



CONTENTS

2	Corporate Information
3	Financial Highlights
4	Management Discussion and Analysis
11	Other Information
21	Independent Review Report
22	Condensed Consolidated Statement of Profit or Loss
23	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
24	Condensed Consolidated Statement of Financial Position
25	Condensed Consolidated Statement of Changes in Equity
26	Condensed Consolidated Statement of Cash Flows
27	Notes to the Condensed Consolidated Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHOI Man Shing (*Chairman*)
 Mr. TO Ki Cheung (*Chief Executive Officer*)
 Mr. KOH Ming Fai
 Mr. FU Kwok Fu

Non-executive Directors

Ms. LIU Pui Ching
 Mr. Amir GAL OR¹
 Mr. POON Lai Yin Michael²
 (Alternate to Mr. Amir GAL OR)
 Mr. GUO Pengcheng

Independent Non-executive Directors

Mr. CHAN Ling Ming
 Mr. MOK Kwok Cheung Rupert
 Mr. AU Yu Chiu Steven
 Prof. YUNG Kai Leung

BOARD COMMITTEE

Audit Committee

Mr. AU Yu Chiu Steven (*Chairman*)
 Mr. CHAN Ling Ming
 Mr. MOK Kwok Cheung Rupert

Nomination Committee

Mr. CHOI Man Shing (*Chairman*)
 Mr. CHAN Ling Ming
 Mr. MOK Kwok Cheung Rupert

Remuneration Committee

Mr. CHAN Ling Ming (*Chairman*)
 Mr. CHOI Man Shing
 Mr. MOK Kwok Cheung Rupert

Risk Management Committee

Mr. KOH Ming Fai (*Chairman*)
 Mr. KWOK Kam Ming
 Ms. HU Fang
 Mr. ZHANG Changqing

COMPANY SECRETARY

Ms. TSUI Lai Ki Vicki

AUTHORISED REPRESENTATIVES

Mr. CHOI Man Shing
 Mr. TO Ki Cheung

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
 P.O. Box 2681, Grand Cayman,
 KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B2, 7th Floor, Phase 2,
 Hang Fung Industrial Building,
 2G Hok Yuen Street,
 Hung Hom, Hong Kong

AUDITOR

RSM Hong Kong
 29th Floor, Lee Garden Two,
 28 Yun Ping Road,
 Causeway Bay, Hong Kong

COMPLIANCE ADVISER

Ballas Capital Limited
 Unit 1802, 18/F., 1 Duddell Street,
 Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
 Cricket Square, Hutchins Drive,
 P.O. Box 2681, Grand Cayman,
 KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
 The Hongkong and Shanghai Banking
 Corporation Limited
 Bank of China (Hong Kong) Limited

INVESTOR RELATIONS CONTACTS

IR Department – Vincent Medical Holdings Limited
 Telephone : (852) 2365 5688
 Fax : (852) 2765 8428
 Email : investors@vincentmedical.com

STOCK CODE

1612

COMPANY WEBSITE

www.vincentmedical.com

¹ Resigned on 25 July 2017

² Ceased on 25 July 2017

- Turnover for the six months ended 30 June 2017 (“1H2017”) decreased by 13.7% to HK\$205.4 million as compared to that of HK\$237.9 million for the six months ended 30 June 2016 (“1H2016”).
- Gross profit for 1H2017 decreased by 9.0% to HK\$70.9 million as compared to that of HK\$77.9 million for 1H2016. Gross profit margin for 1H2017 increased to 34.5% as compared to that of 32.7% for 1H2016.
- Profit attributable to owners of the Company for 1H2017 was:
 - HK\$12.4 million (1H2016: HK\$12.1 million), based on the reported net profit; and
 - HK\$14.8 million (1H2016: HK\$29.4 million), based on the Underlying Net Profit (*Note*).
- Basic earnings per share of the Company for 1H2017 was:
 - HK1.94 cents per share, based on the reported net profit; and
 - HK2.32 cents per share, based on the Underlying Net Profit (*Note*).

Note:

Underlying Net Profit for 1H2017 represents reported net profit attributable to owners of the Company as set out in the Interim Condensed Consolidated Statement of Profit or Loss before deducting the share-based compensation expenses relating to the pre-IPO share options of HK\$2.4 million.

Underlying Net Profit for 1H2016 represents reported net profit attributable to owners of the Company adjusted by excluding the one-off Listing-related expenses of HK\$17.1 million and the share-based compensation expenses relating to the pre-IPO share options of HK\$0.2 million.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Vincent Medical Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2017, together with the comparative figures for the corresponding period of 2016. This Interim Report has been reviewed by RSM Hong Kong, the external auditor of the Company, and the Company’s audit committee (the “**Audit Committee**”).

REVIEW OF OPERATIONS

The Group has continued to focus on its core strategies of expanding the product offering and strengthening product research and development (“**R&D**”) capabilities, good progress was made as the Group has completed the development of certain products (e.g. the new humidification system, the embedded heater wire circuits and the neonatal bubble CPAP system) and these products are now ready for launch. However, turnover for 1H2017 was affected by decreased contribution from the original equipment manufacturing (“**OEM**”) business which was partially offset by the continuous growth of the original brand manufacturing (“**OBM**”) business. Despite the decrease in overall turnover, the Group is pleased with the improvement in gross profit margin from 32.7% to 34.5%, which reflects the strong, focused execution across the organisation.

During 1H2017, the Group has considerably increased headcount for production, quality assurance, sales and marketing and business development. Overall administrative expenses have also risen following the listing of the shares of the Company (the “**Share(s)**”) on the main board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) on 13 July 2016 (the “**Listing Date**”).

OEM BUSINESS

The OEM business remains the major business segment and accounted for 82.8% of total turnover (1H2016: 86.9%). This segment recorded a decrease in turnover of 17.8% from HK\$206.9 million to HK\$170.1 million, this was due to the drop in orders from two of the Group’s major customers. One of its respiratory products OEM customers has undergone operational restructuring following a series of acquisitions, therefore, orders from this customer were reduced.

The following table sets forth the turnover breakdown of the Group’s OEM business by product category:

	For the six months ended 30 June				Change
	2017		2016		
	HK\$'000	%	HK\$'000	%	
Respiratory products	44,102	25.9	52,278	25.3	-15.6%
Imaging disposable products	79,093	46.5	92,854	44.9	-14.8%
Orthopaedic and rehabilitation products	29,493	17.4	33,928	16.4	-13.1%
Others (Note)	17,390	10.2	27,808	13.4	-37.5%
Total	170,078	100.0	206,868	100.0	-17.8%

Note: Others mainly include infusion regulators, moulds, surgical tools, instruments and plastic disposable products.

OBM BUSINESS

During 1H2017, sales generated from the OBM business was HK\$35.3 million, representing an increase of 13.7% as compared to 1H2016. Such growth was mainly attributable to the enhanced sales and marketing efforts in European, East Asian countries and the People's Republic of China (the "PRC").

The growth of the OBM orthopaedic and rehabilitation product segment was attributable mainly to higher sales of its adjustable rehabilitation braces and additional contribution from the new infant CPAP bonnet, nasal prongs and masks products. However, the growth was partially offset by the weak sales performance of the "Hand of Hope" robotic hand training device. Sales of the device were impacted due to the needs for product optimization and the change of distributors in the United States of America (the "USA").

The following table sets forth the turnover breakdown of the Group's OBM business by product category:

	For the six months ended 30 June				Change
	2017		2016		
	HK\$'000	%	HK\$'000	%	
Respiratory products	29,792	84.3	28,027	90.2	6.3%
Orthopaedic and rehabilitation products	5,531	15.7	3,046	9.8	81.6%
Total	35,323	100.0	31,073	100.0	13.7%

Expanding sales network and reaching out to new markets

The Group continued to make solid steps in expanding and strengthening its sales and distribution network in the PRC. Following the establishment of the new sales office in Wuhan last year, the Group further expanded its footprint geographically to better serve its distributors and customers in the PRC market. Towards that end, the Shanghai sales office was officially began operation in August 2017.

During 1H2017, the Group participated in various trade shows and exhibitions in the USA, Dubai, the Czech Republic, South Korea, the PRC and Hong Kong and has successfully reached out to new customers and key opinion leaders alike in the medical and scientific communities.

In March 2017, the Group and Inovytec Medical Solutions Ltd. ("Inovytec", a company that the Group invested in January 2017) was invited by the Embassy of Israel in China, to deliver a joint-presentation in the 4th Great Wall International Military Medicine Forum in Beijing. At the presentation, Inovytec shared some Israeli innovative technologies and equipment for tactical combat casualty care with the audience. Inovytec's innovative military and civil emergency products generated an overwhelming response from the military doctors of The Chinese People's Liberation Army and officials from the Israeli Embassy.

Investment and collaboration with business partners to expand OBM product portfolio

To meet its growth ambition of adding new products to the OBM product portfolio, the Group has continued to identify suitable collaboration opportunities for the Group to diversify its product offerings and to better utilise its production, product commercialisation experience and expertise in the PRC and other emerging markets. During 1H2017, the Group has increased expenditure on R&D, as well as consultancy fees for new product commercialisation and investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Last August, the Group signed an exclusive manufacturing and distribution agreement with Ventec Life Systems, Inc. for “VOCSN,” a revolutionary life-support ventilator. “VOCSN” has received clearance from Food & Drug Administration of the USA in April 2017 and was recently named as the “Best New Therapeutic Technology Solution” at the MedTech Breakthrough 2017 Awards. The Group is now preparing the “VOCSN” for the China Food and Drug Administration registration in the PRC.

In January 2017, the Group entered into a share purchase agreement to acquire a 15% stake in Inovytec at a total cash consideration of US\$3.0 million (to be paid in three instalments). Inovytec is an Israeli private company focusing on the development of medical devices for airway managements, oxygen therapy and defibrillation in respiratory and cardiac emergency situations. The Group is also the exclusive manufacturer and distributor for Inovytec’s products in the PRC, Hong Kong, Macau and Taiwan markets. Inovytec’s first product, the LUBO, a non-invasive upper airway opening device combined with a cervical collar, is now selling in the PRC market through the Group. Inovytec’s second device, the SALLI, an automated oxy-defibrillator, obtained CE certification in June 2017 and will be deployed in Germany in the last quarter of 2017. The Group is working closely with Inovytec for the preparation of manufacturing the SALLI in the Dongguan production facilities.

In April 2017, the Group entered into a share purchase agreement to acquire a 17.5% stake in Fresca Medical, Inc. (“Fresca”) at a total consideration of US\$3.0 million (to be paid in three instalments). Fresca is a California-based sleep solutions and connected health company that is developing a system for the treatment of obstructive sleep apnea. The Group is also granted the exclusive rights to manufacture and distribution of such product in the PRC and Japan.

In April 2017, the Group presented a proposal to acquire Envisen Holding Limited, a medical device developer specialising in oximeters and SpO₂ sensors, in order to expand its business and product portfolio. Disappointingly, this proposal was not approved by the independent shareholders of the Company.

Outlook

The trend of order recovery from some of the Group’s important OEM customers in the second quarter has continued in the second half of 2017. While it continues to face some challenges in the remainder of 2017, particularly for the sales of the “Hand of Hope” device, the Group expects that the full year results will reflect the benefits from ongoing operational improvements. The Group will strive to make further improvements in its operational efficiency and bolstering the competitiveness of its OEM Business while continue to be vigilant on keeping costs controlled.

The Group’s focus will remain resolute on providing sustainable growth in value of the shareholders of the Company (the “Shareholders”) over the long term by delivering innovative products to the market in a controlled manner. To that end, the Group expects to launch the new humidification system, the embedded heater wire circuits and the neonatal bubble CPAP system in the second half of 2017 and a number of other new products in 2018.

The Group will continue to build a strong product pipeline by expanding its OBM product portfolio especially in ventilation, paediatric medical devices, and devices for treatment of sleep apnea and related disposable products. The Group will also evaluate and explore potential acquisitions, partnerships and licensing opportunities with an aim to enhance its competitiveness in certain selected new markets with huge potential.

FINANCIAL REVIEW

TURNOVER

For 1H2017, the Group recorded turnover of HK\$205.4 million (1H2016: HK\$237.9 million), representing a decrease of 13.7%. The decrease was mainly owing to a 17.8% decrease in turnover from the Group’s OEM business due to decrease in turnover from sales of OEM respiratory products, imaging disposable products and other products, partially compensated by a 13.7% increase in turnover from the Group’s OBM business due to an increase in turnover from sales of OBM orthopaedic and rehabilitation products.

The following table sets out the Group's segmental turnover:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Business segments		
OEM	170,078	206,868
OBM	35,323	31,073
Total	205,401	237,941
Product category segments		
Respiratory products	73,894	80,305
Imaging disposable products	79,093	92,854
Orthopaedic and rehabilitation products	35,024	36,974
Others (Note)	17,390	27,808
Total	205,401	237,941

Note: Others mainly include infusion regulators, moulds, surgical tools, instruments and plastic disposable products.

COST OF SALES

For 1H2017, the Group recorded cost of sales of HK\$134.5 million (1H2016: HK\$160.0 million), representing a decrease of 15.9%, this was mainly due to the decrease in turnover for 1H2017.

GROSS PROFIT AND GROSS PROFIT MARGIN

For 1H2017, the Group recorded gross profit of HK\$70.9 million (1H2016: HK\$77.9 million), representing a decrease of 9.0%. Also, the gross profit margin for 1H2017 was 34.5% (1H2016: 32.7%), representing an increase of 1.8 percentage points. The increase in gross profit margin was mainly attributable to lower cost of production after the new production facilities for rehabilitation products is in operation.

OTHER INCOME

For 1H2017, the Group recorded other income of HK\$0.3 million (1H2016: HK\$2.9 million), representing a decrease of 90% as compared to that for 1H2016. The decrease was mainly due to a write back of trade payables of HK\$2.2 million in 1H2016.

DISTRIBUTION COSTS

The Group's distribution costs for 1H2017 were HK\$7.1 million (1H2016: HK\$7.1 million), remained stable as compared to that for 1H2016.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for 1H2017 were HK\$45.9 million (1H2016: HK\$50.4 million), representing a decrease of 9.0%. Without taking into account the Listing-related expenses of HK\$17.1 million for 1H2016, the increase in administrative expenses was mainly due to (i) increases in R&D expenses of HK\$3.7 million mainly as a result of certain new research projects on the Group's OBM segment; (ii) increase in staff costs of HK\$2.1 million mainly as a result of the appointment of independent non-executive Directors after the Listing, the increase in headcount for business development of OBM business and the salary increment; (iii) increase in professional and compliance fees of HK\$2.5 million mainly arising from certain acquisitions and investments; (iv) exchange loss of HK\$1.8 million mainly as a result of the appreciation of Renminbi ("RMB"); and (v) share-based compensation expenses relating to the pre-IPO share options of HK\$2.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

Income tax expense for 1H2017 was HK\$4.6 million (1H2016: HK\$5.8 million), representing a decrease of HK\$1.2 million. The decrease was mainly due to the decrease in profit for 1H2017.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company based on the reported net profit for 1H2017 was HK\$12.4 million (1H2016: HK\$12.1 million), representing an increase of 2.5%.

The profit attributable to owners of the Company based on the underlying net profit for 1H2017 was HK\$14.8 million (1H2016: HK\$29.4 million), representing a decrease of 49.7%. The underlying net profit for 1H2017 represents reported net profit before deducting the share-based compensation expenses relating to the pre-IPO share options of HK\$2.4 million. The underlying net profit for 1H2016 represents reported net profit before deducting the one-off Listing-related expenses of HK\$17.1 million and the share-based compensation expenses relating to the pre-IPO share options of HK\$0.2 million.

EMPLOYEE INFORMATION

As at 30 June 2017, the total number of full-time employee of the Group was 1,016 (31 December 2016: 921). The remuneration of employees was determined according to their experience, qualifications, results of operations of the Group and market conditions. During 1H2017, staff costs including Directors' emoluments amounted to HK\$54.1 million (1H2016: HK\$45.5 million), representing 26.3% of the Group's turnover (1H2016: 19.1%). The increase in staff costs in 1H2017 was mainly due to the increase in number of employees for production, quality assurance, sales and marketing and business development and salary increment.

CAPITAL EXPENDITURE

For 1H2017, the Group acquired plant and equipment of HK\$3.1 million (1H2016: HK\$3.7 million), representing a decrease of HK\$0.6 million as compared to that for 1H2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's bank and cash balances amounted to HK\$172.5 million (31 December 2016: HK\$222.2 million). Most bank and cash balances were denominated in Hong Kong dollars ("HKD"), US dollars ("USD") and RMB. The decrease in bank and cash balances was mainly due to the decrease in cash generated from operation, payments for dividends, acquisitions and investments during 1H2017.

As at 30 June 2017, the Group had a loan of HK\$2.6 million (31 December 2016: including a bank loan and other loan of HK\$4.6 million). As at 30 June 2017, no financial instruments were used for hedging purposes. The Group had an insignificant gearing ratio of 0.01 (31 December 2016: 0.01), which was calculated based on total debt divided by total equity attributable to owners of the Company.

CAPITAL STRUCTURE

The Shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Listing Date. As at the date of this Interim Report, the issued Share capital of the Company is HK\$6.4 million, representing 638,000,000 Shares with nominal value of HK\$0.01 per Share.

SIGNIFICANT INVESTMENTS

During 1H2017 under review and as at 30 June 2017, the Company considers that the significant investments are as follows:-

1. the Group held 20% interest in Ventific Holdings Pty Limited, the Group recognized a goodwill of HK\$10.1 million and shared its net assets of HK\$1.4 million, resulting in a net value of the investment at HK\$11.5 million. The Group shared a loss of HK\$0.01 million in the consolidated statement of profit or loss during 1H2017.

2. the Group also held 20% interest in Retraction Limited, the Group recognized a goodwill of HK\$2.8 million and shared its net assets HK\$2.5 million. Therefore, the net value of the investment was HK\$5.3 million. The Group shared a loss of HK\$0.4 million in the consolidated statement of profit or loss during 1H2017.
3. the Group acquired 10% of the issued share capital of 廣州柏頓信息科技有限公司 (translated as Guangzhou 100ecare Technology Co. Ltd. “**100ecare**”). The Group recognized a goodwill of HK\$7.0 million and shared its net assets HK\$2.3 million, resulting a net value of the investment was HK\$9.3 million. The Group shared a profit of HK\$0.1 million in the consolidated statement of profit or loss during 1H2017.

MATERIAL ACQUISITIONS AND DISPOSALS

On 8 December 2016, 深圳永勝宏基醫療器械有限公司 (translated as Shenzhen Vincent Raya Medical Device Company Limited, “**VMSZ**”) entered into a subscription agreement with 100ecare and its existing shareholder, pursuant to which VMSZ has conditionally agreed to subscribe for 10% of the enlarged registered share capital of 100ecare at a total consideration of RMB8.0 million. The subscription was completed on 21 March 2017 and 100ecare has become a joint venture of the Company. For details, please refer to the Company’s announcement dated 8 December 2016.

On 24 January 2017, Vincent Medical Inovytec Limited (“**VMIL**”) and Inovytec entered into the Series A Preferred Shares Purchase Agreement (the “**Inovytec Agreement**”), pursuant to which Inovytec shall issue and allot to VMIL an aggregate of 12,091 Series A Preferred Shares, representing 15% of the enlarged issued share capital of Inovytec, at a total consideration of US\$3.0 million. The purchase of Series A Preferred Shares will be completed by three instalments while Inovytec achieves certain milestones. The first instalment of US\$1.8 million has been paid by VMIL on 26 January 2017 upon execution of the Inovytec Agreement and Inovytec has allotted 7,255 Series A Preferred Shares to VMIL according to the Inovytec Agreement, representing 10.0% with diluted effect of the enlarged issued share capital of Inovytec. The second instalment of US\$600,000 for 2,418 Series A Preferred Shares has been paid on 12 July 2017 when Inovytec achieved relevant sales target pursuant to the Inovytec Agreement, it represents another 2.37% with diluted effect of the enlarged issued share capital of Inovytec. The third instalment of US\$600,000 for 2,418 Series A Preferred Shares, representing 2.63% with diluted effect of the enlarged issued share capital of Inovytec, will be made upon Inovytec achieving relevant sales target as provided in the Inovytec Agreement. For details, please refer to the Company’s announcement dated 24 January 2017.

Save for the above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates or joint ventures during 1H2017.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

During 1H2017, the Group recognized available-for-sale financial assets for a total of HK\$28.3 million. Such available-for-sale financial assets were mainly consisted of: –

1. an acquisition of 10.0% with diluted effect of the enlarged issued share capital of Inovytec with the cost of investment of US\$1.8 million (equivalent to approximately HK\$14.0 million). For details, please refer to the paragraphs headed “Investment and collaboration with business partners to expand OBM product portfolio” and “Material Acquisitions and Disposals” above; and
2. an acquisition of 7.92% with diluted effect of the enlarged issued share capital of Fresca with the cost of investment of US\$1.2 million (equivalent to approximately HK\$9.3 million). On 13 April 2017, Vincent Medical Fresca Limited (“**VMF**”) and Fresca entered into the Series C Preferred Stocks Purchase Agreement (the “**Fresca Agreement**”), pursuant to which VMF has conditionally agreed to subscribe 2,859,865 Series C Preferred Stocks for an aggregate 17.5% of the enlarged issued share capital of Fresca at a total consideration of US\$3.0 million. The purchase of Series C Preferred Stocks will be completed by three instalments while Fresca achieves certain milestones. The first instalment of US\$1.2 million (of which US\$200,000 convertible promissory note has been paid on 21 December 2016 upon signing the relevant term sheet) has been paid by VMF on 13 April 2017 upon execution of the Fresca

MANAGEMENT DISCUSSION AND ANALYSIS

Agreement and Fresca has allotted 1,143,945 Series C Preferred Stocks to VMF according to the Fresca Agreement, representing 7.92% with diluted effect of the enlarged issued share capital of Fresca. The second instalment of US\$1.0 million for 953,288 Series C Preferred Stocks, representing 5.59% with diluted effect of the enlarged issued share capital of Fresca, will be made upon Fresca achieving the first milestone pursuant to the Fresca Agreement. The third instalment of US\$800,000 for 762,632 Series C Preferred Stocks, representing 3.99% with diluted effect of the enlarged issued share capital of Fresca, will be made upon Fresca achieving the second milestone pursuant to the Fresca Agreement. For details, please refer to the paragraph headed "Investment and collaboration with business partners to expand OBM product portfolio" above.

The Directors consider that the investment of the above available-for-sale financial assets are in line with the Company's development strategy to diversify its product offerings and to utilize its production and product commercialization experience in the PRC and other emerging markets.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2017, none of the assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

While some of the Group's costs and expenses are denominated in RMB, a substantial of sales are denominated in USD given the export-oriented nature of the OEM business. Thus, any appreciation of RMB against USD may subject the Group to increased costs and lower profitability. The Directors have assessed the impact of such foreign currency risk and considered that it may materially affect the Group's profitability. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the main board of the Stock Exchange on the Listing Date. The net proceeds from the Global Offering were approximately HK\$94.6 million (net of underwriting fees and relevant expenses). During the period between the Listing Date and 30 June 2017, the net proceeds from the Global Offering were utilized as follows:

	Amount received from net proceeds HK\$' million	Amount actually used up to 30 June 2017 HK\$' million
Expansion and upgrading of our production facility from 2016 to 2018	47.3	8.4
Development of our pipeline and planned products from 2016 to 2018	25.5	13.9
Sales and marketing from 2016 to 2018	17.1	8.6
General corporate purposes and working capital	4.7	4.7

As at the date of this Interim Report, the Company does not anticipate any change to the Company's intention on the use of proceeds as disclosed in the prospectus dated 30 June 2016 (the "Prospectus").

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any contingent liabilities.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, the changes in information of the Directors subsequent to the date of the 2016 Annual Report are set out below:

Name of Director	Details of changes
Mr. Amir GAL OR	Resigned as a non-executive Director on 25 July 2017
Mr. POON Lai Yin Michael	Ceased to act as an alternate Director to Mr. Amir Gal Or on 25 July 2017
Mr. CHAN Ling Ming	Appointed as a non-official member of the Assessment Panel of the Innovation and Technology Fund for Better Living, Innovation and Technology Commission, for a two-year term from 1 May 2017 to 30 April 2019
Prof. YUNG Kai Leung	Promoted to a Chair Professor of Precision Engineering in the Department of Industrial and Systems Engineering at The Hong Kong Polytechnic University on 1 July 2017

The biographies of the Directors are available in the “About Us” section of the Company’s website.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2017, to the best knowledge of the Directors and chief executives of the Company, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be disclosed pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules were as follows:

Interests in Shares and underlying Shares

Name of Director	Type of interest	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 7)
Choi Man Shing	Beneficial owner/interest in controlled corporation	382,989,890 Shares (Note 2)	60.03%
Liu Pui Ching	Interest of spouse/interest in controlled corporation	382,989,890 Shares (Note 3)	60.03%
To Ki Cheung	Beneficial owner	17,024,110 Shares (Note 4)	2.67%
Koh Ming Fai	Beneficial owner	5,470,000 Shares (Note 5)	0.86%
Fu Kwok Fu	Beneficial owner	5,470,000 Shares (Note 6)	0.86%
Yung Kai Leung	Beneficial owner	100,000 Shares	0.02%

Notes:

1. The letter “L” denotes the person’s long position in the Shares or the underlying Shares.
2. These interests represented:
 - (a) 1,000,000 Shares held by Mr. Choi Man Shing (“**Mr. Choi**”), the chairman and an executive Director of the Company;
 - (b) 381,939,890 Shares held by VINCENT RAYA INTERNATIONAL LIMITED (“**VRI**”). Mr. Choi holds 57.89% of the issued share capital of VRI. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRI is interested; and

(c) 50,000 Shares held by VINCENT RAYA CO., LIMITED (永勝宏基集團有限公司) (“VRHK”). VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which VRHK is interested.

3. These interests represented:

(a) 1,000,000 Shares held by Mr. Choi. Mr. Choi is the spouse of Ms. Liu Pui Ching (“Ms. Liu”), a non-executive Director. By virtue of the SFO, Ms. Liu is deemed to be interested in the Shares in which Mr. Choi is interested;

(b) 381,939,890 Shares held by VRI. Ms. Liu holds 42.11% of the issued share capital of VRI. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRI is interested; and

(c) 50,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by virtue of the SFO, Ms. Liu is deemed to be interested in all the Shares in which VRHK is interested.

4. These interests represented:

(a) 16,497,778 Shares held by Mr. To Ki Cheung, the chief executive officer and executive Director of the Company; and

(b) 526,332 options granted to Mr. To Ki Cheung, which were subject to certain vesting conditions pursuant to the Pre-IPO Share Option Scheme of the Company, details of which are set out in the section headed “Share Option Schemes” in this Interim Report.

5. These interests represented:

(a) 4,941,166 Shares held by Mr. Koh Ming Fai, an executive Director; and

(b) 528,834 options granted to Mr. Koh Ming Fai, which were subject to certain vesting conditions pursuant to the Pre-IPO Share Option Scheme of the Company, details of which are set out in the section headed “Share Option Schemes” in this Interim Report.

6. These interests represented:

(a) 4,941,166 Shares held by Mr. Fu Kwok Fu, an executive Director; and

(b) 528,834 options granted to Mr. Fu Kwok Fu, which were subject to certain vesting conditions pursuant to the Pre-IPO Share Option Scheme of the Company, details of which are set out in the section headed “Share Option Schemes” in this Interim Report.

7. Approximate percentage calculated based on the 638,000,000 Shares in issue as at the date of this Interim Report.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2017, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares and the underlying Shares of the Company, which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Interests in Shares

Name of Shareholder	Notes	Capacity	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 7)
VRI	2	Beneficial owner/interest of controlled corporation	381,989,890	59.87%
Zhuhai Huafa Group Limited	3	Interest of controlled corporation	61,248,000	9.60%
Zhuhai Financial Investment Holdings Co., Ltd	3	Interest of controlled corporation	61,248,000	9.60%
Huajin Financial (International) Holdings Limited	3	Interest of controlled corporation	61,248,000	9.60%
Huajin Infinity Investment Holding Limited	3	Interest of controlled corporation	61,248,000	9.60%
Infinity Investment Holding Group	3	Interest of controlled corporation	61,248,000	9.60%
Infinity Equity Management Company Limited	3	Interest of controlled corporation	61,248,000	9.60%
Mr. Chan Yau Ching Bob	4	Interest of controlled corporation	61,248,000	9.60%
Infinity Capital (Hong Kong) Limited	3 & 4	Interest of controlled corporation	61,248,000	9.60%
KBR Holdings Limited (Formerly known as "JJ Strategy Investment Inc.")	4	Interest of controlled corporation	61,248,000	9.60%

Name of Shareholder	Notes	Capacity	Number of Shares (L) (Note 1)	Approximate percentage of shareholding (Note 7)
Infinity Capital (Cayman Islands) Limited	3 & 4	Interest of controlled corporation	61,248,000	9.60%
Infinity Global Fund SPC	3 & 4	Beneficial owner	61,248,000	9.60%
Infinity Frontier Asset Company Limited	5	Interest of controlled corporation/Investment manager	61,248,000	9.60%
China Orient Asset Management Corporation	6	Interest of controlled corporation	33,000,000	5.17%
Dong Yin Development (Holdings) Limited	6	Interest of controlled corporation	33,000,000	5.17%
Bright Way Enterprise Inc.	6	Beneficial owner	33,000,000	5.17%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the Shares or the underlying Shares.
- (2) These interests represented:
 - (a) 381,939,890 Shares held by VRI; and
 - (b) 50,000 Shares held by VRHK. VRI holds the entire issued share capital of VRHK and therefore by the virtue of the SFO, VRI is deemed to be interest in all the Shares held by VRHK.
- (3) Zhuhai Huafa Group Limited holds 84.5% interest in Zhuhai Financial Investment Holdings Co., Ltd, which in turn holds 100% interest in Huajin Financial (International) Holdings Limited, which in turn holds 100% interest in Huajin Infinity Investment Holding Limited, which in turn holds 49% interest in Infinity Investment Holding Group, which in turn holds 100% interest in Infinity Equity Management Company Limited, which in turn holds 55% interest in Infinity Capital (Hong Kong) Limited, which in turn holds 100% interest in Infinity Capital (Cayman Islands) Limited, which in turn holds 100% interest in Infinity Global Fund SPC. Therefore, each of the above companies is deemed to be interested in the same 61,248,000 Shares held by Infinity Global Fund SPC.
- (4) Mr. Chan Yau Ching Bob holds 100% interest in KBR Holdings Limited (Formerly, known as "JJ Strategy Investment Inc."), which in turn holds 45% interest in Infinity Capital (Hong Kong) Limited, which in turn holds 100% interest in Infinity Capital (Cayman Islands) Limited, which in turn holds 100% interest in Infinity Global Fund SPC. Therefore, each of Mr. Chan Yau Ching Bob and the above companies is deemed to be interested in the same 61,248,000 Shares held by Infinity Global Fund SPC.
- (5) The 61,248,000 Shares in which Infinity Frontier Asset Company Limited is interested, are interests held in its capacity as investment manager of Infinity Global Fund SPC.
- (6) China Orient Asset Management Corporation holds 100% interest of Dong Yin Development (Holdings) Limited, which in turn holds 100% interest of Bright Way Enterprise Inc. Therefore, each of China Orient Asset Management Corporation and Dong Yin Development (Holdings) Limited is deemed to be interested in the same 33,000,000 Shares held by Bright Way Enterprise Inc.
- (7) Approximate percentage calculated based on the 638,000,000 Shares in issue as at the date of this Interim Report.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any other corporation or individual (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding their transactions for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Board is committed to maintaining the highest possible standards of corporate governance, and strives to maintain transparent, responsible and value-driven management practices that will enhance and safeguard the interests of the Shareholders. The Board believes that effective and high quality corporate governance is an essential platform for creating value for the Shareholders. The Board is committed to continuously reviewing and improving the Group's corporate governance practices, and maintaining the highest standards of ethical corporate behaviour across the organisation.

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and risk management, and transparency and accountability to all Shareholders.

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code for the six months ended 30 June 2017.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2017 (1H2016: Nil).

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme adopted on 17 June 2016

A Pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was adopted by the Company on 17 June 2016 (the “**Date of Grant**”). The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, Directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The life of the Pre-IPO Share Option Scheme is for 10 years.

On the Date of Grant, options to subscribe for an aggregate of 19,684,000 Shares were conditionally granted to a total of 91 grantees under the Pre-IPO Share Option Scheme by the Company. The Shares subject to the options granted under the Pre-IPO Share Option Scheme represent (i) approximately 3.09% of the Company’s issued Share capital as of the date of this Interim Report (excluding all Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme); and (ii) approximately 2.99% of the Company’s issued Share capital as of the date of this Interim Report, assuming that all options granted under the Pre-IPO Share Option Scheme are exercised. Save for the options which have been granted on the Date of Grant, no further options were granted under the Pre-IPO Share Option Scheme. The exercise price in respect of each option granted under the Pre-IPO Share Option Scheme is HK\$0.80 which is an amount equal to 80% of the final price (i.e. HK\$1.00) for each offer share of the Hong Kong public offering and the international placing in connection with the Listing.

For the six months ended 30 June 2017, none of the above share options were exercised and a total of 592,000 share options were forfeited as results of voluntary resignation, retirement and termination of employment of the relevant option holders. The table below sets out details of the outstanding share options granted to the Directors, a consultant and other grantees under the Pre-IPO Share Option Scheme as at 30 June 2017:

OTHER INFORMATION

Grantee	Date of Grant	Vesting schedule	Exercise period	Number of Shares underlying the share options granted	Number of Shares		
					Outstanding as at 1 January 2017	Forfeited during the period	Outstanding as at 30 June 2017
Directors							
To Ki Cheung	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	526,332	-	-	526,332
Koh Ming Fai	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
Fu Kwok Fu	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,834	-	-	528,834
In aggregate				1,584,000	-	-	1,584,000
Consultant							
In aggregate	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	528,000	-	-	528,000
Senior management and other employees							
In aggregate	17 June 2016	25% of options will vest on each of 13 July 2017, 2018, 2019 and 2020 respectively	25% of options will be exercisable from each of 13 July 2017, 2018, 2019 and 2020 respectively to 16 June 2026	17,244,000	-	592,000	16,652,000
Total				19,356,000	-	592,000	18,764,000

A detailed summary of the terms (including the principal terms, exercise price, vesting periods and conditions) of the Pre-IPO Share Option Scheme and list of grantees has been set out in the section headed “Appendix IV. Statutory and General Information – 16. Pre-IPO Share Option Scheme” of the Prospectus.

Share option scheme adopted on 24 June 2016

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company on 24 June 2016. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of eligible participants of the Share Option Scheme including any executive, Director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or business or joint-venture partner to the Group (the “**Eligible Participants**”) by granting options to them as incentives or rewards. The Share Option Scheme will expire on 23 June 2026. The subscription price per Share shall be determined by the Board and notified to the grantee at the time of offer of the option.

As at the date of this Interim Report, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 63,800,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted under the Share Option Scheme and any other schemes of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12 consecutive months up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

For the six months ended 30 June 2017, no share option was granted under the Share Option Scheme. Subject to the rules of the Share Option Scheme, an option may be exercised by the Eligible Participants at any time during the applicable option period determined by the Board, which in any event shall not be more than 10 years from the date of grant of option. A detailed summary of the terms of the Share Option Scheme has been set out in the section headed “Appendix IV. Statutory and General Information – 17. Share Option Scheme” of the Prospectus.

AUDIT COMMITTEE

The Company established the Audit Committee which currently consists of three independent non-executive Directors, namely Mr. Au Yu Chiu Steven, Mr. Chan Ling Ming and Mr. Mok Kwok Cheung Rupert, with written terms of reference which deal clearly with its authority and duties.

The Group’s unaudited consolidated interim results for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

The unaudited consolidated interim results of the Group for the six months ended 30 June 2017 have also been reviewed by the Company’s auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The auditor’s independent review report is set out on page 21 of this Interim Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company had maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules for the six months ended 30 June 2017.

PUBLICATION OF INTERIM REPORT

This Interim Report containing all the relevant information required by the Listing Rules and the relevant laws and regulations has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.vincentmedical.com>).

By Order of the Board
Vincent Medical Holdings Limited
Choi Man Shing
Chairman and Executive Director

Hong Kong, 25 August 2017

**TO THE BOARD OF DIRECTORS OF VINCENT MEDICAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 22 to 38 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2017 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

RSM Hong Kong

Certified Public Accountants

Hong Kong

25 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Turnover	4	205,401	237,941
Cost of sales		(134,526)	(160,022)
Gross profit		70,875	77,919
Other income		296	2,912
Distribution costs		(7,137)	(7,067)
Administrative expenses		(45,920)	(50,437)
Profit from operations		18,114	23,327
Finance costs – interests on borrowings		(78)	(196)
Share of losses of associates		(419)	(41)
Share of profit of a joint venture		121	–
Profit before tax		17,738	23,090
Income tax expense	5	(4,555)	(5,783)
Profit for the period	6	13,183	17,307
Attributable to:			
Owners of the Company		12,365	12,138
Non-controlling interests		818	5,169
		13,183	17,307
Earnings per share	8		
Basic		HK 1.94 cents	HK 2.53 cents
Diluted		HK 1.93 cents	HK 2.53 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

23

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit for the period	13,183	17,307
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	5,570	(2,732)
Other comprehensive income for the period, net of tax	5,570	(2,732)
Total comprehensive income for the period	18,753	14,575
Attributable to:		
Owners of the Company	16,985	9,886
Non-controlling interests	1,768	4,689
	18,753	14,575

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	39,142	40,131
Goodwill		9,591	9,591
Other intangible assets		14,658	14,628
Investments in associates		16,772	16,460
Investment in a joint venture		9,342	–
Available-for-sale financial assets	10	28,303	–
Total non-current assets		117,808	80,810
Current assets			
Inventories		84,246	87,899
Trade receivables	11	86,877	75,223
Prepayments, deposits and other receivables		35,116	29,060
Bank and cash balances		172,521	222,206
Total current assets		378,760	414,388
TOTAL ASSETS		496,568	495,198
EQUITY AND LIABILITIES			
Share capital	13	6,380	6,380
Reserves		354,512	344,692
Equity attributable to owners of the Company		360,892	351,072
Non-controlling interests		51,261	50,404
Total equity		412,153	401,476
Non-current liabilities			
Borrowings		–	1,450
Deferred tax liabilities		2,419	2,415
Total non-current liabilities		2,419	3,865
Current liabilities			
Trade payables	12	34,317	32,866
Other payables and accruals		35,593	47,039
Borrowings		2,602	3,167
Current tax liabilities		9,484	6,785
Total current liabilities		81,996	89,857
Total liabilities		84,415	93,722
TOTAL EQUITY AND LIABILITIES		496,568	495,198
Net current assets		296,764	324,531
Total assets less current liabilities		414,572	405,341

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

25

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company								
	Share capital	Share premium account	Share-based payment reserve	Merger reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (audited)	12,094	-	-	-	1,867	155,397	169,358	47,729	217,087
Total comprehensive income for the period	-	-	-	-	(2,252)	12,138	9,886	4,689	14,575
Issue of shares	-	60,000	-	-	-	-	60,000	-	60,000
Reorganisation	(12,094)	-	-	12,094	-	-	-	-	-
Share-based payments	-	-	182	-	-	-	182	-	182
Dividend paid	-	-	-	-	-	(18,015)	(18,015)	(2,985)	(21,000)
Changes in equity for the period	(12,094)	60,000	182	12,094	(2,252)	(5,877)	52,053	1,704	53,757
At 30 June 2016 (unaudited)	-*	60,000	182	12,094	(385)	149,520	221,411	49,433	270,844
At 1 January 2017 (audited)	6,380	171,317	2,714	12,094	(8,057)	166,624	351,072	50,404	401,476
Total comprehensive income for the period	-	-	-	-	4,620	12,365	16,985	1,768	18,753
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	1,875	1,875
Share-based payments	-	-	2,405	-	-	-	2,405	-	2,405
Dividend paid (note 7)	-	(9,570)	-	-	-	-	(9,570)	-	(9,570)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(2,786)	(2,786)
Changes in equity for the period	-	(9,570)	2,405	-	4,620	12,365	9,820	857	10,677
At 30 June 2017 (unaudited)	6,380	161,747	5,119	12,094	(3,437)	178,989	360,892	51,261	412,153

* Represents the amount less than HK\$1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Cash generated from operations	2,402	16,163
Income tax paid	(2,061)	(29,889)
Interest paid	(78)	(196)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	263	(13,922)
Purchases of property, plant and equipment	(3,139)	(3,689)
Purchases of available-for-sale financial assets	(28,303)	–
Acquisition of a joint venture	(9,218)	–
Additions to other intangible assets	(851)	–
Other investing cash flows (net)	57	25
NET CASH USED IN INVESTING ACTIVITIES	(41,454)	(3,664)
Proceeds from issue of shares	–	60,000
Proceeds from bank loan	–	10,699
Repayment of bank loan	(892)	(4,458)
Repayment of other loan	(1,123)	(489)
Contribution from non-controlling shareholders	1,875	–
Dividend paid to owners of the Company	(9,570)	(18,015)
Dividend paid to non-controlling shareholders	(2,786)	(2,985)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(12,496)	44,752
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(53,687)	27,166
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	222,206	69,303
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	4,002	(2,111)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	172,521	94,358
Bank and cash balances	172,521	94,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

These 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 (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2016 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2016 except as stated below.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group’s share of the net fair value of the joint venture’s identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION (CONTINUED)

Joint arrangements (continued)

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture; and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

Except for available-for-sale financial assets stated as cost, the carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

4. REVENUE AND SEGMENT INFORMATION

The Group’s turnover represents sales of medical devices to customers. An analysis of the Group’s turnover by products for the period is as follows:

	Six months ended 30 June	
	2017 HK\$’000 (unaudited)	2016 HK\$’000 (unaudited)
Respiratory products	73,894	80,305
Imaging disposable products	79,093	92,854
Orthopaedic and rehabilitation products	35,024	36,974
Others	17,390	27,808
	205,401	237,941

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss:

	OEM HK\$'000 (unaudited)	OBM HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
--	--------------------------------	--------------------------------	----------------------------------

Six months ended 30 June 2017:

Revenue from external customers	170,078	35,323	205,401
Segment profit/(loss)	27,651	(3,568)	24,083

Six months ended 30 June 2016:

Revenue from external customers	206,868	31,073	237,941
Segment profit/(loss)	41,276	(1,138)	40,138

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit or loss		
Total profit or loss of reportable segments	24,083	40,138
Interest income	57	25
Interest expenses	(78)	(196)
Listing-related expenses	–	(17,090)
Share-based payments	(2,405)	(182)
Share of losses of associates	(419)	(41)
Share of profit of a joint venture	121	–
Write back of trade payables	–	2,207
Unallocated corporate income	239	680
Unallocated corporate expenses	(3,860)	(2,451)
Consolidated profit before tax	17,738	23,090

Segment assets and liabilities of the Group are not reported to the directors of the Group regularly. As a result, reportable segment assets and liabilities have not been presented in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information:

The Group's revenue from external customers by location of operations is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
United States of America	147,392	166,331
The People's Republic of China (the "PRC")	18,801	17,543
Japan	7,688	7,370
Netherlands	7,504	24,238
Australia	6,194	8,392
Others	17,822	14,067
	<u>205,401</u>	<u>237,941</u>

Revenue from major customers:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
OEM segment		
Customer A	80,949	96,799
Customer B	35,197	54,936
	<u>35,197</u>	<u>54,936</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax	2,727	3,551
– PRC Corporate Income Tax	1,824	2,352
Deferred tax	4	(120)
	<u>4,555</u>	<u>5,783</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2017 and 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

5. INCOME TAX EXPENSE (CONTINUED)

Under the Corporate Income Tax Law of the PRC which became effective from 1 January 2008, the standard corporate income tax rate is 25% except for a PRC subsidiary of the Company which is qualified as a High and New Tech Enterprise and would be entitled to a reduced corporate income tax rate of 15%. The relevant tax rates for the Company's PRC subsidiaries range from 15% to 25%.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Amortisation	821	730
Cost of inventories sold	134,526	160,022
Depreciation	5,299	5,564
Directors' emoluments		
– As director	510	–
– For management		
Salaries, bonuses and allowances	2,220	1,614
Retirement benefits scheme contributions	121	81
Equity-settled share-based payments	218	16
	2,559	1,711
Equity-settled share-based payments	2,405	182
Exchange loss, net	2,938	1,184
Listing-related expenses	–	17,090
Operating lease charges – land and buildings	4,280	4,768
Research and development expenditure	8,192	3,840
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	44,235	38,603
Retirement benefits scheme contributions	2,386	2,056
Other benefits	5,116	4,698
Equity-settled share-based payments	2,338	162
	54,075	45,519
Write back of trade payables	–	(2,207)

7. DIVIDEND

The board of directors of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2017.

A final dividend of HK1.50 cents per share amounting to HK\$9,570,000 for the year ended 31 December 2016 has been approved and paid on 20 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>12,365</u>	<u>12,138</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	<u>638,000</u>	478,991
Effect of dilutive potential ordinary shares arising from share options	<u>3,373</u>	–
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u>641,373</u>	<u>478,991</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2016 has been adjusted for the effect of the capitalisation issue.

The impact of the outstanding share options on diluted earnings per share for the six months ended 30 June 2016 was insignificant.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately HK\$3,139,000 (six months ended 30 June 2016: HK\$3,689,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Unlisted equity securities	28,303	–
Analysed as:		
Non-current assets	28,303	–

Unlisted equity securities with carrying amount of approximately HK\$28,303,000 (2016: Nil) were carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

Subsequent to 30 June 2017, the Group had further invested unlisted equity securities of US\$1,600,000 (equivalent to approximately HK\$12,480,000).

11. TRADE RECEIVABLES

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
0 – 30 days	36,992	35,910
31 – 60 days	28,859	23,333
61 – 90 days	9,652	4,602
Over 90 days	11,374	11,378
	86,877	75,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

35

FOR THE SIX MONTHS ENDED 30 JUNE 2017

12. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
0 – 30 days	16,357	18,119
31 – 60 days	1,898	4,340
Over 60 days	16,062	10,407
	<u>34,317</u>	<u>32,866</u>

13. SHARE CAPITAL

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid: 638,000,000 ordinary shares of HK\$0.01 each	<u>6,380</u>	<u>6,380</u>

14. SHARE OPTIONS

Pre-IPO share option scheme adopted on 17 June 2016

A pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was approved and adopted on 17 June 2016. The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain executives, directors, employees and/or consultants of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Pre-IPO Share Option Scheme will expire on 16 June 2026.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

14. SHARE OPTIONS (CONTINUED)

Pre-IPO share option scheme adopted on 17 June 2016 (continued)

Each option granted under the Pre-IPO Share Option Scheme is subject to the following vesting schedule:

Tranche	Vesting Date	Percentage of an option vested
First	First anniversary of the Listing Date	25%
Second	Second anniversary of the Listing Date	25%
Third	Third anniversary of the Listing Date	25%
Fourth	Fourth anniversary of the Listing Date	25%

Each vested tranche of an option is exercisable during a period from and including the vesting date of the relevant tranche to and including the business day immediately preceding the tenth anniversary of the date of grant of the option.

The subscription price per share shall be HK\$0.80. On 17 June 2016, 19,684,000 options were granted. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

Details of each tranche of options are as follow:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$
First	17 June 2016	17 June 2016 to 13 July 2017	13 July 2017 to 16 June 2026	0.80
Second	17 June 2016	17 June 2016 to 13 July 2018	13 July 2018 to 16 June 2026	0.80
Third	17 June 2016	17 June 2016 to 13 July 2019	13 July 2019 to 16 June 2026	0.80
Fourth	17 June 2016	17 June 2016 to 13 July 2020	13 July 2020 to 16 June 2026	0.80

If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the directors, employees and/or consultants leave the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

37

FOR THE SIX MONTHS ENDED 30 JUNE 2017

14. SHARE OPTIONS (CONTINUED)

Pre-IPO share option scheme adopted on 17 June 2016 (continued)

Details of the movement of share options during the period are as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	19,356,000	0.80
Forfeited during the period	(592,000)	0.80
Outstanding at the end of the period	18,764,000	0.80
Exercisable at the end of the period	–	

Share option scheme adopted on 24 June 2016

A share option scheme (the “**Share Option Scheme**”) was approved and adopted on 24 June 2016. Pursuant to the Share Option Scheme, the Board of Directors may, at its discretion, grant share options to any executive, director, employee, advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services or partner of the Group. The Share Option Scheme will expire on 23 June 2026.

The subscription price per share shall be determined by the Board of Directors and notified to the grantee at the time of offer of the option.

During the six months ended 30 June 2017 and 2016, no share option was granted under the Share Option Scheme.

15. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties during the period:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Purchases of goods from related companies	112	24,482
Catering service fee paid to a related company	506	535
Rental expenses paid to related companies	3,100	3,265
Reimbursement of staff costs to a related company	–	2,695
Metal supplies and processing service fee to a related company	2,108	965

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

15. RELATED PARTY TRANSACTIONS (CONTINUED)

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Trade payables to related companies	56	6,156
Other payables to a related company	710	567
Other receivables from a related company	-	76
	<u> </u>	<u> </u>

Note:

Mr. Choi Man Shing, an executive director of the Company and Ms. Liu Pui Ching, a non-executive director of the Company have beneficial interests in these related companies.

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2017 (At 31 December 2016: Nil).

17. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Property, plant and equipment	10,154	7,085
Capital contribution to an investment	4,683	8,944
	<u>14,837</u>	<u>16,029</u>

18. NEW AND REVISED HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

The Group's financial assets that are currently classified as available-for-sale include certain unlisted equity securities. The Group expects to irrevocably designate these equity securities as fair value through other comprehensive income. This will give rise to a change in accounting policy. The unlisted equity securities are currently measured at cost less impairment with any impairment losses recognised in profit or loss. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2017.