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 INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

FINANCIAL SUMMARY (UNAUDITED)

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Advertising income	**299,270**	363,330
Circulation income	**70,185**	73,432
Digital business income	**30,142**	16,711
Provision of magazine content	**1,735**	2,151
Income from medical cosmetology and health management	**14,480**	—
	415,812	455,624
Gross profit	**149,977**	155,733
Profit attributable to shareholder	**119,634**	11,019
		(Restated)
Basic earnings per share	**1.385 cents**	0.128 cents

The board of directors (the "Board" or the "Directors") of Evergrande Health Industry Group Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the twelve months ended 30 June 2015 (the "Period") together with comparative figures for the corresponding period in 2014 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended 30 June 2015

		Twelve months ended 30 June	
		2015	2014
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
Revenue	*4, 5*	**415,812**	455,624
Cost of sales	*6*	**(265,835)**	(299,891)
Gross profit		**149,977**	155,733
Other income		**1,526**	580
Other gains	*7*	**136,700**	31
Selling and marketing costs	*6*	**(78,593)**	(71,235)
Administrative expenses	*6*	**(92,918)**	(73,652)
Operating profit		**116,692**	11,457
Finance income		**1,347**	1,457
Finance costs		**(1,295)**	—
Finance income, net		**52**	1,457
Profit before taxation		**116,744**	12,914
Income tax credit/(expense)	*8*	**1,296**	(1,895)
Profit and total comprehensive income for the period		**118,040**	11,019
Profit attributable to:			
— Shareholders of the Company		**119,634**	11,019
— Non-controlling interests		**(1,594)**	—
		118,040	11,019
Earnings per share			(Restated)
— Basic and diluted	*10*	**1.385 cents**	0.128 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	**30 June 2015 *HK$'000* (Unaudited)**	30 June 2014 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**48,234**	319,389
Goodwill		**695**	695
Prepayments		**23,965**	—
		72,894	320,084
Current assets			
Inventories		**2,184**	—
Trade and other receivables	*12*	**110,870**	101,916
Income tax recoverable		**3,122**	—
Cash and cash equivalents		**660,625**	90,238
		776,801	192,154
Total assets		**849,695**	512,238
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**282,271**	282,271
Reserves		**292,300**	173,789
		574,571	456,060
Non-controlling interests		**8,755**	—
Total equity		**583,326**	456,060

	Note	30 June 2015 HK$'000 (Unaudited)	30 June 2014 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**189**	2,575
Borrowings		**75,000**	—
		75,189	2,575
Current liabilities			
Trade and other payables	*13*	**56,646**	50,720
Amounts due to related companies		**69,704**	—
Receipt in advance from health industry customers		**64,668**	—
Current income tax liabilities		**162**	2,883
		191,180	53,603
Total liabilities		**266,369**	56,178
Total equity and liabilities		**849,695**	512,238
Net current assets		**585,621**	138,551
Total assets less current liabilities		**658,515**	458,635

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL

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

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and it has deposit receipt listed on the Taiwan Stock Exchange. The address of its registered office is Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong.

The condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. The condensed consolidated financial information has not been audited.

Key events

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

On 23 December 2014, New Media Group Limited (formerly known as New Media Enterprise Investment Limited), an indirect wholly-owned subsidiary of the Company, entered into a conditional property disposal agreement with Good Force Investments Limited, a subsidiary of Emperor International Holdings Limited, pursuant to which New Media Group Limited agreed to sell and Good Force Investments Limited agreed to purchase the entire equity interest of Jade Talent Holdings Limited ("Jade Talent"), an indirect wholly-owned subsidiary of the Company at the time, and the benefits of shareholder's loans advanced by New Media Group Limited to Jade Talent ("Transaction 2"). Jade Talent was an investment holding company solely for the purpose of holding the interests in a property through its direct wholly-owned subsidiary, Winning Treasure Limited. Right after the possible disposal of Jade Talent, the property will be leased back to the Group for three years after the completion of Transaction 1.

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

On 27 February 2015, Transactions 1, 2 and 3 had been completed and Evergrande Real Estate Group Limited became the ultimate holding company of the Company thereafter. Impact of Transactions 2 and 3 are further illustrated in Notes 15 and 16.

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

2 BASIS OF PREPARATION

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 the ultimate 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 interim financial period covers a twelve-month period from 1 July 2014 to 30 June 2015 and the comparative financial period from 1 July 2013 to 30 June 2014.

This condensed consolidated financial information has been prepared in accordance with HKAS 34, 'Interim financial reporting' and with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2014, which have been prepared in accordance with HKFRSs.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2014, as described in those annual financial statements.

(i) Consolidation

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

(a) *Business combinations*

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

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

Acquisition-related costs are expensed as incurred.

(b) ***Changes in ownership interests in subsidiaries without change of control***

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

(c) ***Disposal of subsidiaries***

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

(ii) Revenue recognition — Income from medical cosmetology and health management

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

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) ***New standards, amendments to standards and interpretations adopted by the Group as at 1 July 2014***

The following new standards, amendments to standards and interpretations are mandatory for the Group's financial year beginning 1 July 2014. The adoption of these new standards, amendments to standards and interpretations does not have any significant impact to the results and 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 Project 2012	Annual Improvements 2010-2012 Cycle
Annual Improvements Project 2013	Annual Improvements 2011–2013 Cycle
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Consolidation for Investment Entities
HK(IFRIC)-Int 21	Levies

The above amendments to standards and interpretations did not result in significant impact on the results and financial position of the Group.

4 SEGMENT INFORMATION

The strategic steering committee is the Group's chief operating decision-maker ("CODM") who are the executive directors of the Company. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

The reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, and are regularly reviewed by the chief operating decision makers.

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.

As a result of the business diversification of the Group, a new operating segment, namely, Health Industry, is formed.

The Group's operating segments now comprise the followings:

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.

Unallocated corporate expenses, finance income and costs and income tax expense are not included in segment results.

(a) **Segment revenue and results**

The segment information provided to the CODM for the twelve months ended 30 June 2015 and 2014 is as follows:

	Twelve months ended 30 June 2015		
	Media	**Health Industry**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Segment revenue and revenue from external customers	**401,332**	**14,480**	**415,812**
Segment results	**126,736**	**(4,147)**	**122,589**
Corporate expenses			**(5,897)**
Finance income, net			**52**
Profit before income tax			**116,744**
Income tax credit			**1,296**
Profit for the period			**118,040**
Other segment items:			
Additions to property, plant and equipment	**8,184**	**21,461**	**29,645**
Depreciation	**(20,473)**	**(244)**	**(20,717)**
Interest income	**752**	**—**	**752**
Interest expense	**(1,295)**	**—**	**(1,295)**

	Twelve months ended 30 June 2014		
	Media	Health Industry	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
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 expenses			(1,895)
Profit for the period			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 30 June 2015 and 2014 are as follows:

	Media	**Health Industry**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 30 June 2015 (Unaudited)			
Segment assets	**147,037**	**142,119**	**289,156**
Corporate assets			**557,417**
Tax recoverable			**3,122**
Total assets			**849,695**
As at 30 June 2014 (Audited)			
Segment assets	506,879	—	506,879
Corporate assets			5,359
Total assets			512,238

No analysis of segment liabilities is regularly provided to the CODM for review.

(b) Geographical information

For each of the twelve months ended 30 June 2015 and 2014, the Group's operations are located in Hong Kong and the PRC.

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

	Revenue from external customers Twelve months ended 30 June		**Non-current assets As at 30 June**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**391,538**	453,386	**26,618**	318,266
PRC	**24,274**	2,238	**46,276**	1,818
	415,812	455,624	**72,894**	320,084

(c) Information about major customers

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

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer A	**66,415**	70,264
Customer B	**41,446**	50,154

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

5 REVENUE

An analysis of the Group's revenue for the period is as follows:

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Advertising income	**299,270**	363,330
Circulation income	**70,185**	73,432
Digital business income	**30,142**	16,711
Provision of magazine content	**1,735**	2,151
Income from medical cosmetology and health management	**14,480**	—
	415,812	455,624

6 EXPENSES BY NATURE

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Employee benefit expenses (including directors' emoluments)	**219,560**	216,865
Allowance for doubtful debts	**398**	60
Auditor's remuneration	**2,319**	2,119
Depreciation of property, plant and equipment	**20,717**	24,972
Net exchange loss	**373**	426
Operating lease rentals for rented premises and machineries	**9,259**	3,228

7 OTHER GAINS

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gain on disposal of plant and equipment	**—**	31
Gain on disposal of a subsidiary holding a property *(Note 15)*	**136,700**	—
	136,700	31

8 INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) to the condensed consolidated financial information represents:

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax:		
Hong Kong profits tax	**(1,090)**	(2,458)
Deferred taxation	**2,386**	563
	1,296	(1,895)

9 DIVIDENDS

Dividends paid during the period

During the Period, a final dividend of HK0.13 cent per share amounted to HK$1,123,000 for the year ended 30 June 2014 was paid to shareholders (twelve months ended 30 June 2014: a final dividend of HK$0.4 cent per share amounted to HK$3,456,000 for the year ended 30 June 2013 and an interim dividend of HK$0.25 cent per share amounted to HK$2,160,000 was paid to shareholders).

Dividends attributable to the period

The Directors do not recommend the payment of an interim dividend for the Period (twelve months ended 30 June 2014: the Directors declared an interim dividend of HK$0.25 cent per share amounted to HK$2,160,000 and proposed a final dividend of HK$0.4 cent per ordinary share amounted to HK$3,456,000).

10 EARNINGS PER SHARE

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

	Twelve months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Restated)
Profit attributable to shareholders of the Company	**119,634**	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 (cents)	**1.385**	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 twelve months ended 30 June 2015 (twelve months ended 30 June 2014: same), diluted earnings per share equals basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

During the twelve months ended 30 June 2015, the Group acquired property, plant and equipment amounting to approximately HK$29,645,000 (twelve months 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 15).

12 TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current portion		
Prepayments for plant and equipment	**23,965**	—
Current portion		
Trade receivables from		
— third parties	**89,321**	91,072
— related companies	**—**	362
	89,321	91,434
Prepayments	**9,671**	4,849
Deposits	**4,068**	667
Other receivables	**7,810**	4,966
	110,870	101,916

The related companies are companies ultimately owned by AY Holdings.

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:

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Age		
0–30 days	**52,511**	60,721
31–90 days	**20,249**	23,487
Over 90 days	**16,561**	7,226
	89,321	91,434

13 TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables to		
— third parties	**27,004**	25,894
— related companies	**—**	154
	27,004	26,048
Other payables and accrued charges	**29,642**	24,672
	56,646	50,720

The related companies are companies ultimately owned by AY Holdings.

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:

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Age		
0–90 days	**25,741**	25,638
91–180 days	**1,027**	211
Over 180 days	**236**	199
	27,004	26,048

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 related company 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.

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

* *For identification purpose only*

15 DISPOSAL OF A SUBSIDIARY

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

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

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

	HK$'000
Property, plant and equipment	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 disposal *(Note 7)*	136,700

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

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

16 DISPOSAL OF INTERESTS IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business activities of the Group are "Internet +" community healthcare management, medical cosmetology, anti-aging management as well as the sales of travel, dining and lifestyle magazines and contents.

- ***Media Segment***

  The media operating arm of the Group publishes five magazines catering for 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)* and is one of the leaders in Hong Kong weekly magazine market. Leveraging on its consolidated strengths in the weeklies market, as well as its well established branding and advertising networks, it has expanded into the digital business in recent years, breaking regional boundaries and making itself one of the leading and most creative players in the new digital media landscape.

  During the Period, while the recovery of the global economy remained slow, the general economic environment in the local market was also highly unstable due to the disruptions to businesses, especially in the retail sector, as a result of the "Occupy Central" movement, as well as the decrease in tourist spending by mainland visitors. Advertising spending also continued to shift away from the print to the digital media in response to rapidly changing consumer behaviours.

  Although it has been another challenging year for the traditional print industry, the Group and its team, having already adapted and emerged into a new and transformed business operating model earlier, still managed to stay at the forefront of the digital era. Creative content packaging and strategically integrated marketing platforms have been created to help clients and potential marketers reach and interact with their target consumers through new and unconventional channels.

- ***Health Industry Segment***

  Apart from the existing media-related business, the Group has diversified its business and entered into health industry with an aim to build an international group in the sector.

  The Group devotes its effort on various health-related business sectors, such as "Internet +" community health care management services, medical cosmetology and anti-aging with the aims of integrating global premium medical resources, setting up a collaboration platform for medical services and health management as well as establishing advanced international service standards. Meanwhile, the Group also fully implements corporate development strategy in terms of scale, quality and standard, and offers a comprehensive and scientific healthcare service covering the entire life-cycle for all users. In particular, we rationalize allocation of medical resources with an improvement on medical service efficiency and medical consultation experience through the application of internet, big data and other technologies, thereby reducing medical cost.

With a global vision, the Group sought for international and diversified corporation during the Period. For the community health management business sector, the first “Internet +” community health management center established by the Group entered into cooperation with University of Nebraska Medical Center in the United States. For medical cosmetology and anti-aging sector, Evergrande Wonjin Medical Beauty Hospital set up with Korean Wonjin Aesthetic Surgery Clinic (韓國原辰整形醫院) in Tianjin was also in operation.

Financial Review

During the Period, the Group’s turnover was HK$415.8 million (2014: HK$455.6 million).

The Group’s total turnover in media segment is HK$401.3 million (2014: HK$455.6 million), representing a decrease of 11.9%. Such decrease was primarily due to a decrease in advertising and circulation income from the media segment. In response to a general slowdown in consumption, marketers pulled back on their advertising spending. Hence, the advertising income of the Group decreased by 17.6% to HK$299.3 million (2014: HK$363.3 million), accounting for 74.6% of the media segment revenue. Circulation income also decreased to HK$70.2 million (2014: 73.4 million). During the Period, the Group put extra efforts in multimedia development to strengthen the client base of multimedia solutions. As a result, digital income enjoyed a remarkable growth of 80.4% to HK$30.1 million (2014: HK$16.7 million), accounting for 7.5% of the media segment revenue.

Following the acquisition of majority share interests in Evergrande Wonjin and establishment of subsidiaries in the health industry, the Group started to record revenue of HK$14.5 million generated from medical cosmetology and health management.

The Group’s gross profit margin increased from 34.2% for the corresponding period in 2014 to 36.1% for the Period, while the gross profit slightly dropped from HK$155.7 million for the corresponding period in 2014 to HK$150.0 million for the Period. It is mainly attributable to an increase in media segment’s gross profit margin and a higher gross profit margin in the health industry.

Selling and marketing expenses, together with administrative expenses, increased by HK$7.4 million and HK$19.3 million from the expenses incurred in the corresponding period of 2014 respectively, mainly because of the spending in business promotion of the health business at the start-up stage and building up of the managing team.

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

Profit attributable to the shareholders of the Company increased to HK$119.6 million (2014: HK$11.0 million). Basic earnings per share was 1.385 cents (2014 restated: 0.128 cents).

Business Review

- ***Media Segment***

Although advertising and circulation revenues of the print operations continued to drop due to the change in consumer behaviours and trends, the Group's restructured operations continued to grow and develop in rapid pace to capture and accommodate the diversified needs in the multimedia and digital world. New synergies are effectively created for the flagship magazine brands through strategic integration, practical consolidation, and innovative repackaging tactics. New marketing platforms and packages that embrace both traditional as well as wildly creative promotion formats are available to meet different clients' needs and preferences.

Fully backed up by a powerful and well experienced editorial and content creation team, the Group's branded websites have altogether reached a record high monthly page view (PV) of 17.2 million, with unique visitors (UV) who visit a site at least once within the reporting period reaching 4 million, in Google Analytics up to June 2015.

According to the comScore MMX (Media Metrix) report provided by comScore, an internet analytics company that provides online audience measurement and is widely recognized by top advertisers, agencies and publishers, the Group's latest record, up to June 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 ranked No. 7 with PV of 8.70 million and UV of 1.05 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 9th in Entertainment (main category) and 3rd in Entertainment News (subcategory). The *NM+* and *Beeweb* brands together ranked 5th in LifeStyle (main category) and 2nd in Beauty/Fashion/Style (subcategory).

Leveraging on the latest technologies and reacting quickly to market trends, the various creative and supporting teams of the Group offer professional services covering a series of social media marketing and content distribution, digital and multimedia production, as well as digital marketing and management. The teams have proved to be highly compatible and successful in delivering influential contents together with appropriate campaigns with extensive exposure to targeted audience, earning recognitions and receiving numerous awards in the industry.

The media operation arm of 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.

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+*
17	Bronze Award	Best Acquisition Team: *Weekend Weekly*
18	Bronze Award	Best Content Team: *Weekend Weekly* Editorial Team
19	Bronze Award	Best App: *more Beauty* mobile App by more
20	Bronze Award	Best Engagement Strategy: *Weekend Weekly*
21	Bronze Award	Best Event: *NM+* x Reebok Let's Run 2014 by *NM+*
22	Bronze Award	Best Use of Content: New Media Group Content Marketer by NMG
23	Bronze Award	Most Improved Media Owner: *Weekend Weekly* Website & Social Media Platform by *Weekend Weekly*
24	Bronze Award	Best Media Campaign — Integrated Media: Macau Government Tourist Office — MGTO Forever New Experience Campaign 2014 by *Weekend Weekly*
25	Bronze Award	Best Media Campaign — Mobile: Columbia eBooklet 2014 — Mix & Match Lookbook by *Weekend Weekly*

- **Health Industry Segment**

"Internet+" Community Health Management Center

The first Evergrande "Internet+" community health management center of the Group went into operation in Jinbi Garden in Haizhu District, Guangzhou City, Guangdong Province on 18 June 2015. As an "Internet+" community health management center jointly established by the Group, University of Nebraska Medical Center in the USA, Southern Medical University and its affiliated hospital and the First Affiliated Hospital of Guangzhou Medical University, the center epitomizes advanced concept, innovative model, cutting edge technology and caring services. The Group focuses on the vertical field of health management O2O to thoroughly develop and establish such industrial chain. By integrating both online and offline medical and healthcare resources and building up an open platform, the center provides a wide range of medical healthcare services for residents online and offline.

During the Period, the Group provided comprehensive and scientific healthcare services with coverage on the entire life-cycle for 55,000 residents in Jinbi Garden, where the first project is launched.

Evergrande Wonjin Medical Beauty Hospital

As the first step of tapping into the medical aesthetic industry, the Group joined force with Wonjin Beauty Medical Group of Korea, the largest comprehensive aesthetic surgery hospital in Korea. On 23 June 2015, Evergrande Wonjin Medical Beauty Hospital opened in Dongli Lake Tourism and Resort Zone, Tianjin, and is principally engaged in popular medical cosmetology services, such as beauty consultation, plastic surgery, skin therapy and care, anti-aging management and cosmetic dentistry. With all professional medical practitioners originated from Korea who hold licences for both China and Korea, the opening of the hospital indicates the Group's substantive step for the implementation of its strategy on tapping into the international medial aesthetic and anti-aging sectors. The Group has since then targeted to fully penetrate into the medical aesthetic sector.

Evergrande Wonjin Medical Beauty Hospital strives to completely secure medical safety and fulfil medical aesthetic needs of its customers via international and sophisticated medical aesthetic professionals, stringent medical management system, caring and confidential service concept as well as advanced hardware and equipment. The Group pursues to forge the best of the best medical aesthetic hospital with the best team, technology, service and largest size in Asia.

During the Period, Evergrande Wonjin Medical Beauty Hospital made an innovative move by entirely introducing high-end cosmetology techniques from Korea and has offered medical cosmetology services to those having a penchant for beauty in the nation. Upon its opening, the hospital has made progress by proactively exploring and attracting target consumers, and thus builds up a solid customer base for its ongoing operation.

Corporate Milestones

On 27 February 2015, Evergrande Real Estate Group Limited, the parent of the Company, completed the acquisition of 74.99% of total number of shares of the Company in issue and became its controlling shareholder. The Company also completed the disposal transactions on 27 February 2015. The Company was duly 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 15 June 2015, Guangzhou Evergrande Health Medical Investment Co., Ltd* (廣州恒大健康醫療投資有限公司) ("Guangzhou Evergrande Health"), 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 healthcare 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 ("Guangzhou Medical University") for the cooperation in respect of internet hospital integrating the online business of healthcare management center, and Guangzhou Medical University committed to assign its internet medical practitioner network to provide medical services for clients of the health management center.

On 18 June 2015, the first "Internet +" community health management center in China, which was jointly established by the Company, the University of Nebraska Medical Center in the United States of America, Southern Medical University and its affiliated hospital as well as the First Affiliated Hospital of Guangzhou Medical University, had its grand opening in Guangzhou.

On 23 June 2015, Evergrande Wonjin Medical Beauty Hospital, the first medical aesthetic flagship store established by the Company through Tianjin Evergrande Wonjin Beauty Hospital Co., Ltd., its subsidiaries, commenced operation.

Outlook

- ***Media Segment***

The media operation will remain competitive and achieve growth in the new business framework as more and more marketers and advertising clients turn to digital and content marketing to boost their brand awareness. It will continue to reinforce its new positioning as a mega content provider and to strengthen all self-owned platforms of both print and digital media, to broaden its business scope and expand its audience reach, and to support the marketers nowadays. Leveraging its strong and dynamic base as a content provider, particularly in the themes of lifestyle and entertainment, travel, sports trends etc, the team is at the forefront and is dedicated to provide rich and engaging digital content adaptive to different marketing objectives. With the experience and know-how in the industry, the award-winning team will strive to bring new dynamics and innovative marketing strategies and provide analytical and responsive insights on consumer behaviours and market trends to help clients deliver measureable results.

- ***Health Industry Segment***

  In the second half of the year, the Company will capitalize on the opportunities brought by comprehensive development of health industry in China by further accelerating the implementation of its projects, enhancing its operation and management, enriching its service packages as well as consolidating its foundation. From 2016 to 2017, the Group will proactively implement market development initiatives, rapidly formulate its deployment and gradually increase its scale in a bid to foster a comprehensive development in the health industry.

  Outlook for "Internet +" Community Health management Business

  By further optimizing the operation and management of the Company's first "Internet +" community health management center, the Company provides residents in the community with premium differentiated services. The Company will expand its respective business scale and edge up its profitability while setting up the center as a showcase. In respect of human resources, the Company will nurture its core personnel through employment within the sector and internal training. The Company will open 10 "Internet +" community health management centers in the second half of 2015, and strive to achieve swift development on such foundation, so as to gradually formulate a service network with nationwide coverage on all communities and create a leading "Internet +" community health management service brand in the next few years.

  Outlook for Medical Cosmetology and Anti-aging Business

  While enhancing the operation and management of Evergrande Wonjin Medical Beauty Hospital, the Company will also focus on the development of various disciplines, such as plastic surgery, skin therapy and care, cosmetic dentistry and cosmetic traditional Chinese medicines. The Company will further refine its operation model, standards and procedures to undergo precise marketing and market expansion as well as to boost up profitability. In the future, it is planned that plastic surgery hospitals equipped with different technologies and business features will be established and operated in cities including Hainan, Shanghai, Shenzhen and Chongqing, and a chain service network will be formed.

  Outlook for Other Health-related Business

  The Company plans to commence businesses relating to different aspects, including a brand new high-end international hospital, elderly care and specialty rehabilitation. With the introduction of state-of-art medical concepts and models and cooperation with well-known medical institutions in the country and overseas, the Company will not only establish an international hospital with leading technologies and excellent standards, but will also become a leader in medical technology development in China. The Company places emphasis on the development of community elderly care business with a view to resolving the increasingly obvious imbalance of supply and demand of elderly care services. Together with the enhancement of the community healthcare level, such development helps to formulate a unique Evergrande elderly care industry integrating residence, medication and insurance; the Company will speed up the progress of the construction of its showcase center for specialty rehabilitation in Guangzhou for the commencement of operation as soon as possible. With the confluence of advantages in terms of technologies, business features, operation model and human resources, the Company aims to construct a network of chain service with coverage in main cities across China and achieve significant economy of scale in the coming years.

OTHER ANALYSIS

Capital Structure, Liquidity and Financial Resources

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

As at 30 June 2015, the Group had interest-bearing borrowings amounting to HK$75.0 million (30 June 2014: Nil).

As at 30 June 2015, the Group's gearing ratio was 0.13 (30 June 2014: Nil) (calculated based on the total borrowings over the shareholders' equity).

The Group had limited exposure to fluctuation in exchange rates.

Employee and Share Option Scheme

As at 30 June 2015, the Group had a total of 907 employees and incurred a total staff cost (including Directors' remuneration) of approximately HK$219.6 million during the Period (30 June 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 30 June 2015.

- ***Media Segment***

  As at 30 June 2015, the Group's media business has 664 employees (30 June 2014: 705). 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 Industry Segment***

  As at 30 June 2015, the Group's health industry business has a total of 243 staff, among which, healthcare professionals accounted for approximately 55% and staff with bachelors' degree or above accounted for approximately 80%. 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

Certain subsidiaries of the Group were involved in legal proceedings or claims against them in the ordinary course of their business activities during the Period. In the opinion of the Directors, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and no further provision for any potential liability in the condensed consolidated balance sheet position is considered necessary.

As at 30 June 2015, the Company did not have significant contingent liabilities.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 June 2015 (2013/2014: HK0.25 cent per Share).

REVIEW OF INTERIM 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 condensed consolidated financial information of the Group for the twelve months ended 30 June 2015 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 did not have any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself.

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they have 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 of the shares of the Company into a larger number of shares by converting each one (1) share into ten (10) converted shares pursuant to section 170(2)(e) of the 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 has become effective on 25 August 2015. As at the date of this announcement, the total number of issued shares of the Company is 8,640,000,000 shares and the total issued share capital of the Company is HK$282,271,018.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (www.evergrandehealth.com). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

Yours faithfully,
By Order of the Board
Evergrande Health Industry Group Limited
Fong Kar Chun, Jimmy
Company Secretary

Hong Kong, 27 August 2015

As at the date of this announcement, the executive directors of the Company are Ms. Tan Chaohui, Mr. Tong Ming, 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.

* *For identification purpose only.*