Cathay International Holdings Limited
("Cathay" or the "Company" or the "Group")

Interim Results for the Six Months Ended 30 June 2017

Hong Kong, 30 August 2017 - Cathay International Holdings Limited (LSE: CTI.L), an operator and investor in the growing healthcare sector in the People's Republic of China, today announces its Interim Results for the six months ended 30 June 2017.

Financial Highlights

- Group revenue increased 1.5% to USD62.0 million (H1 2016: USD61.1 million) despite a 4.9% devaluation of RMB during the period
- Group gross profit decreased marginally to USD29.2 million (H1 2016: USD31.4 million)
- Group operating profit decreased marginally to USD4.7 million (H1 2016: USD5.5 million)
- Group recorded two one-off incomes at Lansen:USD15.4 million from partial disposal of Starry shares and USD2.6 million from receipt of compensation relating to the insurance claim for damaged inventories fully written-off in 2015
- Group finance costs were USD5.5 million (H1 2016: USD4.1 million)
- Group profit after tax was USD16.6 million (H1 2016: USD0.7 million)
- Group profit attributable to owners of the parent was USD5.7 million (H1 2016: loss of USD1.9 million)
- Excluding one-off incomes, Group loss after tax was USD1.4 million (H1 2016: profit of USD0.7 million) and Group loss attributable to owners of the parent was USD3.4 million (H1 2016: USD1.9 million); both increases in loss were due to increase in finance costs

Operational Highlights

The Group continues to focus on its three core businesses: pharmaceutical, cosmeceutical and healthcare.

Lansen

- revenue increased 2.4% driven by pharmaceutical sales growth, partly offset by decrease in overall cosmeceutical sales
- 27.3% sales growth from pharmaceuticals: mainly from Pafulin, one of Lansen's core products
- noticeable cosmeceutical sales growth from both Kefumei collagen masks and Yuze skincare products. However, for Fillderm, more time is needed to educate the market and promote as the understanding and use of collagen injectable fillers are still at a relatively early stage
- developing Pafulin for use in other indications and geographies
- identifying suitable products from its list of Chinese medicine licences to build a portfolio of Chinese Specialty Medicines in line with China's strategy in promoting traditional Chinese medicines

Natural Dailyhealth

- revenue increased by 118.3%, due to increased business activities following the realignment of

businesses between Lansen Natural Dailyhealth

- exploring opportunities to develop new plant extract products and to establish long-term agreements with sizeable customers to supply higher margin plant extracts under customers' specification
- in going downstream, applied for registration of 26 health and nutrition supplements and is embarking on studies of production and branding of healthcare products

Botai

- renewed the production license for Fillderm from CFDA in the first quarter of 2017
- entered into a renewed distribution agreement with Lansen to jointly distribute Fillderm
- starting to build its own salesforce to work with Lansen, but educating the market about Fillderm and penetrating the market will take time and market reception is uncertain at this stage
- started to develop collagen based cosmeceutical products with the aim of building a portfolio of products

Haizi

- lower production and sales of inositol due to lower production of raw material (phytin) as a result of low phosphorus content in corn water supply; coupled with low inositol market price, revenue decreased by 14.5%
- technical improvements made to control the issue on low phosphorus content in corn water
- focus on improving quality and quantity of phytin production to enhance production efficiency and reduce costs for inositol; and to support the production requirement for food grade DCP
- completing the food grade DCP facility renovation and start commercial production in the second half of 2017

Hotel

- revenue increased in RMB terms but dropped slightly by 3.1% in USD terms
- no significant change in the hotel market in Lowu, Shenzhen
- food and beverage sales showed improvement

Commenting on the interim results, Mr. Lee Jin-Yi, CEO of Cathay International Holdings Limited said: *"Changing market conditions are still impacting our business. Whilst some business segments have adapted and are now starting to see the benefits of the Group's diversification strategy, other units are still transitioning. In the short term, Haizi will continue to face pricing pressure, Lansen will need to expand its distribution network and streamline its product portfolio to withstand the fast-changing regulatory environment and expenses at Group level will increase relative to that in the first half. All these factors will add pressure to the Group's performance. Nevertheless, I am confident that our business diversification strategy will deliver value for shareholders over the long term."*

-ENDS-

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About Cathay

Cathay International Holdings Limited (LSE: CTI.L) is a main market listed investment holding company and an operator and investor in the growing healthcare sector in the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively the "Group") aim to leverage on growth opportunities in the strong and growing domestic demand for high quality healthcare products in the PRC and build its portfolio companies into market sector leaders with competitive edge. Cathay has already demonstrated a strong track record of identifying high growth potential investment opportunities in this area including: Lansen, a leading specialty pharmaceutical company focused on rheumatology and dermatology in the PRC; Haizi, a company engaged in the manufacture, marketing and sale of inositol and its by-product, di-calcium phosphate; Natural Dailyhealth, a company engaged in production and sales of plant extracts for use as key active ingredients in healthcare products; and Botai, a company engaged in collagen products.

The Group employs approximately 2,000 people across the PRC, including over 30 specialist corporate and business development staff based at the holding company's offices in Hong Kong and Shenzhen. Cathay also has a hotel investment. For more information please visit the Company's website: www.cathay-intl.com.hk.

MANAGEMENT DICUSSION AND ANALYSIS

GROUP PERFORMANCE

The Group continues to develop its three core businesses: pharmaceutical, cosmeceutical and healthcare.

During the first half of 2017, the Group's revenue increased slightly to USD62.0 million (H1 2016: USD61.0 million), despite the 4.9% RMB devaluation against USD. Lansen's specialty pharmaceuticals and Natural Dailyhealth's plant extracts for healthcare products both recorded sales growth but this growth was offset by the decrease in sales of inositol and Fillderm. Inositol production reduced during the period caused by a low phosphorus content in raw materials and continued low market price for inositol. For Fillderm, more time and resources are required to educate and develop the Chinese market on the use of collagen injectable fillers which are still at a relatively early stage. The hotel's revenue improved slightly in RMB terms (dropped in USD terms) and food and beverage sales improved based on an increase in the all-day dining and banqueting business.

The Group's gross profit decreased to USD29.2 million (H1 2016: USD31.4 million); however, the group gross profit in RMB terms remained relatively flat. During the period, the average gross margin decreased to 47.1% (H1 2016: 51.4%) mainly due to the relative sales increase in lower margin plant extracts at Natural Dailyhealth in the Group's sales mix and the increased negative margin of inositol at Haizi.

Despite the decrease in Group's gross profit by USD2.2 million, the Group's operating profit decreased by a smaller extent of USD0.8 million to USD4.7 million (H1 2016: USD5.5 million). This was due to a reduction in the Group's administration expenses from cost management and a reversal of share option costs under the Company's share option plan, but offset by an increase in Group's selling and marketing expenses, mainly at Lansen, to support the increase in specialty pharmaceuticals sales.

During the period, Lansen realised post-tax gain of USD15.4 million on partial disposal of shares in Starry and received insurance claim settlement of USD2.6 million on flood damaged inventories, of which USD4.3 million was fully written off in 2015.

The Group incurred higher finance costs at USD5.5 million (H1 2016: USD4.1 million) due to the increase in effective borrowing rate on the rise in LIBOR and the expensing of the remaining unamortised bank fee on a facility refinanced prior to its maturity.

As a result, the Group's after tax profit before non-controlling interests for the period was USD16.6 million (H1 2016: USD0.7 million). The Group's profit attributable to owners of the parent for the period was USD5.7 million (H1 2016: loss of USD1.9 million). Excluding the gain on partial disposal on Starry and the insurance claim settlement described above, the Group's after tax loss before non-controlling interests for the period was USD1.4 million (H1 2016: profit of USD0.7 million) and the Group's loss attributable to owners of the parent for the period was USD3.4 million (H1 2016: USD1.9 million); both decreases were due to increase in finance costs described above.

BUSINESS REVIEW

Lansen

To cope with stringent government policies and pricing pressure in the market, during the period, Lansen has begun to focus on growing pharmaceutical volumes by extending its distribution network to cover local and community hospitals and is also strengthening its education, marketing and distribution efforts within key product areas, including the development of Pafulin for other

indications and geographies. One of the national development strategies in China is the promotion of traditional Chinese medicines, which presents opportunities for Lansen to develop a portfolio of Chinese Specialty Medicines ("CPM"). Lansen has already identified a number of suitable products from its list of Chinese traditional medicine licences that would fit into this portfolio and within its extended sales network.

Natural Dailyhealth

In addition to continuing to develop existing plant extract products and improving production efficiency and costs, Natural Dailyhealth is exploring opportunities to develop new plant extract products and to establish long-term agreements with sizeable customers to supply them with higher margin plant extracts under customers' specification. In preparing downstream diversification to healthcare products, Natural Dailyhealth has completed application for registration of 26 health and nutrition supplements, It expects to gradually receive registration approvals from 2018 onwards and is preparing applications for another batch of 23 products. Natural Dailyhealth is also embarking on studies of production and branding of downstream healthcare products.

Botai

Botai renewed the production license from the China Food and Drug Administration for Fillderm in the first quarter of 2017. On 30 March 2017, Botai and Lansen entered into a renewed distribution agreement to jointly distribute Fillderm. Educating the China market about collagen injectable fillers and building a separate salesforce at Botai both require time and so Botai expects Fillderm to penetrate the market at a slower pace than before as the market reception for Fillderm is uncertain at this stage.

Botai has also started to develop a series of collagen based products which should enrich the Group's cosmeceutical product portfolio.

Haizi

During the period, Haizi's production of phytin (raw material of inositol) decreased due to low phosphorus content in corn water supply, which resulted in a lower production volume of inositol. Haizi has made certain technical improvements which have solved and control the issue surrounding low phosphorus content in corn water.

Haizi is focusing on improving the quality and quantity of its phytin production, with the aim to enhancing production efficiency and reducing costs for its inositol production, as well as supporting its food grade DCP production requirement. These will enhance the overall competitiveness and product value of Haizi. Haizi targets to achieve its food grade DCP facility renovation and start commercial production during the second half this year.

Hotel

There was no significant change in the hotel market in Lowu, Shenzhen during the period. The Hotel will continue to improve its food and beverage sales. The Hotel is discussing with IHG on room reconfiguration strategy to maximise revenue generation.

Outlook

The changing market environment continues to bring numerous challenges, as well as opportunities to the Group.

In the short term, Haizi will continue to face pricing pressure. Lansen will make further changes in its distribution network and will review its product portfolio and development pipeline to withstand the

fast-changing market environment. Such review may lead to provisions on products or products under development that no longer offer market potential. Lansen and Botai will incur marketing expenses associated with investing in and educating the market for Fillderm. Fees and expenses at Group level will increase relative to that in the first half. All these factors will add pressure to the Group's underlying results.

However, the Group will continue its strategy to develop its three core businesses: pharmaceutical, cosmeceutical and healthcare business, improve quality, enhance production efficiency and ensure compliance.

FINANCIAL REVIEW

		Healthcare			Hotel	Corporate	Inter-segment	
	Lansen	Haizi	Natural Dailyhealth	Botai	Operations	Office	Elimination	Total
Stated in USD'000								
For the six months ended 30 June 2017								
REVENUE								
External sales	48,270	3,544	3,765	67	6,306	-	-	61,952
Inter-segment sales	2,195	27	398	-	-	-	(2,620)	-
Segment revenue	50,465	3,571	4,163	67	6,306	-	(2,620)	61,952
Segment gross profit/(loss)	29,009	(1,763)	1,013	56	1,127	-	(242)	29,200
Segment operating profit/(loss)	6,995	(2,986)	(97)	(429)	1,078	(1,430)	1,555	4,686
Segment insurance claims for flood	2,565	-	-	-	-	-	-	2,565
Segment gain on partial disposal of an associate, net of tax	15,422	-	-	-	-	-	-	15,422
Segment finance costs	(1,955)	(533)	-	(50)	(572)	(2,378)	-	(5,488)
Segment share of post-tax profit of associate	1,149	-	-	-	-	-	(2)	1,147
Segment profit/(loss) before income tax	24,176	(3,519)	(97)	(479)	506	(3,808)	1,553	18,332
Segment income tax expense	(1,693)	(6)	-	-	-	-	-	(1,699)
Segment profit/(loss) for the period before non-controlling interests	22,483	(3,525)	(97)	(479)	506	(3,808)	1,553	16,633
Segment profit/(loss) for the period attributable to owners of the parent	11,495	(3,523)	(99)	(453)	506	(3,808)	1,555	5,673
For the six months ended 30 June 2016								
REVENUE								
External sales	49,269	4,041	1,234	-	6,506	-	-	61,050
Inter-segment sales	-	138	673	2,447	-	-	(3,258)	-
Segment revenue	49,269	4,179	1,907	2,447	6,506	-	(3,258)	61,050
Segment gross profit/(loss)	28,991	(948)	397	1,875	997	-	95	31,407
Segment operating profit/(loss)	7,934	(2,255)	(588)	1,400	935	(2,219)	255	5,462
Segment finance costs	(1,592)	(296)	-	-	(270)	(1,941)	-	(4,099)
Segment share of post-tax profit of associate	1,062	-	-	-	-	-	61	1,123
Segment profit/(loss) before income tax	7,404	(2,551)	(588)	1,400	665	(4,160)	316	2,486
Segment income tax expense	(1,762)	(9)	(9)	-	-	-	-	(1,780)
Segment profit/(loss) for the period before non-controlling interests	5,642	(2,560)	(597)	1,400	665	(4,160)	316	706
Segment profit/(loss) for the period attributable to owners of the parent	2,987	(2,558)	(536)	1,419	665	(4,160)	255	(1,928)

Lansen

Despite a 4.9% RMB devaluation, Lansen recorded a 2.4% increase in revenue to USD50,465,000 (H1 2016: USD49,269,000).

Sales of pharmaceutical products were up by 27.3% to USD37,587,000 (H1 2016: USD29,525,000), of which, Pafulin's sales grew by 33.5% to 27,965,000 (H1 2016: USD20,943,000), sales of MMF tablets were down 9.1% to USD2,320,000 (H1 2016: USD2,552,000) and sales of Hepai increased by 15.9% to USD1,362,000 (H1 2016: USD1,175,000). Bio-Rad's sales were USD705,000 (H1 2016: USD343,000). Generic drugs' sales increased by 9.5% to USD4,922,000 (H1 2016: USD4,493,000), of which sales of Bazhenkeli (for women's healthcare), included in the Chinese essential drug list, increased by 39.6% to USD3,595,000 (H1 2016: USD2,576,000).

Sales of cosmeceutical products decreased by 40.0% to USD7,914,000 (H1 2016: USD13,184,000). This significant decrease was mainly due to distribution agents for collagen injectable fillers not replenishing their stocks. More time and resources are required to educate and develop the Chinese market on the use of collagen injectable fillers which are still at a relatively early stage and the market reception is uncertain at this stage. On the other hand, sales of Comfy Collagen Dressing mask (Kefumei) and Yuze brand skincare products continued to do well and grew significantly by 55.3% and 56.5% to USD4,380,000 (H1 2016: USD2,820,000) and USD3,187,000 (H1 2016: USD2,037,000) respectively.

Sales of health products (including plant extract and healthcare products) were USD4,964,000 (H1 2016: USD6,560,000). This decrease was due to the strategic realignment in production capacity and management structure of the plant extract business within the Group.

In total, Lansen's gross profit was USD29,009,000 (H1 2016: USD28,991,000). There was a slight decrease in overall gross margin to 57.5% (H1 2016: 58.8%) which mainly resulted from lower gross profit margin in cosmeceutical and healthcare products. Gross margin of pharmaceutical drugs was 68.0% (H1 2016: 68.9%) and cosmeceutical products was 35.8% (H1 2016: 55.9%). Gross margin of healthcare products dropped to 12.7% (H1 2016: 19.2%).

Lansen's operating profit decreased by 11.8% to USD6,995,000 (H1 2016: USD7,934,000). Operating profit margin was 13.9% (H1 2016: 16.1%). The decrease in the operating profit margin was mainly due to higher selling and marketing expenses to support the increase in specialty pharmaceuticals sales but was partly offset by the reduction of administration expenses during the period. The selling and marketing expenses to revenue ratio rose to 32.0% (H1 2016: 29.3%) mainly due to the change in product mix and resulted in a 11.8% increase in selling and marketing expenses to USD16,170,000 (H1 2016: USD14,459,000). Lansen's administration expenses decreased by 17.5% to USD6,566,000 (H1 2016: USD7,954,000) due to tighter control over its spending.

Lansen's 12.6% owned associate, Starry, increased its profit contribution to USD1,147,000 (H1 2016: USD1,123,000), mainly due to the increase in Starry's net income but was offset by smaller equity interest owned compared to last year as a result of the dilutive impact of Starry's IPO in March 2016 effecting Lansen's interest for the full six months of H1 2016 and also the partial disposal by Lansen of its holding in Starry during the first half of 2017.

Lansen's profit before non-controlling interests increased to USD22,483,000 (H1 2016: USD5,642,000) due to a net gain of USD15,422,000 arising from disposal of 4,175,000 shares (out of 19,350,000 shares owned) in Starry and an insurance claim settlement of USD2,565,000 from the flooding claim made in 2015 against its stock. Excluding such net gain and claim settlement, Lansen's profit before non-controlling interests decreased to USD4,496,000 (H1 2016: USD5,642,000) mainly due to decrease in operating profit.

Ningbo Liwah has not made any provision during the period for the potential litigation claim from Shenzhen Neptunus Pharmaceutical Company Limited, which was announced after the interim results date on 6 July 2015. For the reasons given in note 6 to these interim financial statements, which are similar / identical to those cited in prior statements, no subsequent provision has been made.

Starry

Lansen has a 12.6% equity interest in an associated company, Starry, which shares are listed on the Shanghai Stock Exchange. Lansen's investment in Starry as at 30 June 2017 was recorded under equity accounting at USD26,605,000 (31 December 2016: USD32,147,000) in the Group's balance sheet. Based on Starry's closing price of RMB31.39 per share as at 30 June 2017, the market value of Lansen's 12.6% interest in Starry was approximately USD70,315,000. The difference of USD43,710,000 between the book value and the market value of Starry was not reflected in the

financial statements.

Haizi

During the period, Haizi recorded revenue of USD3,571,000 (H1 2016: USD4,179,000) from sales of inositol and DCP. Haizi produced 390 tonnes (H1 2016: 626 tonnes) and 2,216 tonnes (H1 2016: 3,268 tonnes) of inositol and feed grade DCP respectively, and sold a total of 680 tonnes (H1 2016: 617 tonnes) of inositol and 2,815 tonnes (H1 2016: 2,325 tonnes) of feed grade DCP. The average selling price of inositol was approximately USD5.0 per kg (H1 2016: USD6.8 per kg) during the period as a result of the low market price of inositol and devaluation of RMB.

Haizi's gross loss was USD1,763,000 (H1 2016: USD948,000) and its gross margin was -49.4% (H1 2016: -22.7%), primarily due to the low production volume caused by low phosphorus content raw material and low inositol market selling price. Haizi's operating loss was USD2,986,000 (H1 2016: loss of USD2,255,000) and its net loss was USD3,525,000 (H1 2016: loss of USD2,560,000).

With the constraint in the raw material, in order to reduce the unit production cost of inositol, Haizi is working on improving its output efficiency of phytin (the raw material for making inositol) by refining its extraction method, decreasing its consumption of ancillary raw materials and modifying its processes to produce higher quality DCP.

Natural Dailyhealth

The key business of Natural Dailyhealth include sales of bilberry, choline glycerophosphate (which helps brain development), gingko extracts and plant extract subcontracting services.

Natural Dailyhealth's revenue increased by 118.3% to USD4,163,000 (H1 2016: USD1,907,000) mainly due to an increase in business activities following the realignment of businesses between Lansen and Natural Dailyhealth. It achieved a gross profit of USD1,013,000 (H1 2016: USD397,000).

Botai

Botai signed a distribution agreement with Lansen in March 2017 to sell its collagen injectable fillers via Lansen. Botai's revenue in the first half was USD67,000 (H1 2016: USD2,447,000) mainly because distribution agents have not replenished their stock which was purchased in H1 2016.

Botai's gross profit was USD56,000 and its margin was 83.6% (H1 2016: 76.6%). The operating loss was USD429,000 (H1 2016: profit of USD1,400,000).

More time and resources are required to educate and develop the Chinese market on the use of collagen injectable fillers which are still at a relatively early stage and the market reception is uncertain at this stage. In addition to Lansen's sales force, Botai has also begun to set up its own sales team to sell the products in selected markets. Lansen will continue to be responsible for running campaigns to promote and position the product and make it known to cosmetic consumers, beauty consultants and doctors.

Hotel Operations

Hotel revenue dropped by 3.1% in the first half to USD6,306,000 (H1 2016: USD6,506,000), mainly due to the devaluation of RMB during the period. There was no significant change in the Lowu, Shenzhen market during the period. The Hotel's average room rate decreased slightly to USD111 (H1 2016: USD115). Room occupancy went down slightly to 70.2% (H1 2016: 72.0%). If we take out the RMB devaluation impact, the hotel actually recorded a slight increase in both revenue and average room rate.

The Hotel's food and beverage sales increased by 5.0% to USD1,919,000 (H1 2016: USD1,828,000), mainly due to increases in revenue of its all-day dining restaurant and banqueting business.

The Hotel's operating profit was USD1,078,000 (H1 2016: USD935,000) mainly because of higher food and beverage profit margins.

The Hotel is currently ranked seventh amongst 2,798 hotels in Shenzhen by Tripadvisor, reflecting customer satisfaction of the Hotel's high quality service. The Hotel will continue its strategy of maintaining high quality service through extensive staff training and aims to grow in both the business and transient segments.

The Hotel is discussing with IHG on room reconfiguration strategy to maximise revenue generation.

Corporate Office

Corporate overheads decreased by USD789,000 to USD1,430,000 (H1 2016: USD2,219,000) mainly due to the reversal of USD944,000 (H1 2016: USD450,000) on share options lapsed in the current period.

Borrowings and Finance Costs

As at 30 June 2017, the Group's net borrowings had decreased to USD144,607,000 (31 December 2016: USD165,100,000), due to a decrease in Lansen's borrowings. Net gearing reduced to 88.7% (31 December 2016: 110.7%) due to the decrease in net borrowings and increase in net assets as a result of the partial disposal of Starry. The net gearing calculation includes Lansen's remaining investment in Starry at book cost but not at market value as described above.

The Group's finance costs increased to USD5,488,000 (H1 2016: USD4,099,000) due to rise in LIBOR rate which increased the Group's average interest rate on borrowings to 4.5% (H1 2016: 4.2%). In addition, the Group refinanced the hotel mortgage bank loan prior to its maturity to a four year term loan on similar terms. The remaining unamortised bank fee of USD607,000 of the previous hotel mortgage bank loan was written off during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors do not consider that the principal risks and uncertainties, as set out on pages 13 to 18 of the annual report for the year ended 31 December 2016, have changed materially since its publication.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of his knowledge:

i the condensed set of financial statements, which has been prepared in accordance with the International Financial Reporting Standards and IAS 34 Interim Financial Reporting, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole;

ii the interim management report includes a fair review of the information required by the Disclosure Requirements and Transparency Rules 4.2.7R; and

iii the interim management report includes a fair review of the information required by the Disclosure Requirements and Transparency Rules 4.2.8R.

On behalf of the Board	By order of the Board
Patrick Sung	**Yip Pui Ling Rebecca**
Director	*Secretary*
30 August 2017	30 August 2017

Condensed Consolidated Statement of Profit or Loss

	Note	**Six months ended 30 June 2017 USD'000 (Unaudited)**	Six months ended 30 June 2016 USD'000 (Unaudited)
Revenue	3	**61,952**	61,050
Cost of sales		**(32,752)**	(29,643)
Gross profit		**29,200**	31,407
Other income		**944**	1,633
Selling and distribution expenses		**(16,817)**	(15,013)
Administrative expenses		**(8,641)**	(12,565)
Profit from operations		**4,686**	5,462
Insurance claims for flood		**2,565**	-
Gain on partial disposal of associate, net of tax		**15,422**	-
Finance costs		**(5,488)**	(4,099)
Share of post-tax profit of associate		**1,147**	1,123
Profit before income tax	3	**18,332**	2,486
Income tax expense	4	**(1,699)**	(1,780)
Profit for the period		**16,633**	706
Profit/(Loss) for the period attributable to:			
Owners of the parent		**5,673**	(1,928)
Non-controlling interests		**10,960**	2,634
		16,633	706
Profit/(Loss) per share	5		
Basic and diluted		**1.50 cents**	(0.51 cents)

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2017 USD'000 (Unaudited)	Six months ended 30 June 2016 USD'000 (Unaudited)
Profit for the period	**16,633**	706
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**2,593**	(3,356)
Exchange differences reclassified to profit or loss upon partial disposal of associate	**355**	-
Other comprehensive income, net of tax	**2,948**	(3,356)
Total comprehensive income for the period	**19,581**	(2,650)
Total comprehensive income attributable to:		
Owners of the parent	**7,002**	(3,633)
Non-controlling interests	**12,579**	983
	19,581	(2,650)

Condensed Consolidated Statement of Financial Position

	As at 30 June 2017 USD'000 (Unaudited)	As at 31 December 2016 USD'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	**224,714**	223,078
Prepaid land lease payment	**4,405**	4,360
Intangible assets	**25,981**	25,166
Goodwill	**19,501**	19,501
Interest in associate	**26,605**	32,147
Available-for-sale financial assets	**385**	385
	301,591	304,637
CURRENT ASSETS		
Inventories	**17,802**	21,025
Trade and other receivables	**69,168**	66,211
Prepaid land lease payment	**113**	110
Pledged bank deposits	**33,489**	31,762
Cash and cash equivalents	**30,725**	14,338
	151,297	133,446
TOTAL ASSETS	**452,888**	438,083
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**112,016**	105,821
NON-CONTROLLING INTERESTS	**51,020**	43,336
TOTAL EQUITY	**163,036**	149,157
NON-CURRENT LIABILITIES		
Borrowings	**54,363**	59,936
Deferred tax liabilities	**39,013**	38,711
	93,376	98,647
CURRENT LIABILITIES		
Borrowings	**140,677**	137,746
Current tax liabilities	**2,266**	1,403
Trade and other payables	**52,278**	49,904
Other financial liabilities	**1,255**	1,226
	196,476	190,279
TOTAL LIABILITIES	**289,852**	288,926
TOTAL EQUITY AND LIABILITIES	**452,888**	438,083

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent										Non-controlling Interests	Total Equity
	Share Capital USD'000	Share Premium USD'000	Share Option Reserve USD'000	Treasury Shares USD'000	Capital and Special Reserve USD'000	Revaluation Reserve USD'000	Foreign Exchange Reserve USD'000	Statutory Reserve USD'000	Profit and Loss Account USD'000	Total USD'000	USD'000	USD'000
Balance at 1 January 2016 (audited)	19,062	51,035	1,596	(1,765)	96,850	23,255	(21,587)	9,651	(51,347)	126,750	50,446	177,196
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,587)	(1,587)
Disposal of partial interest in subsidiary	-	-	-	-	-	-	-	-	(1,467)	(1,467)	1,467	-
Recognition of share-based payments	-	-	(180)	-	-	-	-	-	-	(180)	-	(180)
Transactions with owners	-	-	(180)	-	-	-	-	-	(1,467)	(1,647)	(120)	(1,767)
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(1,928)	(1,928)	2,634	706
Other comprehensive income for the period	-	-	-	-	-	-	(1,705)	-	-	(1,705)	(1,651)	(3,356)
Total comprehensive income for the period	-	-	-	-	-	-	(1,705)	-	(1,928)	(3,633)	983	(2,650)
Balance at 30 June 2016 (unaudited)	19,062	51,035	1,416	(1,765)	96,850	23,255	(23,292)	9,651	(54,742)	121,470	51,309	172,779
Balance at 1 January 2017 (audited)	19,062	51,035	1,626	(1,765)	96,850	17,657	(26,453)	10,234	(62,425)	105,821	43,336	149,157
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,895)	(4,895)
Recognition of share-based payments	-	-	(807)	-	-	-	-	-	-	(807)	-	(807)
Share options forfeited during the period	-	-	(461)	-	-	-	-	-	461	-	-	-
Transactions with owners	-	-	(1,268)	-	-	-	-	-	461	(807)	(4,895)	(5,702)
Profit for the period	-	-	-	-	-	-	-	-	5,673	5,673	10,960	16,633
Other comprehensive income for the period	-	-	-	-	-	-	1,329	-	-	1,329	1,619	2,948
Total comprehensive income for the period	-	-	-	-	-	-	1,329	-	5,673	7,002	12,579	19,581
Appropriations from statutory reserve	-	-	-	-	-	-	-	(185)	185	-	-	-
Balance at 30 June 2017 (unaudited)	19,062	51,035	358	(1,765)	96,850	17,657	(25,124)	10,049	(56,106)	112,016	51,020	163,036

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June 2017 USD'000 (Unaudited)	Six months ended 30 June 2016 USD'000 (Unaudited)
Net cash generated from/(used in) operating activities	**2,982**	(3,697)
Net cash generated from/(used in) investing activities	**17,937**	(14,700)
Net cash (used in)/generated from financing activities	**(4,264)**	18,513
Net increase in cash and cash equivalents	**16,655**	116
Cash and cash equivalents at beginning of the period	**14,338**	22,285
Effects of exchange rate changes	**(268)**	(224)
Cash and cash equivalents at end of the period	**30,725**	22,177

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Cathay International Holdings Limited (the "Company") and its subsidiaries (hereafter collectively known as the "Group") for the six months ended 30 June 2017 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRSs") (which collective term includes all applicable individual International Financial Reporting Standards and Interpretations as approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB), and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015. The Interim Financial Statements are neither audited nor reviewed by the Group's auditor.

The Interim Financial Statements have been prepared under the historical cost basis except for the hotel properties and certain financial liabilities that are measured at fair values.

Save as described in note 2 "Adoption of new and revised IFRSs", which are effective for the Group's financial period beginning on 1 January 2017, the accounting policies adopted in the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

During the reporting period, the Group has a profit of USD16,633,000 and at the end of reporting period, its current liabilities exceeded its current assets by USD45,179,000. The Interim Financial Statements have been prepared based on the assumption that the Group can be operated as a going concern and will have sufficient working capital to finance its operation in the next twelve months from 30 June 2017.

As in the past, the Group will start negotiation with the relevant banks on extension or renewal of the bank borrowings a few months prior to their respective maturities and obtain the approvals from the relevant banks before their respective maturities. Notwithstanding the operating cash flow from certain of its subsidiaries, as at the end of the reporting period, the Group does not

foresee that the bank borrowings will not be renewed or extended before maturity. The Group is also exploring options to secure long term funding, including debt and/or equity, to re-finance part of the bank borrowings and partial disposal equity interest of associate. Accordingly, the Group should be able to meet in full its financial obligations as and when they fall due for the next twelve months from 30 June 2017 without significant curtailment of operations and the directors of the Company are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue in business as going concern, adjustments would have to be made to the Interim Financial Statements accordingly.

2. ADOPTION OF NEW OR REVISED IFRSs

In the current interim period, the Group has applied, for the first time, the following new amendments to IFRSs issued by the IASB that are relevant for the preparation of the Group's Interim Financial Statements.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements 2014-2016 Cycle (relating to Amendments to IFRS 12 Disclosure of Interests in Other Entities)

The application of the above amendments in the current interim period has no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
Amendments to IFRSs	Annual Improvements 2014-2016 Cycle[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate of Joint Venture[#]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15) [1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

IFRIC 23	Uncertainty over Income Tax Treatments issued[2]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[#] The amendments were originally intended to be effective for period beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

3. SEGMENT INFORMATION

	Healthcare				Hotel Operations	Elimination	Total
	Lansen	**Haizi**	**Natural Dailyhealth**	**Botai**			
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Six months ended 30 June 2017							
REVENUE							
External sales	**48,270**	**3,544**	**3,765**	**67**	**6,306**	**-**	**61,952**
Inter-segment sales	**2,195**	**27**	**398**	**-**	**-**	**(2,620)**	**-**
Segment revenue	**50,465**	**3,571**	**4,163**	**67**	**6,306**	**(2,620)**	**61,952**
Segment profit/(loss) before income tax	**24,176**	**(3,519)**	**(97)**	**(479)**	**506**	**1,553**	**22,140**
Six months ended 30 June 2016							
REVENUE							
External sales	49,269	4,041	1,234	-	6,506	-	61,050
Inter-segment sales	-	138	673	2,447	-	(3,258)	-
Segment revenue	49,269	4,179	1,907	2,447	6,506	(3,258)	61,050
Segment profit/(loss) before income tax	7,404	(2,551)	(588)	1,400	665	316	6,646

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its Interim Financial Statements as follows:

	Six months ended 30 June	Six months ended 30 June

	2017	2016
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Reportable segment profit	**22,140**	6,646
Unallocated corporate income	**49**	48
Unallocated corporate expenses	**(3,857)**	(4,208)
Profit before income tax	**18,332**	2,486

4. **INCOME TAX EXPENSE**

The provision for current tax has been made in respect of the assessable profits arising in the People's Republic of China (the "PRC") during the period.

5. **PROFIT/(LOSS) PER SHARE**

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

	Six months ended 30 June 2017	Six months ended 30 June 2016
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit/(Loss)		
Profit/(Loss) for the period attributable to the owners of the Company for the purpose of basic and diluted profit/(loss) per share	**5,673**	(1,928)

	Six months ended 30 June 2017	Six months ended 30 June 2016
	Thousands	Thousands
	(Unaudited)	(Unaudited)
Number of shares		
Common Shares		
Weighted average number of Common Shares for the purpose of basic and diluted profit/(loss) per share	**368,957**	368,866

A Shares		
Weighted average number of A Shares for the purpose of basic and diluted profit/(loss) per share	**9,001**	9,092

For the period ended 30 June 2017, the computation of diluted profit/(loss) per share does not include the 5,664,035 Common Shares (six months ended 30 June 2016: 4,523,842 Common Shares) contingently issuable to Mr. Lee Jin-Yi as the conditions for their issue were not met throughout the period.

For the period ended 30 June 2017, the computation of diluted profit/(loss) per share did not assume the incremental shares from outstanding share options because the exercise price of options exceeded market price. For the period ended 30 June 2016, the computation of diluted profit/(loss) per share did not assume the incremental shares from outstanding share options because the share options have anti-dilutive effect.

6. CONTINGENT LIABILITIES

On 6 July 2015, the Company announced that its subsidiary, Lansen Pharmaceutical Holdings Limited ("Lansen"), made a regulatory announcement regarding the legal proceedings (the "Litigation") initiated by Shenzhen Neptunus Biological Engineering Company Limited (the "Claimant") against Lansen's subsidiary, Ningbo Liwah Pharmaceutical Company Limited ("Ningbo Liwah"). On 24 August 2015, Ningbo Liwah has received the writ in relation to the Litigation. On 15 October 2015, Ningbo Liwah and the Claimant exchanged evidences in the preliminary stage. In the Litigation, the Claimant alleged that it had suffered several losses due to the use of ginkgo extract supplied by Ningbo Liwah in the Claimant's products. The Claimant is therefore seeking damages of approximately RMB70 million (approximately USD10.3 million as of 30 June 2017) from Ningbo Liwah, as well as relevant legal fees. Lansen has sought a preliminary opinion on the Litigation from its legal counsel in the PRC, who, based on the information available as of the date of the interim financial statement, the judgment will be directly pronounced. As Lansen and, therefore, the Group are not able to assess reliably the amount of provision, the Group has not made any provision against this Litigation. Lansen will, in accordance with the applicable laws, make every effort to protect its interests and its shareholders' interests, actively respond to the case and defend its position vigorously. The Company will inform shareholders of any material developments or notify the market when Lansen makes an announcement relevant to the Litigation.

7. PUBLICATION OF NON-STATUTORY ACCOUNTS

Copies of this report have been sent to shareholders and are available to the public from the Company's registrars and transfer office at Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, BR3 4ZF, United Kingdom.