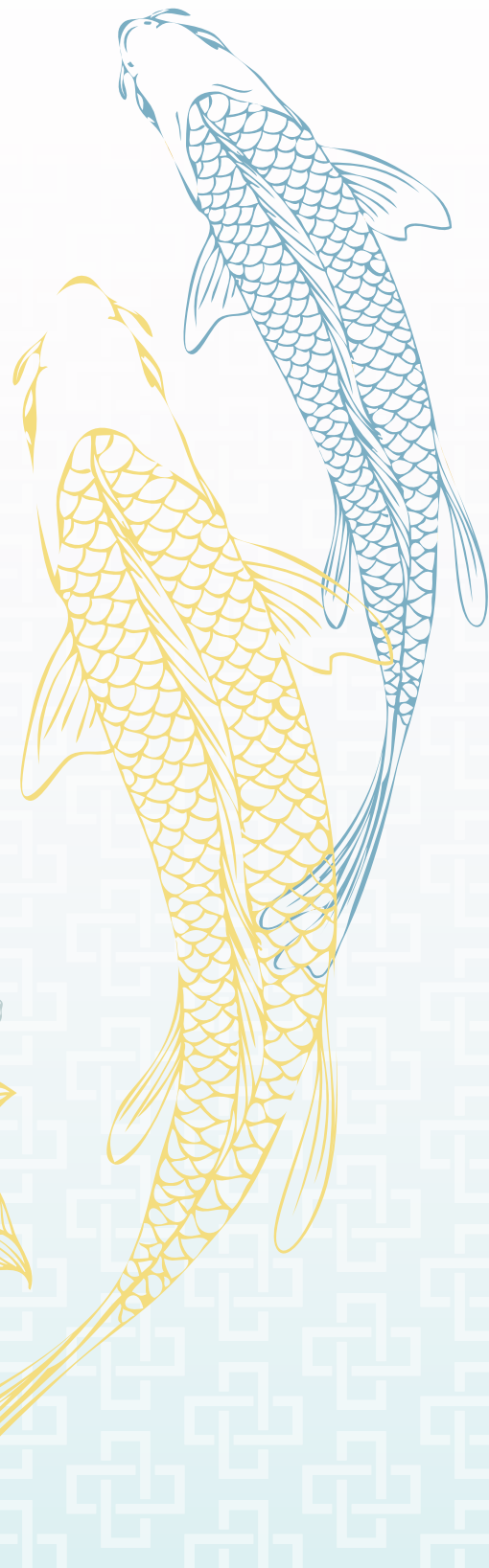




China Wah Yan Healthcare Limited

中國華仁醫療有限公司

Stock Code: 648



INTERIM
REPORT

2017





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

CHAN Ka Chung (*Chairman*)
CHEUNG Wai Kwan
WANG Jianguo

Independent Non-executive Directors:

CHAN Yee Ping, Michael
HU Xuezheng
LAM Chun Ho

AUDIT COMMITTEE

CHAN Yee Ping, Michael (*Chairman*)
HU Xuezheng
LAM Chun Ho

REMUNERATION COMMITTEE

CHAN Yee Ping, Michael (*Chairman*)
CHAN Ka Chung
HU Xuezheng
LAM Chun Ho

NOMINATION COMMITTEE

CHAN Yee Ping, Michael (*Chairman*)
CHAN Ka Chung
HU Xuezheng
LAM Chun Ho

CORPORATE GOVERNANCE COMMITTEE

CHAN Yee Ping, Michael (*Chairman*)
CHAN Ka Chung
CHEUNG Wai Kwan
HU Xuezheng
LAM Chun Ho
WANG Jianguo

COMPANY SECRETARY

LAM Sung Him, Gaston

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited

LEGAL ADVISERS

Baker & McKenzie
Mayer Brown JSM
Norton Rose Fulbright Hong Kong
W.K. To & Co.

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

SHARE REGISTRAR

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

REGISTERED OFFICE

36th Floor, Times Tower
391-407 Jaffe Road
Wanchai
Hong Kong

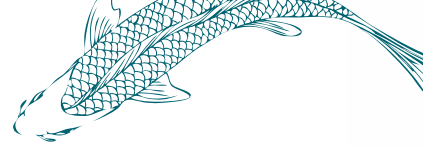
WEBSITE

www.chinawahyan.com

STOCK CODE

648





CHAIRMAN'S STATEMENT

During the six months ended 30 June 2017 (the "Review Period"), China Wah Yan Healthcare Limited (the "Company", together with its subsidiaries, the "Group") has continued to streamline its business portfolio with a view to becoming a strategic healthcare and financial group.

Acquisition of Xinhua News Media Holdings Limited ("Xinhua News Media")

In December 2016, the Group made a voluntary conditional securities exchange offer (the "Xinhua Share Offer") to acquire all the issued shares of Xinhua News Media, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and principally engaged in the provision of (i) cleaning and related services; (ii) publicly broadcasting information and advertisements on television screens services; and (iii) non-incineration medical waste handling services for hospitals. A substantial shareholder of Xinhua News Media is the Asia Pacific regional branch of Xinhua News Agency (the state-owned news agency of the People's Republic of China (the "PRC") with over 100 bureaus located in the PRC and worldwide and is positioned as a recorder, promoter and a participant of the Belt and Road Initiative). It was the intention of the Group to, through the Xinhua Share Offer, diversify its business portfolio and establish a strategic relationship with Xinhua News Agency to leverage on its global network to explore further business opportunities through participation in and promotion of the Belt and Road Initiative with Xinhua News Media. However, the resolution relating to the Xinhua Share Offer was voted down by the then shareholders of the Company at the extraordinary general meeting held on 19 July 2017.

Disposal of Rui Kang Pharmaceutical Group Investments Limited ("Rui Kang")

In June 2017, the Company entered into a sale and purchase agreement with an investor to dispose (the "Rui Kang Disposal") of its entire 51.5% interest in Rui Kang (together with the subsidiaries, the "Rui Kang Group"), a Company's non wholly-owned subsidiary with its shares listed on the Growth Enterprise Market of the Stock Exchange principally engaged in (i) the provision of medical laboratory testing services and health check services in Hong Kong (the "Medical Laboratory Testing Business"); and (ii) the manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong (the "Pharmaceutical Manufacturing Business"), at the consideration of HK\$207.1 million. The consideration offered by the investor represented premium of 2% and 50% over the then share price and the net asset value as at 31 December 2016 of Rui Kang. And it was estimated that the Group would record a gain of HK\$62.9 million from the Rui Kang Disposal based on the financial information of the Rui Kang Group for the year ended 31 December 2016. The Rui Kang Disposal had been completed in July 2017.

Looking ahead, the geopolitical uncertainty worldwide will continue to affect the global and regional economy. The Group will continue to advance its business plan through embracing appropriate initiatives and opportunities, including those arising from the "One Belt, One Road" economic development strategy initiated by the PRC. I am confident in the prospects of the Group and look forward to the enduring support and contribution from our board (the "Board") of directors (the "Directors"), our colleagues, our partners and our shareholders for the continuous progress of the Group.

By Order of the Board
China Wah Yan Healthcare Limited
CHAN KA CHUNG
Chairman

Hong Kong, 24 August 2017

REVIEW OF THE INTERIM RESULTS

Overview

The Group's principal business include (i) the operation of a chain of sports and healthcare clubhouses under the brand name of "Megafit" in the PRC (the "Health Management Business"); (ii) the medical and well-being business, comprising the operation of a chain of optical products and eye-care services retail shops under the brand name of "Hong Kong Optical" (the "Eye-care Business"), the provision of obstetric and gynaecological services (the "O&G Business") in Hong Kong, the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business; and (iii) the asset management business.

Revenue

During the Review Period, the revenue of the Group increased by 52.1% to HK\$121.5 million (For the six months ended 30 June 2016 (the "Previous Period"): HK\$79.8 million) attributable to the combined impact of (i) the recognition of full-period financial results of the O&G Business, the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business; and (ii) the decrease in revenue of 32.1% in the Health Management Business due to the closing down of certain sports and healthcare clubhouses in 2016.

Gross Profit

During the Review Period, the Group's gross profit increased by 70.0% to HK\$36.1 million (Previous Period: HK\$21.2 million) attributable to the inclusion of the full-period financial results of the O&G Business, the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business though it was partially off-set by the decline in the gross profit of the Health Management Business for the above-mentioned reason. The gross profit margin of the Group also increased to 29.7% (Previous Period: 26.6%). The increase in gross profit margin was mainly attributable to the smaller weight of the lower-margin Health Management Business in the Group's overall revenue composition during the Review Period.

Loss for the period

During the Review Period, the Group recorded net loss of HK\$116.2 million (Previous Period: HK\$166.4 million) mainly attributable to the unrealised loss of HK\$90.2 million in relation to the Group's listed investment (mainly attributable to the combined effect of the change in the share prices of IR Resources Limited ("IR Resources") and New Ray Medicine International Holding Limited ("New Ray Medicine")) calculated pursuant to the Hong Kong Accounting Standards. However, it is expected that such non-cash nature of the aforesaid unrealized loss would not materially affect the operation of the Group.





REVIEW ON BUSINESS SEGMENTS

Health Management Business Segment

Given the closing down of certain non-performing sports and healthcare clubhouses during 2016, the revenue of the Health Management Business decreased by 32.1% to HK\$37.7 million during the Review Period (Previous Period: HK\$55.6 million) and the segment results turned from segment profit of HK\$2.5 million during the Previous Period to a segment loss of HK\$0.4 million during the Review Period. As at 30 June 2017, the members of the sports and healthcare clubhouses further decreased to about 18,000 (31 December 2016: 23,000). The Group is considering different restructuring plans to capture the market trend and improve the financial performance of the Health management Business.

Medical and Well-being Business

The Eye-care Business

Although the revenue of the Eye-care Business recorded a slight increase of 5% to HK\$18.6 million for the Review Period (Previous Period: HK\$17.6 million) and maintain its gross profit margin at a level similar to the Previous Period, fixed costs (such as rental and staff expenses) continued to adversely affect the profitability of the Eye-care Business, resulting in a net loss of HK\$3.1 million during the Review Period. During the Review Period, two new shops have been opened and their contribution is expected to gradually reflect in the second half of the year. Meanwhile, the Group will continue to devise plans to enhance the financial performance of this business line including collaboration with one of the leading providers of ophthalmic medical services in Hong Kong in which the Group have made a strategic investment.

The O&G Business

During the Review Period, the O&G Business recorded revenue of HK\$5.1 million. With the expansion of the clinic for provision of multi-specialist clinical services (including day surgery operations) in late June 2017 and the new in-vitro fertilization centre in the Republic of Philippines which is expected to be in operation by end of this year, it is expected that this business line will make greater contribution to the Group's revenue and profit.

The Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business

For the Review Period, the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business contributed a total of HK\$60.0 million to the Group's revenue. However, due to the intensifying competition in the markets which the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business operate, these two business lines incurred a combined loss of HK\$5.9 million.

Assets Management Segment

Investment in financial/fixed/distressed assets

The Group's asset management business involves investment in financial/fixed/distressed assets in Hong Kong. As at 30 June 2017, the total assets of the Group's asset management segment amounted to HK\$388.3 million (31 December 2016: HK\$348.0 million). During the Review Period, the Group (i) fully participated in the rights issue of New Ray Medicine for HK\$28.4 million to maintain its shareholding of 8.25% and (ii) increased its stake in IR Resources to 26.58%. As at 30 June 2017, the Group also held shares in other listed companies mainly engaged in healthcare and medical business in Hong Kong and the PRC. With the growing demand for medical and healthcare services in these regions, the Group remains positive in the prospect of its listed investment despite the price fluctuation during the Review Period. The Group will continue to monitor the performance of this business segment and review its investment portfolio from time to time.

Loan financing

The Group has obtained a money lending license granted under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group will keep abreast of opportunities for financial services and products platforms which will enhance the capability and sustainability of the loan financing business.

EVENTS AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 19 July 2017, the then shareholders of the Company voted down the resolution relating to the Xinhua Share Offer.

The Rui Kang Disposal was completed on 31 July 2017.

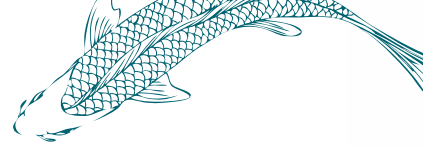
PROSPECTS

Looking forward, the Group will remain cautious and continue to review the performance and development strategies of its business and streamline its portfolio through mergers, acquisitions, divestments and integration. The Group will also devise strategies to strengthen its financial condition and supports its business development by seizing debt/equity fund raising opportunities as and when available, and invest in potential opportunities in healthcare and other business sectors for purposes of enhancing the competitiveness and diversifying the risks of the Group.

FUND RAISING ACTIVITIES

During the Review Period, the Company did not conduct any fund raising activities.





FINANCIAL REVIEW

Liquidity and financial resources

For the Review Period, as a result of its cash outflow from operating activities of HK\$20.4 million (Previous Period: net cash outflow of HK\$98.3 million), net cash outflow from investing activities of HK\$3.3 million (Previous Period: net cash outflow of HK\$20.1 million) and net cash inflow from financing activities of HK\$41.3 million (Previous Period: net cash inflow of HK\$131.5 million), the Group recorded a net cash inflow of HK\$17.6 million (Previous Period: net cash inflow of HK\$13.1 million).

As at 30 June 2017, the Group had cash and bank balances of HK\$91.5 million (31 December 2016: HK\$72.9 million) of which HK\$64.6 million was attributable to Rui Kang (31 December 2016: HK\$34.7 million).

As at 30 June 2017, the Group's total borrowings amounted to HK\$441.6 million (31 December 2016: HK\$380.0 million) which included borrowings of HK\$295.7 million (31 December 2016: HK\$183.2 million), convertible securities of HK\$nil (31 December 2016: HK\$2.0 million) and bonds/notes payable of HK\$145.9 million (31 December 2016: HK\$194.8 million). The borrowings are mainly denominated in Hong Kong dollars and Japanese Yen and will either be repaid by internally generated funds or rolled over upon maturity.

As at 30 June 2017, the Group's net asset value (including non-controlling interest) was HK\$254.9 million (31 December 2016: HK\$319.9 million) with a liquidity ratio (calculated based on the Group's current assets to current liabilities) of 0.9 times (31 December 2016: 1.1 times) and its gearing ratio (calculated based on the Group's total borrowings to the equity attributable to the owners of the Company) was 288.0% (31 December 2016: 154.5%). Given the net current liabilities position and the significant increase in the gearing ratio (from 31 December 2016) of the Group as at 30 June 2017, the Directors concurred with the view of the auditors to the Group that the Group shall seize appropriate opportunities when available to raise funds to reduce its short term borrowings and liabilities.

Exposure to fluctuation in exchange rates

While the Group's cash flow from operations is mainly denominated in Renminbi and Hong Kong dollars and assets are mostly denominated in Renminbi and Hong Kong dollars, its liabilities are mainly denominated in Hong Kong dollars and Japanese Yen. During the Review Period, the Group recorded currency exchange loss of HK\$3.6 million mainly resulted from the recent appreciation of Japanese Yen. The Group will continue to monitor the situation and may consider to reduce its debt exposure to Japanese Yen through external fund raising means as and when appropriate.

Charge on group assets

As at 30 June 2017, the Group's properties with carrying value of HK\$101.0 million (31 December 2016: HK\$101.0 million) and leasehold land and building in Hong Kong with carrying amount of HK\$14.7 million (31 December 2016: HK\$14.9 million) had been pledged to secure its borrowings of HK\$51.5 million (31 December 2016: HK\$54.8 million).

CONTINGENCIES

There was no provision in respect of contingencies required to be made in the unaudited condensed consolidated interim financial statements of the Group for the Review Period.

EMPLOYEES AND REMUNERATION POLICY

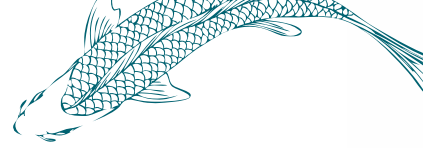
As at 30 June 2017, the total number of employees of the Group was 928. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include retirement benefits, insurance and medical coverage, training programs and share option scheme.

Share Option Scheme

At its annual general meeting held on 30 October 2001, the Company adopted a share option scheme (the “2001 Share Option Scheme”) under which the Board may at its discretion offer to participants option to subscribe for shares of the Company. The 2001 Share Option Scheme had expired on 30 October 2011.

At its annual general meeting held on 12 June 2014, the Company adopted a new share option scheme (the “2014 Share Option Scheme”) under which the Board may at its discretion offer to eligible participants option to subscribe for shares of the Company. As at 30 June 2017, no options under the 2014 Share Option Scheme were outstanding.





OPTIONS GRANTED UNDER THE SHARE OPTION SCHEME

2001 Share Option Scheme

Details of the movement in share option granted under the 2001 Share Option Scheme during the Review Period and as at 30 June 2017 are as follows:

Grantee	Date of grant	Exercisable period	Adjusted exercise price per share (HK\$)	Number of share options				At 30 June 2017	% of shareholding of the Company (Note 1)
				At 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period		
Consultants/advisors	26-04-2007	26-04-2007 to 25-04-2017	3.42	2,937,268	-	-	(2,937,268)	-	-
	06-11-2007	06-11-2007 to 05-11-2017	3.46	5,839,500	-	-	-	5,839,500	0.09%
	07-03-2008	07-03-2008 to 06-03-2018	2.23	7,410,676	-	-	-	7,410,676	0.11%
Total:				16,187,444	-	-	(2,937,268)	13,250,176	0.20%

Notes:

1. Based on 6,520,736,569 shares of the Company in issue as at 30 June 2017.
2. Vesting details under the 2001 Share Option Scheme are as follows:
 - (i) Options granted to consultants/advisors:

Date of grant	Date of vesting	Number of share options vested
06-11-2007	01-01-2008	2,919,750
	01-07-2009	2,919,750
07-03-2008	07-03-2010	3,705,338
	07-03-2011	3,705,338

2014 Share Option Scheme

Details of the movement in share option granted under the 2014 Share Option Scheme during the Review Period and as at 30 June 2017 were as follows:

Grantee	Date of grant	Exercisable period	Exercise price per share (HK\$)	Number of share options				As at 30 June 2017	% of shareholding of the Company	
				As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period			
Directors	24-06-2015	24-06-2015 to 23-06-2017	0.28	19,319,035	-	-	(19,319,035)	-	-	
Employees	24-06-2015	24-06-2015 to 23-06-2017	0.28	60,895,637	-	-	(60,895,637)	-	-	
Consultants	24-06-2015	24-06-2015 to 23-06-2017	0.28	31,498,671	-	-	(31,498,671)	-	-	
				Total:	111,713,343	-	-	(111,713,343)	-	-





INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN SHARES AND OPTIONS

As at 30 June 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (the “Model Code”) for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

(i) The Company

Shares

Name	Capacity	Number of shares of the Company held	Approximate % of shareholding of the Company (Note 1)
Executive Director			
Mr. Chan Ka Chung (“Mr. Chan”)	Corporate interest	101,250,000	1.55%

Note:

1. Based on 6,520,736,569 shares of the Company in issue as at 30 June 2017.

Share Options

Details of the share option granted by the Company to the Directors are as follows:

Grantee	Date of grant	Exercisable period	Exercise price per share (HK\$)	Number of share options				
				At 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2017
Executive Directors								
Mr. Chan	24-06-2015	24-06-2015 to 23-06-2017	0.28	11,819,437	-	-	(11,819,437)	-
Mr. Cheung Wai Kwan	24-06-2015	24-06-2015 to 23-06-2017	0.28	3,000,000	-	-	(3,000,000)	-
Independent Non-executive Directors								
Mr. Chan Yee Ping, Michael	24-06-2015	24-06-2015 to 23-06-2017	0.28	1,499,866	-	-	(1,499,866)	-
Mr. Lam Chun Ho	24-06-2015	24-06-2015 to 23-06-2017	0.28	1,499,866	-	-	(1,499,866)	-
Ms. Hu Xuezheng	24-06-2015	24-06-2015 to 23-06-2017	0.28	1,499,866	-	-	(1,499,866)	-
			Total:	19,319,035	-	-	(19,319,035)	-

(ii) Associated Corporation

Name	Associated corporation	Percentage of issued capital
Dr. Chan Leung Kwok	Seaside Treasure Limited	49%

Save as disclosed above, as at 30 June 2017, no other Directors had or were deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at 30 June 2017, the Directors are not aware of any person who has interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at 30 June 2017.

Purchase, Sale or Redemption of Shares

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any shares of the Company.

Code on Corporate Governance Practices

The Company is committed to achieving and maintaining a high standard of corporate governance. During the Review Period, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules except for code provision A.4.1 of the CG Code, which requires that, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors are appointed for a specific term. This constitutes a deviation from the CG Code. However, all the non-executive Directors are subject to retirement by rotation at the annual general meetings pursuant to the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the CG Code.





Audit Committee

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Review Period, as well as the relevant auditing, internal control and financial reporting matters.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. The Company has made enquiry to all the Directors and each of them has confirmed that he/she had complied with the required standards as set out in the Model Code during the Review Period.



FINANCIAL RESULTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	121,454	79,847
Cost of services and goods sold		<u>(85,387)</u>	<u>(58,628)</u>
Gross profit		36,067	21,219
Other gains and losses		20,686	22,023
Distribution costs		(14,142)	(8,494)
Administrative expenses		(63,426)	(62,605)
Change in fair value of financial assets at fair value through profit or loss	11	(38,948)	(22,590)
Loss arising from change in fair value of investment properties		–	(18,536)
Loss on disposal of available-for-sale financial assets	10	(17,061)	–
Impairment loss on available-for-sale financial assets	10	(51,294)	(194,144)
Net gain on disposals of subsidiaries	17	1,975	63,348
Gain on bargain purchase of subsidiaries		–	46,476
Gain on disposal of associates		25,558	–
Share of results of associates		1,216	16
Share of results of a joint venture		–	65
Finance costs		<u>(16,601)</u>	<u>(13,088)</u>
Loss before tax		(115,970)	(166,310)
Income tax expense	4	<u>(200)</u>	<u>(94)</u>
Loss for the period	5	<u><u>(116,170)</u></u>	<u><u>(166,404)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	<i>Notes</i>	Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period		(116,170)	(166,404)
Other comprehensive income/(loss) for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations:			
Exchange differences arising during the period		5,025	(667)
Reclassification adjustments relating to foreign operations disposed of during the period		636	(72,191)
		5,661	(72,858)
Gain on revaluation of available-for-sale financial assets		11,337	–
Other comprehensive income/(loss) for the period, net of tax		16,998	(72,858)
Total comprehensive loss for the period		(99,172)	(239,262)
Loss for the period attributable to:			
Owners of the Company		(113,802)	(157,593)
Non-controlling interests		(2,368)	(8,811)
		(116,170)	(166,404)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(97,083)	(229,799)
Non-controlling interests		(2,089)	(9,463)
		(99,172)	(239,262)
Loss per share attributable to the owners of the Company	7		
– Basic and diluted (<i>HK cents</i>)		(1.75)	(5.36)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	57,591	57,462
Land use right	8	7,970	7,842
Investment properties	8	101,000	101,000
Goodwill		69,010	69,010
Investments in associates	9	62,840	72,611
Intangible assets	8	59,986	60,621
Available-for-sale financial assets	10	91,923	113,944
Long-term prepayments and deposits		1,944	1,944
		452,264	484,434
Current assets			
Land use right		232	225
Inventories		18,527	17,781
Trade receivables	12	21,192	25,103
Other receivables, prepayments and deposits		93,593	47,849
Tax recoverable		951	1,157
Available-for-sale financial assets	10	64,114	91,095
Financial assets at fair value through profit or loss	11	153,449	124,714
Cash and bank balances		91,498	72,943
		443,556	380,867
Assets classified as held for sale		-	8,777
		443,556	389,644

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	13	123,321	96,962
Receipt in advance		58,168	60,808
Tax payable		281	275
Borrowings		222,438	113,600
Convertible notes		–	1,990
Bonds payable	14	77,700	79,693
Promissory note	15	14,712	–
		<u>496,620</u>	<u>353,328</u>
Net current (liabilities)/assets		<u>(53,064)</u>	<u>36,316</u>
Total assets less current liabilities		<u>399,200</u>	<u>520,750</u>
Non-current liabilities			
Other payable	13	15,406	13,821
Borrowings		73,192	69,619
Bonds payable	14	53,528	53,734
Promissory note	15	–	61,383
Deferred tax liabilities		2,156	2,314
		<u>144,282</u>	<u>200,871</u>
Net assets		<u>254,918</u>	<u>319,879</u>
CAPITAL AND RESERVES			
Share capital	16	3,030,660	3,030,660
Reserves		<u>(2,877,345)</u>	<u>(2,784,783)</u>
Equity attributable to the owners of the Company		153,315	245,877
Non-controlling interests		<u>101,603</u>	<u>74,002</u>
Total equity		<u>254,918</u>	<u>319,879</u>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000 (Note 16)	Share option reserve HK\$'000	Exchange translation reserve HK\$'000	Equity component of convertible bonds/notes HK\$'000	Warrant reserves HK\$'000	Other reserves HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	2,757,283	59,308	76,424	67	179	76,741	-	(2,591,812)	378,190	173,424	551,614
Loss for the period	-	-	-	-	-	-	-	(157,593)	(157,593)	(8,811)	(166,404)
Other comprehensive loss for the period:											
Items that may be reclassified subsequently to profit or loss:											
Exchange difference on translating foreign operations:											
Exchange differences arising during the period	-	-	(15)	-	-	-	-	-	(15)	(652)	(667)
Reclassification adjustment relating to foreign operations disposed of during the period	-	-	(72,191)	-	-	-	-	-	(72,191)	-	(72,191)
Total comprehensive loss for the period	-	-	(72,206)	-	-	-	-	(157,593)	(229,799)	(9,463)	(239,262)
Acquisition of subsidiaries by share offer, net of transaction costs	135,878	-	-	-	-	-	-	-	135,878	93,658	229,536
Disposals of subsidiaries	-	-	-	-	-	(72,718)	-	-	(72,718)	(180,820)	(253,538)
Changes in ownership interests of subsidiaries	-	-	(537)	-	-	1,281	-	-	744	(6,504)	(5,760)
Lapse of disposal of investment in joint ventures	-	-	(1,078)	-	-	-	-	-	(1,078)	-	(1,078)
At 30 June 2016 (Unaudited)	2,893,161	59,308	2,603	67	179	5,304	-	(2,749,405)	211,217	70,295	281,512
At 1 January 2017 (Audited)	3,030,660	50,563	948	67	179	(18,231)	(595)	(2,817,714)	245,877	74,002	319,879
Loss for the period	-	-	-	-	-	-	-	(113,802)	(113,802)	(2,368)	(116,170)
Other comprehensive income/(loss) for the period:											
Items that may be reclassified subsequently to profit or loss:											
Exchange difference on translating of foreign operations:											
Exchange differences arising during the period	-	-	4,746	-	-	-	-	-	4,746	279	5,025
Reclassification adjustments relating to foreign operations disposed of during the period	-	-	636	-	-	-	-	-	636	-	636
Gain on revaluation of available-for-sale financial assets	-	-	-	-	-	-	11,337	-	11,337	-	11,337
Total comprehensive income/(loss) for the period	-	-	5,382	-	-	-	11,337	(113,802)	(97,083)	(2,089)	(99,172)
Changes in ownership interests of subsidiaries (note 17)	-	-	-	-	-	3,001	-	-	3,001	29,690	32,691
Additional capital injection to a subsidiary	-	-	-	-	-	1,520	-	-	1,520	-	1,520
Lapse of share options	-	(15,148)	-	-	-	-	-	15,148	-	-	-
At 30 June 2017 (Unaudited)	3,030,660	35,415	6,330	67	179	(13,710)	10,742	(2,916,368)	153,315	101,603	254,918

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)
Cash flows from operating activities		
Cash used in operations	(20,610)	(98,384)
Interest received	152	75
Net cash used in operating activities	<u>(20,458)</u>	<u>(98,309)</u>
Cash flows from investing activities		
Net (increase)/decrease in financial assets at fair value through profit or loss	(67,683)	10,398
Net increase in available-for-sale financial assets	(18,016)	(90,447)
Net cash inflow on acquisitions of subsidiaries	–	26,321
Net cash inflow on disposals of subsidiaries	11,734	27,343
Proceeds from change in ownership of a subsidiary	33,327	6,650
Proceeds from disposal of associates	41,000	–
Other investments (net)	(3,651)	(354)
Net cash used in investing activities	<u>(3,289)</u>	<u>(20,089)</u>
Cash flows from financing activities		
Net increase in borrowings	106,829	117,174
Proceeds from issue of bonds payable	–	25,810
Repayment of promissory notes	(47,632)	–
Other financing cash flows – net	(17,829)	(11,537)
Net cash generated from financing activities	<u>41,368</u>	<u>131,447</u>
Net increase in cash and cash equivalents	17,621	13,049
Effect of foreign exchange rate changes	934	(511)
Cash and cash equivalents at the beginning of the period	<u>72,943</u>	<u>91,713</u>
Cash and cash equivalents at the end of the period	<u>91,498</u>	<u>104,251</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>91,498</u>	<u>104,251</u>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 (the “Review Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Listing Rules. They have been prepared under the historical cost convention, except for certain properties and financial instruments, which are carried at fair values. The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2016.

In preparing the unaudited condensed consolidated interim financial statements, the Directors have given careful consideration to the future liquidity of the Group notwithstanding that the Group had incurred loss of approximately HK\$116.2 million during the six months ended 30 June 2017 and, as of that date, the Company’s current liabilities exceeded its current assets by approximately HK\$53.1 million.

The Directors have given careful consideration and believe that the Group has sufficient financial resources to meet its liabilities as and when they fall due. Therefore, the unaudited condensed consolidated interim financial statements are prepared on a going concern basis.

The financial information relating to the financial year ended 31 December 2016 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditors have reported on the above-mentioned financial statements. The independent auditors’ report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2. CHANGES IN ACCOUNTING POLICIES

In the Review Period, the Group has applied, for the first time, the following new and revised standards and interpretations issued by the HKICPA, which are effective for the Group's financial period beginning from 1 January 2017 and are summarized as follows:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses

The Directors considered that the application of the above new or revised standards and interpretations would not have any material impact on the Group's financial performance and financial position for the current and prior periods.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments are as follows:

- (i) Health management business – Health Management Business.
- (ii) Medical and well-being business – Eye-care Business;
 - O&G Business;
 - Medical Laboratory Testing Business; and
 - Pharmaceutical Manufacturing Business.
- (iii) Asset management business – investment in financial/fixed/distressed assets and loan financing.



3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the Review Period (Unaudited)

	Health management business HK\$'000	Medical and well-being business HK\$'000	Asset management HK\$'000	Consolidated HK\$'000
Segment revenue				
External sales	<u>37,728</u>	<u>83,726</u>	<u>–</u>	<u>121,454</u>
Segment revenue	<u>37,728</u>	<u>83,726</u>	<u>–</u>	<u>121,454</u>
Segment results	<u>(406)</u>	<u>(7,334)</u>	<u>(91,233)</u>	<u>(98,973)</u>
<i>Reconciliation:</i>				
Other gains and losses				15,405
Central administration costs				(44,550)
Net gain on disposals of subsidiaries				1,975
Gain on disposal of associates				25,558
Share of results of associates				1,216
Finance costs				<u>(16,601)</u>
Loss before tax				(115,970)
Income tax expense				<u>(200)</u>
Loss for the period				<u>(116,170)</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the Previous Period (Unaudited)

	Health management business <i>HK\$'000</i>	Medical and well-being business <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue				
External sales	55,577	24,185	85	79,847
Segment revenue	55,577	24,185	85	79,847
Segment results	2,538	(10,572)	(224,715)	(232,749)
<i>Reconciliation:</i>				
Other gains and losses				2,894
Central administration costs				(33,272)
Net gain on disposals of subsidiaries				63,348
Gain on bargain purchase of subsidiaries				46,476
Share of results of associates				16
Share of results of a joint venture				65
Finance costs				(13,088)
Loss before tax				(166,310)
Income tax expense				(94)
Loss for the period				(166,404)

**3. REVENUE AND SEGMENT INFORMATION (CONTINUED)****Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segment:

30 June 2017 (Unaudited)

	Health management business <i>HK\$'000</i>	Medical and well-being business <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	91,241	243,797	388,297	723,335
Unallocated				<u>172,485</u>
Consolidated assets				<u><u>895,820</u></u>
Segment liabilities	91,156	47,427	31,876	170,459
Unallocated				<u>470,443</u>
Consolidated liabilities				<u><u>640,902</u></u>

31 December 2016 (Audited)

	Health management business <i>HK\$'000</i>	Medical and well-being business <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	92,853	260,572	347,957	701,382
Unallocated				<u>172,696</u>
Consolidated assets				<u><u>874,078</u></u>
Segment liabilities	93,803	45,390	4,916	144,109
Unallocated				<u>410,090</u>
Consolidated liabilities				<u><u>554,199</u></u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates in Hong Kong, the PRC, Asia and Europe.

The Group's revenue from external customers by location of customers are detailed below:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
PRC	42,045	56,317
Hong Kong	52,858	23,530
Asia (other than PRC and Hong Kong)	21,894	–
Europe	4,657	–
	<u>121,454</u>	<u>79,847</u>

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	358	43
PRC Enterprise income tax	–	125
	<u>358</u>	<u>168</u>
Deferred taxation	<u>(158)</u>	<u>(74)</u>
Tax charge for the period	<u>200</u>	<u>94</u>

Hong Kong Profits Tax is calculated at the tax rate of 16.5% of the estimated assessment profit arising from Hong Kong during the Review Period. During the Previous Period, no Hong Kong Profits Tax was provided as the Group did not have any assessable profit arising from Hong Kong. Taxes on profit assessable elsewhere have been calculated at the rates of the tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The applicable PRC Enterprise Income Tax rate is 25% for both periods.

**5. LOSS FOR THE PERIOD**

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	3,956	3,136
Amortisation of land use right	114	39
Amortisation of other intangible assets	854	676
Total depreciation and amortisation	4,924	3,851
Cost of inventories recognised as expenses	42,403	11,679
Gain arising from change in fair value of available-for-sale financial assets in relation to acquisition of subsidiaries (included in other gains and losses)	–	11,214
Net loss arising from change in fair value of financial assets at fair value through profit or loss	16,310	17,663
Loss on disposal of financial assets at fair value through profit or loss	22,638	4,927
Change in fair value of financial assets at fair value through profit or loss	38,948	22,590
Loss arising from change in fair value of investment properties	–	18,536
Loss on disposal of available-for-sale financial assets	17,061	–
Impairment loss on available-for-sale financial assets	51,294	194,144
Net gain on disposals of subsidiaries	(1,975)	(63,348)
Gain on bargain purchase of subsidiaries	–	(46,476)
Gain on disposal of associates	(25,558)	–
Share of results of associates	(1,216)	(16)
Share of results of a joint venture	–	(65)
Interest on:		
– Loans from a former intermediate holding company and a former fellow subsidiary not wholly repayable within five years	633	906
– Bank loans	687	746
– Loans from financial institutions	6,357	5,853
– Promissory note	2,377	15
– Bonds payable	6,450	5,022
– Convertible notes	50	63
– Other borrowings	47	483
Total finance costs	16,601	13,088
Employee benefit expenses, including directors' emoluments:		
– Salaries and other benefits	46,057	45,159
Net exchange loss	3,581	11,590

6. DIVIDENDS

The Board did not recommend any dividend payment for the six months ended 30 June 2017.

7. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(113,802)</u>	<u>(157,593)</u>

Number of shares

	Six months ended 30 June	
	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	<u>6,520,737</u>	<u>2,938,558</u>

Note: The effects of the outstanding convertible notes, outstanding share options and outstanding unlisted warrants were not included in the calculation of diluted loss per share for the six months ended 30 June 2017 and 2016 due to the anti-dilutive effects of these instruments on the basic loss per share of the Company during the periods.

8. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHT AND INTANGIBLE ASSETS

The total cost of additions to the property, plant and equipment of the Group was HK\$4.8 million for the Review Period (Previous Period: HK\$46.3 million).

There was no addition to or disposal of the investment properties of the Group for the six months ended 30 June 2017 and 2016.

There was no addition to or disposal of the land use right of the Group for the Review Period. Land use rights of HK\$8.7 million were acquired and HK\$3.6 million disposed of during the Previous Period.

There was no addition to or disposal of intangible assets of the Group for the Review Period. Intangible assets of HK\$52.6 million was acquired during the Previous Period.



9. INVESTMENTS IN ASSOCIATES

As at 30 June 2017, investment in associates of approximately HK\$62.8 million (31 December 2016: HK\$72.6 million) mainly comprised of (i) the Group's interest in an associate of approximately HK\$30.5 million (31 December 2016: HK\$29.7 million) holding property asset interest; and (ii) Rui Kang's 27.8% equity interest in a company principally engaged in the development, manufacture and sale of cosmetic products in Switzerland of approximately HK\$31.8 million (31 December 2016: HK\$31.0 million).

On 7 April 2017, a direct wholly-owned subsidiary of Rui Kang (as vendor) entered into a sale and purchase agreement with independent third parties (as purchasers), in relation to the disposal of its 30% equity interest in Magical Bloom Limited ("Magical Bloom") at a consideration of HK\$41.0 million (the "Magical Bloom Disposal"). Magical Bloom is an investment company and holds interest in a company principally engaged in the sale of medicated oil products in the PRC. The Magical Bloom Disposal was completed in June 2017 and a gain on disposal of HK\$25.6 million was recorded by the Group. Details of the Magical Bloom Disposal are disclosed in the joint announcement of the Company and Rui Kang dated 9 April 2017 and the circular of Rui Kang dated 19 May 2017.

During the Review Period, the Group shared the profits arising from the associates of HK\$1,216,000 (Previous Period: HK\$16,000).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Available-for-sale financial assets comprise:		
Listed investments – Equity securities listed in Hong Kong (Note 1)	64,114	91,095
Unlisted investments, at cost (Note 2)	91,923	113,944
	<u>156,037</u>	<u>205,039</u>
Analysed for reporting purposes as:		
Current assets	64,114	91,095
Non-current assets	91,923	113,944
	<u>156,037</u>	<u>205,039</u>

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Notes:

- Balance represented the Group's investment in the companies listed on the Stock Exchange as at 30 June 2017 and mainly comprised (i) IR Resources of HK\$25.6 million; (ii) New Ray Medicine of HK\$23.7 million; and (iii) other companies listed on the Stock Exchange. During the Review Period, the Group's available-for-sale financial assets recorded (i) an impairment loss of HK\$51.3 million (of which HK\$36.4 million was attributable to the decline in the share price of IR Resources) was recorded in the Group's consolidated profit and loss account; and (ii) a gain of HK\$11.4 million (attributable to the Group's investment in New Ray Medicine) was recorded in the Group's investment revaluation reserves.

During the Review Period, the Group neither recorded any realised gain/loss nor received any dividend respect of the listed investments included in available-for-sale financial assets.

- Balance represented the Group's unlisted investment as at 30 June 2017 and mainly comprised (i) the Group's interest relating to a hospital project company and other related assets of HK\$61.8 million (31 December 2016: HK\$88.8 million); (ii) the Rui Kang Group's interest in a contracted medical schemes provider of HK\$19.4 million (31 December 2016: HK\$19.4 million) and (iii) the Group's interest in an ophthalmic medical services provider. During the Review Period, the Group disposed of part of its interests in the hospital project company and recorded a loss on disposal of HK\$17.1 million.

During the Review Period, the Group neither recorded any realised gain/loss nor received any dividend in respect of the unlisted investment included in available-for-sale financial assets.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at fair value through profit and loss represented its investment in companies listed on the Stock Exchange and mainly comprised companies principally engaged in medical and healthcare related businesses including (i) 6.19% of New Ray Medicine and 1.27% of Town Health International Medical Group Limited (the "Healthcare Related Investment") and (ii) other listed companies (the "Other Minority Investment").

Details of the Group's financial assets at fair value through profit and loss as at 30 June 2017:

	As at 30 June 2017 HK\$'000	As at 31 December 2016 HK\$'000
Equity securities listed in Hong Kong:		
– Healthcare Related Investment	136,007	120,655
– Other Minority Investment (Note)	17,442	4,059
	153,449	124,714

Note: The Other Minority Investment mainly comprised the Group's investment in other listed companies and the fair value of the Group's investment in each of the investee companies accounted for less than 2% of the Group's consolidated total asset value and the issued shares of the respective investee companies.

The fair value of the listed investments is determined by reference to the quoted market bid prices available on the Stock Exchange.

During the Review Period, the net loss arising from the change in the fair value of the Group's financial assets at fair value through profit and loss amounted to HK\$38.9 million (comprising unrealised loss of HK\$16.3 million and realised loss of HK\$22.6 million (mostly attributable to the investment of the Rui Kang Group) as detailed in note 5 to this condensed consolidated interim financial statement). During the Review Period, the Group did not receive any dividend in respect of its listed investment included in financial assets at fair value through profit and loss.

**12. TRADE RECEIVABLES**

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade receivables	26,050	29,814
Less: impairment loss	<u>(4,858)</u>	<u>(4,711)</u>
Trade receivables (net)	<u><u>21,192</u></u>	<u><u>25,103</u></u>

The following is an ageing analysis of trade receivables based on the invoice date as at the end of reporting period:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
0-180 days	14,781	21,211
181-365 days	3,773	1,630
Over 365 days	<u>2,638</u>	<u>2,262</u>
	<u><u>21,192</u></u>	<u><u>25,103</u></u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade payables	12,426	13,321
Other payables and accruals	42,810	56,481
Deposit received in respect of Rui Kang Disposal	50,000	–
Amounts due to non-controlling shareholders of subsidiaries	33,491	27,105
Amounts due to associates	–	4,801
Provision for clawback of fund performance fee	–	8,915
Provision for long service payment	–	160
	<u>138,727</u>	<u>110,783</u>
Less: Non-current portion	<u>(15,406)</u>	<u>(13,821)</u>
	<u><u>123,321</u></u>	<u><u>96,962</u></u>

The following is an ageing analysis of trade payables based on the invoice date as at the end of reporting periods:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within 30 days	5,439	6,896
31–60 days	2,317	1,783
61–90 days	1,394	1,045
Over 90 days	3,276	3,597
	<u>12,426</u>	<u>13,321</u>

14. BONDS PAYABLE

As at 30 June 2017, the carrying amount of bonds payable was HK\$131,228,000 (31 December 2016: HK\$133,427,000).

15. PROMISSORY NOTE

As at 30 June 2017, the carrying amount of a promissory note was HK\$14,712,000 (31 December 2016: HK\$61,383,000).

**16. SHARE CAPITAL**

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
At 1 January 2017 (audited) and 30 June 2017 (unaudited)	6,520,737	3,030,660

17. NET GAIN ON DISPOSALS OF SUBSIDIARIES**(a) Disposal of 11% equity interest in Rui Kang**

Upon completion of the its disposal of 11% equity interest in Rui Kang in January 2017, the Group's equity interest in Rui Kang decreased from 62.5% to 51.5% (Rui Kang still remained as a subsidiary of the Group). The sum of HK\$3.6 million comprising (i) HK\$3.0 million (being the difference between consideration of HK\$33.3 million and the non-controlling interest recognised of HK\$29.7 million); and (ii) HK\$0.6 million (being the exchange reserve attributable to the non-controlling interest), had been charged to the equity.

(b) Disposal of Jet Rich Group

On 30 March 2017, an indirect wholly-owned subsidiary of Rui Kang (as vendor), entered into and completed a sale and purchase agreement with an independent third party (as purchaser), to dispose of the entire equity interests in Jet Rich Investment Limited and its subsidiary (collectively, the "Jet Rich Group") at a cash consideration of HK\$12.7 million.

An analysis of the net asset value of the Jet Rich Group at the date on which the Group lost control (i.e. 30 March 2017) was as follows:

	HK\$'000 (Unaudited)
Property, plant and equipment	221
Deposits, prepayments and other receivables	663
Cash and cash equivalents	12,528
Total assets	13,412
Other payables and accruals	4,839
Total liability	4,839
Net assets disposed of	8,573

17. NET GAIN ON DISPOSALS OF SUBSIDIARIES (CONTINUED)

(b) Disposal of Jet Rich Group (continued)

	Six months ended 30 June 2017 HK\$'000 (Unaudited)
Consideration	12,700
Release of exchange difference upon disposal	(1,728)
Less: Net assets disposed of	<u>(8,573)</u>
Gain on disposal of the Jet Rich Group	<u>2,399</u>

(c) Disposal of V-Express

On 1 June 2017, a direct wholly-owned subsidiary of Rui Kang (as vendor) entered into and completed a sale and purchase agreement with an independent third party (as purchaser) to dispose of its entire equity interests in V-Express Pharmaceutical Limited (“V-Express”) at a cash consideration of HK\$50,000. A gain on disposal of HK\$74,000 was recorded by the Group for the Review Period as a result of the said disposal.

(d) Disposal of Allied View

On 17 November 2016, a wholly-owned subsidiary of Rui Kang (as vendor) entered into a sale and purchase agreement with an independent third party (as purchaser), in relation to the disposal of its entire equity interest in Allied View International Limited (“Allied View”) and the assignment of the related shareholder’s loan for a consideration of HK\$10.0 million. Allied View is an investment company and holds minority interest in a company engaged in money lending business in the PRC. The disposal of Allied View was completed in February 2017 and a loss on disposal of HK\$498,000 was recorded by the Group for the Review Period.

18. CAPITAL COMMITMENT

Rui Kang indirectly wholly owns a wholly foreign-owned enterprise incorporated in Guizhou Province, the PRC. Its registered capital is RMB30 million and RMB10 million had been paid up as at 30 June 2017. As at 30 June 2017, the remaining capital commitment of Rui Kang was RMB20 million (equivalent to HK\$25.4 million) (31 December 2016: HK\$25.4 million).



19. MATERIAL RELATED PARTIES TRANSACTIONS

In addition to those disclosed elsewhere in its condensed consolidated interim financial statements, the Group also has the following material related party transactions for the six months ended 30 June 2017.

Compensation of Key Management Personnel of the Group

The remuneration of members of key management, comprising only the Directors (whose remuneration was determined by the Remuneration Committee and having regard to the performance of the individuals and the market trends), for the Review Period amounted to HK\$6.4 million (Previous Period: HK\$8.1 million).

20. FAIR VALUE MEASUREMENTS

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively.
- (ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).
- (iii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

20. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)		
Financial assets				
Financial assets at fair value through profit or loss	Listed equity securities: HK\$153,449	Listed equity securities: HK\$124,714	Level 1	Quoted bid prices in an active market
Available-for-sale financial assets	Listed equity securities: HK\$64,114	Listed equity securities: HK\$91,095	Level 1	Quoted bid prices in an active market

Fair Value of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but Fair Value Disclosures are Required)

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair value.

	As at 30 June 2017		As at 31 December 2016	
	Carrying amount HK\$'000 (Unaudited)	Fair value HK\$'000	Carrying amount HK\$'000 (Audited)	Fair value HK\$'000
Financial liabilities				
Convertible notes	2,000	2,000	1,990	1,936
Promissory note	14,713	16,376	61,383	60,260

**20. FAIR VALUE MEASUREMENTS (CONTINUED)****Fair value hierarchy**

	As at 30 June 2017 (Unaudited)			Total HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	153,449	–	–	153,449
Available-for-sale financial assets	64,114	–	–	64,114

	As at 31 December 2016 (Audited)			Total HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	124,714	–	–	124,714
Available-for-sale financial assets	91,095	–	–	91,095

During the six months ended 30 June 2017 and 2016, there was no transfer between Level 1 and Level 2 fair value measurements.

21. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to confirm with the presentation of the Review Period.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements have been approved and authorised for issue by the Board on 24 August 2017.