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北控醫療健康產業集團有限公司
Beijing Enterprises Medical And Health Industry Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2389)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Board") of Beijing Enterprises Medical and Health Industry Group Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively the "Group") prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2015, together with the comparative figures for the year 2014, 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 (Restated)
CONTINUING OPERATIONS			
Revenue	5	**–**	–
Other income and gains	5	**45,489**	1,535
Administrative expenses		**(149,185)**	(12,725)
Finance costs	7	**(3,992)**	–
Share of profits and losses of associates		**(1,601)**	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(109,289)**	(11,190)
Income tax credit	8	**2,364**	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(106,925)**	(11,190)
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	9	**46,997**	(158,717)
LOSS FOR THE YEAR		**(59,928)**	(169,907)

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent period			
Exchange differences on translation of foreign operations		**(76,195)**	(2,450)
Reclassification adjustments for gain on disposal of subsidiaries included in profit or loss		**(58,925)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(135,120)**	(2,450)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(195,048)**	(172,357)
(Loss)/profit attributable to:			
Owners of the parent		**(56,480)**	(174,565)
Non-controlling interests		**(3,448)**	4,658
		(59,928)	(169,907)
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(185,588)**	(176,330)
Non-controlling interests		**(9,460)**	3,973
		(195,048)	(172,357)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic and diluted			
– For loss for the year		**HK(1.01) cents**	HK(5.66) cents
– For loss from continuing operations		**HK(1.83) cents**	HK(0.36) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**97,290**	1,233
Investment properties		**338,744**	66,333
Prepaid land lease payments		**1,285,332**	–
Investments in associates		**111,948**	–
Available-for-sale investments		**21,288**	–
Prepayment		**141,771**	–
Deferred tax assets		**–**	21,987
Due from a related company	*14(a)*	**248,900**	–
Goodwill		**156,104**	–
Total non-current assets		**2,401,377**	89,553
CURRENT ASSETS			
Properties held for sale		**–**	70,499
Prepayments, deposits and other receivables		**139,099**	10,270
Due from a related company	*14(a)*	**8,611**	–
Financial assets measured at fair value through profit or loss		**47,996**	–
Cash and cash equivalents		**628,952**	1,093,476
		824,658	1,174,245
Assets of disposal groups classified as held for sale	*14*	**–**	1,697,541
Total current assets		**824,658**	2,871,786
CURRENT LIABILITIES			
Trade payables	*12*	**–**	15,624
Other payables and accruals		**88,854**	90,230
Interest-bearing bank and other borrowings	*13*	**55,768**	–
Tax payable		**270**	103,324
		144,892	209,178
Liabilities directly associated with the assets classified as held for sale	*14*	**–**	819,470
Total current liabilities		**144,892**	1,028,648
NET CURRENT ASSETS		**679,766**	1,843,138
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,081,143**	1,932,691

	Notes	**2015**	2014
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**71,616**	–
Deferred tax liabilities		**212,764**	–
Total non-current liabilities		**284,380**	**–**
Net assets		**2,796,763**	1,932,691
Equity			
Equity attributable to owners of the parent			
Share capital		**1,248,527**	906,180
Reserves		**1,462,846**	817,340
		2,711,373	1,723,520
Non-controlling interests		**85,390**	209,171
Total equity		**2,796,763**	1,932,691

NOTES

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Medical and Health Industry Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 April 2002. The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, British West Indies.

During the year, the Group and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities in the People's Republic of China (the "PRC"):

- Property development (discontinued operation)
- Manufacturing and trading of power tools (discontinued operation)
- Medical and geriatric care business

In the opinion of the directors, as at 31 December 2015, the major shareholder of the Company is Beijing Properties (Holdings) Limited ("BPHL"), which is incorporated in Bermuda, ultimately held by Beijing Enterprises Group Company Limited and the shares of which are listed on the Stock Exchange.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets measured at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

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

The adoption of the above revised standards has had no significant financial effect on these financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment from continuing operations, which is the provision of medical care, health care and geriatric care related services and products. All of the Group's operating results from the continuing operations are generated from this single segment. During the year, the Group's non-current assets were substantially located in Mainland China.

5. REVENUE, OTHER INCOME AND GAINS

During the year, there was no revenue generated from continuing operation (2014: Nil).

An analysis of other income and gains from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Other income		
Bank interest income	**15,042**	1,117
Other interest income	**11,187**	–
Sundry income	**6,384**	418
	32,613	1,535
Gains		
Fair value gains on financial assets measured at fair value through profit or loss	**4,906**	–
Gain on disposal of subsidiaries	**6,876**	–
Fair value gains on investment properties	**841**	–
Gain on bargain purchase	**253**	–
	12,876	–
	45,489	1,535

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Depreciation	**4,039**	601
Amortisation of land lease payments	**16,016**	–
Minimum lease payments under operating leases	**2,059**	80
Auditors' remuneration	**2,379**	2,039
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**16,912**	1,189
Equity-settled share-based payment expense	**1,372**	–
Pension scheme contributions (defined contribution scheme)*	**1,367**	90
	19,651	1,279
Equity-settled share-based payment expense for consultancy services	**23,534**	–
Foreign exchange differences, net	**22,035**	327
Loss on disposal of items of property, plant and equipment	**11**	–

* At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2014: Nil).

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Interest on bank and other borrowings	**4,632**	–
Less: Interest capitalised	**(640)**	–
	3,992	–

8. INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Current-PRC corporate income tax ("CIT")	**1**	–
Deferred	**(2,365)**	–
Total tax credit for the year	**(2,364)**	–

Hong Kong profits tax

During the year ended 31 December 2015, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year.

During the year ended 31 December 2014, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year or the Group had available tax losses brought forward from prior years to offset the assessable profits generated during the year.

CIT

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25% except for one PRC subsidiary which is entitled to a preferential tax rate at 10%.

The share of tax attributable to associates amounting to HK$65,000 (2014: Nil) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income.

9. DISCONTINUED OPERATIONS

On 23 November 2014, the Company announced the decision of its board of directors to dispose of the entire issued share capital of World Wisdom Industrial Limited ("World Wisdom"). World Wisdom and its subsidiaries (collectively, "World Wisdom Group") engaged in the business of manufacturing and trading of power tools and property development. The disposal of World Wisdom Group was completed on 31 March 2015.

On 11 May 2015, the Company announced the decision of its board of directors to dispose of the entire issued share capital of Rainy Company Inc. ("Rainy"). Rainy and its subsidiaries (collectively, "Rainy Group") engaged in property development business. The disposal of Rainy Group was completed on 11 May 2015.

Upon the disposal of World Wisdom Group and Rainy Group, the Group has decided to cease its manufacturing and trading of power tools business and property development business because it plans to focus its resources on its medical and geriatric care business. Accordingly, the manufacturing and trading of power tools business and property development business of the Group were classified as discontinued operations and they are no longer included in the note for operating segment information.

The results of the discontinued operations for the years are presented below:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Manufacturing and trading of power tools business:		
Revenue	**39,150**	172,594
Expenses	**(40,958)**	(95,971)
(Loss)/profit before tax from the discontinued operation	**(1,808)**	76,623
Income tax expense	**–**	(9,570)
(Loss)/profit for the year from the discontinued operation	**(1,808)**	67,053
Property development business:		
Revenue	**106,794**	336,656
Expenses	**(103,094)**	(549,374)
Profit/(loss) before tax from the discontinued operation	**3,700**	(212,718)
Income tax expense	**(17,816)**	(13,052)
Loss for the year from the discontinued operation	**(14,116)**	(225,770)
Gain on disposal of the discontinued operations	**62,921**	–
Profit/(loss) for the year from the discontinued operations	**46,997**	(158,717)

The net cash flows incurred by the discontinued operations are as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Operating activities	**62,241**	(21,058)
Investing activities	**12,359**	77,732
Financing activities	**(77,319)**	(146,281)
Net cash outflow	**(2,719)**	(89,607)

10. DIVIDEND

The Directors do not recommend the payment of dividend in respect of the year ended 31 December 2015 (2014: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$56,480,000 (2014: HK$174,565,000), and the weighted average number of ordinary shares of 5,582,419,411 (2014: 3,083,676,526) in issue during the year, as adjusted to reflect the share consolidation on 4 March 2015.

The calculation of the basic loss per share amount from continuing operations is based on the loss for the year from continuing operations attributable to ordinary equity holders of the parent of HK$102,077,000 (2014: loss of HK$11,190,000), and the weighted average number of ordinary shares of 5,582,419,411 (2014: 3,083,676,526) in issue during the year, as adjusted to reflect the share consolidation on 4 March 2015.

No adjustment has been made to the basic loss per share amounts and the basic loss per share amounts from continuing operations presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the loss per share amounts and the basic loss per share amounts from continuing operations presented.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	–	42,740
1 to 2 months	–	13,785
2 to 3 months	–	8,398
Over 3 months	–	201,808
	–	266,731
Less: Liabilities directly associated with the assets classified as held for sale	–	(251,107)
	–	15,624

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	***Maturity***	***HK$'000***	*Effective interest rate (%)*	*Maturity*	*HK$'000*
Current						
Bank loans – secured	**4.92**	**2016**	**35,808**	6.15	On demand	380,276
Current portion of long term bank loans – secured	**6.19**	**2016**	**14,323**	–	–	–
Other loans – unsecured	**5.60**	**On demand**	**5,637**	–	–	–
Less: Liabilities directly associated with the assets classified as held for sale			**–**			(380,276)
			55,768			–
Non-current						
Bank loans – secured	**6.19**	**2020**	**71,616**			–
			127,384			–

	2015	2014
	HK$'000	*HK$'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**50,131**	–
In the second year	**17,904**	
In the third to fifth years, inclusive	**53,712**	–
	121,747	–
Other borrowings repayable:		
On demand	**5,637**	–
	127,384	–

Notes:

a. The Group's bank loans are secured by mortgages over the Group's investment properties and buildings situated in the PRC, which had an aggregate carrying value at 31 December 2015 of HK$303,175,000 and HK$65,576,000, respectively. In addition, the Group's bank loans of HK$85,939,000 are guaranteed by certain third parties as at 31 December 2015.

b. The Group's other loans are borrowed from a non-controlling shareholder of a subsidiary of the Company.

c. There were breaches of bank loan agreement terms during the year ended 31 December 2014, which led to the Group subject to accelerated repayment during the year ended 31 December 2014.

d. As at 31 December 2014, the Group's bank loans included in liabilities directly associated with the assets classified as held for sale were secured by the pledge of properties under development and properties held for sale included in assets of the Disposal Groups (defined in note 14(a)) classified as held for sale with a net carrying amount of approximately HK$914,042,000 and HK$603,943,000, respectively.

e. As at 31 December 2015 and 2014, all the Group's borrowings are denominated in RMB.

14. DISPOSAL OF SUBSIDIARIES

(a) Disposal of World Wisdom

On 21 November 2014, United Win International Corporation ("United Win"), a wholly owned subsidiary of the Company, entered into a disposal agreement with Jingjun Global Limited ("Jingjun Global"). Pursuant to the disposal agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom, a company wholly owned by the Company through United Win, at a total consideration of HK$668,900,000 (the "Disposal"). The Disposal was subject to the completion of a reorganisation pursuant to which the entire issued share capital of certain companies wholly owned by United Win (the "Reorganisation Companies") would be transferred to World Wisdom (the 'Reorganisation"). Upon the completion of the Reorganisation in January 2015, the Reorganisation Companies became directly and wholly owned subsidiaries of World Wisdom. World Wisdom and the Reorganisation Companies were collectively referred to as the "Disposal Groups" as at 31 December 2014.

The major classes of assets and liabilities of the Disposal Groups classified as held for sale as at 31 December 2014 are as follows:

	2014
	HK$'000
Assets	
Property, plant and equipment	26,549
Intangible assets	223
Inventories	17,667
Properties under development	914,042
Properties held for sale	603,943
Trade and bills receivables	32,964
Prepayments, deposits and other receivables	50,390
Cash and cash equivalents	51,763
Assets classified as held for sale	1,697,541

	2014
	HK$'000
Liabilities	
Trade payables	(251,107)
Other payables and accruals	(153,195)
Interest-bearing bank borrowings	(380,276)
Loans from a related company	(122)
Tax payable	(9,605)
Deferred income	(25,165)
Liabilities directly associated with the assets classified as held for sale	(819,470)
Non-controlling interests	(209,171)
Net assets directly associated with the Disposal Groups	668,900

On 31 March 2015, the Disposal was completed. The gain on disposal of the Disposal Groups is calculated as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	25,278
Intangible assets	167
Inventories	16,115
Properties under development	1,025,885
Properties held for sale	513,576
Trade and bills receivables	28,455
Prepayments, deposits and other receivables	25,543
Cash and bank balances	52,477
Trade payables	(328,307)
Other payables and accruals	(111,966)
Interest-bearing bank and other borrowings	(309,304)
Loans from a related company	(12,746)
Tax payable	(11,240)
Deferred income	(25,063)
Non-controlling interests	(209,725)
	679,145
Exchange fluctuation reserve realised	(41,654)
Gain on disposal of a subsidiary	31,409
Satisfied by cash*	668,900

* Cash consideration of HK$420,000,000 was received by the Group during the year and the remaining consideration receivable of HK$248,900,000 and the related interest receivable of HK$8,611,000 were included in the Group's due from a related company (non-current) and due from a related company (current), respectively, as at 31 December 2015.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of World Wisdom is as follows:

	HK$'000
Cash consideration	420,000
Cash and bank balances disposed of	(52,477)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	367,523

(b) Disposal of Rainy

On 11 May 2015, United Win agreed to sell and 上海杜行電鍍有限公司 (Shanghai Duhang Plating Limited*), an independent third party, agreed to purchase the entire issued share capital of Rainy for a total consideration of RMB15,100,000 (equivalent to HK$19,143,000). The disposal was completed on 11 May 2015.

* *For identification purpose only*

The gain on disposal of Rainy Group is calculated as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	754
Investment properties	28,957
Properties held for sale	49,302
Trade and bills receivables	2,364
Prepayments, deposits and other receivables	23,215
Cash and bank balances	56,867
Trade payables	(11,829)
Other payables and accruals	(52,015)
Tax payable	(88,572)
Deferred tax liabilities	(4,141)
	4,902
Exchange fluctuation reserve realised	(17,271)
Gain on disposal of a subsidiary	31,512
Satisfied by cash	19,143

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Rainy is as follows:

	HK$'000
Cash consideration	19,143
Cash and bank balances disposed of	(56,867)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(37,724)

(c) Disposal of Nobletree Limited

On 8 November 2015, the Group entered into a disposal agreement, pursuant to which the Group would dispose of the entire equity interests of Nobletree Limited to Lucky Outset Investments Limited (a wholly owned subsidiary of ASR Logistics Holdings Limited whose shares are listed on the Main Board of the Stock Exchange) for a consideration settled by 131,000,000 consideration shares of ASR Logistics. On 7 December 2015, the disposal was completed following the fulfillment of all the condition precedents under the disposal. The consideration for the disposal was HK$95,630,000, determined by reference to the closing quoted market price of the shares of ASR Logistics on the Stock Exchange at the completion date of the disposal. Following the completion of the disposal, the Company obtained 13.97% equity interests of ASR Logistics.

The gain on disposal of Nobletree Limited is calculated as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	88,754
Gain on disposal of a subsidiary	6,876
Satisfied by consideration shares of ASR Logistics	95,630

There was no inflow or outflow of cash and cash equivalents in respect of the disposal of Nobletree Limited.

15. SHARE-BASED COMPENSATION COSTS

Share option schemes

2002 Scheme

Effective from 26 April 2002, the Company operates a share option scheme (the "2002 Scheme") for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2002 Scheme include (i) any employee or proposed employee (whether full time or part time, including any executive Director but not any non-executive Director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds any equity interest; (ii) any non-executive Director or proposed non-executive Director (including independent non-executive Director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier or potential supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer or potential customer of the Group or any Invested Entity; (v) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; and (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.

The maximum number of shares issuable upon exercise of the options which may be granted under the 2002 Scheme and any other share option scheme of the Company to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares as at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The number and exercise price of the share options were adjusted as a result of the completion of the rights issue held on 10 August 2010.

The 2002 Scheme expired in April 2012. The provisions of the 2002 Scheme shall remain in full force and holders of all options granted under it prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of it until expiry of the said options.

The following share options were outstanding under the 2002 Scheme during the year:

	2015		2014	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 January	**0.477**	**17,676**	0.285	64,135
Adjustments arising from the share consolidation*	**N/A**	**(8,838)**	N/A	–
Exercised during the year	**0.954**	**(4,000)**	0.212	(46,459)
At 31 December	**0.954**	**4,838**	0.477	17,676

* During the year ended 31 December 2015, as a result of the share consolidation on 4 March 2015, the number of the outstanding share options under the 2002 Scheme was adjusted to 8,838,000 and the exercise price was adjusted to HK$0.954 per share.

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.24 per share (2014: HK$0.90 per share).

The exercise prices and exercise periods of the share options outstanding as the end of the reporting periods are as follows:

2015

Number of options ***'000***	**Exercise price*** ***HK$ per share***	**Exercise period**
4,838	**0.954**	10 January 2010 – 9 January 2018

2014

Number of options *'000*	Exercise price* *HK$ per share*	Exercise period
17,676	0.477	10 January 2009– 9 January 2018

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

2013 Scheme

On 24 May 2013, the Company adopted a new share option scheme (the "2013 Scheme") to replace the 2002 Scheme. Upon termination of the 2002 Scheme, no share options can be granted under such scheme and holders of all share options granted under it prior to its termination shall be entitled to exercise the outstanding share options pursuant to the terms of it until expiry of such options.

The eligible participants and the terms of the 2013 Scheme is the same as 2002 Scheme.

The following share options were outstanding under the 2013 Scheme during the year:

	2015		2014	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 January	**N/A**	**–**	N/A	–
Granted during the year	**0.63**	**230,000**	N/A	–
At 31 December	**0.63**	**230,000**	N/A	–

The exercise prices and exercise periods of the share options outstanding as the end of the reporting periods are as follows:

2015

Number of options	**Exercise price***	**Exercise period**
'000	***HK$ per share***	
180,000	**0.61**	*note (a)*
50,000	**0.71**	*note (b)*
230,000		

Notes:

(a) First 30% of the options granted will be vested in one year from the date of grant, second 30% of the options granted will be vested in two years from the date of grant and remaining 40% of the options granted will be vested in three years from the date of grant. Upon the lapse of the vesting period, the share options are exercisable until 1 April 2025.

(b) First 50% of the options granted will be vested in one year from the date of grant and the remaining 50% of the options granted will be vested in two years from the date of grant. Upon the lapse of the vesting period, the share options are exercisable until 31 August 2017.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year under the 2013 Scheme was HK$79,802,000 (weighted average of HK$0.347 each) (2014: no options were granted), of which the Group recognised a share option expense of HK$42,153,000 during the year ended 31 December 2015 (2014: Nil).

The fair value of share options granted to employees during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the services received as consideration for share options granted during the year was estimated by reference to the fair value of the share options as at the dates when the services are received, using the same binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	–
Historical volatility (%)	48.78-79.43
Risk-free interest rate (%)	1.44-1.90
Expected life of options (year)	9.66-10.00
Weighted average share price (HK$ per share)	0.59-0.81

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measure of the fair value.

The 4,000,000 (2014: 46,459,000) share options exercised during the year resulted in the issue of 4,000,000 (2014: 46,459,000) ordinary shares of the Company and new share capital of HK$800,000 (2014: HK$4,646,000) and share premium of HK$5,139,000 (2014: HK$11,830,000) (before issue expenses).

At the end of the reporting period, the Company had 234,838,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 234,838,000 additional ordinary shares of the Company and additional share capital of HK$46,968,000 and share premium of HK$102,948,000 (before issue expenses).

Subsequent to the end of the reporting period, on 28 January 2016, a total of 180,000,000 share options were granted under the 2013 Scheme to certain employees (including directors) of the Company in respect of their services to the Group in the forthcoming year. These share options vest over a three-year period, with 30% of the options vesting on the first and second anniversary each and the remaining 40% of the options vesting on the third anniversary. These share options have an exercise price of HK$0.53 per share and an exercise period ranging from the 28 January 2016 to 27 January 2026. The closing price of the Company's shares at the date of grant was HK$0.53 per share.

On 29 February 2016, 4,000,000 share options outstanding under the 2013 scheme were lapsed due to the resignation of Mr. Xie Ming, who has resigned as an independent non-executive director on 29 February 2016.

At the date of this announcement, the Company had 410,838,000 share options outstanding under the Scheme, which represented approximately 6.6% of the Company's shares in issue as at that date.

Share Award Scheme

The share award scheme (the "Share Award Scheme") of the Company was adopted by the board (the "Board") of directors of the Company on 11 September 2015 (the "Adoption Date"). The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain participants and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be subject to the administration of the Board and the independent trustee (the "Trustee") in accordance with the scheme rules and the trust deed. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The Board shall not make any further award of shares which will result in the total number of the shares awarded under the Share Award Scheme exceeding 10% of the total number of issued shares of the Company at the date of such award. The maximum number of awarded shares which may be awarded to a selected participant under the Scheme shall not exceed 1% of the total number of issued shares of the Company at the date of such award.

The maximum number of awarded shares which may be awarded to a selected participant who is an independent non-executive director shall not exceed 0.1% of the total number of issued shares of the Company at the date of such award and the aggregate value of which shall not exceed HK$5,000,000 (based on the closing price of the shares of the Company on the business day immediately preceding the date of award).

During the year, none of awarded shares was vested (2014: Nil). The Group recognised a share award expense of HK$59,000 (2014: Nil) during the year.

Summary of particulars of the shares granted under the Share Award Scheme (the "Awarded Shares") during the year is as follows:

	2015		2014	
	Average fair value *HK$ per share* *(note)*	**Number of Awarded Shares** *'000*	Average fair value *HK$ per share*	Number of Awarded Shares *'000*
At 1 January	**N/A**	**–**	**N/A**	–
Awarded during the year	**0.65**	**1,884**	**N/A**	–
At 31 December	**0.65**	**1,884**	**N/A**	–

Note: The fair value of the awarded shares was determined based on the market closing price of the Company's shares at the grant date.

Movements in the number of shares held under the share award scheme are as follows:

	2015	2014
	Number of shares held	Number of shares held
	'000	*'000*
At 1 January	**–**	–
Purchased during the year	**1,884**	–
At 31 December	**1,884**	–

At the date of this announcement, 1,884,000 outstanding awarded shares are held by the Trustee of the Share Award Scheme for relevant grantees.

16. CONTINGENT LIABILITIES

On 26 May 2015, the Company received a writ issued by Lucky Creation Limited (the "Plaintiff") in the High Court (the "Action") against the Company and Mr. Wang Zheng Chun, an executive director of the Company. In the Action, the Plaintiff claims against the Company for specific performance of an alleged agreement to issue and allot 1,236,615,482 new shares at the price of HK$0.25 per share, loss and damages to be assessed for the alleged breaches, interest, costs of the Action and further and/or other relief. The Company filed its defence on 20 July 2015. The Action is still in its early stages. Due to the inherent uncertainties of litigation, the directors of the Company, based on the advice from the Group's legal counsel, believe that the Company has a valid defense against the allegation and, accordingly, has not provided for any claim arising from litigation, other than the related legal and other costs.

17. OPERATING LEASES ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**8,326**	3,090
In the second to fifth years, inclusive	**28,442**	11,016
After five years	**123,091**	7,363
	159,859	21,469

(b) As lessee

The Group leases certain of its office properties and staff quarters under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,031**	1,395
In the second to fifth years, inclusive	**216**	–
	1,247	1,395

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of subsidiaries	**117,928**	–
Capital contribution payable to an associate	**21,485**	–
Land and buildings	**11,404**	–
	150,817	–

19. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(i) During the year ended 31 December 2015, the Group paid rental expenses of HK$318,000 (2014: HK$887,000) to 上海曹峰置業有限公司 (Shanghai Caofeng Properties Company Limited*) ("Shanghai Caofeng"), which is wholly owned by Mr. Wang Zheng Chun, an executive director of the Company. The rental expenses were determined with reference to the prevailing market rental.

(ii) On 31 March 2015, the Group disposed of World Wisdom to Jingjun Global, a company wholly owned by Mr. Wang Zheng Chun, an executive director of the Company, for a total consideration of HK$668,900,000. Further details of the transactions are included in note 14.

The cash consideration of HK$420,000,000 was received by the Group during the year. The remaining consideration receivable of HK$248,900,000 was pledged with certain land and buildings in Shanghai beneficially owned by Mr. Wang Zheng Chun and bore an interest at a rate of 3% per annum. During the year, the Group earned interest income of HK$8,611,000 on the consideration receivable from Jingjun Global. As at 31 December 2015, the remaining consideration receivable of HK$248,900,000 and the relevant interest receivable of HK$8,611,000 were included in the amount due from a related company and shall be received on 1 April 2017 and 1 April 2016, respectively.

(iii) On 29 May 2015, the Group acquired 100% equity interest of Zhi Jian Limited, a company wholly owned by BPHL, a major shareholder of the Company, at the consideration of HK$408,000,000.

* *For identification purpose only*

(b) In addition to the outstanding balances detailed elsewhere in these financial statements, the Group had the following balances with related parties:

	Note	2015 HK$'000	2014 HK$'000
Amount due to Shanghai Caofeng	*(i)*	**–**	122

Note:

(i) The amount due to Shanghai Caofeng is unsecured, interest-free and repayable on demand. The balance was included in liabilities directly associated with the assets classified as held for sale in consolidated statement of financial position as at 31 December 2014.

(c) Compensation of key management personnel

In the opinion of the directors, the directors and the chief executive of the Company represented the key management personnel of the Group.

Directors' and the chief executive's remuneration for the year, disclosed pursuant to Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**1,642**	919
Other emoluments:		
Salaries, allowances and benefits in kind	**3,038**	3,245
Performance related bonuses	**4,791**	–
Equity-settled share-based payment expense	**17,306**	–
Pension scheme contributions	**102**	129
	25,237	3,374
	26,879	4,293

20. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year has been discontinued at the beginning of the comparative period and certain items in the consolidated financial statements have been reclassified to conform with the current year's presentation to facilitate comparison.

21. EVENTS AFTER THE REPORTING PERIOD

(1) Acquisition of Beijing Spirit Commerce & Trading Limited ("Beijing Spirit")

On 20 August 2015, the Group entered into an agreement with an independent third party to acquire the entire issued share capital of Beijing Spirit for a total consideration of RMB39,000,000, of which RMB10,000,000 shall be satisfied by cash and RMB29,000,000 by issuance of 43,862,500 consideration shares by the Company. The acquisition has been completed on 4 January 2016.

(2) Acquisition of Beijing Xibu Commerce & Trading Co., Ltd. ("Beijing Xibu")

On 20 August 2015, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Beijing Xibu for a total consideration of RMB40,800,000 which shall be fully satisfied by issuance of 61,719,000 consideration shares by the Company according the terms and conditions in the agreements. The acquisition has been completed on 4 January 2016.

(3) Acquisition of Choice Development Inc. ("Choice Development")

On 27 January 2016, the Group entered into a sale and purchase agreement with Choice Development, Inc, to purchase the entire issued share capital of Choice Development together with the assumption of certain loans due to Choice Development, Inc. and its related parties amounted to RMB29,000,000 for a total cash consideration of RMB128,000,000. This acquisition has not been completed at the date of this announcement.

(4) Step acquisition of ASR Logistics

On 29 January 2016, the Group entered into the sale and purchase agreement with Excellent Success Asia Limited to further acquire 10.66% equity interests of ASR Logistics, an associate of the Company, at a cash consideration of HK$63,000,000. The transaction was approved in an extraordinary general meeting of the Company on 15 March 2016. Upon the completion of the transaction on 17 March 2016, the Company held approximately 23.86% of the entire issued share capital of ASR Logistics together with the 13.97% equity interests held by the Company as of 31 December 2015.

(5) Acquisition of 福建省福齡金太陽健康養老股份有限公司 (Fujian Fu Ling Golden Sun Health and Geriatic Company Limited*) ("Golden Sun")

On 2 November 2015, Shanghai Chongyuan entered into a transfer and subscription of shares agreement (the "Transfer and Subscription of Shares Agreement") with Huang Xiaorong, an independent third party, pursuant to which (i) Shanghai Chongyuan agreed to acquire and Huang Xiaorong agreed to sell 30% of the entire equity interests of Golden Sun at the consideration of RMB57,000,000, to be satisfied by a cash consideration of RMB30,000,000 and issuance of 41,158,537 consideration shares of the Company to Huang Xiaorong by installments (the "Share Consideration"); and (ii) Shanghai Chongyuan agreed to subscribe for and the Huang Xiaorong agreed to issue and allot 12,857,143 shares of Golden Sun, representing 30% of the enlarged issued share capital of Golden Sun, at a cash consideration of approximately RMB81,428,571. On 31 January 2016, all the condition precedents in the Transfer and Subscription of Shares Agreement have been fulfilled and the acquisition of 51% equity interest of Golden Sun was completed and Golden Sun became a non-wholly-owned subsidiary of the Group.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of geriatric care, medical care and health care related services and products.

The geriatric care segment of the Group has established a comprehensive geriatric care industrial chain with home care as the basis, institutional care as the complement and city intelligent care as the solution.

During the year, the Group has carried out various land acquisitions in Beijing and Shanghai. The acquired lands were intended to be used for the development project which integrates medical care and geriatric care and involves the development of an industrial park with a focus on medical, geriatric and big health care services. Taking advantage of the geographical location of the project and the support of current government policies, the Group vigorously promoted the new industry with the integration of medical and geriatric care.

The information of the project lands is as follows:

Location	Site area	Current status
Chaoyang District, Beijing	Approximately 161,000 square meters	Project design and planning were completed. The construction work is expected to be commenced in the second half of 2016 and completed in 2017
Pujiang Town, Minhang District, Shanghai	Approximately 20,500 square meters	Project design and planning were completed. The construction work is expected to be commenced in middle 2016 and completed in 2017
Meilong Town, Minhang District, Shanghai	Approximately 39,500 square meters	Sale and purchase contract was signed and the delivery is expected to be made in mid 2016

In August 2015, the Group has signed a cooperation agreement with Zhongmin Wanjia Elderly Industry Investment Company Limited* (中民萬家老年產業投資有限公司) for the purpose of jointly establishing a community home-based geriatric care service platform. It is planned to establish a leading enterprise in the comprehensive community home-based geriatric care service sector in the PRC in three to five years and innovate the community home-based geriatric care service model, so as to promote the development of the geriatric industry in the PRC. As at 31 December 2015, 5 community service centres have been established by the joint venture.

In November 2015, the Company and Fujian Fu Ling Golden Sun Health and Geriatric Company Limited* (福建省福齡金太陽健康養老股份有限公司) ("Fu Ling Golden Sun") signed the Share Transfer and Capital Increase and Subscription Agreement in relation to the acquisition of 51% of equity interests in Fu Ling Golden Sun. The acquisition was completed in January 2016. Fu Ling Golden Sun is a leading comprehensive geriatric care service institution in the PRC, promoting the concept of "the elderly home without wall". Currently, Fu Ling Golden Sun has 853 staff with services covering 1.5 million of the elderly and it has 150,000 registered members. Fu Ling Golden Sun also manage the operation of 259 home-based geriatric care service stations, 3 institutional elderly homes and 2 day care centres.

The Group's medical care services focus on the development of "Internet+Medical" services on the basis of a group of high-quality doctors, providing on-line medical consultation, doctors' appointment services and intelligent medical cooperation with local cities, including on-line guidance, local house calls, continuing education and geriatric care community medical services.

In December 2015, the Group completed the investment in Beijing Top-Doctors Technology Co., Ltd.* (北京良醫聯盟科技有限公司) ("Top-Doctors") to own 35% of its shares, thus becoming its largest shareholder. Leveraging on the mobile internet to enhance the efficiency of the diagnosis service of doctors, Top-Doctors expanded personal connections in the medical sector, create the personal brands of doctors, rationally allocate medical resources and enable patients to have access to the required medical services in a more efficient and convenient manner. During the year, Top-Doctors promoted city intelligent medical care services with Yiwu City, the PRC as the pilot city and developed the "Yiwuxing Hospital" Platform. As of 31 December 2015, such product has achieved the function to enable general practitioners to sign up with patients online, as well as functions such as doctors' appointment, enquiry of past prescriptions and reports, etc. and established the functions of medical appointment and report's enquiry with the Centre Hospital at Yiwu town as the pilot site. It is anticipated that 200,000 patients will sign up at the end of 2016. In addition, the launch of "Xingyi Online" has been completed with the resources of doctors union, and accordingly, the doctor resources of Class-A hospital has been integrated and a high-end diagnosis management platform has been constructed.

* *For identification purpose only*

With respect to the investments in big health care, the Group completed the acquisitions of Beijing Xibu Operating Co and Beijing Spirit Operating Co in early January 2016. These companies are principally engaged in the production and sale of medical care and geriatric care-related furniture and possess extensive experience and remarkably comparative advantages. In particular, Beijing Spirit Operating Co duly signed a contract to be the furniture agent of KI USA (ranked top 10 globally), an international famous brand of medical care and geriatric care-related furniture in 2015.

During the year, the Group had the strong support from the Government of Shunyi District, Beijing Municipality. The Government of Shunyi District took the leading role to jointly establish Beijing Shunyi Fund Management Company with the Group and an A-share listed companies in the PRC, in order to raise funds from the limited partners and enhance the investments in the big health care sector. For phase 1, the fund-raising target is RMB1 billion (the "Fund"). Beijing Shunyi Fund Management Company was established in December 2015. Upon completion of the fund raising activity, the Fund will allocate resources to develop companies in the big health care industry, while the fund management company can receive considerable management fees.

As mentioned in the Shareholders' circular of the Company issued on 26 February 2016, the Group intended to allocate resources in the sports industry in the PRC. On 20 October 2014, the State Council of the PRC promulgated the guideline "Several Opinions of the State Council on Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption" (《國務院關於加快發展體育產業促進體育消費的若干意見》) (Guo Fa [2014] No. 46). According to such guideline which sets the year 2025 as the deadline, the value of the overall scale of the sports industry is expected to reach RMB5 trillion; the average sports venue area per person will reach 2 square meters; the number of people who regularly participate in sports activities will reach 500 million; and the coverage of new neighborhoods with sports facilities will reach 100%. The management considered that the sports industry will become a major aspect of the development plan of the Group as sports promote health and happiness, and such business is in line with the Group's principal activities. Once the Group starts up the sports business, the Group can obtain sparse land resources in Beijing base on the Group's shareholder background. At the same time, the sports players of the sports industry will constitute a huge potential customer group of the Group's medical business, and as a result, these two businesses will achieve significant synergies.

* *For identification purpose only*

DISCONTINUED OPERATIONS

Power Tools Manufacturing and Trading Business

The power tools manufacturing and trading business of the Group has secured key customers with stable orders mainly from overseas markets like the United States and Europe. For the year ended 31 December 2015, the total sales of the power tools manufacturing and trading business was HK$39,150,000 (year ended 31 December 2014: HK$172,594,000). A loss of HK$1,808,000 was recorded (year ended 31 December 2014: profit of HK$67,053,000).

Property Development Business

As regards property development business, the Group principally engaged in the operation of property projects in Shanghai and Jiangsu. Located at Lane 528, Ruili Road, Minhang District, Shanghai, the Shanghai Project of the Group comprises of high-rise blocks in South Lawn and duplexes in North Lawn, as well as over 10 shops placing across both South and North Lawn, covering, in aggregate, a saleable area of approximately 68,000 square metres. The Jiangsu Project of the Group is located at No. 58 Huanghai Avenue, Nantong City, Haian County, Jiangsu Province, which is embraced by the Seven Star Lake Ecological Park, with convenient transportation and scenic environment. The Project covers a site area of approximately 250,000 square metres and a total gross floor area of over 720,000 square metres. The project is mainly concentrated on high-rise and sub high-rise residential units. The project has a total saleable area of approximately 530,000 square metres. For the year ended 31 December 2015, the total sales of the property development business amounted to HK$106,794,000 (year ended 31 December 2014: HK$336,656,000). A loss of HK$14,116,000 was recorded (year ended 31 December 2014: loss of HK$225,770,000).

MAJOR ACQUISITIONS AND DISPOSALS

Acquisitions

Zhi Jian Limited

On 30 January 2015, the Company entered into a sale and purchase agreement with Beijing Properties (Holdings) Limited ("Beijing Properties"), a substantial shareholder, for the acquisition of Zhi Jian Limited ("Zhi Jian") at a consideration of HK$408,000,000. Beijing Inland Port International Logistics Co., Ltd.*, the operating subsidiary of Zhi Jian in Chaoyang Port, is the owner of three industrial lands with a total area of 161,498.66 square metres. Currently, such lands have been developed into 17 one-to-two-storey buildings, one five-storey building and some structures. The Group intends to demolish the buildings and structures erected on such lands and change the usage of the lands to non-logistic purpose so as to commence other medical-related and geriatric care- related business . The acquisition was completed on 29 May 2015.

Great Delight Group Limited

On 29 May 2015, the Group has acquired Great Delight Group Limited from an independent third party for a total consideration of HK$20,000,000. It mainly invests in a high-technology enterprise specialized in the research, manufacturing, demonstration and promotion of products in relation to Boron Neutron Capture Therapy ("BNCT"). The areas of operation of such enterprise include research and installation of neutron beams devices for hospitals, implementation of BNCT malignant tumor therapy and relevant neutron activation analysis, and development of short-lived isotope and other high technology projects. The acquisition was completed on 29 May 2015.

Jing Tou Holding Group Limited

On 10 July 2015, the Group has acquired Jing Tou Holding Group Limited ("Jing Tou") from an independent third party for a total consideration of HK110,640,000 and settled by allotting and issuing a total of 138,300,000 Consideration Shares. Through 北京龍地工藝美術品有限責任公司 (Beijing Dragon Ground Arts & Crafts Limited*), the operating subsidiary of Jing Tou, Jing Tou indirectly holds 70% equity interest of Beijing Dragon Ground Arts & Crafts Limited which owns a property in Beijing with a total gross floor area of 20,051.15 square meters, comprising a block of 6-storey (partially 2-storey) commercial building which is devoted to leasing. The property held is a well-developed commercial building in superior geographical location with comprehensive ancillary facilities which is an ideal site for the development of medical-related business of the Company. The acquisition was completed on 31 July 2015.

* *For identification purpose only*

上海駿帛紡織品有限公司 ("Shanghai Junbo Textiles Limited")*

On 11 November 2015, the Group has acquired Shanghai Junbo Textiles Limited from two independent third parties for a total consideration of RMB92,100,000. Shanghai Junbo Textiles Limited is the owner of an industrial land with a total area of 20,480 square meters in the Minhang District of Shanghai. The Group considers that this acquisition represents an opportunity for the Group to take initial step into the business of medical and geriatric care services in Shanghai. The acquisition was completed on 4 December 2015.

ASR Logistics Holdings Limited ("ASR Logistics")

On 18 December 2015, the Group has subscribed a total of 131,000,000 ordinary shares of ASR Logistics, a company incorporated in Cayman Islands and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1803) for a total Consideration of HK$85,150,000 which was satisfied by disposing an office premises of the Group in Hong Kong.

The Group obtained a 13.97% of the enlarged issued share capital of ASR Logistics in replace of an illiquid office premises in Hong Kong upon the completion of the acquisition on 18 December 2015. The Group will become a strategic investor of ASR Logistics and intends to explore any co-operation opportunity in sports industry in the PRC with ASR Logistics.

Disposals

World Wisdom Industrial Limited

On 21 November 2014, United Win International Corporation ("United Win"), a wholly owned subsidiary of the Company, entered into a disposal agreement (the "Disposal Agreement") with Jingjun Global Limited ("Jingjun Global"), a company wholly owned by Mr. Wang Zheng Chun ("Mr. Wang"), an executive director of the Company. Pursuant to the Disposal Agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom Industrial Limited at a total consideration of HK$668,900,000 (the "Disposal").

The Disposal was completed on 31 March 2015 and a gain on of disposal amounting to HK$31,409,000 is incurred.

Rainy Company Inc.

On 11 May 2015, United Win and Shanghai Duhang Plating Limited entered into the disposal agreement, pursuant to which United Win agreed to sell and Shanghai Duhang Plating Limited agreed to purchase all the issued share capital of Rainy Company Inc. for a total consideration of RMB15,100,000 (approximately HK$19,143,000).

Rainy Company Inc. and its subsidiaries are principally engaged in property development business. At the date of disposal, Rainy Company Inc. and its subsidiaries have a total of 10 shops, 1 residential unit and 13 duplexes covering, in aggregate, a saleable area of approximately 5,352 square meters, of which 6 shops have been leased out for rental income.

The disposal was completed on 11 May 2015 and a gain on disposal amounting to HK$31,512,000 is incurred.

* *For identification purpose only*

FINANCIAL REVIEW

Continuing Operations

Other income and gains generated from continuing operations

For the year ended 31 December 2015, other income and gains generated from continuing operations was approximately HK$45,489,000, representing a substantial increase by 29 times comparing with HK$1,535,000 over the year ended 31 December 2014. Other income and gains generated from continuing operations mainly included bank interest income of HK$15,042,000, other interest income of HK$11,187,000, gain on disposal of subsidiaries of HK$6,876,000 and the gain of fair value change of financial assets measured at fair value through profit or loss of HK$4,906,000.

Administrative expenses generated from continuing operations

For the year ended 31 December 2015, administrative expenses generated from continuing operations was HK$149,185,000, representing a substantial increase by 11 times comparing with the expenses of HK$12,725,000 over the year ended 31 December 2014. The increase was mainly because 1) the additional transaction costs generated from numerous fund raising activities and merger and acquisition activities during the year; 2) share option expenses of HK$42,153,000 generated from granting 230,000,000 share options under 2013 Share Option Scheme; 3) amortisation of land lease payments of HK$16,016,000 and 4) loss on foreign exchange differences of HK$22,035,000.

Finance cost from continuing operations

For the year ended 31 December 2015, the finance cost of continuing operations was HK$3,992,000 (year ended 31 December 2014: Nil). The finance cost was mainly attributable to the interests of the bank loans and other borrowings of HK$4,632,000, of which HK$640,000 was capitalised to the cost of a construction project in Beijing. The effective annual interest rate ranged from 4.92% to 6.19%.

Discontinued Operations

(i) Power Tools Manufacturing and Trading Business

For the year ended 31 December 2015, the power tool business recorded a revenue of HK$39,150,000, representing a decrease of 77% as compared with the revenue of HK$172,594,000 over the year ended 31 December 2014. The decrease in revenue was mainly attributable to power tools manufacturing and trading business being sold in March 2015. The operation performance of power tools manufacturing and trading business recorded a loss of HK$1,808,000 (year ended 31 December 2014: profit of HK$67,053,000).

(ii) Property Development Business

Property Development Business was sold in March 2015 and May 2015. For the year ended 31 December 2015, revenue for the Group's property development business was HK$106,794,000, representing a decrease of 68% as compared with the revenue of HK$336,656,000 over the year ended 31 December 2014. The operation performance of property development business recorded a loss of HK$14,116,000 (year ended 31 December 2014: $225,770,000).

Together with the above-mentioned gain of disposal incurred from the disposals set out in "Major Acquisition and Disposal" amounting to HK$62,921,000, the profit for the year ended 31 December 2015 of discontinued operation is HK$46,997,000.

Net assets

As at 31 December 2015, the net assets of the Group was approximately HK$2,796,763,000, whereas the net assets as at 31 December 2014 was approximately HK$1,932,691,000, representing an increase of approximately HK$864,072,000. The increase was mainly due to the Group raised cash of HK$948,092,000 by issue of a total of 1,468,000,000 new shares of HK$0.20 each share upon exercise of share options and the issue of placing shares.

Liquidity and financial resources

As at 31 December 2015, the Group's cash in hand was HK$628,952,000 (31 December 2014: HK$1,093,476,000). The Group's long-term and short-term loan was HK$127,384,000 in total (31 December 2014: nil). Total debt increased by HK$127,384,000 comparing to 31 December 2014. As at 31 December 2014, the long-term and short-term loan of HK$380,276,000 was categorized to liabilities that was directly related to assets held for sale. The Group's debt ratio was 4.7% (31 December 2014: 22.06%), calculated by total debt divided by owners' total equity.

The Group agreed that meticulous management on cash flow is the key to success. To ensure that there is sufficient capital to handle the Group's rapid growth, the Group remains good relationships with each of the banks from time to time, so that the Group gains easy access to applications for loans.

Relationships with Employees, Suppliers and Customers

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year ended 31 December 2015, the Group provided generous social security benefits to its employees to motivate them while heightening their sense of belonging. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abides by the principles of honesty and trustworthiness and commits itself to consistently provide quality products to establish a reliable service environment for its customers. For the year ended 31 December 2015, there was no significant and material dispute between the Group and its suppliers and/or customers.

Capital Expenditure

For the year ended 31 December 2015, the Group's capital expenditure was approximately HK$1,906,998,000 (year ended 31 December 2014: HK$859,000), consisting of addition of property, plants and equipment, investment properties, prepaid land lease payments and intangible assets, including assets from acquisition of subsidiaries.

Capital Structure

The Group took full advantage of the financing platform as a listed company by striving for a constant optimization of the capital and financing structure, so as to obtain sufficient funds to finance the future projects of medical and geriatric care businesses. During the period, the Group's operations were mainly financed by internal resources.

During the year, the Company issued 465,000,000 and 999,000,000 shares on 26 March 2015 and 27 May 2015, respectively. By issuing new shares, the Company has raised HK$944,276,000 in aggregate. The amount raised is proposed to be applied towards potential acquisition activities as identified by the Group from time to time and the general working capital of the Group. Based on the current assets and liquidity on hand, the Directors believes that the Group has sufficient financial resources to meet the need of its ongoing operation and acquisitions.

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged property, plant and equipment and investment properties, the carrying amount of which was HK$65,576,000 and HK$303,175,000 respectively, as security for bank loan. As at 31 December 2014, the Group had pledged properties under development and properties held for sales, the carrying amount of which was HK$914,042,000 and HK$603,943,000 respectively, as security for construction loan granted to the Group.

CONTINGENT LIABILITIES

On 26 May 2015, the Company received a writ issued by Lucky Creation Limited (the "Plaintiff") in the High Court (the "Action") against the Company and Mr. Wang Zheng Chun, an executive director of the Company. In the Action, the Plaintiff claims against the Company for specific performance of an alleged agreement to issue and allot 1,236,615,482 new shares at the price of HK$0.25 per share, loss and damages to be assessed for the alleged breaches, interest, costs of the Action and further and/or other relief. The Company filed its defence on 20 July 2015. The Action is still in its early stages. Due to the inherent uncertainties of litigation, the directors of the Company, based on the advice from the Group's legal counsel, believe that the Company has a valid defense against the allegation and, accordingly, has not provided for any claim arising from litigation, other than the related legal and other costs.

FOREIGN EXCHANGE RISK

The Group's exposure to foreign exchange risks was primarily related to other receivables, bank balances, other payables and other borrowings denominated in RMB. In respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

EMPLOYEE BENEFITS AND TRAINING

The Group regards high-quality employees as its most important resource. As at 31 December 2015, the Group had approximately 129 employees (2014: 392 employees), of which, 35 employees were management staff, the average age of the employees was 39 of which 84 were male and 45 female. The decrease in the number of staff was mainly due to the restructuring of the Group's business that staff working for the property development and sales and trading of power tool segment has left the group upon the disposal of such business.

The Group's overall remuneration system is adhered to the principle of market orientation, offering competitive salary to retain and attract high caliber persons. The salaries of the Group's senior management are determined with reference to market level as well as the Group's overall operating results. The remuneration of directors and supervisors not employed by the Group were determined by the shareholder's general meeting.

The staff costs (including remunerations of the Directors) generated from continuing operation were approximately HK$46,530,000 for the year ended 31 December 2015 (2014: HK$5,572,000). Employee remuneration is determined with reference to individual performance, work experience, qualification and current industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also include discretionary bonus and share options.

The Group places emphasis on the recruitment, motivation and retention of suitable talents. Directors and some of the senior and middle management executives enjoy share options under the share option scheme adopted by the Company on 24 May 2013, which are to motivate staff, to encourage them to work hard to enhance the value and foster better long-term development of the Group. The Company has also adopted a restricted share award scheme to grant restricted shares to eligible employees.

The Group makes great efforts to enhance the quality of staff. During the year, the Group organized internal training courses for staff at all levels. Topics of the training courses included moral, ethic, languages, technical and management skill trainings.

INVESTOR RELATIONS

The Group strives to offer investors access to updated and accurate information on the Group's latest major development. The Group believes that effective communication is built on a two-way basis, and therefore welcomes feedbacks from investors to the Group. To facilitate an easy access to information on the Company's latest major development, a number of measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website at www.bemh.com.hk, under the column of the "Investor Relations".

FUTURE PROSPECT

Geriatric care is one of the hottest topics given the aging population trend in China. In 2014, its population aged 60 or over was 201.3 million, accounting for about 14.4% of the total population. This proportion is expected to reach 32.8% by the year 2050 according to Global AgeWatch Index, 2014. Over the past two decades, life expectancy has also increased substantially, from 68.55 years in 1990 to 74.83 years in 2010 and is expected to rise to 78.8 years by 2050 according to National Bureau of Statistics, 2013; and Zeng and George, 2002. The Directors considered that there is a huge demand for elderly homes particularly located near the city as elderly people greatly appreciate the opportunity to live close to their children.

Secondly, since the announcement of the "Opinions of the CPC Central Committee and the State Council on Deepening the Healthcare System Reform" (中共中央國務院關於深化醫藥衛生體制改革的意見) in 2009, the PRC government has launched a series of policies to support the establishment of a basic medical and healthcare system covering both urban and rural citizens by 2020. In addition, the Ministry of Health of the PRC (中華人民共和國衛生部) issued the "Strategic Research Report for Health China 2020" (健康中國2020戰略研究報告) which states that seven major healthcare projects totaling up to RMB400 billion will be implemented by 2020, of which RMB10.9 billion will be used for the development of county-level hospitals and increasing the investment in infrastructures, medical service capabilities and the quality management of hospitals.

In year 2016, The Group will continue to use its owned land resources to develop and construct geriatric care projects. The Group targets to build various models for geriatric care service, adhering to the vision of geriatric care focusing on general health, so as to create a new model incorporating all elements of healthcare, geriatric care and rehabilitation. Meanwhile, the Group introduces international operation management team, by integrating the foreign geriatric care concept with the existing situation of the domestic geriatric service, the Group targets to establish an integrated geriatric care service model including home care, community care, institutional care and medical services for the elderly, and to build an international geriatric care pilot zone.

The Group's medical care services focus on the development of "Internet+Medical" services on the basis of a group of high-quality doctors, providing on-line medical consultation, doctors' appointment services and intelligent medical cooperation with local cities, including on-line guidance, local house calls, continuing education and geriatric care community medical services. The Group, through continuous innovation in operation and management and introducing advanced international specialty healthcare management concepts and operation systems, to establish an internet medical platform in first-tier cities such as Beijing and Shanghai with an aim to provide on-line medical consultation, community medical services and to accommodate projects from institutions such as those engaging in medical infrastructure investment and healthcare and geriatric care industry in various regions so as to establish an new all-rounded medical services system and therefore enhance the medical service system in China.

On 20 October 2014, the State Council of the PRC promulgated a guideline named "Several Opinions of the State Council on Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption" (國務院關於加快發展體育產業促進體育消費的若干意見) (Guo Fa [2014] No. 46). According to such guideline which sets the year 2025 as the deadline, the value of the overall scale of the sports industry is expected to reach RMB5 trillion; the average sports venue area per person will reach 2 square meters; the number of people who regularly participate in sports activities will reach 500 million; and the coverage of new neighborhoods with sports facilities will reach 100%.

The Board considered that the sports industry in the PRC is a sunrise industry and is inter-related to the Group's existing business, the Board intends to develop a new segment of provision of sports related services and products (the "New Business") and this New Business will become a major aspect of the development plan of the Group.

As at the date of this Announcement, the Board had no concrete development project and/or plan of the New Business, the Board is exploring the feasibility of developing business in sports venues operation and management, sales and logistic management of sports products, development of sports competition, and investment and development of sports tourism. The Board is also identifying business opportunities by way of, among others, mergers and acquisition, strategic cooperation as well as establishing other business relationships with leading brands.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Corporate governance requirements keep changing, therefore the Board periodically reviews the corporate governance practices of the Company to meet the rising expectations of the shareholders of the Company and comply with the increasingly stringent regulatory requirements. During the year ended 31 December 2015, the Company has complied with the code provisions as set out in the Corporate Government Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save and except for the deviation from code provision A.4.2.

Code provision A.4.2 of the CG Code stipulates that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Mr. Robert Winslow Koepp, Mr. Hu Shiang Chi, Mr. Zhang Yun Zhou and Mr. Gary Zhao, who were appointed by the Board to fill casual vacancies or as addition to the Board, did not retire or offer themselves for election by shareholders at the extraordinary general meeting of the Company right after their appointment held on 8 July 2015 or 15 March 2016 as required under code provision A.4.2. In accordance with Article 112 of the articles of association of the Company (the "Articles"), they will retire at the forthcoming annual general meeting of the Company and offer themselves for re-election.

Article 112 of the Articles provides that any director appointed by the Board to fill a casual vacancy or as an additional director of the Company shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. To abide by Article 112, the Company will arrange for the directors appointed by the Board to retire only at the next annual general meeting of the Company, but not at any extraordinary general meeting after their appointment.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry, the Company confirmed that all the Directors have fully complied with the Model Code throughout the year ended 31 December 2015.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, namely Mr. Tse, Man Kit, Keith, Mr. Gary Zhao Mr. Wu Yong Xin.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2015 will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchange and Clearing Limited and the Company in due course.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers and staff for their continued support to the Group.

By Order of the Board
Beijing Enterprises Medical and Health Industry Group Limited
Zhu Shi Xing
Chairman

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Hu Xiao Yong, Mr. Hu Shiang Chi, Mr. Zhang Jing Ming and Mr. Wang Zheng Chun; one non-executive director, namely Mr. Robert Winslow Koepp and four Independent Non-Executive Directors, namely Mr. Gary Zhao, Mr. Tse Man Kit, Keith, Mr. Zhang Yun Zhou and Mr. Wu Yong Xin.