HEALTHCARE
华|夏|健|康

CHINA HEALTHCARE ENTERPRISE GROUP LIMITED
華 夏 健 康 產 業 集 團 有 限 公 司

(formerly known as Telefield International (Holdings) Limited 中慧國際控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1143)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "**Directors**") (the "**Board**") of China Healthcare Enterprise Group Limited 華夏健康產業集團有限公司 (formerly known as Telefield International (Holdings) Limited 中慧國際控股有限公司) (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Year**"), together with the comparative figures of 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Continuing operations			
Revenue	4	**1,008,561**	1,032,957
Cost of goods sold		**(796,467)**	(807,480)
Gross profit		**212,094**	225,477
Other income	5	**13,687**	15,860
Selling and distribution expenses		**(55,365)**	(65,900)
Administrative expenses		**(76,573)**	(75,303)
Other operating expenses		**(43,729)**	(35,965)
Profit from operations		**50,114**	64,169
Finance costs	6	**(6,081)**	(7,456)
Share of loss of a joint venture		**(117)**	(1,433)
Profit before tax		**43,916**	55,280
Income tax expense	7	**(5,549)**	(8,144)
Profit for the year from continuing operations		**38,367**	47,136
Discontinued operations			
Loss for the year from discontinued operations	8	**(79,432)**	(89,409)
Loss for the year		**(41,065)**	(42,273)
Attributable to:			
Owners of the Company		**(1,844)**	577
Non-controlling interests		**(39,221)**	(42,850)
		(41,065)	(42,273)
(Loss)/earnings per share	10		
From continuing and discontinued operations			
Basic (cents per share)		**(0.44)**	0.14
Diluted (cents per share)		**(0.44)**	N/A
From continuing operations			
Basic (cents per share)		**9.65**	11.58
Diluted (cents per share)		**9.60**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(41,065)**	(42,273)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gain/(loss) on property revaluation	**4,236**	(600)
Deferred tax changes from gain/loss on property revaluation	**(545)**	99
	3,691	(501)
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**1,418**	1,481
Exchange differences reclassified to profit or loss on disposal of foreign operations	**(3,810)**	–
	(2,392)	1,481
Other comprehensive income for the year, net of tax	**1,299**	980
Total comprehensive income for the year	**(39,766)**	(41,293)
Attributable to:		
Owners of the Company	**(2,690)**	(600)
Non-controlling interests	**(37,076)**	(40,693)
	(39,766)	(41,293)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Fixed assets		**72,167**	105,050
Prepaid lease payments		**3,259**	7,001
Goodwill		**–**	3,471
Intangible assets		**6,113**	43,132
Investments in associates		**–**	2,403
Investment in a joint venture		**–**	134
Available-for-sale financial assets		**–**	–
Deferred tax assets		**14,046**	12,221
Total non-current assets		**95,585**	173,412
Current assets			
Inventories		**130,260**	290,143
Trade receivables	*11*	**169,322**	315,648
Prepayments, deposits and other receivables		**14,834**	116,236
Derivative financial assets		**798**	4,824
Amount due from a non-controlling shareholder of a subsidiary		**–**	1,257
Current tax assets		**1,442**	4,822
Bank and cash balances		**441,207**	185,752
Total current assets		**757,863**	918,682
TOTAL ASSETS		**853,448**	1,092,094
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**4,955**	4,117
Reserves		**549,005**	365,639
		553,960	369,756
Non-controlling interests		**(5,958)**	(18,209)
Total equity		**548,002**	351,547

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2015

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Financial liabilities at fair value through profit or loss		–	646
License rights payable		12,209	16,474
Deferred tax liabilities		8,030	17,225
Total non-current liabilities		20,239	34,345
Current liabilities			
Trade payables	12	116,528	280,502
Accruals and other payables		143,709	266,247
Amounts due to non-controlling shareholders of subsidiaries		135	1,798
Bank borrowings		–	117,075
Financial liabilities at fair value through profit or loss		–	3,428
License rights payable		15,043	9,963
Derivative financial liabilities		–	82
Product warranty provisions		4,298	21,885
Current tax liabilities		5,494	5,222
Total current liabilities		285,207	706,202
TOTAL EQUITY AND LIABILITIES		853,448	1,092,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015:

Amendment to HKAS 16 and HKAS 38 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment clarifies how the gross carrying amount and the accumulated depreciation/amortisation are treated where an entity uses the revaluation model.

Amendment to HKAS 24 (Annual Improvements to HKFRSs 2010-2012 Cycle)

The amendment clarifies how payments to entities providing key management personnel services are to be disclosed. This amendment had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010-2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 13 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies that the portfolio exception in HKFRS 13 — allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis — applies to all contracts (including non-financial) within the scope of HKAS 39/HKFRS 9. This had no effect on the Group's consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONT'D)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]

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

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

(c) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has two operating segments as follows:

EMS	—	Electronic manufacturing services ("**EMS**")
Distribution of Communications Products	—	Marketing and distribution of communications products

Two operations (Multimedia Products and Computer Accessories ("**MPCA**") and Gaming Products and Toy ("**GPT**")) were disposed of in the current year. Part of the EMS and Distribution of Communications Products operations were also disposed of in the current year. The segment information reported does not include any amounts for these discontinued operations, which are described in more detail in note 8.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

3. **SEGMENT INFORMATION (CONT'D)**

Segment profits or losses do not include share of profits/losses of associates and joint venture, impairment loss on amounts due from associates and joint venture and income tax. Segment assets do not include deferred tax assets. Segment liabilities do not include bank borrowings and deferred tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(a) **Information about reportable segment profit or loss, assets and liabilities from continuing operations:**

	EMS *HK$'000*	**Distribution of Communications Products** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2015			
Revenue from external customers	**917,271**	**91,290**	**1,008,561**
Intersegment revenue	**47,260**	**–**	**47,260**
Segment profit/(loss)	**62,405**	**(17,441)**	**44,964**
Interest revenue	**1,762**	**–**	**1,762**
Interest expense	**1,510**	**4,571**	**6,081**
Depreciation and amortisation	**18,360**	**3,487**	**21,847**
Staff costs	**218,952**	**8,598**	**227,550**
Other material items of income and expenses:			
Impairment loss of intangible assets	**–**	**3,500**	**3,500**
Additions to segment non-current assets	**21,523**	**95**	**21,618**
As at 31 December 2015			
Segment assets	**784,052**	**87,201**	**871,253**
Segment liabilities	**233,866**	**92,568**	**326,434**
Investment in a joint venture	**–**	**–**	**–**

3. **SEGMENT INFORMATION (CONT'D)**

(a) **Information about reportable segment profit or loss, assets and liabilities from continuing operations: (Continued)**

	EMS *HK$'000*	Distribution of Communications Products *HK$'000*	Total *HK$'000*
Year ended 31 December 2014 (restated)			
Revenue from external customers	900,720	132,237	1,032,957
Intersegment revenue	66,339	–	66,339
Segment profit/(loss)	65,964	(6,073)	59,891
Interest revenue	1,047	–	1,047
Interest expense	2,286	5,170	7,456
Depreciation and amortisation	17,778	4,748	22,526
Staff costs	215,984	8,247	224,231
Additions to segment non-current assets	15,602	30	15,632
As at 31 December 2014			
Segment assets	771,747	120,164	891,911
Segment liabilities	273,016	101,639	374,655
Investment in a joint venture	134	–	134

(b) **Reconciliations of segment revenue and profit or loss, assets and liabilities from continuing operations:**

	2015 ***HK$'000***	2014 *HK$'000* (restated)
Revenue		
Total revenue of reportable segments	**1,055,821**	1,099,296
Elimination of intersegment revenue	**(47,260)**	(66,339)
Consolidated revenue from continuing operations	**1,008,561**	1,032,957

	2015 ***HK$'000***	2014 *HK$'000* (restated)
Profit or loss		
Total profit of reportable segments	**44,964**	59,891
Intersegment elimination	**348**	(3,178)
Unallocated amounts:		
Impairment loss on amount due from a joint venture	**(1,279)**	–
Share of loss of a joint venture	**(117)**	(1,433)
Consolidated profit before tax from continuing operations	**43,916**	55,280

3. **SEGMENT INFORMATION (CONT'D)**

(b) **Reconciliations of segment revenue and profit or loss, assets and liabilities from continuing operations: (Continued)**

Reconciliations of segment assets and liabilities:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Assets		
Total assets of reportable segments	**871,253**	891,911
Elimination of intersegment assets	**(29,018)**	(27,495)
Elimination of unrealised profits	**(2,833)**	(3,178)
Unallocated amounts:		
Deferred tax assets	**14,046**	11,708
Consolidated total assets	**853,448**	872,946

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Liabilities		
Total liabilities of reportable segments	**326,434**	374,655
Elimination of intersegment liabilities	**(29,018)**	(27,495)
Unallocated amounts:		
Bank borrowings	**–**	86,413
Deferred tax liabilities	**8,030**	10,200
Consolidated total liabilities	**305,446**	443,773

(c) **Geographical information:**

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

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Revenue		
The People's Republic of China (the "**PRC**") (including Hong Kong)	**213,234**	269,971
The United States of America (the "**U.S.A.**")	**181,904**	189,520
Switzerland	**176,839**	144,214
France	**104,511**	108,738
Poland	**76,916**	93,694
United Kingdom	**53,008**	34,684
Others	**202,149**	192,136
Consolidated total	**1,008,561**	1,032,957

3. **SEGMENT INFORMATION (CONT'D)**

(c) **Geographical information: (Continued)**

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Non-current assets		
The PRC (including Hong Kong)	**75,335**	75,117
The U.S.A.	**6,204**	13,097
Consolidated total	**81,539**	88,214

(d) **Revenue from major customers:**

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
EMS segment		
Customer A	**269,136**	200,409
Customer B	**145,832**	136,518
Customer C	**82,668**	164,834

4. **REVENUE**

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

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Sales of goods	**1,017,604**	1,044,344
Net sales return arising from product warranty	**(9,043)**	(11,387)
	1,008,561	1,032,957

5. **OTHER INCOME**

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Bank interest income	**1,762**	1,047
Consultancy fee income	**54**	602
Gain on derivative financial assets or liabilities	**7,062**	9,122
Government subsidy	**960**	622
Insurance claim	**–**	469
Rental income	**–**	318
Research and development service income	**782**	–
Sales of scrap materials	**492**	1,164
Others	**2,575**	2,516
	13,687	15,860

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Bank overdraft interest	**–**	2
Bank loans interest	**802**	1,269
Interest on import/export loans	**708**	1,016
Other interest expenses	**4,571**	5,169
	6,081	7,456

7. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Current tax — Hong Kong Profits Tax		
Provision for the year	**10,110**	7,736
Over-provision in prior years	**(32)**	–
	10,078	7,736
Current tax — Overseas		
Provision for the year	**516**	3,171
Under/(over)-provision in prior years	**9**	(5)
	525	3,166
Deferred tax	**(5,054)**	(2,758)
	5,549	8,144

Hong Kong Profits Tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year ended 31 December 2015.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. INCOME TAX EXPENSE (CONT'D)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Profit before tax (from continuing operations)	**43,916**	55,280
Tax at the Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	**7,246**	9,121
Tax effect of income that is not taxable	**(633)**	(5,690)
Tax effect of expenses that are not deductible	**6,605**	9,469
Tax effect of temporary differences not recognised	**(2,506)**	(381)
Tax effect of tax concession	**(5,922)**	(5,656)
Over-provision in prior years	**(23)**	(5)
Tax effect of tax losses not recognised	**1,714**	1,038
Effect of different tax rates of subsidiaries	**(828)**	248
Others	**(104)**	–
Income tax expense (relating to continuing operations)	**5,549**	8,144

8. DISCONTINUED OPERATIONS

On 22 May 2015, the Company entered into the disposal agreement (as supplemented on 7 August 2015) (the "**Disposal Agreement**"), pursuant to which the Company has agreed to sell the equity interests of a group of subsidiaries and associates (the "**Disposal**") to Dragon Fortune International Limited ("**Dragon Fortune**"), a former controlling shareholder of the Company, at a consideration of HK$169,800,000. The Disposal was completed on 7 October 2015.

	2015	2014
	HK$'000	*HK$'000*
Loss for the year from discontinued operations:		
Revenue	**380,512**	799,910
Cost of goods sold	**(326,404)**	(676,876)
Gross profit	**54,108**	123,034
Other income	**15,187**	50,030
Selling and distribution expenses	**(47,401)**	(95,822)
Administrative expenses	**(80,294)**	(113,838)
Other operating expenses	**(18,676)**	(47,710)
Loss from operations	**(77,076)**	(84,306)
Finance costs	**(4,801)**	(8,417)
Share of profit of an associate	**29**	2
	(81,848)	(92,721)
Loss on disposal of subsidiaries	**(2,071)**	–
Income tax credit	**4,487**	3,312
Loss for the year from discontinued operations	**(79,432)**	(89,409)

8. DISCONTINUED OPERATIONS (CONT'D)

	2015	2014
	HK$'000	*HK$'000*
Loss for the year from discontinued operations include the following:		
Depreciation and amortisation	**10,935**	12,980
Auditor's remuneration	**2,278**	1,663
Cash flows from discontinued operations:		
Net cash (outflows)/inflows from operating activities	**(13,909)**	7,775
Net cash outflows from investing activities	**(4,314)**	(25,513)
Net cash (outflows)/inflows from financing activities	**(787)**	9,425
Net cash outflows	**(19,010)**	(8,313)

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
2014 Final of HK$0.015 (2013: HK$0.025) per ordinary share	**6,176**	10,293
2015 Interim of HK$Nil (2014: HK$0.015) per ordinary share	**–**	6,176
	6,176	16,469

The Board does not recommend the payment of a dividend for the year ended 31 December 2015.

10. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(1,844)**	577

Number of shares — Basic

	2015	2014
Issued ordinary shares 1 January	**411,714,000**	411,714,000
Effect of exercise of share options	**879,827**	–
Effect of issue from placing	**7,424,110**	–
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**420,017,937**	411,714,000

10. (LOSS)/EARNINGS PER SHARE (CONT'D)

From continuing and discontinued operations (Continued)

Number of shares — Diluted

	2015	2014
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**420,017,937**	411,714,000
Effect of dilutive potential ordinary shares arising from share options issued by the Company	**2,012,724**	–
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**422,030,661**	411,714,000

No diluted earnings per share from continuing and discontinued operations are presented in 2014 as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2014.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	2015	2014
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share from continuing operations	**40,520**	47,660

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same as set out above.

No diluted earnings per share from continuing operations are presented in 2014 as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2014.

From discontinued operations

Basic loss per share from discontinued operations is HK10.09 cents (2014: HK11.44 cents). Basic loss per share calculation is based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$42,364,000 (2014: HK$47,083,000) and the denominators used are the same as those detailed above.

Diluted loss per share from discontinued operations is HK10.04 cents (2014: N/A). Diluted loss per share calculation is based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$42,364,000 and the denominator used are the same as those detailed above.

No diluted loss per shares from discontinued operations are presented in 2014 as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2014.

11. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**157,997**	302,141
91 to 180 days	**10,132**	7,835
181 to 365 days	**210**	589
Over 365 days	**983**	5,083
	169,322	315,648

Reconciliation of allowance for trade receivables:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**3,314**	1,023
Allowance for the year	**4,966**	2,291
Disposal of subsidiaries	**(1,054)**	–
Bad debts written off	**(2,612)**	–
At 31 December	**4,614**	3,314

As of 31 December 2015, trade receivables of approximately HK$30,318,000 (2014: HK$64,879,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An aging analysis of these trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**28,048**	56,298
Over 3 months	**2,270**	8,581
	30,318	64,879

11. TRADE RECEIVABLES (CONT'D)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
United States dollar	**168,393**	230,494
Hong Kong dollar	**73**	1,318
Renminbi	**856**	6,539
Euro	**–**	75,435
Others	**–**	1,862
Total	**169,322**	315,648

12. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**113,546**	251,580
91 to 180 days	**393**	583
181 to 365 days	**811**	26,317
Over 365 days	**1,778**	2,022
	116,528	280,502

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
United States dollar	**28,984**	138,084
Hong Kong dollar	**75,018**	94,593
Renminbi	**11,860**	18,865
Euro	**666**	28,799
Others	**–**	161
Total	**116,528**	280,502

13. COMPARATIVE FIGURES

Certain comparative figures have been restated or reclassified as a result of presentation of discontinued operations for the year.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong 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 RSM Hong Kong on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the past year, the United States ("**US**") economy showed stable growth and unemployment rate at a level considered effectively full employment. Such progress duly convinced the Federal Reserve to achieve "liftoff" in December 2015, raising the benchmark federal-funds rate by a quarter-percentage point after seven years of near zero interest. In contrast, the European economy remained fragile, plagued by high unemployment — 10.7% in October 2015 — and slow growth, with the 19 countries within the Eurozone achieving an annualized growth rate of only 1.5% according to European Central Bank forecasts. The second largest economy in the world also realised lacklustre growth, with GDP expanding by 6.9% in 2015, the lowest in 25 years. With most major economies remaining weak, the US dollar has only strengthened in value. The weak Euro consequently affected the Group's profit, though the EMS business has continued to perform encouragingly despite the volatile conditions.

For the year ended 31 December 2015, the Group recorded revenue of HK$1,008.6 million (2014: HK$1,033.0 million). Gross profit amounted to HK$212.1 million versus HK$225.5 million in 2014. Loss attributable to owners of the Company amounted to HK$1.8 million (2014: profit of HK$0.6 million).

The Group remains in a solid financial position, which reflects the management's commitment to prudent financial administration. As at 31 December 2015, the Group had bank balances and cash totalling HK$441.2 million. To retain sufficient capital for future business development, the Board does not recommend the payment of a final dividend.

Review of Operations

As the foundation of the Group, the EMS business and distribution business, revenue of phone systems under the RCA brand of the distribution business provide a stable source of revenue. Though the customers' integration during the year weakened the performance on distribution business and cautious restocking practices during the first half year impacted on the performance of the EMS business — the result of customers' concerns over global economic developments — such restraint was less severe during the remaining year, due in part to seasonality and owing to the Group's ongoing and successful efforts at adjusting the product portfolio to suit the requirements of its customers.

Geographical Analysis

With regards to revenue based on geographical region, total revenue from major European countries (United Kingdom, Switzerland, France and Poland) amounted to HK$411.3 million (2014: HK$381.3 million), thus accounting for 41% of the Group's total revenue. The PRC (including Hong Kong) represented the second largest market for the Group, with HK$213.2 million (2014: HK$270.0 million) in revenue generated during the Year, accounting for 21% of the Group's total revenue. The United States and Others recorded revenue of HK$181.9 million (2014: HK$189.5 million) and HK$202.1 million (2014: HK$192.1 million) respectively, representing 18% and 20% of the Group's total revenue for the Year.

FINANCIAL INFORMATION

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group recorded total revenue of HK$1,008.6 million (2014: HK$1,033.0 million) from the continuing operations.

The Group's reporting segments are strategic business units that offer different products and services. There are two broad groups of business units for segment accounting purpose, including EMS segment and distribution of communication products ("**Distribution**") segment. In EMS segment, there are also two main groups of products, namely communication and non-communications products whereas non-communication products mainly include appliances and appliances control products and multimedia products.

For the year ended 31 December 2015, the revenue from EMS slightly increased by 1.8% to HK$917.3 million (2014: HK$900.7 million), whereas the revenue from Distribution segment decreased by 30.9% to HK$91.3 million (2014: HK$132.2 million).

The increase in the revenue generated from EMS segment was mainly attributable to the increase in revenue resulting mainly from the beauty care products of HK$24.5 million and multimedia products of HK$46.8 million but offseting by the decrease in revenue generated from communication products of HK$64.2 million (2014: HK$157.9 million).

Cost of Sales

Cost of sales slightly decreased by 1.4% from HK$807.5 million in 2014 to HK$796.5 million in 2015 corresponded to the level of revenue of the Year.

Gross Profit

Gross profit decreased by 5.9% from HK$225.5 million to HK$212.1 million, while the gross profit margin remained stable at 21.0% (2014: 21.8%). The gross profit was contributed by the EMS segment of 88.2% (2014: 81.3 %) and distribution business of 11.8% (2014: 18.7 %).

Other income

The level of other income remained relatively stable at HK$13.7 million (2014: HK$15.9 million) for continuing units comparing to last year. The major components of the other income are represented by bank interest of HK$1.8 million (2014: HK$1.0 million) and gain on derivative financial assets or liabilities of HK$7.1 million (2014: HK$9.1 million).

Selling and distribution expenses

Selling and distribution expenses of HK$55.4 million (2014: HK$65.9 million) accounted for approximately 5.5% in 2015 and 6.4% in 2014 of the Group's revenue respectively. The decrease is mainly caused by the decrease in advertising campaign and marketing expenses of HK$6.6 million and reduction of staff cost of HK$1.4 million comparing with last year.

Administration expenses

Administration expenses of HK$76.6 million (2014: HK$75.3 million) remained at a steady level and accounted for approximately 7.6% in 2015 and 7.3% in 2014 of the Group's revenue respectively.

Other operating expenses

Other operating expenses increased by 21.4% from HK$36.0 million in 2014 to HK$43.7 million in 2015. The increase was mainly attributable to the increasing level on allowance of receivables and bad debt written off of HK$4.9 million, and the impairment loss of intangible assets of HK$3.5 million.

Finance costs

The Group's finance costs mainly comprise interest payments for the Group's bank loans, import/export loans, factoring charges and implicit interest on financial liabilities. The Group's finance costs were approximately HK$6.1 million in 2015 and HK$7.5 million in 2014, represented approximately 0.6% and 0.7% of the revenue in 2015 and 2014 respectively.

Income tax expenses

The Group's income tax expense represents amounts of income tax paid by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong, the PRC, the USA and Japan. The Group had no tax payable in other jurisdictions during the years ended 31 December 2014 and 2015.

The Group's effective income tax rates remained steady for the years ended 31 December 2015 and 2014 were approximately 12.6% and 14.7%, respectively.

Discontinued operations

On 22 May 2015, the Company entered into the Disposal Agreement, pursuant to which the Company has agreed to sell the equity interests of a group of subsidiaries and associates to Dragon Fortune, a former controlling shareholder of the Company, at a consideration of HK$169,800,000. The Disposal was completed on 7 October 2015. The loss for the discontinued operations for the year was of HK$79.4 million (2014: HK$89.4 million).

(Loss)/Profit attributable to owners of the Company

The loss attributable to owners of the Company is of HK$1.8 million (2014: profit HK$0.6 million). The Group's net (loss)/profit margin attributable to owners of the Company for the year ended 31 December 2015 was -0.1% (2014: +0.1%)

Loss for the year attributable to non-controlling interests

Loss for the year attributable to non-controlling interests amounts to HK$39.2 million for the year ended 31 December 2015 (2014: loss of HK$42.9 million). The decrease in the loss was primarily caused by the disposal of major loss making distribution business units during the Year.

LIQUIDITY AND CAPITAL RESOURCES

The Group generally finances its operations and capital expenditure by internally generated cashflows and the proceeds from the Company's initial public offering in January 2011.

As at 31 December 2015, the bank balances and cash amounted to HK$441.2 million, representing an increase of HK$255.4 million from 2014. Respective sum of 5.4%, 9.1% and 85.4% of the bank balances and cash was denominated in RMB, US dollars and HK dollars and others 0.1% was denominated in various currencies.

The Group's current ratio remains in a healthy position at 2.66 times (2014: 1.30 times).

There is no interest-bearing bank borrowing as at 31 December 2015. As at 31 December 2014, the total interest-bearing bank borrowings were HK$117.1 million, comprised primarily of bank loans and overdrafts and import/export loans.

Cash flow

In 2015, HK$15.4 million and HK$98.8 million were generated from the operating activities and financing activities respectively, whilst HK$194.0 million was used in investing activities. Net cash inflow from financing activities was mainly related to the proceeds from placing of HK$189.5 million offset by the repayment of bank loans of HK$140.1 million. Net cash outflow in investing activities was mainly arising from the disposal of subsidiaries of HK$153.0 million offset by the HK$334 million placed in the margin account of brokerage firm.

Exchange risk exposure

The Group mitigates its foreign exchange rate risk through the use of derivative financial Instruments. The Group primarily enters into foreign currency forward contracts to reduce the effects of fluctuating foreign currency exchange rates, in particular, the exchange rate between Euro and HK dollars as well as exchange rate between US dollars and RMB. The Group categorizes these instruments as being entered into for purposes other than trading.

As at 31 December 2015, the Group had forwards contacts of fair value of approximately of HK$0.8 million. The contract amount of the forward contracts is HK dollars equivalent of 26.2 million (equivalent to EUR3 million).

Capital expenditure

Capital expenditure for 2015 amounted to HK$21.8 million and capital commitments as at 31 December 2015 amounted to HK$0.4 million. Both the capital expenditure and capital commitments were mainly related to the acquisition of plant and machinery and leasehold improvements to cope with the increase in business volume.

Pledge of assets

As at 31 December 2014 and 2015, none of the Group's assets was pledged.

Contingent liabilities

As at 31 December 2015, the Group had an outstanding guarantee ("**the Guarantee**") to one of the suppliers of an oversea subsidiary ("**Disposed subsidiary**"), which was disposed under the Disposal, for payment in relationship to a sum of HKD equivalent $20.3 million (USD2.6 million) representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The Disposed Subsidiary had issued counter guarantee to the Company to indemnify the Company for any loss in relation to the Guarantee. Apart from the above, the Group and Company did not have any significant contingent liabilities.

Acquisitions, disposals and significant investment

On 22 May 2015, the Company entered into the Disposal Agreement, pursuant to which the Company has agreed to sell the equity interests of a group of subsidiaries and associates to Dragon Fortune, a former controlling shareholder of the Company, at a consideration of HK$169,800,000. The Disposal was completed on 7 October 2015.

Apart from the aforesaid transaction, there was no material acquisition, disposal or investment by the Group.

Human resources

As at 31 December 2015, the Group had approximately 2,400 employees in various operating units located Hong Kong, USA, and PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, it offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

Nevertheless, there is no share option scheme put in place as at 31 December 2015.

PROSPECTS

The global economy is expected to remain in the doldrums as a variety of financial and political concerns will continue to influence governments and societies around the world, which in turn will have a knock-on effect on various industries. Despite such concerns, the management is optimistic about the Group's long-term prospects given its efforts to chart a new course of development.

While establishing this new development path, the management is well aware that first and foremost, strengthening the foundation on which to pursue fresh opportunities is paramount. Hence, it remains committed to building the EMS business, which the management believes still possesses room for growth. To better address the needs of prominent international consumer electronic brands, the management will seek to enhance the existing line of communication and non-communication products. In respect of the former, this will include tapping Voice over Internet Protocol technology, extending to digital Business Telephone System. In view of the outstanding flexibility of the manufacturing facilities in Guangzhou, the management will also look at opportunities for capitalising on its capabilities.

The Company is in the preliminary stage of reviewing and considering the feasibility of certain projects which are principally engaged in the medical and healthcare industry. Given China's healthcare expenditure was only accounting for 5.6% of China's GDP in 2013 and is estimated to rise and projected to surpass the US$1 trillion mark by year 2020, it is clear that participants in the healthcare sector will continue to have encouraging room for growth over the long term with current comparatively low healthcare expenditure per capita by developed country standard. Together with other positive developments in China, including the lifting of the one-child policy, as announced following the 13th Five-Year Plan (2016–20) in October 2015, tremendous demand from an increasingly affluent population that insists on quality healthcare products and services and rising incidences of chronic disease will likely to drive significant growth in the healthcare industry in China in the coming years.

As the management begins to align the Group to better capture opportunities in the healthcare industry, it will be doing so while also leveraging the many resources and strengths that have underpinned the Group's development over the years. The management fully recognises the importance of learning from the past, yet at the same time is committed to building a better future for the Group and its stakeholders.

The Company will continue to explore and consider any other investment and business opportunities that may arise in the market from time to time that the Company considers value-enhancing to shareholders of the Company and/or otherwise in the best interest of the Company and its subsidiaries.

CHANGE OF COMPANY NAME

In order to better reflect the Group's upcoming business strategy to shift its business focus on the medical and healthcare industry, the Company changed its English name from "Telefield International (Holdings) Limited" to "China Healthcare Enterprise Group Limited" and the dual foreign name of the Company be changed from "中慧國際控股有限公司" to "華夏健康產業集團有限公司". These changes were approved at the special general meeting of the Company held on 4 February 2016. The certificate of incorporation on change of name certifying the registration of change of English name of the Company issued by the Registry of Companies in Cayman Islands was issued on 16 February 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 11 March 2016.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 December 2015 (2014: HK cents 1.5).

Purchase, Sale or Redemption of Listed Securities of the Company

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the year ended 31 December 2015.

Event After Reporting Period

On 26 January 2016, the Company acquired on-market 750,000 listed shares of Hong Kong Exchange and Clearing Limited ("HKEx") at a total consideration of approximately HK$122,670,000 (exclusive of transaction costs). During the period form 17 February 2016 to 18 February 2016, the Company disposed on-market a total of 740,000 HKEx Shares at an average price of approximately HK$171.09 per HKEx Share for an aggregate gross sale proceeds of approximately HK$126,603,000 (exclusive of transaction costs).

Code on Corporate Governance Practices

The corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2015, the Company has applied the principles and complied with all the applicable code provisions set out in the Code, except for the deviation from code provision A.2.1 of the Code as described below:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" and this is deviated from the code provision A.2.1 of the Code.

During the period 1 January 2015 to 3 November 2015, Mr. Cheng Han Ngok, Steve ("**Mr. Cheng**"), who acted as the Chairman and an executive Director of the Company. Mr. Cheng has resigned on 4 November 2015.

Mr. Gong Shaoxiang, who acts as the Chairman and an executive Director of the Company since 4 November 2015, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the directors. All directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

Audit Committee and Review of Accounts

The Audit Committee currently has three members comprising Mr.Wong Chun Hung (Chairman), Mr. Bao Jinqiao and Mr. Leung Pok Man, all being independent non-executive Directors. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and internal control system of the Group.

There is no disagreement between the Board and the Audit Committee during the year. The annual results of the Company have been reviewed by the Audit Committee.

Publication of Annual Report on the Website of the Stock Exchange

The annual report for the year ended 31 December 2015 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of the Company in due course.

By Order of the Board
CHINA HEALTHCARE ENTERPRISE GROUP LIMITED
Gong Shaoxiang
Chairman

Hong Kong, 22 March 2016

As at the date of this announcement, the Board comprises Mr. Gong Shaoxiang (Chairman) and Mr. Lee Chi Hwa Joshua as executive Directors, Mr. Cao Yuyun as non-executive Director and Mr. Bao Jinqiao, Mr. Wong Chun Hung and Mr. Leung Pok Man as independent non-executive Directors.