

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



China Medical & HealthCare Group Limited

(formerly known as COL Capital Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

UNAUDITED RESULTS OF THE GROUP

The Board of Directors (the “Directors”) of China Medical & HealthCare Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2015 together with the comparative figures for the corresponding period in 2014 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		Six months ended	
		31.12.2015	31.12.2014
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
			(restated)
Revenue	3	812,393	352,262
Gross proceeds from sales of investments held for trading		371,927	412,469
Total		<u>1,184,320</u>	<u>764,731</u>
Revenue	3	812,393	352,262
Cost of goods and services		(717,329)	(318,206)
Gross profit		95,064	34,056
Other gains and losses	5	(372,971)	(120,127)
Other income		19,621	10,567

		Six months ended	
		31.12.2015	31.12.2014
<i>NOTES</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited) (restated)
Selling and distribution costs		(2,994)	(1,194)
Administrative expenses		(91,836)	(69,300)
Finance costs	<i>6</i>	(74,496)	(72,285)
Share of results of associates	<i>11</i>	(4,861)	(328,978)
Reversal of impairment on interest in an associate and result on distribution in specie of shares of an associate	<i>11</i>	<u>–</u>	<u>261,266</u>
Loss before taxation		(432,473)	(285,995)
Taxation expense	<i>7</i>	(29,979)	(12,388)
Loss for the period		<u>(462,452)</u>	<u>(298,383)</u>
Loss for the period attributable to:			
– Owners of the Company		(445,581)	(249,740)
– Non-controlling interests		(16,871)	(48,643)
		<u>(462,452)</u>	<u>(298,383)</u>
Loss per share	<i>10</i>		
– Basic		<u>HK\$(0.041)</u>	<u>HK\$(0.024)</u>
– Diluted		<u>HK\$(0.041)</u>	<u>HK\$(0.024)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Six months ended	
	31.12.2015	31.12.2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(462,452)</u>	<u>(298,383)</u>
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	2,837	(14,551)
Reclassification adjustment 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
	<u>(6,279)</u>	<u>(30,363)</u>
Exchange differences arising on translation:		
Exchange gain arising from translation of foreign operation	(33,370)	917
Share of changes in other comprehensive expense of an associate	1,982	(99,348)
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)	–
	<u>(32,534)</u>	<u>(46,828)</u>
Other comprehensive expense for the period	<u>(38,813)</u>	<u>(77,191)</u>
Total comprehensive expense for the period	<u><u>(501,265)</u></u>	<u><u>(375,574)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(478,511)	(325,742)
Non-controlling interests	(22,754)	(49,832)
	<u><u>(501,265)</u></u>	<u><u>(375,574)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	<i>NOTES</i>	31.12.2015 <i>HK\$'000</i> (unaudited)	30.6.2015 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		605,187	229,270
Property, plant and equipment		1,375,692	1,366,311
Prepaid lease payments		111,070	118,298
Interests in associates	11	–	9,001
Available-for-sale investments		7,667	11,353
Intangible assets		14,434	14,844
Goodwill		28,671	–
Pledged bank deposit		132,744	139,636
		2,275,465	1,888,713
Current assets			
Inventories		24,670	20,649
Properties under development for sale		1,453,183	974,554
Properties held for sale		301,031	27,544
Prepaid lease payments		2,923	3,073
Available-for-sale investments		803	53,396
Investments held for trading		1,253,525	1,830,232
Debtors, deposits and prepayments	12	212,168	197,729
Loans receivable		61,247	61,247
Derivative financial instruments		1,712	470
Pledged bank deposits		313,241	157,511
Restricted bank deposits		19,892	53,698
Bank balances and cash		900,891	157,622
		4,545,286	3,537,725
Current liabilities			
Creditors and accrued charges	13	355,112	657,126
Deposits received on sales of properties		975,343	519,623
Customers' deposits and receipts in advance		42,646	24,861
Consideration payable		–	68,712
Amount due to an associate		7,725	8,120
Borrowing from a related party		75,462	–
Borrowings – due within one year		1,951,521	1,641,721
Obligations under finance leases – due within one year		32,534	51,819
Derivative financial instruments		19,034	17,816
Taxation payable		84,818	77,477
		3,544,195	3,067,275
Net current assets		1,001,091	470,450
Total assets less current liabilities		3,276,556	2,359,163

	31.12.2015 <i>HK\$'000</i> (unaudited)	30.6.2015 <i>HK\$'000</i> (audited)
Non-current liabilities		
Deferred tax liabilities	165,179	77,445
Borrowings – due after one year	457,534	232,409
Obligations under finance leases – due after one year	29,598	37,884
	652,311	347,738
	2,624,245	2,011,425
Capital and reserves		
Share capital	7,240	5,262
Reserves	2,457,258	1,649,125
Equity attributable to owners of the Company	2,464,498	1,654,387
Non-controlling interests	159,747	357,038
Total equity	2,624,245	2,011,425

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules” on the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015.

The Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements. The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

In addition, the Group has applied the following accounting policies during the current period:

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted (the carrying amount of the net assets attributable to non-controlling interests) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Incompletion of initial accounting for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. REVENUE

	Six months ended	
	31.12.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (unaudited) (restated)
Dividend income from listed investments	14,364	7,742
Interest income from loans receivable	7,049	8,658
Rental income	2,123	1,912
Hospital fees and charges	386,719	331,262
Revenue from sale of properties	402,138	2,688
	<u>812,393</u>	<u>352,262</u>

4. 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 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”).

Hospital and healthcare – operations of hospitals in the PRC.

Aged care – property development and project management businesses in the PRC with focus on elderly care and retirement community.

During the six months ended 31 December 2015, 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 aged care business of Aveo China has been regarded as a reportable segment of the Group.

During the year ended 30 June 2014, property development and hospital segments were originally excluded from segment information of continuing operations as both segments were discontinuing as a result of the proposed disposal of Lianyungang Jiatai Construction Co., Ltd. (連雲港嘉泰建設工程有限公司) (“Jiatai Construction”). However, as the proposed disposal had been terminated in March 2015, and the comparative figures in the segment information for the six months ended 31 December 2014 have been restated.

Segment revenues and results

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

For the six months ended 31 December 2015

	Securities trading and investments <i>HK\$’000</i> (unaudited)	Financial services <i>HK\$’000</i> (unaudited)	Property investment <i>HK\$’000</i> (unaudited)	Property development <i>HK\$’000</i> (unaudited)	Hospital and healthcare <i>HK\$’000</i> (unaudited)	Aged care <i>HK\$’000</i> (unaudited)	Consolidated <i>HK\$’000</i> (unaudited)
Gross proceeds from sales of investments held for trading	<u>371,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,927</u>
Revenue	<u>14,364</u>	<u>7,049</u>	<u>2,123</u>	<u>202</u>	<u>386,719</u>	<u>401,936</u>	<u>812,393</u>
Segment (loss) profit	<u>(468,624)</u>	<u>4,841</u>	<u>1,249</u>	<u>(15,214)</u>	<u>(1,736)</u>	<u>13,498</u>	<u>(465,986)</u>
Other income							900
Net foreign exchange loss							(250)
Gain on deemed disposal of an associate							97,270
Central corporate expenses							(26,517)
Share of results of associates							(4,861)
Finance costs							(33,029)
Loss before taxation							<u>(432,473)</u>

For the six months ended 31 December 2014 (restated)

	Securities trading and investments <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Property development <i>HK\$'000</i> (unaudited)	Hospital and healthcare <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Gross proceeds from sales of investments held for trading	<u>412,469</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>412,469</u>
Revenue	<u>7,742</u>	<u>8,658</u>	<u>1,912</u>	<u>2,688</u>	<u>331,262</u>	<u>352,262</u>
Segment (loss) profit	<u>(127,512)</u>	<u>(5,496)</u>	<u>1,014</u>	<u>(17,337)</u>	<u>(15,008)</u>	<u>(164,339)</u>
Other income						575
Net foreign exchange loss						(77)
Central corporate expenses						(22,535)
Share of results of associates						(328,978)
Reversal of impairment on interest in an associate and result on distribution in specie of shares of an associate						261,266
Finance costs						<u>(31,907)</u>
Loss before taxation						<u>(285,995)</u>

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

Segment (loss) profit represents the loss incurred or profit earned by each segment without allocation of certain other income, certain foreign exchange loss, gain on deemed disposal of an associate, central corporate expenses, share of results of associates, reversal of impairment on interest in an associate and result on distribution in species of shares of an associate and certain finance costs.

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

At 31 December 2015

	Securities trading and investments <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Property development <i>HK\$'000</i> (unaudited)	Hospital and healthcare <i>HK\$'000</i> (unaudited)	Aged care <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Segment assets	1,322,206	64,437	230,601	1,079,621	1,587,393	1,291,392	5,575,650
Corporate assets							<u>1,245,101</u>
Consolidated assets							<u><u>6,820,751</u></u>
Segment liabilities	697,679	87,392	1,724	806,293	803,627	1,120,108	3,516,823
Corporate liabilities							<u>679,683</u>
Consolidated liabilities							<u><u>4,196,506</u></u>

At 30 June 2015

	Securities trading and investments <i>HK\$'000</i> (audited)	Financial services <i>HK\$'000</i> (audited)	Property investment <i>HK\$'000</i> (audited)	Property development <i>HK\$'000</i> (audited)	Hospital and healthcare <i>HK\$'000</i> (audited)	Consolidated <i>HK\$'000</i> (audited)
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						<u>508,489</u>
Consolidated assets						<u><u>5,426,438</u></u>
Segment liabilities	981,504	70,265	1,095	827,197	671,644	2,551,705
Corporate liabilities						<u>863,308</u>
Consolidated liabilities						<u><u>3,415,013</u></u>

5. OTHER GAINS AND LOSSES

	Six months ended	
	31.12.2015	31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(restated)
Loss in fair value change of investments held for trading	(477,748)	(120,196)
Gain (loss) in fair value change of derivative financial instruments	7,113	(28,810)
Gain on deemed disposal of an associate	97,270	–
Gain on disposal of available-for-sale investments	9,116	31,259
Gain on disposal of property, plant and equipment	–	42
Net foreign exchange loss	(8,722)	(2,422)
	(372,971)	(120,127)

6. FINANCE COSTS

The finance costs represent interest as follows:

	Six months ended	
	31.12.2015	31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(restated)
Interest on:		
Other borrowings wholly repayable within five years	35,173	30,226
Bank borrowings wholly repayable within five years	33,029	30,290
Bonds	–	1,807
Obligations under finance leases	4,540	3,368
Discounted bills	1,754	6,594
	74,496	72,285

7. TAXATION EXPENSE

	Six months ended	
	31.12.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (unaudited) (restated)
Current tax charge – Enterprise Income Tax (“EIT”) in the PRC	2,355	130
Underprovision of EIT in the PRC in previous years	6,168	–
Land appreciation tax in the PRC	21,132	12,600
Deferred tax	324	(342)
	<u>29,979</u>	<u>12,388</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No tax was payable arising in Hong Kong as the assessable profits for both periods were wholly absorbed by tax losses brought forward.

EIT in the PRC is calculated at 25% of estimated assessable profit for both periods.

Under the Provisional Regulations on Land appreciation tax (“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 FOR THE PERIOD

	Six months ended	
	31.12.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (unaudited) (restated)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	45,454	45,279
Release of prepaid lease payments	1,498	1,565
Amortisation of intangible assets (included in cost of goods and services)	410	418
Interest income from:		
– available-for-sale debt instruments	(530)	(2,095)
– bank deposits	(2,741)	(2,446)
Cost of inventories recognised as an expense (included in cost of goods and services)	180,682	148,893
Cost of properties held for sale recognised as an expense (included in costs of goods and services)	381,758	1,799

9. DIVIDENDS

Dividends recognised as distributions during the six months ended:

	Six months ended	
	31.12.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (unaudited)
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 dividend by way of distribution of shares in an associate (<i>Note</i>)	–	254,551
	–	307,583

Note:

On 20 November 2014, the Company announced that a special 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, 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.

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2015.

10. LOSS PER SHARE

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

Loss

	Six months ended	
	31.12.2015	31.12.2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted loss per share attributable to owners of the Company	<u>(445,581)</u>	<u>(249,740)</u>
	Number of shares	Number of shares (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>10,789,386,297</u>	<u>10,616,466,540</u>

The computations of diluted loss per share for the six months ended 31 December 2015 and 2014 do not assume the exercise of share options granted by a subsidiary since such assumed exercise would be anti-dilutive.

The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share for the six months ended 31 December 2014 have been adjusted to reflect the impact of the share subdivision effected on 15 June 2015.

11. INTERESTS IN ASSOCIATES

	31.12.2015 <i>HK\$'000</i> (unaudited)	30.6.2015 <i>HK\$'000</i> (audited)
Cost of investments in associates		
Unlisted	199,197	259,199
Share of post-acquisition losses and other comprehensive expense, net of dividends received	(126,180)	(177,181)
Less: Impairment loss	(73,017)	(73,017)
	<u> </u>	<u> </u>
	–	9,001
	<u><u> </u></u>	<u><u> </u></u>

Share of results of associates, net of reversal of impairment recognised on interests in an associate and result on distribution in specie of shares of an associate:

	Six months ended	
	31.12.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (unaudited)
Share of loss of associates	(4,861)	(328,978)
Reversal of impairment recognised on interests in an associate	–	328,316
Result on distribution in specie of shares of an associate	–	(67,050)
	<u> </u>	<u> </u>
	(4,861)	(67,712)
	<u><u> </u></u>	<u><u> </u></u>

During the six months ended 31 December 2015, the Group acquired additional 40% equity interest in Aveo China, since then, the Group is interested in 70% equity interest in Aveo China and Aveo China became a subsidiary of the Group.

During the six months ended 31 December 2014, part of the Group's interests in APAC Resources Limited was distributed to the shareholders of the Company by way of Distribution in Specie. On the date of declaration and distribution of the APAC Shares, the Group owned an aggregate of 2,041,719,562 APAC Shares, representing approximately 33.32% of the issued share capital of APAC Resources Limited. The Group's investment in 33.32% equity interest of APAC Resources Limited was classified as interests in an associate in the condensed consolidated financial statements before the distribution.

At the date of distribution, the Group performed an impairment assessment of its interests in APAC Resources Limited. Management compared the value in use with the fair value less cost to sell and concluded that the fair value less costs to sell is higher than the value in use. The fair value of APAC Resources Limited is determined based on quoted market bid prices available on the Stock Exchange. Based on the assessment, the recoverable amount of the Group's interests in APAC Resources Limited was estimated to be greater than the carrying amount (before impairment recognised) and impairment loss recognised in the prior years of HK\$328,316,000 was reversed to profit or loss during the six months ended 31 December 2014.

At the date of distribution, cumulative exchange loss of HK\$51,603,000 and accumulated loss included in investment revaluation reserve of HK\$15,447,000 previously shared by the Group through its interests in APAC Resources Limited were reclassified from equity to profit or loss and was recognised as result on distribution in specie of shares of an associate.

Upon the completion of the Distribution in Specie, the Group distributed 1,988,680,113 APAC Shares with fair value amounting to HK\$254,551,000 to the shareholders of the Company and retained 53,039,449 APAC Shares with fair value amounting to HK\$6,629,000, which was classified as an available-for-sale investment in the condensed consolidated financial statements.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	31.12.2015	30.6.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Debtors from securities trading	11,108	18,672
Trade receivables arising from hospital operation	56,934	58,481
Deposits with and receivables from the financial institutions	47,391	30,503
Prepayments	32,136	32,087
Prepaid business taxes and other PRC taxes	49,606	28,175
Other debtors and deposits	14,993	29,811
	212,168	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 31 December 2015 and 30 June 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 after the trade 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 31 December 2015 and 30 June 2015:

	31.12.2015 <i>HK\$'000</i> (unaudited)	30.6.2015 <i>HK\$'000</i> (audited)
0 – 30 days	45,083	29,580
31 – 60 days	5,844	14,053
61 – 90 days	3,121	7,483
91 – 365 days	2,886	7,365
	56,934	58,481

13. CREDITORS AND ACCRUED CHARGES

	31.12.2015 <i>HK\$'000</i> (unaudited)	30.6.2015 <i>HK\$'000</i> (audited)
Trade payables to construction contractors and of hospital operation	124,953	123,741
Creditors from securities trading	12,031	315,946
Accrued compensation for late delivery of properties held for sale	6,302	6,626
Accrued construction cost for properties under development for sale	117,578	126,232
Construction cost payable for hospital buildings classified as property, plant and equipment	13,640	14,150
Other creditors and accrued charges	80,608	70,431
	355,112	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 – 60 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 31 December 2015 and 30 June 2015:

	31.12.2015	30.6.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 – 30 days	32,784	77,905
31 – 60 days	23,151	1,690
61 – 90 days	15,434	404
91 – 365 days	19,187	9,882
Over 1 year but not exceeding 2 years	9,244	23,668
Over 2 years but not exceeding 5 years	25,153	10,192
	<hr/> 124,953 <hr/>	<hr/> 123,741 <hr/>

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend (2014: nil) for the six months ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 31 December 2015, the Group recorded a total revenue of HK\$1,184,320,000 (2014: restated HK\$764,731,000) and a loss for the period attributable to shareholders of HK\$445,581,000 (2014: HK\$249,740,000), mainly due to the loss in fair value change of investments held for trading of HK\$477,748,000 (2014: HK\$120,196,000).

Loss per share (basic and diluted) for the six months ended 31 December 2015 was HK\$0.041 (2014: HK\$0.024).

The Group's net asset value per share as at 31 December 2015 increased to HK\$0.17 from HK\$0.11 in 2014 (adjusted to reflect the impact of the share subdivision effected on 15 June 2015).

CHANGE OF COMPANY NAME

In order to better reflect the Group's new direction and emphasis on hospital and healthcare, and aged care businesses, the Company changed its name from "COL Capital Limited" to "China Medical & HealthCare Group Limited" and adopted its 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. The certificate of incorporation on change of name certifying the registration of change of English name of the Company issued by the Registrar of Companies in Bermuda was issued on 4 January 2016, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company certifying the new names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) was issued on 18 February 2016.

REVIEW OF OPERATIONS

Hospital and Healthcare Operations

In October 2015, the Group entered into various agreements to acquire the remaining 39.48% equity interests in Lianyungang Jiatai Construction Co., Ltd. (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 Group.

Jiatai Construction, through its 86.67% owned indirect subsidiary 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 three well-established operating integrated hospitals consisting of the Nanjing Tongren Hospital (南京同仁醫院) (Class III Integrated Hospital), the Kunming Tongren Hospital (昆明同仁醫院) (Class III Integrated Hospital) and Yunnan Xinxinhua Hospital (雲南新新華醫院) (Class II Integrated Hospital), offering a wide range of comprehensive hospital and healthcare services.

For the six months ended 31 December 2015, Jiatai Group’s hospital and healthcare operations in the PRC contributed a turnover of HK\$386,719,000 (2014: HK\$331,262,000) and a loss of HK\$1,736,000 (2014: HK\$15,008,000). Without the finance costs, tax, depreciation and amortization, the Group’s hospital and healthcare operations in the PRC would have generated a profit of HK\$74,778,000 (2014: HK\$60,597,000).

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 as to 72.5% of the equity interest in Tongren Healthcare. The Yangpu Zhaohe Acquisitions have not been completed as at 31 December 2015. When the Yangpu Zhaohe Acquisitions are completed, both of Yangpu Zhaohe and Tongren Healthcare will become wholly-owned subsidiaries of the Group.

Property Development

During the period under review, the Jiatai Group’s property development recorded a turnover of HK\$202,000 (2014: HK\$1,912,000) and a loss of HK\$15,214,000 (2014: HK\$17,337,000) as the construction of Kangya Garden Phase III is still in progress and no contribution has been made by this development to the results of the Group.

Aged Care Operation

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, Aveo China became a 70% owned subsidiary of the Group.

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 Tide Health Campus (天地健康城) project located in Zhu Jia Jiao County, Shanghai in the PRC, a showcase development comprising a health industry headquarter and base, offering a range of elderly care and health services, and retirement related services packages to the elderly. The Tide Health Campus (天地健康城) consists of an elderly nursing home, service apartments, independent living units (“ILU”) and a commercial area comprising a shopping mall, retail shops and club hall facilities.

During the period under review, after the completion of Aveo Acquisition, the issuance of occupation permits and the handover of units to the buyers, the Aveo China Group’s aged care operation in the PRC recorded a sale of 238 units of ILU contributing a turnover of HK\$401,936,000 (2014: nil) and a profit of HK\$13,498,000 (2014: nil).

Securities Trading and Investments

During the period under review, the overhang of the economic slowdown in the PRC and the Euro Zone area, the policy of interest rate increases by the Federal Reserve of the United States (“US”), and the global geopolitical tension continued to adversely weigh on market sentiments, leading to dramatic fluctuations in the financial and commodity markets. Under these volatile market conditions, the Group’s business in securities trading and investments were affected and a decreased turnover of HK\$386,291,000 (2014: HK\$420,211,000) and a loss of HK\$468,624,000 (2014: HK\$127,512,000) for the six months ended 31 December 2015 was recorded, mainly due to the losses in fair value of investments held for trading of HK\$477,748,000 (2014: HK\$120,196,000) which was partially set-off by the gain in fair value of derivative financial instruments of HK\$7,113,000 (2014: loss of HK\$28,810,000) and gain on disposal of available-for-sale investment of HK\$9,116,000 (2014: HK\$31,259,000).

As at 31 December 2015, the Group maintained a portfolio of available-for-sale investments of HK\$8,470,000 (2014: HK\$67,816,000) and a trading portfolio of HK\$1,253,525,000 (2014: HK\$1,265,376,000).

Money Lending

During the interim period under review, the Group’s money lending business achieved an interest income of HK\$7,049,000 (2014: HK\$8,658,000) and a profit of HK\$4,841,000 (2014: loss of HK\$5,496,000). As at 31 December 2015, the Group’s loan portfolio amounted to HK\$61,247,000 (2014: HK\$70,008,000).

Property Investments

The Group’s investment properties located in Hong Kong and the PRC recorded a rental income of HK\$2,123,000 (2014: HK\$1,912,000) and a profit of HK\$1,249,000 (2014: HK\$1,014,000) for the interim period under review. As at 31 December 2015, following the completion of Aveo Acquisition, the Group’s investment properties portfolio has increased to HK\$605,187,000 from HK\$213,660,000 in 2014.

Others

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

PRINCIPAL ASSOCIATED COMPANIES

For the six months ended 31 December 2015, the loss from its share of results of associates, the reversal of impairment recognised on interest in a former associate and the result on distribution in specie of shares of a former associate, and the gain on deemed disposal of an associate were HK\$4,861,000 (2014: HK\$328,978,000), nil (2014: gain of HK\$261,266,000) and HK\$97,270,000 (2014: nil) respectively. As at 31 December 2015, following the completion of Aveo Acquisition in December 2015, the Group’s investment in associates decreased to nil (2014: HK\$54,692,000).

Aveo China – previously 30% owned by the Group

Following the completion of 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 AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2015, the Group’s non-current assets of HK\$2,275,465,000 (2014: HK\$293,238,000) consisted of investment properties of HK\$605,187,000 (2014: HK\$213,660,000), property, plant and equipment of HK\$1,375,692,000 (2014: HK\$17,512,000), prepaid lease payments of HK\$111,070,000 (2014: nil), no interests in associates (2014: HK\$54,692,000), available-for-sale investments of HK\$7,667,000 (2014: HK\$7,374,000), intangible assets of HK\$14,434,000 (2014: nil), goodwill of HK\$28,671,000 (2014: nil) and pledged bank deposit of HK\$132,744,000 (2014: nil). These non-current assets are principally financed by the Group’s shareholders’ funds. As at 31 December 2015, the Group’s net current assets increased to HK\$1,001,091,000 (2014: HK\$1,288,727,000).

As at 31 December 2015, the total borrowings of the Group amounted to HK\$2,484,517,000 (2014: HK\$850,263,000) consisting of securities margin loans of HK\$436,614,000 (2014: HK\$550,263,000), secured term loan of HK\$75,462,000 (2014: nil), unsecured term loans of HK\$300,000,000 (2014: HK\$300,000,000), secured bank borrowings of HK\$650,396,000 (2014: nil), unsecured bank borrowings of HK\$622,506,000 (2014: nil), unsecured other borrowings of HK\$233,163,000 (2014: nil) and discounted bills of HK\$166,376,000 (2014: nil). Among the total borrowings of the Group, an amount of HK\$2,026,983,000 (2014: HK\$850,263,000) was with maturity on demand or within one year and HK\$457,534,000 (2014: nil) was with maturity of over one year but not exceeding two years.

As at 31 December 2015, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits and bank balances and cash) over total equity, was 42.6% (2014: 45.9%). The Group's gearing ratio would be adjusted to zero (2014: 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 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 Aveo China for its general working capital.

During the interim period under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Renminbi, 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 31 December 2015, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment of HK\$10,355,000 (2014: HK\$1,295,000) and the acquisition of non-controlling interests of a subsidiary (being Yangpu Zhaohu) of HK\$106,650,000 (2014: nil).

In July 2013, the Jiatai Group entered into a mutual guarantee agreement with China Huali Holdings Group Company Limited (“Huali”) pursuant to which both parties agreed that should any party (inclusive of their subsidiaries) apply for loans from banking or financial institutions, and if the lender so requires, then the other party shall provide a corporate guarantee for the obligations of the borrower under the loan (“Mutual Guarantee”). The total loan amounts guaranteed by each party shall not exceed RMB300 million. A corporate guarantee from PRC corporations is commonly required as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower and the mutual guarantee agreement would enable and facilitate the Jiatai Group to obtain loans from third party lenders in order to support its ordinary and normal course of business in the PRC. As at 31 December 2015, the Group provided guarantees of RMB50 million (2014: RMB90 million) to Huali while Huali and its subsidiaries provided guarantees of RMB272 million (2014: RMB240 million) to the Group.

The Subscription as set out in the paragraph headed “Review of Operations – Others” was completed on 22 December 2015 and an amount of approximately HK\$600 million will be used for working capital and expansion of the Group’s hospital and healthcare, and aged care businesses. The balance of approximately HK\$300 million has already been utilized to reduce the borrowings of the Group. 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.

During the interim period under review, the Company repurchased a total of 14,180,000 shares (2014: 760,000 shares) in the capital of the Company for an aggregate consideration of HK\$2,049,000 (2014: HK\$2,057,000). These shares have been cancelled.

CHARGE ON GROUP ASSETS

As at 31 December 2015, the Group’s investments held for trading of HK\$1,212,296,000, available-for-sale investments of HK\$6,921,000, building (included in property, plant and equipment) of HK\$651,083,000, prepaid lease payment of HK\$85,895,000, properties under development for sale of HK\$1,107,829,000, properties held for sale of HK\$293,089,000, investment properties of HK\$375,917,000 and pledged bank deposits of HK\$445,985,000 were pledged to securities houses and banks 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 31 December 2015, the carrying amount of the Group’s medical equipment included an amount of HK\$182,161,000 in respect of assets held under finance leases.

EMPLOYEES

The Group had 2,345 employees as at 31 December 2015 (2014: 2,102). 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 considers that the outlook for the private healthcare and aged care sectors in the PRC is positive due to its favourable demographic (such as aging population) and macro factors (such growing middle class), low penetration of private healthcare institutions, and supportive government policies (such as the “Opinions on Promoting Further Reform of the Healthcare System (中共中央國務院關於深化醫藥衛生體制改革的意見)” which were promulgated by the State Council on March 17, 2009, the “Notice on the Implementation Measures for the Reform of the Healthcare System (2009 to 2011) (國務院關於印發醫藥衛生體制改革近期重點實施方案(2009-2011年)的通知)”, which was promulgated by the State Council on March 18, 2009 and the “Notice of the State Council on Forwarding the Opinions of the NDRC, the NHFPC and other Departments on Further Encouraging and Guiding Private Capital to Invest in Medical Institutions – Order No. 58 (關於進一步鼓勵和引導社會資本舉辦醫療機構意見的通知58號)”, which was promulgated by the General Office of the State Council on November 26, 2010)). Such supportive government policies were further reinforced by the plan “To accelerate construction of Healthy China, deepen the reform of medical and health system, rationalize the price of medicines, carry out the linkage among medical treatment, health care and medicine, set up the basic medical and health care and modern hospital management systems and implement food safety strategy” under the latest communique of the Fifth Plenary Session of the 18th Communist Party of China Central Committee in 2015. Moreover, there is an increase in the awareness of health and safety in the PRC by the public. As such, private sector investments in medical institutions, a key part of the ongoing healthcare reform in the PRC, is expected to continue to provide the Group’s businesses in hospital and healthcare, and aged care with significant growth opportunities. That said, the Group will commence the expansion program of the Nanjing Tongren Hospital being the renovation of the Block D with the addition of new beds and new medical specialty centres.

The extreme downturn in the global financial and commodity markets seen since the beginning of 2016 will continue to adversely impact sentiments. The renewed worries on the weakening of the economic growth of China, the negative consequence of the withdrawal of Federal Reserve of US’s stimulus program and the subsequent increase in the cost of financing will continue to affect the performance of the Group’s businesses in securities trading and investment.

With the Group’s new direction on hospital and healthcare, and aged care businesses, the Group will continuously review and adjust its investment strategies and investment portfolio in the uncertain economic and investment environment and seek grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region to enhance value for shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the period, the Company repurchased a total of 14,180,000 ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited in the range from HK\$0.175 to HK\$0.11 for a total consideration of HK\$2,048,800. 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 effected by the Directors pursuant to the mandate from shareholders, with a view to benefit Shareholders as a whole in enhancing the net assets value and/or 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 period.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company (the "Management") the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report (including unaudited interim condensed consolidated financial statements for the six months ended 31 December 2015). In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA as well as reports obtained from the Management. The Audit Committee has not undertaken detailed independent audit checks.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2015.

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 six months ended 31 December 2015.

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

Hong Kong, 24 February 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 Director

Dr. Lim Cheok Peng (Chairman)

Independent Non-Executive Directors

Mr. Lau Siu Ki, Mr. Ma Wah Yan and Mr. Zhang Jian