中國9號健康產業有限公司

China Jiuhao Health Industry Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

2013 INTERIM REPORT

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Financial Performance

Major indicators of the financial results for the six months ended 30 June 2013 are summarized in the table below:

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Continuing operations:		
Total sales revenue	**63,554**	79,404
Gross profit	**22,661**	63,761
(Loss)/profit before finance costs and income tax	**(17,267)**	23,270
(Loss)/profit before income tax	**(59,224)**	11,015
(Loss)/profit for the period	**(55,639)**	659
(Loss)/profit from discontinued operation	**(68,528)**	10,300

The worsening of financial performance from continuing operations during the current period was mainly due to the following reasons:

– increased finance costs from approximately HK$12 million in the prior period to approximately HK$42 million in the current period as there was additional notional non-cash interest accretion of promissory notes and convertible notes issued in October 2012 upon completion of the acquisition of the 580-acre land plot for the Beijing Health Preservation Si He Yuan and Hotel;

– increased non-cash intangible asset amortization expense from approximately HK$5 million in the prior period to approximately HK$19 million in the current period as the Group has completed the acquisition of the cooperating construction and operation agreement in relation to the 580-acre land plot for the Beijing Health Preservation Si He Yuan and Hotel in October 2012; and

– included in the prior period's cost of sales was a one-off write back of accrual of "operating lease rental-operating right" of approximately HK$25 million, which was not recurred in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the inauguration of the new leadership at the beginning of the year, the central government of China has adopted the strategy of "adjusting structure and stabilizing growth while advancing reform" to drive the sustainable development of China's economy. The economic growth of the PRC has slowed down to 7.6% in the first half of 2013 as a result of adjustments to policies and external macroeconomic factors.

However, during the period under review, the health industry of the Group still showed a good development momentum. "Bayhood No. 9 Club" continued to generate stable revenue, while the construction of Beijing Health Preservation Si He Yuan and Hotel has commenced in August 2013. Phase 1 of the project comprises nine courtyard-style (Si He Yuan) villas with a total gross floor area of approximately 20,000 square metres. These villas are expected to be completed in succession beginning from the first quarter next year, which will contribute to a significant growth in the revenue from the health industry.

In order to focus its resources on the development of the health industry and capitalize on the substantial opportunities in the health preservation and retirement market, the Group entered into an agreement with an independent third party in April this year to dispose of the entire interest which held indirectly in Shenzhen Tian An International Building and the property management company managing the building for a total consideration of RMB190 million. The loss of approximately HK$73 million from the said disposal is included in loss from discontinued operation.

Industry Review

As of the end of 2012, population aged above 60 reached 194 million in China, accounting for approximately 14% of the total population of the country. According to international standards, China has become an ageing society. By 2050, the figure is expected to surpass 400 million. Given the acceleration of population ageing, there is a pressing need to accelerate the development of retirement service system. Therefore, the government has been supporting and encouraging the development of the related health industry in recent years.

In 2012, the State Council promulgated the *Law on the Protection of the Rights and Interests of the Elderly (Revised Draft)* to encourage and incentivize investment in retirement service facilities. Given the supportive government policies, the size of China's retirement service industry is expected to exceed RMB450 billion by 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

China's ageing population has grown continuously and accumulated huge wealth over years of rapid economic growth, fueling a strong demand for high quality healthcare, health preservation, and retirement services and facilities. The Group's management believes this coupled with favorable government policies in place, provides substantial room for the development of China's health industry. The Group plans to establish and operate distinctive China Jiuhao Health Preservation Centre across the country, aiming to become a pioneer in offering a comprehensive range of specialized and systemized health preservation and retirement services in the PRC.

Business Review

(Unit: HK$'000)	Sales Revenue Six months ended 30 June		Segment Results Six months ended 30 June	
	2013	2012	**2013**	2012
Continuing operations				
Health industry	**62,832**	70,205	**(20,878)**	33,595
Media	**722**	9,199	**5,813**	21,010
Total	**63,554**	79,404	**(15,065)**	54,605

Health Industry

During the period under review, due to the challenging overall operating environment which had an impact on its food and beverage income, "Bayhood No. 9 Club" recorded sales revenue of approximately HK$63 million, representing a year-on-year decrease of 11% and accounting for 99% of the Group's total sales revenue.

Situated in prime location, "Bayhood No. 9 Club" is only 3.5 km from the Beijing Capital International Airport and a 25-minute drive from the city hub of Beijing. As one of the largest high-end recreational complexes in Beijing, the 1,150-acre club boasts a complete range of facilities including an 18-hole standard golf course, Asia's first PGA-branded golf academy, a fully-equipped driving range, health-themed restaurants, health SPA, and lakeside golf course private VIP rooms, making it well-positioned for future growth.

Operating under a membership system open to corporations and individuals, "Bayhood No. 9 Club" is one of China's most prestigious clubs that attracts senior executives of well-known local and multinational corporations and high-net-worth individuals. Currently, the club is serving over 450 members who are keen on pursuing a healthy lifestyle. Membership fee is as high as RMB1.78 million for corporate membership and RMB1.58 million for individual, reflecting the huge purchasing power of our members.

China Jiuhao (Beijing) Health Town Project

In October 2012, the Group acquired the development and operating rights of a land plot adjacent to "Bayhood No. 9 Club" with an area of 387,000 square metres. The Group plans to develop the land into the Health Preservation Si He Yuan and Hotel, which, in conjunction with "Bayhood No. 9 Club", will be developed into the Group's first flagship health industry project, China Jiuhao (Beijing) Health Town.

With a total floor area of over 80,000 square metres, Beijing Health Preservation Si He Yuan and Hotel will comprise low-density deluxe hotel, villas and conferencing facilities. Phase 1 of the project, mainly comprising nine villas with a floor area of approximately 20,000 square metres, has commenced in August this year and is expected to be completed in succession beginning from the first quarter of 2014. The nine villas of Phase 1 are now being offered for pre-lease. The construction of Phase 2 of the project, comprising more than 20 villas, boutique hotels, clubhouse, dining and conferencing facilities, is expected to commence in the second half of 2014.

In addition to the above facilities, the Group aims to provide member customers with comprehensive health preservation and retirement services. The Group is in discussion with a number of top hospitals and medical research institutes on the cooperation in building "China Jiuhao Health Management Centre" and providing members nationwide with one-stop health management related services, including early health alert, body check, medical expert consultation, preferential outpatient and inpatient services. The Group also seeks to work with insurance companies to offer insurance products in conjunction with relevant health management services.

Unlike other conventional health preservation and retirement real estate projects, China Jiuhao Health Preservation Centre focuses on offering high quality services, with membership and service fees as its major source of revenue. All "Bayhood No. 9 Club" members and its target groups are senior business executives and high-net-worth individuals with immense purchasing power. These high-value members are set to contribute to the sustainable growth of China Jiuhao Health Preservation Centre.

China Jiuhao (Haikou) Health Town Project

The Group intends to capitalize on its successful experience in China Jiuhao (Beijing) Health Town and develop more health maintenance centres in other cities in China. In August this year, the Group has entered into a framework agreement with Yan Feng People's Government and the investment invitation center of Meilan District, Haikou City, Hainan Province in respect of the development of China Jiuhao (Haikou) Health Town in Haikou City.

Located near a mangrove wet land park, China Jiuhao (Haikou) Health Town enjoys a peaceful environment. The project is situated in a convenient location with only 15 minutes ride from the Haikou Meilan International Airport. The project covers a site area of approximately 1,733,000 square metres and is expected to comprise the following:

- Health preservation and elderly-care villas and apartments with a gross floor area of approximately 300,000 square metres;

- premier club and sports facilities rooted on the concept of Bayhood No. 9 Club operated by the Group;

- a health preservation-themed boutique hotel and resort near mangroves to be equipped with various premium facilities including a health centre, dining, hot springs and SPA with ecological farming and cultivation activities; and

- a wet land park emphasizing environmental protection and conservation.

The project is expected to commence operation in phases between 2015 and 2016.

China Jiuhao (Sanya) Health Town Project

In June this year, the Group entered into an agreement with an independent third party to acquire the entire equity interests in Sanya Haoyuntong Agricultural Technology Co., Ltd. which owns the operating rights of a land plot with a site area of approximately 339,000 square metres in Sanya for a total consideration of HK$25,200,000. The Group also plans to acquire an adjacent land plot with a site area of approximately 1,670,000 square metres and develop the two land plots into a premium health preservation-themed community, China Jiuhao (Sanya) Health Town.

China Jiuhao (Sanya) Health Town is located in Sanya, which is known as "Oriental Hawaii". The project enjoys an excellent environment and a convenient location, only 11 kilometers from Sanya Phoenix International Airport. The Group aims to develop China Jiuhao (Sanya) Health Town into a health preservation-themed resort that combines accommodation, hotel, SPA, health activity center and medical center. The community will provide various premium of facilities including:

- health preservation and elderly-care villas and apartments with an estimated gross floor area of approximately 1,000,000 square metres;

- premier club and sports facilities rooted on the concept of Bayhood No. 9 Club operated by the Group, including an 18-hole standard golf course; and

- a health preservation-themed hotel and resort to be equipped with various premium facilities including a health center, a recreational center, a health-themed SPA, health-themed restaurants and cafes.

The project is expected to commence operation in phases beginning from 2016.

Media

Affected by the complicated and changing environment, the growth of TV advertising revenues in PRC has slowed down in the first half of 2013. During the period under review, our associated company Travel Channel also showed weaker performance, with its sales revenue decreasing by more than 20% year on year. We shared profits of approximately HK$7 million from Travel Channel and other media businesses, representing a year-on-year decrease of 61% compared with HK$17 million for the same period last year.

Discontinued Operation – Properties Investment

In April this year, the Group entered into an agreement with an independent third party to dispose of the entire interest which held indirectly in Shenzhen Tian An International Building and the property management company managing the building. The transaction is expected to be completed in the second half of the year. Proceeds of RMB160 million (equivalent to approximately HK$200 million) will be applied for the development of the health industry, especially for the construction of "Beijing Health Preservation Si He Yuan and Hotel" project, and as to RMB30 million (equivalent to approximately HK$37.5 million) as general working capital and as funds for future development of the Group when investment opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook

After years of rapid economic growth, China now has a large ageing population which has a robust purchasing power. Cumulative pension funds in mainland China will exceed RMB2.8 trillion by 2020, and this figure is expected to soar to RMB7.3 trillion by 2030. With a strong purchasing power, these consumers present a strong demand for a healthy and quality life.

However, as China's health industry started relatively late, the existing facilities and services are far from meeting their needs. Currently, China's health industry only accounts for 4-5% of its GDP, as opposed to 15% in the U.S. and European countries. As the government makes efforts to drive the development of relevant industries, we believe that China's health and retirement industry will witness leapfrog growth.

The Group will commence the construction of "China Jiuhao Health Preservation Centre" in Beijing and in Haikou City and Sanya City, Hainan Province in succession. Given the location of these health preservation centres in key recreational and tourist destinations as well as major business centres, coupled with our high-value prospective customers, the management is confident that these facilities are set to generate substantial return for the Group following their completion and commencement of operation.

Looking ahead, the Group will focus its resources on the development of the health preservation and retirement industry. In addition to existing projects, the Group will continue to explore relevant business opportunities in other cities in a meticulous and prudent manner, with a view to becoming a leading operator of health preservation and retirement services in China.

FINANCIAL REVIEW

Continuing Operations

Sales revenue for the six months ended 30 June 2013 amounted to approximately HK$63,554,000, being a 20% decrease comparing to the same period in prior year. Sales revenue from the media segment reduced from approximately HK$9,199,000 for the prior period to approximately HK$722,000 for the current period as there was no sale of completed film rights during the current period. Sales revenue from the health industry segment for the six months ended 30 June 2013 amounted to approximately HK$62,832,000, being an 11% decrease comparing to the same period in prior year, mainly due to the challenging operating environment which had an impact on the food and beverage income of "Bayhood No. 9 Club".

Cost of sales for the six months ended 30 June 2013 amounted to approximately HK$40,893,000, being a 161% increase comparing to the same period in prior year. Included in the prior period's cost of sales was a one-off write back of accrual of "operating lease rental – operation right" of approximately HK$25 million. Excluding this factor, cost of sales for the prior period should be approximately HK$41 million, and thus cost of sales have remained at similar level across the periods.

Other income and other gains/(losses), net mainly comprised fair value gain/loss on financial assets/liabilities at fair value through profit or loss, and exchange gain. The change from other losses in prior period to other gains in the current period is mainly due to:

– Incurrence of fair value gain of approximately HK$7.2 million instead of losses of approximately HK$3.2 million on investment securities due to general improvement in stock markets; and

– Exchange gain of RMB against HK$ of approximately HK$5.9 million was recorded during the current period while in prior period, exchange loss of approximately HK$2.5 million was recorded.

Marketing and selling expenses, mainly incurred for the media segment, remained insignificant across the periods as the Group is now focusing its resources on the development of health industry in PRC.

Administrative expenses for the six months ended 30 June 2013 amounted to approximately HK$56,368,000, being an increase of HK$3 million or 6% comparing to same period in prior year. The increase in administrative expenses is mainly due to increase in non-cash intangible asset amortization from approximately HK$5 million in the prior period to approximately HK$19 million in the current period, as the cooperating construction and operation agreement in relation to the 580-acre land plot for the Beijing Health Preservation Si He Yuan and Hotel have been acquired in October 2012.

Share of profit of joint ventures, mainly represents the Group's share of results of the Travel Channel operations, for the six months ended 30 June 2013 amounted to approximately HK$6,668,000, being a decrease of approximately HK$10 million or 61% comparing to same period in prior year. Travel Channel's advertising revenue is affected by the tightened economic environment during the period especially against high-end consumer products and dropped by more than 20% across the period, leading to a drop in our share of the profit of joint ventures.

Finance costs for the six months ended 30 June 2013 amounted to approximately HK$41,957,000, being an increase of HK$30 million comparing to same period in prior year. The significant increase is mainly due to the accrual of non-cash notional interest accretion on promissory notes and convertible notes issued in October 2012.

Discontinued Operation

In April 2013, the Group has entered into an agreement to dispose of the Properties Investment segment in Shenzhen to an independent third party. Accordingly, the operational results of the segment are accounted for as discontinued operation, and the prior period figures are reclassified to conform to the current period presentation. Loss from discontinued operation for the six months ended 30 June 2013 amounted to approximately HK$68,528,000 (six months ended 30 June 2012: profit of approximately HK$10,300,000). The loss from discontinued operation for the current period mainly comprises the loss on measurement to fair value less costs to sell of the discontinued operation of HK$73 million, offset by the Group's share of profit of the joint ventures holding the discontinued operations of HK$4 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Treasury Management

We have adopted prudent treasury management objectives aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 30 June 2013, the Group held cash and cash equivalents of approximately HK$48,375,000, being a 73% decrease comparing to the balance as at 31 December 2012.

The Group is at net current asset position of HK$369,096,000 as at 30 June 2013 (31 December 2012: HK$217,292,000). The current ratio, representing the total current assets to the total current liabilities, increased from 1.52 as at 31 December 2012 to 1.91 as at 30 June 2013. The debt to equity ratio, representing the sum of borrowings to total equity, slightly decrease from 0.37 as at 31 December 2012 to 0.35 as at 30 June 2013.

Foreign Currency Exchange Exposure

The Group mainly operates in China and is only exposed to foreign exchange risk arising from Chinese Renminbi currency exposures, primarily with respect to the Hong Kong dollars. Accordingly, the exchange rate risk of the Group is considered to be relatively low.

Capital Structure

The Group has mainly relied on its equity, borrowings and internally generated cash flow to finance its operations.

During the period, the Company has issued (i) 10,000,000 new ordinary shares upon share option exercise at HK$0.20 per share; and (ii) 50,000,000 new ordinary shares as the second consideration shares for an acquisition in 2011.

Details of the promissory notes and convertible notes are disclosed in note 17 to the interim report. During the period, the Company has partially repaid promissory notes and accrued interests amounting to HK$104,124,000.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2013, none of the Group's assets was pledged.

Beijing Hua Yi Hao Ge Media Culture Limited ("Hua Yi Hao Ge"), an indirect wholly owned subsidiary of the Company, is a party to a possible litigation in the PRC whereby Hainan Haishi has obtained an order from the People's Court of Yang Pu Economic Development Zone of Hainan Province to freeze its assets in connection with the allegation of an amount of RMB79.9 million alleged to be due from Hua Yi Hao Ge to Hainan Haishi. The alleged amount arose from the Group's exclusive advertising agency business with Hainan Haishi before 31 December 2008, starting with the exclusive advertising agency agreement signed between the Group and Hainan Haishi dated 12 May 2006. The amount payable to Hainan Haishi has already been accrued in the Group's consolidated financial statements since the year ended 31 December 2008, which has not yet been settled as of the interim balance sheet date. The Directors do not anticipate that any material liabilities will arise other than those provided for and believe that the Group has sufficient financial resources to discharge the debt.

Hua Yi Hao Ge appealed against the Beijing Intermediate Court Ruling and the appeal was heard by the Beijing People's High Court (北京市高級人民法院) (the "Beijing High Court") on 1 December 2011. On 11 December 2011, the Beijing High Court ordered that the legal proceedings shall be discontinued pursuant to section 136(6) of the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法). Under the said section 136(6), the legal proceedings can be restored in accordance with the provisions thereof.

HUMAN RESOURCES

As at 30 June 2013, the Group employed a total of approximately 600 full-time employees in Hong Kong and the PRC. The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses are also available at the discretion of the Group depending on the performance of the Group.

OTHER INFORMATION

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 30 July 2002 (the "2002 Share Option Scheme") was terminated and for replacement, a new share option scheme (the "2012 Share Option Scheme") was adopted by the shareholders of the Company at the extraordinary general meeting held on 4 June 2012. Upon termination of the 2002 Share Option Scheme, no further share options would be granted by the Company under the 2002 Share Option Scheme but the share options granted and not yet exercised thereunder would however remain valid and exercisable and are bound by the terms therein.

The purpose of the share option schemes of the Company is to attract and retain the best available personnel, to provide appropriate incentives or rewards to eligible participants for their contributions or potential contributions to the Group and to promote the success of the business of the Group. The eligible participants of the share option schemes as defined in the respective share option scheme including but not limited to directors of the Group, employees of the Group, suppliers of goods or services to the Group, customers of the Group, and shareholders of any member of the Group. The share option schemes became effective on the respective adoption date and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

SHARE OPTION SCHEMES (Continued)

Details of the share option movements under 2002 Share Option Scheme during the period were as follows:

Name or Category of Grantees	Date of grant	Exercise price per share (HK$)	No. of share options: Outstanding as at 1 January 2013	No. of share options: Exercised during the period	No. of share options: Outstanding as at 30 June 2013	% of total issued share capital of the Company	Note
Director							
Edward TIAN Suning	5.5.2008	2.58	1,042,459	–	1,042,459	0.04	(1)
	4.11.2008	0.86	2,084,918	–	2,084,918	0.08	(1)
Others	4.11.2008	0.86	24,497,788	–	24,497,788	0.94	(2)
Total for all categories			27,625,165	–	27,625,165		

SHARE OPTION SCHEMES (Continued)

Details of the share option movements under 2012 Share Option Scheme during the period were as follows:

Name or Category of Grantees	Date of grant	Exercise price per share (HK$)	No. of share options: Outstanding as at 1 January 2013	Exercised during the period	Outstanding as at 30 June 2013	% of total issued share capital of the Company	Note
Directors							
ZHANG Changsheng	15.6.2012	0.20	20,000,000	–	20,000,000	0.77	(3)
WEI Xin	15.6.2012	0.20	2,000,000	–	2,000,000	0.08	(3)
WONG Yau Kar, David	15.6.2012	0.20	2,000,000	–	2,000,000	0.08	(3)
YUEN Kin	15.6.2012	0.20	2,000,000	–	2,000,000	0.08	(3)
CHU Yuguo	15.6.2012	0.20	2,000,000	–	2,000,000	0.08	(3)
Continuous contract employee in aggregate	15.6.2012	0.20	1,500,000	–	1,500,000	0.06	(3)
Others	15.6.2012	0.20	47,500,000	10,000,000	37,500,000	1.43	(3)
Total for all categories			77,000,000	10,000,000	67,000,000		

Notes:

1. These options can be fully exercised from 1 April 2009 to 31 December 2015.

2. These options can be fully exercised from 8 March 2009 to 31 December 2015.

3. These options can be fully exercised from 15 June 2012 to 14 June 2017.

4. During the period, no share options were granted, cancelled and lapsed under the 2002 Share Option Scheme and the 2012 Share Option Scheme respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2013, the interests and short positions of the Director and Chief Executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issue share capital of the Company
YUEN Hoi Po	Interest of controlled corporation	Corporate Interest	589,492,607	3,500,000,000 (Note 1)	4,089,492,607 (Note 1)	156.44 (Note 2)
ZHANG Changsheng	Beneficial owner	Personal interest	–	20,000,000 (Note 4)	20,000,000	0.77
Edward TIAN Suning	Interest of a controlled corporation & Beneficial owner	Corporate Interest & Personal interest	193,866,616 (Corporate)	3,127,377 (Personal) (Note 4)	196,993,993 (Note 3)	7.54
WEI Xin	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.08
WONG Yau Kar, David	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.08
YUEN Kin	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.08
CHU Yuguo	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.08

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Notes:

1. Mr. YUEN Hoi Po is deemed to be interested in 589,492,607 Shares held by his wholly-owned corporations namely, Ming Bang Limited and Rich Public Limited. Mr. YUEN is also deemed to be interested in 3,500,000,000 Shares which fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the zero coupon convertible note in the amount of RMB569 million ("Convertible Note") held by Smart Concept Enterprise Limited which is a wholly-owned corporation of Mr. YUEN. The Convertible Note is underlying shares held under unlisted physically settled equity derivatives.

2. The figure is assuming full conversion of the Convertible Note. However, it is provided in the conditions of the Convertible Note that the relevant holder of the Convertible Note is only allowed to exercise the conversion rights only to the extent that (i) any conversion of the Convertible Note does not render the relevant holder of the Convertible Note who exercises the conversion rights and parties acting in concert with such holder to hold (whether directly or indirectly), together with any Shares already owned or agreed to be acquired by such holder of Convertible Note and parties acting in concert with it, representing 30% or more of the consequential enlarged issued ordinary share capital of the Company and (ii) any conversion of the Convertible Note will not lead to the public float being less than 25% of the consequential enlarged issued ordinary share capital of the Company at the date of the relevant exercise.

3. Mr. Edward TIAN Suning is deemed to be interested in 193,866,616 Shares held by CBC China Media Limited.

4. The number of underlying shares held under equity derivatives is the share options (being unlisted physically settled equity derivatives) granted by the Company, details of which are set out in paragraph headed "Share Option Schemes" of this report.

Save as disclosed above, as at 30 June 2013, none of the Directors, Chief Executives nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2013, the interests and short positions of the following persons (other than Directors or Chief Executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Shareholder	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issue share capital of the Company
Smart Concept Enterprise Limited	Beneficial owner	Beneficial interest	–	3,500,000,000 (Note a)	3,500,000,000	133.89 (Note a)
Rich Public Limited	Beneficial owner (Note b)	Beneficial interest	589,492,607	–	589,492,607	22.55
Ming Bang Limited	Interest of a controlled corporation (Note c)	Corporate interest	589,492,607	–	589,492,607	22.55
Sun Hung Kai Structured Finance Limited	Beneficial owner (Note d)	Beneficial interest	–	3,500,000,000	3,500,000,000	133.89
Sun Hung Kai & Co. Limited	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89
Allied Properties (H.K.) Limited	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89
Allied Group Limited	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89
LEE Seng Hui	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Name of Shareholder	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issue share capital of the Company
LEE Su Hwei	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89
LEE Seng Huang	Interest of a controlled corporation (Note d)	Corporate interest	–	3,500,000,000	3,500,000,000	133.89
CBC China Media Limited	Beneficial owner (Note e)	Beneficial interest	193,866,616	–	193,866,616	7.42
HE Peng	Beneficial owner	Beneficial interest	150,000,000	–	150,000,000	5.74

Notes:

a. The number of underlying shares held under equity derivates is the Convertible Note (being unlisted physically settled equity derivatives) issued by the Company to Smart Concept Enterprise Limited. Smart Concept Enterprise Limited is interested in 3,500,000,000 Shares which fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the Convertible Note. However, it is provided in the conditions of the Convertible Note that the relevant holder of the Convertible Note is only allowed to exercise the conversion rights only to the extent that (i) any conversion of the Convertible Note does not render the relevant holder of the Convertible Note who exercises the conversion rights and parties acting in concert with such holder to hold (whether directly or indirectly), together with any Shares already owned or agreed to be acquired by such holder of Convertible Note and parties acting in concert with it, representing 30% or more of the consequential enlarged issued ordinary share capital of the Company and (ii) any conversion of the Convertible Note will not lead to the public float being less than 25% of the consequential enlarged issued ordinary share capital of the Company at the date of the relevant exercise. Mr. YUEN Hoi Po, the Chairman and an Executive Director of the Company, is beneficially interested in the entire issued share capital of Smart Concept Enterprise Limited. He is also a director of Smart Concept Enterprise Limited.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

b. Rich Public Limited is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Ming Bang Limited.

c. Ming Bang Limited is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned as to Mr. YUEN Hoi Po, the Chairman and an Executive Director of the Company. Mr. YUEN is also a director of Ming Bang Limited.

d. Sun Hung Kai Structured Finance Limited is a wholly-owned subsidiary of Sun Hung Kai Financial Limited, a wholly-owned subsidiary of Sun Hung Kai & Co. Limited, which in turn is a non wholly-owned subsidiary of Allied Properties (H.K.) Limited. Allied Properties (H.K.) Limited is a non wholly-owned subsidiary of Allied Group Limited in which Mr. LEE Seng Hui, Ms. LEE Su Hwei and Mr. LEE Seng Huang are the trustees of the Lee and Lee Trust, having 65.02% interest in Allied Group Limited as at 11 June 2013. Accordingly, they are deemed to have the same long position as Sun Hung Kai Structured Finance Limited.

e. CBC China Media Limited is an investment holding company incorporated in the British Virgin Islands. Mr. Edward TIAN Suning is the Non-executive Director of the Company and the director of CBC China Media Limited.

Save as disclosed above, as at 30 June 2013, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

OTHER INFORMATION

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has applied the principles in and complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Listing Rules ("CG Code") throughout the six months ended 30 June 2013 except the code provisions A.2.1 and A.6.7 of the CG Code. The Chairman of the Company, Mr. YUEN Hoi Po, has also been appointed as Chief Executive Officer of the Company. As Mr. YUEN's accumulated valuable experience in property development and tourism is a great benefit to the Group, the Board believes that the balance of power and authority is adequately (A.2.1). Mr. Edward TIAN Suning and Mr. CHU Yuguo (both are Independent Non-executive Directors) were unable to attend the general meeting of the Company held in June 2013 and February 2013 respectively due to their other business engagement (A.6.7).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT PERSONS

The Company has adopted a code of conduct for securities transactions and dealings (the "Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

The Code of Conduct applies to all the relevant persons as defined in the CG Code, including Directors of the Company, any employee of the Company, or director or employee of a subsidiary or holding company of the Company who, because of such office or employment, are likely to be in possession of unpublished inside information in relation to the Company or its securities.

REVIEW OF INTERIM REPORT

The Audit Committee comprises of three Independent Non-executive Directors, namely Mr. YUEN Kin (Audit Committee Chairman), Prof. WEI Xin and Dr. WONG Yau Kar, David.

The Group's unaudited interim report for the six months ended 30 June 2013 has been reviewed by the Company's independent auditor and the Audit Committee.

OTHER CHANGES IN DIRECTORS' INFORMATION

Other changes in Directors' information since the date of 2012 Annual Report are set out below.

1. Dr. Wong Yau Kar, David was elected deputy to the National People's Congress of the People's Republic of China in March 2013.

2. Dr. Wong Yau Kar, David was appointed independent non-executive director of Shenzhen Investment Limited, a company listed on The Stock Exchange of Hong Kong Limited (HKSE Code: 604) on 13 June 2013.

3. Mr. Hugo SHONG was appointed non-executive director of WPP plc which is the company listed on the London Stock Exchange and the NASDAQ in New York (NASDAQ: WPPGY).

Save as the information disclosed above, there is no change in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By Order of the Board
YUEN Hoi Po
Chairman

Hong Kong, 28 August 2013

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc

羅兵咸永道

TO THE BOARD OF DIRECTORS OF
CHINA JIUHAO HEALTH INDUSTRY CORPORATION LIMITED
(formerly known as "MEDIA CHINA CORPORATION LIMITED")
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 79, which comprises the condensed consolidated interim balance sheet of China Jiuhao Health Industry Corporation Limited (formerly known as "Media China Corporation Limited") (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2013

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (Unaudited) HK$'000	2012 (Unaudited) (Restated) (Note 3) HK$'000
Continuing Operations			
Sales	5	**63,554**	79,404
Cost of sales		**(40,893)**	(15,643)
Gross profit		**22,661**	63,761
Other income and other gains/(losses), net	6	**9,960**	(3,696)
Marketing and selling expenses		**(188)**	(371)
Administrative expenses		**(56,368)**	(53,340)
Share of profit of joint ventures		**6,668**	16,916
		(17,267)	23,270
Finance costs	7	**(41,957)**	(12,255)
(Loss)/profit before income tax	8	**(59,224)**	11,015
Income tax credit/(expense)	9	**3,585**	(10,356)
(Loss)/profit for the period from continuing operations		**(55,639)**	659
Discontinued Operation			
(Loss)/profit for the period from discontinued operation	10	**(68,528)**	10,300
(Loss)/profit for the period		**(124,167)**	10,959
Attributable to:			
Equity holders of the Company		**(124,167)**	10,959
Non-controlling interests		**–**	–
		(124,167)	10,959

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013

	Note	**Six months ended 30 June** **2013** **(Unaudited)** **HK Cents**	2012 (Unaudited) (Restated) (Note 3) HK Cents
(Loss)/earnings per share attributable to equity holders of the Company during the period	11		
Basic (loss)/earnings per share			
– From continuing operations		**(2.17)**	0.03
– From discontinued operation		**(2.67)**	0.45
		(4.84)	0.48
Diluted (loss)/earnings per share			
– From continuing operations		**(2.17)**	0.03
– From discontinued operation		**(2.67)**	0.45
		(4.84)	0.48

The notes on pages 34 to 79 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
		(Note 3)
	HK$'000	HK$'000
(Loss)/profit for the period	**(124,167)**	10,959
Other comprehensive income/(loss):		
Currency translation differences	**24,730**	(3,634)
Other comprehensive income/(loss) for the period, net of tax	**24,730**	(3,634)
Total comprehensive (loss)/income for the period	**(99,437)**	7,325
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
– continuing operations	**(30,909)**	(2,975)
– discontinued operation	**(68,528)**	10,300
	(99,437)	7,325

The notes on pages 34 to 79 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2013

	Note	**30 June 2013 (Unaudited) HK$'000**	31 December 2012 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**333,722**	318,117
Intangible assets	13	**1,663,742**	1,646,999
Interests in joint ventures	14	**60,281**	377,924
Deferred tax assets		**22,039**	22,262
Prepayments		**23,127**	25,185
		2,102,911	2,390,487
CURRENT ASSETS			
Trade receivables	15	**5,854**	13,475
Inventories		**15,491**	19,171
Amounts due from a joint venture and its subsidiaries		**390,972**	365,600
Financial assets at fair value through profit or loss		**18,800**	11,600
Prepayments, deposits and other receivables		**56,632**	45,896
Cash and cash equivalents		**48,375**	179,527
		536,124	635,269
Assets of disposal group held for sale	10	**238,529**	–
		774,653	635,269
CURRENT LIABILITIES			
Agency fee payables		**99,357**	97,605
Trade payables	16	**2,520**	3,878
Receipt in advance, other payables and accrued liabilities		**148,295**	160,330
Amount due to a joint venture		**33,846**	33,249
Deferred revenue		**32,557**	36,322
Current income tax liabilities		**88,982**	86,593
		405,557	417,977

The notes on pages 34 to 79 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2013

	Note	**30 June 2013 (Unaudited) HK$'000**	31 December 2012 (Audited) HK$'000
NET CURRENT ASSETS		**369,096**	217,292
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,472,007**	2,607,779
NON-CURRENT LIABILITIES			
Convertible notes	17	**523,914**	491,587
Promissory notes	17	**9,676**	104,170
Other payables		**5,201**	3,335
Deferred revenue		**79,456**	75,005
Deferred tax liabilities		**337,800**	336,785
		956,047	1,010,882
NET ASSETS		**1,515,960**	1,596,897
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	18	**522,818**	510,818
Reserves		**993,142**	1,086,079
TOTAL EQUITY		**1,515,960**	1,596,897

The notes on pages 34 to 79 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
		(Note 3)
	HK$'000	HK$'000
Continuing operations:		
Net cash (outflow)/inflow from operating activities	**(8,667)**	4,656
Net cash outflow from investing activities	**(27,543)**	(9,262)
Net cash (outflow)/inflow from financing activities	**(102,124)**	4,350
Decrease in cash and cash equivalents	**(138,334)**	(256)
Cash and cash equivalents at 1 January	**179,527**	108,216
Exchange difference on cash and cash equivalents	**7,182**	3,122
Cash and cash equivalents at 30 June	**48,375**	111,082

The notes on pages 34 to 79 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	(Unaudited)										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Equity component of convertible notes	Share option reserve	Capital redemption reserve	Currency translation reserve	Accumulated losses	Sub total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2013	510,818	1,524,338	860,640	337,971	16,832	1,206	78,472	(1,733,380)	1,596,897	-	1,596,897
Total comprehensive income for the period	-	-	-	-	-	-	24,730	(124,167)	(99,437)	-	(99,437)
Transactions with owners in their capacity as owners:											
Issuance of share upon exercise of share options	2,000	351	-	-	(351)	-	-	-	2,000	-	2,000
Issuance of consideration shares	10,000	6,500	-	-	-	-	-	-	16,500	-	16,500
Balance at 30 June 2013	522,818	1,531,189	860,640	337,971	16,481	1,206	103,202	(1,857,547)	1,515,960	-	1,515,960

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	(Unaudited)										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Equity component of convertible notes	Share option reserve	Capital redemption reserve	Currency translation reserve	Accumulated losses	Sub total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2012 (Previously stated)	451,918	1,457,483	860,640	–	94,163	1,206	83,280	(1,772,536)	1,176,154	457	1,176,611
Effect at adoption of HKFRS 11	–	–	–	–	–	–	–	–	–	(457)	(457)
Balance at 1 January 2012 (Restated)	451,918	1,457,483	860,640	–	94,163	1,206	83,280	(1,772,536)	1,176,154	–	1,176,154
Total comprehensive income for the period	–	–	–	–	–	–	(3,634)	10,959	7,325	–	7,325
Transactions with owners in their capacity as owners:											
Issuance of share upon exercise of warrants	2,000	389	–	–	–	–	–	–	2,389	–	2,389
Share-based payments	–	–	–	–	6,399	–	–	–	6,399	–	6,399
Lapse of shares options	–	–	–	–	(30,585)	–	–	30,585	–	–	–
Balance at 30 June 2012	453,918	1,457,872	860,640	–	69,977	1,206	79,646	(1,730,992)	1,192,267	–	1,192,267

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Jiuhao Health Industry Corporation Limited (formerly known as "Media China Corporation Limited") (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the health industry and media business in the People's Republic of China (the "PRC").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 May 2002 under the Company Law (2002 Revision) (Cap. 22) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

On 12 March 2013, the registered name of the Company is changed from Media China Corporation Limited to China Jiuhao Health Industry Corporation Limited.

The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousand Hong Kong dollars (HK$'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 28 August 2013.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. BASIS OF PREPARATION (Continued)

The Group has restated the comparative figures on the loss per share. The restatement is to account for the impact of the share consolidation (note 18) on the weighted average number of ordinary shares in issue for the purpose of calculating the basic and diluted loss per share for the six months ended 30 June 2012. As a result of the share consolidation, the weighted average number of ordinary shares for the six months ended 30 June 2012 has decreased from 4,520,662,969 shares to 2,260,331,484 shares, and hence, the basic and diluted loss per share has been restated from HK cents 0.24 per share to HK cents 0.48 per share for the six months ended 30 June 2012.

3. JOINT ARRANGEMENTS

Prior to year ended 31 December 2012, the Group's interests in jointly controlled entities were proportionately consolidated.

Early adoption of HKFRS 11, "Joint arrangements", in 2012 resulted in the change of accounting policy for its interests in joint arrangements. The Group also adopted HKFRS 10, "Consolidated financial statements", HKFRS 12, "Disclosure of interests in other entities", and consequential amendments to HKAS 28, "Investments in associates and joint ventures" and HKAS 27, "Separate financial statements", at the same time.

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group has applied the new policy for interests in joint ventures in accordance with the transition provisions of HKFRS 11. The Group recognized its investment in joint ventures at the beginning of the earliest period presented (1 January 2011), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's interests in joint ventures for applying equity accounting.

3. JOINT ARRANGEMENTS (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied retrospectively. There is no impact on the net assets of the periods presented.

The effects of the change in accounting policies on the statement of income, comprehensive income and the cash flows of the Group for the six months ended 30 June 2012 are summarized below. The change in accounting policy has had no impact on earnings/(loss) per share.

3. JOINT ARRANGEMENTS (Continued)

Impact of change in accounting policy on the consolidated income statement

	Six months ended 30 June 2012 HK$'000 (Previously stated)	Change in accounting policy HK$'000	Six months ended 30 June 2012 HK$'000 (Restated)
Continuing Operations:			
Sales	93,886	(14,482)	79,404
Cost of sales	(20,056)	4,413	(15,643)
Gross profit	73,830	(10,069)	63,761
Other income and other (losses)/gains, net	(9,373)	5,677	(3,696)
Marketing and selling expenses	(85)	(286)	(371)
Administrative expenses	(50,453)	(2,887)	(53,340)
Share of profit of an associated company	12,632	(12,632)	–
Share of profit of joint ventures	–	16,916	16,916
	26,551	(3,281)	23,270
Finance costs	(3,258)	(8,997)	(12,255)
Profit before income tax	23,293	(12,278)	11,015
Income tax expense	(12,342)	1,986	(10,356)
Profit for the period from continuing operations	10,951	(10,292)	659
Discontinued Operation:			
Profit for the period from discontinued operation	–	10,300	10,300
Profit for the period	10,951	8	10,959

3. JOINT ARRANGEMENTS (Continued)

Impact of change in accounting policy on the consolidated income statement (Continued)

	Six months ended 30 June 2012 HK$'000 (Previously stated)	Change in accounting policy HK$'000	Six months ended 30 June 2012 HK$'000 (Restated)
Attributable to:			
Equity holders of the Company	10,959	–	10,959
Non-controlling interests	(8)	8	–
	10,951	8	10,959
	HK Cents (Previously stated)	HK Cents	HK Cents (Restated) (Note 2)
Earnings per share attributable to the equity holders of the Company for the period			
Basic earnings per share	0.24	–	0.48
Diluted earnings per share	0.24	–	0.48
Dividend	–	–	–

3. JOINT ARRANGEMENTS (Continued)

Impact of change in accounting policy on the consolidated statement of comprehensive income

	Six months ended 30 June 2012 HK$'000 (Previously stated)	Change in accounting policy HK$'000	Six months ended 30 June 2012 HK$'000 (Restated)
Profit for the period	10,951	8	10,959
Other comprehensive loss:			
– Currency translation differences	(3,636)	2	(3,634)
Other comprehensive loss for the period, net of tax	(3,636)	2	(3,634)
Total comprehensive income for the period	7,315	10	7,325
Total comprehensive income attributable to:			
Equity holders of the Company	7,325	–	7,325
Non-controlling interests	(10)	10	–
	7,315	10	7,325

3. JOINT ARRANGEMENTS (Continued)

Impact of change in accounting policy on the statement of cash flows.

	Six months ended 30 June 2012 HK$'000 (Previously stated)	Change in accounting policy HK$'000	Six months ended 30 June 2012 HK$'000 (Restated)
Net cash inflow from operating activities	2,062	2,594	4,656
Net cash outflow from investing activities	(8,808)	(454)	(9,262)
Net cash inflow from financing activities	4,350	–	4,350
(Decrease)/increase in cash and cash equivalents	(2,396)	2,140	(256)
Cash and cash equivalents at 1 January 2012	200,606	(92,390)	108,216
Exchange difference on cash and cash equivalents	3,147	(25)	3,122
Cash and cash equivalents at 30 June 2012	201,357	(90,275)	111,082

4. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT

(i) Accounting Policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in the annual financial statements for the year ended 31 December 2012.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax expected for the full financial year.

(a) New, revised and amended standards and interpretations to existing standards effective in 2013

- HKAS 19 (revised) 'Employee benefits'. HKAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. There is no material impact on the Group's financial statements.

- HKFRS 10, 'Consolidated financial statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied HKFRS 10 retrospectively in accordance with the transition provisions of HKFRS 10. There is no material impact on the Group's financial statements.

4. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT (Continued)

(i) Accounting Policies (Continued)

(a) *New, revised and amended standards and interpretations to existing standards effective in 2013 (Continued)*

- HKFRS 11, 'Joint arrangements'. Details and the financial effects of the adoption of HKFRS 11, 'Joint arrangements' are shown in Note 3.

- HKFRS 13 'Fair value measurement'. HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group will include the disclosures for financial assets and non-financial assets in 2013 annual report.

(b) *New, revised and amended standards and interpretations to existing standards that are not effective and have not been early adopted by the Group*

The following new/revised standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.

HKFRS 9	Financial Instruments

The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

4. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT (Continued)

(ii) Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

In addition, for the fair value of financial instruments that are not traded in an active market which is determined by using valuation techniques, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(iii) Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk, foreign exchange risk, price risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management policies since year end.

4. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT (Continued)

(iii) Financial Risk Management (Continued)

(b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
– Listed equity securities	18,800	–	–	18,800

4. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT (Continued)

(iii) Financial Risk Management (Continued)

(b) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
– Listed equity securities	11,600	–	–	11,600

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily the listed equity investments.

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the management committee which comprises the chief executive officer and the chief financial officer of the Group. The management committee reviews the Group's internal reporting in order to assess performance and allocate resources. The management committee has determined the operating segments based on these reports.

The management committee has determined that the Group is organized into two main operating segments from continuing operations: (i) Health Industry (formerly known as "High-end Recreational and Tourism Services") and (ii) Media Business; and one operating segment from discontinued operation – properties investment. The management committee measures the performance of the segments based on their respective segment results.

All of the Group's operating segments operate in the PRC.

5. SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2013 are as follows:

	Health Industry (Unaudited) HK$'000	Media (Unaudited) HK$'000	Total Continuing operations (Unaudited) HK$'000	Discontinued operation (Unaudited) HK$'000	Total (Unaudited) HK$'000
Sales	62,832	722	63,554	–	63,554
Segment results	(20,878)	5,813	(15,065)	(68,528)	(83,593)
Exchange gain			5,855	–	5,855
Unallocated costs, net			(8,057)	–	(8,057)
			(17,267)	(68,528)	(85,795)
Finance costs			(41,957)	–	(41,957)
Loss before income tax			(59,224)	(68,528)	(127,752)
Income tax credit			3,585	–	3,585
Loss for the period attributable to equity holders of the Company			(55,639)	(68,528)	(124,167)
Capital expenditures					
– Allocated	21,230	13,687	34,917	–	34,917
– Unallocated			107	–	107
Depreciation					
– Allocated	10,558	225	10,783	–	10,783
– Unallocated			471	–	471
Amortization	17,800	776	18,576	–	18,576

There were no sales or other transactions among the operating segments. Unallocated costs, net represent net corporate expenses.

5. SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2012 are as follows:

	Health Industry (Unaudited) (Restated) (Note 3) HK$'000	Media (Unaudited) (Restated) (Note 3) HK$'000	Total Continuing operations (Unaudited) (Restated) (Note 3) HK$'000	Discontinued operation (Unaudited) (Restated) (Note 3) HK$'000	Total (Unaudited) (Restated) (Note 3) HK$'000
Sales	70,205	9,199	79,404	–	79,404
Segment results	33,595	21,010	54,605	10,300	64,905
Exchange loss			(2,480)	–	(2,480)
Share-based payments			(6,399)	–	(6,399)
Unallocated costs, net			(22,456)	–	(22,456)
			23,270	10,300	33,570
Finance costs			(12,255)	–	(12,255)
Profit before income tax			11,015	10,300	21,315
Income tax expense			(10,356)	–	(10,356)
Profit for the period attributable to equity holders of the Company			659	10,300	10,959
Capital expenditures					
– Allocated	1,131	7,393	8,524	–	8,524
– Unallocated			908	–	908
Depreciation					
– Allocated	12,413	221	12,634	–	12,634
– Unallocated			463	–	463
Amortization					
– Allocated	4,094	767	4,861	–	4,861
– Unallocated			225	–	225

There were no sales or other transactions among the operating segments. Unallocated costs, net represent corporate expenses.

5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 30 June 2013 are as follows:

	Health Industry (Unaudited) HK$'000	Media (Unaudited) HK$'000	Total Continuing operations (Unaudited) HK$'000	Discontinued operation (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment assets	1,733,781	55,208	1,788,989	238,529	2,027,518
Interests in joint ventures	–	60,281	60,281	–	60,281
Goodwill	317,821	–	317,821	–	317,821
Amounts due from a joint venture and its subsidiaries			390,972	–	390,972
Unallocated assets			80,972	–	80,972
Total assets			2,639,035	238,529	2,877,564
Segment liabilities	244,270	154,918	399,188	–	399,188
Promissory notes			9,676	–	9,676
Convertible notes			523,914	–	523,914
Unallocated liabilities			428,826	–	428,826
Total liabilities			1,361,604	–	1,361,604

5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2012 are as follows:

	Health Industry (Audited) HK$'000	Media (Audited) HK$'000	Properties Investment (Audited) HK$'000	Total (Audited) HK$'000
Segment assets	1,701,039	102,188	8	1,803,235
Interests in joint ventures	–	52,421	325,503	377,924
Goodwill	312,216	–	–	312,216
Amounts due from a joint venture and its subsidiaries				365,600
Unallocated assets				166,781
Total assets				3,025,756
Segment liabilities	244,151	153,559	–	397,710
Promissory notes				104,170
Convertible notes				491,587
Unallocated liabilities				435,392
Total liabilities				1,428,859

Segment assets consist primarily of tangible and intangible assets, other non-current assets, receivables and operating cash. They exclude deferred tax assets, amounts due from a joint venture and its subsidiaries and cash and cash equivalents for the corporate use.

Segment liabilities comprise operating liabilities including payable and accrued liabilities. They exclude items such as current income tax liabilities and deferred tax liabilities.

5. SEGMENT INFORMATION (Continued)

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combination.

6. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
		(Note 3)
	HK$'000	HK$'000
Interest income	**63**	133
Fair value gain/(loss) on financial assets at fair value through profit or loss	**7,200**	(3,200)
Exchange gain/(loss)	**5,855**	(2,480)
Additional 25% share of results of a joint venture, net of the consideration	**–**	2,292
Miscellaneous	**(3,158)**	(441)
	9,960	(3,696)

7. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Accrued interest on agency fee payable	**–**	3,258
Interest expense on promissory notes	**384**	–
Notional non-cash interest accretion on promissory notes	**9,246**	–
Notional non-cash interest accretion on convertible notes	**32,327**	–
Fair value loss on financial liabilities at fair value through profit or loss (Note)	**–**	8,997
	41,957	12,255

Note: The fair value loss on financial liabilities at fair value through profit or loss represented the change in fair value of warrants issued on 6 January 2012. The fair value of warrants was assessed by Grant Sherman Appraisal Limited, an independent professional valuer. In valuing the fair value of warrants the Black-Scholes option pricing model was applied.

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after crediting and charging the following:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited) (Restated) (Note 3)
	HK$'000	HK$'000
Crediting:		
Exchange gain, net	**5,855**	–
Charging:		
Exchange loss, net	**–**	2,480
Depreciation of property, plant and equipment	**11,254**	13,097
Amortization of intangible assets	**18,576**	5,086
Loss on disposal of property, plant and equipment	**118**	1
Share-based payments (excluding those disclosed in staff costs below)	**–**	3,330
Staff costs:		
Directors' fees	**400**	353
Wages and salaries	**22,031**	21,623
Share-based payments	**–**	6,399
Contributions to defined contribution pension schemes	**3,479**	3,655
	25,910	32,030

9. INCOME TAX CREDIT/(EXPENSE)

No Hong Kong profits tax has been provided as there was no assessable profit from Hong Kong for the period (2012: Nil). Taxation on profits outside Hong Kong has been calculated based on the estimated weighted average annual income tax expected for the full respective financial year.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited) (Restated) (Note 3)
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**–**	–
– PRC corporate income tax	**(828)**	(6,199)
Deferred income tax	**4,413**	(4,157)
Income tax credit/(expense)	**3,585**	(10,356)

10. DISCONTINUED OPERATION

On 17 April 2013, the Group has entered into an agreement to dispose of its 100% equity interests in Green Harmony Investments Limited ("Green Harmony") and Green Villa Investments Limited ("Green Villa") to an independent third party. Green Harmony and Green Villa are both investment holding companies, indirectly holds 50% of equity interest in each of the certain units of Tian An International Building and the management company of the building.

10. DISCONTINUED OPERATION (Continued)

As the operation of Green Harmony and Green Villa are considered as a separate major line of business during the period, they are accounted for as a discontinued operation. The comparative financial information for the six months ended 30 June 2012 has been reclassified to conform with current period presentation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The disposal was not yet completed as at 30 June 2013.

(a) Results of the operation of Green Harmony and Green Villa during the period have been included in the condensed consolidated interim income statement as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss recognized on measurement to fair value less costs to sell	**(72,775)**	–
Administrative expenses	**(6)**	1,791
Share of profit of joint ventures	**4,253**	8,509
(Loss)/profit before income tax	**(68,528)**	10,300
(Loss)/profit from discontinued operation attributable to the equity holders of the Company	**(68,528)**	10,300

10. DISCONTINUED OPERATION (Continued)

(b) Assets of disposal group held for sale

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Interests in joint ventures	238,529	–

Name	Place of establishment and kind of legal entity	Registered capital	Interest held indirectly 2013	Interest held indirectly 2012	Principal activities and place of operation
Shenzhen ITC Tian An Co., Ltd.	The PRC, Sino-foreign equity joint venture	US$8,880,000	50%	50%	Holding and rental of investment properties in the PRC
Shenzhen Tian An International Building Property Management Co., Ltd.	The PRC, Sino-foreign equity joint venture	RMB3,000,000	50%	50%	Property management in the PRC

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Weighted average number of ordinary shares in issue (thousands) disclosed in 2012 interim report	**N/A**	4,520,663
Weighted average number of ordinary shares in issue (thousands) (restated as described in note 2)	**2,566,769**	2,260,331
(Loss)/profit from continuing operations attributable to equity holders of the Company (HK$'000)	**(55,639)**	659
Basic (loss)/earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**(2.17)**	0.03
(Loss)/profit from discontinued operation attributable to equity holders of the Company (HK$'000)	**(68,528)**	10,300
Basic (loss)/earnings per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(2.67)**	0.45

11. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 June 2013, the Company has two categories of potential ordinary shares: convertible notes and share options (2012: share option and warrant). The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share during the period) based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

The conversion of all potential ordinary shares would have an anti-dilutive effect on the basic loss per share for the six months ended 30 June 2013.

11. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted loss per share (Continued)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue (thousands) (restated as described in note 2)	**2,566,769**	2,260,331
Adjustments for:		
– share options (thousands) (restated as described in note 2)	**–**	568
– warrants (thousands) (restated as described in note 2)	**–**	17,235
Weighted average number of ordinary shares for diluted loss per share (thousands) (restated as described in note 2)	**2,566,769**	2,278,134
(Loss)/profit from continuing operations attributable to equity holders of the Company (HK$'000)	**(55,639)**	659
Diluted (loss)/earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share) (restated as described in note 2)	**(2.17)**	0.03
(Loss)/profit from discontinued operation attributable to equity holders of the Company (HK$'000)	**(68,528)**	10,300
Diluted (loss)/earnings per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(2.67)**	0.45

12. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2013 (2012: Nil).

13. CAPITAL EXPENDITURES

(i) Property, plant and equipment

Six months ended 30 June 2013

	Golf course (Unaudited) HK$'000	Buildings (Unaudited) HK$'000	Machinery and equipment (Unaudited) HK$'000	Furniture, computer and equipment (Unaudited) HK$'000	Leasehold improvements (Unaudited) HK$'000	Motor vehicles (Unaudited) HK$'000	Construction in progress (Unaudited) HK$'000	Total (Unaudited) HK$'000
Opening net book amount at 1 January 2013	98,586	183,362	6,821	6,591	14,281	6,943	1,533	318,117
Additions for the period	-	-	42	550	-	7	20,738	21,337
Depreciation for the period	(4,326)	(3,822)	(794)	(618)	(271)	(1,423)	-	(11,254)
Disposals during the period	-	-	(67)	(2)	-	(2)	-	(71)
Exchange difference	1,732	3,257	116	109	253	98	28	5,593
Closing net book amount at 30 June 2013	95,992	182,797	6,118	6,630	14,263	5,623	22,299	333,722

13. CAPITAL EXPENDITURES (Continued)

(i) Property, plant and equipment (Continued)

Six months ended 30 June 2012

	Golf course (Unaudited) HK$'000	Building (Unaudited) HK$'000	Machinery and equipment (Unaudited) HK$'000	Furniture, computer and equipment (Unaudited) HK$'000	Leasehold improvements (Unaudited) HK$'000	Motor vehicles (Unaudited) HK$'000	Construction in progress (Unaudited) HK$'000	Total (Unaudited) HK$'000
Opening net book amount at 1 January 2012 (Previously stated)	107,180	191,174	7,757	8,083	14,881	11,580	–	340,655
Effect at adoption of HKFRS 11	–	(615)	–	(382)	–	(452)	–	(1,449)
Opening net book amount at 1 January 2012 (Restated)	107,180	190,559	7,757	7,701	14,881	11,128	–	339,206
Additions for the period	–	369	288	131	–	363	–	1,151
Depreciation for the period	(4,276)	(3,753)	(955)	(735)	(309)	(3,069)	–	(13,097)
Disposal during the period	–	–	–	–	–	(38)	–	(38)
Exchange difference	(580)	(1,043)	(41)	(40)	(80)	(44)	–	(1,828)
Closing net book amount at 30 June 2012	102,324	186,132	7,049	7,057	14,492	8,340	–	325,394

13. CAPITAL EXPENDITURES (Continued)

(ii) Intangible assets

Six months ended 30 June 2013

	Non-current assets					
	Goodwill	Programme and film rights	Programme and films production in progress	Cooperating construction and operating agreement	Software and licences	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Opening net book amount at 1 January 2013	312,216	21,531	8,440	1,304,703	109	1,646,999
Additions for the period	–	–	13,687	–	–	13,687
Disposals of the period	–	(7,465)	–	–	–	(7,465)
Amortization for the period	–	(776)	–	(17,779)	(21)	(18,576)
Reclassification during the period	–	7,465	(7,465)	–	–	–
Exchange difference	5,605	21	207	23,262	2	29,097
Closing net book amount at 30 June 2013	317,821	20,776	14,869	1,310,186	90	1,663,742
At 30 June 2013						
Cost	317,821	117,472	14,869	1,344,353	122	1,794,637
Accumulated amortization and impairment	–	(96,696)	–	(34,167)	(32)	(130,895)
Net book amount	317,821	20,776	14,869	1,310,186	90	1,663,742

13. CAPITAL EXPENDITURES (Continued)

(ii) Intangible assets (Continued)

Six months ended 30 June 2012

	Non-current assets						Current assets
	Goodwill	Programme and film rights	Programme and films production in progress	Cooperating construction and operating agreement	Software and licences	Total	Exclusive advertising agency right
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Opening net book amount at 1 January 2012 (Previously stated)	102,215	23,070	66,910	328,391	–	520,586	18,503
Effect at adoption of HKFRS 11	(52,140)	–	–	–	–	(52,140)	–
Opening net book amount at 1 January 2012 (Restated)	50,075	23,070	66,910	328,391	–	468,446	18,503
Addition for the period	–	–	7,381	–	900	8,281	–
Amortization for the period	–	(767)	–	(4,094)	(225)	(5,086)	–
Exchange difference	(276)	(15)	(390)	(1,801)	–	(2,482)	–
Transfer out (Note)	–	–	–	–	–	–	(18,503)
Closing net book amount	49,799	22,288	73,901	322,496	675	469,159	–
At 30 June 2012							
Cost	49,799	115,841	73,901	329,980	900	570,421	–
Accumulated amortization and impairment	–	(93,553)	–	(7,484)	(225)	(101,262)	–
Net book amount	49,799	22,288	73,901	322,496	675	469,159	–

Note:

In December 2010, the Group has acquired a three-year exclusive advertising agency right in certain sectors for Beijing Railway Station and Beijing West Railway Station. The amount of "exclusive advertising agency right" as at 1 January 2012 represents the relevant deposit paid by the Group. During the period, the Group has entered into an early termination agreement with the counterparty, pursuant to which the said exclusive advertising agency right is early terminated and the deposit paid by the Group shall be refunded to the Group by the end of 2012. As such, the deposit is transferred to "prepayments, deposits and other receivables" as of 30 June 2012.

14. INTERESTS IN JOINT VENTURES

	Joint ventures for media business		Joint ventures for properties investment business		Total	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	**2013 (Unaudited) HK$'000**	2012 (Unaudited) HK$'000	**2013 (Unaudited) HK$'000**	2012 (Unaudited) HK$'000
At 1 January	**52,421**	26,922	**325,503**	301,775	**377,924**	328,697
Share of profit	**6,668**	16,916	**4,253**	8,509	**10,921**	25,425
Dividends declared	**–**	–	**(13,740)**	–	**(13,740)**	–
Loss recognized on measurement to fair value less costs to sell	**–**	–	**(72,775)**	–	**(72,775)**	–
Reclassified to assets of disposal group held for sale	**–**	–	**(238,529)**	–	**(238,529)**	–
Exchange differences	**1,192**	274	**(4,712)**	(23)	**(3,520)**	251
At 30 June	**60,281**	44,112	**–**	310,261	**60,281**	354,373

As at 30 June 2013 and 31 December 2012, amounts due from joint ventures are unsecured, interest-bearing at prevailing market rates and repayable on demand.

Set out below are the joint ventures of the Group under continuing operations as at 30 June 2013, which, in the opinion of the directors, are material to the Group. All these joint ventures are private companies and there is no quoted market price available for their shares. There are no contingent liabilities relating to the Group's interests in these joint ventures, and there are no contingent liabilities and commitments of these joint ventures themselves.

14. INTERESTS IN JOINT VENTURES (Continued)

Name	Place of establishment and kind of legal entity	Registered capital	Interest held indirectly 2013	2012	Principal activities and place of operation
Hainan Hailu Advertising Limited Liability Company (2)	The PRC, limited liability company	RMB1,000,000	50%	50%	Advertising agency, design and production
AUFM GROUP					
Asia Union Film and Media (1) (2)	The PRC, limited liability company	RMB120,000,000	50%	50%	Investment in television drama, film production and advertising production in the PRC
Beijing Ying Shi Film & Television Art Limited Liability Company (2)	The PRC, limited liability company	RMB500,000	30%	30%	Television drama production in the PRC
Beijing Hua Yi Shan He Shui Advertising Company Limited (2)	The PRC, limited liability company	RMB1,020,000	25.50%	25.50%	Advertisement production in the PRC
Hai Nan Haishi Travel Satellite TV Media Co., Ltd (2)	The PRC, limited liability company	RMB115,963,100	24.5%	24.5%	Production of television programmes (other than news) for the Travel Channel in the PRC

14. INTERESTS IN JOINT VENTURES (Continued)

(1) On 3 July 2007, the Group entered into an agreement with Poly Culture and Arts Co., Ltd. ("PCACL") pursuant to which the Group has agreed to repay the shareholder's loans of approximately RMB150 million on behalf of AUFM to PCACL. On the other hand, PCACL has agreed to transfer to the Group its right to share 25% of the future dividends and other distribution of AUFM out of the retained distributable profits of AUFM. After the repayment of the abovementioned shareholder's loans by the Group, AUFM will continue to be a joint venture of the Group but the profit sharing ratio of the Group in AUFM will increase from 50% to 75%. The Group has already fully repaid the abovementioned shareholder's loans on behalf of AUFM in 2007.

On 10 May 2009, the shareholders of AUFM passed a resolution, pursuant to which PCACL has agreed to transfer to the Group its right to share the remaining 25% of the dividends and other distribution of AUFM out of the retained distributable profits of AUFM for the future three years in return for an annual receipt of a fixed consideration of RMB3,000,000. Accordingly, AUFM will continue to be a joint venture of the Group but the profit sharing ratio of the Group in AUFM will be 100% during the three-year period. The additional 25% share of results of AUFM net of the consideration has been included in "other income and other gains/(losses), net" in the condensed consolidated interim income statement.

(2) The names of the companies referred to above represent management's best effort in translating the Chinese names of the companies as no English names for these companies have been registered.

15. TRADE RECEIVABLES

At 30 June 2013, the aging analysis of the trade receivables based on invoice date were as follows:

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
0–3 months	**3,817**	790
4–6 months	**307**	417
Over 6 months	**15,490**	25,786
	19,614	26,993
Provision for doubtful debts (all made against trade receivables aged over 6 months)	**(13,760)**	(13,518)
	5,854	13,475

The Group generally requires customers to pay in advance, but grants a credit period of 30 days to 90 days to certain customers.

16. TRADE PAYABLES

At 30 June 2013, the aging analysis of the trade payables based on invoice date were as follows:

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
0–3 months	**2,015**	2,363
4–6 months	**–**	856
Over 6 months	**505**	659
	2,520	3,878

17. BORROWINGS

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Non-current		
Convertible notes	523,914	491,587
Promissory notes	9,676	104,170
	533,590	595,757

(a) Convertible notes

The Company issued a three-year term zero-coupon convertible notes with principal amount of RMB569 million (equivalent to approximately HK$700 million at the time of issuance) in October 2012 upon completion of a business combination. The convertible notes mature three years from the issue date at their nominal value of RMB569 million or can be converted into a maximum of 3,500,000,000 ordinary shares of the Company at the holder's option at any time during the period between the issue date and the maturity date at the conversion price of HK$0.20 each, subject to certain conditions. The values of the liability component and the equity conversion component were determined at issuance of the convertible notes.

17. BORROWINGS (Continued)

(a) Convertible notes (Continued)

The convertible notes recognized in the balance sheet is calculated as follows:

	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Fair value of convertible notes at 1 January	829,558	–
Less: Equity component	(337,971)	–
Liability component at 1 January	491,587	–
Interest expense (note 7)	32,327	–
Liability component at 30 June	523,914	–

The fair value of the liability component of the convertible bond at 30 June 2013 amounted to approximately HK$523,914,000 (31 December 2012: HK$491,587,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 12.9%.

17. BORROWINGS (Continued)

(b) Promissory notes

The Group issued a promissory notes with principal amount of HK$150 million in October 2012 upon completion of a business combination. The repayment date of the promissory notes is the date falling on the last day of the 24th month from the date of issuance (the "Repayment Date"), and the Group could, at its discretion, repay the promissory notes in whole or in part prior to the Repayment Date. The promissory notes bear interest from the date of the issuance at the best lending rate of the Hongkong and Shanghai Banking Corporation Limited on the outstanding amount of the promissory notes and is repayable in arrears on the Repayment Date.

	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Fair value of promissory notes at 1 January	**104,170**	–
Interest expense (note 7)	**9,630**	–
Repayments	**(104,124)**	–
Fair value of promissory notes at 30 June	**9,676**	–

The fair value of the promissory notes is calculated using cash flows discounted at a rate based on the borrowings rate of 9.8%.

18. SHARE CAPITAL

	Ordinary shares of HK$0.2 each		Preference shares of HK$0.01 each		
	No. of shares (Note (a))		No. of shares		Total
	'000	HK$'000	'000	HK$'000	HK$'000
Authorized:					
At 30 June 2013 (Unaudited)	15,000,000	3,000,000	240,760	2,408	3,002,408
At 31 December 2012 (Audited) (Note (b))	15,000,000	3,000,000	240,760	2,408	3,002,408
At 1 January 2013	2,554,090	510,818	–	–	510,818
Issue of consideration shares (Note (d))	50,000	10,000	–	–	10,000
Issue of share upon exercise of share options	10,000	2,000	–	–	2,000
At 30 June 2013 (Unaudited)	2,614,090	522,818	–	–	522,818
At 1 January 2012	2,259,590	451,918	–	–	451,918
Issue of shares upon warrant conversion (Note (c))	10,000	2,000	–	–	2,000
At 30 June 2012 (Unaudited)	2,269,590	453,918	–	–	453,918

18. SHARE CAPITAL (Continued)

Notes:

(a) Share Consolidation

As approved at the extraordinary general meeting of the Company held on 25 July 2012, every two issued and unissued shares of HK$0.10 each in the share capital of the Company have been consolidated into one consolidated share of HK$0.20 each effective from 26 July 2012. For details, please refer to the circular issued by the Company dated 21 June 2012.

(b) Increase in authorized share capital

The Company increased its authorized share capital to HK$3,002,407,600 divided into 15,000,000,000 (adjusted for the effect of share consolidation mentioned above) ordinary shares of HK$0.20 each (adjusted for the effect of share consolidation mentioned above) and 240,760,000 preference shares of HK$0.01 each as approved at the extraordinary general meeting of the Company held on 10 February 2012.

(c) Warrants

On 19 December 2011, the Company appointed a sole and exclusive placing agent to procure not less than six placees to subscribe for up to 275,000,000 (adjusted for the effect of share consolidation mentioned above) warrants of the Company on best effort basis. Such warrant has an exercise price of HK$0.20 per warrant (adjusted for the effect of share consolidation mentioned above), and could be exercised within three years since the date of issue. On 6 January 2012, the warrants have been fully placed. Up to 31 December 2012, all warrants have been converted to shares of the Company.

(d) Consideration Share

According to the sale and purchase agreement dated 26 January 2011 ("Agreement") and the Supplemental Agreement dated 16 May 2011 entered into between the Purchaser, the Vendor, and the Company in relation to the Acquisition, the Company has agreed to issue to the Vendor the First Consideration Shares for a total of 100,000,000 Shares and the Second Consideration Shares for a total of 50,000,000 Share (subject to adjustment), both at the issue price of HK$0.70 per Share, being part of the consideration for the Acquisition. The Second Consideration Shares were issued by the Company on 30 May 2013. For details, please refer to the Company's announcements dated 22 February 2011 and 16 May 2011, the Company's circular dated 17 June 2011 and the Company's announcements dated 28 July 2011 and 30 May 2013.

18. SHARE CAPITAL (Continued)

Share Option

Pursuant to a resolution passed on the extraordinary general meeting of the Company dated 4 June 2012, the share option scheme adopted by the Company on 30 July 2002 ("Terminated Option Scheme") has been terminated and the Company has adopted a new 10-year term share option scheme ("New Option Scheme") on the same date. Outstanding share options granted under the Terminated Option Scheme shall continue to be valid and exercisable. Pursuant to the New Option Scheme, the Company can grant options to Qualified Persons (as defined in the New Option Scheme) for a consideration of HK$1.00 for each grant payable by the Qualified Persons to the Company. The total number of the shares issued and to be issued upon exercise of options granted to each Qualified Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. Pursuant to said resolution passed on 4 June 2012, the Company can grant up to 225,958,972 share options (adjusted for the effect of share consolidation mentioned above) to the Qualified Persons.

Subscription price in relation to each option pursuant to the New Option Scheme shall not be less than the higher of (i) the closing price of the shares as stated in Stock Exchange's daily quotation sheets on the date on which the option is offered to a Qualified Person; or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; or (iii) the nominal value of the shares of the Company. There shall be no minimum holding period for the vesting or exercise of the options and the options are exercisable within the option period as determined by the Board of Directors of the Company. For the six months ended 30 June 2013, no share option (2012: 96,500,000 share options (adjusted for the effect of share consolidation mentioned above)) have been granted under the New Option Scheme and no share-based payment expense has been charged to the condensed consolidated interim income statement (2012: HK$6,399,000).

18. SHARE CAPITAL (Continued)

Movement of share options during the period is as follows:

(Unaudited)

Number of share options (after adjustment for share consolidation effective on 26 July 2012)

Tranche	Date of share options granted	Outstanding as at 1 January 2013	Exercised during the year	Outstanding as at 30 June 2013	Exercisable as at 30 June 2013	Exercise Price (adjusted) HK$	Vesting date	Expiry date
1	5 May 2008	1,042,459	–	1,042,459	1,042,459	2.58	From 1 April 2009	31 December 2015
2	4 November 2008	26,582,706	–	26,582,706	26,582,706	0.86	From 8 March 2009 to 8 March 2011	31 December 2015
3.	15 June 2012	77,000,000	(10,000,000)	67,000,000	67,000,000	0.20	From 15 June 2012	14 June 2017
		104,625,165	(10,000,000)	94,625,165	94,625,165			

(Unaudited)

Number of share options (after adjustment for share consolidation effective on 26 July 2012)

Tranche	Date of share options granted	Outstanding as at 1 January 2012	Granted during the period	Cancelled/ lapsed during the period	Adjusted during the period	Outstanding as at 30 June 2012	Exercisable as at 30 June 2012	Exercise Price (adjusted) HK$	Vesting date	Expiry date
1	7 March 2008	37,789,147	–	(4,430,450)	(3)	33,358,694	33,358,694	2.98	From 1 April 2008 to 1 March 2011	31 December 2012
2	5 May 2008	5,733,525	–	(4,691,066)	–	1,042,459	1,042,459	2.58	From 1 April 2009	31 December 2015
3.	4 November 2008	41,956,457	–	(15,373,745)	(6)	26,582,706	26,582,706	0.86	From 8 March 2009 to 8 March 2011	31 December 2015
4.	15 June 2012	–	96,500,000	–	–	96,500,000	96,500,000	0.20	From 15 June 2012	14 June 2017
		85,479,129	96,500,000	(24,495,261)	(9)	157,483,859	157,483,859			

19. SIGNIFICANT BUSINESS COMBINATION AND DISPOSAL

(a) Significant business combination

For the six months ended 30 June 2013

On 4 June 2013, the Group and Mr. WANG Edward Dongqing (the "Vendor") has entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire the entire equity interests in Sanya Haoyuntong Agricultural Technology Co., Ltd. free from encumbrances for the consideration of HK$25,200,000. The consideration shall be settled in the following manner upon completion of the proposed acquisition.:

(i) HK$17,500,000 which shall be satisfied by the allotment and issue of the 25,000,000 Consideration Shares at the Issue Price of HK$0.7 per Consideration Share upon completion;

(ii) RMB1,000,000 (equivalent to approximately HK$1.3 million) in cash to be settled no later than the latest time for such payment as to be allowed according to the approval document to be issued by the local authority of the Ministry of Commerce in respect of the Acquisition; and

(iii) RMB5,000,000 (equivalent to approximately HK$6.4 million) in cash to be paid in relation to the transfer or settlement of RMB5,000,000 of the Shareholder's Loan.

The said acquisition has not yet been completed as at the date of this interim report.

19. SIGNIFICANT BUSINESS COMBINATION AND DISPOSAL (Continued)

(a) Significant business combination (Continued)

For the six months ended 30 June 2012

On 25 May 2012, the Group and Smart Concept Enterprise Limited ("Smart Concept"), a wholly-owned company of Mr. Yuen Hoi Po, the chairman and a substantial shareholder of the Company, has entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire from Smart Concept the entire equity interests in Yuan Shun Investments Limited ("Yuan Shun") free from encumbrances for the consideration of HK$900 million. The consideration of HK$900 million shall be settled in the following manner upon completion of the proposed acquisition:

(i) HK$50 million of the consideration shall be paid in cash;

(ii) HK$150 million of the consideration shall be settled by way of promissory notes ("Promissory Notes"); and

(iii) the remaining consideration shall be settled by the issuance by the Company of 3-year term zero-coupon convertible notes with principal amount of RMB569 million (equivalent to approximately HK$700 million) and an initial conversion price of HK$0.10 per share ("Convertible Notes").

The repayment date of the Promissory Notes is the date falling on the last day of the 24th month from the date of issuance (the "Repayment Date"), and the Group could, at its discretion, repay the Promissory Notes in whole or in part prior to the Repayment Date. The Promissory Notes shall bear interest from the date of the issue at the best lending rate of The Hongkong and Shanghai Banking Corporation Limited on the outstanding amount of the Promissory Notes and shall be payable by in arrears on the Repayment Date.

19. SIGNIFICANT BUSINESS COMBINATION AND DISPOSAL (Continued)

(a) Significant business combination (Continued)

For the six months ended 30 June 2012 (Continued)

The key assets of Yuan Shun and its subsidiaries (the "Target Group") is the cooperation agreement relating to the development and operation rights of the 580 acres (equivalent to approximately 387,000 square metres) of the subject land located at Beijing Chao Lai Football Activities Centre, which is adjacent to "Bayhood No. 9 Club", up to 31 May 2048. The Group intends to develop the subject land as the extension of "Bayhood No. 9 Club". Low density, double-storey deluxe hotel villas and conferencing facilities equipped with basement, luxurious amenities and gardening will be built on it. They will be operated in the form of serviced apartments and leased out on short to medium terms. As "Bayhood No. 9 Club" is currently only equipped with golf, spa, dining and retail facilities, the development and operation of serviced apartments in the vicinity enables the Group to provide more comprehensive services to customers. Current and potential members of "Bayhood No. 9 Club" are considered to be the target customers for the project, which will also be branded as "Bayhood No. 9".

The said acquisition has been completed in October 2012.

(b) Significant business disposal

For the six months ended 30 June 2013

On 17 April 2013 (after trading hours), the Company and Aote Holding Limited have entered into a sale and purchase agreement, whereby the Company agreed to sell the entire issued share capital in and assign its loan due from Green Harmony Investments Limited ("Green Harmony") and Green Villa Investments Limited ("Green Villa") to Aote Holding Limited at an aggregate consideration of RMB190,000,000 (equivalent to approximately HK$238,450,000) payable in cash. Green Harmony and Green Villa are both investment holding companies, indirectly holds 50% of the equity interest in each of the certain units of Tian An International Building and the management company of the building. The said disposal has not yet been completed as at the date of this interim report.

19. SIGNIFICANT BUSINESS COMBINATION AND DISPOSAL (Continued)

(b) Significant business disposal (Continued)

For the six months ended 30 June 2012

There was no significant business disposal during the period.

20. COMMITMENTS

(a) Capital commitment

Capital expendture contracted for at the end of the reporting period but not yet incurred is as follows:

	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Property, plant and equipment	30,709	47,541

(b) Operating lease commitment – group companies as lesses

At 30 June 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	30 June 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
Not later than one year	13,161	13,216
Later than one year and not later than five years	50,813	49,824
Later than five years	527,691	524,890
	591,665	587,930

20. COMMITMENTS (Continued)

(b) Operating lease commitment – group companies as lesses (Continued)

The above future aggregate minimum lease payments under non-cancellable operating leases have included committed operating lease rental arising from the Cooperation Construction Operating Agreements, being the rights (i) to construct and operate the club facilities of "Bayhood No. 9 Club" up to 31 December 2051; and (ii) to develop and operate a piece of 580-acre land adjacent to "Bayhood No. 9 Club" up to 31 May 2048.

21. CONTINGENCIES

Beijing Hua Yi Hao Ge Media Culture Limited ("Hua Yi Hao Ge"), an indirect wholly owned subsidiary of the Company, is a party to a possible litigation in the PRC whereby Hainan Haishi Tourist Satellite TV Media Co., Ltd. ("Hainan Haishi") has obtained an order from the People's Court of Yang Pu Economic Development Zone of Hainan Province to freeze its assets in connection with the allegation of an amount of RMB79.9 million alleged to be due from Hua Yi Hao Ge to Hainan Haishi. The alleged amount arose from the Group's exclusive advertising agency business with Hainan Haishi before 31 December 2008, starting with the exclusive advertising agency agreement signed between the Group and Hainan Haishi dated 12 May 2006. The amount payable to Hainan Haishi has already been accrued in the Group's consolidated financial statements since the year ended 31 December 2008, which has not yet been settled as of the balance sheet date. The Directors do not anticipate that any material liabilities will arise other than those provided for and believe that the Group has sufficient financial resources to discharge the debt.

Hua Yi Hao Ge appealed against the Beijing Intermediate Court Ruling and the appeal was heard by the Beijing People's High Court (the "Beijing High Court") on 1 December 2011. On 11 December 2011, the Beijing High Court ordered that the legal proceedings shall be discontinued pursuant to section 136(6) of the Civil Procedure Law of the PRC. Under the said section 136(6), the legal proceedings can be restored in accordance with the provisions thereof.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. YUEN Hoi Po *(Chairman)*
Mr. ZHANG Changsheng *(Vice Chairman)*

Non-executive directors

Mr. Hugo SHONG
Mr. Edward TIAN Suning

Independent Non-executive Directors

Prof. WEI Xin
Dr. WONG Yau Kar, David, *BBS, JP*
Mr. YUEN Kin
Mr. CHU Yuguo

COMPANY SECRETARY

Mr. HAU Wai Man, Raymond

QUALIFIED ACCOUNTANT

Mr. HAU Wai Man, Raymond

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank
China Minseng Bank

SOLICITORS

Fred Kan & Co
Guantao Law Firm

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

Suite 3503, 35/F
Tower Two, Lippo Centre
89 Queensway, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.jiuhaohealth.com