China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2016

The board of directors (the "Directors") of China Medical & HealthCare Group Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2016 together with comparative figures for the year ended 30 June 2015 are as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*2*	**2,399,736**	715,017
Gross proceeds from sale of investments held for trading		**586,191**	1,254,723
Total		**2,985,927**	1,969,740
Revenue	*2*	**2,399,736**	715,017
Cost of goods and services		**(2,263,009)**	(644,645)
Gross profit		**136,727**	70,372
Other gains and losses	*4*	**(583,450)**	429,397
Other income	*5*	**38,315**	17,844
Selling and distribution expenses		**(8,535)**	(2,489)
Administrative expenses		**(216,350)**	(138,196)
Finance costs	*6*	**(136,495)**	(144,137)
Share of results of associates		**(4,861)**	(338,512)

	NOTES	2016 HK$'000	2015 HK$'000
Reversal of impairment on interest in an associate and result on distribution in specie of shares of an associate		**–**	261,266
(Loss) profit before taxation		**(774,649)**	155,545
Taxation expense	*7*	**(115,651)**	(15,335)
(Loss) profit for the year	*8*	**(890,300)**	140,210
(Loss) profit for the year attributable to:			
– Owners of the Company		**(783,160)**	228,443
– Non-controlling interests		**(107,140)**	(88,233)
		(890,300)	140,210
(Loss) earnings per share	*10*		
– Basic		**HK(6.20) cents**	HK2.16 cents
– Diluted		**HK(6.20) cents**	HK2.16 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit for the year	**(890,300)**	140,210
Other comprehensive income (expense)		
Items that will be reclassified subsequently to profit or loss:		
Net loss on available-for-sale investments:		
Gain (loss) on fair value changes	**5,303**	(10,572)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	**(9,116)**	(31,259)
Reclassification adjustment for the cumulative loss included in profit or loss upon distribution in specie of shares of an associate	**–**	15,447
	(3,813)	(26,384)
Exchange difference arising on translation:		
Exchange (loss) gain arising from translation of foreign operation	**(54,115)**	801
Share of changes in other comprehensive income (expense) of associates	**1,982**	(99,851)
Reclassification adjustment for the cumulative loss included in profit or loss upon distribution in specie of shares of an associate	**–**	51,603
Reclassification adjustment for the cumulative gain included in profit or loss upon deemed disposal of an associate	**(1,146)**	–
	(53,279)	(47,447)
Items that will not be reclassified to profit or loss:		
Gain on revaluation of leasehold land and buildings	**27**	1,100
Other comprehensive expense for the year	**(57,065)**	(72,731)
Total comprehensive (expense) income for the year	**(947,365)**	67,479
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(834,751)**	156,902
Non-controlling interests	**(112,614)**	(89,423)
	(947,365)	67,479

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTE	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment properties		**708,488**	229,270
Property, plant and equipment		**1,377,117**	1,366,311
Prepaid lease payments		**107,450**	118,298
Interests in associates		**–**	9,001
Available-for-sale investments		**746**	11,353
Intangible assets		**13,034**	14,844
Goodwill		**32,867**	–
Deposits for acquisition of property, plant and equipment		**4,470**	–
Pledged bank deposit		**–**	139,636
		2,244,172	1,888,713
Current assets			
Inventories		**27,983**	20,649
Properties under development for sale		**331,822**	974,554
Properties held for sale		**558,742**	27,544
Prepaid lease payments		**2,865**	3,073
Available-for-sale investments		**10,190**	53,396
Investments held for trading		**1,161,134**	1,830,232
Debtors, deposits and prepayments	*11*	**140,120**	197,729
Loans receivable		**40,000**	61,247
Derivative financial instruments		**4,275**	470
Pledged bank deposits		**586,545**	157,511
Restricted bank deposits		**3,386**	53,698
Bank balances and cash		**836,015**	157,622
		3,703,077	3,537,725

	NOTE	2016 HK$'000	2015 HK$'000
Current liabilities			
Creditors and accrued charges	12	**633,016**	657,126
Deposits received on sales of properties		**46,226**	519,623
Customers' deposits and receipts in advance		**42,628**	24,861
Consideration payable		**104,850**	68,712
Amount due to an associate		**7,573**	8,120
Borrowings – due within one year		**2,517,531**	1,641,721
Obligations under finance leases – due within one year		**10,766**	51,819
Derivative financial instruments		**55,346**	17,816
Taxation payable		**228,389**	77,477
		3,646,325	3,067,275
Net current assets		**56,752**	470,450
Total assets less current liabilities		**2,300,924**	2,359,163
Non-current liabilities			
Deferred tax liabilities		**76,466**	77,445
Borrowings – due after one year		**116,500**	232,409
Obligations under financial leases – due after one year		**29,647**	37,884
		222,613	347,738
		2,078,311	2,011,425
Capital and reserves			
Share capital		**7,240**	5,262
Reserves		**1,985,967**	1,649,125
Equity attributable to owners of the Company		**1,993,207**	1,654,387
Non-controlling interests		**85,104**	357,038
Total equity		**2,078,311**	2,011,425

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, there are no new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") effective and affecting the Group.

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[3]
HKFRS 15	Revenue from contracts with customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[3]
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 HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKAS 7	Disclosure initiative[2]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective for annual periods beginning on or after a date to be determined

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 requirements 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 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are 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 accounting 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 measured at FVTOCI. All other debt investments 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 irrevocable 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. 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 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 the adoption of HKFRS 9 in the future will affect the classification and measurement in respect of the Group's available-for-sale investments. However, it is not practicable 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: Identify 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.

In the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede Hong Kong Accounting Standard 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flow. Also, the right-of- use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

2. REVENUE

	2016	2015
	HK$'000	*HK$'000*
Dividend income from listed investments	**36,481**	14,059
Interest income from loans receivable	**12,200**	18,800
Rental income	**4,145**	4,020
Hospital fees and charges	**777,989**	672,481
Revenue from sale of properties related to property development segment	**584,042**	5,657
Revenue from sale of properties related to eldercare segment	**984,879**	–
	2,399,736	715,017

3. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker ("CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on the types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

The Group is organised into six operating and reportable segments as follows:

Securities trading and investments – trading of securities in Hong Kong and overseas markets.

Financial services – provision of financial services.

Property investment – leasing of residential and office properties.

Property development – developing and selling of properties and land in the People's Republic of China ("PRC").

Healthcare – operations of hospitals in the PRC.

Eldercare – property development and project management of health campus in the PRC with focus on elderly care and retirement community, which consist of an elderly nursing home, service apartments, independent living units and a commercial area comprising a shopping mall, retail shops and club hall facilities.

During the year ended 30 June 2016, the Group acquired additional 40% equity interest in Aveo China (Holdings) Limited ("Aveo China"), since then, the Group is interested in 70% equity interest in Aveo China and Aveo China became a subsidiary of the Group. The CODM reviewed the results of Aveo China being consolidated by the Group and the eldercare business of Aveo China has been regarded as an operating and a reportable segment of the Group during the year.

Segment revenues and results

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

For the year ended 30 June 2016

	Securities trading and investments	Financial services	Property investment	Property development	Healthcare	Eldercare	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Gross proceeds from sale of investments held for trading	**586,191**	**–**	**–**	**–**	**–**	**–**	**586,191**
Revenue	**36,481**	**12,200**	**4,145**	**584,042**	**777,989**	**984,879**	**2,399,736**
Segment (loss) profit	**(655,310)**	**(15,354)**	**(1,597)**	**(70,249)**	**(16,356)**	**29,661**	**(729,205)**
Other income and other gains and losses							**9,014**
Net foreign exchange loss							**(11,509)**
Gain on deemed disposal of an associate							**97,270**
Central corporate expenses							**(67,941)**
Share of results of associates							**(4,861)**
Finance costs							**(67,417)**
Loss before taxation							**(774,649)**

For the year ended 30 June 2015

	Securities trading and investments *HK$'000*	Financial services *HK$'000*	Property investment *HK$'000*	Property development *HK$'000*	Healthcare *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	1,254,723	–	–	–	–	1,254,723
Revenue	14,059	18,800	4,020	5,657	672,481	715,017
Segment profit (loss)	370,199	3,486	18,242	(15,718)	(37,716)	338,493
Other income and other gains and losses						10,689
Net foreign exchange loss						(79)
Gain on disposal of an associate						10,665
Central corporate expenses						(64,992)
Share of results of associates						(338,512)
Reversal of impairment on interest in an associate and result on distribution in specie of shares of an associate						261,266
Finance costs						(61,985)
Profit before taxation						155,545

All of the segment revenue reported above is from external customers.

Segment (loss) profit represents the losses incurred/profit earned by each segment without allocation of certain other income and other gains and losses, certain net foreign exchange gain/loss, central corporate expenses, gain on deemed disposal of an associate, share of results of associates and certain finance costs. (2015: without allocation of certain other income and other gains and losses, certain net foreign exchange gain/loss, certain corporate expenses, gain on disposal of an associate, share of results of associates and reversal of impairment on interest in an associate and result on distribution in specie of shares of an associate and certain finance costs). This is the measure reported to the Company's executive directors for the purpose of resource allocation and assessment.

Segment assets and liabilities

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

At 30 June 2016

	Securities trading and investments	Financial services	Property investment	Property development	Healthcare	Eldercare	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**1,229,572**	**40,508**	**226,178**	**424,133**	**1,444,615**	**1,132,525**	**4,497,531**
Corporate assets							**1,449,718**
Consolidated assets							**5,947,249**
Segment liabilities	**1,023,207**	**70,264**	**1,526**	**288,186**	**768,418**	**551,965**	**2,703,566**
Corporate liabilities							**1,165,372**
Consolidated liabilities							**3,868,938**

At 30 June 2015

	Securities trading and investments	Financial services	Property investment	Property development	Healthcare	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,945,793	62,226	229,273	1,115,873	1,555,783	4,908,948
Interests in associates						9,001
Corporate assets						508,489
Consolidated assets						5,426,438
Segment liabilities	981,504	70,265	1,095	827,197	671,644	2,551,705
Corporate liabilities						863,308
Consolidated liabilities						3,415,013

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, interests in associates, deposits and prepayments, pledged bank deposits and bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain creditors and accrued charges, consideration payable, certain borrowings, deferred tax liabilities, taxation payable and amount due to an associate.

4. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
(Loss) gain in fair value of investments held for trading	**(582,284)**	393,717
Loss in fair value of derivative financial instruments	**(72,398)**	(17,276)
Net gain on disposal of available-for-sale investments	**9,116**	31,259
Fair value changes on investment properties	**(426)**	15,610
Net foreign exchange loss	**(8,355)**	(4,620)
Gain on disposal of an associate	**–**	10,665
Gain on deemed disposal of an associate	**97,270**	–
Net (loss) gain on disposal of property, plant and equipment	**(4,200)**	42
Impairment loss recognised on loan receivable	**(19,247)**	–
Impairment loss recognised on other debtor	**(2,926)**	–
	(583,450)	429,397

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Interest income from:		
– Available-for-sale debt instruments	**530**	3,700
– Bank deposits	**6,959**	7,024
	7,489	10,724
Government grants	**918**	442
Compensation income	**2,069**	1,494
Others	**27,839**	5,184
	38,315	17,844

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Bank and other borrowings (including discounted bills)	**128,155**	135,617
Bonds	**–**	1,807
Obligations under finance leases	**8,340**	6,713
	136,495	144,137

7. TAXATION EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax credit (charge):		
Enterprise Income Tax ("EIT") in the PRC	**(67,320)**	(533)
Land Appreciation Tax ("LAT") in the PRC	**(135,647)**	(14,998)
Deferred tax credit	**87,316**	196
	(115,651)	(15,335)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No tax is payable arising in Hong Kong as the assessable profits for both years ended 30 June 2016 and 30 June 2015 are wholly absorbed by tax losses brought forward.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

8. (LOSS) PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,933**	1,693
Depreciation of property, plant and equipment	**102,588**	91,256
Staff costs, inclusive of directors' emoluments	**280,596**	224,114
Gross rental income from properties	**(4,145)**	(4,020)
Less: Direct operating expenses that generated rental income	**722**	745
Direct operating expenses that did not generate rental income	**369**	356
Net rental income	**(3,054)**	(2,919)
Release of prepaid lease payments	**2,963**	3,080
Share-based payment expense (included in staff costs)	**4,872**	4,504
Amortisation of intangible assets (included in cost of goods and services)	**834**	835
Cost of inventories recognised as an expense (included in cost of goods and services)	**377,937**	302,262
Cost of properties held for sale recognised as an expense (included in cost of goods and services)	**1,397,196**	3,785

9. DIVIDENDS

Dividends recognised as distribution during the year ended:

	2016	2015
	HK$'000	*HK$'000*
Final dividend for the year ended 30 June 2014, declared – HK$0.05 per share	–	26,516
Special dividend for the year ended 30 June 2014, declared – HK$0.05 per share	–	26,516
Special interim dividend by way of distribution of shares in an associate (Note)	–	254,551
	–	307,583

Note:

On 20 November 2014, the Company announced that a special interim dividend was declared and would be satisfied by way of a distribution in specie ("Distribution in Specie") of the ordinary shares of APAC Resources Limited ("APAC Shares"), a company with its ordinary shares listed on the Main Board of The Stock Exchange of Hong Kong Limited, held by the Group in the proportion of 3.75 APAC Shares for every 1 ordinary share of the Company held by the shareholders of the Company which represents 1,988,680,113 APAC Shares. Fair value of the 1,988,680,113 APAC Shares as determined based on quoted market bid price at the date of distribution was HK$254,551,000.

No final dividend was proposed during the year ended 30 June 2016, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

	2016	2015
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to owners of the Company	**(783,160)**	228,443

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**12,624,627,716**	10,594,170,182

The computations of diluted (loss) earnings per share for the year ended 30 June 2016 and 2015 do not assume the exercise of share options granted by the subsidiaries since such assumed exercise would be anti-dilutive.

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for the year ended 30 June 2015 have been adjusted to reflect the impact of the share subdivision effected during the year ended 30 June 2015.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Debtors from securities trading	**38,262**	18,672
Trade receivables arising from hospital operation	**73,586**	58,481
Deposits with and receivables from the financial institutions	**14,965**	30,503
Prepayments	**2,285**	32,087
Prepaid business taxes and other PRC taxes	**3,647**	28,175
Other debtors and deposits	**7,375**	29,811
	140,120	197,729

The settlement terms of debtors from securities trading are 2-3 days after trade date and they are aged within 2-3 days as at 30 June 2016 and 2015.

The customers of hospital operation are either settled by cash, credit card or medical insurance. For credit card payment, the banks will pay the Group usually 7 days after the trade date. The medical insurance companies will usually pay the Group 90 days from the invoice date.

The following is an aged analysis of trade receivables from hospital operation presented based on the invoice date (approximate the date of revenue recognition) as at 30 June 2016 and 30 June 2015:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**24,909**	29,580
31 – 60 days	**17,524**	14,053
61 – 90 days	**12,459**	7,483
91 – 365 days	**11,147**	7,365
More than 365 days	**7,547**	–
	73,586	58,481

As at 30 June 2016 and 30 June 2015, trade receivables from hospital operation disclosed above were neither past due nor impaired for which the Group considered that the amounts were recoverable because the receivables were related to a number of independent customers that have good repayment records with the Group.

The Group has policy for recognition of impairment which is based on the evaluation of collectability and age analysis of accounts and on management's judgment including creditworthiness and the past collection history of each customer.

As at 30 June 2016, other debtors and deposits are netted off by an impairment of HK$17,919,000 (2015: HK$14,993,000).

12. CREDITORS AND ACCRUED CHARGES

	2016 *HK$'000*	2015 *HK$'000*
Trade payables to construction contractors and of hospital operation	**420,288**	123,741
Creditors from securities trading	**4,324**	315,946
Accrued compensation for late delivery of properties held for sale	**5,994**	6,626
Accrued construction cost for properties under development for sale	**118,049**	126,232
Construction cost payable for hospital buildings classified as property, plant and equipment	**13,238**	14,150
Other payables and accrued charges	**71,123**	70,431
	633,016	657,126

The settlement terms of creditors from securities trading are 2 – 3 days after trade date.

Trade payables of hospital operation principally comprise amounts outstanding for trade purchases. Trade payables to construction contractors comprise construction costs for property development and other projects. The normal credit period taken for these trade payables is 30 – 90 days.

The following is an aged analysis of trade payables to construction contractors and of hospital operations presented based on the invoice date as at 30 June 2016:

	2016 *HK$'000*	2015 *HK$'000*
0 – 30 days	**256,880**	77,905
31 – 60 days	**25,723**	1,690
61 – 90 days	**53,942**	404
91 – 365 days	**60,924**	9,882
Over 1 year but not exceeding 2 years	**2,147**	23,668
Over 2 years but not exceeding 5 years	**20,672**	10,192
	420,288	123,741

13. EVENT AFTER THE REPORTING PERIOD

On 13 July 2016, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to dispose of the entire registered capital of a wholly-owned subsidiary, Yunnan Xinxinhua Hospital Co. Ltd. (雲南新新華醫院有限公司), at a consideration of RMB13,000,000. The disposal was completed on 19 July 2016. The Directors of the Company are in the progress of assessing the financial impact of this transaction to the Group.

FINANCIAL RESULTS

For the year ended 30 June 2016, the Group recorded a total revenue of HK$2,985,927,000 (2015: HK$1,969,740,000) and a loss for the year attributable to shareholders of the Company of HK$783,160,000 (2015: profit of HK$228,443,000) respectively, mainly due to the losses in fair value of investments held for trading of HK$582,284,000 (2015: gain of HK$393,717,000) and derivative financial instruments of HK$72,398,000 (2015: HK$17,276,000) of the Group's securities trading and investments business.

Loss per share (basic and diluted) for the year ended 30 June 2016 was HK6.20 cents (2015: earnings per share of HK2.16 cents).

The Group's net asset value per share attributable to shareholders of the Company as at 30 June 2016 decreased to HK$0.14 from HK$0.16 in 2015.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend (2015: nil) for the year ended 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") is scheduled to be held on Thursday, 8 December 2016. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 6 December 2016 to Thursday, 8 December 2016, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Monday, 5 December 2016.

CHANGE OF COMPANY NAME

To better reflect the Group's new direction and emphasis on healthcare and eldercare-related businesses, the Company changed its name from "COL Capital Limited to "China Medical & HealthCare Group Limited" and adopted a new Chinese name "中國醫療網絡有限公司". These changes were approved at the Special General Meeting of the Company held on 15 December 2015 and became effective on 18 February 2016.

REVIEW OF OPERATIONS

The Group's principal business has historically been investment holding and through its subsidiaries, it is engaged in investment in and management and operation of healthcare businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment. As mentioned in the above section regarding the change of the company name, the Company has begun its efforts to transform into primarily an integrated healthcare and eldercare investor and operator.

Healthcare Division:

In October 2015, the Group entered into various agreements to acquire the remaining 39.48% equity interests in Lianyungang Jiatai Construction Company Limited (連雲港嘉泰建設工程有限公司) ("Jiatai Construction", together with its subsidiaries as "Jiatai Group") for a total consideration of HK$721,891,800 which was settled by the allotment and issuance of 1,671,318,833 new shares of the Company at the issue price of HK$0.40 per share and the setting-off of an amount of HK$53,364,267, being amount due from a vendor to Jiatai Construction, from the consideration ("Jiatai Acquisitions"). Following the completion of the Jiatai Acquisitions on 16 December 2015, Jiatai Construction became a wholly-owned subsidiary of the Company.

Jiatai Construction, through Tongren Healthcare Industry Group Co., Ltd. (同仁醫療產業集團有限公司) (''Tongren Healthcare'') engages in investment and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies, and property development in the PRC. Currently, Tongren Healthcare owns and operates two well-established integrated hospitals consisting of the Nanjing Tongren Hospital (南京同仁醫院) (Class III Integrated Hospital) and the Kunming Tongren Hospital (昆明同仁醫院) (Class III Integrated Hospital), offering a wide range of comprehensive hospital and healthcare services.

In December 2015, the Group entered into various agreements to acquire the remaining 18.36% equity interests in Yangpu Zhaohe Industrial Co., Ltd. (洋浦兆合實業有限公司) ("Yangpu Zhaohe") for a total consideration of RMB90,000,000 ("Yangpu Zhaohe Acquisitions"). Yangpu Zhaohe owns 72.5% of the equity interest in Tongren Healthcare with the remaining 27.5% equity interest owned by the Jiatai Group. Following the completion of the Yangpu Zhaohe Acquisitions on 12 May 2016, Yangpu Zhaohe and Tongren Healthcare became wholly-owned subsidiaries of the Company.

During the year under review, the Group's Healthcare Division recorded a revenue of HK$777,989,000 (2015: HK$672,481,000) and a loss of HK$16,356,000 (2015: HK$37,716,000) respectively, mainly attributed to high depreciation and amortization charges, and labour cost, especially medical and technical staff. Without interest, tax, depreciation and amortization the Healthcare Operations generated an EBITDA, being earnings before interest, tax, depreciation and amortization, of HK$101,198,000 (2015: HK$80,127,000) for the year ended 30 June 2016.

For the year ended 30 June 2016, Nanjing Tongren Hospital achieved a total of 633,099 out-patients visits, 22,671 in-patient admissions and 46,308 body-checks while Kunming Tongren Hospital achieved a total of 162,928 out-patients visits, 9,701 in-patient admissions and 37,477 body-checks. As of 30 June 2016, Nanjing Tongren Hospital had 338 doctors, 393 nurses, and 608 beds, while Kunming Tongren Hospital had 220 doctors, 313 nurses, and 433 beds. A new wing at Nanjing Tongren Hospital with approximately 400 additional beds is currently being developed and is expected to be operational by the second quarter of 2017.

Following the appointment of new management in the beginning of 2016, the Healthcare Division has embarked on a series of restructuring exercises focusing on areas such as stabilization of work forces, diversification of revenue streams and integration of management functions.

For the stabilization of work forces, the Healthcare Division has launched a new “pay for performance” compensation system for its staff and employee which reduces the fixed-salary component while increasing the variable-salary component of staff pay, as well as initiating a new nursing service quality training program, to address a more competitive labor market.

With regard to the diversification of revenue streams, Healthcare Division has developed a new independently-operated Health Screening Centers (“HSC”) within Nanjing Tongren Hospital and Kunming Tongren Hospital. Kunming Tongren Hospital’s HSC is already operational in July 2016, while Nanjing Tongren Hospital’s HSC is expected to commence operations by the end of 2016. There are other medical specialty diversification initiatives planned for the next 12 months.

As to the integration of management functions and resources-sharing with the Eldercare Division, human resources management, IT, and finance functions have begun to be integrated since June 2016. Integration efforts for these and for the other functions will continue in the next twelve months, with the goal of increasing operational synergies and management efficiencies between both Divisions.

Eldercare Division:

In October 2015, the Group entered into an agreement to acquire a further 40% equity interest in Aveo China (Holdings) Limited (“Aveo China” together with its subsidiaries as “Aveo China Group”) for a consideration of HK$120,000,000 which was settled by the allotment and issuance of 300,000,000 new shares of the Company at the issue price of HK$0.40 per share (“Aveo Acquisition”). Following the completion of the Aveo Acquisition on 16 December 2015, the Aveo China Group became 70% owned subsidiaries of the Company.

Aveo China Group is principally engaged in property development and project management businesses in the PRC with a focus on elderly care and the retirement community. Currently, Aveo China Group is developing the retirement village project, Tide Health Campus (天地健康城), located in Zhu Jia Jiao County, Shanghai in the PRC, a showcase development offering a range of eldercare and healthcare services, and retirement related services for the elderly. The campus includes an elderly nursing hospital, service apartments, independent living units ("ILU") and a retail shopping precinct and club hall facilities.

For the year ended 30 June 2016, the Group's Eldercare Operations, which include the Tide Health Campus property sales and leases, and the services provided there, recorded a revenue of HK$984,879,000 and a profit of HK$29,661,000. As at 30 June 2016, the Eldercare Division had sold 625 ILU out of a total inventory of 868 units, and more than 100 residents have moved into the retirement village, which had opened in the first quarter of 2016.

During the year under review, the Eldercare Division completed its restructuring and cost-cutting exercise and moved the Division's headquarter from Shenzhen to Shanghai, PRC, co-located with the Healthcare Division headquarter.

Securities Trading and Investments:

Dragged down by worries over weak commodity prices, weaker-than-expected economic recovery in developed countries, the outlook of rising interest rates level, sharp slowdown in the PRC and global geopolitical tensions together with fears sparked by unexpected events such as the devaluation of Renminbi ("RMB") in August 2015 and the Brexit fallout in June 2016, the financial markets were extremely turbulent during the year under review. Under such volatile investment environment, the Group's business in securities trading and investments were adversely affected and a decreased turnover of HK$622,672,000 (2015: HK$1,268,782,000) and a loss of HK$655,310,000 (2015: profit of HK$370,199,000) for the year ended 30 June 2016 was recorded, mainly due to the losses in fair value of investments held for trading of HK$582,284,000 (2015: gain of HK$393,717,000) and derivative financial instruments of HK$72,398,000 (2015: HK$17,276,000) which was partially off-set by gain on disposal of available-for-sale investments of HK$9,116,000 (2015: HK$31,259,000), dividend income from listed investments of HK$36,481,000 (2015: HK$14,059,000) and interest income from available-for-sales investments of HK$530,000 (2015: HK$3,700,000).

As at 30 June 2016, the Group maintained a portfolio of available-for-sale investments of HK$10,936,000 (2015: HK$64,749,000) and a well-diversified portfolio of investments held for trading of HK$1,161,134,000 (2015: HK$1,830,232,000).

Investment held for trading:

As at 30 June 2016, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	**Carrying value 2016** *HK$'000*	**Carrying value 2015** *HK$'000*	**Realized gain (loss) 2016** *HK$'000*	**Fair value gain (loss) 2016** *HK$'000*	**Dividend received 2016** *HK$'000*	**% of carrying value to the Group's net assets 2016** *%*
Hong Kong	938,730	1,400,702	(127,751)	(344,060)	35,290	45.2
Australia	121,609	204,064	(9,543)	(66,637)	–	5.9
Malaysia	57,126	44,887	(1,710)	(16,208)	–	2.7
U.S.A.	34,230	122,615	271	(876)	295	1.6
Philippine	981	1,092	–	(55)	–	–
PRC	3,840	4,025	630	(1,215)	13	0.2
England	103	3,581	(2,453)	2	–	–
Japan	4,515	27,130	(5,067)	(1,639)	–	0.2
Taiwan	–	22,136	(5,973)	–	883	–
Total	1,161,134	1,830,232	(151,596)	(430,688)	36,481	

As at 30 June 2016, the Group's investments held for trading consisted of investments in different category of companies and their respective performance were as follows:

Principal business	Carrying value 2016 HK$'000	Carrying value 2015 HK$'000	Realized gain (loss) 2016 HK$'000	Fair value gain (loss) 2016 HK$'000	Dividend received 2016 HK$'000	% of carrying value to the Group's net assets 2016 %
Banking company	55,611	117,390	(3,331)	(13,894)	1,427	2.7
Consumer services company	75,775	167,518	(5,407)	(29,459)	3,897	3.6
Entertainment and media company	103,606	312,436	(92,238)	(36,894)	892	5.0
Financial services and investment company	393,590	518,514	(23,363)	(175,220)	15,778	18.9
Healthcare services company	–	40,504	(16,954)	–	783	–
Industrial materials company	23,479	7,757	2,842	(10,408)	13	1.1
Information technology company	–	4,454	(536)	–	–	–
Mining and resources company	129,818	134,645	(9,546)	(8,655)	1,082	6.2
Property company	379,255	527,014	(3,063)	(156,158)	12,609	18.2
Total	1,161,134	1,830,232	(151,596)	(430,688)	36,481	

At 30 June 2016, particulars of the Group's investments held for trading which are material to the Group (exceeded 5% the net assets of the Group) were as follows:

Company name	No. of shares held	% of shareholding	Carrying value 2016 HK$'000	Realized gain (loss) 2016 HK$'000	Fair value gain (loss) 2016 HK$'000	Dividend received 2016 HK$'000	% of carrying value to the Group's net assets 2016 %
AP *(Note a)*	170,650,000	2.50	247,443	–	(124,967)	10,347	11.9
TA *(Note b)*	47,586,875	3.16	194,154	(184)	(24,929)	7,081	9.3

Note:

a. Allied Properties (H.K.) Limited (stock code: 56) ("AP") – As at 30 June 2016, the Group owned approximately 2.50% of the total issued capital of AP, a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). AP is principally engaged in property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities. Based on the latest interim report of AP, the unaudited profit attributable to shareholders of AP for six-months ended 30 June 2016 was approximately HK$752.6 million and the unaudited net assets attributable to shareholders of AP as at 30 June 2016 was approximately HK$27,810.6 million. The fair value of the investment in AP's ordinary shares is based on quoted market price as at the year-end date.

b. Tian An China Investments Company Limited (stock code: 28) ("TA") – As at 30 June 2016, the Group owned approximately 3.16% of the total issued capital of TA, a limited company incorporated in Hong Kong with its shares listed on the Stock Exchange. TA is principally engaged in development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC. Based on the latest interim report of TA, the unaudited profit attributable to shareholders of TA for six-months ended 30 June 2016 was approximately HK$513.2 million and the unaudited net assets attributable to shareholders of TA as at 30 June 2016 was approximately HK$17,036.3 million. The fair value of the investment in TA's ordinary shares is based on quoted market price as at the year-end date.

Derivative Financial Instruments:

As at 30 June 2016, the Group's investments in derivative financial instruments consisted of options and related forward contracts in different categories were as follows:

	No. of contracts as at 30.6.2016	**Fair value 2016** *HK$'000*
Assets		
Option contracts linked with equity securities listed in Hong Kong	2	271
Forwards contracts linked with exchange rate between JPY and USD	9	4,004
		4,275
Liabilities		
Option contracts linked with equity securities listed in Hong Kong	2	(390)
Option contracts linked with exchange rate between JPY and USD	5	(51,202)
Forwards contracts linked with exchange rate between JPY and USD	6	(3,754)
		(55,346)
Net		(51,071)

As at 30 June 2016, the respective performance of the Group's investments in derivative financial instruments were as follows:

	Fair value 2016 *HK$'000*	Realized gain (loss) 2016 *HK$'000*	Fair value gain (loss) 2016 *HK$'000*
Option contracts linked with equity securities, net	(119)	–	(119)
Option contracts linked with exchange rate between JPY and USD, net	(51,202)	(18,935)	(51,202)
Forwards contracts linked with exchange rate between JPY and USD, net	250	–	250
Option contracts linked with HSI	–	(2,392)	–
	(51,071)	(21,327)	(51,071)

The Group considers that the performance of the Group's investment portfolio in listed securities and derivative financial instruments is generally affected by economic, political and financial market environments, globally and regionally, and is susceptible to the volatility of the financial markets. As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio in light of the prevailing uncertainties in the investment environment.

Money Lending:

For the year ended 30 June 2016, under the prevailing tough credit environment, the Group's money lending business recorded an interest income of HK$12,200,000 (2015: HK$18,800,000) and a loss of HK$15,354,000 (2015: profit of HK$3,486,000) respectively due to impairment losses recognized for the loan principal and outstanding interest of a defaulted loan receivable of HK$19,247,000 (2015: nil) and HK$2,926,000 (2015: nil). Discussions with the borrower and the guarantor of the defaulted loan receivable on settlement have been taken place. The Group will monitor the progress of the settlement plan proposed by the borrower and will consider taking further actions as required and appropriate. As at 30 June 2016, the Group's loan portfolio, after provision of impairment losses, reduced to HK$40,000,000 (2015: HK$61,247,000).

Property Development:

For the year ended 30 June 2016, Jiatai Group's property development business following the issuance of the occupation permits for Kangya Garden (康雅苑) Phase III in the first quarter of 2016, it recorded a turnover of HK$584,042,000 (2015: HK$5,657,000) and a loss of HK$70,249,000 (2015: HK$15,718,000) respectively, mainly due to the additional construction cost on urban dugout structure as required by local authorities. As at 30 June 2016, 409 units of Kangya Garden Phase III, out of a total inventory of 419 units, were pre-sold and among which 396 units (2015: nil) were recorded as sales in the year under review.

As at 30 June 2016, Jiatai Group owns certain residential and commercial lands in Lianyungang, PRC.

Property Investments:

The Group's investment properties located in Hong Kong and the PRC recorded a rental income of HK$4,145,000 (2015: HK$4,020,000) and a loss of HK$1,597,000 (2015: profit of HK$18,242,000) for the year under review mostly attributed to the loss from fair value change on investment properties of HK$3,179,000 (2015: gain of HK$15,610,000). As at 30 June 2016, the Group's investment properties portfolio amounted to HK$226,178,000 (2015: HK$229,270,000).

Others:

In December 2015, the Company and CM International Holding Pte. Ltd. ("CM International") entered into a non-binding memorandum of understanding for the establishment of a fund to invest in healthcare, eldercare and related businesses including healthcare companies such as clinics, check-up centres and hospitals. Broadly, the focus of the fund is expected to include investing in companies and/or projects in the healthcare and related industry; eldercare and related industry; hospitals and related projects; and the recapitalizing and improving the financial position and performance of the invested hospitals.

As announced in September 2013, the Group entered into an agreement to dispose of its entire equity interests in Dongying Tongren International Health Centre Investment Company Limited (東營同仁國際健康城投資有限公司) ("Dongying Tongren"). Due to some changes to the development project of Dongying Tongren, the original basis of project development cooperation has changed. As such, the buyer and the Group entered into an agreement on 17 June 2016 to terminate the agreement.

PRINCIPAL ASSOCIATED COMPANIES

For the year ended 30 June 2016, the loss from its share of results of associates, the reversal of impairment on interest in a former associate and the distribution in specie of shares of a former associate, gain on disposal of an associate and the gain on deemed disposal of an associate were HK$4,861,000 (2015: HK$338,512,000), nil (2015: gain of HK$261,266,000), nil (2015: HK$10,665,000) and HK$97,270,000 (2015: nil) respectively. As at 30 June 2016, following the completion of the Aveo Acquisition in December 2015, the Group's investment in associates decreased to nil (2015: HK$9,001,000).

Aveo China – previously 30% owned by the Group:

Following the completion of the Aveo Acquisition in December 2015, Aveo China became a 70% owned subsidiary of the Group and its financial performance, assets and liabilities have been accounted for in the consolidated financial statements of the Group.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHERS

As at 30 June 2016, the Group's non-current assets of HK$2,244,172,000 (2015: HK$1,888,713,000) consisted of investment properties of HK$708,488,000 (2015: HK$229,297,000), property, plant and equipment of HK$1,377,117,000 (2015: HK$1,366,311,000), prepaid lease payments of HK$107,450,000 (2015: HK$118,298,000), interests in associates of nil (2015: HK$9,001,000), available-for-sale investments of HK$746,000 (2015: HK$11,353,000), intangible assets of HK$13,034,000 (2015: HK$14,844,000), goodwill of HK$32,867,000 (2015: nil), deposits for acquisition of property, plant and equipment of HK$4,470,000 (2015: nil) and pledged bank deposit of nil (2015: HK$139,636,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 30 June 2016, the Group's net current assets decreased to HK$56,752,000 (2015: HK$470,450,000).

As at 30 June 2016, the total borrowings of the Group amounted to HK$2,634,031,000 (2015: HK$1,874,130,000) consisting of securities margin loans of HK$733,538,000 (2015: HK$415,359,000), unsecured term loans of HK$300,000,000 (2015: HK$302,383,000), secured bank borrowings of HK$672,834,000 (2015: HK$246,771,000), unsecured bank borrowings of HK$507,008,000 (2015: HK$465,615,000), secured other borrowing of nil (2015: HK$21,238,000), unsecured other borrowings of HK$184,419,000 (2015: HK$297,834,000), discounted bills of HK$160,770,000 (2015: HK$124,930,000) and borrowings from a related party of HK$75,462,000 (2015: nil). Among the total borrowings of the Group, an amount of HK$2,517,531,000 (2015: HK$1,641,721,000) was with maturity on demand or within one year and HK$116,500,000 (2015: HK$232,409,000) was with maturity of over one year but not exceeding two years.

As at 30 June 2016, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was 58.1% (2015: 67.9%). The Group's gearing ratio would be adjusted to 1.8% (2015: zero) with marketable securities inclusive of available-for-sale investments (current) and investments held for trading deducted from the net borrowings.

In December 2015, the Group entered into an agreement with a financial institution, a related party to Aveo China, to obtain a loan of HK$75,462,000 for a term of one year at an interest rate of 12% per annum. The loan has been used by the Eldercare Division for its general working capital.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, RMB, Australian Dollar, US Dollar, Malaysian Ringgit and Japanese Yen. Because of the short term nature, the Group did not actively hedge risks arising from its Australian Dollar, US Dollar, Malaysian Ringgit and Japanese Yen denominated assets and transactions. In view of the weakened economic growth in the PRC and the abrupt devaluation of the RMB in August 2015, the Group anticipates that there will be an extended period of volatility in RMB. As a substantial portion of the Group's operations are located in the PRC and its transactions, related working capital and borrowings are primarily denominated in Renminbi and Hong Kong Dollars, the Group will closely monitor its foreign exchange exposure in this regard and will actively consider hedging the currency exposure should the need arise.

As at 30 June 2016, the Group had capital commitments contracted for but not provided relating to the acquisition of property, plant and equipment, and investment properties of HK$120,903,000 (2015: nil) and HK$38,930,000 (2015: nil) respectively.

In July 2013, Tongren Healthcare entered into a mutual guarantee agreement (the "Mutual Guarantee") with China Huali Holding Group Company Limited (中國華力控股集團有限公司) ("Huali"). Pursuant to the Mutual Guarantee, both parties agreed that should any party (inclusive of their subsidiaries) (the "Borrowers") apply for a loan or loans (the "Borrowings") from a bank or financial institution (the "Lenders"), if the Lenders so requires, the other party shall provide a guarantee for the obligations of the Borrowers under the Borrowings, subject to a cap of RMB300,000,000. The effective period of the Mutual Guarantee shall be approximately 18 months from 18 July 2013 to 31 December 2014 and further extended to 31 December 2015. Such agreement has been expired during the year and no extension of agreement has been made. A former director of Jiatai Construction and certain subsidiaries of the Jiatai Group has a beneficial interest in Huali. As at 30 June 2016, Tongren Healthcare provided guarantees of RMB50,000,000 (approximately HK$58,250,000) (2015: RMB50,000,000 (approximately HK$62,465,000)) to Huali under the Mutual Guarantee, while Huali and its subsidiary provided guarantees of RMB425,000,000 (approximately HK$495,125,000) (2015: RMB243,000,000 (approximately HK$303,581,000)) to Tongren Healthcare and its subsidiaries under the Mutual Guarantee. As at 30 June 2015, the fair value of the Mutual Guarantees was estimated to be insignificant.

During the year, Aveo China has given guarantees in respect of the settlement of mortgage bank loans provided by banks to the purchasers of Aveo China's developed properties in Shanghai, the PRC. At 30 June 2016, Aveo China had given guarantees in respect of such mortgage bank loans of HK$32,270,500. The Group considers that the fair values of these financial guarantee contracts are insignificant at initial recognition and that the possibility of default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period.

In December 2015, the Company and CM International entered into a subscription agreement in which CM International agreed to subscribe for 2,000,000,000 new shares of the Company at the subscription price of HK$0.45 per share raising gross proceeds of HK$900,000,000 ("Subscription") for the Company. The Company believes that the Subscription was an opportunity to enhance its shareholders' base by bringing in CM International as a strategic investor. Also, this would strengthen the Company's capital base by raising additional funds for the Group. The Subscription was completed on 22 December 2015.

As at 30 June 2016, details of use of net proceeds from the Subscription were as follows:

Intended use of proceeds	**Actual use of proceeds**
i. An amount of approximately HK$600,000,000 will be used for working capital and for expansion of the Group's hospital and healthcare, and eldercare businesses	i. Not yet used.
ii. The remaining balance of approximately HK$299,250,000 will be used for reduction of the borrowings of the Group	ii. HK$299,250,000 was used for reduction of the borrowings of the Group

During the year under review, the Company repurchased a total of 14,180,000 shares (2015: 4,928,000 shares) in the capital of the Company for an aggregate consideration of HK$2,049,000 (2015: HK$17,902,000). These shares have been cancelled.

CHARGE ON GROUP ASSETS

As at 30 June 2016, the Group's investments held for trading of HK$1,133,291,000 (2015: HK$1,757,635,000), building (included in property, plant and equipment) of HK$130,480,000 (2015: HK$586,093,000), available-for-sale investments of HK$9,387,000 (2015: HK$10,607,000), prepaid lease payment of nil (2015: HK$91,469,000), investment properties of HK$482,310,000 (2015: nil), properties under development for sale of HK$117,814,000 (2015: HK$618,719,000), properties held for sale of HK$474,640,000 (2015: HK$19,343,000) and pledged bank deposits of HK$586,545,000 (2015: HK$297,147,000) were pledged to banks and securities houses to secure credit facilities granted to the Group.

The Group's obligations under finance leases are secured by the Group's charge over the leased assets. At 30 June 2016, the carrying amount of the Group's medical equipment included an amount of HK$68,269,000 (2015: HK$201,575,000) in respect of assets held under finance leases.

EVENT AFTER THE REPORTING PERIOD

In July 2016, in view of the imminent expiry of the leasing of the hospital building of Yunnan Xinxinhua Hospital (雲南新新華醫院) and the result of the review on its operating conditions and its relative small scale of operation, the Group entered into an agreement for disposal of the entire equity interests in Yunnan Xinxinhua Hospital Co., Ltd. for a total consideration of RMB13,000,000. The disposal was completed on 19 July 2016,

MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed herein, for the year ended 30 June 2016, the Group did not make any material acquisitions and disposal of subsidiaries, significant investments nor capital commitment.

EMPLOYEES

The Group had 2,307 employees as at 30 June 2016 (2015: 2,120). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

The Group is optimistic about the prospects for private healthcare and eldercare in the PRC are very encouraging due to its favourable demographic (such as aging population) and macro factors (such as growing middle class, high saving rate), and the as yet relatively low penetration of private healthcare institutions in the region. There are very supportive central government policies in place.

Healthcare Division:

The year 2016 saw Nanjing Tongren Hospital poised for expansion with renovation, equipping and commissioning of a new 12-storey tower adjacent to the existing operating facility (“Block D”). These construction works are expected to be completed by early 2017, and when operational is expected to increase in-patient capacity in Nanjing Tongren Hospital by up to an additional 400 beds. Other new projects expected over the next 12 months include the establishment of Centers of Excellence in selected medical specialties together with private physician groups, and partnerships with international insurance organizations.

The Healthcare Division plans to complete a relocation of its senior leadership to a shared office space in Shanghai together with the Eldercare Division by the end of 2016. This will also facilitate the planned implementation of a new shared IT infrastructure including office automation systems for the procurement of medical supplies for our facilities.

Eldercare Division:

For the Eldercare Division, it is expected that more residents will move into the Tide Health Campus when the retail shopping precinct and the elderly nursing hospital in the village are operational by 2017. It is further expected that in the near future more than 50% of residents will become members of our retirement community to enjoy the community services in the retirement village.

The operations of the first building of the elderly nursing hospital with 100 beds will start by 2017 while the second building, a 200 bed elderly nursing home, will be equipped in late 2017, ready for operations from early 2018. The leasing program of the service apartments ("SA") will start in the second half of 2016. There will be 270 SA products in the retirement village. The first building with 120 SAs will be completed in the second half of 2016 while the other two buildings with 80 and 70 SAs will be operational in 2017 and 2018.

The Group's Eldercare Division will continue its growth focus in China by building and developing more retirement villages and providing more services to elderly people on the Mainland.

Others:

With the Group's new direction on healthcare and eldercare businesses, the Group will continuously review and adjust its operation and investment strategies, and assets and investment portfolio in the prevailing uncertain economic and investment environment and the Group will continue to seek investment and growth opportunities in China, Hong Kong and the Asia Pacific region to enhance value for shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 14,180,000 ordinary shares in the capital of the Company on the The Stock Exchange of Hong Kong Limited ("Stock Exchange") in the range from HK$0.11 to HK$0.175 per ordinary share for a total consideration of HK$2,049,000. The said shares were subsequently cancelled.

The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were affected by the Directors pursuant to the mandate from shareholders, with a view to benefit Shareholders as a whole in enhancing the net asset value and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

Throughout the year ended 30 June 2016, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as listed out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on Stock Exchange.

COMPLIANCE WITH 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") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 30 June 2016.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 30 June 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

By Order of the Board
China Medical & HealthCare Group Limited
Dr. Lim Cheok Peng
Chairman

Hong Kong, 26 September 2016

As at the date of this announcement, the Board comprises: –

Executive Directors
Ms. Chong Sok Un (Deputy Chairman), Dr. Jonathan Weiyan Seah (Chief Executive Officer), Dato' Wong Peng Chong and Mr. Kong Muk Yin

Non-Executive Directors
Dr. Lim Cheok Peng (Chairman) and Mr. Liao Feng

Independent Non-Executive Directors
Mr. Lau Siu Ki, Mr. Ma Wah Yan and Mr. Zhang Jian