HAIER HEALTHWISE HOLDINGS LIMITED
海爾智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The board of directors (the "**Board**" or "**Directors**") of Haier Healthwise Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2015 together with comparative figures for the corresponding period in 2014. These interim consolidated financial statements have not been audited but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 September 2015

		Unaudited Six months ended 30 September	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**187,075**	226,624
Cost of sales		**(146,621)**	(154,788)
Gross profit		**40,454**	71,836
Other income and gains, net	*2*	**11,628**	12,097
Selling and distribution expenses		**(30,491)**	(35,081)
General and administrative expenses		**(45,562)**	(46,009)
Share of result of an associate		**3,895**	–
Finance costs	*3*	**(1,183)**	(761)
(Loss)/profit before income tax	*4*	**(21,259)**	2,082
Income tax credit/(expense)	*5*	**665**	(622)
(Loss)/profit for the period		**(20,594)**	1,460

	Notes	Unaudited Six months ended 30 September **2015** ***HK$'000***	 2014 *HK$'000*
Other comprehensive income for the period, net of tax:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange differences arising from translation of foreign operations		**1,147**	(199)
– Revaluation of available-for-sale investments		**5,454**	10,470
		6,601	10,271
Total comprehensive income for the period		**(13,993)**	11,731
(Loss)/profit for the period attributable to			
Owners of the Company		**(14,297)**	3,693
Non-controlling interests		**(6,297)**	(2,233)
		(20,594)	1,460
Total comprehensive income for the period attributable to			
Owners of the Company		**(7,696)**	13,964
Non-controlling interests		**(6,297)**	(2,233)
		(13,993)	11,731
(Loss)/earnings per share attributable to the owners of the Company			
– Basic	*7*	**(0.25) cents**	0.07 cents
– Diluted	*7*	**N/A**	0.06 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	Unaudited 30 September 2015 HK$'000	Audited 31 March 2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	**116,862**	100,912
Goodwill	9	**102,305**	102,357
Intangible assets		**10,244**	10,419
Interest in an associate		**22,510**	18,904
Deferred tax assets		**5,628**	5,575
		257,549	238,167
Current assets			
Inventories		**85,133**	75,257
Trade and other receivables, deposits and prepayments	10	**143,475**	95,195
Available-for-sale investments	11	**207,134**	201,680
Amounts due from related companies	18(b)	**12,154**	231
Amount due from an associate	18(b)	**17,875**	21,135
Tax recoverable		**1,910**	1,532
Cash and cash equivalents		**128,047**	106,992
		595,728	502,022
Current liabilities			
Trade payables	12	**55,999**	28,798
Other payables and accrued charges		**32,180**	23,310
Amounts due to related companies	18(b)	**55,515**	5,004
Borrowings	13	**19,678**	24,094
Tax payable		**2,349**	4,661
		165,721	85,867
Net current assets		**430,007**	416,155
Total assets less current liabilities		**687,556**	654,322
Non-current liabilities			
Provision for long service payment		**2,222**	2,451
Borrowings	13	**21,779**	15,057
Deferred tax liabilities		**13,443**	13,577
		37,444	31,085
Net assets		**650,112**	623,237
EQUITY			
Share capital	14	**591,626**	564,776
Reserves		**73,449**	67,127
Equity attributable to owners of the Company		**665,075**	631,903
Non-controlling interests		**(14,963)**	(8,666)
Total equity		**650,112**	623,237

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs, interpretation and Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015. In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and results reported for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs, which have been issued and are not yet effective, but is in the process of assessing their impact on the Group's results of operations and financial position.

2. Turnover, other income and gains and segmental information

The Group is principally engaged in development, engineering, manufacturing and sale of toys, consumer electronic products and commercial kitchen products. Turnover and other income and gains, net are recognised during the period are as follows:

	Unaudited Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**187,075**	226,624
Other income and gains, net		
Interest income	**9,031**	10,141
Others	**2,597**	1,956
	11,628	12,097
	198,703	238,721

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's senior management for their assessment of performance and resource allocation. The Group has identified the following reportable segments from its operations:

– Manufacturing and sale of toys

– Sale of consumer electronic products

– Manufacturing and sale of commercial kitchen products

(a) Information about the Group's turnover by geographical region, according to the destination of orders is as follows:

	Unaudited Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
Turnover		
North America	**84,404**	46,496
Europe *(Note)*	**39,010**	48,592
PRC/Hong Kong	**36,025**	110,232
Japan	**14,692**	2,863
Korea	**6,369**	13,451
Australia	**536**	1,416
Others	**6,039**	3,574
	187,075	226,624

Note: The products are first shipped to one of the European countries ("Shipping Port Countries") and then distributed to different European countries by the customers. The information as to where the products are finally shipped is unavailable and the cost of obtaining such information would be excessive. The Directors opined that disclosing the identities of the Shipping Port Countries is undesirable as such disclosure might be misleading.

(b) Information on the Group's turnover by product type is as follows:

	Unaudited Six months ended 30 September 2015 HK$'000	2014 HK$'000
Toys	**155,553**	116,392
Consumer electronic products	**22,309**	91,970
Commercial kitchen products	**9,213**	18,262
	187,075	226,624

(c) Information on major customers is as follows:

For the six months ended 30 September 2015, revenue amounting to approx. HK$81 million from three external customers contributed to more than 44% of the Group's turnover. Other than these three customers, there is no other customer whose turnover contributed to more than 10% of the Group's turnover.

For the six months ended 30 September 2014, revenue amounting to approx. HK$29 million from one external customer contributed to more than 13% of the Group's turnover. Other than this customer, there is no other customer whose turnover contributed to more than 10% of the Group's turnover.

3. Finance costs

	Unaudited Six months ended 30 September 2015 HK$'000	2014 HK$'000
Interest on bank loans	**1,183**	761

4. (Loss)/profit before income tax

	Unaudited Six months ended 30 September 2015 HK$'000	2014 HK$'000
(Loss)/profit before income tax is stated after charging the following:		
Cost of inventories sold	**146,621**	154,788
Depreciation of property, plant and equipment	**5,073**	3,126

5. Income tax (credit)/expense

No Hong Kong profits tax has been provided for the six months ended 30 September 2015 and 2014 as the Group has tax losses brought forward from previous years to offset the assessable profits for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Unaudited Six months ended 30 September 2015	2014
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
– provision for the period	**84**	622
Overseas profits tax – current period	**(749)**	–
	(665)	622

6. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2015 (2014: Nil).

7. (Loss)/earnings per share

	Unaudited Six months ended 30 September 2015	2014
	HK cents	*HK cents*
Basic (loss)/earnings per share	**(0.25)**	0.07
Diluted (loss)/earnings per share *(Note)*	**N/A**	0.06

Note: No diluted loss per share is presented as the effect of all potential ordinary shares is anti-dilutive for the six months ended 30 September 2015.

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

	Unaudited Six months ended 30 September **2015** *HK$'000*	2014 *HK$'000*
(Loss)/profit		
(Loss)/profit for the period attributable to the owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(14,297)**	3,693

	Unaudited Six months ended 30 September **2015** *HK$'000*	2014 *HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**5,772,682,041**	5,557,757,997
Effect of dilution		
– Warrants	**33,855,877**	339,598,862
– Share options *(Note)*	**–**	–
	33,855,877	339,598,862
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**5,806,537,918**	5,897,356,859

Note: As the exercise price of the Company's share options was above the average share price of the Company during the six months ended 30 September 2015, the share options have no effect of dilutive potential ordinary shares for 2015.

8. Property, plant and equipment

	HK$'000
As at 1 April 2015	100,912
Additions	24,353
Disposal	(208)
Depreciation charge	(5,073)
Exchange differences	(3,122)
As at 30 September 2015	116,862

9. Goodwill

	HK$'000
As at 31 March and 1 April 2015	**102,357**
Exchange difference	**(52)**
As at 30 September 2015	**102,305**

10. Trade and other receivables, deposits and prepayments

The carrying amounts of trade and other receivables, deposits and prepayments are as follows:

	Unaudited 30 September 2015 *HK$'000*	Audited 31 March 2015 *HK$'000*
Trade receivables	**100,008**	66,102
Other receivables, deposits and prepayments	**43,467**	29,093
	143,475	95,195

The ageing analysis of the trade receivables is as follows:

	Unaudited 30 September 2015 *HK$'000*	Audited 31 March 2015 *HK$'000*
0 – 90 days	**70,993**	38,859
91 – 180 days	**2,774**	19,207
181 – 365 days	**24,957**	8,000
Over 365 days	**1,284**	36
	100,008	66,102

The Group's sales are on letter of credit or open account terms. Credit terms are reviewed on a regular basis. The normal trade terms include letter of credit, deposits before shipments and credit period ranging from 30 to 90 days but business partners with strong financial backgrounds may be offered longer credit terms.

11. Available-for-sale investments

	Unaudited 30 September 2015 *HK$'000*	Audited 31 March 2015 *HK$'000*
Debt securities		
– Listed in Hong Kong	**102,260**	94,023
– Listed outside Hong Kong	**104,874**	107,657
	207,134	201,680

12. Trade payables

The ageing analysis of the trade payables is as follows:

	Unaudited 30 September 2015 *HK$'000*	Audited 31 March 2015 *HK$'000*
0 – 90 days	**35,239**	22,768
91 – 180 days	**13,112**	5,766
181 – 365 days	**7,006**	26
Over 365 days	**642**	238
	55,999	28,798

13. Borrowings

	Unaudited 30 September 2015 *HK$'000*	Audited 31 March 2015 *HK$'000*
CURRENT		
Trust receipt loans	**5,469**	15,508
Bank loan	**14,209**	8,586
	19,678	24,094
NON-CURRENT		
Bank loan	**21,779**	15,057
	41,457	39,151

As at 30 September 2015 and 31 March 2015, total current and non-current trust receipt loans and bank loan were scheduled to be repaid as follows:

	Unaudited 30 September 2015	Audited 31 March 2015
	HK$'000	*HK$'000*
On demand and within one year	**19,678**	24,094
More than one year, but not exceeding two years	**9,387**	–
More than two years, but not exceeding five years	**11,556**	15,057
After five years	**836**	–
	41,457	39,151

The borrowings are secured by a legal charge over the Group's land and buildings situated in Indonesia.

14. Share capital

	Authorised			
	Convertible cumulative redeemable preference shares of US$100,000 each		**Ordinary shares of HK$0.10 each**	
	Number of shares	*US$'000*	*Number of shares '000*	*HK$'000*
As at 31 March and 30 September 2015	40	4,000	10,000,000	1,000,000

	Issued and fully paid			
	Convertible cumulative redeemable preference shares of US$100,000 each		**Ordinary shares of HK$0.10 each**	
	Number of shares	*US$'000*	*Number of shares '000*	*HK$'000*
As at 31 March and 1 April 2015	–	–	5,647,758	564,776
Exercise of warrants	–	–	268,500	26,850
As at 30 September 2015	–	–	5,916,258	591,626

15. Contingent liabilities

As at 30 September 2015 and 31 March 2015, the Group had no contingent liabilities.

16. Operating leases commitments

As at 30 September 2015, the Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	Unaudited 30 September 2015 ***HK$'000***	Audited 31 March 2015 *HK$'000*
Not later than one year	**2,298**	1,683
Later than one year but not later than five years	**3,879**	261
	6,177	1,944

17. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. The Scheme, which was adopted by an ordinary resolution of the shareholders on 14 September 2012, constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

Under the Scheme, share options can be exercised at any time during the periods to be determined and notified by the Directors to the grantees at the time of making offers to grant share options to them, provided that such periods shall not exceed the period of ten years from the date of grant. The scheme mandate limit of the Scheme was approved by an ordinary resolution passed in the extraordinary general meeting ("EGM") of the Company held on 14 September 2012, the maximum number of shares available for issue under the Scheme is 345,775,799, representing 10% of the issued ordinary share capital of the Company as at the date of the said EGM, 14 September 2012 and thereafter, the subscription price for the shares under the Scheme shall be a price determined by the Directors at their discretion, provided that it shall not be less than the highest of (i) the closing price of the shares stated in the daily quotation sheets of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on the date of grant; (ii) the average closing price of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of share options; and (iii) the nominal value of the shares. A nominal consideration of HK$1.00 is payable for each of the share option granted.

On 13 May 2014, share options of 100,000,000 were granted by the Company to the senior management and employees of the subsidiaries and consultants at the exercise price of HK$0.87 per share.

Details of the Company's share options held by the senior management and employees of the subsidiaries and consultants are as follows:

	Exercise price (per share)	**Six months ended 30 September**	
		2015	2014
		No. of share option	No. of share option
	HK$	***'000***	*'000*
Outstanding shares at the end of the period	0.87	**100,000**	100,000
Exercisable shares at the end of the period	0.87	**11,266**	–

The share options outstanding (expiry date: 12 May 2017) as at 30 September 2015 have the following vesting dates and exercise prices:

	Unaudited Six months ended 30 September 2015 and 2014	
Vesting date	**Exercise price**	**Outstanding shares**
	HK$	*'000*
13 May 2015	0.87	40,000
13 May 2016	0.87	60,000
		100,000

The Group recognised share-based payment expenses of HK$593,000 (2014: HK$3,521,000) for the six months ended 30 September 2015 in relation to share options granted by the Company.

18. Related party transactions

During the period, the Group had transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. In addition, transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The significant transactions with related parties during the period, and balances with them at the end of reporting period, are as follows:

(a)

	Type of transaction	Unaudited Six months ended 30 September	
		2015	2014
		HK$'000	*HK$'000*
Companies controlled by a director's close family members	Purchases	**41,882**	27,122
Companies related to our substantial shareholder	Sales	**2,078**	40,446
	Purchases	**–**	29,523

(b) Amounts due from/(to) related companies and an associate are unsecured, interest-free and repayable on demand.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

For the six months ended 30 September 2015 (the "**Period**"), the Group's turnover decreased by approximately ("**approx.**") 17% to approx. HK$187 million, compared with approx. HK$227 million for the six months ended 30 September 2014 (the "**Corresponding Period**"). Gross profit margin for the Period was approx. 22% compared to approx. 32% in the Corresponding Period. Overall, the loss attributable to owners of the Company was approx. HK$14 million compared with the profit attributable to the owners of the Company of approx. HK$4 million in the Corresponding Period.

Business Review

The Group recorded a decrease in turnover by approx. 17% for the Period compared to the turnover of the Group for the Corresponding Period. The decrease was mainly due to the slowdown of the economic growth in the People's Republic of China (the "**PRC**"), leading to delay of some potential and ongoing commercial kitchen Equipment Procurement Construction ("**EPC**") projects, as a result, the turnover in commercial kitchen products segment decreased by approx. 50% compared with the Corresponding Period.

In addition, the Group has strategically shifted the focus from large baby appliances to small baby appliances and products. The much lower Average Selling Price ("**ASP**") of small baby appliances and products compared with large baby appliances led to a big decrease in turnover. For the water purification product segment, in order to be more cost effective, the sales of the water purification products were solely generated from our associate company during the Period, this specific associate company contributed approx. HK$4 million profit to the Group though. The turnover of the consumer electronic products segment decreased by approx. 76%, of which approx. 31% is related to the childcare products while approx. 45% is related to water purification products.

Toy segment recorded an increase in turnover by approx. 34% due to the increase in orders received from our major US customers for the production of a series of toy figures related to an upcoming major blockbuster movie and also due to the increase in orders from our Japanese customers.

The profit attributable to the owners of the Company was approx. HK$4 million in the Corresponding Period compared to the loss attributable to the owners of the Company was approx. HK$14 million for the current Period. The decrease mainly resulted from the decrease in turnover and gross profit margin which resulted in deleveraging of the fixed costs.

Commercial Kitchen Products

青島瑞迪燃氣具製造有限公司 ("**Qingdao Ruidi**") and its subsidiaries are the major commercial cooking appliances manufacturers in the PRC. Besides cooking appliances manufacturing and sale, Qingdao Ruidi implemented commercial kitchen EPC projects with hotels, restaurants, schools, government agencies, etc. during the Period. Due to the PRC economic slowdown, some of the EPC projects we bid were delayed. In addition, given the macro-economic situation, the management of the Company ("**Management**") believes a healthy cash flow is essentially important for the Group's long term stability and growth. Therefore, we have been more prudent and cautious for partner choosing and project selection. The above objective and subjective reasons led to a revenue decline in this segment.

During the Period, the commercial kitchen product segment contributed approx. HK$9 million to the Group's turnover with the gross profit margin of 27%.

Consumer Electronic Products

(i) Childcare Products

The market for childcare related products and services is huge and fast growing in China. The recent easing of the one-child policy provides more catalysts and based on the CRCCI research the market size is expected to be approx. RMB2.6 trillion by 2017. Since the Group entered the childcare market, the Management has been working closely on R&D enhancement, product line expansion, distribution channel development and integration. The main products of the Group are our Haier and Brillante branded small baby appliances (electric sterilizer, baby bottle & food warmer, baby food processor, baby washing machine, baby air-conditioner, etc.). During the Period, we strategically shifted the focus from large baby appliances into small baby appliances due to better long term prospects for the latter. This is the main reason for the sales decline in this segment.

During the Period, we signed an agreement with Nuby (Nüby™ is one of the world's leading baby and infant feeding brands) to serve as its major distributor for pacifiers and accessories, teethers, bottles, hair & body care (baby shampoo, body wash, skin lotion etc.), etc. in the PRC. We expect to launch those products officially at the end of 2015. The Management believes sales from Nuby branded products will be an important revenue source and this partnership will be further strengthened as we expect to introduce more products into the whole Nuby portfolio.

On the other hand, we further streamlined the distribution networks during the Period. The Management participated in the Shanghai International Children Baby Maternity Industry Expo ("**CBME China**") in July 2015. We expect to focus more on large distributors with extensive networks in future. The streamline of the distribution networks facilitate network management and reduce cost in the long run.

In addition, we further enhanced Online to Offline ("**O2O**") strategy during the Period. Our products are currently available in various e-commerce channels and lots of mother & baby stores in most of the major cities in the PRC.

The Management further optimised our own mother and baby interactive platform: Haier 優知媽咪滙 (http://baby.haier.com) and has accumulated decent registered users and active daily visitors. With our continuous efforts, we expect a massive growth from this platform in the foreseeable future and we will further leverage and monetise this valuable resource in the years to come.

During the Period, the childcare product segment contributed approx. HK$22 million to the Group's turnover with the gross profit margin of 25%.

(ii) Water Purification Products

On 21 April 2014, Qingdao Oasis Intelligent Health Technology Company Limited ("**OIHT**") and Qingdao Goodaymart Lejia Trading Co., Ltd ("**Goodaymart**"), an indirect wholly-owned subsidiary of Haier Electronics Group Co., Ltd (1169.HK), entered into a joint venture agreement in relation to the establishment of the 青島日日順樂家水設備有限公司 ("**Goodaymart Water**") in July 2014. Goodaymart Water is principally engaged in R&D, production, wholesaling and retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant aftersales services in the PRC. Goodaymart Water will focus on "health and environment" and aims to become a prominent full-house water purification service provider. Upon the establishment of the Goodaymart Water, Goodaymart and OIHT owns 51% and 49% of the shareholding interest in the Goodaymart Water respectively. In addition, on 7 August 2014, OIHT and Goodaymart entered into a supplemental agreement to the effect that upon the establishment of the Goodaymart Water, OIHT and Goodaymart will own 51% and 49% of the shareholding interest in the Goodaymart Water respectively. However, the supplemental agreement has not been successfully executed therefore OIHT retains 49% shareholding interest in the Goodaymart Water during the Period.

During the Period, Goodaymart Water as an associate company has contributed a profit of approx. HK$4 million to the Group.

Toys

The expanded Indonesian factory contributed to the overall sales growth. However, it again exposed the weaknesses of the Original Equipment Manufacturing ("**OEM**") business segment of the Group. The increase in labour and staff costs, the depreciating Indonesian currency and additional costs of fixed assets investments led to an overall lower gross margin in the toy manufacturing segment. During the Period under review, the Group employed well over 3,000 workers at the Indonesian factory.

The sales increase was mainly due to orders received from our major US customer for the production of a series of toy figures relating to an upcoming major blockbuster movie where the toys target at worldwide markets in North America, Latin America and Europe as the initial major shipment destinations. Our Japanese customer also increased orders for a line of infant construction block sets destined mainly for the Japan market. The rush to complete orders for electronic components of a popular brand licensed dolls kept the Serang factory busy during the Period under review. However, the customer does not have the right to produce the same dolls in future.

The slow but continued recovery of the North American market has helped the sales of our Original Brand Manufacturing ("**OBM**") business. Kid Galaxy has recorded increased sales in the United States but was unable to maintain sales momentum in other previously growing markets such as Europe and Asia due to the negative economic climate and weaker currencies.

Use of Proceeds

References are made to the circular of the Company dated 26 February 2013 (the "**2013 Placing Circular**") in respect of the placing of 2,000,000,000 new shares under the specific mandate (the "**2013 Placing**"). Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the 2013 Placing Circular.

The Company set out below the update on the use of proceeds from the 2013 Placing.

Placing and Net proceeds	Intended use of proceeds from the 2013 Placing as mentioned in the 2013 Placing Announcement and the 2013 Placing Circular	Actual use of proceeds from the 2013 Placing as at the date of this announcement
The 2013 Placing Approximately HK$389 million	(a) Approximately HK$5 million will be used for the feasibility study of using the Company's current manufacturing and operations facilities or to expand and upgrade the current facilities in Indonesia (if necessary); approximately HK$75 million will be used for carrying out the suggestion made in the feasibility study.	Approximately HK$1 million has been used for the feasibility study.
	(b) (i) Approximately HK$5 million will be used for performing a detail strategic review of the Company's operation;	Approximately HK$2 million has been used for performing a detail strategic review of the Company's operation.
	(ii) approximately HK$5 million will be used for the research and development of new lines of products and/or the related brand building or acquisitions, sales, marketing and promotion; and (iii) approximately HK$60 million will be used for the possible acquisition of new product lines.	Approximately HK$42.9 million has been used to set up a company, which is principally engaged in consumer electronic products; approximately HK$12.7 million has been used to acquire 51% share interest in a company, which is principally engaged in the research and development, marketing & distribution of baby appliances in the PRC. Approximately HK$9.6 million has been used to set up a joint venture company, which is principally engaged in research and development, production, wholesaling, retailing of water purification equipment and accessories, installation and maintenance of water purification equipment and provision of relevant aftersales services in the PRC. The Directors believe that the business segment of baby appliances and water purification products can complement the Group's existing business while further expanding the Group's income base and adding value to the shareholders of the Company.

Placing and Net proceeds	Intended use of proceeds from the 2013 Placing as mentioned in the 2013 Placing Announcement and the 2013 Placing Circular	Actual use of proceeds from the 2013 Placing as at the date of this announcement
	(c) Approximately HK$150 million will be used for possible acquisitions.	Approximately HK$8 million has been paid as part of the consideration for the acquisition of Notton Limited to enter the commercial kitchen industry; approximately HK$23.7 million has been used to expand the registered capital of Qingdao Ruidi, the operating subsidiary of Notton in the PRC; approximately HK$12.5 million has been used to set up a new subsidiary under Qingdao Ruidi for commercial kitchen design, planning and project management; approximately HK$10 million has been used to acquire 59.976% share interest of Sichuan Yi Fang Kitchen Equipment Co., Ltd. which is principally engaged in research and development, production, sale and installation of commercial kitchen related equipment and accessories in the PRC.
	(d) Approximately HK$88 million will be used for the working capital of the Group, of which approximately HK$50 million will be used to support the increase in stock to cope with the organic growth of the business of the Company and the balance of approximately HK$38 million will be used for carrying out the plan as described in (a), (b) or possible acquisition in (c) above.	Approximately HK$22 million has been used for the working capital of the Group.

As disclosed in the announcement of the Company dated 31 May 2013, the Company placed approx. HK$350 million in its private banking account with a Swiss-based banking institute and approx. HK$344 million has been applied in investing in high yield bonds issued by listed issuers in the open bond market. The Company's investment in the bond market is merely a temporary cash management exercise and the Management has been liquidating the bond portfolio at market as the working capital needs increase. The HK$350 million we originally placed in the bank, approx. HK$207 million of which was in the form of bonds, the remaining HK$143 million together with the coupon income it generated has been wired out of that Swiss-based banking institute for operation.

The Company will not change the intended use of proceeds as disclosed in the 2013 Placing Circular. As at 30 September 2015, the Group had approx. HK$5 million non-cash valuation gain on available-for-sale investments as shown in our condensed consolidated statement of comprehensive income. Management will continue to closely monitor and carefully manage the investments.

PLANS AND PROSPECTS

Commercial Kitchen Products

Commercial kitchen product market is very fragmented in the PRC with no major players in the market. Market growth is driven by increasing demand for dining out as living standard rises, higher environmental standard and fuel cost saving motive. The Group's patented advanced infra technology for gas cooking appliances is able to offer the best energy efficiency in the market (70% as compared to the government standard of 45%), which allows more than 50% saving in gas consumption in comparison with traditional blast gas kitchen range. Our products have low carbon monoxide emission (20 times less than the national standard) and have quietness and even heating distribution ability. In addition, the Management expects the new government regulation on the minimum heat efficiency requirement for commercial kitchen appliances to be implemented officially and executed in the foreseeable future.

Consumer Electronic Products

(i) Childcare Products

In late Oct 2015, the Chinese government decided to implement the "two-child policy" nationally. The Management expects the "two-child policy" will enable the childcare product and service market to grow significantly in the next decade.

The strategic partnership with Nuby is a milestone for the Group. The Group has shifted from a single brand baby appliance producer into a multi-brand childcare product and service provider. Besides Nuby, the Management expects to have similar collaboration with other international childcare brands in the near future. Meanwhile, we aim to open a few baby care themed franchised stores which showcase all our products while providing consumers a pleasant place for interaction in the foreseeable future. The Management expects that this multi-brand strategy together with O2O distribution network will get us well prepared to capture huge opportunities triggered by the "two-child policy".

(ii) Water Purification Products

The continuous economic growth in the PRC has resulted in an accelerated urbanisation and a significant increase in disposable income and rapid growth of consumption which ensures the stable and healthy development of the water purification product industry in the PRC. Due to the increasing urbanisation rate, disposable income and individual consumption, urban residents have become increasingly willing to spend on discretionary goods, including home appliances such as water purifiers, to improve their living standards. Urban residents also increasingly realise that safe drinking water provides tangible health benefits.

Water purification products in the PRC is considered as a sun-rising market which is characterised by high growth yet fragmented. In the PRC, consumers increasingly concern about water quality due to water pollution caused by various factors. The demand for clean water is increasingly strong and growing fast. As per China Market Monitor Report, the water purification product market penetration rate in developed countries is over 80% whereas only 4% in the PRC. The market size is expected to reach RMB400 billion by 2020.

Toys

The demand for the popular toy products are expected to continue into the second half of the financial year ending on 31 March 2016 but the Group will continue to face the anticipated annual increase in minimum wages beginning in January 2016. Due to the imminent increase in interest rates in the United States and the uncertainties of the Renminbi and other competing Asian currencies, Indonesian Rupiah are likely to be further depreciated in order to stay competitive which may further add to the Group's foreign exchange losses.

Kid Galaxy will continue to showcase new products in the coming toy fair in the early part of 2016 but further capital investments into product development, engineering, new product moulds plus additional marketing and promotion costs for new products will continue to affect the contribution to the profitability of this segment.

GROUP RESOURCES AND LIQUIDITY

As at 30 September 2015, the Group's cash and bank balances were approx. HK$128 million (31 March 2015: HK$107 million). The Group's total bank borrowings were approx. HK$41 million (31 March 2015: HK$39 million). The gearing ratio, calculated as the total borrowings divided by shareholders' equity, was 6% (31 March 2015: 6%). As at 30 September 2015, the Group recorded total current assets of approx. HK$596 million (31 March 2015: HK$502 million) and total current liabilities of approx. HK$166 million (31 March 2015: HK$86 million). The current ratio of the Group, calculated by dividing the total current assets by the current liabilities, was approx. 359% (31 March 2015: 585%). The Group recorded an increase in equity from approx. HK$623 million as at 31 March 2015 to a net asset position of approx. HK$650 million as at 30 September 2015. The increase was mainly resulted from the non-cash valuation gain on available-for-sale investments, increase in trade receivables and the cash and cash equivalent.

Inventories recorded an increase of approx. 13% compared to previous year end date of 31 March 2015 and the value of stock in warehouse increased from approx. HK$75 million as at 31 March 2015 to approx. HK$85 million as at 30 September 2015. These are finished goods and materials held mainly in the Indonesian factory, the PRC offices and by an independently managed warehouse in the U.S..

Due to the increase in turnover of the toy segment, trade receivables recorded an approx. 51% increase as at 30 September 2015 to approx. HK$100 million, compared with approx. HK$66 million as at 31 March 2015.

Overall, the Group's operations are still in a strong position. The financial position has slightly improved compared to the previous reported financial periods. Barring unforeseen challenges and global economic downturn, in the opinion of the Directors, the Group has sufficient financial resources to meet its normal operational and expansion needs.

EMPLOYEES

As at 30 September 2015, the Group had approx. 3,958 employees and contract workers based in Hong Kong headquarters, Macau office, PRC offices, the Indonesian factory and the U.S. sales office. The number of employees of the Group varies from time to time depending on production needs and they are remunerated based on industry practices.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the accounting period covered by the interim report. As at 27 November 2015, 458.5 million shares were issued by the Company on exercise of subscription rights under the warrants from 2012 Placing.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report save for the deviation from code provision A.2.1.

Mr. Diao Yunfeng was appointed as the Chairman and Chief Executive Officer of the Company with effect from 27 October 2014 to succeed Mr. Leung Lun, M.H.. The roles of Chairman and Chief Executive Officer have been performed by Mr. Diao since then. Although under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Diao is considered to be in the best interests of the Company and its Shareholders as a whole. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership enabling the Company to operate efficiently. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the Management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company has made specific enquiry of its Directors. All Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the accounting period covered by the interim financial statements.

AUDIT COMMITTEE

The Company has an audit committee in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process including a review of the unaudited condensed interim financial statements for the six months ended 30 September 2015, this interim report and the Group's internal controls.

The terms of reference of the Audit Committee have been revised on 27 November 2015 to reflect the latest amendments to Appendix 14 of the Listing Rules relating to internal control and risk management to be effective for accounting period beginning on or after 1 January 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Companies Information" and the website of the Company at www.haier-healthwise.com.hk under "Investor Relations".

On behalf of the Board of
Haier Healthwise Holdings Limited
Diao Yunfeng
Chairman and Chief Executive Officer

Hong Kong, 27 November 2015

As at the date of this announcement, the executive Directors are Mr. Diao Yunfeng (Chairman and Chief Executive Officer), Mr. Leung Lun, M.H. and Ms. Fang Fang; and the independent non-executive Directors are Mr. Ye Tian Liu, Mr. Lai Yun Hung and Dr. Ko Peter, Ping Wah.