恒大健康产业集团
EVERGRANDE HEALTH INDUSTRY GROUP

EVERGRANDE HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code : 0708)

2015 Annual Report

2015

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CONTENTS

Board of Directors and Committees

Executive Directors

Ms. Tan Chaohui *(Chairman)*
Mr. Peng Sheng *(Chief Executive officer)*
Mr. Han Xiaoran

Independent Non-Executive Directors

Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

Audit Committee

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Guo Jianwen
Mr. Xie Wu

Remuneration Committee

Mr. Chau Shing Yim, David *(Chairman)*
Ms. Tan Chaohui
Mr. Guo Jianwen

Nomination Committee

Ms. Tan Chaohui *(Chairman)*
Mr. Chau Shing Yim, David
Mr. Guo Jianwen

Corporate Governance Committee

Mr. Chau Shing Yim, David *(Chairman)*
Ms. Tan Chaohui
Mr. Guo Jianwen
A representative from company secretarial function
A representative from finance and accounts function

Authorised Representatives

Ms. Tan Chaohui
Mr. Fong Kar Chun, Jimmy

Corporate and Shareholder Information

Head Office

28th Floor, Evergrande International Center
No. 78 Huangpu Avenue West
Guangzhou
Guangdong Province
The PRC
Postal code: 510620

Registered Office and Place of Business in Hong Kong

Suites 1501–1507, One Pacific Place
88 Queensway, Hong Kong

Website

www.evergrandehealth.com

Company Secretary

Mr. Fong Kar Chun, Jimmy

Auditor

Deloitte Touche Tohmatsu
(resigned on 2 July 2015)
PricewaterhouseCoopers
(appointed on 17 July 2015)

Shareholder Information

Listing Information

The shares of the Company are listed on
The Stock Exchange of Hong Kong Limited
("Hong Kong Stock Exchange")
The Taiwan depository receipts of the Company are
listed on the Taiwan Stock Exchange
("Taiwan Stock Exchange")

Stock Code

Hong Kong Stock Exchange: 0708.HK
Taiwan Stock Exchange: 910708

Share Registrar

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

Investor Relationship

For enquiries, please contact:
Mr. Fong Kar Chun, Jimmy
Investor Relationship Department
Email: evergrandeIR@evergrande.com
Telephone: (852) 2287 9208/2287 9218/2287 9207

Financial Calendar

Announcement of annual results: 23 March 2016

Management Discussion and Analysis

The board (the "Board") of directors ("Directors") of Evergrande Health Industry Group Limited (the "Company" or "Evergrande Health", together with its subsidiaries, the "Group") present their report together with the audited consolidated financial statements of the Company and its subsidiaries for the 18 months from 1 July 2014 to 31 December 2015.

Overview

The principal business activities of the Group include magazine publishing, distribution of magazines, digital business, and provision of magazine content (collectively the "Media Segment") and "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging (collectively, the "Health Segment").

Media Segment

As the existing business of the Group, our media operation innovated proactively and achieved stable development under the new media environment.

As one of the leaders in the Hong Kong weekly magazine market, the Group publishes five magazines that cater to different groups of readers, namely Oriental Sunday (東方新地), Weekend Weekly (新假期), NM+ New Monday (NM+新Monday), Fashion and Beauty (流行新姿) and Economic Digest (經濟一週). Leveraging on our consolidated strengths in the weeklies market, as well as our well established branding and advertising networks, we have expanded into the digital business in recent years, breaking regional boundaries and making ourselves one of the leading and most creative players in the new digital media landscape.

During the period for the 18 months ended 31 December 2015 (the "Period"), with the ongoing slowdown of economic growth in China inducing the decline in mainland tourists spending as well as the drop in retail sales, the overall local economy suffered substantial uncertainty. The local print media industry continued to be pressured since advertisers were more reluctant to make long-term advertising commitments due to uncertain economic conditions. Instead, they tended to allocate resources to digital marketing channels with downsized marketing budget. Moreover, as with the global market, reading habit has changed tremendously recently and print readership is inevitably on the downward trend as more readers opt for free and instant online channels using tablets and mobile devices.

Over the past years, the Group's media operation has undergone remodelling and restructuring to better align with the booming digital and multimedia trends, addressing the changing needs of marketers, their target consumers and our diversified readers. We have offloaded inessential assets and have invested in new and innovative technologies to adapt to the multi-platform media universe, constantly exploring opportunities to diversify business and maximise returns.

Health Segment

In response to the PRC government's call for developing "Healthy China" and opening up private medical business, Evergrande Health Group vigorously implemented the national big health strategy and "Internet+" medical strategy to promote the development of tiered treatment through integrating medical treatment and health preservation. The Group invested in "Internet+" community health management, international hospitals, elderly care and rehabilitation industry, medical cosmetology and anti-aging business segments, and cooperated with premium health management organizations worldwide as well as 3A local hospitals and high-quality specialist hospitals, to construct a "pyramid" of medical resources and services based on community health management under the guidance of top-notch international hospitals. By building up a collaborative platform of medical services and health management, the Group established advanced international service standards to promote sizeable, high-quality and standardized enterprise development strategies, so as to provide all-round, full life-cycle health services for all residents. At the same time, through the application of Internet, big data and other technologies, the Group tried to rationalize the allocation of medical resources to improve the efficiency of medical services, ensure better hospital experiences and reduce health care costs.

Over the past year, the Group basically completed the industry engagement for its principal business areas covering "Internet +" community health management, international hospitals, elderly care and rehabilitation as well as medical cosmetology and anti-aging management. The construction of Evergrande International Medical Centre in Hainan Boao Lecheng has commenced, and the elderly care community on Ocean Flower Island, Danzhou, Hainan is under the planning and designing stage, while the Tianjin Evergrande-Wonjin Medical Beauty Hospital has been opened for business.

Financial Review

For the Period, the Group's revenue was HK$638.3 million (2014: HK$455.6 million), including revenue from both media segment and health segment.

Revenue of the media segment amounted to HK$582.0 million for the Period (2014: HK$455.6 million). The Group's performance in the media segment was adversely affected by various macroeconomic factors and market challenges. Advertising income amounted to HK$438.1 million (2014: HK$363.3 million) and remained a key revenue contributor. Circulation income was HK$101.8 million (2014: HK$73.4 million). The performance across all media sub-segments for the Period (18 months ended 31 December 2015) reported a growth when compared with the previous financial year (12 months ended 30 June 2014). However, all businesses in the media segment, except digital business, reported moderate year-to-year decline in 2015, as a result of the general slowdown in consumption and scale down of advertising spending. Print media displayed a down trend with higher popularity of online media platform. Less advertisement order was received by print media.

Following the acquisition of a majority of the equity interest in Evergrande Wonjin Beauty Hospital and the establishment of subsidiaries in the health industry, the Group was engaged in the medical cosmetology and health management business that generated a revenue of HK$56.3 million. The revenue mainly included revenue from medical cosmetology and health management.

The Group's gross profit amounted to HK$223.1 million for the Period (2014: HK$155.7 million). The gross profit margin increased from 34% during the year ended 30 June 2014 to 35% for the Period. Cost of sales of the media segment mainly represents artwork and design costs, circulation costs, editorial costs, photographic costs and magazine printing costs in relation to the producing of magazine contents and design of advertisements. Cost of health segment mainly represents costs of medicine and labour and depreciation of hospital equipment.

An one-off gain on disposal of a subsidiary holding a property amounting to HK$136.7 million was recorded in the Period.

Selling and marketing expenses, together with administrative expenses, amounted to HK$267.2 million for the Period (2014: HK$144.9 million). The increase was mainly attributable to more resources being put into multimedia development to strengthen the client base of multimedia solutions. Also, expenses were spent in business promotion of the health business at the start-up stage and for building up management team.

Profit attributable to the shareholders of the Company increased to HK$99.9 million (2014: HK$11.0 million). Basic earnings per share was HK1.156 cents (2014 restated: HK0.128 cents).

Business Review

Media Segment

In this age of digital and social media marketing, advertisers and marketers are now more aware that they are always in need of new synergies and creative contents that are popular and sharable in order to attract targeted customers. With a comprehensive portfolio that comprises well branded print publications, online websites, social media networks and video advertising, our award winning teams offer a wide range of solutions and promotion platforms to accommodate clients' needs.

Up to January 2016, the Group's branded websites had altogether reached a record high monthly page view (PV) of 38.43 million, with unique visitors (UV) who visited the sites at least once within the reporting period reaching 8.4 million, as recorded by Google Analytics.

According to the MyMetrix media report provided by comScore, an internet analytics company that provides online audience measurement and is widely recognised by top advertisers, agencies and publishers, the Group's latest record, up to the end of December 2015, showed remarkable and encouraging results, reflecting particularly strong performance in the mobile sector.

Among the Top 100 Web Properties (viewing of websites via mobile devices), the Group was ranked No. 6 with PV of 19.08 million and UV of 1.69 million. With reference to the comScore's Mobile Report in relation to the measurement of Segment and Categories performance, the Group's Weekend Weekly brand ranked 1st in Travel (main category) and 1st in Information (subcategory). Oriental Sunday's Kiss ranked 2nd in Family & Youth (main category) and 2nd in Family & Parenting (subcategory), while Oriental Sunday came in 4th in Entertainment (main category) and 2nd in Entertainment News (subcategory). The NM+ and Beeweb brands together ranked 4th in LifeStyle (main category) and 2nd in Beauty/Fashion/Style (subcategory). The Sundaymore and Sizz brands together ranked 6th in LifeStyle (main category) and 4th in Beauty/Fashion/Style (subcategory).

Leveraging on the latest technologies and reacting quickly to market trends, the Group had earned significant recognitions for its efforts in integrating social media and content marketing with creative and diversified multi-channel campaigns, sweeping altogether 25 awards at The Spark Awards for Media Excellence 2015 by Marketing Magazine, including an overall prestigious ''Media of the Year'' award. Some of the awards are set out below:

1 Media of the Year: New Media Group

2 Gold Award — Best Content Team: Creative Content Farm

3 Gold Award — Best Commercial Team: NewDiGi.Solutions

4 Gold Award — Best Acquisition Team: Creative Content Farm

5 Gold Award — Best Acquisition Strategy: Weekend Weekly

6 Gold Award — Best Use of Integration: NM+ Sports: Let's Run

7 Gold Award — Best Media Campaign — Online Video: McDonald's Dim Jack by NM+ New Monday & Weekend Weekly JetSo

8 Gold Award — Best Use of Branded Content: YATA x KUMAMON by NM+

9 Silver Award — Best Creative Team: Social Media Creative

10 Silver Award — Best Customer Insight: NMG Content Marketing Test by NMG

11 Silver Award — Best Custom Event: San Mig Light Fit & Firm Wow Party 2014 by NM+

12 Silver Award — Best Media Campaign — Mobile: iMORE HairPro App

13 Silver Award — Best Media Campaign — Online Video: Shu uemura by more

14 Silver Award — Best Media Campaign — Print: VISA Taipei/Seoul Travel Set by Weekend Weekly

15 Silver Award — Best Media Campaign — TV: San Mig Light Fit & Firm Wow Party 2014 by NM+

16 Silver Award — Best Use of Limited Budget: Gatsby Hair Jam Stylish Alien Social Media Project by NM+

Health Segment

''Internet+'' Community Health Management Business

''Internet+'' Community health management centers established the digital health database for residents. Through wearable devices, family monitoring devices and mobile apps, the Group continued to record high-quality healthcare data and developed a big data platform in healthcare. The Group conducted analysis on and evaluated health risks and formulated pre-illness precautionary solutions and postillnesses treatment solutions to promote accurate medical treatment. Leveraging on mobile Internet and the Internet of Things, the Group launched the O2O business in prevention, screening, treatment and senior care to offer tailored services to fully satisfy the needs of residents. The Group established a cloud computing platform for doctor-patient interaction to achieve optimal allocation of resources, enhancing medical care experiences and improving doctor-patient relationship, so as to deliver reasonable returns to doctors.

Through healthcare data analysis, health management centers identified scientific and sensible solutions for medical treatment and offered better healthcare management services to improve their health conditions and avoid risks of severe illnesses suffered by residents. The Group was also engaged in developing community health management insurance products with insurers such as Evergrande Life Insurance Co., Ltd to adopt an integrated management system for medical insurance and medical services, in order to reduce insurance claims, avoid excessive treatment, reduce medical costs and alienate doctor-patient conflicts so as to achieve the mutually-beneficial ''Kaiser'' model among residents, insurers and doctors.

During the Period, the Group opened up 12 community healthcare management centres in 10 core cities including Guangzhou, Foshan, Wuhan, Shenyang, Jinan, Chengdu, Luoyang, Changsha, Nanchang and Shijiazhuang, and collaborated with nearly 30 local 3A hospitals and high-quality specialist hospitals, covering approximately 200,000 residents and preliminary establishing the nationwide layout for the segment. The Group also completed over 4,000 body-check cases and established a healthcare management database of more than 10,000 residents, while it also rapidly developed family healthcare network access for over 5,000 households between November and December, strengthening the client base of ''Internet + Health Management'' and forming a high-quality and sustainable healthcare data stream.

International Hospital Business

The Group cooperated with world-class medical and research institutions to introduce top-notch international talents and establish a high-end international hospital and research platform, serving as a trinity of clinical, teaching and scientific research. Targeting the diseases posing the biggest threats to human beings and with the highest complexity, the Group plans to introduce and develop the most advanced equipment, technologies and treatment methods and utilized them in clinical treatment, as it is one of Evergrande Health's strategic targets to benefit the patients and improve people's livelihood. The Group is keen on collaborating with prominent medical agencies in Europe, the United States of America (the "U.S.") and China, as well as opening high-end international hospitals in top-tier cities and the Hainan Special Economic Zone. The Group worked along with world-class research teams and established a translational medical centre, while it also adopted advanced IT technology to establish remote pathology and remote second diagnosis centres. Through the introduction of a patient-centric philosophy, an internationally advanced hospital management and top-notch talents and equipment, the high-end international hospital of Evergrande Health will become a leading brand of high-end medical service. Led by high-end international hospitals with an integration of health management centres and regional satellite hospitals under the national strategic layout, the Group will establish medical networks serving patients in China, Southeast Asia and even around the globe.

On 24 September 2015, the Group entered into a memorandum of understanding with The Brigham and Women's Hospital, Inc., an affiliate of Harvard Medical School. On 19 October 2015, the Group successfully won a bidding of a land plot in the International Medical Tourism Pilot Zone (the "Pilot Zone") in Boao Lecheng for the construction of an international hospital. Situated beside the core zone of the Boao Forum for Asia, the Pilot Zone has been officially approved by the State Council of China, supported by nine key national policies so that foreign-imported large-scale medical equipment, medical apparatus, medication, medical technologies and methods as well as overseas doctors and capital can be arranged and channeled to the Pilot Zone. The Boao Evergrande International Medical Centre is positioned as an international highend hospital for tumour treatment and a translational medicine center. Construction has officially commenced on 29 December and is now fiercely underway. Upon completion, it will become Evergrande Health's flagship brand, a platform where international high-end talents, technologies and management systems converge.

Elderly Care and Rehabilitation Business

In response to the country's call to further the development of the elderly care industry, the Group proactively developed a multi-layered elderly care system with residential care as the foundation, supported by the community and supplemented by agencies. Integrating Evergrande Health's abundant medical resources and the technologies of internet and the Internet of Things, the Group is proactively developing a smart elderly care model, integrating medical treatment and elderly care, making it a characteristics of the Group while lowering costs, improving service quality and establishing core competitiveness. The Group vigorously introduced advanced concepts and models from overseas countries to establish a value chain and ecosystem for the elderly care industry.

With community health management centres as a part, the Group is establishing community-embedded elderly care micro-agencies combining medical treatment and elderly care, with an aim to provide services including residential nursing, daytime caretaking, rehabilitation, physiotherapy and chronic disease management for the elderly in the community. Site selection and design for the first batch of community-embedded elderly care micro-agencies were already completed and the construction and installation stage has already commenced.

Taking advantage of the high-end international specialist hospitals in geriatrics, the Group is setting up large-scale health preservation and elderly care communities while executing a wide array of marketing strategies including offering elderly care and life insurance policies, operating elderly care bed spaces and selling of elderly apartments in order to offer all-round elderly care choices to the elderly with different needs. The Group successfully won biddings for land plots on Ocean Flower Island and Sanya, Hainan, for elderly agency projects, and planning and design are now underway.

Medical Cosmetology and Anti-aging Business

The Group established a ''flagship'' medical cosmetology hospital and is developing a system of medical cosmetology institutions with a strategic layout in prime cities around the country. It is leveraging the internet mindset to establish an operation model of ''triaging customers with layered services'', resulting in a significant growth in operating revenue.

The Group joined forces with Wonjin Beauty Medical Group of Korea, the largest comprehensive aesthetic surgery hospital in Korea, to establish the Evergrande Wonjin Medical Beauty Hospital, positioning at the high-end market as a ''flagship'' medical cosmetology hospital with all its doctors from Korea, supported by top-notch equipment of international standards and tailored premium caretaking services. It is now in stable operation and the medical cosmetology institutions in Chongqing, Shanghai and Hainan are under construction as planned.

Corporate Milestones

On 27 February 2015, Evergrande Real Estate Group Limited, the parent of the Company, completed the acquisition of 74.99% of the total number of shares of the Company in issue and became its controlling shareholder. The Company was formally renamed as Evergrande Health Industry Group Limited on 20 April 2015.

On 28 March 2015, the Company, the Management Committee of Hainan Boao Lecheng International Medical Tourism Pilot Zone and Wonjin Beauty Medical Group of Korea entered into a strategic investment and cooperation framework agreement at Boao Health Forum in relation to the cooperation and establishment of a world-class medical cosmetology and anti-aging center in such international medical tourism pilot zone.

On 1 April 2015, the Company acquired 96.25% equity interests in Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd. (天津恒大原辰醫學美容醫院有限公司).

On 10 June 2015, Hui Ka Yan, Chairman of Evergrande Real Estate, Tan Chaohui, Chairman of the Company, and the team led by Steven Thompson, Senior Vice President and Chief Business Development Officer of Brigham and Women's Hospital, an affiliate of Harvard Medical School, visited Guangzhou, Sanya and Shenzhen for site selection for the building of the Company's new international hospital.

On 15 June 2015, Guangzhou Evergrande Health Medical Investment Co., Ltd* (廣州恒大健康醫療投資有限公司), a wholly-owned subsidiary of the Company, entered into a cooperation contract with Guangzhou Southern Medical University Hospital Management Company Limited in relation to the establishment of 4 health management centers in Guangdong region in China by the Company to operate ''Internet +'' community health management centers.

On 16 June 2015, Evergrande Health Industry Group., Ltd, entered into a letter of intent with the First Affiliated Hospital of Guangzhou Medical University for the cooperation in respect of internet hospital, integrating the online business of healthcare management center to provide medical services for clients of the health management center.

On 18 June 2015, the first ''Internet +'' community health management center of Evergrande Health held its grand opening in Guangzhou.

On 23 June 2015, Evergrande Wonjin Medical Beauty Hospital, the first medical aesthetic flagship established by the Company through Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd., a subsidiary of the Company, commenced operation in Tianjin, China.

On 5 July 2015, senior management staff of Stanford University of the USA visited China and discussed with the Company about jointly establishing a new international hospital.

On 17 July 2015, Evergrande Center for Immunologic Diseases at Harvard Medical School and Brigham and Women's Hospital held the Second Evergrande Center Symposium. The symposium focused on immunologic diseases, and sought to discuss the basis and role of inflammation in multiple human diseases through dialogues with the greater Havard community. Mr. Peng Sheng of the Company and various experts from internationally renowned universities such as Yale University and the University of Chicago gave keynote speeches.

On 27 August 2015, the Company announced its interim results for the first time in Hong Kong, with multiple indicators leading the industry and showcasing the effectiveness of the innovative ''Internet+ '' business model of the Company.

On 24 September 2015, the Company held a formal signing ceremony for its cooperation with Brigham and Women's Hospital, an affiliate of Harvard Medical School. Under the strategic partnership, both parties are determined to devote themselves to the development of medical care services in China.

On 19 October 2015, the Company successfully won a bidding on a land plot in Hainan Boao Lecheng International Medical Tourism Pilot Area for the construction of a modern high-end international hospital.

From 15 November to 22 December 2015, the Company opened 11 ''Internet+'' Community Health Management Centers in 10 cities including Guangzhou, Foshan, Changsha, Nanchang, Wuhan, Chengdu, Luoyang, Jinan, Shijiazhuang and Shenyang. The total number of health management centers has reached 12, realizing the nationwide coverage in its business layout.

On 22 December 2015, the Company successfully won a bidding on the state-owned construction land use rights of Land Plot 2-06-1, Block 4, Binhai New District, Danzhou, Hainan Province, China to be used for hospitality, retail and commercial purposes.

On 29 December 2015, construction of the Boao Evergrande International Medical Centre in Hainan Boao Lecheng International Medical Tourism Pilot Area officially commenced.

For the period ended 31 December 2015, the Group achieved the linking of over 5,000 homes to our integrated service access network, enabling residents to monitor their health indicators and communicate with their family doctors online.

Outlook

Media Segment

Looking at the volatile financial market and ongoing slowdown of economic growth in China, we remain apprehensive about the local economy in the coming year 2016. Cautious steps will be taken to mitigate risks and minimise operation costs while new businesses will be explored tactically. We will continue to reinforce our new positioning as a mega content provider and to strengthen all self-owned platforms of both print and digital media, especially in the categories of lifestyle and entertainment, travel, and sports trends etc. Despite the fierce operating environment, we believe that, with our fundamental strengths, solid experience in both producing creative content and building strategically integrated marketing platforms for our clients, as well as our adaptiveness and inventiveness to react to a fast-changing market, we will remain competitive and achieve growth.

Health Industry Segment

2016 is the period for accelerated business development. Based on the market development trend, the Group's position and the demand of its customers, the Group will through its health management centers and medical cosmetology hospitals in operation, develop high quality products, services and marketing plans and programmes, in order to increase revenue and explore the establishment of sustainable business models, then achieve standardised development and strive to expand the size of the market. The Group will also promote international hospitals and elderly care projects according to the plan.

Outlook for ''Internet+'' Community Health Management Business

Our 12 community health management centres in operation focus on services including early preventive screening and accurate medical treatment, body-check and health evaluation, disease prevention and behavioral intervention, community walk-in clinics and family doctor services, chronic disease management and referral and guidance services, rehabilitation and healthcare as well as health preservation and elderly care; to promote the concept of family doctor and tiered treatment model and build the brand image of ''one-stop health manager at your door-step''. We plan to promote this service to all our Evergrande communities with the objective to gradually cover the whole country.

Outlook for International Hospital

According to plan, we will commence the construction and assembly of medical equipment for Boao Evergrande International Medical Centre, carry out comprehensive cooperation with Chinese as well as top-notch international medical and research institutions, and complete the planning and design of Hainan Sanya International Hospital and commence construction.

Outlook for Elderly and Rehabilitation Care

We have plans to build 8 community-embedded elderly care micro-agencies integrating medical treatment and elderly care in Guangzhou, Shenzhen, Beijing, Shanghai, Jinan, etc., providing elderly home care service; we actively explore the models of ''Internet +'' health management, embedded elderly care agencies and cooperation with financial and insurance agencies. Five elderly care microagencies will be completed and start operations in 2016. At the same time, planning and design was completed and construction and other works have commenced for Hengda Ocean Flower Island in Danzhou, Hainan and Sanya Haitang Bay's elderly care and rehabilitation service communities.

Outlook for Medical Cosmetology and Anti-aging Business

We will continue to enhance our operations and management of our flagship Evergrande Wonjin Medical Beauty Hospital, and to focus on the development of cosmetic surgery, skin therapy and care, cosmetic dentistry and cosmetic traditional Chinese medicines. The Company will further refine its operation model, standards and procedures; carry out precise marketing for market expansion, and increase profitability. In 2016, it has been planned that medical cosmetology institutions equipped with different technologies and business features will be established and operated in Hainan, Shanghai, Chongqing, and a chain service system will be formed to drive customers to the flagship.

Others

Disposal of a Subsidiary Holding a Property

New Media Group Limited (formerly known as New Media Enterprise Investment Limited), an indirect wholly-owned subsidiary of the Company, entered into a conditional property disposal agreement with Good Force Investments Limited, a subsidiary of Emperor International Holdings Limited, pursuant to which New Media Group Limited agreed to sell and Good Force Investments Limited agreed to purchase the entire equity interest of Jade Talent Holdings Limited ("Jade Talent"), an indirect wholly-owned subsidiary of the Company at the time, and the benefits of shareholder's loans advanced by New Media Group Limited to Jade Talent. Jade Talent was an investment holding company solely for the purpose of holding the interests in a property through its direct wholly-owned subsidiary, Winning Treasure Limited. Right after the possible disposal of Jade Talent, the property will be leased back to the Group for three years after the completion of the disposal.

On 27 February 2015, the disposal had been completed at the consideration of HK$414,737,000.

Employee and Share Option Scheme

As at 31 December 2015, the Group had a total of 1,116 employees and incurred a total staff cost (including Directors' remuneration) of approximately HK$353.6 million during the Period (year ended 2014: HK$216.9 million). To provide incentives or rewards to the staff and Directors, the Company adopted a share option scheme on 18 January 2008. No option was granted by the Company under such share option scheme since its adoption and up to 31 December 2015.

The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market rate.

Media Segment

As at 31 December 2015, the Group's media business had 626 employees. Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include contribution to retirement benefit scheme, medical insurance and other competitive fringe benefits.

Health Segment

As at 31 December 2015, the Group's health industry business had a total of 490 staff, among which, healthcare professionals accounted for approximately 46% and staff with bachelors' degree or above accounted for approximately 68%. The health industry segment cooperates with top-notch international professional teams and establishes a pool of talents with strong academic background, excellent calibre and international vision.

Liquidity and Financial Resources

The Group financed its operations by borrowings, shareholders' equity and cash generated from operations. The Group's transactions are mainly denominated in Hong Kong dollar and Renminbi and the Group reviews its working capital and finance requirements on a regular basis.

As at 31 December 2015, the Group had interest-bearing borrowings amounting to HK$133.3 million (30 June 2014: Nil). The interest-bearing borrowings comprise bank loan of HK$58.3 million (30 June 2014: Nil) and other borrowing of HK$75 million (30 June 2014: Nil). The bank loan is repayable to the bank on the date of last payment of interest, 29 April 2016, bearing interest of 3.95% per annum and secured by the Company's cash deposit of HK$59.7 million. Other borrowing is secured by the share charge, representing 90.01% of the issued share capital of New Media Group Limited, a subsidiary of the Company and is repayable in 2 years from the date of the first drawdown, 25 February 2015. It can be extended for another 6 months subject to the satisfaction of the credit review of the borrower, Right Bliss Limited, a subsidiary of the Company, by the lender.

As at 31 December 2015, the Group had interest-free loan from fellow subsidiaries of HK$49,918,000, which is unsecured and repayable 30 December 2020.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings and loan from fellow subsidiaries as shown in the consolidated balance sheet) less cash and cash equivalents. As at 31 December 2015 and 30 June 2014, the Group was in net cash position.

Foreign exchange exposure

The Group operates in Hong Kong and the PRC. The revenue, expenses and borrowings of the foreign operations are denominated in functional currencies of those operations. The Group's foreign exchange exposure is mainly from cash and bank balances that are denominated in currencies other than the functional currency of the relevant entities. The Directors believe that the Group's foreign exchange exposure is manageable and the Group will closely monitor the risk exposure from time to time.

Pledge of assets

Pursuant to the loan agreements entered with borrowers, the Group pledged 90.01% of the issued share capital of New Media Group Limited, a subsidiary of the Company and cash deposit of HK$59.7 million.

Pursuant to banking facility letter, cash deposit of HK$800,000 was charged for corporate credit card facility provided by the bank.

Contingent Liabilities

For the 18 months ended 31 December 2015, the Group had no material contingent liabilities.

For the year ended 30 June 2014, certain subsidiaries of the Company were involved in legal proceedings or claims against them in the ordinary course of their business activities. Resolution of such litigation and claims did not have a material adverse effect on the Group's financial position and there was no provision for any potential liability in the consolidated balance sheet. The legal proceedings and claims were fully settled during the Period.

Material Properties held for Development

During the 18 months ended 31 December 2015, the following material properties had been held for development by the Group:

(1) **Land Plot 2-06-1, Block 4, Binhai New District, Danzhou, Hainan Province, China**
The land area of this land plot is 32,701.375 square metres and it will be used for hospitality, retail and commercial purposes with use right of 40 years. As at the date of this Annual Report, the planned construction (health management and medical beauty centre) on the land has commenced and the expected completion of such construction is planned to occur in 2017. The planned construction (aged-care community) on the land is being designed and the expected completion of such construction is planned to occur in 2018. For details, please refer to the announcement of the Company dated 22 December 2015.

(2) **Land 2, No. 3 Hainan Boao Lecheng International Medical Tourism Pilot Zone, Qionghai City, Hainan province, China**
The land area of this land plot is 81,234.17 square metres and it will be used for medical purposes with use right of 50 years. As at the date of this Annual Report, the planned construction (international hospital) on the land has commenced and the expected completion of such construction is planned to occur in 2017. For details, please refer to the announcement of the Company dated 19 October 2015.

Report of the Directors

Principal Activities

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 24(a) to the consolidated financial statements.

Change of the Company's Name

On 20 April 2015, the Company changed its English name from "New Media Group Holdings Limited" to "Evergrande Health Industry Group Limited" and changed its Chinese name from "新傳媒集團控股有限公司" to "恒大健康產業集團有限公司".

Change of Financial Year End Date

The Company changed its financial year end date from 30 June to 31 December during the Period. Accordingly, this Annual Report and the financial statements contained herein are presented for a period of 18 months from 1 July 2014 to 31 December 2015.

Results and Appropriations

The results of the Group for the period are set out in the consolidated statement of comprehensive income on page 42 in this Annual Report.

The Directors do not recommend the payment of a dividend.

Share Issued in the Period

Details of the shares issued in the period ended 31 December 2015 are set out in Note 12 to the consolidated financial statements in this Annual Report.

Purchase, Sale or Redemption of Listed Shares

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the 18 months ended 31 December 2015.

Share Subdivision

On 24 July 2015, the Board announced that it proposed to convert all of the shares of the Company into a larger number of shares by converting each one (1) share into ten (10) converted shares pursuant to section 170(2)(e) of the Hong Kong Companies Ordinance (Cap. 622) (the "Share Subdivision"). The requisite resolution to approve the Share Subdivision was passed at the general meeting of the Company held on 24 August 2015. As a result, the Share Subdivision became effective on 25 August 2015. As at the date of this report, the total number of issued shares of the Company is 8,640,000,000 shares and the total issued share capital of the Company is HK$282,271,017.66.

Distributable Reserves

Distributable reserves of the Company at 31 December 2015, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$211,587,000 (2014: HK$29,590,000).

Equity Link Agreement — Share Options Granted to Directors

Share Option Scheme

Pursuant to the written resolutions passed by the then sole shareholder of the Company on 18 January 2008, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the directors of the Company may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director but excluding any non-executive director), any non-executive director (including independent non-executive directors), any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or its investee companies to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Hong Kong Stock Exchange and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company issued share capital, without prior approval from the Company's shareholders.

Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

No share option was granted to the Directors under the Share Option Scheme since its adoption and up to the report date.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 102 of this Annual Report.

Directors

(a) Directors of the Company

The directors of the Company during the Period and up to the date of this report were:

Ms. Tan Chaohui *(Chairman)*	(Appointed on 27 March 2015)
Executive Directors	
Mr. Peng Sheng *(Chief Executive Officer)*	(Appointed on 23 March 2016)
Mr. Tong Ming	(Resigned on 23 March 2016)
Mr. Han Xiaoran	(Appointed on 27 March 2015)
Ms. Percy Hughes, Shirley	(Resigned on 27 March 2015)
Mr. Lee Che Keung, Danny	(Resigned on 27 March 2015)
Ms. Fan Man Seung, Vanessa	(Resigned on 27 March 2015)
Mr. Wong Chi Fai	(Resigned on 27 March 2015)
Independent Non-executive Director	
Mr. Chau Shing Yim, David	(Appointed on 27 March 2015)
Mr. Guo Jianwen	(Appointed on 27 March 2015)
Mr. Xie Wu	(Appointed on 27 March 2015)
Ms. Hui Wai Man, Shirley	(Resigned on 27 March 2015)
Ms. Kwan Shin Luen, Susanna	(Resigned on 27 March 2015)
Ms. Chan Sim Ling, Irene	(Resigned on 27 March 2015)

In accordance with the Company's Articles of Association, Ms. Tan Chaohui, Mr. Peng Sheng and Mr. Chau Shing Yim, David shall retire at the forthcoming annual general meeting of the Company (the "Annual General Meeting") and, being eligible, offer themselves for re-election.

Ms. Percy Hughes, Shirley, Mr. Lee Che Keung, Danny, Ms. Fan Man Seung, Vanessa, Mr. Wong Chi Fai, Ms. Hui Wai Man, Shirley, Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene resigned on 27 March 2015 and Mr. Tong Ming resigned on 23 March 2016 as the directors of the Company. Such Directors confirmed that they had no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

(b) Directors of the Company's subsidiaries

During the Period and up to the date of this Annual Report, Ms. Tan Chaohui, Mr. Tong Ming, Ms. Percy Hughes, Shirley, Mr. Lee Che Keung, Danny, Ms. Fan Man Seung, Vanessa and Mr. Wong Chi Fai were also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the Period and up to the date of this Annual Report included: Ms. Guo Keping, Mr. Chen Jie, Ms. Wang Yan, Mr. Jung NakHee, Mr. Park MinWoo, Ms. Xie Huisi, Ms. Xie Xiaolin, Mr. Lu Shan, Mr. Li Weili, Mr. Chen Mingliang, Mr. Shi Shouming, Ms. Luo Jing, Ms. Zhao Qian, Mr. Shi Fuchang, Mr. Wu Sheng, Mr. Yan Huijun, Mr. Peng Sheng, Mr. Campos Antonio Francisco and Mr. Cheung Wai Lun.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts That are Significant in Relation to the Company's Business

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Biographical details of directors and senior management

Executive Directors

Tan Chaohui (談朝輝), female, aged 48, has over 24 years of managerial experience in large enterprises. Ms. Tan has been serving in the Evergrande Group since its founding. She is currently the executive vice president of the Evergrande Group, responsible for the management of Evergrande Group's health business. Ms. Tan graduated from Changsha Railway University (now known as Central South University) with a bachelor's degree in industrial and civil engineering. She is a certified cost engineer.

Peng Sheng (彭晟), male, aged 39, graduated from University of Science and Technology of China and obtained a master's degree from the Department of Modern Physics in 1999 and a bachelor's degree from the Department of Physics in 1996. He has broad international perspective and extensive management and working experience in multinational companies. He has managed businesses and teams in the United States of America (the "US"), Europe and China. Before joining Evergrande Health, Mr. Peng, as an expert returning from abroad, was the Managing Vice President and the Chief Technology Officer of Guangdong Hengjian Nucleus Medical Industry Co., Ltd. under the Guangdong State-owned Assets Supervision and Administration Commission of the State Council to lead a series of significant commercial negotiations on technology and the development of particle radiation therapy equipment. Before returning to China, Mr. Peng worked in Varian Medical Systems, Inc. of the US, a world leader in radiation therapy equipment for several years to lead the teams in the US and Europe to develop the proton therapy device of the new generation. Before that, Mr. Peng had worked for many national laboratories in the US and the SLAC National Accelerator Laboratory for several years and was a famous expert in large-scale computer control system and information processing.

Han Xiaoran (韓笑然), male, aged 30, has seven years of experience in investing, financing and comprehensive management. He was the assistant to general manager of the Shandong operations of Evergrande and the deputy general manager of Evergrande's operations in the United States, and is currently the deputy general manager of Evergrande Health Industry Research Center (恒大健康產業研究中心). Mr. Han graduated from Jilin University with a bachelor of science degree in computer science and technology.

Independent Non-executive Directors

Chau Shing Yim, David (周承炎), male, aged 52, has over 23 years of experience in corporate finance, and participated in various projects ranging from initial public offerings and restructuring of PRC enterprises and cross-border and domestic takeovers. Mr. Chau is currently an independent non-executive director of Evergrande Real Estate Group Limited (stock code: 3333), Up Energy Development Group Limited (stock code: 307), Lee & Man Paper Manufacturing Limited (stock code: 2314), Man Wah Holdings Limited (stock code: 1999), Richly Field China Development Limited (stock code: 313), and Varitronix International Limited (stock code: 710), and the shares of all these companies are listed on the Stock Exchange. Mr. Chau was also an independent non-executive director of China Solar Energy Holdings Limited (stock code: 155), the shares of which are listed on the Stock Exchange. Mr. Chau was formerly a partner of Deloitte Touche Tohmatsu, heading the merger and acquisition and corporate advisory services department. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales ("ICAEW"), holding the Corporate Finance Qualification granted by ICAEW, and he is also a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA.

Guo Jianwen (郭建文), male, aged 40, is currently the head and Chief Physician of the Cerebrovascular and Cardiovascular Pathology Division of the Brain Pathology Center of Guangdong Provincial Hospital of Traditional Chinese Medicine (Guangzhou University of Chinese Medicine 2nd Affiliated Hospital), the founder of Guangzhou Wen Mai Tang Technology Company Limited, the founder and director of Guangzhou Wen Mai Tang Traditional Chinese Medicine Center (Chain) Company Limited, the supervisor of the Strategic Development Committee of the Jiangsu Nantong Liangchun Hospital, the senior consultant of technological development at the Jiangsu Nantong Liangchun Clinical Research Institute of Traditional Chinese Medicine. He is a senior head practitioner of Traditional Chinese medicine and has level 3 surgeon qualifications in neurointervention. In addition, Mr. Guo is also a member of the standing committee and the secretary of the Brain Pathology Division of the China Academy of Chinese Medical Sciences, the secretary of the Expert Committee of Brain Pathology at the Guangdong Provincial Institute of Chinese Medicine, a member of the Consortium for Globalization of Chinese Medicine, an expert product pre-launch inspector of China Food and Drug Administration for new Traditional Chinese medicines, a professional academic commentator of the Guangdong Provincial Department of Science and Technology in the field of social development, an expert anonymous doctoral thesis examiner of the Guangdong Provincial Hospital of Traditional Chinese Medicine Degree Office and an expert anonymous academic title thesis examiner of the Guangzhou University of Chinese Medicine 2nd Affiliated Hospital. In July 1998, Mr. Guo received a bachelor's degree in medicine from Beijing University of Chinese Medicine. In July 2001, he received a master's degree in clinical internal Chinese medicine from Chengdu University of Traditional Chinese Medicine. In July 2004, he received a doctoral degree in clinical internal Chinese medicine (specialising in brain emergency diseases) from Chengdu University of Traditional Chinese Medicine.

Xie Wu (謝武), male, aged 51, is a physician of Traditional Chinese internal medicine. He has practiced clinical Chinese medicine for 25 years, with more than 10 years of experience in hemodialysis and extensive clinical experience in various sub-fields of nephrology. He worked in the kidney clinic in the People's Hospital in Luohu, Shenzhen and engaged in medical work in Yueyang Luowang Hospital, and is currently working at the hemodialysis center of nephrology and rheumatology of Yueyang Hospital of Traditional Chinese Medicine.

Certain Core Members of the Professional Team

Huang Wenbi (黃文碧): female, aged 51, has nearly 7 years of experience in surgical practice and 12 years of experience in medical equipment sales and management and 10 years of experience in hospital administration management. She has a solid understanding of medical fundamentals, clinical duties and its development trend and possesses rich experience in the market development of medical products, sales management and operation and management of premium hospitals. She also understands and participates in the international accreditation of hospitals. She was the operation leader and deputy superintendent of United Family Healthcare's Shanghai and Beijing projects. She led the team building and the project of United Family Healthcare's hospital and achieved the results of International JCI accreditation after normal operation for one and a half year. She accumulated substantial top management experience in third-party payment cooperation, income and operation management, customer experience, HIS system building, market communication, equipment and supply chain management and business development of medical services. She received She received a master's degree in business administration of University of Texas at Arlington in 2008, and finished studying advanced hospital management courses at American Medical Association and Harvard School of Public Health while performing management duties at the hospitals.

Lu Pei (陸培): male, aged 51, has 14 years of experience in surgical practice and solid medical skills, rich experience in operation and management and wide international perspective. Prior to that, he served as executive partner of the medical investment business of Shanghai Lonto Capital, responsible for medical project investment; general manager of China region of the medical checkup business of UK's Intertek, responsible for the establishment of its first medical checkup center, creation of its commercial model and market development; founder and chief executive officer of Imperial Care medical consultant agency, establishing the first organization in China to provide second advice on difficult and complicated diseases and international transfer services; deputy director of the medical business of China HealthCare Holdings Limited, responsible for overseas medical progress and introduction of service models and coordination of premium specialist medical services.

Deng Xulin (鄧旭林): male, aged 49, holds a doctorate degree in medicine from Southern Medical University. He served as the vice president of the Affiliated Jiangdu Hospital (附屬江都醫院) of Southern Medical University and was responsible for construction of Shenzhen Xinan Hospital (深圳新安醫院) of Southern Medical University. He has extensive experience in construction and management of large-scale hospital group with international insight.

Ma Wei (馬偉): male, aged 52, holds a doctorate degree in Chinese medicine pharmacological from Guangzhou University of Chinese Medicine. He has served as the deputy manager of technology department of Guangzhou University of Chinese Medicine and has held the positions of deputy general manager in Guangdong Pharmaceutical Group and Guangdong Bencao Medicinal Group (省本草集團) as well as Provincial Health Development Corporation and general manager of the nucleus company of Guangdong Hengjian Investment Holdings Co., Ltd. He has extensive experience in clinical care, technical development of medicine and operational management of medical cooperates.

Fan Zhenzhong (范振忠): male, aged 44, holds a doctorate degree in business administration from Victoria University of Switzerland and a master's degree in biological medical engineering from Southern Medical University. He served as the general manager of Ciming Health Checkup Management Group Guangzhou Co., Ltd. (慈銘健康體檢管理集團廣州有限公司), enterprise annuity director of the Guangdong branch of Ping An Annuity Group (平安養老集團廣東分公司), president assistant of Guangdong Lingnan Enterprise Group Co., Ltd. (廣東嶺南企業集團有限公司) and deputy director of Industrial Economic Information Center of Economic Commission of Guangzhou Municipality. He has rich experience in health management, medical insurance product development and corporate management.

Pan Jinsong (潘勁松): male, aged 51, is a master of Business Administration of Tsinghua University. He served as CEO of Hebei Quancheng Health Care Consultancy Company (河北全程健康醫療諮詢服務有限公司), operating president of Shenzhen Boai Medical Group (深圳博愛醫療集團), operating president of Beijing Beiya Orthopedics Hospital and the director of strategic investment and merger department in Oasis International Clinics Holding Co., Ltd. (泓華國際醫療控股有限公司). He conducts a long-term study on the development trend on health service industry. Also, he has extensive experience in investing merger and project assessment.

Wei Jun (魏軍): male, aged 47, is a master of management of University of Augsburg, Germany. He served as the vice chairman of Henan Dongfang Medical Investment Management Group (河南東方醫療投資管理集團), the vice general manager of Shanghai Heyou Gerocomium Group (上海和佑養老集團) and the general manager of Zhuoda Group. He is familiar with gerocomium and community elderly care management model of international advanced organizations and experienced in top management.

Lee Sunkyoung (李敬善): female, aged 41, has a master's degree in medical science from Korea University and is a guest professor of the College of Medicine of Korea University. She is a renowned export in the field of micro cosmetic surgery internationally. She has outstanding medical cosmetology techniques, extensive premium client resources and experienced in top management.

Lee Changhwan (李昌煥): male, aged 48, holds a doctorate degree of school of medical of Chungnam National University and a fellow member of Korean Society of Pudendum Plastic Surgery (大韓會陰整形外科學會). He is renowned expert in the field of plastic reconstructive aesthetic surgery, possessing outstanding medical cosmetology techniques and is experienced in top management.

Paek Seungchan (白承燦): male, aged 50, graduated from the school of medical of The Catholic University of Korea. He is a fellow member of International Plastic Reconstructive Aesthetic Surgery and a renowned expert in the field of plastic reconstructive aesthetic surgery, possessing outstanding medical cosmetology techniques and experienced in top management.

Yang Jinseong (梁珍成): male, aged 34, graduated with a Techno-MBA from KAIST College of Business. He is a fellow member of Korean Society of Dental Aesthetics and a renowned expert in the dental field with outstanding medical cosmetology techniques and is experienced in top management.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporation

At no time during the Period was the Company, its subsidiaries, its fellow subsidiaries, its parent companies or its other associated corporations a party to any arrangement to enable the directors and chief executives of the company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

As at 31 December 2015, none of the Directors and the chief executive of the Company had any interests and short positions of in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("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 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 for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange in Hong Kong Limited ("Hong Kong Listing Rules").

Substantial Shareholders

As at 31 December 2015, so far as was known to any Director or the chief executive of the Company, other than a Director or the chief executive of the Company, the following persons had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest held	Interest in the Shares	Approximate percentage of shareholding
Evergrande Real Estate Group Limited (Note)	Interest of corporation controlled by the substantial shareholder	6,479,550,000	74.99%

Note: Of the 6,479,550,000 Shares held, 6,479,500,000 Shares were held by Evergrande Health Industry Holdings Limited and 50,000 Shares were held by Acelin Global Limited, both being wholly-owned by Evergrande Real Estate Group Limited.

Independence of the Independent Non-executive Directors

The Company had received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Board was satisfied with the independence of all of the independent non-executive Directors.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

Major Suppliers and Customers

The percentages of cost of sales and sales for the period attributable to the Group's major suppliers and customers are as follows:

Cost of sales	
— the largest supplier	24%
— five largest suppliers in aggregate	34%
Sales	
— the largest customer	15%
— five largest customers in aggregate	36%

None of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

Connected Transactions

A summary of the related party transactions entered into by the Group during the period ended 31 December 2015 is contained in Note 31 to the consolidated financial statements in this Annual Report. The Company had the following connected transaction exempted from independent shareholders' approval requirement.

On 1 April 2015, the Company entered into an equity acquisition agreement with Evergrande Health Industry Co., Ltd.* (恒大健康產業有限公司) which is controlled by Evergrande Real Estate Group Limited, to acquire 96.25% of the equity interest in Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd.* (天津恒大原辰美容醫院有限公司) at the consideration of RMB220,000 (equivalent to HK$279,000).

No other transactions between connected persons (as defined in the Hong Kong Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Hong Kong Listing Rules.

* For identification purpose only

Continuing Connected Transactions

During the period, the Group had the following continuing transactions with connected persons as defined under the Hong Kong Listing Rules:

Name of counterparty	Terms	Amount for the Period HK$'000
Printing costs:		
Hong Kong Daily Offset Printing Company Limited ("Hong Kong Daily Offset")	1 July 2013 to 30 June 2016	1,456
Advertising income:		
Emperor International and its subsidiaries	1 July 2013 to 30 June 2016	124
Emperor E Hotel and its subsidiaries	1 July 2013 to 30 June 2016	223
Emperor W&J and its subsidiaries	1 July 2013 to 30 June 2016	192
AY Holdings and its subsidiaries (other than Emperor International, Emperor E Hotel and Emperor W&J and their respective subsidiaries)	1 July 2013 to 30 June 2016	465

Note: The Company was indirectly wholly-owned as to 74.99% by the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), a deemed substantial shareholder of the Company up to 27 February 2015. During the period from 1 July 2014 to 27 February 2015, Hong Kong Daily Offset, Emperor International, Emperor W&J and AY Holdings were indirectly owned as to 100%, 74.83%, 52.57% and 100% respectively by the AY Trust as at 31 December 2015 whilst Emperor E Hotel was a subsidiary of Emperor International.

On 25 November 2014, Albert Yeung Holdings Limited ("AY Holdings") entered into a conditional share purchase agreement (as supplemented by a supplemental agreement dated 23 December 2014) with Acelin Global Limited, a wholly-owned subsidiary of Evergrande Real Estate Group Limited, pursuant to which AY Holdings agreed to sell, and Acelin Global Limited agreed to purchase the entire equity interest of Evergrande Health Industry Holdings Limited (formerly known as New Media Group Investment Limited). Evergrande Health Industry Holdings Limited directly holds 74.99% of the total issued shares of the Company. The transaction was completed on 27 February 2015.

As a result, the above connected persons ceased to be connected persons of the Company since 27 February 2015.

The price for using the printing services under the new printing master purchase agreement dated 28 June 2013 will be determined from time to time by the Group and Hong Kong Daily Offset after arm's length negotiation with reference to the market price and on such terms that are no less favourable to the Group than those applicable to independent third parties.

The price for selling the advertising spaces in the magazines published by the Group and the digital platforms of the Group under the new advertising master purchase agreements dated 28 June 2013 will be determined from time to time by the Group and the respective counterparty after arm's length negotiation with reference to the market prices and on such terms that were no less favourable to the Group than those applicable to independent third parties.

The Directors considered that the above transactions were consistent with the business and commercial objects of the Group. The printing services mentioned above would enhance the efficiency of the daily operation of the Group, while the magazines published by the Group were ones among the leading magazines in Hong Kong and that the advertising income was in the ordinary and usual course of business of the Group.

The above continuing connected transactions are exempt from independent shareholders' approval requirements under the Hong Kong Listing Rules and the Company published the announcement on 28 June 2013 in relation to such transactions.

Save as "Advertising income" and "Printing costs" as shown in Note 31(a)(i) to the consolidated financial statements, all other transactions as shown in such note are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33 of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the above connected transactions.

The aforesaid continuing connected transaction has been reviewed by independent non-executive directors of the Company. The independent non-executive directors of the Company confirmed that the aforesaid connected transaction were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("Disclosed CCTs") on page 21 of the Annual Report in accordance with paragraph 14A.56 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares during the Period and as at 31 December 2015.

Competing Business

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Business Review

Media Segment

In this age of digital and social media marketing, advertisers and marketers are now more aware that they are always in need of new synergies and creative contents that are popular and sharable in order to attract targeted customers. With a comprehensive portfolio that comprises well branded print publications, online websites, social media networks and video advertising, our award winning teams offer a wide range of solutions and promotion platforms to accommodate clients' needs.

Up to January 2016, the Group's branded websites had altogether reached a record high monthly page view (PV) of 38.43 million, with unique visitors (UV) who visited the sites at least once within the reporting period reaching 8.4 million, as recorded by Google Analytics.

Health Segment

Through healthcare data analysis, health management centers identified scientific and sensible solutions for medical treatment and offered better healthcare management services to improve their health conditions and avoid risks of severe illnesses suffered by residents. The Group was also engaged in developing community health management insurance products with insurers such as Evergrande Life Insurance Co., Ltd to adopt an integrated management system for medical insurance and medical services, in order to reduce insurance claims, avoid excessive treatment, reduce medical costs and alienate doctor-patient conflicts so as to achieve the mutually-beneficial "Kaiser" model among residents, insurers and doctors.

The Group cooperated with world-class medical and research institutions to introduce top-notch international talents and establish a high-end international hospital and research platform, serving as a trinity of clinical, teaching and scientific research. Targeting the diseases posing the biggest threats to human beings and with the highest complexity, the Group plans to introduce and develop the most advanced equipment, technologies and treatment methods and utilized them in clinical treatment, as it is one of Evergrande Health's strategic targets to benefit the patients and improve people's livelihood. The Group is keen on collaborating with prominent medical agencies in Europe, the U.S. and China, as well as opening high-end international hospitals in top-tier cities and the Hainan Special Economic Zone.

For a detailed discussion on the business review of the Group, please refer to the sections headed "Financial Review" and "Business Review" in the "Management Discussion and Analysis" section in this Annual Report.

Principal Risks and Uncertainties

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Foreign exchange risk

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from cash and bank balances that are denominated in currencies other than the functional currency of the relevant entities. The Group is not subject to significant foreign exchange risk. The revenue, expenses and borrowings of the foreign operations are denominated in functional currencies of those operations. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, borrowings and loans from fellow subsidiaries. Cash and cash equivalents and borrowings at variable rates expose the Group to cash flow interest rate risk. Loans from fellow subsidiaries at fixed rates expose the Group to fair value interest rate risk.

Credit risk

The credit risk of the Group mainly arises from trade and other receivables and deposits with banks. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period is the carrying amount of those assets as stated in the consolidated balance sheet at the end of the reporting period.

Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from loans from fellow subsidiaries and bank borrowings to meet its liabilities when they fall due.

For further information of the principal risks faced by the Group, please refer to Note 3 to the consolidated financial statements in this Annual Report.

Financial Reliance on Holding Company of Controlling Shareholder

The Company entered into an agreement with wholly-owned subsidiaries of Evergrande Real Estate Group Limited, the holding company of the Controlling Shareholder on 30 December 2015 regarding financial assistance of approximately HK$49,918,000. The loan is interest-free, long-term and not secured by the assets of Company.

Environmental Policies and Performance

In recent years, the Chinese government has called for developing "Healthy China", implemented the national big health strategy and "Internet+" medical strategy, and promoted the development of tiered treatment and aged-care industry. Governments at all levels are encouraging private medical business and have introduced a series of supportive policies. The Group supports such initiative.

Compliance with Laws and Regulations

During the Period, the Board was not aware of any significant matters which may cause impact on the Group or any non-compliance with the laws and regulations which may have a significant impact on the Group.

Subsequent Events

On 27 January 2016, the Group won a bidding on the state-owned construction land use right of Sanya Land Plots at a consideration of RMB491,000,000 (approximately HK$583,135,000). The Group plans to construct a hospital. The total consideration of the Sanya Land Plots Acquisition and future construction costs are expected to be settled by the Group with internal resources, bank loans and loans from Evergrande Real Estate Group Limited, an intermediate holding company of the Group.

Permitted Indemnity Provisions

At no time during the Period and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditors

Deloitte Touche Tohmatsu resigned as the auditor of the Company with effect from 2 July 2015 and PricewaterhouseCoopers was appointed as auditor of the Company with effect from 17 July 2015 to fill the causal vacancy occasioned by the resignation of Deloitte Touche Tohmatsu. Save as aforesaid, there was no change in auditors during the past three years.

A resolution will be submitted to the Annual General Meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

Forward Looking Statements

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this Annual Report or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

Appreciation

I would like to take this opportunity to thank our shareholders, investors and business parties for their continuing support to the Group, and to my colleagues for their valuable contribution during the 18 months ended 31 December 2015.

On behalf of the board

Tan Chaohui
Chairman

Hong Kong, 23 March 2016

The Board is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. The Company has fully complied with all code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Hong Kong Listing Rules throughout the Period.

Roles and Duties

Roles and Responsibilities of the Board and Management

The Board is responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the Shareholders and by formulating strategy directions and monitoring the financial and management performance of the Group.

Delegation to the Management

The management team of the Company (the "Management") is led by the executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues, and exercise such power and authority to be delegated by the Board from time to time. The team assumes full accountability to the Board for the operations of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the following) must be reserved to the Board:

— Publication of final and interim results of the Company

— Dividend distribution or other distributions

— Major issues of treasury policy, accounting policy and remuneration policy

— Changes to major group structure or Board composition requiring notification by announcement

— Publication of the announcement for notifiable transaction and non-exempted connected transaction/continuing connected transaction

— Non-exempted connected transaction/continuing connected transaction

— Proposed transaction requiring Shareholders' approval

— Capital restructuring of the Company and issue of new securities of the Company

— Financial assistance to Directors

The attendance of individual Directors at the Board meetings, the meetings of the four Committees and general meetings held during the 18 months ended 31 December 2015 is set out below:

Committees of the Board

The Company has set up the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board.

	No. of meetings attended/held					
	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	General Meeting
Executive Directors						
Ms. Tan Chaohui *(Chairlady)** Note 1	3/4	N/A	Nil	1/1	Nil	0/1
Mr. Peng Sheng *(Chief Executive Officer)* (appointed with effect from 23 March 2016)	—	—	—	—	—	—
Mr. Tong Ming (resigned with effect from 23 March 2016)	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Han Xiaoran*	4/4	N/A	N/A	N/A	N/A	1/1
Ms. Percy Hughes, Shirley**	9/9	N/A	N/A	N/A	N/A	2/2
Mr. Lee Che Keung, Danny**	9/9	N/A	N/A	N/A	N/A	2/2
Mr. Wong Chi Fai** Note 5	9/9	N/A	1/1	N/A	N/A	2/2
Ms. Fan Man Seung, Vanessa** Note 6	9/9	N/A	N/A	1/1	1/1	2/2
Independent Non-executive Directors						
Mr. Chau Shing Yim, David* Note 2	4/4	1/1	Nil	1/1	Nil	1/1
Mr. Guo Jianwen* Note 3	4/4	N/A	Nil	1/1	Nil	0/1
Mr. Xie Wu* Note 4	4/4	N/A	N/A	N/A	N/A	0/1
Ms. Hui Wai Man, Shirley** Note 7	8/9	2/2	1/1	1/1	N/A	2/2
Ms. Kwan Shin Luen, Susanna** Note 8	9/9	2/2	N/A	1/1	1/1	1/2
Ms. Chan Sim Ling, Irene** Note 9	9/9	2/2	1/1	N/A	1/1	1/2

* appointed with effect from 27 March 2015
** resigned with effect from 27 March 2015
Note 1: member of the Remuneration Committee and Corporate Governance Committee and chairlady of the Nomination Committee
Note 2: chairman of the Audit Committee, Remuneration Committee and Corporate Governance Committee and member of the Nomination Committee
Note 3: member of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee
Note 4: member of the Audit Committee
Note 5: ex-member of the Remuneration Committee
Note 6: ex-member of the Nomination Committee and ex-chairlady of the Corporate Governance Committee
Note 7: ex-chairlady of the Audit Committee and ex-member of the Remuneration Committee and Nomination Committee
Note 8: ex-member of the Audit Committee and Corporate Governance Committee and ex-chairlady of the Nomination Committee
Note 9: ex-member of the Audit Committee and Corporate Governance Committee and ex-chairlady of the Remuneration Committee

Directors' Training

All Directors have complied with the code provision in relation to continuous professional development. This involved various forms of activities including attending a presentation given by an external professional party in respect of the new regime on disclosure, reading materials relevant to corporate governance and other regulatory requirements.

The Company has an induction policy for the new member of the board of the Company. On appointment, the new member received an induction which included meetings with the members of the Board, introducing the Group's business segments in which the Group operates, the roles and responsibilities as a director of the Company and the requirements under the Hong Kong Listing Rules in respect of the Code provision in relation to continuous professional development.

The Company regularly updates Directors on the developments in respect of the Hong Kong Listing Rules and applicable regulatory requirements, to enhance their awareness of good corporate governance practices.

All of the Directors who had served during the Period, namely, Ms. Tan Chaohui, Mr. Tong Ming, Mr. Han Xiaoran, Ms. Percy Hughes, Shirley, Mr. Lee Che Keung, Danny, Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa, Mr. Chau Shing Yim, David, Mr. Guo Jianwen, Mr. Xie Wu, Ms. Hui Wai Man, Shirley, Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene attended the above-mentioned training sessions to develop and refresh their knowledge and skills. The company secretary of the Company has also complied with the 15 hours training requirements under Rule 3.29 of the Hong Kong Listing Rules.

Audit Committee

An Audit Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Audit Committee comprises three independent non-executive Directors namely Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu. The revised terms of reference of the Audit Committee are consistent with the terms set out in the relevant section of the Code.

The specific written terms of reference of the Audit Committee is available in the Company's website. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor, (c) reviewing financial information; (d) overseeing the financial reporting system; and (e) reviewing the financial controls, risk management and internal control systems.

A summary of the work performed by the Audit Committee during the Period is set out below:

i. Reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the 18 months ended 31 December 2015 interim financial statements for the 12 months ended 30 June 2015;

ii. Reviewed with the management and finance-in-charge the effectiveness of the internal control system of the Group;

iii. Annual review of the non-exempt continuing connected transactions of the Group for the 18 months ended 31 December 2015;

iv. Met with external auditor and reviewed their work and findings relating to the audit for the 18 months ended 31 December 2015;

v. Approved the audit plan for the Period, reviewed the external auditor's independence and approved the engagement of external auditor; and

vi. Recommended the Board on the re-appointment of external auditor.

During the 18 months ended 31 December 2015, 3 meetings have been held by the Audit Committee, including meetings to approve and review interim financial statements (including accounting policies and practices adopted) of the Group for the 18 months ended 31 December 2015, and recommended such financial statements to the Board for approval. The record of attendance of members at such meetings is set out on page 30 of this Annual Report.

During the Period, the Audit Committee met to review the risk management and internal control systems of the Group, the annual financial statements and other reports for the 18 months ended 31 December 2015 and discuss any significant audit matters with the Company's external auditor and the senior management before recommending them to the Board for consideration and approval.

Deloitte Touche Tohmatsu ("Deloitte") tendered its resignation as the auditor of the Company on 2 July 2015. In order to unify the audit procedures of the Company with that of Evergrande Real Estate Group Limited, the Audit Committee proposed to the Board to engage PricewaterhouseCoopers ("PwC"), the auditor of Evergrande Real Estate Group Limited, as its new auditor to fill the vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company, and to nominate the appointment of PwC as the auditor of the Company at the 2015 annual general meeting.

Remuneration Committee

A Remuneration Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Chau Shing Yim, David (as the chairman of the Remuneration Committee) and Mr. Guo Jianwen and one executive Director, namely Ms. Tan Chaohui. During the 18 months ended 31 December 2015, no changes were made to the terms of reference of the Remuneration Committee. No Director is involved in deciding his/her own remuneration.

The specific written terms of reference of the Remuneration Committee is available on the Company's website. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) the Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of non-executive directors; and (c) the specific remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Period are set out in note 20 to the consolidated financial statements in this Annual Report.

A summary of the work performed by the Remuneration Committee during the Period is set out as follows:

i. Reviewed and recommended the Board to approve the Directors' fee; and

ii. Reviewed the current level and remuneration structure/package of the executive Directors and senior management and recommended the Board to approve their specific packages.

The emoluments of the salaried executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to the written remuneration policy. The remuneration policy ensures a clear link to business strategy and a close alignment with shareholders' interest and current best practice and set out that operating results, individual performance and comparable market statistics should be considered when deciding the emoluments of directors. All Directors are paid fees in line with market practice. No Director or any of his/her associates is involved in deciding his or her own remuneration.

During the 18 months ended 31 December 2015, 1 meeting had been held by the Remuneration Committee. The Remuneration Committee has discussed and reviewed the remuneration packages for all Directors and senior management. The record of attendance of members at such meetings is set out on page 30 of this report.

Nomination Committee

A Nomination Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Nomination Committee comprises two independent non-executive Directors, namely Mr. Chan Shing Yim, David and Mr. Guo Jianwen and one executive Director, namely Ms. Tan Chaohui (as the chairman of the Nomination Committee). The Nomination Committee's terms of reference are basically the same as those set forth in code provision A.5.2 of the Code. During the 18 months ended 31 December 2015, no changes were made to the terms of reference of the Nomination Committee.

The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of Independent non-executive Directors; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships or on appointment or reappointment of Directors. The Nomination Committee held one meeting during the Period.

A summary of the work performed by the Nomination Committee during the Period is set out as follows:

i. Reviewed structure, size and diversity of the Board;

ii. Reviewed the independence of the independent non-executive Directors; and

iii. Recommended to the Board the nomination of Directors for election and re-election at the 2014 AGM.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, length of service, professional qualification and experience. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board.

During the 18 months ended 31 December 2015, 1 meeting had been held by the Nomination Committee to review the structure, size and composition of the Board and the independence of the independent non-executive Directors. The record of attendance of members at such meetings is set out on page 30 of this Annual Report.

Corporate Governance Committee

The Corporate Governance Committee Comprises five members, including two independent non-executive Directors Mr. Chau Shing Yum, David and Mr. Guo Jianwen and one executive Director Ms. Tan Chaohui, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website.

The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the code of conduct applicable to Directors and relevant employees of the Group; and (d) reviewing the Company's compliance with the Code and disclosure in corporate governance reports. The Corporate Governance Committee convened one meeting during the Period.

A summary of the work performed by the Corporate Governance Committee during the Period is set out as follows:

i. Reviewed the Corporate Governance Policy;

ii. Reviewed the training and continuous professional development of directors and senior management;

iii. Reviewed the policies and practices on compliance with legal and regulatory requirements;

iv. Reviewed the code of conduct applicable to Directors and relevant employees of the Group; and

v. Reviewed the Company's compliance with the Code and disclosure in Corporate Governance Report.

Securities Transactions by the Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 of the Hong Kong Listing Rules as the code of conduct for securities transactions conducted by the Directors. The Company, having made specific enquiries, confirmed that all Directors have complied with the required standard set out in the Model Code for the 18 months ended 31 December 2015.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The Directors are responsible for ensuring the maintenance of proper accounting records of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities. The reporting responsibilities of the external auditor, PwC, are set out in the Independent Auditor's Report on pages 38 and 39 of this Annual Report.

Internal Controls

The Board recognises the overall responsibility for the risk management, the establishment, maintenance, and review of an internal control system of the Group that provides reasonable assurance of the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, the safeguarding of assets and the compliance with laws and regulations. This system of internal control is designed to manage rather than eliminate all risks of failure where its goal is to provide reasonable but not absolute assurance regarding the achievement of organisational objectives.

The Board, through its Audit Committee and external auditor, assesses the effectiveness of the Group's risk management and internal control system which covers all material controls, including financial, operational and compliance control.

Auditor's Remuneration

For the 18 months ended 31 December 2015, the remuneration paid and payable for audit services and non-audit services regarding the review of interim financial statements and other assurance and non-assurance engagements rendered to the Group amounted to HK$2,395,000 (2014: HK$2,119,000).

Amendments to the Company's Constitutional Documents

During the 18 months ended 31 December 2015, the Company amended its Articles of Association on 17 April 2015 in relation to the change of its company name.

Communication with Shareholders

The Company had established a shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and other general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports, circulars on the websites of the Company, the Stock Exchanges of Hong Kong and Taiwan; (iii) publication of press releases of the Company providing updated information of the Group; (iv) the availability of latest information of the Group in the Company's website; (v) the holding of investor/analyst briefings and media conference from time to time; and (vi) meeting with investors and analysts on a regular basis and participate investor road shows and sector conference.

There is regular dialogue with institutional shareholders and general presentations are usually made when financial results are announced. Shareholders and investors are welcome to visit the Company's website and raise enquires through our Investor Relations Department whose contact details are available on the Company's website and the "Corporate and Shareholder Information" section of this Annual Report.

Separate resolutions are proposed at the general meetings for each substantially separate issue, including the re-election of retiring Directors. The Company's notice to Shareholders for the 2014 AGM was sent to Shareholders at least 20 clear business days before the meeting.

The chairperson of the annual general meeting, chairperson/chairman/members of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee and the external auditors were available at the 2014 AGM to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The forthcoming annual general meeting of the Company is planned to be held on 6 June 2016, the voting of which will be conducted by way of poll.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the Code.

Convening an General Meeting and Putting Forward Proposals at the Shareholders' Meeting

Shareholder(s) representing at least 5% of the total voting rights of all the members of the Company having a right to vote at general meetings can make a requisition to convene an general meeting pursuant to the Companies Ordinance. The requisition must state the general nature of the business to be dealt with at the meeting, signed by the relevant shareholder(s) and deposited at our registered office for the attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists.

Furthermore, the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or (ii) at least 50 shareholders having a relevant right to vote can put forward proposals for consideration at a general meeting of the Company by sending a requisition in writing to the registered office of the Company for the attention of the Company Secretary at least 7 days before the meeting to which it relates. The above requisitions must identify the statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution or other business to be dealt with at the meeting and must be authenticated by the person or persons making them.

Enquires from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on the "Corporate and Shareholder Information" section of this Annual Report.

Disclaimers

The contents of the section headed "Shareholders' Rights" in this report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the Shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims any liability for all liabilities and losses incurred by the Shareholders in reliance upon any contents of the section headed "Shareholders' Rights".

Investor Relationship

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors. During the 18 months ended 31 December 2015, the Directors and senior management of the Company participated in several roadshows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the Company's website, and communicated with the media on a regular basis.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (852) 2287 9208/2287 9218/2287 9207
By post: Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong

Review of Consolidated Financial Information

The Audit Committee has reviewed the results of the Group for the 18 months ended 31 December 2015.

Independent Auditor's Report

羅兵咸永道

TO THE MEMBERS OF EVERGRANDE HEALTH INDUSTRY GROUP LIMITED
(Formerly known as NEW MEDIA GROUP HOLDINGS LIMITED)
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Evergrande Health Industry Group Limited (the "Company") and its subsidiaries set out on pages 40 to 101, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eighteen months ended 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the eighteen months ended 31 December 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

Consolidated Balance Sheet

As at 31 December 2015

	Note	31 December 2015 HK$'000	30 June 2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**88,177**	319,389
Goodwill	7	**695**	695
Intangible assets	9	**2,699**	—
Deferred income tax assets	17	**3,413**	—
Long-term prepayments	8	**154,617**	—
		249,601	320,084
Current assets			
Inventories	10	**3,071**	—
Trade and other receivables	8	**103,090**	101,916
Income tax recoverable		**1,584**	—
Cash and bank balances	11(a)	**442,614**	90,238
Restricted cash	11(b)	**60,482**	—
		610,841	192,154
Total assets		**860,442**	512,238
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	12	**282,271**	282,271
Retained earnings	14	**181,046**	82,293
Reserves	14	**106,437**	91,496
		569,754	456,060
Non-controlling interests		**10,059**	—
Total equity		**579,813**	456,060

Consolidated Balance Sheet (Continued)

As at 31 December 2015

	Note	31 December 2015 HK$'000	30 June 2014 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	**75,000**	—
Loans from fellow subsidiaries	30	**49,918**	—
Deferred income tax liabilities	17	**1,153**	2,575
		126,071	2,575
Current liabilities			
Trade and other payables	15	**58,863**	50,720
Receipt in advance from health industry customers	15	**37,080**	—
Borrowings	16	**58,300**	—
Current income tax liabilities		**315**	2,883
		154,558	53,603
Total liabilities		**280,629**	56,178
Total equity and liabilities		**860,442**	512,238
Net current assets		**456,283**	138,551
Total assets less current liabilities		**705,884**	458,635

The consolidated financial statements on pages 40 to 101 were approved by the Board of Directors on 23 March 2016 and were signed on its behalf.

Tan Chaohui	**Peng Sheng**
Director	*Director*

The notes on pages 46 to 101 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the eighteen months ended 31 December 2015

	Note	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Revenue	5	**638,260**	455,624
Cost of sales	18	**(415,179)**	(299,891)
Gross profit		**223,081**	155,733
Other gains, net	21	**136,547**	31
Other income		**1,956**	580
Selling and marketing costs	18	**(122,619)**	(71,235)
Administrative expenses	18	**(144,623)**	(73,652)
Operating profit		**94,342**	11,457
Finance income	22	**2,223**	1,457
Finance costs	22	**(3,614)**	—
Finance (costs)/income, net		**(1,391)**	1,457
Profit before income tax		**92,951**	12,914
Income tax credit/(expense)	23	**3,513**	(1,895)
Profit for the period/year		**96,464**	11,019
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Currency translation differences		**(3,054)**	—
Total comprehensive income for the period/year		**93,410**	11,019
Profit attributable to:			
— Owners of the Company		**99,876**	11,019
— Non-controlling interests		**(3,412)**	—
		96,464	11,019
Total comprehensive income attributable to:			
— Owners of the company		**97,380**	11,019
— Non-controlling interests	24(b)	**(3,970)**	—
Total comprehensive income for the period/year		**93,410**	11,019
Earnings per share			(Restated)
— Basic and diluted	26	**HK1.156 cents**	HK0.128 cents

The notes on pages 46 to 101 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the eighteen months ended 31 December 2015

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital contribution reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2013	8,640	273,631	90,700	796	76,890	450,657	—	450,657
Comprehensive income								
Profit for the year	—	—	—	—	11,019	11,019	—	11,019
Other comprehensive income	—	—	—	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	11,019	11,019	—	11,019
Transactions with owners in their capacity as owners								
Transition to no par value regime on 3 March 2014 under the New Hong Kong Companies Ordinance (Note 14)	273,631	(273,631)	—	—	—	—	—	—
Final dividend paid for 2013 (Note 25)	—	—	—	—	(3,456)	(3,456)	—	(3,456)
Interim dividend paid for 2014 (Note 25)	—	—	—	—	(2,160)	(2,160)	—	(2,160)
Total transactions with owners in their capacity as owners	273,631	(273,631)	—	—	(5,616)	(5,616)	—	(5,616)
At 30 June 2014	282,271	—	90,700	796	82,293	456,060	—	456,060

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance on 3 March 2014.

Consolidated Statement of Changes in Equity (Continued)

For the eighteen months ended 31 December 2015

	Attributable to owners of the Company								
	Share capital HK$'000	Special reserve HK$'000	Capital contribution reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 30 June 2014	282,271	90,700	796	—	—	82,293	456,060	—	456,060
Comprehensive income									
Profit for the period	—	—	—	—	—	99,876	99,876	(3,412)	96,464
Other comprehensive income	—	—	—	—	(2,496)	—	(2,496)	(558)	(3,054)
Total other comprehensive income for the period	—	—	—	—	(2,496)	—	(2,496)	(558)	(3,054)
Total comprehensive income	—	—	—	—	(2,496)	99,876	97,380	(3,970)	93,410
Transactions with owners in their capacity as owners									
Deemed contribution from fellow subsidiaries	—	—	—	17,437	—	—	17,437	—	17,437
Contribution from a non-controlling interest	—	—	—	—	—	—	—	3,680	3,680
Final dividend paid for 2014 (Note 25)	—	—	—	—	—	(1,123)	(1,123)	—	(1,123)
Disposal of interest in a subsidiary without change of control (Note 24(b))	—	—	—	—	—	—	—	10,339	10,339
Acquisition of a subsidiary (Note 32)	—	—	—	—	—	—	—	10	10
Total transactions with owners in their capacity as owners	—	—	—	17,437	—	(1,123)	16,314	14,029	30,343
Balance at 31 December 2015	282,271	90,700	796	17,437	(2,496)	181,046	569,754	10,059	579,813

The notes on pages 46 to 101 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the eighteen months ended 31 December 2015

	Note	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**18,007**	41,753
Interest paid		**(2,299)**	—
Income tax (paid)/refunded		**(3,377)**	13
Net cash generated from operating activities		**12,331**	41,766
Cash flows from investing activities			
Purchases of property, plant and equipment		**(59,141)**	(13,300)
Purchases of intangible assets		**(2,815)**	—
Interest received		**3,388**	292
Proceeds from disposal of property, plant and equipment	27(b)	**110**	259
Deposit for acquisition of land use rights		**(153,867)**	—
Deposit for acquisition of property, plant and equipment		**(750)**	—
Acquisition of a subsidiary, net of cash acquired	32	**3,876**	—
Cash inflow from disposal of a subsidiary holding a property	33	**414,648**	—
Restricted bank deposits	11(b)	**(60,482)**	—
Net cash generated from/(used in) investing activities		**144,967**	(12,749)
Cash flows from financing activities			
Proceeds from interest-bearing borrowings	16	**133,300**	—
Proceeds from loans from fellow subsidiaries	30	**49,918**	
Cash inflow from disposal of interest in a subsidiary without change of control	24(b)	**10,339**	—
Dividends paid to the Company's shareholders	25	**(1,123)**	(5,616)
Contribution from a non-controlling interest		**3,680**	—
Net cash generated from/(used in) financing activities		**196,114**	(5,616)
Net increase in cash and cash equivalents		**353,412**	23,401
Cash and cash equivalents at beginning of period/year		**90,238**	66,837
Exchange loss on cash and cash equivalents		**(1,036)**	—
Cash and cash equivalents at end of period/year, representing bank balances and cash	11(a)	**442,614**	90,238

The notes on pages 46 to 101 are an integral part of these consolidated financial statements.

1 General information

Evergrande Health Industry Group Limited (formerly known as New Media Group Holdings Limited, the "Company") and its subsidiaries (together, the "Group") is engaged in book and magazine publishing, digital business, copyright holding and licensing business (collectively, the "Media Business") in Hong Kong and providing plastic surgery, anti-aging and other health services (collectively, the "Health Industry Business") to customers in the People's Republic of China (the "PRC").

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance. The address of its registered office is Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and it has deposit receipt listed on the Taiwan Stock Exchange.

These consolidated financial statements are presented in Hong Kong dollars ("HK$") thousands, unless otherwise stated.

Key events

On 25 November 2014, Albert Yeung Holdings Limited ("AY Holdings") entered into a conditional share purchase agreement (as supplemented by a supplemental agreement dated 23 December 2014) with Acelin Global Limited, a wholly-owned subsidiary of Evergrande Real Estate Group Limited, pursuant to which AY Holdings agreed to sell, and Acelin Global Limited agreed to purchase the entire equity interest of Evergrande Health Industry Holdings Limited (formerly known as New Media Group Investment Limited). Evergrande Health Industry Holdings Limited directly holds 74.99% of the total issued shares of the Company ("Transaction 1"). Subsequently, the following two agreements were signed.

On 23 December 2014, New Media Group Limited (formerly known as New Media Enterprise Investment Limited), an indirect wholly-owned subsidiary of the Company, entered into a conditional property disposal agreement with Good Force Investments Limited, a subsidiary of Emperor International Holdings Limited, pursuant to which New Media Group Limited agreed to sell and Good Force Investments Limited agreed to purchase the entire equity interest of Jade Talent Holdings Limited ("Jade Talent"), an indirect wholly-owned subsidiary of the Company at the time, and the benefits of shareholder's loans advanced by New Media Group Limited to Jade Talent ("Transaction 2"). Jade Talent was an investment holding company solely for the purpose of holding the interests in a property through its direct wholly-owned subsidiary, Winning Treasure Limited. Right after the possible disposal of Jade Talent, the property will be leased back to the Group for three years after the completion of Transaction 2.

On 23 December 2014, Right Bliss Limited, a direct wholly-owned subsidiary of the Company, entered into a conditional share disposal agreement with Rawlings Limited, a wholly-owned subsidiary of AY Holdings, pursuant to which Rawlings Limited agreed to purchase and Right Bliss Limited agreed to sell 9.99% of the issued shares of New Media Group Limited ("Transaction 3").

1 General information (Continued)

Key events (Continued)

On 27 February 2015, Transactions 1, 2 and 3 had been completed and Evergrande Real Estate Group Limited became the intermediate holding company of the Company thereafter. Impact of Transactions 2 and 3 are further illustrated in Notes 33 and 24(b) respectively.

On 20 April 2015, the Company changed its English name from "New Media Group Holdings Limited" to "Evergrande Health Industry Group Limited" and changed its Chinese name from "新傳媒集團控股有限公司" to "恒大健康產業集團有限公司".

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods/years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

Pursuant to a resolution of the Board of Directors dated 6 July 2015, the financial year end date of the Company has been changed from 30 June to 31 December to align with the financial year end date of an intermediate holding company, Evergrande Real Estate Group Limited, and thereby facilitate the preparation of the consolidated financial statements of Evergrande Real Estate Group Limited. Accordingly, the current financial period covered an eighteen-month period from 1 July 2014 to 31 December 2015, and the comparative financial period covered a twelve-month period from 1 July 2013 to 30 June 2014. The comparative figures for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes thereto are not directly comparable.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Going concern

As disclosed in Note 35 to the consolidated financial statements, on 27 January 2016, the Group won a bidding on a land use right at a consideration of RMB491,000,000 (approximately HK$583,135,000). The Group plans to construct a hospital. The total consideration of the land and future construction costs are expected to be financed by the internal resources, bank loans and loans from subsidiaries of Evergrande Real Estate Group Limited, an intermediate holding company of the Group.

Evergrande Real Estate Group Limited has confirmed its intention to provide continuing financial support to the Group through the arrangement of long-term loans so as to ensure the Group meets its liabilities when they fall due and to enable the Group to continue operating in the foreseeable future. The directors have a reasonable expectation that the Group will continue as a going concern and accordingly have prepared the consolidated financial statements on a going concern basis.

(ii) New standards, amendments and interpretation to existing standards adopted by the Group

The following new standards, amendments and interpretations to existing standards are mandatory for the first time for the financial period beginning 1 July 2014. The adoption of these new and amended standards does not have any significant impact to the results or financial position of the Group.

HKAS 19 (Amendment)	Defined benefit plans: Employee contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives
Annual improvements 2012	Annual Improvements to HKFRSs 2010–2012 Cycle
Annual improvements 2013	Annual Improvements to HKFRSs 2011–2013 Cycle
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Consolidation for Investment Entities
HK(IFRIC)-Int 21	Levies

The adoption of the above new standards, amendments and interpretations to existing standards do not have significant impact on the consolidated financial statements, other than certain disclosures.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(iii) New standards and amendments to existing standards have been issued but are not effective for the financial period beginning 1 July 2014 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual improvements 2014	Annual Improvements to HKFRSs 2012–2014 cycle	1 January 2016

Note: The effective date was postponed indefinitely.

The management is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the consolidated financial statements will be resulted in.

(iv) **New Hong Kong Companies Ordinance (Cap.622)**

In addition, the requirements of Part 9 "Accounts and Audit" of the Companies Ordinance (Cap. 622) have come into operation during the financial period, there are changes to the presentation and the disclosure of certain information in the consolidated financial statements.

2 Summary of significant accounting policies (Continued)

(b) Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit and loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Summary of significant accounting policies (Continued)

(b) Consolidation (Continued)

(ii) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (Continued)

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in HK dollars (HK$), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period/year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated statement of comprehensive income within "finance income/(costs), net". All other foreign exchange gain and losses are presented in the consolidated statement of comprehensive income within "administrative expenses".

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land and building	Shorter of 36 years and unexpired terms of the relevant lease
Leasehold improvements	10 years
Machinery and equipment	3 to 10 years
Furniture, fixtures and office equipment	3 to 6 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains in the consolidated statement of comprehensive income.

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (Continued)

(h) Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives of 5 to 10 years.

(i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise as "trade and other receivables", "cash and bank balances" and "restricted cash" in the consolidated balance sheet.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2 Summary of significant accounting policies (Continued)

(k) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    (i) adverse changes in the payment status of borrowers in the portfolio;

    (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalent includes cash in hand and bank deposits.

(o) Share capital

Ordinary shares are classified as equity.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2 Summary of significant accounting policies (Continued)

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is only recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (Continued)

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

(s) Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payables under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2 Summary of significant accounting policies (Continued)

(t) Employee benefits (Continued)

(iii) Bonus plans

The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of significant accounting policies (Continued)

(w) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sale of goods and render of services, stated net of discounts and returns, if any. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Advertising income

Advertising income is recognised upon the publication of the edition in which the advertisement is placed.

(ii) Circulation income

Circulation income represents sales of magazines and books, which is recognised when the publications are delivered and title has passed, net of any allowances for returned unsold copies.

(iii) Digital business income

Digital business income represents revenue from provision of digital services platform, which is recognised when services are provided.

(iv) Provision of magazine content

Revenue from the provision of magazine content is recognised on a straight-line basis over the relevant contract period.

(v) Income from medical cosmetology and health management

Income from medical cosmetology and health management are recognised when the services have been rendered to customers. The period of these services rendered is usually within a day.

As part of the Group's ordinary activities, pre-paid coupons are issued and sold to customers, and the receipts in respect of which are deferred and recognised as "receipt in advance from health industry customers" on the consolidated balance sheet. The Group implements a contractual expiry policy for these coupons under which any unutilised prepayments are fully recognised in profit or loss upon their expiry.

(vi) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continued unwinding the discount as interest income.

2 Summary of significant accounting policies (Continued)

(x) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) **The Group is the lessee other than operating lease of land use rights**
Payments made under operating leases (net of any incentives received from the lessor), are charged to the profit and loss on a straight-line basis over the period of the lease.

(ii) **The Group is the lessee under operating lease of land use rights**
Land use rights under operating lease, which mainly comprised land use rights to be developed for self-use buildings, are stated at cost and subsequently amortised in the profit and loss on a straight-line basis over the operating lease periods, less accumulated impairment provision.

(y) Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's major financial instruments include trade and other receivables, cash and bank balances, restricted cash, trade and other payables, receipt in advance, borrowings and loans from fellow subsidiaries. The Group manages and monitors these exposure to ensure appropriate measures are implemented on a timely and effective manner.

(i) **Foreign exchange risk**
The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from cash and bank balances that are denominated in currencies other than the functional currency of the relevant entities. The Group is not subject to significant foreign exchange risk. The revenue, expenses and borrowings of the foreign operations are denominated in functional currencies of those operations. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2015, if HK$ had strengthened/weakened by 5% against Renminbi ("RMB"), with all other variables held constant, post-tax profit for the period ended 31 December 2015 would increase/decrease by approximately HK$2,500,000 (year ended 30 June 2014: increase/decrease by approximately HK$1,981,000).

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, borrowings and loans from fellow subsidiaries. Cash and cash equivalents and borrowings at variable rates expose the Group to cash flow interest rate risk. Loans from fellow subsidiaries at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2015, if interest rate on cash and cash equivalents had been 100 basis point higher/lower with all variables held constant, post-tax profit for the eighteen months ended 31 December 2015 would increase/decrease by approximately HK$773,000 (year ended 30 June 2014: increase/decrease by approximately HK$113,000).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iii) Credit risk

The credit risk of the Group mainly arises from trade and other receivables and deposits with banks. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period is the carrying amount of those assets as stated in the consolidated balance sheet at the end of the reporting period.

In order to minimise the credit risk, the management of the Group monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management of the Group reviews the recoverability of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as the Group's trade receivables as at 31 December 2015 of approximately HK$35,200,000 (30 June 2014: HK$43,650,000) were derived from a few advertising agencies and a sole distributor of the Group, representing the top five customers of the Group. They are assessed by the management as high credit rating customers. In order to minimise the credit risk, the directors of the Group continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk for the remaining trade receivables, with exposure spread over a number of counterparties and customers.

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and with good reputation.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from loans from fellow subsidiaries and bank borrowings to meet its liabilities when they fall due.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting development timetable to adapt the market environment and implementing cost control measures. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	**Between 1 and 5 years** HK$'000	**Total** HK$'000
At 31 December 2015			
Borrowings	**63,290**	**76,917**	**140,207**
Loans from fellow subsidiaries	**—**	**67,355**	**67,355**
Trade and other payables*	**56,119**	**—**	**56,119**
Total	**119,409**	**144,272**	**263,681**
At 30 June 2014			
Trade and other payables*	46,455	—	46,455

* Excluding receipt in advance of HK$39,824,000 (2014: HK$4,265,000).

3 Financial risk management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings and loans from fellow subsidiaries as shown in the consolidated balance sheet) less cash and cash equivalents. As at 31 December 2015 and 30 June 2014, the Group is in net cash position.

(c) Fair value estimation

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The nominal value less impairment provisions of trade and other receivables approximate their fair values due to their short maturities. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and assumptions

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) PRC corporate income taxes and deferred taxation

The Company's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) Impairment of non-financial assets

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

5 Segment information

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess the performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into two segments:

Media:	Publication of advertisements, sales of magazines and books, digital business services and provision of magazine content.
Health Industry:	Providing plastic surgery, anti-aging and other health services.

5 Segment information (Continued)

Management has identified the reportable segments based on the Group's business model and assesses the performance of the operating segments based on profit before tax. Unallocated corporate expenses, finance income and costs and income tax expense are not included in segment results.

(a) Revenue by type

Revenue represents the net amounts received and receivable from customers during the period/year. An analysis of the Group's revenue by type for the period/year is as follows:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Advertising income	**438,078**	363,330
Circulation income	**101,832**	73,432
Digital business income	**39,739**	16,711
Provision of magazine content	**2,331**	2,151
Income from medical cosmetology and health management	**56,280**	—
	638,260	455,624

(b) Geographical information

The Group's revenue from external customers based on the location where the sales occurred and information about its non-current assets (excluding financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000	**31 December 2015 HK$'000**	30 June 2014 HK$'000
Hong Kong	**580,449**	453,386	**26,334**	318,266
PRC	**57,811**	2,238	**219,854**	1,818
	638,260	455,624	**246,188**	320,084

5 Segment information (Continued)

(c) Segment revenue and results

The segment information provided to the CODM for the eighteen months ended 31 December 2015 and the year ended 30 June 2014 is as follows:

	Eighteen months ended 31 December 2015		
	Media	**Health Industry**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Segment revenue and revenue from external customers	**581,980**	**56,280**	**638,260**
Segment results	**117,436**	**(17,381)**	**100,055**
Corporate expenses			**(8,565)**
Finance income			**1,461**
Profit before income tax			**92,951**
Income tax credit			**3,513**
Profit for the period			**96,464**
Other segment items:			
Additions to property, plant and equipment	**13,367**	**68,220**	**81,587**
Depreciation	**(26,191)**	**(4,742)**	**(30,933)**
Amortisation	**—**	**(31)**	**(31)**
Interest income	**762**	**—**	**762**
Interest expense	**(3,190)**	**(424)**	**(3,614)**

	Year ended 30 June 2014		
	Media	Health Industry	Total
	HK$'000	HK$'000	HK$'000
Segment revenue and revenue from external customers	455,624	—	455,624
Segment results	14,129	—	14,129
Corporate expenses			(2,672)
Finance income, net			1,457
Profit before income tax			12,914
Income tax expense			(1,895)
Profit for the year			11,019
Other segment items:			
Additions to property, plant and equipment	13,183	—	13,183
Depreciation	(24,972)	—	(24,972)
Interest income	1,457	—	1,457

5 Segment information (Continued)

(c) Segment revenue and results (Continued)

The segment assets as at 31 December 2015 and 30 June 2014 are as follows:

	Media HK$'000	**Health Industry** HK$'000	**Total** HK$'000
As at 31 December 2015			
Segment assets	**137,748**	**302,958**	**440,706**
Corporate assets			**418,152**
Tax recoverable			**1,584**
Total assets			**860,442**
As at 30 June 2014			
Segment assets	506,879	—	506,879
Corporate assets			5,359
Total assets			512,238

(d) Information about major customers

Revenues from customers of the corresponding period/year contributing over 10% of the total sales of the Group are as follows:

	Eighteen months ended 31 December 2015 **HK$'000**	Year ended 30 June 2014 HK$'000
Customer A	**96,341**	70,264
Customer B	**62,267**	50,154

Customer A is a sole distributor of the magazines published by the Group and Customer B is an advertising agency, from which the Group generates circulation income and advertising income respectively. These revenues are attributable to the Media segment.

6 Property, plant and equipment

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
At 1 July 2013					
Cost	267,693	59,906	14,871	61,421	403,891
Accumulated depreciation	(9,295)	(9,162)	(9,170)	(44,858)	(72,485)
Net book amount	258,398	50,744	5,701	16,563	331,406
Year ended 30 June 2014					
Opening net book amount	258,398	50,744	5,701	16,563	331,406
Additions	—	2,304	1,105	9,774	13,183
Disposals (Note 27(b))	—	(39)	(91)	(98)	(228)
Depreciation (Note 18)	(7,436)	(6,198)	(1,898)	(9,440)	(24,972)
Closing net book amount	250,962	46,811	4,817	16,799	319,389
At 30 June 2014					
Cost	267,693	62,160	15,362	69,666	414,881
Accumulated depreciation	(16,731)	(15,349)	(10,545)	(52,867)	(95,492)
Net book amount	250,962	46,811	4,817	16,799	319,389
Period ended 31 December 2015					
Opening net book amount	**250,962**	**46,811**	**4,817**	**16,799**	**319,389**
Currency translation differences	**—**	**—**	**(1,625)**	**(309)**	**(1,934)**
Acquisition of a subsidiary (Note 32)	**—**	**—**	**290**	**—**	**290**
Disposal of a subsidiary holding a property (Note 33)	**(246,032)**	**(33,927)**	**—**	**—**	**(279,959)**
Additions	**—**	**5,060**	**58,141**	**18,386**	**81,587**
Disposals (Note 27(b))	**—**	**(61)**	**(114)**	**(88)**	**(263)**
Depreciation (Note 18)	**(4,930)**	**(6,042)**	**(6,536)**	**(13,425)**	**(30,933)**
Closing net book amount	**—**	**11,841**	**54,973**	**21,363**	**88,177**
As at 31 December 2015					
Cost	**—**	**19,848**	**71,186**	**86,213**	**177,247**
Accumulated depreciation	**—**	**(8,007)**	**(16,213)**	**(64,850)**	**(89,070)**
Net book amount	**—**	**11,841**	**54,973**	**21,363**	**88,177**

6 Property, plant and equipment (Continued)

Depreciation charge of the Group was included in the following categories in the consolidated statement of comprehensive income:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Cost of sales	**4,118**	—
Selling and marketing costs	**166**	—
Administrative expenses	**26,649**	24,972
	30,933	24,972

As at 31 December 2015, there was no pledge of property, plant and equipment by the Group. As at 30 June 2014, the Group pledged leasehold land and building with a net book value of approximately HK$250,962,000 to secure general undrawn banking facilities amounting to HK$60,000,000 granted to the Group. The banking facilities was not available to the Group since the disposal of a subsidiary holding a property which holds the pledged leasehold land and building (Note 33).

7 Goodwill

	HK$'000
At 1 July 2013, 30 June 2014 and 31 December 2015	695

The goodwill is allocated to the cash generating unit ("CGU") of the magazine operated by Weekend Weekly Publishing Limited ("Weekend Weekly"). As at 31 December 2015, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the CGU is determined based on value-in-use calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering five-year period. Cash flow beyond five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Discount rate	**8%**	11%
Constant growth rate	**1%**	1%

Management of the Group determines that there was no impairment of CGU containing goodwill at the end of the reporting period.

8 Prepayments, trade and other receivables

	31 December 2015 HK$'000	30 June 2014 HK$'000
Trade receivables from:		
— third parties	**81,857**	91,449
— related companies (Note 31)	**—**	362
	81,857	91,811
Less: allowance for doubtful debts	**(307)**	(377)
	81,550	91,434
Prepayments	**160,319**	4,849
Deposits	**6,999**	667
Other receivables from:		
— third parties	**4,916**	4,966
— related companies (Note 31)	**3,923**	—
	257,707	101,916
Less: non-current portion:		
— prepayments for land use rights (Note)	**(153,867)**	—
— prepayments for property, plant and equipment	**(750)**	—
	(154,617)	—
Current portion	**103,090**	101,916

Note: On 19 October 2015 and 22 December 2015, the Group won a bidding on the state-owned construction land use rights of Hainan Boao Lecheng International Medical Tourism Pilot Zone, Qionghai City and Binhai New District, Danzhou, Hainan Province, PRC, at a consideration of approximately RMB93,419,000 (approximately HK$111,150,000) and RMB55,134,000 (approximately HK$65,598,000) respectively. HK$153,867,000 was prepaid at the period ended 31 December 2015.

The Group normally grants credit terms of 30 days to 120 days to its customers with reference to their historical payment records and business relationship. Settlement of the sales from circulation income from magazines shall be made by the distributor to the Company within 10 days after the verification of the quantity of magazines sold. Credit limit and outstanding balance from advertising income will be reviewed by the management once a month. The following is an aging analysis of trade receivables based on the invoice date at the reporting date, which approximated the respective revenue recognition date:

	31 December 2015 HK$'000	30 June 2014 HK$'000
Age		
0–30 days	**30,816**	60,721
31–90 days	**33,776**	23,487
Over 90 days	**16,958**	7,226
	81,550	91,434

8 Prepayments, trade and other receivables (Continued)

Included in the Group's trade receivables balance are debtors with a carrying amount of approximately HK$56,294,000 (2014: HK$42,703,000), which are past due at the end of the reporting period for which the Group has not provided allowance as there has not been a significant change in credit quality and the Group believes that the amounts are considered recoverable. For the remaining trade receivables that are neither past due nor impaired, the Group believes that the amounts are considered recoverable with reference to their historical payment records and business relationship. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	31 December 2015 HK$'000	30 June 2014 HK$'000
1 to 90 days	**48,521**	39,420
91–180 days	**7,181**	2,598
Over 180 days	**592**	685
	56,294	42,703

Movements in the allowance for doubtful debts

	31 December 2015 HK$'000	30 June 2014 HK$'000
Balance at beginning of period/year	**377**	607
Amounts written off as uncollectible	**(219)**	(290)
Charged to profit or loss (Note 18)	**149**	60
Balance at end of period/year	**307**	377

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$307,000 (30 June 2014: HK$377,000). Since the management considered the prolonged outstanding balances from individual customers were in doubt, full impairment has been made on these balances. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The directors believe that there is no further allowance required in excess of the current amount of allowance for doubtful debts.

8 Prepayments, trade and other receivables (Continued)

The carrying amounts of the Group's prepayments, trade and other receivables are denominated in the following currencies:

	31 December 2015 HK$'000	30 June 2014 HK$'000
RMB	**164,428**	272
HKD	**93,279**	101,644
	257,707	101,916

9 Intangible assets

	Publishing library HK$'000 (Note (a))	Copyrights in photographs and articles HK$'000 (Note (a))	Software HK$'000	Trademarks HK$'000	Total HK$'000
As at 1 July 2013 and 30 June 2014					
Cost	34,690	6,620	—	—	41,310
Accumulated amortisation and impairment	(34,690)	(6,620)	—	—	(41,310)
Net book amount	—	—	—	—	—
Period ended 31 December 2015					
Opening net book amounts at 1 July 2014	—	—	—	—	—
Additions	—	—	2,710	105	2,815
Amortisation	—	—	(27)	(4)	(31)
Currency translation differences	—	—	(82)	(3)	(85)
Closing net book amount at 31 December 2015	—	—	2,601	98	2,699
As at 31 December 2015					
Cost	34,690	6,620	2,628	102	44,040
Accumulated amortisation and impairment	(34,690)	(6,620)	(27)	(4)	(41,341)
Net book amount	—	—	2,601	98	2,699

(a) The Group would publish booklets occasionally using the contents in the publishing library, the photographs and the articles. At 30 June 2009, the management conducted a review of the Group's intangible assets in light of the current market condition for the decreasing in sale of booklets by comparing the carrying amount and the recoverable amount of intangible assets. The intangible assets were impaired based on the estimated recoverable amounts with reference to their values in use. An impairment loss of approximately HK$3,490,000 had therefore been determined and recognised to the profit or loss for the year ended 30 June 2009.

10 Inventories

	31 December 2015 HK$'000	30 June 2014 HK$'000
Medical products	**3,071**	—

Cost of inventories sold recognised as expenses and included in "cost of sales" amounted to approximately HK$5,684,000 (2014: HK$nil).

11 Cash and bank balances

(a) Cash and cash equivalents

	31 December 2015 HK$'000	30 June 2014 HK$'000
Cash at bank	**92,083**	9,789
Cash on hand	**465**	585
Short-term bank deposits	**350,066**	79,864
Cash and cash equivalents	**442,614**	90,238

	31 December 2015 HK$'000	30 June 2014 HK$'000
Denominated in:		
HK$	**370,723**	48,350
RMB	**70,981**	41,813
Other currencies	**910**	75
Cash and cash equivalents	**442,614**	90,238

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

Cash and cash equivalents carry interest at market rates ranging from 0.01% to 0.5% (2014: 0.01% to 3.25%).

(b) Restricted cash

As at 31 December 2015, HK$60,482,000 (2014: HK$nil) are restricted deposits held at bank as reserve for serving of debt for revolving loans of HK$58,300,000 (2014: HK$nil) and corporate credit card facility provided by the bank.

11 Cash and bank balances (Continued)

(c) Banking facilities

During the period, uncommitted banking facility of RMB500,000,000 (approximately HK$594,900,000) (2014: HK$nil) was granted to the Group secured by deposits of the Company provided that the drawing shall not exceed 98% of the deposits.

As at 31 December 2015, the total uncommitted banking facility was utilised to the extent of RMB49,000,000 (approximately HK$58,300,000) and the Group has available un-utilised banking facility of RMB451,000,000 (approximately HK$536,600,000).

12 Share capital

	Number of shares	Amount HK$'000
Ordinary shares, issued and fully paid:		
As at 1 July 2013	864,000,000	8,640
Transition to no-par value regime on 3 March 2014 (Note 14)	—	273,631
At 30 June 2014 and 1 July 2014	864,000,000	282,271
Effect of share subdivision (Note 26(a))	7,776,000,000	—
As at 31 December 2015	8,640,000,000	282,271

Note: In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

13 Share option schemes

No option was granted by the Company under the Share Option Scheme since its adoption and up to 31 December 2015.

14 Reserves

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity.

(a) Share premium

Pursuant to the new Hong Kong Companies Ordinance which has become effective on 3 March 2014, the share premium amounting to HK$273,631,000 was transferred to share capital upon abolition of par value (Note 12).

(b) Special reserve

The special reserve of the Group represented the differences between the aggregate amount of share capital and share premium of the relevant subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation scheme (the "Group Reorganisation").

(c) Capital contribution reserve

The amount of HK$695,000 was arising from the acquisition of additional 15% equity interest in Weekend Weekly by Top Queen Investments Limited ("Top Queen") from a non-controlling shareholder in 2006 and deemed as capital contribution to the Group.

14 Reserves (Continued)

(c) Capital contribution reserve (Continued)

The amount of HK$101,000 represented the current accounts waived by Top Queen during the year ended 31 March 2008 as a result of deregistration of eWeekend Limited and Forever Grace Limited prior to the Group Reorganisation.

(d) Other reserve

Other reserve represents the deemed contribution arising from the discounting of the non-current interest-free loans from fellow subsidiaries.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities with fluctuation currency other than HK$. The reserve is dealt with in accordance with the accounting policies set out in Note 2(e)(iii) to the consolidated financial statements.

15 Trade and other payables

	31 December 2015 **HK$'000**	30 June 2014 HK$'000
Trade payables to:		
— third parties	**24,652**	25,894
— related companies (Note 31)	**—**	154
	24,652	26,048
Other payables to:		
— third parties	**32,905**	24,672
— related companies (Note 31)	**1,306**	—
	34,211	24,672
Total trade and other payables	**58,863**	50,720
Receipt in advance from health industry customers	**37,080**	—

The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an aging analysis of trade payables based on the invoice date at the reporting date:

	31 December 2015 **HK$'000**	30 June 2014 HK$'000
Age		
0 to 90 days	**24,034**	25,638
91–180 days	**453**	211
Over 180 days	**165**	199
	24,652	26,048

15 Trade and other payables (Continued)

The Group's trade and other payables are denominated in the following currencies:

	31 December 2015 HK$'000	30 June 2014 HK$'000
RMB	**12,255**	704
HKD	**46,608**	50,016
	58,863	50,720

The Group's receipt in advance from health industry customers are denominated in RMB.

16 Borrowings

	31 December 2015 HK$'000	30 June 2014 HK$'000
Borrowings	**133,300**	—
Less: non-current borrowing — secured	**(75,000)**	—
Current borrowing — secured	**58,300**	—

The borrowings are secured by the share charge, representing 90.01% of the issued share capital of New Media Group Limited, a subsidiary of the Company.

The non-current borrowing of HK$75,000,000 is repayable in 2 years from the date of the first drawdown, 25 February 2015. It can be extended for another 6 months subject to the satisfaction of the credit review of the borrower, Right Bliss Limited, a subsidiary of the Company, by the lender.

The short-term borrowing of RMB49,000,000 (equivalent to approximately HK$58,300,000), is repayable to the bank on the date of last payment of interest, 29 April 2016. The carrying amounts of the current borrowings approximate their fair values due to its short maturities.

The interest rate of the borrowings was ranged from 3.95% to 5% as at 31 December 2015. Interest expense on borrowings for the eighteen months ended 31 December 2015 is HK$3,614,000 (2014: HK$nil).

17 Deferred income tax (assets)/liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follow:

	2015 HK$'000	2014 HK$'000
Deferred tax assets	**(3,413)**	—
Deferred tax liabilities	**1,153**	2,575
Deferred tax (assets)/liabilities	**(2,260)**	2,575

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the year/period:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Disposal of a subsidiary (Note 33)** HK$'000	**Total** HK$'000
As at 1 July 2013	3,493	(355)	—	3,138
Credit to profit or loss for the year (Note 23)	(483)	(80)	—	(563)
As at 30 June 2014	3,010	(435)	—	2,575
Credit to profit or loss for the period (Note 23)	(1,331)	(3,133)	(371)	(4,835)
As at 31 December 2015	1,679	(3,568)	(371)	(2,260)

At 31 December 2015, the Group had unused tax losses of approximately HK$70,374,000 (30 June 2014: HK$40,453,000) available for offset against future profits. As at 31 December 2015, a deferred tax asset had been recognised in respect of approximately HK$14,587,000 (30 June 2014: HK$2,635,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$55,787,000 (30 June 2014: HK$37,818,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2015 are losses of approximately HK$2,919,000 (30 June 2014: HK$1,145,000) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely. There were no other significant temporary differences arising during the period or at the end of the reporting period.

18 Operating profit

An analysis of major expenses as stated in cost of sales, selling and marketing costs and administrative expenses is as follows:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Employee benefit expenses (including directors' emoluments) (Note 19)	**353,588**	216,865
Allowance for doubtful debts (Note 8)	**149**	60
Auditor's remuneration	**2,395**	2,119
Depreciation of property, plant and equipment (Note 6)	**30,933**	24,972
Net exchange loss	**1,954**	426
Cost of inventories	**5,684**	—
Operating lease rentals for rented premises and machineries	**18,514**	3,228

19 Employee benefit expenses — including directors' emoluments

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Wages and salaries	**337,268**	208,948
Pension cost — defined contribution plans	**16,320**	7,417
Discretionary bonus	**—**	500
	353,588	216,865

20 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)

(a) Directors' and Chief Executive's emoluments

The remuneration of directors and the Chief Executive for the eighteen months ended 31 December 2015 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
	Fee HK$'000	Salary HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Tan Chaohui (Note a)	221	—	—	—	221
Tong Ming (Note c)	169	464	15	32	680
Han Xiaoran (Note a)	169	287	19	32	507
Chau Shing Yim, David (Note a)	283	—	—	—	283
Guo Jianwen (Note a)	281	—	—	—	281
Xie Wu (Note a)	281	—	—	—	281
Percy Hughes, Shirley (Note b)	111	2,254	—	13	2,378
Lee Che Keung, Danny (Note b)	111	1,939	—	13	2,063
Wong Chi Fai (Note b)	111	—	—	—	111
Fan Man Seung, Vanessa (Note b)	111	—	—	—	111
Hui Wai Man, Shirley (Note b)	133	—	—	—	133
Tse Hin Lin, Arnold (Note b)	—	—	—	—	—
Kwan Shin Luen, Susanna (Note b)	133	—	—	—	133
Chan Sim Ling, Irene (Note b)	133	—	—	—	133
Total emoluments	2,247	4,944	34	90	7,315

Notes:

(a) Appointed on 27 March 2015.

(b) Resigned on 27 March 2015.

(c) Appointed on 27 March 2015 and resigned on 23 March 2016.

20 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

The remuneration of directors and the Chief Executive for the year ended 30 June 2014 is set out below (Restated):

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
	Fee HK$'000	Salary HK$'000	Discretionary bonuses HK$'000 (Note c)	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Percy Hughes, Shirley	150	2,931	300	15	3,396
Lee Che Keung, Danny	150	2,480	200	15	2,845
Wong Chi Fai	150	—	—	—	150
Fan Man Seung, Vanessa	150	—	—	—	150
Hui Wai Man, Shirley	180	—	—	—	180
Tse Hin Lin, Arnol (Note a)	69	—	—	—	69
Kwan Shin Luen, Susanna	180	—	—	—	180
Chan Sim Ling, Irene (Note b)	111	—	—	—	111
Total emoluments	1,140	5,411	500	30	7,081

Notes:

(a) Retired at the annual general meeting of the Company held on 18 November 2013 and not offered for re-election.

(b) Appointed on 18 November 2013.

(c) The bonus payment is determined with reference to the individual performance for the year ended 30 June 2014.

20 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

(b) Directors' retirement benefits and termination benefits

None of the directors of the Company received or will receive any retirement benefits or termination benefits in respect of their services to the Group for the period (year ended 30 June 2014: HK$nil).

(c) Consideration provided to third parties for making available directors' services

During the period, the Group has not paid any consideration to any third parties for making available directors' services to the Company (year ended 30 June 2014: HK$nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Group in favour of the directors of the Company, or body corporate controlled by or entities connected with any of the directors of the Company at the end of the period or at any time during the period (year ended 30 June 2014: HK$nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period (year ended 30 June 2014: HK$nil).

Ms. Percy Hughes, Shirley was also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive. Code provision A.2.1 stipulates that the roles of chairman and Chief Executive should be separate and should not be performed by the same individual. Since 27 March 2015, the Company did not have any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself.

With effect from 23 March 2016, Mr. Peng Sheng was appointed as an Executive Director and Chief Executive Officer of the Company.

21 Other gains, net

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
(Loss)/gain on disposals of plant and equipment (Note 27(b))	**(153)**	31
Gain on disposal of a subsidiary holding a property (Note 33)	**136,700**	—
Other gains, net	**136,547**	31

22 Finance (costs)/income

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Finance income		
— Bank interest income	**2,223**	1,457
Finance costs		
— Interest expense on borrowings	**(3,614)**	—
Finance (cost)/income, net	**(1,391)**	1,457

23 Income tax credit/(expense)

The amount of income tax credited/(charged) to profit or loss represents:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Current tax:		
Hong Kong profits tax	**(1,442)**	(2,494)
PRC corporate income tax	**88**	—
Over provision in prior year	**32**	36
Deferred taxation (Note 17)	**4,835**	563
	3,513	(1,895)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the eighteen months ended 31 December 2015 (year ended 30 June 2014: 16.5%).

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the eighteen months ended 31 December 2015 (year ended 30 June 2014: 25%).

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the period/year, based on the existing legislation, interpretations and practices in respect thereof.

23 Income tax (credit)/expense (Continued)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Profit before income tax	**92,951**	12,914
Tax calculated at domestic tax rates applicable to profits in the respective countries	**13,964**	2,131
Income not subject to tax	**(22,950)**	(259)
Expenses not deductible for taxation purposes	**2,330**	928
Utilisation of previously unrecognised tax losses	**(517)**	(1,006)
Temporary difference not recognised	**36**	5
Tax losses for which no deferred tax asset was recognised	**3,656**	77
Effect of different tax rates of subsidiaries operating in the PRC	**—**	55
Over-provision in prior years	**(32)**	(36)
Income tax (credit)/expense	**(3,513)**	1,895

24 Subsidiaries

(a) Particulars of principal subsidiaries

Name	Place of incorporation/ operation	Issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest held directly	Percentage of attributable equity interest held indirectly	Principal activities
Media Publishing Limited	Hong Kong	HK$2	—	90.01%	Magazine and book publishing
New Media Group Digital Services Limited	Hong Kong	HK$2	—	90.01%	Digital business and provision of magazine content
New Media Group Publishing Limited	Hong Kong	HK$800,000	—	90.01%	Magazine publishing
New Media Services Consultant Company Limited (formerly known as Economic Digest Publishing Limited)	Hong Kong	HK$2	—	90.01%	Book publishing agent
New Monday Publishing Limited	Hong Kong	HK$2	—	90.01%	Magazine publishing
Reach Gain Limited	Hong Kong	HK$1	—	90.01%	Digital business
Time Year Limited	Hong Kong	HK$2	—	90.01%	Copyright holding and licensing business
Weekend Weekly Publishing Limited	Hong Kong	HK$100	—	90.01%	Magazine publishing
廣東薪傳出版技術開發有限公司	PRC (i)	RMB6,500,000	—	90.01%	Provision of magazine contents and digital business development services
New Media Group Limited	BVI	US$10,000	—	90.01%	Investment holdings

24 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest held directly	indirectly	Principal activities
Right Bliss Limited	BVI	US$1	100%	—	Investment holdings
Flaming Ace Limited	BVI	US$1	100%	—	Investment holdings
佳康發展有限公司(香港) Best Wealth Development Limited	Hong Kong	HK$1	—	100%	Investment holdings
廣州市慧宇貿易有限公司 Guangzhou Huiyu Trading Co. Ltd.	PRC (i)	RMB19,085,700	—	100%	Wholesales of home care and healthcare products
廣州市凱尚健康產業有限公司 Guangzhou Kaishang Health Industry Co. Ltd.	PRC (iii)	RMB10,000,000	—	100%	Wholesales of cosmetic products and provision of healthcare services
天津恒大原辰美容醫院有限公司 Tianjin Evergrande Wonjin Beauty Hospital Co. Ltd.	PRC (ii)	RMB43,000,000	—	96.25%	Provision of health services
廣州恒大健康醫療投資有限公司 Guangzhou Evergrande Health Medical Investment Co. Ltd.	PRC (iii)	RMB10,000,000	—	100%	Investment holding
廣州市海珠區恒暉門診部有限公司 Guangzhou Haizhu Henghui Clinic Co. Ltd.	PRC (iii)	RMB4,000,000	—	100%	Provision of healthcare services
廣州恒大雅苑健康管理服務有限公司 Guangzhou Evergrande Yayuan Health Management Service Co. Ltd.	PRC (iii)	RMB3,000,000	—	100%	Provision of healthcare services

24 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest held directly	Percentage of attributable equity interest held indirectly	Principal activities
佛山南海恒大御景健康管理服務有限公司 Foshan Nanhai Evergrande Yujing Health Management Service Co. Ltd.	PRC (iii)	RMB3,000,000	—	100%	Provision of healthcare services
濟南恒暉門診部有限公司 Jinan Henghui Clinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
濟南綠洲恒暉門診部有限公司 Jinan Oasis Henghui Clinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
洛陽市恒暉健康服務有限公司 Luoyang Henghui Health Service Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
成都恒暉門診部有限公司 Chengdu Henghui Clinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
長沙市恒暉門診部有限公司 Changsha Henghui Clinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
武漢恒暉健康咨詢服務有限公司 Wuhan Henghui Health Consulting Service Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
南昌市恒暉醫院管理有限公司 Nanchang Henghui Hospital Management Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of hospital management, software and advertisement design service

24 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest held directly	Percentage of attributable equity interest held indirectly	Principal activities
石家庄恒暉門診部有限公司 Shijiazhuang Henghui Clinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services
海南恒大國際醫療有限公司 Hainan Evergrande International Medical Co. Ltd.	PRC (ii)	RMB100,000,000	—	100%	Provision of healthcare services
深圳市恒大數碼科技有限責任公司 Shenzhen Evergrande Digital Technology Co. Ltd.	PRC (i)	RMB5,000,000	—	100%	Provision of information technology consultancy services
沈陽市於洪區恒暉綜合門診部有限公司 Shenyang Yuhong Henghui Polyclinic Co. Ltd.	PRC (iii)	RMB1,000,000	—	100%	Provision of healthcare services

Notes:

(i) These subsidiaries are wholly-owned foreign enterprises in the PRC.

(ii) These subsidiaries are sino-foreign co-operative joint venture in the PRC. Each of these entities is considered as a subsidiary of the Group because the Group has majority voting rights on the board of directors and its strategic, operating, investing and financing activities are controlled by the Group.

(iii) These subsidiaries are domestic enterprises in the PRC.

24 Subsidiaries (Continued)

(b) Non-controlling interests

Summarised financial information on subsidiaries with non-controlling interests

On 27 February 2015, Transaction 3 had been completed and the Group disposed of 9.99% equity interest in New Media Group Limited ("New Media") to Rawlings Limited (Note 1). The consideration of Transaction 3 is HK$10,339,000 which approximates to the carrying amount of equity interests disposed of. As such, there is no variance of consideration received and the carrying amount of equity interests disposed of and there is no change to the equity attributable to owners of the Company.

As disclosed in Note 32, on 1 April 2015, the Company entered into an equity acquisition agreement with Evergrande Health Industry Co., Ltd.* (恒大健康產業有限公司) (the "Vendor"), to acquire 96.25% of the equity interest in Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd.* (天津恒大原辰美容醫院有限公司) ("Evergrande Wonjin"). According to agreement with non-controlling interest, the non-controlling interest shares 40% of the results of operation of Evergrande Wonjin.

The total profit allocated to non-controlling interests to the period is HK$10,059,000 (2014: HK$nil), of which HK$415,000 (2014: HK$nil) is attributed to New Media and HK$9,644,000 (2014: HK$nil) is attributed to Evergrande Wonjin.

* For identification purpose only

Summarised balance sheet

	Evergrande Wonjin		New Media		Total	
Percentage of ownership interest held by non-controlling interest	3.75%		9.99%			
	31 December 2015 HK$'000	30 June 2014 HK$'000	**31 December 2015 HK$'000**	30 June 2014 HK$'000	**31 December 2015 HK$'000**	30 June 2014 HK$'000
Current						
Assets	**78,289**	—	**112,170**	186,796	**190,459**	186,796
Liabilities	**(95,764)**	—	**(127,436)**	(334,003)	**(223,200)**	(334,003)
Total current net liabilities	**(17,475)**	—	**(15,266)**	(147,207)	**(32,741)**	(147,207)
Non-current						
Assets	**62,318**	—	**27,036**	320,084	**89,354**	320,084
Liabilities	**—**	—	**(1,153)**	(2,575)	**(1,153)**	(2,575)
Total non-current net assets	**62,318**	—	**25,883**	317,509	**88,201**	317,509
Net assets	**44,843**	—	**10,617**	170,302	**55,460**	170,302

24 Subsidiaries (Continued)

(b) Non-controlling interests (Continued)

Summarised financial information on subsidiaries with non-controlling interests (Continued)
Summarised statement of comprehensive income

	Evergrande Wonjin		New Media		Total	
	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000	**Eighteen months ended 31 December 2015 HK$'000**	Year ended 30 June 2014 HK$'000	**Eighteen months ended 31 December 2015 HK$'000**	Year ended 30 June 2014 HK$'000
Revenue	**55,046**	—	**581,980**	455,624	**637,026**	455,624
(Loss)/profit before income tax	**(9,060)**	—	**116,906**	12,550	**107,846**	12,550
Income tax (expense)/credit	**2,265**	—	**12**	(1,891)	**2,277**	(1,891)
(Loss)/profit for the period/year	**(6,795)**	—	**116,918**	10,659	**110,123**	10,659
Other comprehensive loss	**(1,394)**	—	**—**	—	**(1,394)**	—
Total comprehensive (loss)/income for the period/year	**(8,189)**	—	**116,918**	10,659	**108,729**	10,659
Total comprehensive loss allocated to non- controlling interests	**(3,275)**	—	**(695)**	—	**(3,970)**	—
Dividends paid to non-controlling interests	**—**	—	**—**	—	**—**	—

24 Subsidiaries (Continued)

(b) Non-controlling interests (Continued)

Summarised financial information on subsidiaries with non-controlling interests (Continued)
Summarised statement of cash flows

	Evergrande Wonjin		New Media		Total	
	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000	**Eighteen months ended 31 December 2015 HK$'000**	Year ended 30 June 2014 HK$'000	**Eighteen months ended 31 December 2015 HK$'000**	Year ended 30 June 2014 HK$'000
Cash flows from operating activities						
Cash generated from/(used in) operations	**25,515**	—	**(17,878)**	40,111	**7,637**	40,111
Interest paid	**—**	—	**—**	—	**—**	
Income tax (paid)/refunded	**—**	—	**(3,340)**	14	**(3,340)**	14
Net cash generated from/(used in) operating activities	**25,515**	—	**(21,218)**	40,125	**4,297**	40,125
Net cash (used in)/generated from investing activities	**(109,460)**	—	**402,519**	(11,503)	**293,059**	(11,503)
Net cash generated from/(used in) financing activities	**89,549**	—	**(449,168)**	(5,220)	**(359,619)**	(5,220)
Net increase/(decrease) in cash and cash equivalents	**5,604**	—	**(67,867)**	23,402	**(62,263)**	23,402
Cash, cash equivalents at beginning of period/year	**4,155**	—	**84,880**	61,478	**89,035**	61,478
Cash and cash equivalents at end of period/year	**9,759**	—	**17,013**	84,880	**26,772**	84,880

The information above is the amount before inter-company eliminations.

25 Dividends

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Interim dividend paid of HKnil (2014: HK0.25 cents) per ordinary share	—	2,160
Final dividend paid of HK0.13 cents (2014: HK0.4 cents) per ordinary share	**1,123**	3,456
	1,123	5,616

26 Earnings per share

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

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 (Restated) HK$'000
Profit attributable to owners of the Company	**99,876**	11,019
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note (a))	**8,640,000,000**	8,640,000,000
Basic earnings per share (HK cents) (Note (b))	**1.156**	0.128

Notes:

(a) The newly issued shares of 7,776,000,000 under the share subdivision pursuant to the shareholders resolutions dated 24 August 2015 are adjusted in the weighted average number of ordinary shares in issue as if the issue had occurred at 1 July 2013, the beginning of the earliest period reported.

(b) As there was no dilutive potential ordinary shares for the eighteen months ended 31 December 2015 (year ended 30 June 2014: same), diluted earnings per share equals basic earnings per share.

27 Notes to the statement of cash flows

(a) Cash generated from operations

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Profit before income tax	**92,951**	12,914
Adjustments for:		
Finance income	**(2,223)**	(1,457)
Finance costs	**3,614**	—
Depreciation of property, plant and equipment (Note 6)	**30,933**	24,972
Loss/(gain) from disposal of property, plant and equipment (Note 21)	**153**	(31)
Gain on disposal of a subsidiary holding a property (Note 33)	**(136,700)**	—
Allowance for doubtful debts (Note 18)	**149**	60
Amortisation of intangible assets (Note 9)	**31**	—
Operating (loss)/profit before working capital changes	**(11,092)**	36,458
Changes in working capital:		
(Increase)/decrease in inventories	**(2,570)**	545
(Increase)/decrease in trade and other receivables	**(2,779)**	13,555
Increase/(decrease) in trade and other payables, and receipt in advance from health industry customers	**34,448**	(8,805)
Cash generated from operations	**18,007**	41,753

(b) In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Net book amount (Note 6)	**263**	228
(Loss)/gain from disposal of property, plant and equipment (Note 21)	**(153)**	31
Proceeds from disposal of property, plant and equipment	**110**	259

28 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	31 December 2015 HK$'000	30 June 2014 HK$'000
Land use rights (Note 8)	**22,035**	—

(b) Operating lease commitments

The Group had future aggregate minimum lease payments in relation of related premises and machineries under non-cancellable operating leases as follows:

	31 December 2015 HK$'000	30 June 2014 HK$'000
Within one year	**20,087**	3,003
In the second to fifth year inclusive	**35,361**	8,949
	55,448	11,952

29 Contingent liabilities

For the eighteen months ended 31 December 2015, the Group has no material contingent liabilities.

For the year ended 30 June 2014, certain subsidiaries of the Company were involved in legal proceedings or claims against them in the ordinary course of their business activities. Resolution of such litigation and claims did not have a material adverse effect on the Group's financial position and there was no provision for any potential liability in the consolidated balance sheet. The legal proceedings and claims were fully settled during the period.

30 Loans from fellow subsidiaries

Loans from fellow subsidiaries are unsecured, interest-free and repayable on 30 December 2020. The carrying value of the loans from fellow subsidiaries as at 31 December 2015 is stated at discounted present value with an imputed interest rate of 6.18%. The loan is denominated in RMB.

31 Related party transactions

(a) Related party transactions

The Group is controlled by Evergrande Real Estate Group Limited, which owns 74.99% of the Company's shares. The remaining 25% of the shares are widely held. The ultimate parent of the Group is Xin Xin (BVI) Limited, incorporated in British Virgin Islands. The ultimate controlling party of the Group is Dr. Hui Ka Yan.

During the eighteen months ended 31 December 2015 and year ended 30 June 2014, in addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties, which were carried out in the normal course of the Group's business:

(i) Transactions with companies related to AY Holdings:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Advertising income	**1,004**	2,756
Printing costs	**1,456**	1,511
Advertising expenses	**—**	398
Financial services fees	**236**	360
Miscellaneous income	**24**	363
Reimbursement of administrative expenses	**1,578**	2,652
Miscellaneous charges and fees	**113**	40
Secretarial services fees	**186**	280

These transactions are transactions with companies either controlled by one of the then Company's directors, or ultimately owned and controlled by AY Holdings.

(ii) Transactions with companies related to Evergrande Real Estate Group Limited:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Operating expenses	**1,324**	—
Advertising expenses	**1,840**	—
Miscellaneous charges and fees	**5**	—
Acquisition of a subsidiary (Note 32)	**279**	—

31 Related party transactions (Continued)

(a) Related party transactions (Continued)

(iii) Balances with companies related to AY Holdings:

	31 December 2015 HK$'000	30 June 2014 HK$'000
Receivables from companies related to AY Holdings (Note 8)	—	362
Payables to companies related to AY Holdings (Note 15)	—	154

The receivables as at 30 June 2014 arose mainly from sale transactions and were due 30 days to 120 days after the date of sales. The receivables were unsecured in nature and borne no interest.

The payables to related parties as at 30 June 2014 arose mainly from purchase transactions and were 60 days to 90 days after the date of purchase. The payables borne no interest.

(iv) Balances with companies related to Evergrande Real Estate Group Limited:

	31 December 2015 HK$'000	30 June 2014 HK$'000
Receivables from fellow subsidiaries (Note 8)	**3,923**	—
Payables to fellow subsidiaries (Note 15)	**1,306**	—
Loans from fellow subsidiaries (Note 30)	**49,918**	—

The receivables arise mainly from cash advance to fellow subsidiaries for daily operation purpose. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2014: HK$nil).

The payables arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest (2014: HK$nil).

Loans from fellow subsidiaries arise mainly from the financial support to the Group in connection to the settlement of land use rights acquired. These loans are unsecured, interest-free and repayable on 30 December 2020.

31 Related party transactions (Continued)

(b) Compensation of key management personnel

Key management includes directors (executive and non-executive) of the Company. The compensation paid or payable to key management for employee services is shown below:

The emoluments of directors and other members of key management during the period/year were as follows:

	Eighteen months ended 31 December 2015 HK$'000	Year ended 30 June 2014 HK$'000
Short-term benefits	**7,225**	7,051
Contribution to a retirement benefit scheme	**90**	30
	7,315	7,081

32 Acquisition of a subsidiary

On 1 April 2015, the Company entered into an equity acquisition agreement with Evergrande Health Industry Co., Ltd.* (恒大健康產業有限公司), a fellow subsidiary of the Group which is controlled by Evergrande Real Estate Group Limited, pursuant to which the Company has agreed to acquire from the Vendor 96.25% of the equity interest in Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd.* (天津恒大原辰美容醫院有限公司) ("Evergrande Wonjin") held by the Vendor at the consideration of RMB220,000 (equivalent to HK$279,000).

The principal business of Evergrande Wonjin is setting up a beauty and plastic surgery hospital in Tianjin (the "Tianjin Hospital"). Since the Tianjin Hospital has not commenced operation as at the acquisition date, the directors considered that this acquisition was not an acquisition of any business and has been accounted for an acquisition of assets.

* For identification purpose only

32 Acquisition of a subsidiary (Continued)

The net assets acquired by the Group in the above transaction are as follows:

	HK$'000
Prepayments for property, plant and equipment	22,446
Property, plant and equipment (Note 6)	290
Cash and cash equivalents	4,155
Inventories	501
Amounts due to related companies	(27,103)
Net assets value	289
Non-controlling interest	(10)
Satisfied by:	
Cash consideration paid (Note 31)	279

An analysis of the cash flows in respect of this acquisition of Evergrande Wonjin is as follows:

	HK$'000
Inflow of cash to acquire Evergrande Wonjin	
Cash and cash equivalents in Evergrande Wonjin acquired	4,155
Cash consideration paid	(279)
	3,876

33 Disposal of a subsidiary holding a property

On 27 February 2015, Transaction 2 had been completed and the Group disposed of 100% equity interest in Jade Talent to Good Force Investments Limited at the consideration of HK$414,737,000.

As disclosed in Note 2, Jade Talent is an investment holding company solely for the purpose of holding the interests in a property through its direct wholly-owned subsidiary, Winning Treasure Limited.

The net assets disposed of by the Group in the above transaction are as follows:

	HK$'000
Property, plant and equipment (Note 6)	279,959
Prepayments, deposits and other receivables	291
Cash and cash equivalents	89
Trade and other payables	(206)
Deferred tax liabilities (Note 17)	(371)
Income tax payable	(1,725)
	278,037
Cash consideration received	414,737
Gain on disposals of a subsidiary holding a property (Note 21)	136,700

An analysis of the cash flows in respect of this disposals is as follows:

	HK$'000
Cash inflow of cash to dispose of Jade Talent	
Cash and cash equivalents disposed of during the disposals	(89)
Cash consideration received	414,737
	414,648

34 Balance sheet and reserve movement of the Company

Balance sheet of the Company

		As at	
		31 December 2015	30 June 2014
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**8,701**	98,220
Amounts due from subsidiaries		**—**	201,000
		8,701	299,220
Current assets			
Other receivables		**634**	1
Amounts due from subsidiaries		**140,260**	84,871
Income tax recoverable		**72**	—
Cash and cash equivalents		**357,829**	5,358
Restricted cash		**59,682**	—
		558,477	90,230
Total assets		**567,178**	389,450
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**282,271**	282,271
Reserves	Note a	**283,707**	101,710
Total equity		**565,978**	383,981
LIABILITIES			
Current liabilities			
Other payables and accruals		**1,200**	465
Amount due to a subsidiary		**—**	5,000
Current income tax liabilities		**—**	4
Total liabilities		**1,200**	5,469
Total equity and liabilities		**567,178**	389,450

Tan Chaohui
Director

Peng Sheng
Director

34 Balance sheet and reserve movement of the Company (Continued)

(a) Reserve movement of the Company

	Share premium HK$'000	Merger reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 July 2013	273,631	72,120	34,846	380,597
Profit and total comprehensive income for the year	—	—	360	360
Transition to no par value regime on 3 March 2014 under the New Hong Kong Companies Ordinance	(273,631)	—	—	(273,631)
Final dividend paid for 2014	—	—	(3,456)	(3,456)
Interim dividend paid for 2015	—	—	(2,160)	(2,160)
At 30 June 2014	—	72,120	29,590	101,710
Profit and total comprehensive income for the period	—	—	183,120	183,120
Final dividend paid for 2014	—	—	(1,123)	(1,123)
At 31 December 2015	—	72,120	211,587	283,707

The merger reserve of the Company represented the difference between the consolidated net assets of the subsidiaries at the date of the Group Reorganisation and the nominal amount of the Company's shares issued.

At 31 December 2015, the Company's reserves available for distribution was HK$211,587,000 (2014: HK$29,590,000) as calculated.

35 Subsequent events

On 27 January 2016, the Group won a bidding on the state-owned construction land use right of Sanya Land Plots at a consideration of RMB491,000,000 (approximately HK$583,135,000). The Group plans to construct a hospital. The total consideration of the Sanya Land Plots Acquisition and future construction costs are expected to be settled by the Group with internal resources, bank loans and loans from Evergrande Real Estate Group Limited, an intermediate holding company of the Group.

Five Years Financial Summary

Results

	For the 18 months ended 31 December 2015 HK$'000	For the year ended 30 June 2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue	**638,260**	455,624	495,197	504,840	480,914
Profit before taxation	**92,951**	12,914	27,433	35,805	50,570
Income tax credit/(expense)	**3,513**	(1,895)	(5,158)	(6,151)	(8,590)
Profit for the period/year	**96,464**	11,019	22,275	29,654	41,980
Items that may be reclassified to profit and loss	**(3,054)**	—	—	—	—
Total comprehensive income for the period/year	**93,410**	11,019	22,275	29,654	41,980

Assets and liabilities

	As at 31 December 2015 HK$'000	As at 30 June 2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**860,442**	512,238	514,598	565,814	463,670
Total liabilities	**(280,629)**	(56,178)	(63,941)	(130,952)	(145,875)
Total equity	**579,813**	456,060	450,657	434,862	317,795