



康迅360  
KANGXUN 360

Interim Report  
2014



中國9號健康產業有限公司  
China Jiu hao Health Industry Corporation Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 419)

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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECTS

### Financial Performance

Major indicators of the financial results for the six months ended 30 June 2014 are summarized in the table below:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Total sales revenue	54,045	63,554
Gross profit	18,757	15,074
Profit/(loss) before finance costs and income tax	74,268	(17,267)
Profit/(loss) before income tax	94,773	(59,224)
Profit/(loss) for the period	95,297	(55,639)

### Business Review

	Sales Revenue		Segment Results	
	Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Online Healthcare Service	-	-	(10,820)	-
Offline Healthcare and Wellness Services	51,576	62,832	(6,210)	(20,878)
Media	2,469	722	27,401	5,813
<b>Total</b>	<b>54,045</b>	<b>63,554</b>	<b>10,371</b>	<b>(15,065)</b>

During the period under review, the Group's profit from continuing operations significantly increased to approximately HK\$95.30 million, as compared to a loss of approximately HK\$55.64 million during the same period last year. This remarkable turnaround in the Group's financial performance was mainly due to the significant decrease in finance costs arising from convertible notes and promissory notes, substantial increase in the fair value gain from securities investment, and the gain on disposal of joint ventures of approximately HK\$11.03 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group adhered to its development strategy primarily focusing on the development of the integrated online and offline healthcare service chain, vigorously promoting online health management service that integrates with the offline healthcare and wellness services, and pursuing further development of the Group's healthcare business in an orderly manner. The Group established long-term partnership with certain quality strategic partners, such as China Taiping Life Insurance and China Life Insurance (Overseas), a wholly-owned subsidiary of China Life Insurance (Group) Company, in order to further enhance "Kangxun 360" cloud health management service platform and its user experience. Meanwhile, the Group actively broadened the revenue streams of "Kangxun 360" platform and constantly improved the business model of the platform. In addition, the Group took full advantages of the offline services, such as the "Green Healthcare Channel" that gave users priority access to outpatient and hospitalization services and Bayhood No. 9 Club project, and strove to build an online to offline (O2O) healthcare services platform in order to provide customers with one-stop health management solutions. Currently, "Kangxun 360" platform still remains in its infancy and needs to be improved and further developed. Nevertheless, the management strongly believes that the subsequent development of "Kangxun 360" platform will generate considerable profit for the Group.

Bayhood No. 9 Club continued to be the leading revenue stream during the period, generating revenue of approximately HK\$51.58 million, representing a year on year decrease of 18%. This is mainly due to the challenging operating environment in China that had a severe impact on the food and beverage income of Bayhood No. 9 Club. However, the management made efforts to strictly control the operational costs and expenditures thereby the Group has recorded 24% increase in gross profit which amounted to approximately HK\$18.76 million during the period. The segment loss of "Offline Healthcare and Wellness Services" for the period has also been narrowed down to HK\$6.21 million from HK\$20.88 million during the same period last year. In addition, the first phase of the construction of Beijing Healthcare and Wellness Si He Yuan and Hotel adjacent to Bayhood No. 9 Club, comprising nine units of courtyard villas, is now close to completion. The management believes not only the villa project itself is profitable, this project can be also in synergy with the Bayhood No. 9 Club to attract more high net worth individuals, thereby further contributing to the Group's revenue.

In order to fully concentrate on the development of the healthcare business, as well as to lay a solid financial foundation for building the online to offline comprehensive health management service supply chain, the Group disposed of its wholly owned subsidiaries engaging in properties investment in Shenzhen at a consideration of RMB200 million during the period under review, and recorded a gain on disposal of approximately HK\$11.03 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

In the “Several Opinions on Promoting the Development of the Health Service Industry”, the State Council set the explicit development target of “expanding the total size of healthcare service industry to more than RMB8 trillion by 2020”. Given government policies to drive the healthcare industry, the concept of health big data has come under the spotlight. Against this background, digital healthcare services emerged and have been developing rapidly. According to the “2013 Report on the Development of Internet Medical Services in China”, the market size of mobile healthcare in China amounted to RMB2.34 billion in 2013, and was expected to reach RMB12.53 billion by 2017. Benefiting from the strong market demand and favorable government policy, the digital healthcare service industry will become the most highly sought-after investment theme in the next three to five years, with substantial growth potential.

Since 2013, the government has issued a number of policies to encourage insurance companies to invest in the healthcare and elderly care industry. In the “Several Opinions of the State Council on Accelerating the Development of Modern Insurance Service Industry”, it is reiterated that “strong policy support will be given to qualified insurance companies which invest in the elderly care industry and participate in the integration of healthcare service industry”. Driven by favorable policies, the insurance sector actively invests in the healthcare service industry and the elderly care industry.

In light of the policy support and strong market demand, China Jiu hao Health has been focused on developing the healthcare service industry and is committed to becoming the first one-stop “online to offline” (O2O) health management service provider in China, offering a comprehensive range of exclusive health management and wellness solutions to the country’s growing population that highly values health. The Group’s core product – “Kangxun 360” cloud health management platform, which is based on the Internet and mobile application technologies, provides services including establishment of health profiles, development of health plans, real-time health alert, regular health risk assessment, personalized health report and online health advisory service. In conjunction with the Group’s “Green Healthcare Channel” – priority access to outpatient and hospitalization service, “Bayhood No. 9 Club”, Beijing Healthcare and Wellness Si He Yuan and Hotel (under construction), and China Jiu hao Health Town projects in Haikou and Sanya in Hainan Province, the platform aims to offer a one-stop health management solution and drive the efficient and comprehensive health services to a new level.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (1) **Online Healthcare Services**

### **Kangxun 360 Cloud Health Management Services Platform**

In 2014, China Jiu hao Health officially launched its “Kangxun 360” cloud health management service platform ([www.kangxun360.com](http://www.kangxun360.com)), which was developed by the Company with proprietary intellectual property right. “Kangxun 360” is an industry leading health management product based on mobile Internet, Internet of Things and a health management platform that adopted cloud computing. Leveraging on systemic and cutting-edge cloud technology and an extensive team of registered general practitioners, the “Kangxun 360” platform provides users with a systematic range of specialized and customized online health management services that centres on data support. By accessing their “Kangxun 360” accounts via computers or iOS and Android Apps, “Kangxun 360” users can input their health data to create health profiles and perform health assessments. Thereby, they can develop health plans and obtain real-time health alerts, customized health reports, as well as health knowledge and advice. Powered by cloud technology, the “Kangxun 360” platform is designed to help users establish personal health profiles and provide health management services including continuous tracking, health alerts and recommendations, with a view to reducing health hazards, preventing chronic diseases and guiding users to maintain health.

The main features of “Kangxun 360” platform include:

**Health assessment:** The customer will receive a health assessment after completing the health assessment questionnaire. The system will perform a full analysis of the customer’s conditions using a health risk assessment model. The assessment results will serve as an indicative suggestion for the purpose of developing a customized health plan for the customer.

**Health plans:** Based on the results of health risk assessment, the system will automatically recommend to the customer health management plans suitable for his health conditions. Currently, “Kangxun 360” platform mainly offers health plans for high blood pressure and high blood glucose, and will expand to other health plans such as health plans for heart disease in the future.

**Health monitoring:** It comprises two features, dynamic monitoring and self-examination. If a customer feels sick, he may use the self-examination function to search and check for the possible diseases and relevant details against his symptoms. Meanwhile, a customer may obtain his health data quickly using the monitors connected to the platform.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Health profiles:** Permanent personal health profiles will be established for customers. The profiles include their medical history and family information, allowing users to choose appropriate health plans in view of their specific conditions.

**Health mailbox:** This service delivers health information, messages and real-time health alerts to users, and provides them with guidance on physical exercise, healthcare and food.

**My doctor:** Customers may make interactive consultation with their personal health advisors on their health conditions, test results or assessment reports. Customers may leave messages online for health advisors, and health advisors will reply all questions within 24 hours.

Currently, China Jiu hao Health has entered into cooperation agreements with China Taiping Life and China Life (Overseas), pursuant to which the Company will provide customers of these insurance companies with health management services through “Kangxun 360” platform:

- **China Life (Overseas)** is an important strategic shareholder of the Group, currently holding 6.1% interests in the Company. Previously, both parties had entered into a strategic cooperation agreement to develop products combining insurance with healthcare service based on “Kangxun 360” health management platform, explore detailed implementation plans for the sharing of customer resources, promote the sharing of their customer management systems, and carry out targeted customer database marketing. China Life (Overseas) has more than 300,000 insurance clients outside China, and its parent company, China Life Insurance (Group) Company, has more than 200 million insurance clients in China.
- In March 2014, the Group entered into a service cooperation agreement with **China Taiping Life**, pursuant to which the Group will commence to provide health management services to insurance clients of Taiping Life by phases through “Taiping-Kangxun 360” health management platform by the end of the year. In addition, both parties agree to further explore detailed implement plans for the sharing of customer resources, promote the sharing of their customer management systems, and carry out customer database management

## MANAGEMENT DISCUSSION AND ANALYSIS

and marketing. Both parties intend to explore the possibility for China Taiping Life to become a strategic shareholder of the Company when appropriate opportunities arise, as well as further cooperation with the Group in investment projects in the health management and health preservation industry. China Taiping Life has a total of more than 28 million insurance clients.

Through the cooperation with China Life (Overseas) and China Taiping Life, which are two giant insurance companies in China, “Kangxun 360” platform will be able to expand its customer base quickly. By selling a large number of licenses to use “Kangxun 360” platform, the Group will be able to charge basic service fee for the platform based on the number of customers. Also, the Group will generate additional revenue by selling supporting devices (for example, physical examination equipment such as blood pressure monitor and blood glucose meter, as well as related supplies such as blood glucose test strips) and other value-added services to users. In addition, after developing a large user base and a user database for “Kangxun 360” platform, the Group can further launch value-added services, online business and advertising business related to healthcare services, and can make use of the comprehensive health database to carry out targeted database marketing, thereby laying a solid foundation for the Group’s expansion of the big data marketing business.

### **(2) Offline Healthcare and Wellness Services**

“Kangxun 360” platform not only establishes personal health profiles for users, but also provides professional and timely online advisory service, and even combines the Group’s offline health services in an innovative manner. Through the Group’s Green Healthcare Channel, “Bayhood No. 9 Club”, Beijing Healthcare and Wellness Si He Yuan and Hotel and China Jiu hao Health Town projects under construction in Haikou and Sanya in Hainan Province, “Kangxun 360” platform provides high-end users with a one-stop health management solution that comprises a package of online and offline health services, catering for users’ pursuit of a healthy lifestyle in an efficient and comprehensive manner.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Healthcare and Wellness Centres**

The Group has a number of healthcare projects, including “Beijing Bayhood No. 9 Club”, Beijing Healthcare and Wellness Si He Yuan and Hotel under construction, China Jiuhaio (Sanya) Health Town (“Sanya Health Town”) and China Jiuhaio (Haikou) Health Town (“Haikou Health Town”).

Strategically located, “**Beijing Bayhood No. 9 Club**” is only about 10 minutes’ drive from the Beijing Capital International Airport and 25 minutes’ drive from the urban centre of Beijing. As one of the largest high-end leisure complexes in downtown Beijing, the club covers approximately 1,150 Chinese acres. Jointly designed by several world-renowned design firms, the building complex comprises an 18-hole golf course, Asia’s first PGA-branded golf academy, wellness SPA, lakeside golf course private VIP rooms, and conferencing facilities. Operating under membership plans for corporations and individuals, Beijing Bayhood No. 9 Club is one of the top green health clubs in the country. It has so far attracted approximately 500 members including senior executives of well-known companies in China and abroad, and high net wealth individuals, who are in pursuit of health and wellness. The standard corporate membership is as high as RMB1.78 million and the standard individual membership fee is also high at RMB1.58 million, signifying the enormous spending power of the members.

Located adjacent to “Bayhood No. 9 Club”, “**Beijing Healthcare and Wellness Si He Yuan and Hotel**” covers an area of 580 Chinese acres, with an approved total gross floor area of more than 80,000 square meters. The project is designed to comprise a fitness center, a wellness boutique hotel and villas. The project is designed by the world-renowned Denniston International Architects & Planners whose works include Fuchun Resort Hangzhou, Aman Resorts Beijing and St. Regis Lhasa Resort. The project is scattered among the boutique hotel, restaurants and gardens. Customers in the villas may enjoy the view of the golf course in the distance. The villas comprise large, medium and small-sized villas. Each villa consists of three storeys, two levels above ground and one level under ground, with a garden and private parking spaces. Surrounded by villas, the fitness center and the wellness boutique hotel are equipped with facilities including villa suites, wellness restaurants, conference rooms, SPA, swimming pool, sport facilities, medical clinic and physical examination facilities. Phase 1 of the project is now close to completion, mainly comprising nine detached villas with an aggregate

## MANAGEMENT DISCUSSION AND ANALYSIS

gross floor area of 20,000 square meters. This phase is expected to generate revenue for the Group within this year at the earliest. Phase 2 and Phase 3 of the project consist of approximately 35,000 square meters of villas and approximately 25,000 square meters of health centre and wellness boutique hotel, respectively. Both phases are in the final design stage and are expected to be commenced construction in succession at the beginning of next year.

Separately, preparations are being made for the development of Sanya Health Town and Haikou Health Town. The Group will develop Sanya Health Town and Haikou Health Town based on the successful operation model of “Bayhood No. 9 Club” and taking into account the actual needs of high-end users of “Kangxun 360” platform. With these projects, the Group aims to expand the coverage of its offline business, so as to offer quality health management services to more people in pursuit of quality and healthy lifestyle.

### **Green Healthcare Channel – priority access to outpatient and hospitalization services**

As the political center of China, Beijing enjoys the premium healthcare resources, attracting people in need of medical treatment across the country. In 2013, the daily average number of non-local people receiving medical treatment in Beijing amounted to approximately 700,000. Statistics show that as of the end of 2013, the number of staff members of medical institutions in Beijing was 294,000, representing an increase of 6.3% over the previous year, and the patient attendance of medical institutions during the year reached 220 million, representing an increase of 10.9% compared with the previous year. Medical institutions in Beijing face increasing pressure from the strong demand for medical services. In particular, the short supply of medical services among Tertiary Grade-A hospitals is even more serious.

Understanding the short supply of medical services in Beijing, the Group joined hands with China-Japan Friendship Hospital and Beijing Medical Doctor Association to launch the “Green Healthcare Channel” – priority access to outpatient and hospitalization services and whole-process follow-up services, with a view to offering health management services to the high-end users of “Kangxun 360” platform. Through the “Green Healthcare Channel”, customers are given priority access to general and specialist outpatient and hospitalization services at a number of Tertiary Grade-A hospitals in Beijing, solving the difficulty to obtain medical service and ensuring customers to receive timely and professional treatment.

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### **(3) Media**

During the period under review, the advertising business of Hainan Haishi Tourist Satellite TV Media Co. Ltd (“Travel Channel”), an associated company of the Group, remained stable. Its advertising sales revenues reached approximately RMB110 million, which remained at about same level of the prior period. Benefiting from one-off reversal of accrued consulting fees payable and accrued interests, segment results of media business during the period increased significant to HK\$27.40 million from HK\$5.81 million during the same period last year.

### **(4) Property Investment Business**

In April 2014, the Group has disposed of the entire interests in Green Harmony Investments Limited and Green Villa Investment Limited (whose subordinate companies were principally engaged in properties investment business in Shenzhen) to an independent third party for an aggregate consideration of RMB200,000,000. A gain on disposal of approximately HK\$11.03 million was recorded during the period.

### **Business Outlook**

Compared with developed regions such as Europe and the United States, China’s healthcare industry is in an initial stage, accounting for only 4%-5% of its GDP, far lower than the ratio of developed countries at 15%, even lower than a number of developing countries. Currently, China’s healthcare industry is still unable to meet the domestic consumption demand. However, strong demand will be the momentum for growth. We believe that given by the growth in the consumer population and favorable government policies, the prospect of China’s healthcare industry will be optimistic. In pace with the robust growth of the industry, the Group’s business will also move onto a fast track of development.

The Group is committed to becoming a leading one-stop O2O health management service provider in China. Looking ahead, the Group will concentrate its resources to develop “Kangxun 360” health management platform and remain focused on developing the O2O comprehensive healthcare services chain. Meanwhile, the Group will continue to seek quality strategic partners to expand its partnership network, with a view to growing the user base. The Group will improve the business model of “Kangxun 360” and diversify its revenue channels, aiming at generating revenue for the Group within this year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Continuing Operations

Sales revenue for the six months ended 30 June 2014 amounted to approximately HK\$54,045,000, being a 15% decrease comparing to the same period in prior year. 95% (2013: 99%) of the sales revenue during the period arose from the “Offline Healthcare and Wellness Services” segment. The decrease in sales revenue is mainly attributable to the continuous worsening operating environment of the high-end food and beverage market in the PRC. No sales revenue has been generated from the “Online Healthcare Service” segment yet during the period (2013: Nil).

Cost of sales for the six months ended 30 June 2014 amounted to approximately HK\$35,288,000, being a 27% decrease comparing to the same period in prior year. The decrease in cost of sales was mainly attributed to the decrease in food and beverage sales revenue as discussed above and the management’s effort in cost control during the period. This has led to 24% increase in gross profit amid a 15% drop in sales revenue during the period. Gross profit margin for the current period is approximately 35% (2013: 24%).

Other income and other gains, net mainly comprised fair value gain on financial assets at fair value through profit or loss, exchange differences and gain on disposal of joint ventures. The significant increase in the amount during the current period is mainly attributable to the rise in the share price of the investment securities held by the Group and the gain on disposal of joint ventures of approximately HK\$11,028,000 arising from the completion of the disposal of our Shenzhen investment properties segment at the consideration of RMB200 million during the period.

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 provision of online and offline healthcare and wellness services.

## MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses for the six months ended 30 June 2014 amounted to approximately HK\$12,496,000, being a decrease of HK\$36,285,000 or 74% comparing to the same period in prior year. The significant decrease is mainly due to the following reasons:

- During the period, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain consulting fees payable to the Travel Channel. The reversal of such accrued payable amounted to approximately HK\$33 million and has been offset against administrative expenses during the current period;
- Included in the prior period administrative expenses is a non-cash intangible asset amortization in relation to the approximately 580-acre land plot for the Beijing Healthcare and Wellness Si He Yuan and Hotel of approximately HK\$13,639,000. The relevant amortization has been capitalized as part of construction in progress during the current period instead of expensed off as administrative expenses; and
- The Group has heavily invested in the development of “Kangxun 360” online healthcare platform during the period. Included in the current period administrative expenses are relevant R&D and professional healthcare expenses amounting to approximately HK\$10,820,000.

Share of results of joint ventures, mainly represents the Group’s share of loss of the Travel Channel operations, for the six months ended 30 June 2014 amounted to approximately HK\$9,554,000 (2013: share of profit of approximately HK\$6,668,000). As described elsewhere, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain accrued consulting fee payable and interest payable to the Travel Channel. As a result, the reversal of accrued receivable in the accounts of the Travel Channel has led to the share of loss of joint ventures during the current period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Finance income/(costs), net for the six months ended 30 June 2014 amounted to approximately HK\$20,505,000 (2013: finance costs of approximately HK\$41,957,000). The significant fluctuation during the current period is mainly due to the following reasons:

- During the period, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to the Travel Channel upon the full settlement of the outstanding agency fees by the Group. The reversal of such accrued interest payable amounted to approximately HK\$20,505,000 and has been offset against finance costs during the current period; and
- Included in the prior period finance costs is the non-cash notional interest accretion on promissory notes and convertible notes totaling HK\$41,957,000. The relevant non-cash notional interests have been capitalized as part of construction in progress during the current period instead of expensed off as finance costs.

### LIQUIDITY AND CAPITAL RESOURCES

#### Liquidity and Treasury Management

We have adopted prudent treasury management measures 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 2014, the Group held cash and cash equivalents of approximately HK\$247,832,000, being a 148% increase comparing to the balance as at 31 December 2013. The Group is at net current asset position of HK\$610,671,000 as at 30 June 2014 (31 December 2013: HK\$397,720,000). The current ratio, representing the total current assets to the total current liabilities, increased from 1.94 as at 31 December 2013 to 3.54 as at 30 June 2014. The debt to equity ratio, representing the sum of borrowings to total equity, slightly decrease from 0.19 as at 31 December 2013 to 0.17 as at 30 June 2014. The Group's borrowings represented the outstanding convertible notes issued for the acquisition of the development and operating rights of the 580-acre land Beijing Healthcare and Wellness Si He Yuan and Hotel.

#### 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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) 285,714,000 new ordinary shares upon a placement at HK\$0.35 per share; (ii) 130,000,000 new ordinary shares upon conversion of convertible notes at HK\$0.20 per share; and (iii) 500,000 new ordinary shares upon share option exercise at HK\$0.20 per share.

Convertible notes with principal amount of RMB569 million, among others, were issued in October 2012 to finance the acquisition of the development and operating rights of the 580-acre land Beijing Healthcare and Wellness Si He Yuan and Hotel. As at 30 June 2014, principal amount of outstanding convertible notes amounted to approximately RMB319 million. Details of the convertible notes are disclosed in note 15 to the interim report.

## CHARGE OF ASSETS

As at 30 June 2014, none of the Group's assets was charged.

## HUMAN RESOURCES

As at 30 June 2014, 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.

### **PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY**

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 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.

The total number of shares which may be issued upon exercise of all options to be granted under the share option schemes and any options to be granted under any other share option schemes must not in aggregate exceed 10% of the aggregate of the shares in issue as at the adoption/refreshment date.

The maximum number of shares issuable under share options to each eligible participant under the share option schemes and any other schemes of the Group in any 12-month period, is limited to 1% of the issued shares of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

## OTHER INFORMATION

### SHARE OPTION SCHEMES (Continued)

Each grant of options to a participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the share option schemes must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who or whose associate is the proposed grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted under the share option schemes (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the shareholders in general meeting.

A participant shall pay the Company HK\$1.00 for the grant of an option on acceptance of an option offer within 21 days after the offer date. The option price will be determined by the board at its absolute discretion and notified to an option-holder. The minimum option price shall not be less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of the shares.

The total number of securities available for issue under share option schemes is as follows:

<b>Share Option Schemes</b>	<b>Number of securities available for issue</b>	<b>% of total issued share capital of the Company at 30 June 2014</b>
2002 Share Option Scheme	27,625,165	0.59
2012 Share Option Scheme	536,240,401	11.42

## OTHER INFORMATION

### 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 30 June 2014	% of total issued share capital of the Company	Note
			Outstanding as at 1 January 2014	Exercised during the period			
<b>Director</b>							
Edward TIAN Suning	5.5.2008	2.58	1,042,459	-	1,042,459	0.02	(1)
	4.11.2008	0.86	2,084,918	-	2,084,918	0.04	(1)
<b>Others</b>	4.11.2008	0.86	24,497,788	-	24,497,788	0.52	(2)
<b>Total for all categories</b>			<u>27,625,165</u>	<u>-</u>	<u>27,625,165</u>		

## OTHER INFORMATION

### 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 30 June 2014	% of total issued share capital of the Company	Note
			Outstanding as at 1 January 2014	Exercised during the period			
<b>Director</b>							
ZHANG Changsheng	15.6.2012	0.20	20,000,000	-	20,000,000	0.43	(3)
WEI Xin	15.6.2012	0.20	2,000,000	-	2,000,000	0.04	(3)
WONG Yau Kar, David	15.6.2012	0.20	2,000,000	-	2,000,000	0.04	(3)
YUEN Kin	15.6.2012	0.20	2,000,000	-	2,000,000	0.04	(3)
CHU Yuguo	15.6.2012	0.20	2,000,000	-	2,000,000	0.04	(3)
<b>Continuous contract employee in aggregate</b>							
	15.6.2012	0.20	1,500,000	(500,000)	1,000,000	0.02	(3) (4)
<b>Others</b>							
	15.6.2012	0.20	37,500,000	-	37,500,000	0.80	(3)
<b>Total for all categories</b>			67,000,000	(500,000)	66,500,000		

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. The weighted average closing price of shares of the Company immediately before the date on which the options were exercised during the period was HK\$0.45.
5. During the period, no share options were granted, cancelled and lapsed under the 2002 Share Option Scheme and the 2012 Share Option Scheme respectively.

## OTHER INFORMATION

### 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 2014, 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 to 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 corporations	Corporate interest	1,404,492,607	1,965,000,000 (Note 1)	3,369,492,607 (Note 1)	71.73 (Note 2)
ZHANG Changsheng	Beneficial owner	Personal interest	-	20,000,000 (Note 4)	20,000,000	0.43
Edward TIAN Suning	Interest of a controlled corporation	Corporate interest & Personal interest	193,866,616 (Corporate)	3,127,377 (Personal) (Note 4)	196,993,993 (Note 3)	4.19
WEI Xin	Beneficial owner	Personal Interest	-	2,000,000 (Note 4)	2,000,000	0.04
WONG Yau Kar, David	Beneficial owner	Personal interest	-	2,000,000 (Note 4)	2,000,000	0.04
YUEN Kin	Beneficial owner	Personal interest	-	2,000,000 (Note 4)	2,000,000	0.04
CHU Yuguo	Beneficial owner	Personal interest	-	2,000,000 (Note 4)	2,000,000	0.04



## OTHER INFORMATION

### **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 1,404,492,607 Shares held by his wholly-owned corporations namely, Ming Bang Limited, Rich Public Limited and Smart Concept Enterprise Limited. Mr. YUEN is also deemed to be interested in 1,965,000,000 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 approximately RMB319 million ("Convertible Note") held by Smart Concept Enterprise Limited. 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 Shares 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 2014, 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.

## OTHER INFORMATION

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

As at 30 June 2014, 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 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	1,265,000,000	1,965,000,000 (Note a)	3,230,000,000	68.76 (Note a)
Rich Public Limited	Beneficial owner (Note b)	Beneficial interest	139,492,607	-	139,492,607	2.97
Ming Bang Limited	Interest of a controlled corporation (Note c)	Corporation interest	139,492,607	-	139,492,607	2.97
China Life Insurance (Group) Company	Interest of a controlled corporation (Note d)	Corporate interest	285,714,285	-	285,714,285	6.08
China Life Insurance (Overseas) Co. Ltd.	Interest of a controlled corporation (Note d)	Corporate interest	285,714,285	-	285,714,285	6.08
China Life Trustees Limited	Beneficial owner (Note d)	Beneficial interest	285,714,285	-	285,714,285	6.08

## OTHER INFORMATION

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

#### Long positions in ordinary 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
Sun Hung Kai Structured Finance Limited	Beneficial owner (Note e)	Beneficial interest	917,740,000	1,965,000,000	2,882,740,000	61.37
Sun Hung Kai & Co. Limited	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37
Allied Properties (H.K.) Limited	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37
Allied Group Limited	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37
LEE Seng Hui	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37
LEE Su Hwei	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37
LEE Seng Huang	Interest of a controlled corporation (Note e)	Corporate interest	917,740,000	1,965,000,000	2,882,740,000	61.37

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

Notes:

- a. The number of underlying shares held under equity derivatives 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 1,965,000,000 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 Shares 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.
- 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. China Life Trustees Limited is a wholly-owned subsidiary of China Life Insurance (Overseas) Co. Ltd, which in turn is a wholly-owned subsidiary of China Life Insurance (Group) Company.
- e. Sun Hung Kai Structured Finance Limited is a wholly-owned subsidiary of Sun Hung Kai Financial Limited, an indirect 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 68.72% interest in Allied Group Limited as at 15 January 2014. Accordingly, they are deemed to have the same long position as Sun Hung Kai Structured Finance Limited.

Save as disclosed above, as at 30 June 2014, 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 PRACTICES

The board of directors of the Company (the “Board”) is committed in achieving high standards of corporate governance. Throughout the six months ended 30 June 2014, the Company has applied the principles and meet the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules with the exception of the following two deviations:–

**1. Code Provision A.2.1**

The Chairman of the Board, Mr. YUEN Hoi Po, has also been appointed as Chief Executive Officer in March 2012. As Mr. YUEN’s accumulated valuable experience in service industry and tourism is a great benefit to the Group, the Board believes that the balance of power and authority is adequate.

**2. Code Provision A.6.7**

Mr. Edward TIAN Suning and Prof. WEI Xin were unable to attend the annual general meeting of the Company held on 16 May 2014 due to their other business engagement.

### 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 2014.

The Code of Conduct applies to 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 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 has reviewed the Group's unaudited interim report for the six months ended 30 June 2014 together with the Company's independent auditor and there were no disagreements with any accounting treatment.

### OTHER CHANGES IN DIRECTORS' INFORMATION

Other changes in Directors' information since the date of 2013 Annual Report are set out below.

1. Mr. YUEN Hoi Po is a cousin of Mr. WANG Le who was appointed as Vice President of the Group's Healthcare R&D Division on 1 July 2014.
2. Dr. WONG Yau Kar, David was appointed as an independent non-executive director of Sinopec Kantons Holdings Limited on 31 March 2014.

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 2014



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF  
**CHINA JIUHAO HEALTH INDUSTRY CORPORATION LIMITED**  
(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 71, which comprises the condensed consolidated interim balance sheet of China Jiuhaio Health Industry Corporation Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flow statement 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.

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# 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 2014

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2014

		<b>Six months ended 30 June</b>	
		<b>2014</b>	2013
		<b>(Unaudited)</b>	(Unaudited)
			(Restated)
			(Note 2)
	Note	<b>HK\$'000</b>	HK\$'000
<b>Continuing Operations</b>			
Sales	4	<b>54,045</b>	63,554
Cost of sales		<b>(35,288)</b>	(48,480)
		<hr/>	<hr/>
Gross profit		<b>18,757</b>	15,074
Other income and other gains, net	5	<b>77,753</b>	9,960
Marketing and selling expenses		<b>(192)</b>	(188)
Administrative expenses		<b>(12,496)</b>	(48,781)
Share of (loss)/profit of joint ventures		<b>(9,554)</b>	6,668
		<hr/>	<hr/>
		<b>74,268</b>	(17,267)
Finance income/(costs), net	6	<b>20,505</b>	(41,957)
		<hr/>	<hr/>
Profit/(loss) before income tax	7	<b>94,773</b>	(59,224)
Income tax credit	8	<b>524</b>	3,585
		<hr/>	<hr/>
Profit/(loss) for the period from continuing operations		<b>95,297</b>	(55,639)
<b>Discontinued Operation</b>			
Loss for the period from discontinued operation	17	-	(68,528)
		<hr/>	<hr/>
Profit/(loss) for the period		<b>95,297</b>	(124,167)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		<b>95,297</b>	(124,167)
Non-controlling interests		-	-
		<hr/>	<hr/>
		<b>95,297</b>	(124,167)
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 (Unaudited) HK Cents	2013 (Unaudited) HK Cents
Earnings/(loss) per share attributable to equity holders of the Company during the period	9		
Basic earnings/(loss) per share			
– From continuing operations		2.04	(2.17)
– From discontinued operation		–	(2.67)
		<b>2.04</b>	(4.84)
Diluted earnings/(loss) per share			
– From continuing operations		1.68	(2.17)
– From discontinued operation		–	(2.67)
		<b>1.68</b>	(4.84)

The notes on pages 36 to 71 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 2014

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the period	<b>95,297</b>	(124,167)
Other comprehensive (loss)/income:		
Currency translation differences	<b>(13,810)</b>	24,730
Other comprehensive (loss)/income for the period, net of tax	<b>(13,810)</b>	24,730
Total comprehensive income/(loss) for the period	<b>81,487</b>	(99,437)
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
– continuing operations	<b>81,487</b>	(30,909)
– discontinued operation	<b>–</b>	(68,528)
	<b>81,487</b>	(99,437)

The notes on pages 36 to 71 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2014

	Note	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	436,653	390,219
Intangible assets	11	1,597,817	1,645,263
Interests in joint ventures	12	52,283	70,910
Deferred tax assets		20,300	20,037
Prepayments		32,153	35,162
		<b>2,139,206</b>	2,161,591
<b>CURRENT ASSETS</b>			
Trade receivables	13	–	2,182
Inventories		11,357	10,823
Amounts due from joint ventures and its subsidiaries	12	321,322	396,104
Programmes and film production in progress		66,709	–
Financial assets at fair value through profit or loss		153,620	16,000
Prepayments, deposits and other receivables		50,531	54,909
Cash and cash equivalents		247,832	99,880
		<b>851,371</b>	579,898
Assets of disposal group held for sale		–	241,660
		<b>851,371</b>	821,558
<b>CURRENT LIABILITIES</b>			
Agency fee payables		–	100,661
Trade payables	14	1,889	2,499
Receipt in advance, other payables and accrued liabilities		119,002	157,314
Amount due to a joint venture	12	–	34,290
Deferred revenue		29,474	32,100
Current income tax liabilities		90,335	90,875
Promissory notes	15	–	6,099
		<b>240,700</b>	423,838

The notes on pages 36 to 71 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

At 30 June 2014

	Note	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NET CURRENT ASSETS</b>		<b>610,671</b>	397,720
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,749,877</b>	2,559,311
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes	15	<b>334,473</b>	334,588
Other payables		<b>8,842</b>	7,098
Deferred revenue		<b>71,706</b>	77,601
Deferred tax liabilities		<b>337,334</b>	340,961
		<b>752,355</b>	760,248
<b>NET ASSETS</b>		<b>1,997,522</b>	1,799,063
<b>EQUITY</b>			
Capital and reserves attributable to the equity holders of the Company			
Share capital	16	<b>939,481</b>	856,238
Reserves		<b>1,058,041</b>	942,825
<b>TOTAL EQUITY</b>		<b>1,997,522</b>	1,799,063

The notes on pages 36 to 71 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2014

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash outflow from operating activities	<b>(45,387)</b>	(8,667)
Net cash inflow/(outflow) from investing activities	<b>108,961</b>	(27,543)
Net cash inflow/(outflow) from financing activities	<b>89,742</b>	(102,124)
Increase/(decrease) in cash and cash equivalents	<b>153,316</b>	(138,334)
Cash and cash equivalents at 1 January	<b>99,880</b>	179,527
Exchange difference on cash and cash equivalents	<b>(5,364)</b>	7,182
Cash and cash equivalents at 30 June	<b>247,832</b>	48,375

The notes on pages 36 to 71 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 2014

	(Unaudited)									
	Attributable to equity holders of the Company									
			Equity component			Share	Capital	Currency	Accumulated	Total
	Share capital	Share premium	Merger reserve	of convertible notes	option reserve	redemption reserve	translation reserve	losses		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2014	856,238	1,644,681	860,640	202,299	16,481	1,206	116,620	(1,899,102)	1,799,063	
Total comprehensive income for the period	-	-	-	-	-	-	(13,810)	95,297	81,487	
Transactions with owners in their capacity as owners:										
Issuance of share upon exercise of share options	100	35	-	-	(35)	-	-	-	100	
Issuance of share upon conversion of convertible notes	26,000	7,425	-	(12,553)	-	-	-	-	20,872	
Issuance of share upon placement	57,143	38,857	-	-	-	-	-	-	96,000	
Balance at 30 June 2014	939,481	1,690,998	860,640	189,746	16,446	1,206	102,810	(1,803,805)	1,997,522	

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

(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	Total
	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
Total comprehensive income for the period	-	-	-	-	-	-	24,730	(124,167)	(99,437)
Transactions with owners in their capacity as owners:									
Issuance of share upon exercise of share options	2,000	351	-	-	(351)	-	-	-	2,000
Issuance of consideration shares	10,000	6,500	-	-	-	-	-	-	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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

China Jiu hao Health Industry Corporation Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in the provision of online and offline healthcare and wellness services. The Group is also engaged in 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.

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 2014.

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 2014 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The comparative figures in the Group’s condensed consolidated income statement relating to the amortization of certain intangible assets of HK\$4,141,000 and salary of HK\$3,446,000, which have been previously classified under “administrative expenses”, is now reclassified as “cost of sales” in order to conform to the current period’s presentation for a better understanding of the Group’s activities. This reclassification has no effect on the Group’s condensed consolidated interim balance sheet as at 30 June 2014 and consolidated balance sheet as at 31 December 2013, or the Group’s profit/(loss) or cash flows for the six months ended 30 June 2014 and 2013.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. 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 2013, as described in the annual financial statements for the year ended 31 December 2013.

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 2014 adopted by the Group*

The Group has adopted the following new, revised and amended standards and interpretations to existing standards ("new HKFRS") that have been issued and are effective for the Group's accounting year beginning on 1 January 2014:

HKAS 32 (Amendment)	Financial Instruments: Presentation on asset and liability offsetting
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosure
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of derivatives
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. 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 2014 adopted by the Group (Continued)*

The adoption of the above new HKFRSs did not result in substantial changes to the accounting policies of the Group and had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

- (b) *New, revised and amended standards and interpretations to existing standards that are not effective in 2014 and have not been early adopted by the Group*

The following new, revised and amended standards and interpretations to existing standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

		<b>Effective for the accounting period beginning on or after</b>
HKFRS 9	Financial Instruments	To be determined
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	To be determined
HK(IFRIC) 21	Levies	1 January 2015

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

### (i) Accounting Policies (Continued)

(b) *New, revised and amended standards and interpretations to existing standards that are not effective in 2014 and have not been early adopted by the Group (Continued)*

The Group has commenced an assessment of the impact of these new, amended and revised 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.

### (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 2013.

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.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

### (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 2013.

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

#### (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).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. 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:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 June 2014</b>				
<b>Financial assets at fair value through profit or loss</b>				
Trading securities	<u>153,620</u>	-	-	<u>153,620</u>
<b>At 31 December 2013</b>				
<b>Financial assets at fair value through profit or loss</b>				
Trading securities	<u>16,000</u>	-	-	<u>16,000</u>

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. 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 three main operating segments from continuing operations: (i) Online healthcare service; (ii) Offline healthcare and wellness services; and (iii) Media business. The management committee measures the performance of the segments based on their respective segment results. The segment results derived from profit before income tax, excluding exchange (loss)/gain, finance costs and unallocated income/(costs), net. Unallocated income/(costs), net mainly comprise of corporate income net off with corporate expenses including salary, office rental and other administrative expenses which are not attributable to particular reportable segment. The "Offline Healthcare and Wellness Services" segment is renamed from "Health Industry" segment as described in the notes to the condensed consolidated interim financial information for the six months ended 30 June 2013.

There are no sales between the operating segments in the period (2013: Nil).

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2014 are as follows:

	Online Healthcare Service (Unaudited) HK\$'000	Offline Healthcare and Wellness Services (Unaudited) HK\$'000	Media (Unaudited) HK\$'000	Total Continuing operations (Unaudited) HK\$'000	Discontinued operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Sales	-	51,576	2,469	54,045	-	54,045
Segment results	<u>(10,820)</u>	<u>(6,210)</u>	<u>27,401</u>	10,371	-	10,371
Exchange loss				(2,568)	-	(2,568)
Unallocated income, net				66,465	-	66,465
Finance income, net				74,268	-	74,268
				20,505	-	20,505
Profit before income tax				94,773	-	94,773
Income tax credit				524	-	524
Profit for the period attributable to equity holders of the Company				<u>95,297</u>	-	<u>95,297</u>
Depreciation						
– Allocated	214	11,156	181	11,551	-	11,551
– Unallocated				292	-	292
Amortization	-	4,235	-	4,235	-	4,235

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. SEGMENT INFORMATION (Continued)

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

	Online Healthcare Service (Unaudited) HK\$'000	Offline Healthcare and Wellness Services (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)
Finance costs				(17,267)	(68,528)	(85,795)
				(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)
Depreciation						
- Allocated	-	10,558	225	10,783	-	10,783
- Unallocated				471	-	471
Amortization	-	17,800	776	18,576	-	18,576

*Note:* No segment assets and liabilities are disclosed as the chief operating decision makers are not relying on these segment information for the purposes of resources allocation and performance assessment.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. OTHER INCOME AND OTHER GAINS, NET

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest income	<b>250</b>	63
Fair value gain on financial assets at fair value through profit or loss	<b>67,775</b>	7,200
Exchange (loss)/gain, net	<b>(2,568)</b>	5,855
Gain on disposal of joint ventures (Note 17(b))	<b>11,028</b>	–
Miscellaneous	<b>1,268</b>	(3,158)
	<b>77,753</b>	9,960
	<b>77,753</b>	9,960

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. FINANCE INCOME/(COSTS), NET

	<b>Six months ended 30 June</b>	
	<b>2014</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2013 (Unaudited) HK\$'000
Interest expense on promissory notes	–	(384)
Notional non-cash interest on promissory notes	<b>(260)</b>	(9,246)
Notional non-cash interest on convertible notes	<b>(20,757)</b>	(32,327)
	<b>(21,017)</b>	(41,957)
Less: Amounts capitalized as the cost of qualifying assets (i)	<b>21,017</b>	–
	–	(41,957)
Reversal of accrued interest on agency fee payable (ii)	<b>20,505</b>	–
	<b>20,505</b>	(41,957)

(i) Finance costs on the promissory notes and convertible notes capitalized during the period were borrowing costs attributable to the construction of the “Beijing Healthcare and Wellness Si He Yuan and Hotel”.

(ii) During the period, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. (“Travel Channel”), an associated company of joint ventures of the the Group, have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to Travel Channel upon the full settlement of the outstanding agency fee by the Group. The reversal of such accrued interest payable amounted to approximately HK\$20,505,000 and has been offset against finance costs during the current period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is stated after crediting and charging the following:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<hr/>		
Depreciation of property, plant and equipment (Note 11)	<b>11,843</b>	11,254
Amortization of intangible assets (Note 11)	<b>18,111</b>	18,576
Less: Amortization capitalized (Note 11)	<b>(13,876)</b>	–
	<b>4,235</b>	18,576
Loss on disposal of property, plant and equipment	<b>–</b>	118
Staff costs:		
Directors' fees	<b>400</b>	400
Wages and salaries	<b>28,784</b>	22,031
Contributions to defined contribution pension schemes	<b>3,604</b>	3,479
	<b>32,788</b>	25,910
	<hr/> <hr/>	<hr/> <hr/>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as there was no assessable profit from Hong Kong for the period (2013: Nil). PRC Corporate Income Tax has been provided for at the rate of 25% (2013: 25%) on the estimated assessable profit for the period accordingly.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	<b>(325)</b>	(828)
Deferred income tax	<b>849</b>	4,413
Income tax credit	<b>524</b>	3,585

The weighted average applicable tax rate for the six months ended 30 June 2014 was 17.3% (2013: 21.6%).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

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

	<b>Six months ended 30 June</b>	
	<b>2014</b> <b>(Unaudited)</b>	2013 (Unaudited)
Weighted average number of ordinary shares in issue (thousands)	<b>4,665,230</b>	2,566,769
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK\$'000)	<b>95,297</b>	(55,639)
Basic earnings/(loss) per share from continuing operations attributable to equity holders of the Company (HK cents per share)	<b>2.04</b>	(2.17)
Loss from discontinued operation attributable to equity holders of the Company (HK\$'000)	-	(68,528)
Basic loss per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	-	(2.67)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. EARNINGS/(LOSS) PER SHARE (Continued)

### (b) Diluted earnings/(loss) per share

Diluted earnings/(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 2014, the Company has two categories of potential ordinary shares: convertible notes and share options (2013: same). 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. 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.

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. EARNINGS/(LOSS) PER SHARE (Continued)

### (b) Diluted earnings/(loss) per share (Continued)

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
Weighted average number of ordinary shares in issue (thousands)	<b>4,665,230</b>	2,566,769
Adjustments for:		
– share options (thousands)	<b>32,885</b>	–
– convertible notes (thousands)	<b>971,720</b>	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>5,669,835</b>	2,566,769
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK\$'000)	<b>95,297</b>	(55,639)
Diluted earnings/(loss) per share from continuing operations attributable to equity holders of the Company (HK cents per share)	<b>1.68</b>	(2.17)
Loss from discontinued operation attributable to equity holders of the Company (HK\$'000)	–	(68,528)
Diluted loss per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	–	(2.67)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2014 (2013: Nil).

## 11. CAPITAL EXPENDITURES

### (i) Property, plant and equipment

Six months ended 30 June 2014

	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 2014	92,831	182,104	6,048	6,515	20,378	4,757	77,586	390,219
Additions for the period	-	-	110	1,538	563	204	59,460	61,875
Depreciation for the period	(4,401)	(3,868)	(712)	(691)	(885)	(1,286)	-	(11,843)
Transfer during the period	-	-	-	-	-	-	(593)	(593)
Exchange difference	(859)	(1,708)	(54)	(57)	(189)	(37)	(101)	(3,005)
Closing net book amount at 30 June 2014	87,571	176,528	5,392	7,305	19,867	3,638	136,352	436,653

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. CAPITAL EXPENDITURES (Continued)

### (i) Property, plant and equipment (Continued)

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

Depreciation expense of HK\$10,299,000 (2013: HK\$10,135,000) and HK\$1,544,000 (2013: HK\$1,119,000) has been charged in cost of sales and administrative expenses, respectively.

During the six months ended 30 June 2014, the Group has capitalized borrowing costs of HK\$21,017,000 (2013: Nil), amortization of HK\$13,876,000 (2013: Nil) and operating lease rentals of HK\$5,073,000 (2013: Nil) with an aggregated capitalized amount of HK\$39,966,000 (2013: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. CAPITAL EXPENDITURES (Continued)

### (ii) Intangible assets

Six months ended 30 June 2014

	Non-current assets					Total (Unaudited) HK\$'000
	Goodwill (Unaudited) HK\$'000	Programme and film rights (Unaudited) HK\$'000	Programme and films production in progress (Unaudited) HK\$'000	Cooperating construction and operating agreement (Unaudited) HK\$'000	Software and licences (Unaudited) HK\$'000	
Opening net book amount at 1 January 2014	321,993	-	13,990	1,309,209	71	1,645,263
Additions for the period	-	-	-	-	24	24
Transfer during the period	-	-	(13,990)	-	-	(13,990)
Amortization for the period	-	-	-	(18,088)	(23)	(18,111)
Exchange difference	(3,051)	-	-	(12,318)	-	(15,369)
Closing net book amount at 30 June 2014	318,942	-	-	1,278,803	72	1,597,817
At 30 June 2014						
Cost	318,942	117,723	-	1,349,291	152	1,786,108
Accumulated amortization and impairment	-	(117,723)	-	(70,488)	(80)	(188,291)
Net book amount	318,942	-	-	1,278,803	72	1,597,817

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. CAPITAL EXPENDITURES (Continued)

### (ii) Intangible assets (Continued)

Six months ended 30 June 2013

	Non-current assets					Total (Unaudited) HK\$'000
	Goodwill (Unaudited) HK\$'000	Programme and film rights (Unaudited) HK\$'000	Programme and films production in progress (Unaudited) HK\$'000	Cooperating construction and operating agreement (Unaudited) HK\$'000	Software and licences (Unaudited) 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

Amortization of HK\$4,212,000 (2013: HK\$4,917,000) and HK\$23,000 (2013: HK\$13,659,000) has been charged in cost of sales and administrative expenses, respectively. Amortization of HK\$13,876,000 (2013: Nil) has been capitalized in construction in progress.

Cooperation Construction and Operating Agreements represents the rights (i) to construct and operate the club facilities of "Bayhood No. 9 Club" up to 31 December 2051 acquired through a business combination completed in July 2011; and (ii) to develop and operate a piece of 580-acre land adjacent to "Bayhood No. 9 Club" up to 31 May 2048 (extended to 30 January 2062 subsequent to period end) acquired through a business combination completed in October 2012.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND SUBSIDIARIES

	Joint ventures for media business		Joint ventures for properties investment business		Total	
	2014	2013	2014	2013	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 January	70,910	52,421	-	325,503	70,910	377,924
Share of (loss)/profit	(9,554)	6,668	-	4,253	(9,554)	10,921
Dividends declared	(8,346)	-	-	(13,740)	(8,346)	(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	(727)	1,192	-	(4,712)	(727)	(3,520)
At 30 June	52,283	60,281	-	-	52,283	60,281

### (a) Amount due from/to joint ventures and its subsidiaries

As at 30 June 2014 and 31 December 2013, amounts due from/(to) joint ventures and its subsidiaries are unsecured and interest-free. The amount due from joint ventures and its subsidiaries are pass due but not impaired and they are expected to be settled within 12 months from the period end date.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND SUBSIDIARIES (Continued)

### (b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 30 June 2014, 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 interest in these joint ventures, and there are no contingent liabilities and commitments of these joint ventures themselves.

Name	Place of establishment and kind of legal entity	Registered capital	Percentage of equity interests attributable to the Group		Principal activities and place of operation
			2014	2013	
<b>Joint ventures for media business</b>					
Hainan Hailu Advertising Limited Liability Company (3)	The PRC, limited liability company	RMB1,000,000	50%	50%	Advertising agency, design and production
Asia Union Film and Media (1) (2) (3)	The PRC, limited liability company	RMB120,000,000	50%	50%	Investment in television drama, film production and advertising production in the PRC

- (1) Asia Union Film and Media provides television drama, film and advertising in the PRC.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND SUBSIDIARIES (Continued)

### (b) Interests in joint ventures (Continued)

- (2) Pursuant to the shareholders' agreements, the Group and Poly Culture and Arts Co., Ltd. ("PCACL"), the joint venture partner, agreed that the Group maintains the joint control over AUFM but the profit sharing ratio of the Group in AUFM is 75%.
- (3) 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.

## 13. TRADE RECEIVABLES

At 30 June 2014, the aging analysis of the trade receivables were as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
0-3 months	-	14
4-6 months	-	53
Over 6 months	<b>13,809</b>	16,056
	<b>13,809</b>	16,123
Provision for doubtful debts	<b>(13,809)</b>	(13,941)
	<b>-</b>	2,182

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. TRADE PAYABLES

At 30 June 2014, the aging analysis of the trade payables were as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
0-3 months	<b>1,422</b>	1,776
4-6 months	<b>269</b>	349
Over 6 months	<b>198</b>	374
	<b>1,889</b>	2,499

## 15. BORROWINGS

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
<b>Current</b>		
Promissory notes	-	6,099
<b>Non-current</b>		
Convertible notes	<b>334,473</b>	334,588
	<b>334,473</b>	340,687

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. BORROWINGS (Continued)

### (a) Convertible notes

The Company issued a three-year term zero-coupon convertible note with principal amount of RMB569 million (equivalent to approximately HK\$700 million at the time of issuance) in October 2012. The convertible note 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 note.

The fair values of the convertible notes are determined using option pricing method based on the key assumptions, including volatility of daily stock price return of 63.4% and risk free rate of 0.56%.

During the period, convertible notes with principal amount equivalent to HK\$26,000,000 (2013: Nil) have been converted into 130,000,000 (2013: Nil) ordinary shares of the Company at the conversion price of HK\$0.20 per share.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. BORROWINGS (Continued)

### (a) Convertible notes (Continued)

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Liability component at 1 January	<b>334,588</b>	491,587
Less: Conversion of convertible notes during the period	<b>(20,872)</b>	–
Interest expense (Note 6)	<b>20,757</b>	32,327
<b>Liability component at 30 June</b>	<b>334,473</b>	523,914

The fair value of the liability component of the convertible bond at 30 June 2014 amounted to approximately HK\$334,473,000 (31 December 2013: approximately HK\$334,588,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 13.7% and are within Level 3 of the fair value hierarchy.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. BORROWINGS (Continued)

### (b) Promissory notes

The Group issued a 5% fixed interest promissory note with principal amount of HK\$150 million in October 2012. The repayment date of the promissory note is the date falling on 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.

	<b>Six months ended 30 June</b>	
	<b>2014</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2013 (Unaudited) HK\$'000
Fair value of promissory notes at		
1 January	<b>6,099</b>	104,170
Interest expense (note 6)	<b>260</b>	9,630
Repayments	<b>(6,359)</b>	(104,124)
<b>Fair value of promissory notes</b>		
<b>at 30 June</b>	<b>–</b>	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% and are within Level 3 of the fair value hierarchy.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL

	Ordinary shares of HK\$0.2 each		Preference shares of HK\$0.01 each		Total HK\$'000
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000	
Authorized:					
At 30 June 2014 (Unaudited) (Note (a))	15,000,000	3,000,000	240,760	2,408	3,002,408
At 31 December 2013 (Audited) (Note (a))	15,000,000	3,000,000	240,760	2,408	3,002,408
At 1 January 2014	4,281,190	856,238	–	–	856,238
Issuance of share upon placement (Note (c))	285,714	57,143	–	–	57,143
Issuance of share upon conversion of convertible notes (Note 15(a))	130,000	26,000	–	–	26,000
Issuance of share upon exercise of share options	500	100	–	–	100
At 30 June 2014 (Unaudited)	4,697,404	939,481	–	–	939,481
At 1 January 2013	2,554,090	510,818	–	–	510,818
Issuance of consideration shares (Note (b))	50,000	10,000	–	–	10,000
Issuance 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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL (Continued)

Notes:

(a) Authorized share capital

The total number of authorised shares includes ordinary shares and preference shares. 15,000,000,000 shares (2013: 15,000,000,000 shares) are ordinary shares with par value of HK\$0.2 per share (2013: HK\$0.2). 240,760,000 shares (2013: 240,760,000 shares) are preference shares with par value of HK\$0.1 per share (2013: HK\$0.1).

(b) Consideration Shares

According to the sale and purchase agreement dated 26 January 2011 and the supplemental agreement dated 16 May 2011 in relation to the acquisition of the entire equity interests of Smart Title Limited, the Company has issued the Second Consideration Shares of 50,000,000 new ordinary shares on 11 June 2013.

(c) Placing of new shares

On 16 December 2013, the Company and its placing agent have entered into a placing agreement, pursuant to which, the placing agent has agreed to place, on a best endeavours basis, up to 522,814,285 new ordinary shares of the Company at a placing price of HK\$0.35 per share. China Life Trustees Limited, a wholly-owned subsidiary of China Life (Overseas) which in turn is a wholly-owned subsidiary of China Life Insurance (Group) Company, is one of the placees to subscribe for 285,714,285 shares at the placing price of HK\$0.35. As at 31 December 2013, placing of 237,100,000 shares was completed. The placing of the remaining 285,714,285 shares was completed on 15 January 2014.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. 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 a resolution passed on 16 May 2014, the Company can further grant up to 469,740,401 share options 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 2014, no share option (2013: Nil) have been granted under the New Option Scheme and no share-based payment expense (2013: Nil) has been charged to the condensed consolidated interim income statement.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL (Continued)

Movement of share options during the period is as follows:

(Unaudited)									
Number of share options									
Tranche	Date of share options granted	Outstanding		Exercised during the period	Outstanding as at 30 June 2014	Exercisable as at 30 June 2014	Exercise Price HK\$	Vesting date	Expiry date
		as at 1 January 2014	as at 30 June 2014						
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	67,000,000	(500,000)		66,500,000	66,500,000	0.20	From 15 June 2012	14 June 2017
		<u>94,625,165</u>	<u>(500,000)</u>		<u>94,125,165</u>	<u>94,125,165</u>			

(Unaudited)									
Number of share options									
Tranche	Date of share options granted	Outstanding		Exercised during the period	Outstanding as at 30 June 2013	Exercisable as at 30 June 2013	Exercise Price HK\$	Vesting date	Expiry date
		as at 1 January 2013	as at 30 June 2013						
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
		<u>104,625,165</u>	<u>(10,000,000)</u>		<u>94,625,165</u>	<u>94,625,165</u>			

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. SIGNIFICANT BUSINESS ACQUISITION AND DISPOSAL

### (a) Significant business acquisition

*For the six months ended 30 June 2014*

There was no significant business acquisition during the period.

*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 been completed on 27 December 2013.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. SIGNIFICANT BUSINESS ACQUISITION AND DISPOSAL (Continued)

### (b) Significant business disposal

*For the six months ended 30 June 2014*

On 24 April 2014, the Company and Shenzhen Honghaiwan Asset Management Limited (深圳市紅海灣資產管理有限公司) (“Shenzhen Honghaiwan”) 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 Shenzhen Honghaiwan at an aggregate consideration of RMB200,000,000 (equivalent to approximately HK\$251,769,000) payable in cash.

The said disposal has been completed during the period and a gain on disposal of approximately HK\$11,028,000 was recorded.

*For the six months ended 30 June 2013*

On 17 April 2013, 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 and Green Villa to Aote Holding Limited at an aggregate consideration of RMB190,000,000 (equivalent to approximately HK\$241,660,000) 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 was lapsed in April 2014.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. SIGNIFICANT BUSINESS ACQUISITION AND DISPOSAL (Continued)

- (c) **Results of the operation of Green Harmony and Green Villa during the six months ended 30 June 2013 have been included in the condensed consolidated interim income statement as follows:**

	Six months ended 30 June 2013 (Unaudited) HK\$'000
Loss recognized on measurement to fair value less costs to sell	(72,775)
Administrative expenses	(6)
Share of profit of joint ventures	4,253
	(68,528)
Loss before income tax	(68,528)
	(68,528)
	(68,528)

- (d) **Assets of disposal group held for sale**

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Interests in joint ventures	-	241,660
	-	241,660

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. SIGNIFICANT BUSINESS ACQUISITION AND DISPOSAL (Continued)

### (d) Assets of disposal group held for sale (Continued)

Name	Place of establishment and kind of legal entity	Registered capital	Interest held indirectly		Principal activities and place of operation
			30 June 2014	31 December 2013	
Shenzhen ITC Tian An Co.,Ltd.	The PRC, Sino-foreign equity joint venture	US\$8,880,000	-	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%	Property management in the PRC

## 18. COMMITMENTS

### (a) Capital commitment

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Property, plant and equipment	86,333	94,152

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18. COMMITMENTS (Continued)

### (b) Operating lease commitment – group companies as lessees

At 30 June 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Not later than one year	<b>16,341</b>	12,141
Later than one year and not later than five years	<b>59,173</b>	49,063
Later than five years	<b>490,888</b>	531,960
	<b>566,402</b>	593,164

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 (extended to 30 January 2062 subsequent to period end).

## 19. CONTINGENCIES

During the year ended 31 December 2006, the Group has entered into an exclusive advertising agency agreement with Travel Channel for an exclusive advertising right. Travel Channel has obtained an order from the People’s Court of Yang Pu Economic Development Zone of Hainan Province in year 2008 to freeze the assets of Beijing Hua Yi Hao Ge Media Culture Co. Ltd, a subsidiary of the Group, in connection with the allegation of an outstanding agency fee payable amount of RMB79.9 million for the previous use of exclusive advertising right.

During the six months ended 30 June 2014, the Group and Travel Channel have mutually agreed on the settlement on the outstanding balances, and both parties are in the process of applying for the cancellation of the said court order.



# 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

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Guantao Law Firm

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