



北控醫療健康產業集團有限公司

Beijing Enterprises Medical And Health Industry Group Limited

(formerly known as Genvon Group Limited)

Incorporated in the Cayman Islands with limited liability
Stock Code: 2389



INTERIM REPORT 2015

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Report on Review of Interim Financial Information

To the board of directors of Beijing Enterprises Medical and Health Industry Group Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 32, which comprises the condensed consolidated statement of financial position of Beijing Enterprises Medical and Health Industry Group Limited (formerly known as Genvon Group Limited, the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34").

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
28 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	NOTES	Six-month period ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
Revenue	4	–	–
Other income and gains	4	27,808	122
Administrative expenses		(28,231)	(4,190)
Finance costs	5	(1,794)	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(2,217)	(4,068)
Income tax credit	7	262	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(1,955)	(4,068)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	8	46,997	62,138
PROFIT FOR THE PERIOD		45,042	58,070
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		(434)	(7,989)
Reclassification adjustments for gain on disposal of subsidiaries included in profit or loss	17	(58,925)	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(59,359)	(7,989)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(14,317)	50,081

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	NOTE	Six-month period ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Profit/(loss) attributable to:			
Owners of the Company		44,101	59,344
Non-controlling interests		941	(1,274)
		45,042	58,070
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(14,471)	53,315
Non-controlling interests		154	(3,234)
		(14,317)	50,081
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
– For profit for the period		HK0.86 cents	HK2.58 cents
– For loss from continuing operations		HK(0.03) cents	HK(0.18) cents
Diluted			
– For profit for the period		HK0.85 cents	HK2.57 cents
– For loss from continuing operations		HK(0.03) cents	HK(0.18) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	NOTES	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	148,827	1,233
Investment properties		318,542	66,333
Prepaid land lease payments		564,966	–
Goodwill	16	115,370	–
Available-for-sale equity investments		22,616	–
Deferred tax assets		–	21,987
Due from a related company	12	288,900	–
Total non-current assets		1,459,221	89,553
CURRENT ASSETS			
Properties held for sale		–	70,499
Prepayments, deposits and other receivables		35,542	10,270
Due from related companies	12	167,171	–
Financial assets measured at fair value through profit or loss		24,811	–
Cash and cash equivalents		1,274,099	1,093,476
Assets of disposal groups classified as held for sale	17(1)	–	1,174,245
			1,697,541
Total current assets		1,501,623	2,871,786
CURRENT LIABILITIES			
Trade payables	13	–	15,624
Other payables and accruals		12,390	90,230
Due to related companies	12	51,352	–
Other borrowings		3,804	–
Tax payable		368	103,324
Liabilities directly associated with the assets classified as held for sale	17(1)	–	209,178
			819,470
Total current liabilities		67,914	1,028,648
NET CURRENT ASSETS		1,433,709	1,843,138
TOTAL ASSETS LESS CURRENT LIABILITIES		2,892,930	1,932,691

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	NOTE	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,892,930	1,932,691
NON-CURRENT LIABILITIES			
Deferred tax liabilities		164,274	–
Total non-current liabilities		164,274	–
Net assets		2,728,656	1,932,691
EQUITY			
Equity attributable to the owners of the parent			
Share capital	14	1,199,780	906,180
Reserves		1,466,115	817,340
Non-controlling interests		2,665,895	1,723,520
		62,761	209,171
Total equity		2,728,656	1,932,691

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company						Total HK\$'000 (Unaudited)	Non- controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)			
At 1 January 2015	906,180	1,030,370*	4,691*	800*	59,728*	(278,249)*	1,723,520	209,171	1,932,691
Profit for the period	-	-	-	-	-	44,101	44,101	941	45,042
Other comprehensive income/(loss) for the period:									
Exchange differences:									
Translation of foreign operations	-	-	-	-	353	-	353	(787)	(434)
Reclassification adjustments for gain on disposal of subsidiaries included in profit or loss	-	-	-	-	(58,925)	-	(58,925)	-	(58,925)
Total comprehensive income/(loss) for the period	-	-	-	-	(58,572)	44,101	(14,471)	154	(14,317)
Disposal of subsidiaries (note 17)	-	-	-	-	-	-	-	(209,725)	(209,725)
Acquisition of subsidiaries (note 16)	-	-	-	-	-	-	-	63,161	63,161
Issue of shares upon placing (note 14)	292,800	651,476	-	-	-	-	944,276	-	944,276
Equity-settled share option arrangements (note 15)	-	-	8,754	-	-	-	8,754	-	8,754
Issue of shares upon exercise of options (note 15)	800	5,139	(2,123)	-	-	-	3,816	-	3,816
At 30 June 2015	1,199,780	1,686,985*	11,322*	800*	1,156*	(234,148)*	2,665,895	62,761	2,728,656

* These reserve accounts comprise the consolidated reserves of HK\$1,466,115,000 (31 December 2014: HK\$817,340,000) in the condensed consolidated statement of financial position.

	Attributable to owners of the Company						Total HK\$'000 (Unaudited)	Non- controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)	
	Share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Warrant reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)				Accumulated losses HK\$'000 (Unaudited)
At 1 January 2014	423,134	302,644	11,308	800	290	61,493	(103,684)	695,985	205,198	901,183
Profit/(loss) for the period	-	-	-	-	-	-	59,344	59,344	(1,274)	58,070
Other comprehensive loss for the period:										
Exchange differences:										
Translation of foreign operations	-	-	-	-	-	(6,029)	-	(6,029)	(1,960)	(7,989)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(6,029)	59,344	53,315	(3,234)	50,081
Issue of shares upon exercise of warrants	40,000	48,290	-	-	(290)	-	-	88,000	-	88,000
Issue of shares upon exercise of options (note 15)	4,100	10,463	(5,849)	-	-	-	-	8,714	-	8,714
At 30 June 2014	467,234	361,397	5,459	800	-	55,464	(44,340)	846,014	201,964	1,047,978

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

		Six-month period ended 30 June	
		2015	2014
NOTES		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax:			
		(2,217)	(4,068)
		64,813	94,150
Adjustments for:			
	5	1,794	–
		(7,895)	(738)
		55	891
		1,924	3,641
		1,388	–
	4	(253)	–
		–	3,384
		–	(475)
		–	(62,056)
	6	8,754	–
	4	(1,515)	–
		66,848	34,729
Decrease in inventories		1,552	6,115
Decrease/(increase) in trade and bills receivables and other receivables		10,052	(32,014)
Increase in properties under development		(145,045)	(151,656)
Decrease in properties held for sale		63,070	62,789
Increase/(decrease) in trade payables		136,945	(2,115)
Increase/(decrease) in other payables and accruals		10,712	(1,588)
(Decrease)/increase in deposits received from pre-sale of properties		(138,970)	18,623
Cash generated from/(used in) operations		5,164	(65,117)
PRC corporate income tax paid		(3,319)	(22,025)
Land appreciation tax paid		(1,135)	(2,931)
Net cash flows from/(used in) operating activities		710	(90,073)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	NOTES	Six-month period ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Compensation received from government for resumption of land and relocation of production facilities		12,636	37,805
Interest received		4,528	738
Purchase of financial assets measured at fair value through profit or loss		(23,254)	–
Proceeds from disposal of items of property, plant and equipment		–	475
Purchase of items of property, plant and equipment		(3,503)	(1,746)
Purchase of intangible assets		–	(80)
Disposal of subsidiaries	17	129,799	–
Acquisition of subsidiaries	16	(485,750)	–
Net cash flows (used in)/from investing activities		(365,544)	387,192
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares upon exercise of warrants		–	88,000
Issue of shares upon exercise of options	14	3,816	8,714
Issue of shares upon placing	14	944,276	–
New bank and other borrowings		–	75,834
Repayment of bank and other borrowings		(69,497)	(48,028)
Interest paid		(7,822)	(19,586)
Repayment of loans from related parties		(377,425)	(4,427)
Net cash flows from financing activities		493,348	100,507

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six-month period ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
NET INCREASE IN CASH AND CASH EQUIVALENTS	128,514	47,626
Cash and cash equivalents at beginning of the period	1,093,476	201,772
Cash and cash equivalents attributable to disposal groups classified as held for sale at beginning of the period	51,763	–
Effect of foreign exchange rate changes, net	346	(1,881)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,274,099	247,517
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	357,891	247,517
Time deposits with original maturity of less than three months when acquired	916,208	–
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	1,274,099	247,517

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Medical and Health Industry Group Limited (formerly known as Genvon Group Limited, the "Company") is a limited liability company incorporated in the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 April 2002. The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drives, P.O. Box 2681 GT, Grand Cayman, British West Indies.

In the opinion of the directors, as at 30 June 2015, the major shareholder of the Company is Beijing Properties (Holdings) Limited ("BPHL"), which is incorporated in Bermuda, ultimately held by Beijing Enterprises Group Company Limited and the shares of which are listed on the Stock Exchange.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities in the People's Republic of China (the "PRC"):

- Property development
- Manufacturing and trading of power tools
- Medical and geriatric care business

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2014.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2014, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs") that affect the Group and are adopted for the first time for the current period's interim financial statements:

Amendments to HKAS 19
Annual Improvements 2010-2012 Cycle
Annual Improvements 2011-2013 Cycle

Defined Benefit Plans: Employee Contributions
Amendments to a number of HKFRSs
Amendments to a number of HKFRSs

The adoption of the above amendments to HKFRSs has had no significant financial effect on these condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment from continuing operations, which is medical and geriatric care business in Mainland China, including but not limited to i) health and geriatric business; ii) medical-related infrastructures business (Public-Private-Partnership); and iii) specialist care business. All of the Group's operating results from the continuing operations are generated from this single segment. During the period, the Group's non-current assets were substantially located in Mainland China.

4. REVENUE, OTHER INCOME AND GAINS

REVENUE

During the period, there was no revenue generated from continuing operations (six months ended 30 June 2014: Nil).

An analysis of other income and gains from continuing operations is as follows:

	Six-month period ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Other income:		
Bank interest income	4,528	2
Other interest income	3,367	–
Sundry income	747	–
	8,642	2
Gains:		
Foreign exchange differences, net	17,398	120
Fair value gain on financial assets measured at fair value through profit or loss	1,515	–
Gain on bargain purchase	253	–
	19,166	120
	27,808	122

5. FINANCE COSTS

The Group's finance costs from continuing operations represent interest on other borrowings during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging:

	Six-month period ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Depreciation	376	139
Amortisation of land lease payments	1,388	–
Minimum lease payments under operating leases	516	434
Equity settled share option expenses*	8,754	–

* The amounts were included in "administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

	Six-month period ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Current – PRC corporate income tax	–	–
Deferred	262	–
Total tax credit for the period	262	–

HONG KONG PROFITS TAX

No Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

PRC CORPORATE INCOME TAX

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25%.

8. DISCONTINUED OPERATIONS

On 23 November 2014, the Company announced the decision of its board of directors to dispose of the entire issued share capital of World Wisdom Industrial Limited ("World Wisdom"). World Wisdom and its subsidiaries (collectively, "World Wisdom Group") engaged in the business of manufacturing and trading of power tools and property development. The disposal of World Wisdom Group was completed on 31 March 2015 and details of which are set out in note 17 to these condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

8. DISCONTINUED OPERATIONS – continued

On 11 May 2015, the Company announced the decision of its board of directors to dispose of the entire issued share capital of Rainy Company Inc. (“Rainy”). Rainy and its subsidiaries (collectively, “Rainy Group”) engaged in property development. The disposal of Rainy Group was completed on 11 May 2015 and details of which are set out in note 17 to these condensed consolidated interim financial statements.

Upon the disposals of World Wisdom Group and Rainy Group, the Group has decided to cease its manufacturing and trading of power tools business and property development business because it plans to focus its resources on its medical and geriatric care business. Accordingly, the manufacturing and trading of power tools business and the property development business of the Group were classified as discontinued operations and they are no longer included in the note for operating segment information.

The results of the discontinued operations for the periods are presented below:

	Six-month period ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Manufacturing and trading of power tools business:		
Revenue	39,150	85,372
Expenses	(40,958)	(29,730)
(Loss)/profit before tax from the discontinued operation	(1,808)	55,642
Income tax expense	–	(9,259)
(Loss)/profit for the period from the discontinued operation	(1,808)	46,383
Property development business:		
Revenue	106,794	111,118
Expenses	(103,094)	(72,610)
Profit before tax from the discontinued operation	3,700	38,508
Income tax expense	(17,816)	(22,753)
(Loss)/profit for the period from the discontinued operation	(14,116)	15,755
Gain on disposal of the discontinued operations (note 17)	62,921	–
Profit for the period from the discontinued operations	46,997	62,138

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

8. DISCONTINUED OPERATIONS – continued

The net cash flows incurred by the discontinued operations are as follows:

	Six-month period ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities	62,241	(42,307)
Investing activities	12,359	23,971
Financing activities	(77,319)	18,639
Net cash (outflow)/inflow	(2,719)	303

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Earnings per share as adjusted to reflect the share consolidation on 4 March 2015 (note 14):		
Basic, from the discontinued operations	HK0.89 cents	HK2.76 cents
Diluted, from the discontinued operations	HK0.88 cents	HK2.74 cents

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent from the discontinued operations	HK\$45,597,000	HK\$63,412,000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 10)	5,135,110,000	2,295,948,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 10)	5,168,911,000	2,311,161,000

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

9. DIVIDEND

The directors of the Company do not recommend any payment of interim dividend to shareholders for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,135,110,000 (six months ended 30 June 2014: 2,295,948,000) in issue during the period, as adjusted to reflect the share consolidation on 4 March 2015 (note 14).

The calculation of the diluted earnings/(loss) per share is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

EARNINGS/(LOSS)

	Six-month period ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation:		
From continuing operations	(1,496)	(4,068)
From discontinued operations	45,597	63,412
	44,101	59,344

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. EARNINGS/(LOSS) PER SHARE – continued SHARES

	Number of Shares	
	2015	2014
	'000 shares	'000 shares (Restated)
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	5,135,110	2,295,948
Effect of dilution – weighted average number of ordinary shares:		
Share options	33,801	4,994
Warrants	–	10,219
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	5,168,911	2,311,161

* No adjustment has been made to the basic loss per share amounts for loss from continuing operations attributable to ordinary equity holders of the parent presented for the periods ended 30 June 2015 and 2014 in respect of a dilution because the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions of property, plant and equipment at a total cost of HK\$3,176,000 (six months ended 30 June 2014: HK\$607,000), excluding property, plant and equipment acquired through acquisition of subsidiaries (note 16) and transferred from properties held for sale and investment properties.

Other than those disposed of through the disposal of subsidiaries (note 17), there was no property, plant and equipment disposed of during the six months ended 30 June 2015 and 2014.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12. BALANCES WITH RELATED COMPANIES

(1) DUE FROM RELATED COMPANIES

The amounts due from related companies represent:

- 1) Consideration receivables of HK\$160,000,000 and HK\$288,900,000 receivable within one year and receivable in 2017, respectively, and related interest receivable of HK\$3,367,000, due from a company wholly owned by Mr. Wang Zheng Chun, an executive director of the Company, in respect of disposal of equity interest in World Wisdom (note 17).
- 2) A receivable of HK\$3,804,000 due from a subsidiary of BPHL, which is unsecured, interest-free and has no fixed repayment terms.

(2) DUE TO RELATED COMPANIES

All balances represent interest payable to related companies, except for an amount of HK\$6,212,000 borrowed from a non-controlling shareholder, repayable on demand, of which an amount of HK\$3,459,000 bears interest rate of 5.58% per annum and an amount of HK\$2,753,000 is interest-free.

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 3 months	–	10,141
Over 3 months	–	5,483
	–	15,624

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

14. SHARE CAPITAL

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.2 each (2014: 10,000,000,000 of HK\$0.1 each)	2,000,000	1,000,000
Issued and fully paid:		
5,998,898,415 ordinary shares of HK\$0.2 each (2014: 9,061,796,830 of HK\$0.1 each)	1,199,780	906,180

On 4 March 2015, in an extraordinary general meeting, the shareholders have approved: (i) every two issued and unissued shares of HK\$0.10 each were consolidated into one consolidated share of HK\$0.20 each; and (ii) the authorised share capital of the Company was increased from HK\$1,000,000,000 divided into 5,000,000,000 consolidated shares to HK\$2,000,000,000 divided into 10,000,000,000 consolidated shares by the creation of an additional 5,000,000,000 consolidated shares.

A summary of movements in the Company's share capital is as follows:

(A) ISSUE OF SHARES UPON PLACING ON 26 MARCH 2015

On 10 March 2015, the Company entered into a placing agreement (the "Placing Agreement I") with Vision Finance International Company Limited for the placing of up to an aggregate of 465,000,000 new shares to the placees at the placing price of HK\$0.52 per placing share (the "Placing I"). The Placing I was completed on 26 March 2015 in accordance with the terms and conditions of the Placing Agreement I. The net proceeds received from the Placing I was approximately HK\$239,382,000, after deducting relevant expenses of HK\$2,418,000.

(B) ISSUE OF SHARES UPON PLACING ON 27 MAY 2015

On 15 May 2015, the Company entered into a placing agreement (the "Placing Agreement II") with Guotai Junan Securities (Hong Kong) Limited and Grand Cartel Securities Company Limited (the "Joint Placing Agents"), whereby the Company agreed to place, through the Joint Placing Agents, on a best efforts basis, up to 999,000,000 new shares to the placees at the placing price of HK\$0.72 per placing share (the "Placing II"). The Placing II was completed on 27 May 2015 in accordance with the terms and conditions of the Placing Agreement II. The net proceeds received from the Placing II was approximately HK\$704,894,000, after deducting relevant expenses of HK\$14,386,000.

(C) SHARE OPTIONS

In the period, the subscription rights attaching to 4,000,000 share options were exercised at the subscription price of HK\$0.954 per share (Note 15), resulting in the issue of 4,000,000 shares for a total cash consideration of HK\$3,816,000. An amount of HK\$2,123,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Details of the Company's share option scheme and the share options issued under the scheme are included in note 15 to the condensed consolidated interim financial statements.

15. SHARE OPTION SCHEME

(1) 2002 SCHEME

The Company operates a share option scheme effective from 26 April 2002 (the “2002 Scheme”). The 2002 Scheme expired in April 2012. The provisions of the 2002 Scheme shall remain in full force and holders of all options granted under it prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of it until expiry of the said options.

The following table summarises the movements of the Company’s share options granted during the period/year under the 2002 Scheme.

	Number of share options outstanding	Weighted average exercise price HK\$
At 1 January 2014*	32,067,836	0.570
Exercised during the year*	(23,229,665)	0.424
At 31 December 2014 and 1 January 2015*	8,838,171	0.954
Exercised during the period	(4,000,000)	0.954
At 30 June 2015	4,838,171	0.954

* The number of share options and weighted average exercise price have been adjusted to reflect the share consolidation on 4 March 2015.

The share options outstanding as at 30 June 2015 were fully vested by 10 January 2010 and are exercisable until 9 January 2018.

During the period, 4,000,000 (six months ended 30 June 2014: 20,501,500) share options of the Company were exercised at the aggregate consideration of HK\$3,816,000 (the six months ended 30 June 2014: HK\$8,714,000). The 4,000,000 share options exercised during the period resulted in the issue of 4,000,000 ordinary shares of the Company and new share capital of HK\$800,000 (note 14). The weighted average share price at the date of exercise for share options exercised during the period was HK\$1.23 per share.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. SHARE OPTION SCHEME – continued

(2) 2013 SCHEME

On 24 May 2013, the Company adopted a new share option scheme (the “2013 Scheme”) to replace the 2002 Scheme. Upon termination of the 2002 Scheme, no share options can be granted under such scheme and holders of all share options granted under it prior to its termination shall be entitled to exercise the outstanding share options pursuant to the terms of it until expiry of such options. The eligible participants and the terms of the 2013 Scheme is the same as 2002 Scheme. 180,000,000 share options were granted during the period under the 2013 Scheme (six months ended 30 June 2014: Nil).

The following table summarises the movements of the Company’s share options granted during the period/year under the 2013 Scheme.

	Number of share options outstanding	Weighted average exercise price HK\$
At 1 January 2014, 31 December 2014 and 1 January 2015	—	
Granted during the period	180,000,000	0.61
At 30 June 2015	180,000,000	0.61

The details of the share options granted during the period are as follows:

Category	Exercise price per share (HK\$)	Fair value per share option (HK\$)	Exercise period	Number of share options outstanding at 1 January 2015	Granted during the period	Number of share options outstanding at 30 June 2015
Directors	0.61	0.3545	note	—	116,000,000	116,000,000
Employees and others	0.61	0.3545	note	—	64,000,000	64,000,000
				—	180,000,000	180,000,000

15. SHARE OPTION SCHEME – continued

(2) 2013 SCHEME – continued

Note:

First 30% of the options granted will be vested in one year from the date of grant, second 30% of the options granted will be vested in two years from the date of grant and remaining 40% of the options granted will be vested in three years from the date of grant. Upon the lapse of the vesting period, the share options are exercisable until 1 April 2025.

The fair value of the share options granted during the period was HK\$63,812,000 (HK\$0.3545 each), of which the Group recognised a share option expense of HK\$8,754,000 during the six months ended 30 June 2015.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	–
Expected volatility (%)	79.43
Risk-free interest rate (%)	1.44
Weighted average share price (HK\$ per share)	0.61

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measure of the fair value.

16. ACQUISITION OF SUBSIDIARIES

(1) ACQUISITION OF ZHI JIAN LIMITED (THE “ZHI JIAN ACQUISITION”)

On 29 May 2015, the Group acquired a 100% equity interest in Zhi Jian Limited from a wholly owned subsidiary of BPHL. Zhi Jian Limited indirectly approximately owns 82.24% equity interest in 北京陸港國際物流有限公司 (Beijing Inland Port International Logistics Co., Ltd.*) (“Lugang”). Lugang owns four parcels of industrial land with a total area of 161,498.66 square meters for a common term expiring on 17 May 2050 for warehouse and office uses. Zhi Jian Limited and its subsidiaries (together, “Zhi Jian Group”) are principally engaged in the logistic services, property leasing and property management services in the PRC.

After completion of the Zhi Jian Acquisition, the Group intends to demolish the buildings and structures on such land and change the use of such land to non-logistics function. The Zhi Jian Acquisition was made as part of the Group’s strategy to expand its medical and geriatric care business. The purchase consideration for the Zhi Jian Acquisition was in the form of cash, with HK\$408,000,000 paid at the acquisition date.

The Group has elected to measure the non-controlling interest in Zhi Jian Group at the non-controlling interest’s proportionate share of Zhi Jian Group’s identifiable net assets.

* For identification purpose only

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. ACQUISITION OF SUBSIDIARIES – continued

- (1) ACQUISITION OF ZHI JIAN LIMITED (THE “ZHI JIAN ACQUISITION”) – continued
The fair values of the identifiable assets and liabilities of Zhi Jian Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK\$'000
Property, plant and equipment	3,846
Investment properties	318,259
Prepaid land lease payments	582,539
Available-for-sale equity investments	3,591
Trade receivables	170
Due from related companies	3,801
Prepayments, deposits and other receivables	25,403
Cash and bank balances	31,502
Trade payables	(330)
Due to related companies	(435,695)
Other borrowings	(3,801)
Other payables and accruals	(8,802)
Tax payable	(301)
Deferred tax liabilities	(164,391)
Total identifiable net assets at fair value	355,791
Non-controlling interests	(63,161)
Goodwill on acquisition	115,370
Satisfied by cash	408,000

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. ACQUISITION OF SUBSIDIARIES – continued

- (1) **ACQUISITION OF ZHI JIAN LIMITED (THE “ZHI JIAN ACQUISITION”) – continued**
The Group incurred transaction costs of HK\$736,000 for the Zhi Jian Acquisition. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the Zhi Jian Acquisition is as follows:

	HK\$'000
Cash consideration	(408,000)
Cash and bank balances acquired	31,502
Net outflow of cash and cash equivalents included in cash flows from investing activities	(376,498)
Transaction costs of the acquisition included in cash flows from operating activities	(736)
	<u>(377,234)</u>

Since the acquisition, Zhi Jian Group did not contribute to the Group's revenue and contributed a loss of HK\$1,964,000 to the consolidated profit for the six months ended 30 June 2015.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the six months ended 30 June 2015 would have been nil and HK\$26,392,000, respectively.

16. ACQUISITION OF SUBSIDIARIES – continued

(2) ACQUISITION OF GREAT DELIGHT GROUP LIMITED (THE “GREAT DELIGHT ACQUISITION”)

On 29 May 2015, the Group acquired a 100% equity interest in Great Delight Group Limited from Mr. Xu Wenze, an independent third party. Great Delight Group Limited indirectly approximately owns 5.56% equity interest of a high-technology enterprise specialised in the research, manufacturing, demonstration and promotion of products in relation to boron neutron capture therapy. The Great Delight Acquisition was made as part of the Group’s strategy to expand its medical and geriatric care business. The purchase consideration for the Great Delight Acquisition was in the form of cash, with HK\$20,000,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Great Delight Group Limited and its subsidiaries (together, “Great Delight Group”) as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$’000
Available-for-sale equity investments	19,004
Cash and bank balances	1,249
Total identifiable net assets at fair value	20,253
Gain on bargain purchase recognised in other income and gains in the condensed consolidated statement of profit or loss and other comprehensive income	(253)
Satisfied by cash	20,000

The Group incurred transaction costs of HK\$21,000 for the Great Delight Acquisition. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015.

The Group recognised a gain on bargain purchase of approximately HK\$253,000 in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015, which was, in the opinion of the directors, primarily attributable to the Group’s ability in negotiating the agreed terms of the transaction with Mr. Xu Wenze, as the Group has good reputation and sufficient available funds for the ongoing development of the project.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. ACQUISITION OF SUBSIDIARIES – continued

(2) ACQUISITION OF GREAT DELIGHT GROUP LIMITED (THE “GREAT DELIGHT ACQUISITION”) – continued

An analysis of the cash flows in respect of the Great Delight Acquisition is as follows:

	HK\$'000
Cash consideration	(20,000)
Cash and bank balances acquired	1,249
Net outflow of cash and cash equivalents included in cash flows from investing activities	(18,751)
Transaction costs of the acquisition included in cash flows from operating activities	(21)
	<u>(18,772)</u>

Since the acquisition, Great Delight Group did not contribute to the Group's turnover and contributed insignificant loss to the consolidated profit for the six months ended 30 June 2015.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the six months ended 30 June 2015 would have been nil and HK\$45,010,000, respectively.

(3) ACQUISITION OF NOBLETREE LIMITED (THE “NOBLETREE ACQUISITION”)

On 19 June 2015, the Group acquired a 100% interest in Nobletree Limited from Well Treasure Investment Limited, an independent third party, at a cash consideration of HK\$90,500,800. Nobletree Limited owns certain office premises located in Hong Kong. The Nobletree Acquisition has been accounted for by the Group as acquisition of assets as the entity acquired by the Group does not constitute a business.

An analysis of the cash flows in respect of the Nobletree Acquisition is as follows:

	HK\$'000
Cash consideration	(90,501)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(90,501)

17. DISPOSAL OF SUBSIDIARIES

(1) DISPOSAL OF WORLD WISDOM

On 21 November 2014, United Win International Corporation ("United Win"), a wholly owned subsidiary of the Company, entered into a disposal agreement with Jingjun Global Limited ("Jingjun Global"), a company wholly owned by Mr. Wang Zheng Chun, an executive director of the Company. Pursuant to the disposal agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom, a company wholly owned by the Company through United Win, at a total consideration of HK\$668,900,000 (the "Disposal"). The Disposal was subject to the completion of a reorganisation pursuant to which the entire issued share capital of certain companies wholly owned by United Win (the "Reorganisation Companies") would be transferred to World Wisdom (the "Reorganisation"). Upon the completion of the Reorganisation in January 2015, the Reorganisation Companies became directly and wholly owned subsidiaries of World Wisdom. World Wisdom and the Reorganisation Companies were collectively referred to as the "Disposal Groups" as at 31 December 2014.

The major classes of assets and liabilities of the Disposal Groups classified as held for sale as at 31 December 2014 are as follows:

	HK\$'000
Assets	
Property, plant and equipment	26,549
Intangible assets	223
Inventories	17,667
Properties under development	914,042
Properties held for sale	603,943
Trade and bills receivables	32,964
Prepayments, deposits and other receivables	50,390
Cash and cash equivalents	51,763
Assets classified as held for sale	1,697,541
Liabilities	
Trade payables	(251,107)
Other payables and accruals	(153,195)
Interest-bearing bank and other borrowings	(380,276)
Loans from a related company	(122)
Tax payable	(9,605)
Deferred income	(25,165)
Liabilities directly associated with the assets classified as held for sale	(819,470)
Non-controlling interests	(209,171)
Net assets directly associated with the Disposal Groups	668,900

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. DISPOSAL OF SUBSIDIARIES – continued

(1) DISPOSAL OF WORLD WISDOM – continued

On 31 March 2015, the Disposal was completed. The gain on disposal of World Wisdom Group (including Reorganisation Companies) is calculated as follows:

	Note	HK\$'000
Net assets disposed of:		
Property, plant and equipment		25,278
Intangible assets		167
Inventories		16,115
Properties under development		1,025,885
Properties held for sale		513,576
Trade and bills receivables		28,455
Prepayments, deposits and other receivables		25,543
Cash and bank balances		52,477
Trade payables		(328,307)
Other payables and accruals		(111,966)
Interest-bearing bank and other borrowings		(309,304)
Loans from a related company		(12,746)
Tax payable		(11,240)
Deferred income		(25,063)
Non-controlling interests		(209,725)
		679,145
Exchange fluctuation reserve realised		(41,654)
Gain on disposal of a subsidiary	8	31,409
Satisfied by cash*		668,900

* Cash consideration of HK\$220,000,000 was received by the Group during the six months ended 30 June 2015 and the remaining consideration receivable of HK\$448,900,000 was included in the Group's due from related companies as at 30 June 2015 (note 12).

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of World Wisdom is as follows:

	HK\$'000
Cash consideration	220,000
Cash and bank balances disposed of	(52,477)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	167,523

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. DISPOSAL OF SUBSIDIARIES – continued

(2) DISPOSAL OF RAINY

On 11 May 2015, United Win agreed to sell and 上海杜行電鍍有限公司 (Shanghai Duhang Plating Limited*), an independent third party, agreed to purchase the entire issued share capital of Rainy for a total consideration of RMB15,100,000 (equivalent to HK\$19,143,000). The disposal was completed on 11 May 2015.

The gain on disposal of Rainy Group is calculated as follows:

	<i>Note</i>	HK\$'000
Net assets disposed of:		
Property, plant and equipment		754
Investment properties		28,957
Properties held for sale		49,302
Trade and bills receivables		2,364
Prepayments, deposits and other receivables		23,215
Cash and bank balances		56,867
Trade payables		(11,829)
Other payables and accruals		(52,015)
Tax payable		(88,572)
Deferred tax liabilities		(4,141)
		<u>4,902</u>
Exchange fluctuation reserve realised		(17,271)
Gain on disposal of a subsidiary	8	<u>31,512</u>
Satisfied by cash		<u>19,143</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Rainy is as follows:

	HK\$'000
Cash consideration	19,143
Cash and bank balances disposed of	<u>(56,867)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>(37,724)</u>

* For identification purpose only

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

18. CONTINGENT LIABILITIES

On 26 May 2015, the Company received a writ issued by Lucky Creation Limited (the "Plaintiff") in the High Court (the "Action") against the Company and Mr. Wang Zheng Chun, an executive director of the Company. In the Action, the Plaintiff claims against the Company for specific performance of an alleged agreement to issue and allot 1,236,615,482 new shares at the price of HK\$0.25 per share, loss and damages to be assessed for the alleged breaches, interest, costs of the Action and further and/or other relief. The Company filed its defence on 20 July 2015. The Action is still in its early stages. Due to the inherent uncertainties of litigation, the directors of the Company, based on the advice from the Group's legal counsel, believe that the Company has a valid defense against the allegation and, accordingly, has not provided for any claim arising from litigation, other than the related legal and other costs.

19. OPERATING LEASES ARRANGEMENTS

AS LESSEE

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to three years.

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	706	1,395
In the second to fifth years, inclusive	541	–
	1,247	1,395

20. COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Contracted, but not provided for:		
Acquisition of an interest in an associate	96,000	–
Authorised, but not contracted for:		
Acquisition of property, plant and equipment	317,017	–
Acquisition of a subsidiary	–	408,000
	317,017	408,000

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

21. RELATED PARTY DISCLOSURES

Transactions with related parties during the period are as follows:

- (A) During the six months ended 30 June 2015, the Group paid rental expenses of HK\$318,000 (six months ended 30 June 2014: HK\$442,000) to 上海曹峰置業有限公司 (Shanghai Caofeng Properties Company Limited*), which is wholly owned by Mr. Wang Zheng Chun, an executive director of the Company. The rental expenses were determined with reference to the prevailing market rental.
- (B) On 31 March 2015, the Group disposed of World Wisdom to Jingjun Global Limited (a company wholly owned by Mr. Wang Zheng Chun, an executive director of the Company) for a total consideration of HK\$668,900,000 and recorded a gain on disposal of HK\$31,409,000 (note 17).
- (C) On 29 May 2015, the Group acquired a 100% equity interest of Zhi Jian Limited, a company wholly owned by BPHL (a major shareholder of the Company), at the consideration of HK\$408,000,000 and recorded a goodwill on acquisition of HK\$115,370,000 (note 16).

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	Six-month period ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Fees	755	255
Salaries, bonuses, allowances and benefits in kind	4,073	2,136
Equity-settled share option expense	5,396	—
Total compensation paid to key management personnel	10,224	2,391

* For identification purpose only

22. EVENT AFTER THE REPORTING PERIOD

On 10 July 2015, United Win agreed to purchase the entire issued capital of Jing Tou Holding Group Limited ("Jing Tou Holding"), a company incorporated in the British Virgin Islands with limited liability, from Mr. Xu Wenzhe, an independent third party, with a consideration of HK\$110,640,000, which would be satisfied wholly by the allotment and issue of 138,300,000 consideration shares by the Company at the issue price of HK\$0.8 per consideration share. Jing Tou Holding indirectly holds 70% equity interest of a project company which owns a property in Beijing with a total gross floor area of 20,051.15 square meters, comprising a block of 6-storey (partially 2-storey) commercial building. The directors of the Company have a plan to use such property for specialist medical such as orthopedic surgeons. The completion of the transaction took place on 31 July 2015 and a total of 138,300,000 consideration shares of the Company were allotted and issued on 31 July 2015. As a result of the completion, Jing Tou Holdings and its subsidiaries have become subsidiaries of the Company.

23. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current period has been discontinued at the beginning of the comparative period (note 8) and certain items in the condensed consolidated interim financial statements have been reclassified to conform with the current period's presentation to facilitate comparison.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 28 August 2015.

BUSINESS REVIEW

During the period under review, the Group is undergoing business transformation. During which, the original property development and trading business, power tools manufacturing and trading business were disposed as well as transforming to health and geriatric care, medical-related infrastructures and specialty care businesses. As the transformation is still on-going, no revenue from the principal businesses is incurred for the six months ended 30 June 2015.

DISCONTINUED OPERATIONS

POWER TOOLS MANUFACTURING AND TRADING BUSINESS

The power tools manufacturing and trading business of the Group has secured key customers with stable orders mainly from overseas markets like the United States and Europe. During the six months ended 30 June 2015, the total sales of the power tools manufacturing and trading business was HK\$39,150,000 (the corresponding period of 2014: HK\$85,372,000). A loss of HK\$1,808,000 was recorded (the corresponding period of 2014: profit of HK\$46,383,000).

PROPERTY DEVELOPMENT AND TRADING BUSINESS

As regards property development and trading business, the Group principally engaged in the operation of property projects in Shanghai and Jiangsu. Located at Lane 528, Ruili Road, Minhang District, Shanghai, the Shanghai Project of the Group comprises of high-rise blocks in South Lawn and duplexes in North Lawn, as well as over 10 shops placed across both South and North Lawn, covering, in aggregate, a saleable area of approximately 68,000 square metres. The Jiangsu Project of the Group is located at No. 58 Huanghai Avenue, Nantong City, Haian County, Jiangsu Province, which is embraced by the Seven Star Lake Ecological Park, with convenient transportation and scenic environment. The Project covers a site area of approximately 250,000 square metres and a total gross floor area of over 720,000 square metres. The project is mainly concentrated on high-rise and sub high-rise residential units. The project has a total saleable area of approximately 530,000 square metres. For the six months ended 30 June 2015, the total sales of the property development and trading business amounted to HK\$106,794,000 (the corresponding period of 2014: HK\$111,118,000). A loss of HK\$14,116,000 was recorded (the corresponding period of 2014: profit of HK\$15,755,000).

MAJOR ACQUISITION AND DISPOSAL

ACQUISITION

Zhi Jian Limited

On 30 January 2015, the Company entered into a sale and purchase agreement with Beijing Properties (Holdings) Limited ("Beijing Properties"), a substantial shareholder, for the acquisition of Zhi Jian Limited ("Zhi Jian") at a consideration of HK\$408,000,000. Beijing Inland Port International Logistics Co., Ltd.*, the operating subsidiary of Zhi Jian in Chaoyang Port, is the owner of four industrial lands with a total area of 161,498.66 square metres. Currently, such lands have been developed into 17 one-to-two-storey buildings, one five-storey building and some structures. The Group intends to demolish the buildings and structures erected on such lands and change the usage of the lands to non-logistic purpose so as to commence other medical-related and geriatric care-related business. The acquisition was completed on 29 May 2015.

MAJOR ACQUISITION AND DISPOSAL – continued

ACQUISITION – continued

Great Delight Group Limited

On 29 May 2015, the Group has acquired Great Delight Group Limited from an independent third party for a total consideration of HK\$20,000,000. It mainly invests in a high-technology enterprise specialized in the research, manufacturing, demonstration and promotion of products in relation to Boron Neutron Capture Therapy (“BNCT”). The areas of operation of such enterprise include research and installation of neutron beams devices for hospitals, implementation of BNCT malignant tumor therapy and relevant neutron activation analysis, and development of short-lived isotope and other high technology projects. The acquisition was completed on 29 May 2015.

DISPOSAL

World Wisdom Industrial Limited

On 21 November 2014, United Win International Corporation (“United Win”), a wholly owned subsidiary of the Company, entered into a disposal agreement (the “Disposal Agreement”) with Jingjun Global Limited (“Jingjun Global”), a company wholly owned by Mr. Wang Zheng Chun (“Mr. Wang”), an executive director of the Company. Pursuant to the Disposal Agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom at a total consideration of HK\$668,900,000 (the “Disposal”).

The Disposal was completed on 31 March 2015 and a gain on of disposal amounting to HK\$31,409,000 is incurred.

Rainy Company Inc.

On 11 May 2015, United Win and Shanghai Duhang Plating Limited entered into the disposal agreement, pursuant to which United Win agreed to sell and Shanghai Duhang Plating Limited agreed to purchase all the issued share capital of Rainy Company Inc. for a total consideration of RMB15,100,000 (approximately HK\$19,143,000).

Rainy Company Inc. and its subsidiaries are principally engaged in property development and trading business. At the date of disposal, Rainy Company Inc. and its subsidiaries have a total of 10 shops, 1 residential unit and 13 duplexes covering, in aggregate, a saleable area of approximately 5,352 square meters, of which 6 shops have been leased out for rental income.

The disposal was completed on 11 May 2015 and a gain on disposal amounting to HK\$31,512,000 is incurred.

FINANCIAL REVIEW

CONTINUING OPERATIONS

Other income and gains generated from continuing operations

For the six months ended 30 June 2015, other income and gains generated from continuing operations was approximately HK\$27,808,000, representing a substantial increase by 227 times comparing with HK\$122,000 over the same period in 2014. Other income and gains generated from continuing operations mainly included bank interest income of HK\$4,528,000, other interest income of HK\$3,367,000, the gain of fair value change of financial assets measured at fair value through profit or loss of HK\$1,515,000 and net foreign exchange gain of HK\$17,398,000.

Administrative expenses generated from continuing operations

For the six months ended 30 June 2015, administrative expenses generated from continuing operations was HK\$28,231,000, representing a substantial increase by 5.7 times comparing with the expenses of HK\$4,190,000 over the same period in 2014. The increase was mainly because 1) the additional transaction costs generated from numerous fund raising activities, selling and acquiring subsidiaries during the period and 2) share option expenses of HK\$8,754,000 generated from granting 180,000,000 share options under 2013 Share Option Scheme.

Finance cost from continuing operations

For the six months ended 30 June 2015, the finance cost of continuing operations was HK\$1,794,000 (corresponding period in 2014: Nil). The finance cost was mainly attributable to the interests of the loan from a related company. The weighted average principal of the loan from a related company amounting to RMB21,254,000 (approximately HK\$26,952,000) and the weighted average annual interest rate was 5.55%.

DISCONTINUED OPERATIONS

(i) Power Tools Manufacturing and Trading Business

For the six months ended 30 June 2015, the power tool business recorded a revenue of HK\$39,150,000, representing a decrease of 54% as compared with the revenue of HK\$85,372,000 over the same period in 2014. The decrease in revenue was mainly attributable to power tools manufacturing and trading business being sold in March 2015. The operation performance of power tools manufacturing and trading business recorded a loss of HK\$1,808,000 (corresponding period in 2014: HK\$46,383,000).

(ii) Property Development and Trading Business

Property Development and Trading Business was sold in March 2015 and May 2015 respectively. For the six months ended 30 June 2015, revenue for the Group's property business was HK\$106,794,000, representing a decrease of 4% as compared with the revenue of HK\$111,118,000 over the same period in 2014. The operation performance of property business recorded a loss of HK\$14,116,000 (corresponding period in 2014: HK\$15,755,000).

Together with the above-mentioned gain of disposal incurred from the disposals set out in "Major Acquisition and Disposal" amounting to HK\$62,921,000, the profit for the period of discontinued operation is HK\$46,997,000.

FINANCIAL REVIEW – continued

NET ASSETS

As at 30 June 2015, the net assets of the Group was approximately HK\$2,728,656,000, whereas the total net assets as at 31 December 2014 was approximately HK\$1,932,691,000, representing an increase of approximately HK\$795,965,000. The increase was mainly due to the Group raised cash of HK\$948,092,000 by issue of a total of 1,468,000,000 new shares of HK\$0.20 each share upon exercise of share options and the issue of placing shares.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's cash in hand was HK\$1,274,099,000 (31 December 2014: HK\$1,093,476,000). The Group's long-term and short-term loan was HK\$3,804,000 in total (31 December 2014: HK\$380,276,000). Total debt decreased by approximately HK\$376,472,000 comparing to 31 December 2014. As at 31 December 2014, the median of long-term and short-term loan was HK\$380,276,000, which the bank loan was categorized to debt that was directly related to the sale of assets. The Group's debt ratio was 0.14% (31 December 2014: 22.06%), calculated by total debt divided by owners' total equity.

The Group agreed that meticulous management on cash flow is the key to success. To ensure that there is sufficient capital to handle the Group's rapid growth, the Group remains good relationships with each of the banks from time to time, so that the Group gains easy access to applications for loans.

CAPITAL EXPENDITURE

For the six months ended 30 June 2015, the Group's capital expenditure was approximately HK\$998,648,000 (corresponding period in 2014: HK\$687,000), including the purchase of properties, plants and equipment and the acquisition of the fixed assets purchased by the subsidiaries.

CAPITAL STRUCTURE

The Group took full advantage of the financing platform as a listed company by striving for a constant optimization of the capital and financing structure, so as to obtain sufficient funds to finance the future projects of health and geriatric care, medical-related infrastructures and specialty care businesses. During the period, the Group's operations were mainly financed by internal resources.

During the period under review, the Company issued 465,000,000 and 999,000,000 shares on 26 March 2015 and 27 May 2015, respectively. By issuing new shares, the Company has raised HK\$944,276,000 in aggregate. The amount raised is proposed to be applied towards potential acquisition activities as identified by the Group from time to time and the general working capital of the Group. Based on the current assets and liquidity on hand, the Directors believes that the Group has sufficient financial resources to meet the need of its ongoing operation and acquisitions.

PLEDGE OF ASSETS

As at 30 June 2015, the Group had not pledged any assets. As at 31 December 2014, the Group had pledged properties under development and properties held for sales, the carrying amount of which was HK\$914,042,000 and HK\$603,943,000 respectively, as security for construction loan granted to the Group.

CONTINGENT LIABILITIES

On 26 May 2015, the Company received a writ issued by Lucky Creation Limited (the "Plaintiff") in the High Court (the "Action") against the Company and Mr. Wang Zheng Chun, an executive director of the Company. In the Action, the Plaintiff claims against the Company for specific performance of an alleged agreement to issue and allot 1,236,615,482 new shares at the price of HK\$0.25 per share, loss and damages to be assessed for the alleged breaches, interest, costs of the Action and further and/or other relief. The Company filed its defence on 20 July 2015. The Action is still in its early stages. Due to the inherent uncertainties of litigation, the directors of the Company, based on the advice from the Group's legal counsel, believe that the Company has a valid defense against the allegation and, accordingly, has not provided for any claim arising from litigation, other than the related legal and other costs.

FOREIGN EXCHANGE RISK

The Group's exposure to foreign exchange risks was primarily related to other receivables, bank balances, other payables and other borrowings denominated in US dollars and RMB. In respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

EMPLOYEE BENEFITS AND TRAINING

As at 30 June 2015, the Group had approximately 83 employees, of which, 22 employees were management staff. Total staff cost (including Directors' emoluments) for the six months ended 30 June 2015 amounted to approximately HK\$16,516,000 (corresponding period in 2014: HK\$15,943,000). The Group makes great efforts to enhance the quality of staff. During the period under review, the Group organized internal training courses for staff at all levels. Topics of the training courses included moral, ethic, languages, technical and management skill trainings.

FUTURE PROSPECT

Since September 2014, as there was change in the shareholdings of the Company, the current substantial shareholder of the Company is Beijing Properties, whereas the substantial shareholder of Beijing Properties is Beijing Enterprises Group Company Limited. Looking forward, with sufficient fund and strong shareholder background, the Group will accelerate its strategic transformation. It is planned to develop businesses in respect of medical, health and geriatric care. The Group will explore opportunities for partnership in the general health care industry, integrate social resources and capitalize synergies, targeting to build up a health care business with high quality and extensive platform. Replying on the state-of-the-art medical resources both domestically and internationally and adhering to the principle of people-oriented, the Group will establish a comprehensive industrial chain for health and geriatric care in the PRC which will be funded by financial means and supported by interactive medical technologies. Of which, it will focus on the promotion of public-private partnership (PPP) model, a model which is fully supported by the State, in the medical industry and regard it as a key investment project so as to broaden the income source of the Group and maximize the returns to the Shareholders.

1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2015, the interests and short positions of the directors and chief executives of the Company and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of director	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approx. percentage of the issued share capital of the Company
Mr. Wang Zheng Chun	Beneficial owner	5,468,750	20,000,000 (Note 4)	25,468,750	0.42%
	Interest held by spouse	35,074,000 (Note 1)	–	35,074,000	0.58%
	Interest held by controlled corporation	189,201,500 (Note 2)	–	189,201,500	3.15%
	Interest held by controlled corporation	64,811,000 (Note 3)	–	64,811,000	1.08%
		294,555,250	20,000,000	314,555,250	5.23%
Mr. Zhu Shi Xing	Beneficial owner	–	20,000,000 (Note 4)	20,000,000	0.33%
Mr. Liu Xue Heng	Beneficial owner	–	20,000,000 (Note 4)	20,000,000	0.33%
Mr. Gu Shan Chao	Beneficial owner	–	20,000,000 (Note 4)	20,000,000	0.33%

ADDITIONAL INFORMATION

1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES – continued LONG POSITIONS IN THE SHARES OF THE COMPANY – continued

Name of director	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approx. percentage of the issued share capital of the Company
Mr. Hu Xiao Yong	Beneficial owner	–	10,000,000 (Note 4)	10,000,000	0.16%
Mr. Zhang Jing Ming	Beneficial owner	–	10,000,000 (Note 4)	10,000,000	0.16%
Mr. Hu Shiang Chi	Beneficial owner	–	5,000,000 (Note 4)	5,000,000	0.08%
Mr. Robert Winslow Koepp	Beneficial owner	–	5,000,000 (Note 4)	5,000,000	0.08%
Mr. Wu Yong Xin	Beneficial owner	–	2,000,000 (Note 4)	2,000,000	0.03%
Mr. Tse Man Kit, Keith	Beneficial owner	–	2,000,000 (Note 4)	2,000,000	0.03%
Mr. Xie Ming	Beneficial owner	–	2,000,000 (Note 4)	2,000,000	0.03%

Notes:

- Mr. Wang Zheng Chun ("Mr. Wang") is deemed to be interested in 35,074,000 shares, being the interests beneficially held by his spouse, Madam Shen Ling Zhao.
- The 189,201,500 shares are held by Grand Vision Group Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Wang.
- The 64,811,000 shares are held by Hillfame Holdings Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Wang.
- The interests are derived from share options granted by the Company on 2 April 2015 which entitle the holders thereof to subscribe for shares at an exercise price of HK\$0.61 per share. First 30% of the share options granted will be vested in one year after 2 April 2015, second 30% of the share options granted will be vested in two years after 2 April 2015 and remaining 40% of the share options granted will be vested in three years after 2 April 2015. The share options are exercisable from the vesting date until 1 April 2025.

1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES – continued

LONG POSITIONS IN THE SHARES OF THE COMPANY – continued

Save as disclosed above, none of the directors and chief executive, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Other than as disclosed above in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares", at 30 June 2015, the shareholders (other than the directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise been notified to the Company were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of shareholder	Capacity	Number of shares beneficially held	Percentage of holding
Ms Shen Ling Zhao	Beneficial owner	35,074,000	0.58%
	Interest held by spouse (Note 1)	279,481,250	4.65%
		314,555,250	5.23%
Cosmic Stand International Limited	Beneficial owner	945,000,000	15.75%
Beijing Enterprises Health and Medical Resources Group Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Beijing Properties (Holdings) Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Brilliant Bright Holdings Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Beijing Enterprises Real Estate (HK) Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%

2. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES – continued

LONG POSITIONS IN THE SHARES OF THE COMPANY – continued

Name of shareholder	Capacity	Number of shares beneficially held	Percentage of holding
北京北控置業有限責任公司	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Illumination Holdings Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Beijing Holdings Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Beijing Enterprises Group Company Limited	Interest held by controlled corporation (Note 2)	945,000,000	15.75%
Ng Kin Nam	Beneficial owner	802,600,000	13.37%

Note:

1. Madam Shen Ling Zhao, being the spouse of Mr. Wang, was deemed to be interested in 25,468,750 shares beneficially owned by Mr. Wang and the shares beneficially owned by the corporations controlled by Mr. Wang as stated in the section headed "Directors' and Chief executive's interests and short positions in shares and underlying shares" above.
2. These shares were beneficially owned by Cosmic Stand International Limited. Cosmic Stand International Limited is wholly owned by Beijing Enterprises Health and Medical Resources Group Limited (formerly known as "BPHL Real Estate (Holdings) Limited") which is in turn wholly owned by Beijing Properties (Holdings) Limited. Beijing Properties (Holdings) Limited is owned as to 35.72% by Beijing Enterprises Real Estate (HK) Limited, 23.02% by Brilliant Bright Holdings Limited, 7.22% by Beijing Holdings Limited and 1.3% by Illumination Holdings Limited (a wholly-owned subsidiary of Beijing Holdings Limited). Beijing Enterprises Real Estate (HK) Limited is wholly owned by 北京北控置業有限責任公司 which is in turn wholly owned by Beijing Enterprises Group Company Limited. Accordingly, these companies are deemed to be interested in the 945,000,000 shares to beneficially owned by Cosmic Stand International Limited under the SFO.

Save as disclosed above and in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares", at 30 June 2015, the Company had not been notified by any persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. SHARE OPTIONS

The details of the Company's share option scheme are set out in Note 15 of the condensed consolidated interim financial statements. The following table discloses the number of outstanding share options granted to the Directors of the Company at the beginning of the period and at 30 June 2015:

	Number of share options at 1/1/2015	Number of share options granted at 2/4/2015 (Note 2)	Number of share options reclassified at 18/5/2015 (Note 3)	Number of share options at 30/6/2015
Mr. Wang Zheng Chun	–	20,000,000	–	20,000,000
Mr. Zhu Shi Xing	–	20,000,000	–	20,000,000
Mr. Liu Xue Heng	–	20,000,000	–	20,000,000
Mr. Gu Shan Chao	–	20,000,000	–	20,000,000
Mr. Hu Xiao Yong	–	10,000,000	–	10,000,000
Mr. Zhang Jing Ming	–	10,000,000	–	10,000,000
Mr. Hu Shiang Chi (Note 1)	–	–	5,000,000	5,000,000
Mr. Robert Winslow Koepf (Note 1)	–	–	5,000,000	5,000,000
Mr. Wu Yong Xin	–	2,000,000	–	2,000,000
Mr. Tse Man Kit, Keith	–	2,000,000	–	2,000,000
Mr. Xie Ming	–	2,000,000	–	2,000,000

Note 1: Mr. Hu Shiang Chi and Mr. Robert Winslow Koepf were appointed on 18 May 2015.

Note 2: The interests are derived from share options granted by the Company on 2 April 2015 which entitle the holders thereof to subscribe for shares at an exercise price of HK\$0.61 per share. First 30% of the share options granted will be vested in one year after 2 April 2015, second 30% of the share options granted will be vested in two years after 2 April 2015 and remaining 40% of the share options granted will be vested in three years after 2 April 2015. The share options are exercisable from the vesting date until 1 April 2025.

Note 3: On 2 April 2015, the Company granted 5,000,000 share options as mentioned in Note 2 to Mr. Hu Shiang Chi and Mr. Robert Winslow Koepf respectively in the capacity of consultants and they were appointed as the Directors of the Company on 18 May 2015. Their share options were reclassified to the number of share options granted to the Director of the Company on 18 May 2015.

Save as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sales or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2015.

5. COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company confirms that, after specific enquiry with each director, all directors have confirmed compliance with the Model Code during the six months ended 30 June 2015.

6. CORPORATE GOVERNANCE CODE

The Corporate Governance Report of the Board has been set out in our 2014 annual report. The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2015, except for the deviation from code provision A.4.2.

Code provision A.4.2 of the CG Code stipulates that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

As disclosed in the corporate governance report as set out in our 2014 annual report, Mr. Xie Ming, Mr. Zhu Shi Xing, Mr. Zhang Jing Ming, Mr. Hu Xiao Yong, Mr. Xu Guang Yu, Mr. Dong Qi, Mr. Wu Yong Xin, Mr. Tse, Man Kit, Keith, Mr. Gu Shan Chao and Mr. Liu Xue Heng who were appointed as directors of the Company to fill casual vacancies or as addition to the Board, did not retire and offer for election by shareholders at the first extraordinary general meeting of the Company after their appointment. Nevertheless, those directors except Mr. Xu Guang Yu and Mr. Dong Qi, who have resigned as directors on 6 February 2015, have retired and re-elected at the annual general meeting of the Company held on 15 May 2015 in accordance with Article 112 of the Articles of Association of the Company.

Article 112 of the Articles of Association of the Company provides that any director appointed by the Board to fill a casual vacancy or as an additional director shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. To abide Article 112, the Company will arrange for the directors appointed by the Board to retire only at the next annual general meeting, but not at any extraordinary general meeting after their appointment.

Mr. Robert Winslow Koepp, Mr. Hu Shiang Chi and Mr. Zhang Yun Zhou, who were appointed by the Board on 18 May 2015, did not retire at the extraordinary general meeting of the Company held on 8 July 2015 as required under code provision A.4.2. In accordance with Article 112 of the Articles of Association, they will retire at the forthcoming annual general meeting of the Company and offer themselves for re-election.

7. AUDIT COMMITTEE

The Audit Committee was established on 11 April 2002 with written terms of reference. The Board establishes formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

The members of the Audit Committee currently include three independent non-executive directors, Mr. Tse Man Kit, Keith (chairman), Mr. Wu Yong Xin and Mr. Xie Ming.

The Company's interim results announcement and interim report for the six months ended 30 June 2015 have been reviewed by the external auditor, Ernst & Young and the Audit Committee of the Company.

8. REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 May 2006 with written terms of reference. The main objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high calibre team which is essential to the success of the Group.

The members of the Remuneration Committee currently include three independent non-executive directors, Mr. Xie Ming (chairman), Mr. Tse Man Kit, Keith and Mr. Wu Yong Xin.

9. NOMINATION COMMITTEE

The Nomination Committee was established on 20 April 2006 with written terms of reference. It establishes the formal process for identifying and nominating the suitable candidates for the appointment of the Board, reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any adjustments that are deemed necessary.

The members of the Nomination Committee currently include three independent non-executive directors, Mr. Wu Yong Xin (chairman), Mr. Tse Man Kit, Keith, Mr. Xie Ming and one executive director, Mr. Zhu Shi Xing.

10. INVESTMENT AND RISK MANAGEMENT COMMITTEE

On 8 October 2014, the Company established the Investment and Risk Management Committee with written terms of reference. The principal duties of the Investment and Risk Management Committee include overseeing the risk management and evaluating the major investment and funding projects of the Group.

The Investment and Risk Management Committee comprises four members, namely, Mr. Gu Shan Chao (chairman), Mr. Zhu Shi Xing, Mr. Liu Xue Heng and Mr. Lam Ka Tak, the chief financial controller and company secretary.

11. CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF LISTING RULES

In accordance with Rule 13.51B(1) of the Listing Rules, the change in the information of the directors of the Company since the date of 2014 Annual Report of the Company is set out below:

- With effect from 30 June 2015, Mr. Xie Ming resigned as the Chairman of Luzhou Laojiao Group Co., Limited, a company whose shares are listed on the Shenzhen Stock Exchange.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhu Shi Xing (*Chairman*)
Mr. Liu Xue Heng (*Joint Chief Executive Officer*)
Mr. Zhang Jing Ming
(*Joint Chief Executive Officer*)
Mr. Gu Shan Chao
Mr. Hu Xiao Yong
Mr. Hu Shiang Chi
– *Appointed on 18 May 2015*
Mr. Wang Zheng Chun
Mr. Dong Qi
– *Resigned on 6 February 2015*
Mr. Xu Guang Yu
– *Resigned on 6 February 2015*

NON-EXECUTIVE DIRECTOR

Mr. Robert Winslow Koepf
– *Appointed on 18 May 2015*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Yong Xin
Mr. Tse Man Kit, Keith
Mr. Xie Ming
Mr. Zhang Yun Zhou
– *Appointed on 18 May 2015*

AUTHORISED REPRESENTATIVES

Mr. Liu Xue Heng
Mr. Lam Ka Tak

COMPANY SECRETARY

Mr. Lam Ka Tak

AUDIT COMMITTEE

Mr. Tse Man Kit, Keith (*Chairman*)
Mr. Wu Yong Xin
Mr. Xie Ming

REMUNERATION COMMITTEE

Mr. Xie Ming (*Chairman*)
Mr. Tse Man Kit, Keith
Mr. Wu Yong Xin

NOMINATION COMMITTEE

Mr. Wu Yong Xin (*Chairman*)
Mr. Zhu Shi Xing
Mr. Tse Man Kit, Keith
Mr. Xie Ming

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. Gu Shan Chao (*Chairman*)
Mr. Zhu Shi Xing
Mr. Liu Xue Heng
Mr. Lam Ka Tak

AUDITOR

Ernst & Young
Certified Public Accountants

LEGAL ADVISER

Sidney Austin
Patrick Mak & Tse Solicitors

STOCK CODE

2389

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China CITIC Bank International
Shanghai Pudong Development Bank
Bank of Shanghai
Hang Seng Bank Limited

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British West Indies

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Wan Chai
Hong Kong

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A18/F, Asia Orient Tower
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Wanchai
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