

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 TWELVE MONTHS ENDED 31 DECEMBER 2016

#### FINANCIAL SUMMARY

	Year ended 31 December 2016 HK\$'000	Eighteen months ended 31 December 2015 HK\$'000
Revenue		
Advertising income	165,729	438,078
Circulation income	46,951	101,832
Digital business income	65,426	39,739
Provision of magazine content	909	2,331
Health management income	<u>249,117</u>	<u>56,280</u>
	<u>528,132</u>	<u>638,260</u>
Gross profit	<u>201,649</u>	<u>223,081</u>
Profit attributable to:		
— Owners of the Company	51,736	99,876
— Non-controlling interests	<u>6,817</u>	<u>(3,412)</u>
	<u>58,553</u>	<u>96,464</u>
Basic and diluted earnings per share	<u>HK0.599 cents</u>	<u>HK1.156 cents</u>

The board of directors (the “**Board**” or the “**Directors**”) of Evergrande Health Industry Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2016 (the “**Year**”) together with comparative figures for the eighteen months ended 31 December 2015 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2016*

	<i>Note</i>	<b>Year ended 31 December 2016 HK\$'000</b>	<b>Eighteen months ended 31 December 2015 HK\$'000</b>
Revenue	3	<b>528,132</b>	638,260
Cost of sales		<u><b>(326,483)</b></u>	<u>(415,179)</u>
<b>Gross profit</b>		<b>201,649</b>	223,081
Other gains, net	4	<b>23,992</b>	136,547
Other income		<b>40,404</b>	1,956
Selling and marketing costs		<b>(68,076)</b>	(122,619)
Administrative expenses		<u><b>(109,880)</b></u>	<u>(144,623)</u>
<b>Operating profit</b>		<b>88,089</b>	94,342
Finance income	5	<b>27,305</b>	2,223
Finance costs	5	<u><b>(5,468)</b></u>	<u>(3,614)</u>
Finance income/(costs), net		<u><b>21,837</b></u>	<u>(1,391)</u>
<b>Profit before income tax</b>		<b>109,926</b>	92,951
Income tax (expense)/credit	6	<u><b>(51,373)</b></u>	<u>3,513</u>
<b>Profit for the year/period</b>		<u><b>58,553</b></u>	<u>96,464</u>
<b>Profit attributable to:</b>			
— Owners of the Company		<b>51,736</b>	99,876
— Non-controlling interests		<u><b>6,817</b></u>	<u>(3,412)</u>
		<u><b>58,553</b></u>	<u>96,464</u>
Earnings per share			
— Basic and diluted	7	<u><b>HK0.599 cents</b></u>	<u>HK1.156 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2016

	Year ended 31 December 2016 <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
<b>Profit for the year/period</b>	<u>58,553</u>	<u>96,464</u>
<b>Other comprehensive income:</b> <i>Items that may be reclassified to profit and loss:</i>		
Currency translation differences	<u>(38,276)</u>	<u>(3,054)</u>
<b>Total comprehensive income for the year/period</b>	<u>20,277</u>	<u>93,410</u>
<b>Total comprehensive income attributable to:</b>		
— Owners of the company	15,610	97,380
— Non-controlling interests	<u>4,667</u>	<u>(3,970)</u>
<b>Total comprehensive income for the year/period</b>	<u><u>20,277</u></u>	<u><u>93,410</u></u>

# CONSOLIDATED BALANCE SHEET

As at 31 December 2016

		<b>31 December 2016</b>	31 December 2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>284,622</b>	88,177
Land use rights		<b>253,315</b>	—
Goodwill		<b>695</b>	695
Intangible assets		<b>6,334</b>	2,699
Deferred income tax assets		<b>4,185</b>	3,413
Long-term prepayments	9	<b>272,393</b>	154,617
		<b>821,544</b>	249,601
<b>Current assets</b>			
Inventories		<b>836</b>	3,071
Properties under development		<b>741,258</b>	—
Completed properties held for sales		<b>142,215</b>	—
Trade and other receivables	9	<b>218,549</b>	103,090
Income tax recoverable		—	1,584
Cash and bank balances		<b>1,155,475</b>	442,614
Restricted deposits		<b>75,406</b>	60,482
		<b>2,333,739</b>	610,841
<b>Total assets</b>		<b>3,155,283</b>	860,442
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>282,271</b>	282,271
Retained earnings		<b>223,474</b>	181,046
Reserves		<b>113,229</b>	106,437
		<b>618,974</b>	569,754
<b>Non-controlling interests</b>		<b>14,726</b>	10,059
<b>Total equity</b>		<b>633,700</b>	579,813

**CONSOLIDATED BALANCE SHEET (CONTINUED)***As at 31 December 2016*

		<b>31 December</b>	31 December
		<b>2016</b>	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	<i>10</i>	<b>847,615</b>	75,000
Loans from fellow subsidiaries		<b>405,018</b>	49,918
Deferred income tax liabilities		<b>140</b>	1,153
		<u><b>1,252,773</b></u>	<u>126,071</u>
<b>Current liabilities</b>			
Borrowings	<i>10</i>	<b>537,120</b>	58,300
Trade and other payables	<i>11</i>	<b>590,948</b>	58,863
Receipt in advance	<i>11</i>	<b>140,682</b>	37,080
Current income tax liabilities		<b>60</b>	315
		<u><b>1,268,810</b></u>	<u>154,558</u>
<b>Total liabilities</b>		<u><b>2,521,583</b></u>	<u>280,629</u>
<b>Total equity and liabilities</b>		<u><b>3,155,283</b></u>	<u>860,442</u>
<b>Net current assets</b>		<u><b>1,064,929</b></u>	<u>456,283</u>
<b>Total assets less current liabilities</b>		<u><b>1,886,473</b></u>	<u>705,884</u>

## 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 Company’s financial year end date was changed from 30 June to 31 December to align with that of China Evergrande Group, an intermediate holding company. Accordingly, the comparative figures covered an eighteen-month period from 1 July 2014 to 31 December 2015, which may not be comparable with the amounts shown for the current year.

The financial information relating to the eighteen-month period from 1 July 2014 to 31 December 2015 and the year ended 31 December 2016 included in this preliminary announcement results of 2016 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 (Chapter 622 of the Laws of Hong Kong) is as follows:

The Company has delivered the financial statements for the eighteen months ended 31 December 2015 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 to the Registrar for Companies for the year ended 31 December 2016 in due course.

The Company’s auditor has reported on the financial statements of the Group for both period/year. 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.

### 2. ACCOUNTING POLICIES

#### (i) New standards and amendments to existing standards adopted by the Group

The following new standards and amendments to existing standards are mandatory for the first time for the financial period beginning 1 January 2016. The adoption of these new and amended standards does not have any significant impact to the results or financial position of the Group.

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual improvements 2014	Annual Improvements to HKFRSs 2012–2014 cycle

The adoption of the above new standards and amendments 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 January 2016 and have not been early adopted by the Group:**

		<b>Effective for annual periods beginning on or after</b>
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	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Lease	1 January 2019

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.

### **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: Magazine publishing, distribution of magazines, digital business and provision of magazine content.

Health Management: "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing.

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		Non-current assets	
	Year ended	Eighteen months ended	31 December	31 December
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	274,052	580,449	16,997	26,334
PRC	<u>254,080</u>	<u>57,811</u>	<u>800,362</u>	<u>219,854</u>
	<u>528,132</u>	<u>638,260</u>	<u>817,359</u>	<u>246,188</u>

(b) **Segment revenue and results**

The segment information provided to the CODM for the year ended 31 December 2016 and the eighteen months ended 31 December 2015 is as follows:

	Year ended 31 December 2016		
	Media	Health	Total
	HK\$'000	Management	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
Segment revenue and revenue from external customers	279,015	249,117	528,132
Segment results	1,144	91,287	92,431
Corporate expenses			(8,563)
Finance income			<u>26,058</u>
Profit before income tax			109,926
Income tax expense			<u>(51,373)</u>
<b>Profit for the year</b>			<u>58,553</u>
<b>Other segment items:</b>			
Additions to property, plant and equipment	696	230,370	231,066
Additions to land use rights	—	268,390	268,390
Depreciation	(9,610)	(10,565)	(20,175)
Amortisation	—	(6,008)	(6,008)
Interest income	19	1,228	1,247
Interest expense	<u>(3,547)</u>	<u>(1,921)</u>	<u>(5,468)</u>



Eighteen months ended 31 December 2015

	Media <i>HK\$'000</i>	Health Management <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue and revenue from external customers</b>	581,980	56,280	638,260
<b>Segment results</b>	117,436	(17,381)	100,055
Corporate expenses			(8,565)
Finance income			<u>1,461</u>
Profit before income tax			92,951
Income tax credit			<u>3,513</u>
<b>Profit for the period</b>			<u><u>96,464</u></u>
<b>Other segment items:</b>			
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	<u>(3,190)</u>	<u>(424)</u>	<u>(3,614)</u>

The segment assets as at 31 December 2016 and 31 December 2015 are as follows:

	Media <i>HK\$'000</i>	Health Management <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2016</b>			
<b>Segment assets</b>	<b>138,373</b>	<b>2,478,004</b>	<b>2,616,377</b>
Corporate assets			<u>538,906</u>
<b>Total assets</b>			<u><u>3,155,283</u></u>
<b>As at 31 December 2015</b>			
<b>Segment assets</b>	137,748	302,958	440,706
Corporate assets			418,152
Tax recoverable			<u>1,584</u>
Total assets			<u><u>860,442</u></u>

(c) **Information about major customer**

Revenue from customer of the corresponding year/period contributing over 10% of the total sales of the Group is as follows:

	<b>Year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
Customer A	<u>—</u>	<u>96,341</u>

Customer A is a sole distributor of the magazines published by the Group. The revenue is attributable to the Media Segment.

**4 OTHER GAINS, NET**

	<b>Year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
Gain/(loss) on disposal of property, plant and equipment	<b>189</b>	(153)
Gain on disposal of a subsidiary holding a property	—	136,700
Gain on disposal of a subsidiary	<u><b>23,803</b></u>	<u>—</u>
Other gains, net	<u><b>23,992</b></u>	<u>136,547</u>

**5 FINANCE INCOME/(COSTS)**

	<b>Year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
Finance income		
— Bank interest income	<b>27,305</b>	2,223
Finance costs		
— Interest expense on borrowings	<u><b>(5,468)</b></u>	<u>(3,614)</u>
Finance income/(cost), net	<u><b>21,837</b></u>	<u>(1,391)</u>

## 6 INCOME TAX (EXPENSE)/CREDIT

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

	<b>Year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
<b>Current tax:</b>		
Hong Kong profits tax	(1,377)	(1,442)
PRC corporate income tax	(27,810)	88
PRC land appreciate tax	(23,971)	—
Over-provision in prior year/period	—	32
Deferred taxation	<u>1,785</u>	<u>4,835</u>
Income tax (expense)/credit	<u><u>(51,373)</u></u>	<u><u>3,513</u></u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2016 (eighteen months ended 31 December 2015: 16.5%).

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the year ended 31 December 2016 (eighteen months ended 31 December 2015: 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 year/period, based on the existing legislation, interpretations and practices in respect thereof.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible including land use rights and all property development expenditures.

## 7 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:

	<b>Year ended</b> <b>31 December 2016</b> <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
Profit attributable to owners of the Company	51,736	99,876
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>8,640,000,000</u></u>	<u><u>8,640,000,000</u></u>
Basic earnings per share (HK cents)	<u><u>0.599</u></u>	<u><u>1.156</u></u>

## 8 DIVIDENDS

	Year ended 31 December 2016 <i>HK\$'000</i>	Eighteen months ended 31 December 2015 <i>HK\$'000</i>
Final dividend paid of HK0 cents per ordinary share	—	1,123
	<u>—</u>	<u>1,123</u>

## 9 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	31 December 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Trade receivables	121,006	81,857
Less: allowance for doubtful debts	<u>(686)</u>	<u>(307)</u>
	120,320	81,550
Prepayments	284,357	160,319
Deposits	9,846	6,999
Other receivables from:		
— third parties	10,149	4,916
— related companies	<u>66,270</u>	<u>3,923</u>
	490,942	257,707
Less: non-current portion:		
— prepayments for land use rights	(223,762)	(153,867)
— prepayments for property, plant and equipment	<u>(48,631)</u>	<u>(750)</u>
	<u>(272,393)</u>	<u>(154,617)</u>
Current portion	<u>218,549</u>	<u>103,090</u>

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 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Age		
0–90 days	101,097	64,592
91–180 days	15,842	16,192
Over 180 days	<u>3,381</u>	<u>766</u>
	<u>120,320</u>	<u>81,550</u>

## 10 BORROWINGS

	31 December 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Borrowings	1,384,735	133,300
Less: non-current borrowings — secured	<u>(847,615)</u>	<u>(75,000)</u>
Current borrowings — secured	<u><u>537,120</u></u>	<u><u>58,300</u></u>

## 11 TRADE AND OTHER PAYABLES

	31 December 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
<b>Trade and other payables:</b>		
Trade payables	<u>392,762</u>	<u>24,652</u>
Other payables to:		
— third parties	196,888	32,905
— related companies	<u>1,298</u>	<u>1,306</u>
	<u>198,186</u>	<u>34,211</u>
Total trade and other payables	<u><u>590,948</u></u>	<u><u>58,863</u></u>
<b>Receipt in advance:</b>		
Receipt in advance from:		
— Sale of health and living project	133,997	—
— Other customers	<u>6,685</u>	<u>37,080</u>
Total receipt in advance	<u><u>140,682</u></u>	<u><u>37,080</u></u>

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 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Age		
0 to 90 days	392,592	24,034
91–180 days	108	453
Over 180 days	<u>62</u>	<u>165</u>
	<u><u>392,762</u></u>	<u><u>24,652</u></u>

## 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 Management Segment**”).

### *Media Segment*

During the Year, competition in various industries within the Hong Kong local economy remained fierce, especially in the retail and media business sectors of which they are considered to be highly correlated. In addition, as a global trend, marketers have been increasing their advertising and media spending in digital platforms in order to optimise their marketing efforts. Being a fully developed multimedia content publisher with a wide spectrum of both online and offline media platforms, the Group is committed to providing strategic planning together with tailor-made transmedia marketing campaigns as a whole to help clients create content, build brands, maintain loyalty and expand market reach and boost sales.

### *Health Management Segment*

The Group proactively implements the national strategy of “Healthy China”, and sets the corporate vision as “establishing a healthcare service system centered on the general public, and committing itself to providing comprehensive healthcare services covering the whole treatment cycle through a complete and sustainable model”. The Group aims to establish a healthcare system with high-level clinical diagnosis and therapy and quality hospital experiences, and to develop internationally leading healthcare services and products so as to meet the healthcare needs of the general public, thus actively facilitating the development of the healthcare industry in China through disease prevention with lower incidence of disease.

During the Year, the Group successfully introduced top international healthcare resources including Brigham and Women’s Hospital (the main teaching hospital of Harvard Medical School), progressively fostered the establishment of the Boao Evergrande International Hospital Project, and committed to setting up a multi-level healthcare system with high-end international hospitals at the top and community health management centers forming the basis. The Group operated medical cosmetology centers in major cities such as Guangzhou and Beijing and expanded the network across China. It also formulated the first all-age healthcare service “Health & Wellness Living” standard in China, and innovatively created “Evergrande•Elderly Care Valley” products. The projects commenced construction in many places. In developing the Health & Wellness Living projects, Evergrande Health is the first to set up guidelines on health and wellness living ecosystem standard in China.

## Financial Review

During the Year, the Group's turnover was HK\$528.1 million. By comparison, it was HK\$638.3 million for the eighteen months ended 31 December 2015 (the "Last Financial Year" or "2015"). The turnover included revenue from the Media Segment and the Health Management Segment.

During the Year, the Group's performance in the Media Segment was adversely affected by various macro-economic headwinds and market challenges. The Media Segment reported a turnover of HK\$279.0 million during the Year (2015: HK\$582.0 million). Advertising income amounted to HK\$165.7 million (2015: HK\$438.1 million) and remained a key revenue contributor. Circulation income was HK\$47.0 million (2015: HK\$101.8 million). The performance of the Media Segment for the Year reported a significant decrease when comparing with the Last Financial Year, due to a general slowdown in consumption and scale down of advertising spending. Print media is in downward trend with higher popularity of online media platform. Less advertisement was placed to print media. The Group has put more attention to digital business in 2016. On this condition, the Group's digital business reported significant increase in the Year.

During the Year, the Health Management Segment reported a turnover of HK\$249.1 million. The revenue included income from medical cosmetology surgery and out-patient service of HK\$64.7 million (2015: HK\$56.2 million). Income from health and living project amounted to HK\$184.4 million (2015: Nil). The Group developed and formulated the all-age healthcare service living standard with facilities specially-designed for the elderly people. Income generated from cosmetology surgery was attributed from Tianjin Evergrande Wonjin Medical Beauty Hospital and medical cosmetology micro-agencies. The Group's health management services included out-patient service. The Group is establishing community clinics which could provide health services as a package.

The Group's gross profit amounted to HK\$201.6 million (2015: HK\$223.1 million). The gross profit margin increased from 35% of the Last Financial Year to 38% for the Year. Cost of sales of the Media Segment mainly represents artwork and design costs, circulation cost, editorial costs, photographic costs and magazine printing costs in relation to the producing of magazine contents and design of advertisements. Cost of the health segment mainly represents medicines, labour costs, depreciation of hospital equipment, cost of health and living project.

The Group recorded a gain on disposal of business in the Media Segment amounting to HK\$23.8 million during the Year. The disposal could reduce the loss-making assets of the Media Segment.

Selling and marketing expenses, together with administrative expenses, are HK\$178.0 million for the Year (2015: HK\$267.2 million). The decrease is mainly due to decrease in sales commission, staff costs in the Media Segment due to the declining revenue and decrease in number of salesperson. It is also attributable to the disposal of a loss-making media subsidiary.

Profit attributable to the shareholders of the Company decreased to HK\$51.7 million (2015: HK\$99.9 million). A one-off gain on disposal of a subsidiary holding a property, amounting to HK\$136.7 million, was recorded in the Last Financial Year. Basic earnings per share was HK\$0.599 cents (2015: HK1.156 cents).

## Business Review

### *Media Segment*

The Group's business has now expanded in the digital arena, and the Group has made continuous efforts to streamline its publishing business, reallocating its resources to leverage and realize the value from its continuously growing digital platforms and services. During the Year, the Company disposed of its 100% shareholding in the company principally engaged in the publication of the magazine "New Monday" (新Monday), to an independent third party as further deploying resources for the print media has become unappealing. The disposal enables the Group to focus its existing resources to enhance its digital media business.

The NMG's branded websites have altogether reached a record high accumulated page view (PV) of over 1,106 million, with total unique visitors (UV) who visit a site at least once within the reporting period reaching 76 million, as recorded in Google Analytics from January to December 2016.

According to the comScore MMX (Media Metrix) Hong Kong report provided by comScore, an internet analytics company that provides online audience measurement and is widely recognized by top advertisers, agencies and publishers, the NMG's latest record, up to November 2016, showed remarkable and encouraging results, reflecting particularly strong performance in the mobile sector.

comScore — Mobile Metrix (viewing of websites via mobile devices)			November 2016		
			Rank	Pageview	UV
Hong Kong Report			Top 100 Properties		
			5	84,000,000	2,855,000
Category (Main)	Subcategory		Rank (Main)	Rank (Sub)	
Lifestyle	Beauty/Fashion/Style	NMG Lifestyle Network (New Monday, More)	2	1	
Travel	Information	NMG Travel Network (Weekend Weekly, GOtrip)	1	1	
Entertainment	Entertainment News	Oriental Sunday	6	3	
Business/Finance	News/Research	Economic Digest	4	4	
Family & Youth	Family & Parenting	Sunday Kiss	1	1	



Once again, the team gained honours and recognition for its efforts in integrating social media and content marketing with creative and diversified campaigns. During the Year, the Group has received recognition in several prestigious competitions, including the Mob-Ex Awards 2016 organised by Marketing magazine; Media Convergence Awards 2015, organised by the Hong Kong Association of Interactive Marketing (HKAIM); as well as the Spark Awards 2016, organised by Marketing magazine, in which the Group managed to grab the top honour and was again crowned the “Media Owner of the Year” for the third consecutive year, winning also 7 Gold, 5 Silver, and 9 Bronze awards, and bringing home 22 trophies in total.

<b>Award/competition name</b>	<b>Grand Award</b>	<b>Gold</b>	<b>Silver</b>	<b>Bronze</b>	<b>Special Award</b>	<b>Total</b>
<b>Spark Awards 2016</b> organiser: Marketing magazine	1	7	5	9		22
<b>Mob-Ex Awards 2016</b> organiser: Marketing magazine		2			2	4
<b>Media Convergence Awards 2015</b> organiser: Hong Kong Association of Interactive Marketing (HKAIM)			1	3	2	6

### ***Health Management Segment***

#### ***Medical Service Business***

In respect of international hospitals, the Group cooperated with various top-class medical institutions in the world, such as Brigham and Women’s Hospital, to establish high-end international hospitals and a multi-level healthcare system. The Group entered into a legally binding strategic cooperation agreement and a deepening cooperation agreement with Brigham and Women’s Hospital on 14 March 2016 and 15 December 2016 respectively.

The first cooperation project of the two parties was “Boao Evergrande International Hospital-the Affiliated Hospital of Brigham and Women’s Hospital”, a hospital located in the International Medical Tourism Pilot Zone in Boao Lecheng, Hainan, China. The project introduced top-class international medical talent teams, technology, equipment and newest medicines, and aimed to formulate the best medical treatment plan based on the actual needs of the patient, thereby providing customized medical treatment; and precise medical treatment can be achieved through optimization of medical treatment with the use of pathological analysis and DNA testing technology. Meanwhile, the project also initiated advanced medical researches to provide patients with leading international cancer diagnoses, treatment and rehabilitation services. The project taps into the clinical research capabilities of Dana-Farber/Brigham and Women’s Cancer Center. By establishing partnership with the United State’s Evergrande Center for Immunologic Disease, the project stands at the forefront of basic research for immunotherapy.

The Brigham and Women’s Hospital team participated from design of hospital to hiring key personnel and doctors, and provided consultation services and support for the Group’s nationwide medical network. Boao Evergrande International Hospital-the Affiliated Hospital of Brigham and Women’s Hospital adopts an approach which is different from Chinese doctors’ traditional approach. It adopts multi-discipline team based clinical decision process, to which the Brigham and Women’s Hospital provides support and participation. It also provides United States-trained doctors coupled with domestic medical staff to try to ensure the best treatment know-how while not losing sight of the specific needs of China’s patients. Currently, the construction of the hospital is basically completed.

In respect of community medical treatment and elderly care, the Group adopted decentralization of healthcare into community setting, maximized usage of local healthcare resources, and minimized patient inconvenience by bringing care to patients. The Group also extended the multi-level healthcare network with high-end international hospitals at the top to communities, and integrated worldwide quality medical resources, thus establishing the community health management service system, which provided diagnoses, treatment, rehabilitation and healthcare services including disease diagnoses, ailment treatment, referral services, disease prevention and control, rehabilitation monitoring and follow-up visits, as an one-stop health care platform integrated with disease prevention, treatment and care. There are currently eleven pilot community health centers in nine provinces in China, which includes Guangzhou, Changsha, Nanchang, Wuhan, Chengdu, Jinan, Luoyang, Shijiazhuang, and Shenyang. Meanwhile, the Group realised continuous medical services and healthcare education through the “Internet+” technology.

In respect of medical cosmetology and anti-aging, the Group endeavored to establish Evergrande Wonjin Medical Beauty Hospital in Tianjin which focused on the development of cosmetic surgery and bringing-in of the latest aesthetic know-how. It also carried out precise marketing for market expansion by refining its operation model, standards and procedures. On 16 May 2016, the Group entered into a strategic cooperation agreement with Tianjin Broadcasting Television Station, pursuant to which Evergrande Wonjin Beauty Hospital became the only designated skin management consultancy for the hosts of Tianjin Broadcasting Television Station, thereby further improving the brand recognition.

Meanwhile, the Group adopts a hub-and-spoke model and successively sets up medical cosmetology centers in various prime cities such as Guangzhou and Beijing in the Year, aiming to provide convenient and light luxury skin management and anti-aging services at all time.

#### *All-age Healthcare Service “Health & Wellness Living”*

In response to the rapid growth of the aging population and the demand for higher living standards of community residents, the Group developed and formulated the first all-age healthcare service “Health & Wellness Living” standard in China and launched the innovative “Evergrande•Elderly Care Valley”, which served as an important vehicle for healthy life.

Evergrande•Elderly Care Valley will integrate the competitive edges of the Group’s three core services, namely medical treatment, elderly care, medical cosmetology and anti-aging, as well as quality health resources within and outside China. Centering on nine major stages in human life and 65 areas of health concerns, Evergrande•Elderly Care Valley will provide full life-cycle and all-rounded health services covering medical services, elderly care, medical cosmetology and anti-aging, health education and prevention of disease, health insurance, diversified living and intelligence sharing.

Currently, the first projects of Evergrande•Elderly Care Valley, namely Sanya Haitang Bay Evergrande•Elderly Care Valley project and Haihua Island Lien Bay project, had launched during the Year, aiming to provide brand-new elderly care experience for clients across China.

### ***Corporate Milestones***

On 15 March 2016, the Group signed a strategic cooperation agreement with Brigham and Women’s Hospital, a major teaching hospital of Harvard Medical School, aiming at jointly establishing an international high-end hospital and commencing in-depth cooperation.

On 23 March 2016, the Group held its 2015 annual results conference in Hong Kong. In the opening year, the Group formulated an extensive business layout which gained bright performance, conformed the general planning of the national health industry development, and led the developmental direction for China’s mega health development.

On 16 May 2016, the Group and Tianjin Broadcasting Television Station signed a strategic cooperation agreement, pursuant to which Tianjin Evergrande Wonjin Beauty Hospital Company Limited (天津恒大原辰醫學美容醫院有限公司), a subsidiary of Evergrande Health, became the only designated skin management consultancy for Tianjin Radio and TV Television. Meanwhile, the parties jointly launched various promotion projects, educating the public to further understand and be aware of aesthetic and mega health.

In June 2016, the Group developed and formulated the first all-age healthcare service “Health & Wellness Living” standard in China, and launched the innovative Evergrande•Elderly Care Valley. Through consolidating the edges in our three core services, namely medical treatment, elderly care and medical cosmetology, the Group offered full life-cycle and all-rounded health services covering “prevention, treatment and elderly care”. At the end of the same month, the construction of the first Evergrande•Elderly Care Valley project, namely Haihua Island Lien Bay and Sanya Haitang Bay Evergrande•Elderly Care Valley, commenced.

On 18 August 2016, Evergrande Health held its 2016 interim results conference in Hong Kong. Leveraging the opportunities arising from the comprehensive development in China’s healthcare industry, the Group achieved enhancement in numerous business segments.

On 28 November 2016, Evergrande Health convened a press conference in Guangzhou. At the press conference, Evergrande Health disclosed its strategic directions in three major aspects, namely medical service optimisation, health insurance improvement and mega health industry development, as well as our business plans in high-end hospital and multi-level healthcare, community medical service, and three core services, namely medical treatment, elderly care and medical cosmetology.

On 5 December 2016, Evergrande Health won the bid for land plots No. CA06-29-1 and CA06-29-2 in Chang'an District, Xi'an City, Shaanxi Province through public tender. The land will be used for the construction of "Health & Wellness Living" projects, which will, together with financial insurance, offer scientific, full life-cycle and all-rounded health services.

During November to December 2016, the member recruitment for Sanya Haitang Bay Evergrande • Elderly Care Valley and Haihua Island Lien Bay project solely developed by Evergrande Health commenced.

On 15 December 2016, the Group further entered into a collaboration agreement with Brigham and Women's Hospital. Both parties will work together on developing Boao Evergrande International Hospital into the first overseas hospital in affiliation with Brigham and Women's Hospital. Brigham and Women's Hospital will provide support to Boao Evergrande International Hospital in expertise, set-up and subsequent hospital operation and other aspects.

## **OUTLOOK**

### **Media Segment**

Looking ahead, the Group foresees that competition in the world of digital marketing will continue to be vigorous and challenging but also with possibilities and opportunities. The Group's team of experts is providing innovative approaches and delivering creative and effective content distributing strategies to clients. Different formats and means are adopted and integrated into marketing campaigns to improve user experience and help clients keep their messages entertaining and engaging.

### **Health Management Segment**

In 2017, the Group will continue to adhere to its corporate vision, and actively promote healthy lifestyle and concept. While putting great efforts in the development of core businesses such as medical treatment, elderly care, medical cosmetology and anti-aging, the Group actively explores other fields in the healthcare industry, striving to provide all-rounded and full life-cycle health services for the public and facilitate the development of the healthcare industry in China.

### ***Outlook for Medical Service***

In respect of international hospitals, in 2017, Boao Evergrande International Hospital will commence its first phase trial operation on schedule. Through steady operation and continuous quality enhancement, the high-end medical service system will gradually be established and optimized, thus forming a solid foundation for becoming a world-class hospital which is based in China and expanding to Southeast Asia and the global market.

Meanwhile, the Group will strategically cooperate with 3A hospitals across China, consolidate resources of 3A hospitals in different regions, and establish service platforms for second treatment, remote treatment, one-stop treatment transfer, green channels, etc. A multi-level medical network covering areas across China will be ultimately established, thereby realizing the extension of quality medical services to communities, and the residents can have world-class medical and health services next door.

In respect of community medical treatment and elderly care, through community health management centers, the Group will collect, track and manage health data from residents in communities. Through the introduction of world advanced genetic testing technology, coupled with health insurance, the Group will provide solutions covering “prevention, treatment and elderly care” especially for common diseases and high prevalence chronic diseases. At the same time, focusing on different needs of elderly in communities, the Group offers different services including home safety evaluation and upgrade service catering for elderly, home elderly care service, smart elderly care service, functional capacity evaluation for elderly, elderly lectures, cultural activities and entertainment, etc.

In respect of medical cosmetology and anti-aging, in 2017, the Group aims to gradually establish several medical cosmetology centers in first-tier and second-tier major cities across China, integrating these centers into the healthcare management system of the Group, and striving to fulfill different levels of medical cosmetology demand of citizens in the coming two decades. Meanwhile, in respect of the anti-aging business, the Group will keep an eye on latest international cellular anti-aging technology closely, and adhere to applying such technology.

### ***Outlook for All-age Healthcare Service “Health & Wellness Living”***

In 2017, the Group aims to gradually establish Evergrande•Elderly Care Valley in major cities in China. Meanwhile, the Group will further integrate quality medical treatment and elderly care resources from overseas and within China, aiming to provide all-rounded medical treatment and elderly care services covering “medical, catering, living, travelling, studying, exercising and caring” for Evergrande•Elderly Care Valley.

### ***Other Outlook***

The Group will also commence in-depth cooperation with financial institutions such as insurance companies, thus realizing national medical insurance registration, establishing health insurance system covering various kinds of insurance, and exploring the “Kaiser Model” which is suitable for China and effectively integrates medical service and medical insurance.

Meanwhile, the Group will continue to explore cross-sector integration with different industries such as financial, tourism, internet, sports and leisure industry, and cultivate new operation, new business trend and new model in mega health industry.

## **OTHER ANALYSIS**

### ***Capital institutions, Liquidity and Financial Resources***

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

As at 31 December 2016, the Group had interest-bearing borrowings amounting to HK\$1,384.7 million (31 December 2015: HK\$133.3 million).

As at 31 December 2016, the Group's gearing ratio was 43.9% (31 December 2015: 15.5%). Gearing ratio was calculated as total borrowings divided by total assets.

The Group had significant amount of borrowings denominated in RMB. Health Management segment business is mainly carried out in RMB in the mainland. Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. The Group closely monitored the fluctuation and did not see any material fluctuation of exchange rates in the near future.

### **Employee and Share Option Scheme**

As at 31 December 2016, the Group had a total of approximately 710 employees and incurred a total staff cost (including Directors' remuneration) of approximately HK\$175.1 million during the Year (2015: HK\$353.6 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 2016.

### ***Media Segment***

As at 31 December 2016, the Group's Media segment business had approximately 346 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 Management Segment***

As at 31 December 2016, the Group's Health Management segment business had a total of approximately 364 staff, among which, staff with bachelors' degree or above accounted for approximately 82.7%. 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 Year, the Group had no material contingent liabilities.

## **DIVIDEND**

The Directors do not recommend the payment of dividend for the Year (eighteen months ended 31 December 2015: Nil).

## **AUDIT COMMITTEE**

The Audit Committee is composed of all the three independent non-executive Directors of the Company.

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and reviewed the Group's annual result and financial statements for the Year.

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 Year 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 Year 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. During the period from 27 March 2015 to 22 March 2016, the Company did not have any officer with the title of Chief Executive Officer. During such period, 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.

Mr. Peng Sheng was appointed as an executive Director and the Chief Executive Officer of the Company with effect from 23 March 2016. Since then, the Company has fully complied with the Code provision A.2.1 throughout the Year.

According to Code provision E.1.2, the chairlady of the Board should attend the annual general meeting of the Company. Ms. Tan Chaohui, the chairlady of the Board, did not attend the annual general meeting held on 6 June 2016 due to work reasons.

## **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 Year.

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **2017 ANNUAL GENERAL MEETING**

As at the date of this announcement, the Company has not determined the date when the Company's 2017 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

## **PUBLICATION OF THE ANNUAL RESULTS**

This annual results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website ([www.evergrandehealth.com](http://www.evergrandehealth.com)).

## **FORWARD LOOKING STATEMENTS**

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this announcement 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.

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

Hong Kong, 22 March 2017

*As at the date of this announcement, the executive directors of the Company are Ms. Tan Chaohui and 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.*