EVERGRANDE HEALTH INDUSTRY GROUP

EVERGRANDE HEALTH INDUSTRY GROUP LIMITED

恒大健康產業集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE EIGHTEENTH MONTHS ENDED 31 DECEMBER 2015

FINANCIAL SUMMARY

	Eighteen months ended 31 December 2015 *HK$'000*	Year ended 30 June 2014 *HK$'000*
Revenue		
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
Gross profit	**223,081**	155,733
Profit attributable to:		
— Owners of the Company	**99,876**	11,019
— Non-controlling interests	**(3,412)**	—
		(Restated)
Basic earnings per share	**HK1.156 cents**	HK0.128 cents

The board of directors (the "Board" or the "Directors") of Evergrande Health Industry Group Limited (formerly known as New Media Group Holdings Limited) (the "Company") announces the consolidated results of the Company and its subsidiaries (together the "Group") for the eighteen months ended 31 December 2015 (the "Period") together with comparative figures for the twelve months ended 30 June 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Eighteen months ended 31 December 2015** *HK$'000*	Year ended 30 June 2014 *HK$'000*
Revenue	*3*	**638,260**	455,624
Cost of sales	*4*	**(415,179)**	(299,891)
Gross profit		**223,081**	155,733
Other gains, net	*5*	**136,547**	31
Other income		**1,956**	580
Selling and marketing costs	*4*	**(122,619)**	(71,235)
Administrative expenses	*4*	**(144,623)**	(73,652)
Operating profit		**94,342**	11,457
Finance income	*6*	**2,223**	1,457
Finance costs	*6*	**(3,614)**	—
Finance (costs)/income, net		**(1,391)**	1,457
Profit before income tax		**92,951**	12,914
Income tax credit/(expense)	*7*	**3,513**	(1,895)
Profit for the period/year		**96,464**	11,019
Profit attributable to:			
— Owners of the Company		**99,876**	11,019
— Non-controlling interests		**(3,412)**	—
		96,464	11,019
Earnings per share			(Restated)
— Basic and diluted	*8*	**HK1.156 cents**	HK0.128 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Eighteen months ended 31 December 2015	Year ended 30 June 2014
	HK$'000	*HK$'000*
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
Attributed to:		
— Owners of the company	**97,380**	11,019
— Non-controlling interests	**(3,970)**	—
Total comprehensive income for the period/year	**93,410**	11,019

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	31 December 2015 HK$'000	30 June 2014 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**75,000**	—
Loans from fellow subsidiaries		**49,918**	—
Deferred income tax liabilities		**1,153**	2,575
		126,071	2,575
Current liabilities			
Trade and other payables	*13*	**58,863**	50,720
Receipt in advance from health industry customers	*13*	**37,080**	—
Borrowings	*12*	**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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This consolidated financial statements 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 and related notes thereto are not directly comparable.

2. ACCOUNTING POLICIES

(i) 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.

(ii) 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.

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, as 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.

The financial information relating to the eighteen-month period from 1 July 2014 to 31 December 2015 and the year ended 30 June 2014 included in this preliminary announcement results of 2015 do not constitute the Company's statutory consolidated financial statements for those periods but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 30 June 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the eighteen-month period from 1 July 2014 to 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both periods/years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

.3. 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.

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) 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	Year ended 30 June 2014	**31 December 2015**	30 June 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'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

(b) 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

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

	Media	**Health Industry**	**Total**
	HK$'000	*HK$'000*	*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

(c) Information about major customers

Revenue 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	Year ended 30 June 2014
	HK$'000	*HK$'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 revenue are attributable to the Media segment.

4. EXPENSES BY NATURE

	Eighteen months ended 31 December 2015	Year ended 30 June 2014
	HK$'000	*HK$'000*
Employee benefit expenses (including directors' emoluments)	**353,588**	216,865
Allowance for doubtful debts	**149**	60
Auditor's remuneration	**2,395**	2,119
Depreciation of property, plant and equipment	**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

5. 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	**(153)**	31
Gain on disposal of a subsidiary holding a property *(Note 15)*	**136,700**	—
Other gains, net	**136,547**	31

6. 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 (costs)/income, net	**(1,391)**	1,457

7. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credited/(charged) to condensed consolidated financial information represents:

	Eighteen months ended 31 December 2015	Year ended 30 June 2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**(1,410)**	(2,458)
PRC corporate income tax	**88**	—
Deferred taxation	**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.

8. 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	Year ended 30 June 2014 (Restated)
	HK$'000	*HK$'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 to basic earnings per share.

9. DIVIDENDS

	Eighteen months ended 31 December 2015 *HK$'000*	Year ended 30 June 2014 *HK$'000*
Interim dividend paid of HKnil cent (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

10. PROPERTY, PLANT AND EQUIPMENT

During the eighteen months ended 31 December 2015, the Group acquired property, plant and equipment amounting to approximately HK$81,587,000 (year ended 30 June 2014: HK$13,183,000) and disposed of a subsidiary with property, plant and equipment amounting to HK$279,959,000 (Note 14).

11. 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	**—**	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	**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 Qionghai City Hainan Boao Lecheng International Medical Tourism Pilot Zone 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	30 June 2014
	HK$'000	*HK$'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

	31 December 2015	30 June 2014
	HK$'000	*HK$'000*
Prepayments, trade and other receivables are denominated in the following currencies		
RMB	**164,428**	272
HKD	**93,279**	101,644
	257,707	101,916

12. BORROWINGS

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

13. TRADE AND OTHER PAYABLES

	31 December 2015	30 June 2014
	HK$'000	*HK$'000*
Trade payables to		
— third parties	**24,652**	25,894
— related companies	**—**	154
	24,652	26,048
Other payables to:		
— third parties	**32,905**	24,672
— related companies	**1,306**	—
	34,211	24,672
	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	30 June 2014
	HK$'000	*HK$'000*
Age		
0–90 days	**24,034**	25,638
91–180 days	**453**	211
Over 180 days	**165**	199
	24,652	26,048

	31 December 2015	30 June 2014
	HK$'000	*HK$'000*
Trade and other payables were denominated in the following currencies:		
RMB	**12,255**	704
HKD	**46,608**	50,016
	58,863	50,720

The Group's receipt in advance from health industry customers of HK$37,080,000 (2014: HK$ nil) are denominated in RMB.

14. 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) (the "Vendor"), a fellow subsidiary to the Group 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*

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	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	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

15. DISPOSAL OF A SUBSIDIARY HOLDING A PROPERTY

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

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

	HK$'000
Property, plant and equipment	279,959
Prepayments, deposits and other receivables	291
Cash and cash equivalents	89
Trade and other payables	(206)
Deferred tax liabilities	(371)
Income tax payable	(1,725)
	278,037
Cash consideration received	414,737
Gain on disposals of a subsidiary holding a property *(Note 5)*	136,700

An analysis of the cash flows in respect of this disposal 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

16. DISPOSAL OF A SUBSIDIARY WITHOUT CHANGE OF CONTROL

On 27 February 2015, the Group disposed of 9.99% equity interest in New Media Group Limited to Rawlings Limited. The consideration 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, 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 Chinese 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

During the 18 months ended 31 December 2015 (the "period"), the Group's revenue was HK$638.3 million (2014: HK$455.6 million), including revenue from media segment and health segment.

Revenue of the media segment amounted to HK$582.0 million during the period (2014: HK$455.6 million). The Group's performance in the media segment was adversely affected by various macro-economic 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 comparing 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 is engaged in the medical cosmetology and health management business that generated 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 (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.

A 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 post-illnesses treatment solutions to promote accurate medical treatment. Leveraging mobile Internet and Internet of Things, the Group launched 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 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 year, 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 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 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, 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, the Group successfully won a bidding of a land plot in the International Medical Tourism 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 high-end 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'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 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 the cost, improving the 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, in 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 bided land lots 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 Group Limited, the parent of the Company, 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, Guangzhou Evergrande Health, 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 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 bided 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 29 December 2015, construction of the Boao Evergrande International Medical Centre in Hainan Boao Lecheng International Medical Tourism Pilot Area officially commenced.

For the year ending 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 micro-agencies 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.

OTHER ANALYSIS

Capital Structure, Liquidity and Financial Resources

The Group financed its operations by borrowings, shareholders' equity and cash generated from operations.

As at 31 December 2015, the Group had interest-bearing borrowings amounting to HK$133.3 million (30 June 2014: Nil).

As at 31 December 2015, the Group was in net cash position.

The Group had limited exposure to fluctuation in exchange rates.

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.

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.

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.

Subsequent Event

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.

DIVIDEND

The Directors do not recommend the payment of dividend for the period ended 31 December 2015 (2014: HK0.13 cent per Share).

REVIEW OF RESULTS

The condensed consolidated financial information of the Group has been reviewed by the audit committee of the Company, which comprises the three independent non-executive Directors of the Company.

The financial information of the Group for the eighteen months ended 31 December 2015 is based on the financial statements of the Company for the eighteen months ended 31 December 2015. The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group's consolidated financial statements for the period by the auditor of the Company, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied throughout the Period with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except as disclosed below.

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 had not had 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.

As announced by the Company on 22 March 2016, the Company has appointed Mr. Peng Sheng as an executive Director and Chief Executive Officer of the Company with effect from 23 March 2016.

Model Code for Securities Transactions

The Company had adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the period.

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE SUBDIVISION

On 24 July 2015, the Board announced that it proposed to convert all 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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (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 reporting date, the total number of issued shares of the Company was 8,640,000,000 shares and the total issued share capital of the Company was HK$282,271,017.66.

PUBLICATION OF THE ANNUAL RESULTS

The annual results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (www.evergrandehealth.com).

By Order of the Board
Evergrande Health Industry Group Limited
Tan Chaohui
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the executive directors of the Company are Ms. Tan Chaohui, Mr. Peng Sheng, Mr. Han Xiaoran; and the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu.