China Wah Yan Healthcare Limited
中國華仁醫療有限公司

(Incorporated in the Hong Kong with limited liability)
(Stock Code: 648)

2015 FINAL RESULTS

The board of directors (the "Board" or the "Directors") of **China Wah Yan Healthcare Limited** (the "Company") hereby presents the audited consolidated final results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	2	**127,236**	85,385
Cost of goods sold and services		**(98,817)**	(18,245)
Gross profit		**28,419**	67,140
Other gains and losses	4	**4,104**	11,573
Selling and distribution expenses		**(11,756)**	—
Administrative expenses		**(179,752)**	(66,244)
Net (loss)/gain on disposal of property, plant and equipment and other intangibles assets		**(119)**	16,898
Impairment loss on available-for-sale financial assets		**(40,734)**	—
Impairment loss on trade receivables		**(17,172)**	—
Impairment loss on property, plant and equipment and other intangible assets		**(18,532)**	—
Fair value change on investment properties		**(44,110)**	3,535
Loss arising on extinguishment of convertible bonds		**(69,410)**	—
Share of results of associates		**—**	(1,971)
Share of result of a joint venture		**6,891**	(476)
Loss on disposal of associates		**—**	(60,960)
Finance costs	5	**(16,655)**	(8,995)
Loss before taxation		**(358,826)**	(39,500)
Income tax	6	**(5,847)**	(2,320)
Loss for the year	7	**(364,673)**	(41,820)

	Notes	**2015** HK$'000	2014 HK$'000
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(26,121)**	(5,109)
Other comprehensive loss for the year, net of income tax		**(26,121)**	(5,109)
Total comprehensive loss for the year		**(390,794)**	(46,929)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(436,503)**	(61,138)
Non-controlling interests		**71,830**	19,318
		(364,673)	(41,820)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(454,989)**	(63,291)
Non-controlling interests		**64,195**	16,362
		(390,794)	(46,929)
Loss per share attributable to the owners of the Company *(HK cents)*	9		
— Basic		**(24.49)**	(7.00)
— Diluted		**(24.49)**	(7.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26,986**	26,409
Land use right		**3,506**	3,799
Investment properties		**150,600**	44,850
Goodwill		**61,237**	5,043
Other intangible assets		**3,610**	5,422
Available-for-sale financial assets		**335,324**	264,602
Long-term prepayments and deposits		**108,921**	109,098
		690,184	459,223
Current assets			
Land use right		**84**	88
Inventories		**11,099**	6,222
Trade receivables	10	**24,011**	41,593
Other receivables, prepayments and deposits		**133,473**	133,498
Available-for-sale financial assets		**67,858**	34,806
Financial assets at fair value through profit or loss		**75,584**	38,033
Amount due from a joint venture		—	11,957
Cash and bank balances		**91,713**	178,069
		403,822	444,266
Current liabilities			
Trade and other payables	11	**143,444**	49,595
Receipt in advance		**77,807**	—
Amounts due to directors		—	528
Tax payable		**17,189**	12,547
Borrowings		**129,835**	109,704
Convertible bonds		—	43,227
		368,275	215,601
Net current assets		**35,547**	228,665
Total assets less current liabilities		**725,731**	687,888

	2015 *HK$'000*	2014 *HK$'000*
Non-current liabilities		
Other payable	**7,000**	—
Borrowings	**67,684**	68,764
Convertible notes	**1,963**	1,937
Bonds payable	**96,828**	20,018
Promissory note	**—**	9,922
Deferred tax liabilities	**642**	30
	174,117	100,671
Net assets	**551,614**	587,217
CAPITAL AND RESERVES		
Share capital	**2,757,283**	2,464,228
Reserves	**(2,379,093)**	(2,011,775)
Equity attributable to the owners of the Company	**378,190**	452,453
Non-controlling interests	**173,424**	134,764
Total equity	**551,614**	587,217

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Companies Ordinance.

These consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the current year, the Company has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Company's financial year beginning 1 January 2015. A summary of the new HKFRSs is set out as below:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

Amendments to HKAS 19: Defined Benefit Plans: Employee Contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these consolidated financial statements as the defined benefit plans operated by the Company are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no significant impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKFRS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisition of investment properties. The amendment has had no impact on the Group as the Group acquired investment properties during the year and the relevant transaction is classified as a purchase of asset.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investing Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new amendments for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identity the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 Presentation of Financial Statements give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 — Agriculture: Bearer Plants

The amendments to HKAS 16 Property, Plant and Equipment and HKAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 Consolidated Financial Statements, HKFRS 12 Disclosure of Interests in Other Entities and HKAS 28 Investments in Associates and Joint Ventures clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendment to HKFRS 7 provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

2. REVENUE

Revenue represents the amounts received and receivable for goods and services provided, net of discounts and sales related taxes, by the Group to outside customers.

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

	2015	2014
	HK$'000	*HK$'000*
Income from membership programs	**54,653**	—
Income from private coaching programs	**17,406**	—
Income from fitness centre operation and related business	**13,976**	—
Income from optical products and eye-care services	**31,458**	2,390
Leasing and service income from chain of medical centres	**9,743**	82,995
	127,236	85,385

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Health management business — chain of sports and healthcare clubhouses under the brand name of "Megafit" in The People's Republic of China (the "PRC").

(ii) Medical and well-being business — chain of optical products and eye-care services retail shops under the brand name of "Hong Kong Optical" in Hong Kong; and
— chain of medical centres specialising in the diagnosis and treatment of tumours in the PRC.

(iii) Asset management — investment in financial/fixed/distressed assets and loan financing.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

Segment Results

For the year ended 31 December 2015

	Health management business *HK$000*	Medical and well-being business *HK$000*	Asset management *HK$000*	Total *HK$000*
Segment revenue				
External sales	**86,035**	**41,201**	**—**	**127,236**
Segment revenue	**86,035**	**41,201**	**—**	**127,236**
Segment results	**(3,558)**	**(128,627)**	**(87,425)**	**(219,610)**
Unallocated other gains and losses				**(69,284)**
Central administration costs				**(60,168)**
Share of result of a joint venture				**6,891**
Finance costs				**(16,655)**
Loss before taxation				**(358,826)**
Income tax				**(5,847)**
Loss for the year				**(364,673)**

For the year ended 31 December 2014

	Medical and well-being business *HK$000*	Asset management *HK$000*	Total *HK$000*
Segment revenue			
External sales	85,385	—	85,385
Segment revenue	85,385	—	85,385
Segment results	56,119	(25)	56,094
Unallocated other gains and losses			15,108
Central administration costs			(38,300)
Share of results of associates			(1,971)
Share of result of a joint venture			(476)
Loss on disposal of associates			(60,960)
Finance costs			(8,995)
Loss before taxation			(39,500)
Income tax			(2,320)
Loss for the year			(41,820)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: HK$Nil).

Segment results represents the profit earned/loss incurred by each segment without allocation of central administration costs including directors' emoluments, share of results of associates, loss on disposal of associates, share of results of a joint venture, other gains and losses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

For the year ended 31 December 2015

	Health management business	**Medical and well-being business**	**Asset management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**112,456**	**534,931**	**379,449**	**1,026,836**
Unallocated				**67,170**
				1,094,006
Segment liabilities	**109,508**	**127,976**	**55,886**	**293,370**
Unallocated				**249,022**
				542,392

For the year ended 31 December 2014

	Medical and well-being business	Asset management	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	605,126	117,689	722,815
Unallocated			180,674
			903,489
Segment liabilities	20,988	57,926	78,914
Unallocated			237,358
			316,272

Segment information

For the year ended 31 December 2015

	Health management business *HK$000*	Medical and well-being business *HK$000*	Asset management *HK$000*	Unallocated *HK$000*	Total *HK$000*
Additions to non-current assets	**1,392**	**5,747**	**1,622**	**507**	**9,268**
Amortisation of land use right	**—**	**87**	**—**	**—**	**87**
Amortisation of other intangible assets	**304**	**1,338**	**—**	**—**	**1,642**
Net loss on disposal of property, plants and equipment and other intangible assets	**118**	**1**	**—**	**—**	**119**
Impairment loss on trade receivables	**—**	**17,172**	**—**	**—**	**17,172**
Impairment loss on property, plant and equipment and others intangible assets	**—**	**18,532**	**—**	**—**	**18,532**
Impairment loss on available-for-sale financial assets	**—**	**—**	**40,734**	**—**	**40,734**
Depreciation of property, plant and equipment	**2,210**	**4,501**	**2**	**742**	**7,455**
Loss arising from change in fair value of investment properties	**—**	**—**	**44,110**	**—**	**44,110**
Loss arising from change in fair value of financial assets at fair value through profit or loss	**—**	**—**	**2,011**	**—**	**2,011**
Loss on arising on extinguishment of convertible bonds	**—**	**—**	**—**	**69,410**	**69,410**
Loss on redemption of promissory note	**—**	**—**	**—**	**305**	**305**

For the year ended 31 December 2014

	Medical and well-being business *HK$'000*	Asset management *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	1,498	—	1,251	2,749
Amortisation of land use right	88	—	—	88
Amortisation of other intangible assets	1,542	—	—	1,542
Depreciation of property, plant and equipment and jointly-controlled assets	8,193	—	277	8,470
Gain on disposal of a subsidiary	1,304	—	—	1,304
Gain arising from change in fair value investment properties	—	3,535	—	3,535
Net gain on disposal of property, plant and equipment and other intangible assets	16,909	—	(11)	16,898
Write-off of property, plant and equipment	—	—	259	259
Gain arising from change in fair value of financial assets at fair value through profit or loss	—	—	30	30
Loss on redemption of promissory note	—	—	1,608	1,608
Loss on redemption of convertible notes	—	—	23	23
Waiver of loan interest payable	—	—	789	789

Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2015	2014
	HK$'000	*HK$'000*
Income from membership programs	**54,653**	—
Income from private coaching programs	**17,406**	—
Income from fitness centre operation and related business	**13,976**	—
Income from optical products and eye-care services	**31,458**	2,390
Leasing and service income from chain of medical centres	**9,743**	82,995
	127,236	85,385

Geographical information

The Group operates in Hong Kong and the PRC.

The Group's revenue from external customers by location of operations are detailed below.

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**31,458**	2,390
PRC	**95,778**	82,995
	127,236	85,385

The Group's information about its non-current assets by location of assets are detailed below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**303,924**	54,719
PRC	**386,260**	404,504
	690,184	459,223

Information about major customers

For the year ended 31 December 2015, there was no single customer accounted for over 10% of total revenue of the Group.

For the year ended 31 December 2014, included in revenue arising from leasing of medical equipment of approximately HK$85,385,000 are revenue generated from three customers amounting to approximately HK$67,225,000 and each of these three customers has individually accounted for over 10% of the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue of the year ended 31 December 2014.

Revenue from major customers was as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**—**	41,597
Customer B	**—**	14,647
Customer C	**—**	10,981

4. OTHER GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
Licence fee income	**4,960**	—
Interest income on bank balances	**27**	925
Dividend income	**49**	—
Subsidy received	**910**	—
Exchange gain, net	**18**	10,029
Change in fair value of financial assets at fair value through profit or loss	**(2,011)**	30
Gain on disposal of a subsidiary	**—**	1,304
Loss on redemption of convertible notes	**—**	(23)
Loss on redemption of promissory note	**(305)**	(1,608)
Write-off of property, plant and equipment	**—**	(259)
Waiver of loan interest payable	**—**	789
Others	**456**	386
	4,104	11,573

5. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest expenses on:		
Bank and other borrowings wholly repayable within five years	**7,433**	1,881
Loans from a former intermediate holding company and a former fellow subsidiary not wholly repayable within five years	**1,665**	2,076
Imputed interest on purchase consideration payable	**—**	594
Guaranteed convertible note	**—**	195
Imputed interest on convertible bonds and convertible notes	**3,224**	902
Imputed interest on bonds payable	**4,271**	416
Imputed interest on promissory note	**62**	2,931
	16,655	8,995

6. INCOME TAX

	2015 HK$'000	2014 HK$'000
Hong Kong profits tax	**—**	—
PRC enterprise income tax	**5,946**	2,864
Deferred taxation	**(99)**	(544)
	5,847	2,320

Hong Kong profits tax had been provided at 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The applicable PRC enterprise income tax rate is 25% for the years ended 31 December 2015 and 2014.

7. LOSS FOR THE YEAR

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**7,455**	8,315
Depreciation of jointly-operated assets	**—**	155
Amortisation of other intangible assets included in cost of services	**1,642**	1,542
Amortisation of land and use right	**87**	88
Total depreciation and amortisation	**9,184**	10,100
Auditors' remuneration		
— Audit services	**1,100**	980
— Non-audit services	**1,063**	—
Cost of inventories recognised as expenses	**15,154**	1,050
Net loss/(gain) on disposal of property, plant and equipment and other intangible assets	**119**	(16,898)
Impairment loss on available-for-sale financial assets	**40,734**	—
Impairment loss on trade receivables	**17,172**	—
Impairment loss on property, plant and equipment and other intangible assets	**18,532**	—
Change in fair value on investment properties	**44,110**	(3,535)
Loss arising on extinguishment of convertible bonds	**69,410**	—
Share of results of associates	**—**	1,971
Share of results of a joint venture	**(6,891)**	476
Withholding tax in relation to offshore transfer of available-for-sale financial assets	**67,131**	—
Loss on disposal of associates	**—**	60,960
Employee benefit expenses, including directors' emoluments:		
— salaries and other benefits	**49,977**	29,827
— equity-settled share-based payments	**15,148**	10,109

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: HK$ Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

Loss

	2015	2014
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(436,503)**	(61,138)

Number of shares

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,782,725**	873,630

The number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year ended 31 December 2014 has been adjusted to reflect the impact of the share consolidation and issue of shares pursuant to rights issue and exercise of unlisted warrants effected during the respective reporting period.

The effects of the outstanding convertible bonds, convertible notes and outstanding share options were not included in the calculation of diluted loss per share for the years ended 31 December 2015 and 2014 as they have an anti-dilutive effect on the basic loss per share of the Company during the respective reporting periods.

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**41,183**	41,593
Less: allowance for doubtful debts	**(17,172)**	—
	24,011	41,593

The Group generally allows an average credit period of 180 days (2014: 180 days) to its trade customers. The following is an ageing analysis of trade receivables by invoice date as at the end of reporting period which are neither individually nor collectively considered to be impaired:

	2015	2014
	HK$'000	*HK$'000*
0–180 days (neither past due nor impaired)	**1,146**	24,838
181–270 days (1 to 3 months past due)	**1,047**	9,212
271–365 days (4 to 6 months past due)	**7,373**	7,543
Over 365 days (More than 6 months past due)	**14,445**	—
	24,011	41,593

11. TRADE PAYABLES

The following is an analysis of trade payables by age based on invoice date.

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**1,508**	3,027
31–60 days	**1,537**	674
61–90 days	**1,822**	413
Over 90 days	**1,108**	1,075
	5,975	5,189

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in (i) health management business (operation of a chain of sports and healthcare clubhouses under the brand name of "Megafit") (the "Health Management Business") in The People's Republic of China (the "PRC"); (ii) the medical and well-being business (operation of a chain of optical products and eye-care services retail shops (the "Eye-care Business") under the brand name of "Hong Kong Optical" in Hong Kong and a chain of medical centres specialising in the diagnosis and treatment of tumours in the PRC (the "Tumours Medical Business")) and (iii) asset management business (investment in financial/fixed/distressed assets and loan financing).

Revenue

During the year ended 31 December 2015 (the "Reporting Year"), the revenue of the Group substantially increased by 49.0% from the year ended 31 December 2014 to HK$127.2 million mainly due to the contribution of the Health Management Business of HK$86.0 million (2014: HK$Nil) and the Eye-care Business of HK$31.5 million (2014: HK$2.4 million) (the acquisitions of which were completed in April 2015 and November 2014, respectively), as well as the Group's effort in reducing its business interest in the Tumours Medical Business in 2014 and the further deterioration of the business to HK$9.7 million during the Reporting Year (2014: HK$83.0 million), representing a significant drop of 88.3%.

Gross Profit

During the Reporting Year, the Group recorded gross profit of HK$28.4 million (2014: HK$67.1 million) at a gross margin of 22.3% (2014: 78.6%). The decline in the Group's gross profit and gross profit margin was mainly due to the substantial decrease in revenue from the Tumours Medical Business which used to command a higher profit margin than other business lines and the increase in revenue contribution from the Health Management Business and the Eye-care Business which commanded lower gross profit margins. As the Group is expanding its business portfolio, there will be continuous change in its business composition and gross profit margin.

Impairment loss on trade receivables

As described in the Company's interim report for the six months ended 30 June 2015 (the "Interim Report") and the profit warning announcement of the Company dated 22 July 2015 (the "Profit Warning Announcement"), the Company received a notice from its business partner of one of the Group's major medical centres (the "First Subject Medical Centre") in July 2015 that payment for settlement of the Group's trade receivables in respect of the First Subject Medical Centre by the relevant hospital partner would be halted until certain non-compliance matters relating to the First Subject Medical Centre are rectified. The said notice also warned that if such non-compliance matters remain unresolved, operation of the First Subject Medical Centre might be forced to terminate. In the same month, the business partner of another medical centre (the "Second Subject Medical Centre") also warned that the non-compliance matters relating to the Second Subject Medical Centre must be immediately rectified without any further delay. Although the Group has not been notified of any particular non-compliance matters in respect of the operation of its medical centres, the Group was given to understand that the principal non-compliance matter referred to the involvement of the Group's principal operating subsidiary of the Tumours Medical Business (a majority foreign controlled enterprise) in the operation of the First Subject Medical Centre and the Second Subject Medical Centre, which are located at the PRC military hospitals, following the promulgation of the CCMC Audit and Rectification Exercise (as defined below) in April 2015. Since other medical centres of the

Group are also located at the PRC military hospitals and the arrangement are similar to those of the First Subject Medical Centre and the Second Subject Medical Centre, similar or even more radical actions may be imposed by the hospital/business partners of the Group's other medical centres. After assessment on the recoverable amount of the relevant trade receivables from the Tumours Medical Business as at 31 December 2015, an impairment loss of HK$17.2 million had been provided as at 31 December 2015.

Tax provision in connection with the Group's restructuring

As part of the Group's efforts to mitigate the regulatory and business risks in association with the Tumours Medical Business and its underlying business/assets, an internal restructuring was conducted during the Reporting Year to transfer the Group's interest in certain healthcare related investments/assets previously held under the Tumours Medical Business to another member of the Group. According to the relevant PRC tax rules and regulations, such restructuring may potentially create a tax liability of HK$67.1 million. Accordingly, withholding tax of HK$67.1 million had been provided as at 31 December 2015.

Loss arising from the extinguishment of the convertible bonds

The Company issued two tranches of convertible bonds (the "CBs") in the aggregate principal amount of HK$86.7 million in October 2014 and January 2015, respectively. In April 2015, the Company entered into deeds of amendment with the relevant subscribers of the CBs to amend the conversion price of the CBs and the subscribers would be deemed to have fully exercised the conversion rights under the CBs at the adjusted conversion price. Such change in the conversion price of the CBs and the subsequent extinguishment of the CBs resulted in the Group having recorded a fair value loss in the amount of HK$69.4 million for the Reporting Year.

Loss for the year

For the Reporting Year, the Group recorded consolidated net loss of HK$364.7 million (2014: HK$41.8 million) and loss attributable to the owners of the Company of HK$436.5 million (2014: HK$61.1 million) mainly attributable to (i) the various non-cash provision and impairment losses as mentioned above; (ii) decrease in gross profit; (iii) increase in administrative, financing and employee related expenses (mainly resulted from expansion of the Group's business portfolio and increase in commission expenses paid to the placing agents for fund raising activities); and (iv) decrease in the valuation of capital assets.

Basic and diluted loss per share of the Company for the Reporting Year were HK24.49 cents (2014: HK7.00 cents) and HK24.49 cents (2014: HK7.00 cents), respectively.

LIQUIDITY AND RESOURCES

The Company conducted a number of equity fund raising exercises during the Reporting Year to strengthen its capital base. The Company entered into placing agreements with placing agents in March, June and December 2015 for the placing of 223,426,687, 362,853,795 and 435,424,554 new shares of the Company under the general mandates at the placing prices of HK$0.19, HK$0.335 and HK$0.112 per share, respectively, and the net proceeds amounted to HK$41.2 million, HK$117.9 million and HK$47.0 million, respectively. In May 2015, the CBs were fully converted into 473,708,851 new shares of the Company at the adjusted conversion price of HK$0.183 per share.

As at 31 December 2015, the Group's total assets and net assets (including non-controlling interest) amounted to HK$1,094.0 million (31 December 2014: HK$903.5 million) and HK$551.6 million (31 December 2014: HK$587.2 million), respectively. Its cash and bank balances amounted to HK$91.7 million (31 December 2014: HK$178.1 million) and liquidity ratio (calculated based on the Group's current assets to current liabilities) was 1.1 times (31 December 2014: 2.1 times).

During the Reporting Year, the Group's net cash outflow from operating activities and investing activities amounted to HK$133.6 million (2014: net cash inflow of HK$4.6 million) and HK$117.9 million (2014: net cash outflow of HK$98.2 million), respectively, and net cash inflow from financing activities amounted to HK$168.9 million (2014: net cash inflow of HK$189.8 million). As a result, the Group recorded a net cash outflow of HK$82.6 million for the Reporting Year (2014: net cash inflow of HK$96.2 million).

As at 31 December 2015, the Group's total borrowings amounted to HK$296.3 million (2014: HK$253.6 million), including borrowings of HK$197.5 million (31 December 2014: HK$178.5 million)), convertible securities of HK$2.0 million (31 December 2014: HK$45.2 million) and bond/note payable of HK$96.8 million (31 December 2014: HK$29.9 million).

BUSINESS REVIEW

Health Management Business Segment

The acquisition of Health Management Business was completed in April 2015. During the period from April to December 2015, the Health Management Business recorded revenue and gross profit of HK$86.0 million and HK$15.4 million, respectively (representing 67.6% and 54.0% of the Group's consolidated revenue and gross profit, respectively) and a net loss attributable to the Group amounting to HK$4.5 million. The Health Management Business has shown continuous improvement during the past years in terms of revenue, gross profit margin and net loss (revenue for each of the years ended 31 March 2012, 2013 and 2014 amounted to: HK$85.2 million, HK$97.6 million and HK$106.7 million, respectively; gross profit margin for each of the years ended 31 March 2012, 2013 and 2014 were: 10.7%, 15.7% and 18.1%, respectively; and loss for each of the years ended 31 March 2012, 2013 and 2014 amounted to: HK$14.1 million, HK$7.6 million and HK$7.0 million, respectively). Given the fierce competition in the industry, the Group will continuously monitor and review the business development strategies of this business segment to enhance its competitiveness. In February 2016, the Group successfully introduced a strategic investor to the Health Management Business with a view to leveraging on his expertise to enhance the operation of the Group's sports and healthcare clubhouses in the PRC. As at 31 December 2015, the Group's sports and healthcare clubhouses had more than 31,000 memberships.

Medical and Well-Being Business Segment

Eye-care Business

The Eye-care Business continued to suffer loss for the Reporting Year. During the year, certain measures have been adopted to improve operational management efficiency and strengthen procurement control (including strategically relocating out from less cost-effective locations to more cost-effective ones and focusing on sales in progressive and functional lenses). In addition, resources have been allocated to accelerate the synergy among the Eye-care Business, other business lines of the Group and joint venture partners.

Tumours Medical Business

The Group's income from the Tumours Medical Business is mainly derived from leasing of medical equipment and provision of consultancy service under its medical centres. The medical centres of the Group are established with its hospital and/or business partners through arrangement that (i) the Group's hospital partners provide premises of the underlying medical centres; (ii) the Group provides medical equipment to these medical centres through long term leasing arrangement; and (iii) the Group and/or its business partners provide management services to these medical centres. During the Reporting Year, income derived from this business line decreased substantially to HK$9.7 million from HK$83.0 million for the year ended 31 December 2014 mainly attributable to the decrease in the number of medical centres operated by the Group and the deterioration of the Tumours Medical Business due to the growing regulatory pressure on the underlying arrangement/cooperation with the hospital/business partners.

During 2013, the National Health and Family Commission of the PRC launched an exercise (the "NHFC Reporting and Rectification Exercise") to strengthen the management of the PRC's hospital and rectify their non-compliance operations, including the rental/contract out arrangement of medical departments of the PRC hospitals. Under the NHFC Reporting and Rectification Exercise, internal exercises were conducted by the PRC hospitals to internally review and report their non-compliance operations (including the rental/contracting out arrangements of medical departments) to their supervisory authorities. Given that the Group's leasing of medical equipment and provision of consultancy services are made to its medical centres which are located at the premises of its hospital partners, the above-mentioned business model of the Group is subject to challenge by the relevant supervising authorities as to whether the substance of the aforesaid arrangement with the hospital/business partners constitute "renting/contracting out" of medical departments by the hospitals. As a result, the Group received termination notices in respect of its certain medical centres in 2013 and the operation of the Group's certain medical centres had been ceased. In 2014, the Group disposed of its interests in a number of medical centres. In April 2015, the Central Committee of the Military Commission of the PRC promulgated to conduct a national-wide audit exercise on military hospitals (the "CCMC Audit and Rectification Exercise") to audit and rectify the non-compliant operations. Under the CCMC Audit and Rectification Exercise, operations involving provision of for-profit services by military hospitals will be assessed and if such for-profit operations involve entities which are majority foreign owned, they will be forced to cease operation. All of the Group's existing medical centres are located at the PRC military hospitals and their operation is carried out by a Group's non-wholly-owned subsidiary, a majority foreign controlled enterprise. Although the Group has not been assessed or fined for non-compliance in respect of its operation of the medical centres, the above-mentioned halt of payment for settlement of the Group's trade receivables of the First Subject Medical Centre pending the Group's rectification of such non-compliance matters has appeared to the Group that the business model of the Tumours Medical Business is in violation of the relevant requirements pursuant to the CCMC Audit and Rectification Exercise for reasons that the Group's principal operating subsidiary is a majority foreign owned enterprise.

Asset Management Segment

Investment in financial/fixed/distressed assets

The Group's investment portfolio comprises investment in financial/fixed/distressed assets in Hong Kong. This segment had total assets of HK$379.4 million as at 31 December 2015 (31 December 2014: HK$117.7 million) and, as a result of the downturn in economic condition and stock market sentiment during the second half of 2015, the Group recorded a segment loss of HK$87.4 million for the Reporting Year (31 December 2014: loss of HK$0.1 million), being the decrease in fair value of the Group's assets under this business segment.

Under the asset management segment, the Group holds 19.62% and 29.3% shares of Rui Kang Pharmaceutical Group Investments Limited ("Rui Kang", together with its subsidiary, the "Rui Kang Group") and IR Resources Limited ("IR Resources", together with its subsidiaries, the "IR Resources Group"), both of which are listed on the Growth Enterprise Market of the Stock Exchange, respectively, as at 31 December 2015.

The Rui Kang Group, prior to the Group's strategic investment in it, was engaged in the manufacture, research and development, sale and distribution of consumer cosmetic, health related and pharmaceutical products in the PRC and Hong Kong and has recently extended its business portfolio to provision of medical laboratory testing and health check services and distribution of beauty and skincare products in Europe following a number of acquisitions in 2015. The Group became a strategic investor and the single largest shareholder of Rui Kang through subscription of 20.4% equity interest of Rui Kang. In February 2015, the Group introduced Rui Kang to become a shareholder of the Health Management Business with a view to leveraging on the expertise of Rui Kang in the healthcare services and products to complement the services and products offerings of the Health Management Business. As a strategic shareholder, the Company also supported and participated in the rights issue of Rui Kang in August 2015 with an investment amount of HK$37.1 million. In 2015, the Rui Kang Group, streamlined its business portfolio through disposal of non-performing businesses and acquisitions (as fueled by the new funding received from the rights issue) in (i) an European cosmetics products group engaged in the development, manufacture and sale of cosmetics products under the brand name of "Bellefontaine" with production distribution agreements in Germany, the United Kingdom, France, Russia, Switzerland and the United Arab Emirates; and (ii) a provider of medical laboratory testing services and healthcare maintenance services in Hong Kong. It is anticipated that the profitable track record of the laboratory testing test services and healthcare maintenance services in Hong Kong and the profit guarantee provided by the said European cosmetics group will not only inject new growth engine to the future development of Rui Kang, but will also provide solid ground for future cooperation between the Group and the Rui Kang Group. Given the above and with a view to taking a more active role in steering the direction of Rui Kang Group's future business development to complement and create synergy with the Group, in February 2016, the Group proposed a voluntary conditional securities exchange offer to the board of directors of Rui Kang to acquire all of the issued shares of Rui Kang based on the ratio of 2 shares of Rui Kang (after the share consolidation of Rui Kang became effective on 23 February 2016) for 5 new shares of the Company. As at the date of this results announcement, the aforesaid securities exchange offer by the Company has not been completed.

The IR Resources Group is principally engaged in (i) forestry and agricultural business in Cambodia (logging of existing trees from and subsequent plantation of rubber trees or other agricultural produce on three forests located in Cambodia and the subsequent sale of wood products); and (ii) resources and logistics business. As part of the Group's investment in distressed assets under the asset management business segment, the Group acquired an aggregate of 29.3% equity interest in IR

Resources when trading in the shares of IR Resources was suspended. In view of the resumption of trading in the shares of IR Resources on 26 February 2016, the Group has undertaken to participate in the rights issues of IR Resources at a consideration of HK$71 million. Funding from the rights issue will enable the IR Resources to develop its forestry and agricultural business and invest in other valuable business opportunities. The Company expects its investment in IR Resources will bring about long term return to the Group.

Loan financing

In view of the growth opportunities for non-bank financing sector in Hong Kong and the PRC, the Group has applied and obtained a money lender licence granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2015. The Group is adopting loan financing policies and procedures with reference to market practice and the Money Lenders Ordinance and intends to commence the loan financing business in 2016. In order to create a sound base and cost effective platform for expansion of the loan financing business, the Groups will keep abreast of opportunities for financial products trading to the loan financing business.

PROSPECTS

The year of 2015 has demonstrated the Group's determination to further develop its three major business segments, namely the healthcare management business segment, Medical and well-being business segment and asset management segment. On one hand, the completion of the acquisition of Health Management Business, the proposed acquisition of Rui Kang through the voluntary securities exchange offer and the proposed development of chain of healthcare and therapy centres, have signified the Group's direction in establishing a healthcare and well-being platform which offers diversified services and products from healthcare services to preventative care, health enhancement and preservation, and to rehabilitation services to capture the various needs of the customers in the healthcare market; whilst on the other hand, the resumption of the trading in the shares of IR Resources and the Group's participation in IR Resources fund raising exercise has not only enabled the Group to enjoy the future potential capital growth, but will also present the Group with other business/investment opportunities to enhance the return of its shareholders. Going forward, these three business segment will remain the Group's principal focus and the management of the Company will continue to review and re-composite the Group's business portfolio with a view to optimizing the return generated from them.

EVENTS AFTER THE REPORTING PERIOD

Subscription of an Investment Fund

On 29 January 2016, the Company entered into the subscription agreement for investment of HK$55 million in an investment fund which will focus on investment opportunities in the Greater China Region (particularly businesses in the healthcare and related industries). Please refer to the Company's announcement dated 29 January 2016 for details.

Taking control of Rui Kang by way of securities exchange

On 5 February 2016, the Company proposed to the board of directors of Rui Kang that it would make voluntary conditional securities exchange offers to acquire all of the issued shares in the share capital of Rui Kang. As at the date of this results announcement, the said securities exchange offer has not been completed. Please refer to the Company's announcement dated 17 February 2016 for details.

Introduction of a Strategic Investor to the Group's Health Management Business

On 16 February 2016, the Group entered into a sale and purchase agreement to transfer certain equity interest on the Health Management Business to a strategic investor with a view to leveraging on the investor's expertise to enhance the business performance of this business segment. Please refer to the Company's announcement dated 16 February 2016 for details.

Placing of bonds

On 18 February 2016, the Company entered into a bond placing agreement for the placing of bonds due 2017, in the principal amount of up to HK$100 million. For details, please refer to the Company's announcement dated 18 February 2016.

Participation in the rights issue of IR Resources

On 24 February 2016, the Company undertook to participate in the rights issue of IR Resources. Please refer to the Company's announcement dated 24 February 2016 for details.

Exposure to fluctuation in exchange rates

The Group's cash flow from operations is mainly denominated in Renminbi and Hong Kong dollars, whilst its assets are mostly denominated in Renminbi and Hong Kong dollars, and liabilities held are mainly denominated in Japanese Yen and Hong Kong dollars. Therefore, the recent depreciation of Renminbi and continuing appreciation of Japanese Yen have a double impact on the Group's costs for repayment of Japanese Yen denominated debt and interest. The Group will continue to monitor the situation and may consider to reduce its debt exposure to Japanese Yen when appropriate. For such purpose, the Company entered into an equity credit facility agreement in September 2015 to secure funding for repayment of the Yen-denominated loans. In addition, although the Group currently does not have a foreign currency hedging policy, it does and will continue to monitor the foreign exchange exposure closely and will consider hedging if there is significant foreign currency exposure.

Charge on assets

As at 31 December 2015, investment properties with carrying value of HK$150.6 million (2014: HK$44.9 million) of the Group were pledged to a financial institution to secure borrowings of HK$55.2 million (2014: HK$32.0 million) of the Group.

CONTINGENCIES

No provision in respect of contingencies would need to be made in the consolidated financial statements of the Group for the Reporting Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the total number of employees of the Group was approximately 946. The Group remunerates its employees based on their performance, working experience and the prevailing market rate. Other employee benefits include retirement benefits, insurance and medical coverage, training programs and share option scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance. During the Reporting Year, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules except for none of the existing non-executive Directors being appointed for a specific term, which constitutes a deviation from the code provision. However, since all the non-executive Directors are subject to retirement by rotation at the annual general meetings pursuant to the articles of association of the Company, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the code.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company include: making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors; review and monitoring of the external auditors' independence and objectivity; development and implementation of policy on the engagement of the external auditors to supply non-audit services; monitoring integrity of the interim and annual financial statements as well as interim and annual reports and accounts; review of significant financial reporting judgments (particularly on any changes in accounting policies and practices); ensuring that management has discharged its duty to have an effective internal control system and consideration of any findings of major investigations of internal control matters; review of the external auditors' management letter, any material queries raised by the external auditors to management in respect of the accounting records, financial statements or systems of control and management's response. The final results of the Group for the Reporting Year have been reviewed by the audit committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made enquiry of all Directors, each of them has confirmed that he/she had complied with the required standards set out in the Model Code during the Reporting Year.

ANNUAL REPORT

The annual report of the Company for the Reporting Year will be despatched to shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.chinawahyan.com) as soon as practicable.

By Order of the Board of
China Wah Yan Healthcare Limited
CHAN KA CHUNG
Chairman

Hong Kong, 15 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chan Ka Chung, Mr. Cheung Wai Kwan and Mr. Wang Jianguo; and four independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Hu Xuezhen, Mr. Lam Chun Ho and Ms. Wu Yan.