



(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1035

INTERIM REPORT

2018



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## 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; and (4) protein and antibody related products and services (the “**Four 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 2018 (the “**Reporting Period**”), the revenue of the Group was approximately RMB268.45 million, representing an increase of 21.9% as compared with RMB220.22 million for the same period of 2017.
- For the six months ended 30 June 2018, the gross profit increased by 28.6% from RMB106.68 million for the same period of 2017 to RMB137.23 million.
- For the six months ended 30 June 2018, net profit of the Group increased by 33.0% from approximately RMB28.05 million for the same period of 2017 to approximately RMB37.31 million.
- For the six months ended 30 June 2018, profit attributable to equity holders of the Company increased by 26.5% from approximately RMB29.83 million for the same period of 2017 to approximately RMB37.74 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 June 2018, the Group's overall revenue increased by 21.9% to RMB268.45 million (the same period in 2017: RMB220.22 million). Gross profit increased by 28.6% to RMB137.23 million (the same period in 2017: RMB106.68 million). Gross profit margin arrived at 51.1% (the same period in 2017: 48.4%), it is primarily attributed to the sustained and rapid development of the Group's main business and the significant narrowing in loss of Bionics Co., Ltd. ("**Bionics**"), a subsidiary of the Group. The profit attributable to equity holders of the Company recorded a year-on-year increase of 26.5% to RMB37.74 million (the same period in 2017: RMB29.83 million).

During the Reporting Period, the revenue of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services of the Group accounted for approximately 35.0%, 21.9%, 32.6% and 10.5% respectively of the total revenue of the Group.

### Results Analysis of the Four 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 16.6% to RMB93.90 million (the same period in 2017: RMB80.51 million). Leveraging on its leading position in the industry, the Group provides high-quality customized products through flexibility and quick response while promoting process update, thereby maintaining the good growth momentum for order volume, resulting in an increase of overall gross profit margin of the segment to 58.1% for the Reporting Period from 53.8% 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 22.5% to RMB58.74 million (the same period in 2017: RMB47.94 million). With the fast layout of service outlets in China, quick response is provided for the entire value chain, enabling faster services for customers and thus driving order demands. Gross profit margin increased to 46.0% during the Reporting Period from 43.2% for the same period last year.

#### 3. Life Sciences Research Consumables

During the Reporting Period, in addition to actively exploring overseas markets, the Group optimized and integrated production and logistics models in China to improve its operational efficiency, thereby boosting order quantity both local and abroad. Therefore, revenue of life sciences research consumables increased by 26.2% to RMB87.54 million compared to the same period last year (the same period in 2017: RMB69.36 million), gross profit margin for the Reporting Period increased to 49.3% from 48.6% for the same period last year.

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

With investments in research and development and channel expansion, the business and profitability of this segment became sizeable. In the future, the Group will continue to promote product diversity and customization to further increase gross profit margin. During the Reporting Period, revenue of protein and antibody related products and services segment increased by 26.2% to RMB28.27 million compared to the same period last year (the same period in 2017: RMB22.41 million). Gross profit margin increased from 40.2% for the same period last year to 44.2% for the Reporting Period.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

	Six months ended 30 June		
	2018	2017	Change
	RMB'000	RMB'000	
Revenue	<b>268,450</b>	220,216	21.9%
Gross profit	<b>137,226</b>	106,679	28.6%
Net profit	<b>37,307</b>	28,052	33.0%
Profit attributable to the equity holders of the Company	<b>37,735</b>	29,828	26.5%
Earnings per share (RMB)	<b>0.069</b>	0.055	25.5%

### Revenue

During the Reporting Period, the Group recorded revenue of RMB268.45 million, representing an increase of 21.9% from RMB220.22 million for the same period of 2017. It was contributed by the steady growth of the Four Business Segments.

### Gross profit

During the Reporting Period, the Group's gross profit increased by 28.6% to RMB137.23 million from RMB106.68 million for the same period of 2017. Gross profit margin increased from 48.4% for the same period last year to 51.1% for the Reporting Period, mainly due to gross profit margin of Bionics has been promoting gradually.

### Selling and distribution expenses

The selling and distribution expenses increased by 18.4% to RMB49.91 million during the Reporting Period from RMB42.15 million for the same period of 2017. It was attributed by new market development and sales promotion.

### General and administrative expenses

During the Reporting Period, the general and administrative expenses increased by 20.2% to RMB24.76 million from RMB20.60 million for the same period of 2017, 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 76.2% to RMB19.95 million from RMB11.32 million for the same period of 2017. This was mainly because the Company accelerated the upgrade of its technology and expanded into the new business segment.

### Income tax expenses

The income tax expenses decreased from RMB5.23 million for the same period of 2017 to RMB5.72 million for the Reporting Period, mainly because of the profit growth.

### Net profit

During the Reporting Period, net profit of the Group increased by 33.0% from approximately RMB28.05 million for the same period of 2017 to approximately RMB37.31 million. The increase in net profit is primarily attributed to the sustained and rapid development of the Group's main business and a significant narrowing in loss of Bionics.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Significant investments held, material acquisitions and disposals

The Group did not have any significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2018.

### Contingent liabilities and guarantees

As at 30 June 2018, 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 2018.

### Bank Loans

As at 30 June 2018, the Group did not have any bank loans.

### Foreign exchange risk

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

### Cash flow and fair value interest rate risk

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

### Credit risk

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

In respect of trade bills and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments, 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

As at 30 June 2018, the Group had no charges over assets.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Working capital and financial resources

As at 30 June 2018, the cash and cash equivalents of the Group amounted to RMB102.7 million (as at 31 December 2017: RMB174.1 million).

## Capital expenditure

During the Reporting Period, the expenditure incurred in the purchase of intangible assets, mainly computer software, was RMB0.01 million, while the expenditure incurred in the purchase of property, plant and equipment and of construction in process amounted to RMB47.6 million.

## Employees and remuneration policies

As at 30 June 2018, the Group has a total of 1,377 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 RMB77.59 million (excluding share-based payment of approximately RMB0.73 million), representing 28.9% 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 2018. 7,761,000 options were granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2018.

The number of employees of the Group categorised by function as at 30 June 2018 is set forth as follows:

<b>Function</b>	<b>Number of employees</b>	<b>Percentage</b>
Production	628	45.61%
Sales and marketing	361	26.22%
Administration	149	10.82%
Research and development	139	10.09%
Management	100	7.26%
Total:	1,377	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.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FUTURE PROSPECTS

Looking ahead to the second half of 2018, the Group will steadily advance its strategic development by:

1. **Accelerating GMP standardization for the new laboratory to enlarge integrated capacity**

With a total floor area of 7,000 square meters, the DNA synthesis production building in the Group's Shanghai head office is expected to be completed at the end of 2018, upon which we will accelerate the GMP standardization for the new laboratory. In the future, we will rely on the laboratory 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.

2. **Pushing forward the trial productive operation of the medical laboratory**

Following the completion of the medical laboratory, it is expected to be put into trial productive operation in the second half of 2018. We will rely on high-throughput sequencing technologies to directly provide genetic screening services to a large amount of end consumers, thereby expanding our target customer base. 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 an industry ecosystem.

3. **Enhancing product and service portfolio of newly established overseas branches, increasing outlets of the direct-sale network, and adjusting the structure of high-value-added products, so as to improve overseas market shares and profitability.**

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 2018, 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 2018, 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 taken under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are set out as follows:

Name of Director	Nature of interest	Number of Shares/ underlying Shares held	Shareholding percentage (%)	Long position/ Short position/ Lending pool
Wang Luojia (Notes 1, 2, 3)	Trustee of a trust, interest in a controlled corporation and interests held jointly with another person	310,855,924	56.83	Long position
Wang Jin (Notes 1, 2, 4)	Trustee of a trust and interests held jointly with another person	310,855,924	56.83	Long position
Wang Qisong (Notes 1, 2, 5)	Beneficial owner, settlor of a trust and interests held jointly with another person	310,855,924	56.83	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 2018, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that (i) was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise (ii) was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION (CONTINUED)

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

As at 30 June 2018, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares/ underlying Shares held	Shareholding percentage %	Long position/ Short position/ Lending pool
LJ Peace Ltd. (Notes 1, 2)	Beneficial owner	184,156,346	33.67	Long position
LJ Venture Ltd. (Notes 1, 2)	Beneficial owner	118,049,745	21.58	Long position
Lu Guang Yi (Note 3)	Interest of a spouse	312,221,948	57.08	Long position
Grandeur Peak Global Advisors, LLC	Investment Manager	49,369,500	9.03	Long position
Matthews International Capital Management, LLC	Investment Manager	32,823,500	6.00	Long position

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 Luoia as the trustee and Wang Jin and her children as the beneficiaries. Wang J Family Trust owns 51.15% of the total issued shares of LJ Peace Ltd. and 50% of the total issued shares of LJ Venture Ltd.
2. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Wang Qisong as the settlor, Wang Jin as the trustee and Wang Luoia and her children as the beneficiaries. Wang L Family Trust owns 48.85% of the issued shares of LJ Peace Ltd. and 50% of the issued shares of LJ Venture Ltd.
3. 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 pursuant to Section 336 of the SFO.

## OTHER INFORMATION (CONTINUED)

### 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 2018, 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 exercised dates (HK\$)	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vesting/Exercise period (Day/Month/Year)
			As at 1 January 2018	As at 30 June 2018						
Wang Luojia	B	16/01/2014	483,149	0	HK\$1.1	483,149	4.07	—	—	16/01/2014 – 16/01/2019
4 Employees	A	16/01/2014	94,256	0	HK\$1.1	94,256	3.72	—	—	note 1
Sub-Total			577,450	0	HK\$1.1	577,405		—	—	
79 Employees	A	04/09/2014	792,874	732,874	HK\$1.1	60,000	3.73	—	—	note 1
76 Employees	B	04/09/2014	6,337,172	5,459,963	HK\$1.1	792,596	3.64	—	84,613	16/01/2014 – 16/01/2019
Total			7,707,451	6,192,837		1,430,001			84,613	

Note:

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

On 24 April 2018 (the “**Date of Grant**”), the Company granted 7,761,000 share options (the “**Option(s)**”) to subscribe for an aggregate of 7,761,000 ordinary Shares of HK\$0.01 per share to 70 eligible persons, subject to acceptance of the grantees, under the Post-IPO Share Option Scheme. The details of the Options granted are set out below:

Date of Grant: 24 April 2018

Exercise price of Options granted: Each Option shall entitle the holder of the Option to subscribe for Shares upon exercise of such Option at an exercise price of HK\$3.23 per Share, being the highest of (i) the closing price of the Shares on the Date of Grant, (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant

Number of Options granted: 7,761,000 Options

Closing price of the Shares on the Date of Grant: HK\$3.20 per Share



## OTHER INFORMATION (CONTINUED)

Average closing price of the Shares as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant: HK\$3.23 per Share

Validity period of the Options: 24 April 2018 to 23 April 2023, both dates Inclusive

The share options are exercisable during the following periods upon listing of the Company's shares on Stock Exchange:

- (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 outstanding and their related weighted average exercise prices for the six months ended 30 June 2018 were as follows:

Grantee(s)	Grant date	No. of Options granted	Exercise price per Share	Validity period	Number of Options exercised	Number of Options lapsed	Outstanding Options
70 Employees	24 April 2018	7,761,000	HK\$3.23	24 April 2018 to 23 April 2023 (both dates inclusive)	-	-	7,761,000

### 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 2018.

### 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.

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 2018.

### 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 2018 up to the date of this interim report.

# INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2018

	<i>Note</i>	<b>As at 30 June 2018 Unaudited RMB'000</b>	As at 31 December 2017 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>467,143</b>	429,031
Land use rights	6	<b>28,504</b>	28,836
Intangible assets	6	<b>12,712</b>	13,148
Investment in an associate	9	<b>16,329</b>	16,896
Available-for-sales financial assets		–	9,899
Financial assets at amortised cost		<b>4,641</b>	–
Financial assets at fair value through other comprehensive income		<b>3,640</b>	–
Deferred income tax assets		<b>1,105</b>	1,046
Other non-current assets	8	<b>1,021</b>	864
		<b>535,095</b>	499,720
<b>Current assets</b>			
Inventories		<b>67,744</b>	60,052
Trade and bills receivables	7	<b>127,145</b>	94,288
Prepayments, deposits and other receivables	8	<b>47,583</b>	31,985
Bank deposits with maturities over 3 months		<b>62,054</b>	43,041
Cash and cash equivalents		<b>102,687</b>	174,052
		<b>407,213</b>	403,418
<b>Total assets</b>		<b>942,308</b>	903,138

The notes on pages 23 to 46 are an integral part of this condensed consolidated interim financial information.

# INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2018

	<i>Note</i>	<b>As at 30 June 2018 Unaudited RMB'000</b>	As at 31 December 2017 Audited RMB'000
<b>EQUITY</b>			
Share capital	10	4,327	4,315
Share premium	10	465,588	464,306
Other reserves	11	(23,655)	(38,994)
Retained earnings		280,213	257,993
		<b>726,473</b>	687,620
<b>Non-controlling interests</b>		<b>(1,537)</b>	(1,109)
<b>Total equity</b>		<b>724,936</b>	686,511
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		3,866	4,085
Deferred income tax liabilities		4,125	4,602
		<b>7,991</b>	8,687
<b>Current liabilities</b>			
Trade payables	13	16,941	13,149
Contract liabilities		2,595	–
Accruals and other payable	14	180,978	192,241
Dividend payable	18	6,456	–
Borrowings		2,411	2,550
		<b>209,381</b>	207,940
<b>Total liabilities</b>		<b>217,372</b>	216,627
<b>Total equity and liabilities</b>		<b>942,308</b>	903,138

The notes on pages 23 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 2018

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2018 Unaudited RMB'000</b>	2017 Unaudited RMB'000
<b>Revenue</b>	5	<b>268,450</b>	220,216
Cost of sales	5, 15	<b>(131,224)</b>	(113,537)
<b>Gross profit</b>		<b>137,226</b>	106,679
Selling and distribution costs	15	<b>(49,909)</b>	(42,150)
Administrative expenses	15	<b>(44,710)</b>	(31,922)
Other income – net		–	330
Other gains – net		<b>250</b>	196
<b>Operating profit</b>		<b>42,857</b>	33,133
Finance income		<b>1,696</b>	2,029
Finance costs		<b>(962)</b>	(613)
<b>Finance income – net</b>		<b>734</b>	1,416
Share of profit of associates		<b>(567)</b>	(1,264)
<b>Profit before income tax</b>		<b>43,024</b>	33,285
Income tax expense	16	<b>(5,717)</b>	(5,233)
<b>Profit for the period</b>		<b>37,307</b>	28,052
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		<b>4,158</b>	(2,004)
<b>Total comprehensive income for the period</b>		<b>41,465</b>	26,048

The notes on pages 23 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 2018

	<i>Note</i>	Six months ended 30 June	
		2018 Unaudited RMB'000	2017 Unaudited RMB'000
<b>Total profit attributable to:</b>			
Equity holders of the Company		37,735	29,828
Non-controlling interests		(428)	(1,776)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		41,893	27,824
Non-controlling interests		(428)	(1,776)
		41,465	26,048
<b>Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)</b>			
– Basic earnings per share (expressed in RMB per share)		0.069	0.055
– Diluted earnings per share (expressed in RMB per share)	17	0.068	0.055

The notes on pages 23 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 2018

	Unaudited Attributable to equity holders of the Company						Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non- controlling interests	
	RMB'000 (Note 10)	RMB'000 (Note 10)	RMB'000 (Note 11)	RMB'000	RMB'000	RMB'000	
Balance as at 31 December 2017	4,315	464,306	(38,994)	257,993	687,620	(1,109)	686,511
Change in accounting policy – HKFRS 9	–	–	1,394	–	1,394	–	1,394
Balance at 1 January 2018	4,315	464,306	(37,600)	257,993	689,014	(1,109)	687,905
<b>Comprehensive income</b>							
Profit/(loss) for the period	–	–	–	37,735	37,735	(428)	37,307
Currency translation differences	–	–	4,158	–	4,158	–	4,158
<b>Total comprehensive income</b>	–	–	4,158	37,735	41,893	(428)	41,465
<b>Transactions with owners</b>							
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)	–	–	–
<b>Total transactions with owners</b>	12	1,282	9,787	(15,515)	(4,434)	–	(4,434)
<b>Balance as at 30 June 2018 (unaudited)</b>	<b>4,327</b>	<b>465,588</b>	<b>(23,655)</b>	<b>280,213</b>	<b>726,473</b>	<b>(1,537)</b>	<b>724,936</b>
Balance at 1 January 2017	4,304	463,062	(43,905)	207,333	630,794	4,374	635,168
<b>Comprehensive income</b>							
Profit/(loss) for the period	–	–	–	29,828	29,828	(1,776)	28,052
Currency translation differences	–	–	(2,004)	–	(2,004)	–	(2,004)
<b>Total comprehensive income</b>	–	–	(2,004)	29,828	27,824	(1,776)	26,048
<b>Transactions with owners</b>							
Share-based payment							
– Value of employee services	–	–	314	–	314	–	314
– Exercise of share options	1	112	–	–	113	–	113
Dividends	–	–	–	(5,708)	(5,708)	–	(5,708)
Appropriation to statutory reserve	–	–	8,077	(8,077)	–	–	–
Acquisition of equity interests from a non-controlling shareholder	–	–	–	–	–	(2,101)	(2,101)
<b>Total transactions with owners</b>	1	112	8,391	(13,785)	(5,281)	(2,101)	(7,382)
<b>Balance as at 30 June 2017 (unaudited)</b>	<b>4,305</b>	<b>463,174</b>	<b>(37,518)</b>	<b>223,376</b>	<b>653,337</b>	<b>497</b>	<b>653,834</b>

The notes on pages 23 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 2018

	Note	Six months ended 30 June	
		2018 Unaudited RMB'000	2017 Unaudited RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(1,636)	(6,076)
Interest paid		(130)	–
Income tax received/(paid)		1,652	(12,688)
Net cash used in from operating activities		(114)	(18,764)
<b>Cash flows from investing activities</b>			
Investment of an associate	9	–	(6,000)
Purchase of property, plant and equipment		(47,552)	(76,355)
Purchase of intangible assets		(6)	(199)
Proceeds from disposal of an associate	8	–	7,627
Interest received from available-for-sale financial assets		865	1,506
Loan granted to a third party		(10,000)	–
Proceeds from disposal of property, plant and equipment		24	8,975
Receipt from bank deposits with maturities over 3 months		43,041	–
Payment of bank deposits with maturities over 3 months		(62,054)	(6,849)
Purchases of available-for-sale financial assets		(117,641)	(100,000)
Disposal of available-for-sale financial assets		120,899	100,000
Net cash used in investing activities		(72,424)	(71,295)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares			
– Proceeds from issue of shares due to Exercise of share option	12	1,294	113
Dividends paid to equity holders of the Company	18	–	(5,708)
Acquisition of equity interests from a non-controlling shareholder		–	(2,101)
Borrowings		(140)	5,926
Net cash generated from/(used in) financing activities		1,154	(1,770)
<b>Net decrease in cash and cash equivalents</b>		<b>(71,384)</b>	<b>(91,829)</b>
Cash and cash equivalents at beginning of the period		174,052	245,852
Effect of foreign exchange rate changes on cash and cash equivalents		19	(1,424)
<b>Cash and cash equivalents at end of the period</b>		<b>102,687</b>	<b>152,599</b>

The notes on pages 23 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 2018

## 1 GENERAL INFORMATION

BBI Life Sciences Corporation (the “**Company**”) was incorporated in the Cayman Islands on 10 July 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office was Floor 4, Willow House, Cricket Square, P.O.BOX 2804 Grand Cayman KY1-1112, Cayman Islands. In September 2014, the Company’s registered office was changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

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

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated, and were approved for issue by the Board of Directors on 30 August 2018.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard (“**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 2017, which have been prepared in accordance with Hong Kong Financial Reports (“**HKFRS**”).

#### 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 2017, as described in those consolidated financial statements.

(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. The impact of adopting following standards are disclosed below:

- (i) HKFRS 9 Financial instruments, and
- (ii) HKFRS 15 Revenue from contracts with customers.

The other newly adopted standards did not have material impact on the Group’s accounting policies and did not require retrospective adjustments.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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)

HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group used modified retrospective approach while adopting HKFRS 9. The reclassification and adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The following tables show the adjustments recognised for each individual line item. The adjustments are explained in more details below.

	31 December 2017 As originally presented RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	1 January 2018 Restated RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	429,031	-	-	429,031
Land use rights	28,836	-	-	28,836
Intangible assets	13,148	-	-	13,148
Investment in an associate	16,896	-	-	16,896
Available-for-sales financial assets	9,899	(9,899)	-	-
Financial assets at fair value through other comprehensive income	-	3,640	-	3,640
Financial assets at amortised cost	-	7,899	-	7,899
Deferred income tax assets	1,046	-	-	1,046
Other non-current assets	864	-	-	864
<b>Total non-current assets</b>	499,720	1,640	-	501,360
<b>Current assets</b>				
Inventories	60,052	-	-	60,052
Trade and bills receivables	94,288	-	-	94,288
Prepayments, deposits and other receivables	31,985	-	-	31,985
Bank deposits with maturities over 3 months	43,041	-	-	43,041
Cash and cash equivalents	174,052	-	-	174,052
<b>Total current assets</b>	403,418	-	-	403,418
<b>Total assets</b>	903,138	1,640	-	904,778

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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)

	<b>31 December</b>			<b>1 January</b>
	<b>2017</b>	<b>HKFRS 9</b>	<b>HKFRS 15</b>	<b>2018</b>
	As originally presented			Restated
	RMB'000	RMB'000	RMB'000	RMB'000
<b>EQUITY</b>				
Share capital	4,315	–	–	4,315
Share premium	464,306	–	–	464,306
Other reserves	(38,994)	1,394	–	(37,600)
Retained earnings	257,993	–	–	257,993
	687,620	1,394	–	689,014
<b>Non-controlling interests</b>	(1,109)	–	–	(1,109)
<b>Total equity</b>	686,511	1,394	–	687,905
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	4,085	–	–	4,085
Deferred income tax liabilities	4,602	246	–	4,848
<b>Total non-current liabilities</b>	8,687	246	–	8,933
<b>Current liabilities</b>				
Trade payables	13,149	–	–	13,149
Contract liabilities	–	–	2,908	2,908
Accruals and other payable	192,241	–	(2,908)	189,333
Borrowings	2,550	–	–	2,550
<b>Total current liabilities</b>	207,940	–	–	207,940
<b>Total liabilities</b>	216,627	246	–	216,873

There is no impact on the statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 by adopting HKFRS 9 and HKFRS 15.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 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) HKFRS 9, Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group elected to present in other comprehensive income (“OCI”) changes in the fair value of its equity investment previously classified as available-for-sale financial assets, because the investment is held as long-term strategic investment that is not expected to be sold in the short to medium term. As a result, the asset with a book value of RMB2,000,000 was reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income. In addition, the equity investment was measured at cost before 1 January 2018 in accordance with HKAS 39 since the investment did not have a quoted market price in an active market and its fair value could not be reliably measured. Since HKFRS 9 requires that all the investments in equity investments should always be measured at fair value, fair value gain of RMB1,640,000 and related defer tax liabilities of RMB246,000 were recognized in the opening balance of other reserve as at 1 January 2018.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated as the Group does not have any hedge instrument. As a result, the adjustments arising from the new impairment rules are not reflected in the balance sheet as at 31 December 2017, but are recognized in the opening balance sheet as at 1 January 2018.

The Group has trade receivables for sales of products and services that are subject to HKFRS 9’s new expected credit loss model, and the Group was required to revise its impairment methodology under HKFRS 9 for these receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of new approach did not result in any significant impact on the amounts reported in the opening balance sheet on 1 January 2018 and the financial information during the six months ended 30 June 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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) HKFRS 9, Financial Instruments (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, no impairment loss was identified.

(ii) HKFRS 15 Revenue from contracts with customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. Following adjustment were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

	<b>HKAS 18</b>		<b>HKFRS 15</b>
	<b>carrying amount</b>	<b>Reclassification</b>	<b>carrying amount</b>
	<b>31 December 2017</b>		<b>1 January 2018</b>
	RMB'000	RMB'000	RMB'000
Accruals and other payable	192,241	(2,908)	189,333
Contract liabilities	–	2,908	2,908

The Group manufactures and sells life science products and provides life science services in the market.

A receivable is recognized when the goods are delivered, the services have been rendered and the customers has inspected and accepted the products or the result of the services as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The accounting treatments are the same before and after adopting the HKFRS 15.

The Group's obligations to provide an unconditional refund for products. Accumulated experience is used to estimate such returns at the time of sale. According to the actual situation, the amount of products returned were immaterial. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognized. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. As a result, no accounting impact for refunds while applying HKFRS 15.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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)*
  - (ii) HKFRS 15 Revenue from contracts with customers (continued)

The Group didn't introduce any customer loyalty programme which is likely to be affected by the HKFRS 15.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

No additional cost occurs to fulfil the contract was identified.

As a result, other than certain reclassification of contract liabilities, the adoption of HKFRS 15 did not have a significant impact to the financial statements as the timing of revenue recognition on sales of products is not changed.

- (b) *New standards, amendments and interpretations of HKFRS not yet adopted*

The following new standards, amendments and interpretations of HKFRS which are relevant to the Group's operations have been issued but are not yet effective and have not been early adopted by the Group. The Group is still in the process of assessing the impacts on adoption of these new standards, amendments and interpretations and is yet to conclude whether or not it will result in substantial changes to the consolidated financial statements of the Group.

#### Effective for annual periods beginning on or after

HKFRS 16	Leases	1 January 2019 <sup>ii</sup>
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 17	Insurance contracts	1 January 2021, with earlier application permitted as long as HKFRS9 and HKFRS15 are also applied.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### 2.1.1 Changes in accounting policy and disclosures (continued)

(b) *New standards, amendments and interpretations of HKFRS not yet adopted (continued)*

- i) HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB3,093,000. The Group will recognize these short-term and low value leases on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

## 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 9 and HKFRS 15, 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 2017.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 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 2017.

There have been no material changes in any material risk management policies since 31 December 2017.

## 5 SEGMENT INFORMATION

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

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

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

### (a) Revenue

The Group's revenue which represents turnover for the six months ended 30 June 2018 and 2017 is as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
DNA synthesis products	93,900	80,514
Genetic engineering services	58,734	47,935
Life science research consumables	87,543	69,360
Protein and antibody related products and services	28,273	22,407
	<b>268,450</b>	220,216

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 5 SEGMENT INFORMATION (CONTINUED)

### (b) Segment information

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	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

The segment information for the six months ended 30 June 2017 is as follows:

	DNA synthesis products RMB'000	Genetic engineering services RMB'000	Life science research consumables RMB'000	Protein and antibody related products and services RMB'000	Total RMB'000
Segment sales	80,514	47,935	69,360	22,407	220,216
Segment cost of sales	(37,235)	(27,227)	(35,667)	(13,408)	(113,537)
Segment gross profit	43,279	20,708	33,693	8,999	106,679

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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	
	2018 RMB'000	2017 RMB'000
PRC	202,028	163,350
Overseas countries	66,422	56,866
	<b>268,450</b>	220,216

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

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
	Total non-current assets other than deferred income tax assets	
– PRC	497,962	455,796
– Overseas countries	36,028	42,878
Deferred income tax assets	1,105	1,046
	<b>535,095</b>	499,720

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

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

	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000
<b>As at 1 January 2018</b>			
Cost	535,492	33,505	16,681
Accumulated depreciation	(106,461)	(4,669)	(3,533)
Net book amount	429,031	28,836	13,148
<b>As at 30 June 2018</b>			
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
<b>As at 30 June 2018</b>			
Cost	586,014	33,505	16,248
Accumulated depreciation	(118,871)	(5,001)	(3,536)
Net book amount	467,143	28,504	12,712
<b>As at 1 January 2017</b>			
Cost	363,490	33,505	15,906
Accumulated depreciation	(85,071)	(3,998)	(2,732)
Net book amount	278,419	29,507	13,174
<b>As at 30 June 2017</b>			
Opening net book amount	278,419	29,507	13,174
Additions	76,265	–	276
Disposals	(505)	–	–
Depreciation and amortisation (Note 15)	(10,100)	(333)	(387)
Exchange difference	142	–	203
Closing net book amount	344,221	29,174	13,266
<b>As at 30 June 2017</b>			
Cost	438,317	33,505	16,123
Accumulated depreciation	(94,096)	(4,331)	(2,857)
Net book amount	344,221	29,174	13,266

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 7 TRADE AND BILLS RECEIVABLES

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
Trade and bills receivables	<b>130,763</b>	97,479
Less: provision for impairment of trade receivables	<b>(3,618)</b>	(3,191)
Trade and bills receivables – net	<b>127,145</b>	94,288

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 2018 and 31 December 2017, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
Within 3 months	<b>88,037</b>	61,862
3 to 6 months	<b>26,680</b>	14,625
6 to 12 months	<b>6,438</b>	12,829
Over 12 months	<b>9,608</b>	8,163
	<b>130,763</b>	97,479

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
Non-current:		
Lease prepayments	<b>699</b>	360
Others	<b>322</b>	504
	<b>1,021</b>	864
Current:		
Prepayments for purchases of raw materials	<b>11,614</b>	3,788
Prepaid value-added tax, current income tax and other taxes	<b>12,510</b>	11,962
Others	<b>23,459</b>	16,235
	<b>47,583</b>	31,985

### 9 INVESTMENT IN ASSOCIATES

	<b>Six months ended 30 June</b>	
	<b>2018 RMB'000</b>	2017 RMB'000
Opening net assets at investment date	<b>16,896</b>	9,833
Addition	–	6,000
Share of losses of an associate	<b>(567)</b>	(1,264)
Closing net assets	<b>16,329</b>	14,569



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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 2018		2,000,000,000	545,516,193	5,455,162	4,315	464,306
Share-based payment						
– exercise of share option	12	–	1,430,001	14,300	12	1,282
At 30 June 2018		2,000,000,000	546,946,194	5,469,462	4,327	465,588
At 1 January 2017		2,000,000,000	544,166,181	5,441,662	4,304	463,062
Share-based payment						
– exercise of share option		–	115,636	1,156	1	112
Balance at 30 June 2017		2,000,000,000	544,281,817	5,442,818	4,305	463,174

## 11 OTHER RESERVES

	Capital reserve <sup>(i)</sup> RMB'000	Statutory reserve <sup>(ii)</sup> RMB'000	Share- based payment reserve RMB'000	Currency translation reserve RMB'000	Others RMB'000	Total RMB'000
Balance as at 31 December 2017	(91,004)	30,633	15,412	12,420	(6,455)	(38,994)
Change in accounting policy – HKFRS 9	–	–	–	–	1,394	1,394
At 1 January 2018	(91,004)	30,633	15,412	12,420	(5,061)	(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	16,578	(5,061)	(23,655)
At 1 January 2017	(91,004)	22,556	14,940	16,058	(6,455)	(43,905)
Currency translation differences	–	–	–	(2,004)	–	(2,004)
Share-based payment-value of employee service	–	–	314	–	–	314
Appropriation to statutory reserve	–	8,077	–	–	–	8,077
At 30 June 2017	(91,004)	30,633	15,254	14,054	(6,455)	(37,518)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 11 OTHER RESERVES (CONTINUED)

- (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.

## 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 2018 was as follows:

	Six months ended 30 June 2018	
	Average exercise price in HK\$	Number of options
At 1 January 2018	1.1	7,707,451
Granted (Note 1)	3.23	7,761,000
Forfeited	1.1	(164,613)
Exercised	1.1	(1,430,001)
At 30 June 2018	2.29	13,873,837

Note 1: On 24 April 2018, the Board meeting of BBI Life Science Corporation approved the grant of 7,761,000 share options to the senior management and certain employees of the Group at an exercise price of HK\$3.23 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable during the following periods upon listing of the Company's shares on Stock Exchange:

- (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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 12 SHARE-BASED PAYMENT (CONTINUED)

The fair value of share options granted in 2018 determined by using the binominal model was HK\$1.065 per option for the senior management and HK\$1.101 per option for the certain employees. The significant inputs into the model were share prices at the grant date, the exercise price shown above, volatility of 45.87%, dividend yield of 0.44%, and annual risk-free interest rate of 1.988%.

The expected volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical share prices of the Group from listing to grant date. The expected dividend yield is measured based on management's best estimation by making reference to the total dividend declared for 2017.

Options exercised during the six months ended 30 June 2018 resulted in 1,430,001 shares being issued (six months ended 30 June 2017: 115,636 shares), with exercise proceeds of HK\$1,573,001 (equivalent to RMB1,293,603) (six months ended 30 June 2017: HK\$127,200, equivalent to RMB112,619).

Share options outstanding at 30 June 2018 and 31 December 2017 have the following expiry dates and exercise prices:

Expiry date	Exercise price (HK\$ per share)	Number of options	
		As at 30 June 2018	As at 31 December 2017
17 January 2019	1.1	732,874	887,130
17 January 2020	1.1	5,458,735	6,820,321
23 April 2028	3.23	7,682,228	–
		<b>13,873,837</b>	7,707,451

### 13 TRADE PAYABLES

As at 30 June 2018 and 31 December 2017 the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 3 months	14,804	12,884
3 months to 6 months	1,916	161
6 months to 1 year	138	80
Over 1 year	83	24
	<b>16,941</b>	13,149

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 14 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Payables for purchase of property, plant and equipment	41,032	33,004
Salary and staff welfare payables	10,831	12,312
Payables for value-added tax and other taxes	3,785	1,913
Advance from customers	114,867	137,745
Payables for professional fees	2,119	1,387
Other payables	8,344	5,880
	<b>180,978</b>	192,241

## 15 EXPENSES BY NATURE

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Raw materials used	82,712	73,592
Changes in inventories of finished goods and work in progress	(5,468)	(3,908)
Employee benefit expenses	78,318	58,128
Research and development expenses	18,874	10,277
Depreciation and amortisation charges (Note 6)	13,693	10,820
Transportation expenses	7,103	6,622
Office expenses	8,953	9,891
Taxes and surcharges	1,521	1,800
Repair expenses	2,255	1,968
Utilities	2,893	2,039
Travel expenses	6,748	4,395
Professional service fees	2,802	2,559
Operating leases	2,321	2,204
Provision for impairment of trade and bills receivables	427	602
Auditor's remuneration	1,434	1,238
Provision/(Reversal of provision) for write-down of inventories	250	(288)
Other expenses	1,007	5,670
Total cost of sales, selling and distribution costs and administrative expenses	<b>225,843</b>	187,609

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 16 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Current income tax	5,843	5,217
Deferred income tax	(126)	16
	<b>5,717</b>	5,233

(i) **Cayman Islands profits tax**

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

(ii) **Hong Kong profits tax**

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

(iii) **PRC corporate income tax**

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

Pursuant to the PRC Corporate Income Tax Law (the "CIT Law"), the CIT is unified at 25% for all type of entities, effective from 1 January 2008. Sangon Biotech had enjoyed a preferential CIT rate of 15% during a 3 years period from 2013 to 2015, as it was certified as High and New Technology Enterprises ("HNTE"). As at 31 December 2016, Sangon Biotech had successfully renewed the HNTE qualification, and entitled to a preferential CIT rate of 15% from 2016 to 2018.

(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 2018 (for the six months ended 30 June 2017: 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 2018 (for the six months ended 30 June 2017: 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 2018 (for the six months ended 30 June 2017: 20%).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 16 INCOME TAX EXPENSE (CONTINUED)

### (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 2018 (for the six months ended 30 June 2017: 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 2018 (for the six months ended 30 June 2017: 20%).

## 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	
	2018	2017
Profit attributable to equity holders of the Company (RMB'000)	37,735	29,828
Weighted average number of ordinary shares in issue ('000)	546,543	544,230
Basic earnings per share (RMB per share)	0.069	0.055

### (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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 17 EARNINGS PER SHARE (CONTINUED)

### (b) Diluted (continued)

	Six months ended 30 June	
	2018	2017
Profit attributable to equity holders of the Company (RMB'000)	<b>37,735</b>	29,828
Weighted average number of ordinary shares in issue after capitalisation ('000)	<b>546,543</b>	544,230
Adjustments for share option plan ('000)	<b>6,947</b>	243
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>553,490</b>	544,473
Diluted earnings per share (RMB per share)	<b>0.068</b>	0.055

## 18 DIVIDENDS

A final dividend in respect of the year ended 31 December 2017 of HK\$0.014 per ordinary share, totalling HK\$7,657,246 (equivalent to RMB6,455,825), has been resolved to declare at the annual general meeting on 29 June 2018 and is payable to shareholders who are on register at 6 July 2018. The final dividend has been recognized 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 2018 (2017 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 2018 RMB'000	As at 31 December 2017 RMB'000
Property, plant and equipment	<b>23,484</b>	17,545

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 19 COMMITMENTS (CONTINUED)

### (b) Operating lease commitments

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

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
No later than 1 year	<b>1,893</b>	1,519
Later than 1 year and no later than 5 years	<b>1,200</b>	630
	<b>3,093</b>	2,149

## 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 2018.

### (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 59.51% 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



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 20 RELATED-PARTY TRANSACTIONS (CONTINUED)

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

(i) Sales of goods and services

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Tianjin Hengjia	143	107
Wuxi Fuyang	1	–
Total	144	107

(ii) Purchases of goods and services

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Shanghai Youlong	83	294

(iii) Sales of property, plant and equipment

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Tianjin Hengjia	–	274

(c) Balances with related parties

(i) Trade receivables

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
	Tianjin Hengjia	247
Wuxi Fuyang	1	–
Total	248	122

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

### 20 RELATED-PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (continued)

(ii) Trade payables

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
Shanghai Youlong	–	1

(iii) Prepayment, deposits and other receivables

	<b>As at 30 June 2018 RMB'000</b>	As at 31 December 2017 RMB'000
Ms. Wang Luojia	<b>2,760</b>	3,000

(d) Key management compensation

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

	<b>Six months ended 30 June</b>	
	<b>2018 RMB'000</b>	2017 RMB'000
Salaries and other employee benefits	<b>1,772</b>	1,767

### 21 CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 22 PRINCIPAL SUBSIDIARIES

The Group had direct or indirect interests in the following principal subsidiaries as at 30 June 2018:

Company name	Country/Place of incorporation/ operation	Paid in capital as of 30 June 2018 (000')	Effective interests held %	Principal activities
<b>Directly Owned:</b>				
BBI Asia Limited	Hong Kong	USD12,973	100	Investment holding
<b>Indirectly Owned:</b>				
Sangon Biotech	PRC	RMB180,000	99.99	Manufacturing and sales of various life science products and provide life science related services
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	KRW188,350,000	73	Manufacturing and sales of various life science products and provide life science related services