LIFE HEALTHCARE GROUP LIMITED
蓮和醫療健康集團有限公司
(formerly known as Tack Fiori International Group Limited 野馬國際集團有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 928)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTERIM RESULTS

The board (the "Board") of directors (the "Director(s)") of Life Healthcare Group Limited (formerly known as Tack Fiori International Group Limited) (the "Company") announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2017, together with comparative figures for the corresponding period in 2016, which have been reviewed by the Company's audit committee (the "Audit Committee"), and the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Notes	Unaudited Six months ended 30 September 2017 HK$'000	2016 HK$'000
Turnover	4	**25,928**	7,386
Cost of sales and services		**(12,648)**	(4,999)
Gross profit		**13,280**	2,387
Other income and gain		**837**	443
Selling and distribution costs		**(19,932)**	(562)
Administrative and other expenses		**(34,109)**	(17,101)
Share of results of an associate	10	**(4,227)**	(76)
Operating loss		**(44,151)**	(14,909)
Finance costs	5	**–**	(103)
Loss before taxation	6	**(44,151)**	(15,012)
Income tax	7	**(323)**	(247)
Loss for the period		**(44,474)**	(15,259)
Other comprehensive income (expense) that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translations		**3,512**	(1,534)
Share of foreign currency translation reserve of an associate		**3,659**	–
Fair value gain on available-for-sale investment		**388**	–
Total comprehensive expense for the period		**(36,915)**	(16,793)
Loss for the period attributable to:			
Owners of the Company		**(43,074)**	(14,573)
Non-controlling interests		**(1,400)**	(686)
		(44,474)	(15,259)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(35,501)**	(16,115)
Non-controlling interests		**(1,414)**	(678)
		(36,915)	(16,793)
			(Restated)
Loss per share	8		
— Basic and diluted (HK cents)		**(0.89)**	(0.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	**Unaudited 30 September 2017 HK$'000**	Audited 31 March 2017 HK$'000
Non-current assets			
Intangible asset		**6,444**	–
Property, plant and equipment		**20,073**	16,219
Goodwill		**–**	–
Trademark		**–**	–
Interest in an associate	*10*	**66,802**	57,370
		93,319	73,589
Current assets			
Available-for-sale investment	*11*	**20,388**	–
Inventories		**6,534**	3,676
Loan receivables	*12*	**218,690**	86,000
Loan interest receivables	*12*	**3,498**	4,072
Trade and other receivables	*13*	**16,839**	13,827
Bank balances and cash		**82,811**	209,764
		348,760	317,339
Current liabilities			
Trade and other payables	*14*	**18,378**	15,789
Tax payable		**41**	64
		18,419	15,853
Net current assets		**330,341**	301,486
NET ASSETS		**423,660**	375,075
CAPITAL AND RESERVES			
Share capital	*15*	**52,586**	47,806
Reserves		**370,167**	326,874
Total Equity Attributable to :			
Owners of the Company		**422,753**	374,680
Non-controlling interests		**907**	395
TOTAL EQUITY		**423,660**	375,075

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1 GENERAL

Life Healthcare Group Limited (formerly known as Tack Fiori International Group Limited, the "Company") is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 12 March 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as of 29 April 2002. The address of the registered office of the Company is Offshore Incorporations (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 3, 10/F., Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in, among others, healthcare services, money lending business and securities trading and investment.

Pursuant to a special resolution passed at the extraordinary general meeting held on 2 May 2017, the English name of the Company was changed from "Tack Fiori International Group Limited" to "Life Healthcare Group Limited" and the Chinese name of the Company was changed from "野馬國際集團有限公司" to "蓮和醫療健康集團有限公司".

The presentation currency of the unaudited condensed consolidated financial statements is Hong Kong dollars ("HK$"). For the convenience of the unaudited condensed consolidated financial statements users, the results and financial position of the Company and its subsidiaries are presented in HK$ as the Company's shares are listed on the Stock Exchange. All values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017. In addition, the Group has adopted the following accounting policies on available-for-sale financial assets and intangible assets.

Financial Assets

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Group designated certain unlisted private fund in the PRC as available-for-sale financial assets on initial recognition.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale reserve is reclassified to profit or loss.

Intangible Assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial information to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 results in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances for liabilities arising from financing activities. The Group will disclose additional information in its annual consolidated financial statements for the year ending 31 March 2018. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods.

4 TURNOVER AND SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM") in order to allocate resources to the segment and to assess its performance. Relevant information was reported to the executive directors of the Company, being the CODM, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

The Group is engaged in the following five operating segments for its operations, each of which represents an operating and reportable segment of the Group under HKFRS 8.

1. Healthcare services

2. Money lending business

3. Education software products and related services business

4. Apparel retail business

5. Securities trading and investments business

The following is an analysis of the Group's turnover and results by reportable and operating segments:

For the six months ended 30 September 2017 (Unaudited)

	Healthcare services *HK$'000*	Money lending business *HK$'000*	Education software products and related services business *HK$'000*	Apparel retail business *HK$'000*	Securities trading and investments business *HK$'000*	Total *HK$'000*
Turnover						
External sales	**20,273**	**5,514**	**141**	**–**	**–**	**25,928**
Segment (loss) profit	**(30,417)**	**1,704**	**(3,099)**	**(482)**	**(11)**	**(32,305)**
Unallocated income						**754**
Unallocated expenses						**(8,373)**
Share of result of an associate						**(4,227)**
Loss before taxation						**(44,151)**

For the six months ended 30 September 2016 (Unaudited)

	Healthcare services *HK$'000*	Money lending business *HK$'000*	Education software products and related services business *HK$'000*	Apparel retail business *HK$'000*	Securities trading and investments business *HK$'000*	Total *HK$'000*
Turnover						
External sales	4,830	756	1,311	489	–	7,386
Segment (loss) profit	(3,623)	743	(1,685)	(1,642)	(6)	(6,213)
Unallocated income						29
Unallocated expenses						(8,649)
Share of result of an associate						(76)
Finance costs						(103)
Loss before taxation						(15,012)

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment (loss) profit represents the (loss) profit resulted in each segment without allocation of other income and gain and unallocated corporate expenses. This is the measure for reporting to the Group's CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

5 FINANCE COSTS

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Interest on other loans *(Note)*	**–**	103

Note: No interest was incurred during the six months ended 30 September 2017. During the six months ended 30 September 2016, interest was paid for the loans from a third party which were unsecured, interest bearing at 4.35% per annum and repayable within one year, which was fully settled during the same period.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**12,646**	940
Depreciation of property, plant and equipment	**3,590**	976
(Gain) Loss on disposal of property, plant and equipment	**(77)**	224
Bank interest income	**(273)**	(29)
Legal and professional fees and expenses	**3,555**	1,029

7 INCOME TAX

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Taxation attributable to the Company and its subsidiaries:		
Current tax		
Hong Kong Profits Tax	**–**	90
PRC Enterprise Income Tax ("EIT")	**323**	157
	323	247

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI for both interim periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both interim periods.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the current interim period.

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both interim periods. Income tax represents PRC Enterprise Income Tax provided based on the assessable profit of PRC subsidiaries.

8 LOSS PER SHARE

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

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(43,074)**	(14,573)
	'000	*'000*
		(Restated)*
Number of shares		
Weighted average number of ordinary shares during the period for the purposes of basic and diluted loss per share	**4,845,926**	2,687,423

* The weighted average number of shares for the purpose of basic and diluted loss per share have been adjusted for rights issue on 8 March 2017.

There were no share options outstanding during the six months period ended 30 September 2017 and 2016.

9 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 10 May 2017, the Group acquired 70% equity interest in 天津蓮和醫學檢驗所有限公司 (Tianjin Lianhe Clinical Laboratory Limited*) (formerly known as 天津康信醫學檢驗所有限公司 (Tianjin Kangxin Clinical Laboratory Limited*)), incorporated in Tianjin of PRC ("Tianjin Laboratory"), from an independent third party, settled by a cash consideration of RMB4,000,000 (equivalent to approximately HK$4,494,000). The acquisition of Tianjin Laboratory was in substance an acquisition of an intangible asset for a Practice License of Medical Institution* (醫療機構執業許可證) owned by Tianjin Laboratory.

The effect of acquisition is summarised as follows:

Consideration transferred

	Unaudited
	HK$'000
Cash consideration paid	2,247
Cash consideration payable	2,247
Total	4,494

* *For identification purpose only*

Asset (liabilities) recognised at the date of acquisition

	Unaudited *HK$'000*
Intangible asset	6,444
Property, plant and equipment	31
Bank balances and cash	291
Trade and other receivables	710
Inventories	121
Other payables	(1,177)
	6,420
Less: 30% non-controlling interest	(1,926)
	4,494

Net cash outflow arising on acquisition

	Unaudited *HK$'000*
Cash consideration paid	(2,247)
Bank balances and cash acquired	291
	(1,956)

10 INTEREST IN AN ASSOCIATE

	Unaudited **At** **30 September** **2017** ***HK$'000***	Audited At 31 March 2017 *HK$'000*
Cost of investments in an associate	**65,129**	65,129
Share of post-acquisition losses and other comprehensive income	**(8,327)**	(7,759)
	56,802	57,370
Loan to an associate	**10,000**	–
	66,802	57,370

During the period, the Group advances a loan to the associate with principal amount of HK$10,000,000, which is unsecured, carries interest at 3% per annum and is subject to renewal on 31 December 2017. The loan is considered as a quasi investment in the associate.

11 AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	Unaudited At 30 September 2017 ***HK$'000***	Audited At 31 March 2017 *HK$'000*
Unlisted investment:		
— Unlisted private fund in the PRC	**20,388**	–

The unlisted private fund represented a fund managed by private fund manager registered and approved by the Asset Management Association of China and is measured at fair value. Please refer to the Company's announcement dated 4 May 2017 for further details of the fund.

12 LOAN RECEIVABLES

	Unaudited At 30 September 2017 ***HK$'000***	Audited At 31 March 2017 *HK$'000*
Secured loan receivables	**218,690**	86,000

At 30 September 2017, loans to third parties with an aggregate principal amounting to HK$218,690,000 (31 March 2017: HK$86,000,000) are secured, bear interest ranging from 0% to 19% per annum and are repayable within one year and thus classified as current assets. The loan receivables are due for settlement at the date specified in the respective loan agreement.

As at 30 September 2017, loan receivables amounting to HK$218,690,000 (31 March 2017: HK$86,000,000) together with interest receivables arising from the above loans of approximately HK$3,498,000 (31 March 2017: HK$4,072,000) classified as loan interest receivables were guaranteed by independent third parties to the Group and secured by the corresponding borrowers' equity interest.

During the current interim period, the directors of the Company have individually assessed and considered that there is no indication of impairment on the loan and interest receivables. No impairment loss of loan and loan interest receivables was recognised in profit or loss.

The ageing analysis of loan receivables based on the loans draw down date at the end of the reporting periods is as follows:

	Unaudited At 30 September 2017 ***HK$'000***	Audited At 31 March 2017 *HK$'000*
1 to 90 days	**204,682**	–
91 to 180 days	**14,008**	66,000
Over 180 days	**–**	20,000
	218,690	86,000

The ageing analysis of loan receivables based on the due date at the end of the reporting periods is as follows:

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
Neither past due nor impaired	**218,690**	10,000
Past due:		
1 to 90 days	**–**	76,000
	218,690	86,000

Included in the Group's loan receivables are debtors with aggregate amount of HK$ nil (31 March 2017: HK$76,000,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The amount was recoverable, after taking into account of the full settlement received subsequent to the year end date.

Loan Interest Receivables

Loan interest receivables represented interest accrued on the loan receivables not yet due according to the terms of the relevant loan agreement.

The ageing analysis of loan interest receivables based on the loans draw down date at the end of the reporting periods is as follows:

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
1 to 90 days	**3,332**	–
91 to 180 days	**166**	3,618
Over 180 days	**–**	454
	3,498	4,072

The ageing analysis of loan interest receivables based on the due date at the end of the reporting periods is as follows:

	Unaudited *HK$'000*	Audited *HK$'000*
Neither past due nor impaired	**3,332**	3,618
Past due:		
1 to 90 days	**–**	454
	3,332	4,072

Included in the Group's loan receivables are debtors with aggregate amount of HK$ nil (31 March 2017: HK$4,072,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The directors of the Company believed that the amount was recoverable, after taking into account of the full settlement received subsequent to the year end date.

13 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
Trade receivables	**409**	537
Prepayments and deposits	**14,103**	8,091
Other receivables	**2,327**	5,199
	16,839	13,827

During the period ended 30 September 2017, no credit period was granted for healthcare services since all settlements were received in advance. For the year ended 31 March 2017, for receivables from sales of education software products and provision of technical support services, the Group allows a credit period ranging from 30–180 days. For receivables from healthcare services, the Group allows a credit period ranging from 30–180 days.

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

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
Within 90 days	**–**	147
91–180 days	**–**	–
181–365 days	**–**	390
Over 1 year	**409**	–
	409	537

14 TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
Trade payables	**2,247**	2,345
Deposit received	**3,889**	8,422
Accruals and other payables	**12,242**	5,022
	18,378	15,789

Included in other payables as at 30 September 2017, balance of approximately HK$1,176,000 (31 March 2017: HK$ nil) is payable to an associate in relation to certain advances received.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	Unaudited At 30 September 2017 *HK$'000*	Audited At 31 March 2017 *HK$'000*
Within 90 days	**1,847**	1,131
91–180 days	**309**	1,214
181–365 days	**91**	–
	2,247	2,345

Included in trade payables as at 31 March 2017, balance of approximately HK$503,000 (At 30 September 2017: HK$ nil) was a payable to an associate in relation to the subcontracting services and purchases of goods.

The credit period granted by suppliers is normally 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15 SHARE CAPITAL

	Number of shares	**Share capital** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2016, 30 September 2016, 1 April 2017 and 30 September 2017	50,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2016 (audited)	2,144,421,760	21,444
Issue of shares for acquisition of an associate	245,890,890	2,459
At 30 September 2016 (unaudited)	2,390,312,650	23,903
Issue of shares under rights issue	2,390,312,650	23,903
At 31 March 2017 (audited)	4,780,625,300	47,806
Issue of shares under placing *(Note)*	478,000,000	4,780
At 30 September 2017 (unaudited)	5,258,625,300	52,586

Note:

On 6 September 2017, the Company completed a placing of 478,000,000 placing shares at a placing price of HK$0.18 per share, with issuing expenses of approximately HK$2,466,000. Please refer to the announcement of the Company dated 6 September 2017, for further details.

16 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Certain Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted 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).

As at 30 September 2017, the Group's available-for-sale investment was measured at Level 2 where fair value measurements are based on the net asset value of the funds, determined with reference to observable price of underlying investment portfolio and adjustments of related expenses. There is no transfer between different levels of the fair value hierarchy for the six months ended 30 September 2017.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

17 CAPITAL COMMITMENTS

	Unaudited At 30 September 2017 ***HK$'000***	Audited At 31 March 2017 *HK$'000*
Contracted for but not provided for in the condensed consolidated financial statements in respect of:		
— property, plant and equipment	**135**	3,329

18 CONTINGENT LIABILITIES

The Group has no significant contingent liabilities at the end of the reporting period.

19 EVENT AFTER THE END OF REPORTING PERIOD

On 25 October 2017, the Company granted an aggregate of 525,860,000 share options to certain eligible participants at an exercise price of HK$0.1804 per share for a period of 10 years. The grant will enable the participants to subscribe in aggregate of 525,860,000 new shares of HK$0.01 each.

FINANCIAL RESULTS

Turnover

For the six months ended 30 September 2017, the Group recorded a turnover of approximately HK$25.93 million (six months ended 30 September 2016: HK$7.39 million), representing an increase of approximately 251.05% as compared to the corresponding period last year. Such increase in turnover was primarily attributable to the revenue of HK$20.27 million generated from healthcare services segment. The Group's overall gross profit margin was 51.20% (six months ended 30 September 2016: 32.32%). During the six months ended 30 September 2017, the Group's overall gross profit was primarily attributable to the healthcare services and money lending segments (six months ended 30 September 2016: attributable to the healthcare services and education software products and related service segments).

Loss for the interim period

The Group's loss for the six months ended 30 September 2017 was approximately HK$44.47 million (six months ended 30 September 2016: HK$15.26 million), representing an increase of approximately 191.46% as compared to the corresponding period last year. The increase in loss was principally attributable to (i) the increase in selling, distribution costs and administrative expenses as a result of the increase in marketing and promotion expenses from the healthcare services business; (ii) the increase in the share of loss from an associate including the share of amortisation of intangible assets of approximately HK$4.23 million, which was partially offset by (i) the increase in gross profit as a result of gross profit generated from the Group's healthcare services business and money lending business; and (ii) the decrease in loss provided for the Group's apparel retail business.

BUSINESS REVIEW AND PROSPECTS

Healthcare services

In order to diversify and strengthen its revenue streams to maximise returns to the Company's shareholders, the Directors had identified the healthcare industry as a specific area of focus. Throughout last year, the Group kept considering healthcare business as its primary business with strong growing trend, and continually strengthened the healthcare services in genetic testing and health data analysis.

The Group owns one research and development centre and three producing and testing centres in China. Beijing Life Healthcare Clinical Laboratory Limited* (北京蓮和醫學檢驗所有限公司), as the research and development centre of the healthcare business, organises and performs core technologies research and exploitations in the Group. The Group has successfully obtained Practice License of Medical Institution* (醫療機構執業許可證) in its Hangzhou Life Healthcare Clinical Laboratory Limited* (杭州蓮和醫學檢驗所有限公司) and Guangzhou Life Healthcare Clinical Laboratory Limited* (廣州蓮和醫學檢驗實驗室有限公司). Besides, in May 2017, the Group purchased Tianjin Lianhe Clinical Laboratory Limited* (天津蓮和醫學檢驗所有限公司), which had already owned the Practice License of Medical Institution. Hangzhou Life Healthcare Clinical Laboratory Limited, Tianjin Lianhe Clinical Laboratory Limited and Guangzhou Life Healthcare Clinical Laboratory Limited focus on productivity

* *For identification purpose only*

and providing testing and data analysis services for the whole PRC regions. The Group has enhanced its core research capabilities under this structure, and also improved its productivity and provision of services. In the mean time, many new types of products and services had been worked out and implemented during the six months period ended 30 September 2017. At the end of September 2017, the Group's healthcare services market has covered the major cities in Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta, as well as the cities in the Northwest China.

In coming months, the Group intends to enlarge and diversify the types of its genetic testing products and the health data analysis services, and optimise the cooperation with doctors and hospitals. The aim is to become the provider of a full range of services and solutions for medical and healthcare administration.

Besides genetic testing and data analysis business, the Group also maintains the business of providing technical services to handle health enquiries from the general public through the implementation of various health application/website platforms. It charged customers by way of pre-payment of the hospital for the purchase of online chats, in which the doctors in the hospitals could identify their potential patients by using the online chats to provide online consultations to the application/website users through the healthcare application/website platforms provided by the suppliers.

For the six months ended 30 September 2017, this segment recorded a turnover of HK$20.27 million (six months ended 30 September 2016: HK$4.83 million) representing the turnover generated by genetic testing HK$12.25 million and health data analysis services and technical service HK$8.02 million and a loss in segment result of HK$30.42 million during the six months ended 30 September 2017 (six months ended 30 September 2016: HK$3.62 million). The increase in segment loss primarily comprises of (i) cost of material and service of HK$12.62 million, (ii) marketing and promotion expense of HK$2.62 million, (iii) salary, wages and insurance of HK$21.93 million, (iv) office rental of HK$2.47 million, (v) legal and professional expense of HK$1.91 million and (vi) share of result of associate HK$4.23 million, partially offset by increase in gross revenue of HK$15.44 million.

Money lending business

During the six months ended 30 September 2017, money lending business recorded a turnover of interest income of HK$5.51 million (six months ended 30 September 2016: HK$0.76 million). Gross profit is 100% for both periods since no cost of finance were required under money lending business. The source of funding is primarily from share capital which is a definite advantage for this diversification of business. The segment result covers internal cost allocation from central management and administrative costs. The money lending business provided a stable recurrent revenue to the Group which in turn improved the returns to the Company's shareholders.

Competition in this industry remained intensive. Moreover, compliance with rules and regulations is increasingly demanding. To cope with the market competition, the Group focused on existing customers and leveraged on them and its business associates for referral of new customers. This enabled the Group to build up its customers portfolio gradually. For compliance with rules and regulations and to manage the credit risk, the Group has setup the procedure to proceed with loan transactions.

Looking forward, together with the professional knowledge and extensive experience in money lending business it has built in the past, the Group believes it could consolidate and further expand its money lending business and portfolio in a long run.

Education software products and related services business

Turnover from education software products and related services business was HK$0.14 million (six months ended 30 September 2016: HK$1.31 million). This segment recorded a loss of HK$3.10 million during the current period (six months ended 30 September 2016: HK$1.69 million). The increase in segment loss for the current period was mainly attributable to the decrease in turnover, as education software products and related services business is no longer the Group's primary business. It would not be the emphasis of the Group's business development.

Apparel retail business

The apparel retail business generated a loss of approximately HK$0.48 million during the six months ended 30 September 2017 (six months ended 30 September 2016: HK$1.64 million), representing a decrease of approximately 70.73% when compared with the same period in the previous year. The Group resolved the termination of apparel retail business this year, and the loss in this segment was the maintenance expense during the transitional stage.

Securities trading and investments business

During the current and prior interim periods, the Group had no securities trading activities, while the management is cautious about the performance of the securities trading market and the Group will continue to adopt a prudent approach in securities trading business with a view to strengthen the shareholders' value in the long run.

Available-for-sale investment

On 4 May 2017, the Company entered into a subscription agreement with Shenzhen City William Financial Holding Limited (the "Fund Manager") pursuant to which the Company subscribed for an aggregate amount of HK$20 million of the units of the William Financial Holding Merger and Acquisition Fund No. 35 (the "Fund"). It's a fixed income instrument. Upon receipt of the redemption request of the Company, the Fund Manager shall return the relevant part of the principal investment amount plus the investment return calculated by fixed rate of 4.75% per annum.

The principal purpose for the Company to subscribe for this Fund is to enhance its income for the presently unutilised cash and additional revenue can be achieved from idle cash. In addition to providing stable and guaranteed income, this Fund also allows for the flexibility of redemption at the Company's request. These features enable the Company to generate steady income from its cash surplus while at the same time, maintain the Company's liquidity position.

In order to maximise returns to the Company's shareholders and ensure the Company's better operation, the management would continue to seek new business opportunities and investment projects suitable for the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Hua Yunbo and Ms. Shan Hua, one non-executive Director, namely Dr. Feng Xiaogang and four independent non-executive Directors, namely, Mr. Liu Xinghua, Mr. Zhou Jian, Mr. Zheng Chunlei and Ms. Zhang Xuyang.

The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017. The Board considers that the said financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and the amounts reflected are based on the best estimates and reasonable, informed and prudent judgment of the Board with an appropriate consideration of materiality.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group employed 214 employees excluding directors (30 September 2016: 56). The significant increase in headcount was primarily due to the expansion of healthcare services business in PRC. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include share option scheme, medical insurance coverage, mandatory provident fund for Hong Kong employees, and "Five Social Insurances and One Housing Fund" for PRC employees, which is comprised of basic endowment insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2017, the Group had bank balances and cash of approximately HK$82.81 million (31 March 2017: approximately HK$209.76 million). The Group mainly relies upon internally generated funds and proceeds from fund raising activities to finance its operations and expansion. The Group had no borrowing as at 30 September 2017.

During the period under review, the Group did not use any financial instruments for hedging purposes.

TREASURY POLICIES

The Group seeks to generate profits in its core businesses through the efficient employment of treasury activities. Treasury activities, if and when undertaken by the Group, aims to enhance the return on surplus cash and to assist those core businesses to run smoothly. Efficient management of surplus cash is achieved by conducting short-term treasury activities when opportunities arise.

All subsidiaries shall comply with the Group's treasury objective and policy. The Group has designated subsidiaries to carry out certain short-term treasury activities including securities investment, fund investment and money lending activities, which formed one of the Group's principal activities to broaden the Group's revenue base and achieve better shareholders' return. The investment securities activities, fund investment activities and money lending activities will only be conducted after having considered the actual working capital needs of the Group. Both the treasury activities and the investment policy are subject to review from time to time.

As the deposit rate offered by licensed banks in Hong Kong is minimal, the Group will continue its ordinary course of business to use its surplus cash to conduct treasury activities if and when opportunities arise. The Group foresees potentially attractive return should be able to be generated from treasury activities.

MATERIAL ACQUISITION AND DISPOSAL

During the period under review, the Group did not have any material acquisitions or disposal.

PLEDGE OF ASSETS

During the six months ended 30 September 2017, the Group had no charge on assets.

CONTINGENT LIABILITIES

As at 30 September 2017, the Group had no significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group recognises most of its revenue and incurs most of the expenditures in RMB or HK$. The Directors consider that the Group's foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in functional currency of each individual group entity. The Group currently does not have a foreign currency hedging policy. However, the Group's management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2017 have not been audited, but have been reviewed by the Audit Committee and the Company's auditor. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control system, risk management system, interim and annual results of the Group.

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

For the six months ended 30 September 2017, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities except for the placing of 478,000,000 shares at HK$0.18 each on 15 August 2017 to raise a net proceeds of approximately HK$83 million for enhancement of the Group's healthcare business in relation to two applications for In Vitro Diagnostic Reagents Registration related to human genetic testing with CFDA, and two potential investments in healthcare industry. For details, please refer to the announcement of the Company dated 15 August 2017.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 September 2017, except for the following deviation:

— Code provision A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term and subject to re-election.

  The non-executive director and the independent non-executive Directors were not appointed for specific terms. In accordance with the article 84 of the Articles of Association of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line with those of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' transactions in the Company's securities. Following specific enquiries by the Company, all Directors confirmed that they have complied with the Model Code during the six months ended 30 September 2017.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.lifehealthcare.com). The Group's interim report for the six months ended 30 September 2017 will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Life Healthcare Group Limited
Shan Hua
Executive Director

Hong Kong, 29 November 2017

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. Hua Yunbo *(Chairman and President)*
Ms. Shan Hua *(Chief Executive Officer)*

Non-executive Director:
Dr. Feng Xiaogang

Independent Non-Executive Directors:
Mr. Liu Xinghua
Mr. Zhou Jian
Mr. Zheng Chunlei
Ms. Zhang Xuyang