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 正峰集團有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2389)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2015

The board ("Board") of directors (the "Directors") of Beijing Enterprises Medical And Health Industry Group Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015, together with comparative figures for the corresponding period in 2014. These interim results have been reviewed by Ernst & Young, the auditors of the Company, and the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six-month period ended 30 June	
	NOTES	**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)

	NOTES	Six-month period ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited) (Restated)
DISCONTINUED OPERATIONS	*8*		
Profit for the period from discontinued operations		**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
Profit/(loss) attributable to:			
Owners of the Company		**44,101**	59,344
Non-controlling interests		**941**	(1,274)
		45,042	58,070

	NOTE	Six-month period ended 30 June **2015** ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Unaudited) (Restated)
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	*9*		
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
At 30 June 2015

	NOTES	**30 June 2015 *HK$'000* (Unaudited)**	31 December 2014 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**148,827**	1,233
Investment properties		**318,542**	66,333
Prepaid land lease payments		**564,966**	–
Goodwill		**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
		1,501,623	1,174,245
Assets of disposal groups classified as held for sale	*17(1)*	**–**	1,697,541
		1,501,623	2,871,786
Total current assets			
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
		67,914	209,178
Liabilities directly associated with the assets classified as held for sale	*17(1)*	**–**	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

	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
		2,665,895	1,723,520
Non-controlling interests		**62,761**	209,171
Total equity		**2,728,656**	1,932,691

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and financial assets measured at fair value through profit or loss which are measured at fair value.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), except for the adoption of new standards and interpretations effective as at 1 January 2015. The following amendments to HKFRSs did not have any significant impact on the accounting policies, financial position or performance of the Group:

• Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
• Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
• Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The Group has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

3. SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment from continuing operations, which is medical and geriatric care business, including but not limited to i) health and geriatric business, ii) medical-related infrastructures business (Public-Private-Partnership); and iii) specialty 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 other 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 *(note 16(2))*	**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).

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	2014
	HK$'000	*HK$'000*
	(Unaudited)	(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 CREDIT

	Six-month period ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(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 entire issued share capital of World Wisdom Industrial Limited ("World Wisdom"). World Wisdom and its subsidiaries (collectively, "World Wisdom Group") engage 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.

On 11 May 2015, the Company announced the decision of its board of directors to dispose of entire issued share capital of Rainy Company Inc. ("Rainy"). Rainy and its subsidiaries (collectively, "Rainy Group") engage in the property development. The disposal of Rainy Group was completed on 11 May 2015 and details of which are set out in note 17.

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 related 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 period are presented below:

	Six-month period ended 30 June	
Manufacturing and trading of power tools business:	**2015**	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
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

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

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.

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 (loss)/earnings per share are based on:

<u>**Earnings/(loss)**</u>	**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

<u>**Shares**</u>	**Number of Shares Six-month period ended 30 June**	
	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 (loss)/earnings 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.

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 Beijing Properties (Holdings) Limited ("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	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 month	–	10,141
Over 3 months	–	5,483
	–	15,624

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 (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.

(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 summarizes 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

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 owns approximately 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.

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

* *For identification purpose only*

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)
	(377,234)

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.

(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 owns approximate 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 Acquisiton 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 investment	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 Acqusition. 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.

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)
	(18,772)

Since the acquisition, Great Delight Group did not contribute to the Group's revenue 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

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

	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 cash equivalents	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	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

(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:

	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 cash equivalents	56,867
Trade payables	(11,829)
Other payables and accruals	(52,015)
Tax payable	(88,572)
Deferred tax liabilities	(4,141)
	4,902
Exchange fluctuation reserve realised	(17,271)
Gain on disposal of a subsidiary	31,512
Satisfied by cash	19,143

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	(56,867)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(37,724)

* *For identification purpose only*

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 company	**–**	408,000
	317,017	408,000

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 (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	2014
	HK$'000	*HK$'000*
	(Unaudited)	(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. COMPARATIVE AMOUNTS

As a result of the classification of discontinued operations as further detailed in note 8, certain comparative amounts for the condensed consolidated interim financial statements have been restated and reclassified.

23. EVENT AFTER THE REPORTING PERIOD

On 10 July 2015, United Win agreed to purchase the entire issued share capital of Jing Tou Holding Group Limited ("Jing Tou Holding"), a company incorporated in the British Virgin Islands with limited liability, from Mr. Xu Wenze, 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 orthopaedic 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 Holding and its subsidiaries have become subsidiaries of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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 placing 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.

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: $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.

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.

CORPORATE GOVERNANCE CODE

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 held on 19 January 2015 or 4 March 2015. 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.

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.

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

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

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 comprise three members, Mr. Tse Man Kit, Keith (Chairman of the Committee), Mr. Xie Ming and Mr. Wu Yong Xin, all of which are independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (http://www.bemh.com.hk) and the Stock Exchange (www.hkexnews.hk).

The interim report of the Company for the six months ended 30 June 2015 will be despatched to the shareholders of the Company and published on the said websites in due course.

By Order of the Board of
Beijing Enterprises Medical and Health Industry Group Limited
Zhu Shi Xing
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Hu Xiao Yong, Mr. Hu Shiang Chi, Mr. Wang Zheng Chun and Mr. Zhang Jing Ming; one non-executive director, namely Mr. Robert Winslow Koepp and four independent non-executive directors, namely Mr. Xie Ming, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.