing 29.4% 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 have been granted under Pre-IPO Scheme A and Pre-IPO Scheme B during the six months end 30 June 2019. 4,720,000 options were granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The number of employees of the Group categorised by function as at 30 June 2019 is set forth as follows:

Function	Number of employees	Percentage
Production	693	43.64%
Sales and marketing	404	25.44%
Administration	183	11.52%
Research and development	179	11.27%
Management	129	8.13%
Total:	1,588	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 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.

FUTURE PROSPECTS

Looking ahead to the second half of 2019, the Group will steadily advance its strategic development by:

1. Pushing forward the trial production and operation of its DNA synthesis production building, and relying on it to improve the integrated capacity for high-quality DNA synthesis products applied in the area of precision medicine and consolidate and expand the current market share, and enhancing the retention of industrial-grade customers.
 - (1) Deepening and developing the potential demand of businesses based on its original customer base; actively developing and serving a broad industrial customer base; and seeking diversified cooperation with them.
 - (2) In the meantime, the Group will also include (but not limited to) capital operations such as mergers and acquisitions to promptly enhance product competitiveness and brand influence.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Expanding the business of third party diagnostic and detection by third party detection and extending the terminal application to the downstream:

With the commencement of operation of medical laboratory, in addition to undertaking businesses such as medical detection and scientific research, we also rely on high-throughput sequencing technologies to directly provide genetic detection services to a large amount of end consumers. Meanwhile, we will accelerate the research and development of vitro diagnosis products, especially tumor diagnostic kits, to further enhance the Group's product and service portfolio and build a closed-loop industry ecosystem. In this way, we can actively promote business cooperation and negotiation of the medical laboratory and perform our best in the sales networking of diagnostic products and services.

3. The Company will continue to enhance the optimization of the product structure and enhance the added value of products, while the Company will continue to improve the branches of both domestic and overseas markets which provide products and services, and strengthen the coverage of direct sales network to highlight the advantages on layout of the subsidiaries and branches domestically and internationally.

In conclusion, the management of the Company is confident in the future development of the Group and believes that they are able to create more returns for the Group and its shareholders (the "**Shareholders**").

OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2019, 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 2019, the interests and short positions of the Directors and chief executive 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 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)	Trustee of a trust, interest in a controlled corporation and interests held jointly with another person	310,855,924	56.71	Long position
Wang Jin (Notes 1, 2, 4)	Trustee of a trust and interests held jointly with another person	310,855,924	56.71	Long position
Wang Qisong (Notes 1, 2, 5)	Beneficial owner, settlor of a trust and interests held jointly with another person	310,855,924	56.71	Long position
Zhou Mi	Beneficial owner	545,288	0.10	Long position

Note:

1. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Wang Qisong as the settlor, Wang Luojia 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, Canada, with Wang Qisong as the settlor, Wang Jin as the trustee and Wang Luojia 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.

OTHER INFORMATION (CONTINUED)

3. Wang Luojia (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; and (iii) is a party to the a deed of confirmation ("**Acting in Concert Deed**") dated 4 November 2014 executed by Wang Qisong, Wang Luojia and Wang Jin, pursuant to which each of Wang Qisong, Wang Luojia 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 Luojia is therefore deemed to be interested in the Shares held by LJ Peace Ltd., LJ Venture Ltd. and LJ Hope Ltd. respectively. Each of Wang Luojia, 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.
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 200,000 Shares as beneficial owner.

Save as disclosed above, as at 30 June 2019, 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 by the Company 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.

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

As at 30 June 2019, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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 by the Company 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	33.60	Long position
LJ Venture Ltd. (Notes 1, 2)	Beneficial owner	118,049,745	21.54	Long position
Lu Guang Yi (Note 3)	Interest of a spouse	310,855,924	56.71	Long position
Grandeur Peak Global Advisors, LLC	Investment Manager	49,369,500	9.01	Long position
Matthews International Capital Management, LLC	Investment Manager	32,786,000	5.98	Long position

OTHER INFORMATION (CONTINUED)

Notes:

1. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Wang Qisong as the settlor, Wang Luoja 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, Canada, with Wang Qisong as the settlor, Wang Jin as the trustee and Wang Luoja 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. 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.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other person (other than the Directors or chief executive 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 by the Company 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 2019, no further option has been granted under the Pre-IPO Share Option Schemes.

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	Weighted average closing price before the exercise dates	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vesting/Exercise period (Day/Month/Year)
			As at 1 January 2019	As at 30 June 2019						
80 Employees	A	04/09/2014	460,749	0	HK\$1.1	460,536	HK\$2.07	-	213	note 1
76 Employees	B	04/09/2014	5,372,099	4,946,642	HK\$1.1	425,457	HK\$2.39	-	-	16/01/2014 – 16/01/2019
Total			5,832,848	4,946,642		885,993			213	

Note:

1. At any time and from time to time up to the last day of the 5th anniversary of 16 January 2014.

OTHER INFORMATION (CONTINUED)

On 24 April 2018, the Company granted 7,761,000 share options (the “**Option(s)**”) to subscribe for one Share each to 70 eligible persons, subject to acceptance of the grantees, under the Post-IPO Share Option Scheme at an exercise price of HK\$3.23 per Share. The validity period of the Options is from 24 April 2018 to 23 April 2023, both days inclusive. The Options are exercisable during the following periods:

- (1) up to 20% on or after 24 April 2018;
- (2) up to 40% on or after 24 April 2019;
- (3) up to 60% on or after 24 April 2020;
- (4) up to 80% on or after 24 April 2021;
- (5) all the remaining options on or after 24 April 2022;

and no later than 24 April 2028 for share options granted respectively.

On 24 April 2018, all the senior management and employees accepted the share options.

Movement in the number of Options during the six months ended 30 June 2019 was as follows:

Category of Grantee	Date of Grant	Number of Outstanding Options		Exercise Price per Share	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vesting/Exercise period (Day/Month/Year)
		As at 1 January 2019	As at 30 June 2019					
70 Employees	24/04/2018	7,301,000	7,301,000	HK\$3.23	-	-	-	24/04/2018-23/04/2023

On 7 September 2018, the Company granted 5,400,000 Options to subscribe for one Share each to Hong Kong Zhixin Financial News Agency Limited (the “**PR Firm**”), subject to the acceptance and the payment of HK\$1.00 by the PR Firm, pursuant to the Post-IPO Share Option Scheme at an exercise price of HK\$3.89 per Share. Upon the acceptance by the PR Firm, the 5,400,000 Options granted will remain valid from the date of acceptance of these Options by the PR Firm (the “**Date of Acceptance**”) up to 30 September 2021 (both dates inclusive) (the “**Validity Period**”), unless otherwise lapsed or cancelled in accordance with the terms and conditions of the agreement dated 7 September 2018 (the “**PR Agreement**”) entered into between the Company and the PR Firm in relation to the appointment of the PR Firm as the Company’s investor and media relations consultant and the provision of the investor and media relations services by the PR Firm to the Company. The PR Firm is entitled to exercise the Share Options in accordance with the following vesting periods and in the following manner:

- a) **Batch 1** – 1,600,000 Options, or 1,600,000 Options times the average number of Shares traded per day for a period commencing from 365 days immediately preceding the date of the exercise notice served to the Company by the PR Firm and up to the date of such exercise notice (both days inclusive)/1,093,892 (Note), whichever is lower, may be exercised during the period commencing on the date immediately after the end of a three-month period from the Date of Acceptance up to the end of the Validity Period (both dates inclusive), if the market capitalisation of the Company during the Validity Period (ascertained based on the weighted-average closing price of 30 consecutive trading days of the Stock Exchange) has attained or exceeded HK\$2.5 billion;

OTHER INFORMATION (CONTINUED)

- b) **Batch 2** – 1,600,000 Options, or 1,600,000 Options times the average number of Shares traded per day for a period commencing from 365 days immediately preceding the date of the exercise notice served to the Company by the PR Firm and up to the date of such exercise notice (both days inclusive)/1,093,892 (Note), whichever is lower, may be exercised during the period commencing on the date immediately after the end of a twelve-month period from the Date of Acceptance up to the end of the Validity Period (both dates inclusive), if the market capitalisation of the Company during the Validity Period (ascertained based on the weighted-average closing price of 30 consecutive trading days of the Stock Exchange) has attained or exceeded HK\$3.0 billion; and
- c) **Remaining Batch** – 2,200,000 Options, or 2,200,000 Options times the average number of Shares traded per day for a period commencing from 365 days immediately preceding the date of the exercise notice served to the Company by the PR Firm and up to the date of such exercise notice (both days inclusive)/1,093,892 (Note), whichever is lower, may be exercised during the period commencing on the date immediately after the end of an eighteen-month period from the Date of Acceptance up to the end of the Validity Period (both dates inclusive), if the market capitalisation of the Company during the Validity Period (ascertained based on the weighted-average closing price of 30 consecutive trading days of the Stock Exchange) has attained or exceeded HK\$4.0 billion, and the Shares have been included as one of the constituent stocks of the Heng Sang Composite Index.

Note: In respect of the fraction, the denominator represents the targeted number of Shares that would be traded per day, which is determined by the Board with reference to 0.2% of the total issued share capital of the Company as at the date of the PR Agreement i.e. 1,093,892 Shares, representing 0.2% of the total share capital in issue (i.e. 546,946,194 Shares).

No Options granted to the PR Firm on 7 September 2018 have been exercised, cancelled or lapsed as at 30 June 2019.

On 29 April 2019, the Company granted 4,720,000 Options to subscribe for one Share each to 83 eligible persons, subject to acceptance of the grantees, under the Post-IPO Share Option Scheme at an exercise price of HK\$2.48 per Share. The validity period of the Options is from 29 April 2019 to 28 April 2029, both days inclusive. The Options are exercisable during the following periods:

- (1) up to 20% on or after 29 April 2019;
- (2) up to 40% on or after 29 April 2020;
- (3) up to 60% on or after 29 April 2021;
- (4) up to 80% on or after 29 April 2022;
- (5) all the remaining options on or after 29 April 2023;

and no later than 29 April 2029 for share options granted respectively.

No Options granted on 29 April 2019 have been exercised, cancelled or lapsed as at 30 June 2019.

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.

OTHER INFORMATION (CONTINUED)

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company 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.

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 that 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 2019.

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 system and internal control procedures, maintain the relationship with the external auditor of the Company and review the financial information of the Company.

The Audit Committee has together with the management and external auditors 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 2019.

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 2019 up to the date of this interim report.

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2019

	<i>Note</i>	As at 30 June 2019 Unaudited RMB'000	As at 31 December 2018 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	610,028	539,112
Right-in-use assets	6	30,729	–
Land use rights	6	–	28,165
Intangible assets	6	12,176	12,304
Investments in associates	9	7,672	15,461
Financial assets at fair value through profit or loss		15,306	6,916
Financial assets at fair value through other comprehensive income		3,640	3,640
Deferred income tax assets		1,547	1,236
Other non-current assets	8	386	440
		681,484	607,274
Current assets			
Inventories		84,171	70,826
Contract assets		666	851
Trade and bills receivables	7	161,406	116,596
Prepayments, deposits and other receivables	8	54,536	39,402
Bank deposits with maturities over 3 months		1,188	49,537
Cash and cash equivalents		150,916	133,526
		452,883	410,738
Total assets		1,134,367	1,018,012

The notes on pages 24 to 46 are an integral part of this condensed consolidated interim financial information.

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2019

	<i>Note</i>	As at 30 June 2019 Unaudited RMB'000	As at 31 December 2018 Audited RMB'000
EQUITY			
Share capital	10	4,337	4,329
Share premium	10	460,247	459,406
Other reserves	11	(1,975)	(17,116)
Retained earnings		347,404	328,038
		810,013	774,657
Non-controlling interests		(5,812)	(4,479)
Total equity		804,201	770,178
LIABILITIES			
Non-current liabilities			
Borrowings		5,538	4,208
Lease liabilities		570	–
Deferred income tax liabilities		4,359	4,099
		10,467	8,307
Current liabilities			
Trade payables	13	39,766	19,505
Contract liabilities		2,423	1,378
Lease liabilities		2,226	–
Accruals and other payable	14	190,121	216,204
Dividend payable	18	16,394	–
Borrowings		68,769	2,440
		319,699	239,527
Total liabilities		330,166	247,834
Total equity and liabilities		1,134,367	1,018,012

The notes on pages 24 to 46 are an integral part of this condensed consolidated interim financial information.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<i>Note</i>	Six months ended 30 June	
		2019 Unaudited RMB'000	2018 Unaudited RMB'000
Revenue	5	322,454	268,450
Cost of sales	5,15	(152,973)	(131,224)
Gross profit		169,481	137,226
Selling and distribution costs	15	(63,138)	(49,909)
Administrative expenses	15	(54,400)	(44,710)
Other income – net		846	–
Other gains – net		(1,393)	250
Operating profit		51,396	42,857
Finance income		1,553	1,696
Finance costs		(1,172)	(962)
Finance income – net		381	734
Share of profit of associates		223	(567)
Gain on disposal of an associate		8	–
Profit before income tax		52,008	43,024
Income tax expense	16	(6,896)	(5,717)
Profit for the period		45,112	37,307
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		3,349	4,158
Total comprehensive income for the period		48,461	41,465

The notes on pages 24 to 46 are an integral part of this condensed consolidated interim financial information.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<i>Note</i>	Six months ended 30 June	
		2019 Unaudited RMB'000	2018 Unaudited RMB'000
Total profit attributable to:			
Equity holders of the Company		46,445	37,735
Non-controlling interests		(1,333)	(428)
Total comprehensive income attributable to:			
Equity holders of the Company		49,794	41,893
Non-controlling interests		(1,333)	(428)
		48,461	41,465
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic earnings per share (expressed in RMB per share)		0.085	0.069
– Diluted earnings per share (expressed in RMB per share)	17	0.083	0.068

The notes on pages 24 to 46 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 2019

	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 2019	4,329	459,406	(17,116)	328,038	774,657	(4,479)	770,178
Comprehensive income							
Profit/(loss) for the period	–	–	–	46,445	46,445	(1,333)	45,112
Currency translation differences	–	–	3,349	–	3,349	–	3,349
Total comprehensive income	–	–	3,349	46,445	49,794	(1,333)	48,461
Transactions with owners							
Share-based payment							
– Value of employee services	–	–	1,107	–	1,107	–	1,107
– Exercise of share options	8	841	–	–	849	–	849
Dividends	–	–	–	(16,394)	(16,394)	–	(16,394)
Appropriation to statutory reserve	–	–	10,685	(10,685)	–	–	–
Total transactions with owners	8	841	11,792	(27,079)	(14,438)	–	(14,438)
Balance as at 30 June 2019 (unaudited)	4,337	460,247	(1,975)	347,404	810,013	(5,812)	804,201
Balance at 1 January 2018	4,315	464,306	(37,600)	257,993	689,014	(1,109)	687,905
Comprehensive income							
Profit/(loss) for the period	–	–	–	37,735	37,735	(428)	37,307
Currency translation differences	–	–	4,158	–	4,158	–	4,158
Total comprehensive income	–	–	4,158	37,735	41,893	(428)	41,465
Transactions with owners							
Share-based payment							
– Value of employee services	–	–	728	–	728	–	728
– Exercise of share options	12	1,282	–	–	1,294	–	1,294
Dividends	–	–	–	(6,456)	(6,456)	–	(6,456)
Appropriation to statutory reserve	–	–	9,059	(9,059)	–	–	–
Total transactions with owners	12	1,282	9,787	(15,515)	(4,434)	–	(4,434)
Balance as at 30 June 2018 (unaudited)	4,327	465,588	(23,655)	280,213	726,473	(1,537)	724,936

The notes on pages 24 to 46 are an integral part of this condensed consolidated interim financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 Unaudited RMB'000	2018 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations		24,332	(1,636)
Interest paid		(453)	(130)
Income tax received		669	1,652
Net cash generated from/(used in) operating activities		24,548	(114)
Cash flows from investing activities			
Purchase of property, plant and equipment		(116,151)	(47,552)
Purchase of intangible assets		(430)	(6)
Interest received		–	865
Loan granted to a third party		–	(10,000)
Proceeds from disposal of property, plant and equipment		–	24
Receipt from bank deposits with maturities over 3 months		48,349	43,041
Payment of bank deposits with maturities over 3 months		–	(62,054)
Purchases of financial assets at fair value through profit or loss		(8,390)	(117,641)
Disposal of financial assets at fair value through profit or loss		–	120,899
Net cash used in investing activities		(76,622)	(72,424)
Cash flows from financing activities			
Proceeds from issue of shares			
– Proceeds from issue of shares due to exercise of share option	12	849	1,294
Capital injection from non-controlling shareholders		1,572	–
Repayment of borrowings		(238)	(140)
Proceeds from borrowings		67,897	–
Net cash generated from financing activities		70,080	1,154
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		133,526	174,052
Effect of foreign exchange rate changes on cash and cash equivalents		(616)	19
Cash and cash equivalents at end of the period		150,916	102,687

The notes on pages 24 to 46 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 2019

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 and third party detection.

This condensed consolidated interim financial information is presented in Renminbi (RMB), unless otherwise stated, and were approved for issue by the Board of Directors on 27 August 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with HKFRSs.

2.1.1 Changes in accounting policy and disclosures

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements of the Company for the year ended 31 December 2018, as described in those consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. None of which has significant financial impact to the Group except for HKFRS 16.

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint venture	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 2 to 6 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Payments for land use rights were recorded in prepayments for land use rights assets and amortisation was charged to income statement on a straight line basis over the period of the land use rights.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards adopted by the Group (continued)*

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor. None of the extension option was exercised in the six months ended 30 June 2019.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group has adopted HKFRS 16 Leases from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.03-4.75%

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	4,341
Less:	
Short-term leases recognised on a straight-line basis as expense	(328)
Discounted using the lessee's incremental borrowing rate at the date of initial application, lease liabilities recognised as at 1 January 2019	3,814
Add:	
Rental prepayments recognised as at 31 December 2018	360
Reclassification of Leasehold land and land use rights	28,165
Right-of-use assets recognised as at 1 January 2019	32,339

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards adopted by the Group (continued)*

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
	RMB'000	RMB'000
Land use rights	27,834	28,165
Offices	2,469	3,615
Vehicles	426	559
Total right-of-use assets	30,729	32,339
Current lease liabilities	2,226	2,195
Non-current lease liabilities	570	1,619
Total lease Liabilities	2,796	3,814

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by RMB32,339,000
- Prepayments – decrease by RMB360,000
- Land use rights – decrease by RMB28,165,000
- Lease liabilities (current portion) – increase by RMB2,195,000
- Lease liabilities (non-current portion) – increase by RMB1,619,000

There was no impact on retained earnings on 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards adopted by the Group (continued)*

(i) Impact on segment disclosures

Segments assets as at 30 June 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Total non-current assets other than deferred income tax assets		
PRC	633,099	564,875
Overseas countries	46,838	41,163
Deferred income tax assets	1,547	1,236
	681,484	607,274

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

- (b) 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 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

3 ESTIMATES

The preparation of interim financial statements 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 expense. Actual results may differ from these estimates.

Other than those impacts by adopting HKFRS 16, in preparing these condensed consolidated interim financial statements, 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 2018.

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 2018.

There have been no material changes in any material risk management policies since 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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, protein and antibody related products and services and third party detection.

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.

(a) Revenue

The Group's revenue which represents turnover for the six months ended 30 June 2019 and six months ended 30 June 2018 is as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
DNA synthesis products	116,414	93,900
Genetic engineering services	75,357	58,734
Life science research consumables	100,451	87,543
Protein and antibody related products and services	29,657	28,273
Third party detection	575	–
	322,454	268,450

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

5 SEGMENT INFORMATION (CONTINUED)

(b) Segment information

The segment information for the six months ended 30 June 2019 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	Third party detection RMB'000	Total RMB'000
Segment sales	116,414	75,357	100,451	29,657	575	322,454
Segment cost of sales	(46,935)	(39,322)	(48,178)	(18,147)	(391)	(152,973)
Segment gross profit	69,479	36,035	52,273	11,510	184	169,481

The segment information for the six months ended 30 June 2018 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	Third party detection RMB'000	Total RMB'000
Segment sales	93,900	58,734	87,543	28,273	–	268,450
Segment cost of sales	(39,304)	(31,747)	(44,384)	(15,789)	–	(131,224)
Segment gross profit	54,596	26,987	43,159	12,484	–	137,226

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

5 SEGMENT INFORMATION (CONTINUED)

(c) Entity-wide information

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

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
The People's Republic of China ("PRC")	254,418	202,028
Overseas countries	68,036	66,422
	322,454	268,450

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
	Total non-current assets other than deferred income tax assets	
– PRC	633,099	564,875
– Overseas countries	46,838	41,163
Deferred income tax assets	1,547	1,236
	681,484	607,274

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

6 PROPERTY, PLANT AND EQUIPMENT, RIGHT-IN-USE ASSETS, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Right-in-use assets RMB'000	Land use rights RMB'000	Intangible assets RMB'000
As at 31 December 2018				
Cost	673,109	–	28,836	16,591
Accumulated depreciation	(133,997)	–	(671)	(4,287)
Net book amount	539,112	–	28,165	12,304
As at 30 June 2019				
Opening net book amount	539,112	–	28,165	12,304
Adjustment for change in accounting policies (Note 2)	–	32,340	(28,165)	–
Restated Opening net book amount	539,112	32,340	–	12,304
Additions	86,145	–	–	34
Disposals	(353)	–	–	–
Depreciation and amortisation (Note 15)	(15,434)	(1,701)	–	(393)
Exchange difference	558	90	–	231
Closing net book amount	610,028	30,729	–	12,176
As at 30 June 2019				
Cost	756,104	32,428	–	16,497
Accumulated depreciation	(146,076)	(1,699)	–	(4,321)
Net book amount	610,028	30,729	–	12,176
As at 1 January 2018				
Cost	535,492	–	33,505	16,681
Accumulated depreciation	(106,461)	–	(4,669)	(3,533)
Net book amount	429,031	–	28,836	13,148
As at 30 June 2018				
Opening net book amount	429,031	–	28,836	13,148
Additions	52,340	–	–	6
Disposals	(217)	–	–	–
Depreciation and amortisation (Note 15)	(12,970)	–	(332)	(391)
Exchange difference	(1,041)	–	–	(51)
Closing net book amount	467,143	–	28,504	12,712
As at 30 June 2018				
Cost	586,014	–	33,505	16,248
Accumulated depreciation	(118,871)	–	(5,001)	(3,536)
Net book amount	467,143	–	28,504	12,712

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

7 TRADE AND BILLS RECEIVABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade and bills receivables	166,788	121,211
Less: provision for impairment of trade and bills receivables	(5,382)	(4,615)
Trade and bills receivables – net	161,406	116,596

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 2019 and 31 December 2018, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Within 3 months	89,395	63,896
3 to 6 months	41,005	30,645
6 to 12 months	22,757	16,903
Over 12 months	13,631	9,767
	166,788	121,211

8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Non-current:		
Others	386	440
Current:		
Prepaid value-added tax, current income tax and other taxes	16,230	9,938
Loan to a third party	12,000	12,000
Prepayments for purchases of raw materials	11,314	5,748
Deposits	2,954	5,048
Others	12,038	6,668
	54,536	39,402

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

9 INVESTMENT IN ASSOCIATES

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
At 1 January	15,461	16,896
Disposal	(8,012)	–
Share of profits of associates	224	–
Share of losses of associates	(1)	(567)
Closing net assets	7,672	16,329

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\$	Equivalent nominal value of ordinary shares RMB'000	Share Premium RMB'000
At 1 January 2019		2,000,000,000	547,254,188	5,472,542	4,329	459,406
Share-based payment						
– exercise of share option	12	–	885,993	8,860	8	841
Balance at 30 June 2019		2,000,000,000	548,140,181	5,481,402	4,337	460,247
At 1 January 2018		2,000,000,000	545,516,193	5,455,162	4,315	464,306
Share-based payment						
– exercise of share option		–	1,430,001	14,300	12	1,282
Balance at 30 June 2018		2,000,000,000	546,946,194	5,469,462	4,327	465,588

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

11 OTHER RESERVES

	Capital reserve ⁽ⁱ⁾ RMB'000	Statutory reserve ⁽ⁱⁱ⁾ RMB'000	Share- based payment reserve RMB'000	Financial assets at FVOCI RMB'000	Currency translation reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(91,004)	39,692	18,968	1,394	16,498	(2,664)	(17,116)
Currency translation differences	-	-	-	-	3,349	-	3,349
Share-based payment-value of employee service	-	-	1,107	-	-	-	1,107
Appropriation to statutory reserve	-	10,685	-	-	-	-	10,685
At 30 June 2019	(91,004)	50,377	20,075	1,394	19,847	(2,664)	(1,975)
Balance as at 31 December 2017	(91,004)	30,633	15,412	-	12,420	(6,455)	(38,994)
Reclassification on adoption of HKFRS9	-	-	-	1,394	-	-	1,394
At 1 January 2018	(91,004)	30,633	15,412	1,394	12,420	(6,455)	(37,600)
Currency translation differences	-	-	-	-	4,158	-	4,158
Share-based payment-value of employee service	-	-	728	-	-	-	728
Appropriation to statutory reserve	-	9,059	-	-	-	-	9,059
At 30 June 2018	(91,004)	39,692	16,140	1,394	16,578	(6,455)	(23,655)

- (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 2019

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 2019 was as follows:

	Six months ended 30 June 2019	
	Average exercise price in HK\$	Number of options
At 1 January 2019	2.8	18,533,848
Granted	2.48	4,720,000
Forfeited	3.23	(213)
Exercised	1.1	(885,993)
At 30 June 2019	2.76	22,367,642

Options exercised during the six months ended 30 June 2019 resulted in 885,993 shares being issued (six months ended 30 June 2018: 1,430,001), with exercise proceeds of HK\$974,592 (equivalent to RMB849,206) (six months ended 30 June 2018: HK\$1,573,001, equivalent to RMB1,293,603).

Share options outstanding at 30 June 2019 and 31 December 2018 have the following expiry dates and exercise prices:

Expiry date	Exercise price (HK\$ per share)	Number of options	
		As at 30 June 2019	As at 31 December 2018
17 January 2019	1.1	–	460,749
17 January 2020	1.1	4,946,642	5,372,099
30 September 2021	3.89	5,400,000	5,400,000
24 April 2028	3.23	7,301,000	7,301,000
29 April 2029	2.48	4,720,000	–
		22,367,642	18,533,848

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

13 TRADE PAYABLES

As at 30 June 2019 and 31 December 2018 the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Within 3 months	37,078	17,751
3 months to 6 months	1,807	1,179
6 months to 1 year	836	479
Over 1 year	45	96
	39,766	19,505

14 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Payables for purchase of property, plant and equipment	17,577	36,943
Salary and staff welfare payables	18,417	22,441
Payables for value-added tax and other taxes	5,074	5,917
Advance from customers	130,213	139,923
Payables for professional fees	3,250	1,306
Other payables	15,590	9,674
	190,121	216,204

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

15 EXPENSES BY NATURE

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Raw materials used	95,472	82,712
Changes in inventories of finished goods and work in progress	(4,530)	(5,468)
Employee benefit expenses	95,787	78,318
Research and development expenses	22,794	18,874
Depreciation and amortisation charges (Note 6)	17,528	13,693
Transportation expenses	7,926	7,103
Office expenses	6,101	8,953
Taxes and surcharges	1,527	1,521
Repair expenses	3,728	2,255
Utilities	3,104	2,893
Travel expenses	8,429	6,748
Professional service fees	4,236	2,802
Operating leases	1,715	2,321
Provision for impairment of trade and bills receivables	824	427
Auditor's remuneration	2,591	1,434
Provision for impairment of inventories	398	250
Other expenses	2,881	1,007
Total cost of sales, selling and distribution costs and administrative expenses	270,511	225,843

16 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Current income tax	7,172	5,843
Deferred income tax	(276)	(126)
	6,896	5,717

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

16 INCOME TAX EXPENSE (CONTINUED)

(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**”). As at 31 July 2019, Sangon Biotech had successfully renewed the HNTE qualification, and entitled to a preferential CIT rate of 15% from 2019 to 2021.

(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 2019 (for the six months ended 30 June 2018: 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 2019 (for the six months ended 30 June 2018: 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 2019 (for the six months ended 30 June 2018: 20%).

(viii) Singapore profits tax

Singapore profits tax has been provided for at the rate of 8.50% on the estimated assessable profits for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 8.50%).

(ix) The Republic of Korea profits tax

The Republic of Korea profits tax has been provided for at the rate of 20% on the estimated assessable profits for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 20%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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	
	2019 RMB'000	2018 RMB'000
Profit attributable to equity holders of the Company (RMB'000)	46,445	37,735
Weighted average number of ordinary shares in issue ('000)	547,940	546,543
Basic earnings per share (RMB per share)	0.085	0.069

(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	
	2019 RMB'000	2018 RMB'000
Profit attributable to equity holders of the Company (RMB'000)	46,445	37,735
Weighted average number of ordinary shares in issue after capitalisation ('000)	547,940	546,543
Adjustments for share option plan ('000)	13,934	6,947
Weighted average number of ordinary shares for diluted earnings per share ('000)	561,774	553,490
Diluted earnings per share (RMB per share)	0.083	0.068

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

18 DIVIDENDS

A final dividend in respect of the year ended 31 December 2018 of HK\$0.034 per ordinary share, totalling HK\$18,636,198 (equivalent to RMB16,393,518), has been resolved to declare at the annual general meeting on 28 June 2019 and is payable to shareholders who are on register at 5 July 2019. The final dividend has been recognised as a liability in this interim financial information.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018 interim dividend: nil).

19 COMMITMENTS

(a) Capital commitments

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Property, plant and equipment	26,109	9,572

(b) Operating lease commitments

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

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
No later than 1 year	1,983	2,592
Later than 1 year and no later than 5 years	–	1,749
	1,983	4,341

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 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

20 RELATED-PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties

(i) Controlling Party

Mr. Wang Qisong, Ms. Wang Luojia, Ms. Wang Jin*

* As Mr. Wang Qisong, Ms. Wang Luojia, 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 56.7% of the Company through LJ Hope Ltd., LJ Peace Ltd., and LJ Venture Ltd.,.

(ii) Associates of the Group

Shanghai Youlong Biotech Co., Ltd. (“**Shanghai Youlong**”)

Wuxi Fuyang Biotech Co., Ltd. (“**Wuxi Fuyang**”) (a subsidiary of Shanghai Youlong)

Tianjin Hengjia Biotech Development Co., Ltd. (“**Tianjin Hengjia**”)*

* The Group disposed of its investment in the associate in March 2019, and since then Tianjin Hengjia is no longer a related party of the Group.

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

(i) Sales of goods and services

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Tianjin Hengjia	–	143
Wuxi Fuyang	2	1
Total	2	144

(ii) Purchases of goods and services

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Shanghai Youlong	126	83

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

20 RELATED-PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

(i) Trade receivables

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Tianjin Hengjia	–	275
Wuxi Fuyang	1	–
Total	1	275

(ii) Trade payables

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Shanghai Youlong	10	1

(iii) Prepayment, deposits and other receivables

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Ms. Wang Luojia	2,280	2,520

(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:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Salaries and other employee benefits	1,811	1,772

21 CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

22 PRINCIPAL SUBSIDIARIES

The Group had direct or indirect interests in the following principal subsidiaries as at 30 June 2019:

Company name	Country/Place of incorporation/ operation	Paid in capital as of 30 June 2019 (000')	Effective interests held %	Principal activities
Directly Owned:				
BBI Asia Limited	Hong Kong	USD12,973	100	Investment holding
Indirectly Owned:				
Sangon Biotech	PRC	RMB180,000	99.99	Manufacturing and sales of various life science products and provide life science related services
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
BBI China	PRC	RMB52,420	100	Investment holding and management consulting
Bionics Co., Ltd.	The Republic of Korea	KRW188,350	41.22	Manufacturing and sales of various life science products and provide life science related services