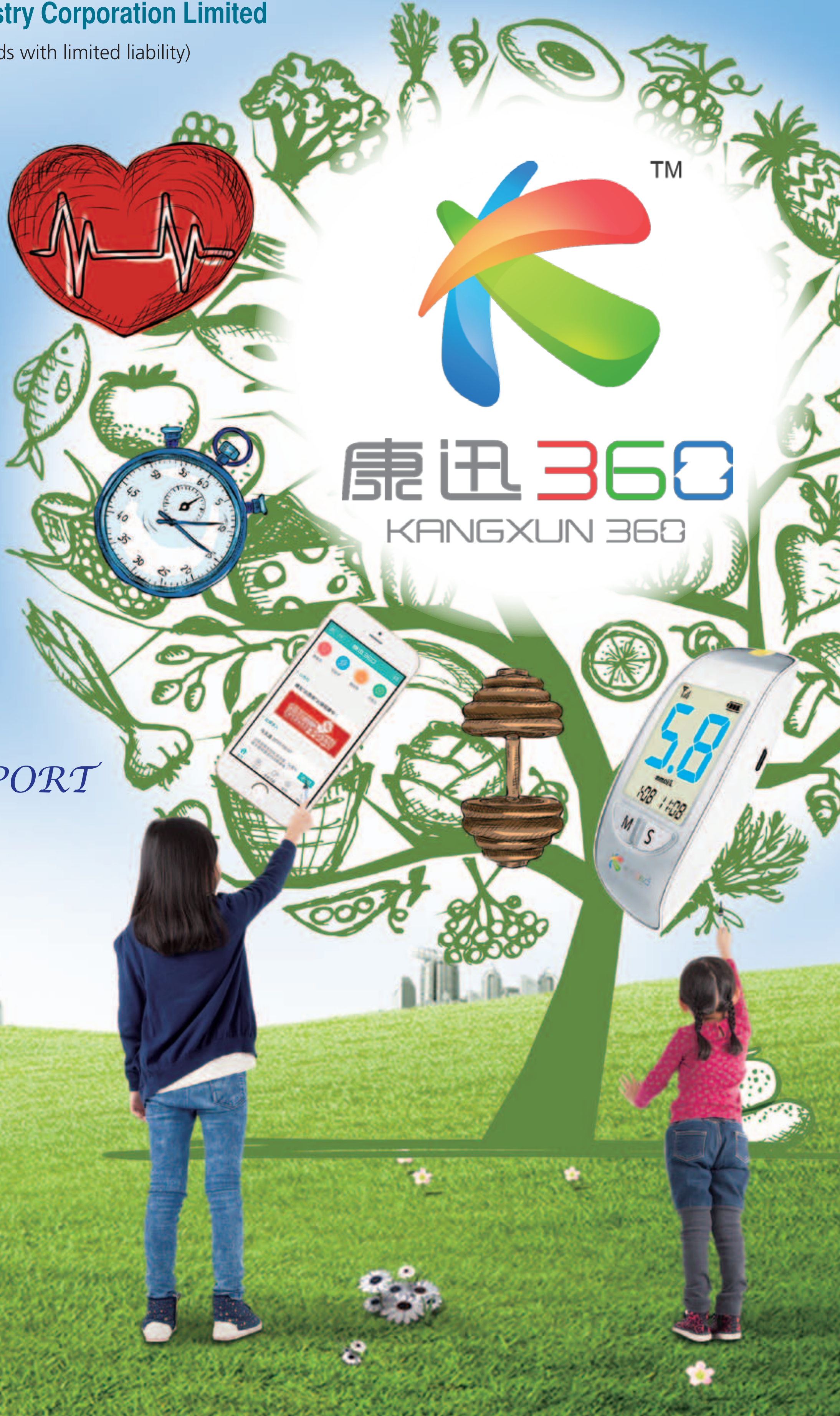
中國9號健康產業有限公司
China Jiuhao Health Industry Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)



ANNUAL REPORT 2014

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Edward TIAN Suning
Mr. Hugo SHONG

Independent Non-Executive Directors

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

COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Mr. HAU Wai Man, Raymond

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank
China Minsheng Bank

SOLICITORS

Guanto Law Firm

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

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

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.jiuhaohealth.com

I am pleased to present you the annual results of China Jiuhao Health Industry Corporation Limited ("the Company" or "Jiuhao Health") and its subsidiaries (collectively "the Group") for the year ended 31 December 2014.

As the aggravating population ageing and the upgrading of spending structure of residents drive the health industry of China into a "golden decade", Wang Hongguang, vice president of Chinese Academy of Science and Technology for Development, predicted earlier that "China's health industry will see a number of enterprises with a capitalization of RMB100 billion or above in the future". Given the vast territory of China, the extremely imbalanced distribution of medical resources and the worsening health conditions of its residents, the incidence rate of chronic diseases has been on the rise year by year. Against this background, mobile healthcare has come into existence and risen from the health industry amid booming demand. In 2014, the market size of mobile healthcare in China amounted to RMB3 billion, representing an increase of nearly 90% over the previous year. A large number of new business models and concepts have emerged in the mobile healthcare sector extensively.

In 2014, capitalizing on the opportunity arising from the rapid development of mobile healthcare in China, the Group transformed its business to "an internet-based health management service platform" further. During the year, the Group made efforts to improve and upgrade its "Kangxun 360" smart cloud health management service platform for chronic diseases, with a view to providing users with all-inclusive and efficient online health management services. In response to the strong demand of diabetic patients and cardiac patients for professional management services of chronic diseases in China, the Group launched an independently developed mobile application for health management during the year under review. In conjunction with Kangxun 360-branded smart blood glucose monitors, the mobile application collects, transmits and analyzes the vital sign data of users accurately, and provides users with real-time health alerts and remote monitoring services, enabling users to understand their own health conditions properly. Meanwhile, the professional medical team of "Kangxun 360" provides users with professional and timely health guidance, online advisory service, as well as tips and advice on food therapy, physical exercise and even psychological health. Immediately after it was launched, "Kangxun 360" mobile application received extensive recognition from diabetic patients and cardiac patients in China and took up an advantageous market share quickly. While improving its online and mobile products and services, the Group also seized the opportunity arising from the efforts of the insurance industry to invest in the health service industry at an appropriate time. By establishing partnership with major insurance companies, the Group has increased the number of users and the amount of data for "Kangxun 360" platform quickly. Currently, the Group has entered into cooperation agreements with China Taiping Life and China Life Insurance (Overseas), pursuant to which the Group will provide customers of these insurance companies with health management services through "Kangxun 360" platform. As the Group optimizes and promotes its online health management services and cooperates with more enterprises and institutions, "Kangxun 360" platform will build up a large user base and massive user data. Based on these, the Group will be able to further carry out value-added services related to healthcare services, online business and advertising business, and carry out targeted database marketing, with a view to increasing the revenue from online businesses significantly.

CHAIRMAN'S STATEMENT

During the year under review, the Group maintained close cooperation with China-Japan Friendship Hospital and Beijing Medical Doctor Association. In March 2014, Jiuhao Health entered into a health management service cooperation agreement with the General Practitioners Branch of Beijing Medical Doctor Association, whereby the General Practitioners Branch of Beijing Medical Doctor Association agreed to assist the Company in entering into service contracts with Beijing-registered general practitioners to provide users of "Kangxun 360" platform with professional health advisory services. In addition, in view of the short supply and the imbalanced distribution of quality medical resources in Beijing, the Group joined hands with China-Japan Friendship Hospital and Beijing Medical Doctor Association to launch the "Green Channel" plan – priority access to outpatient and hospitalization services and whole-process follow-up services, with a view to offering professional and considerate offline health management services to the high-end users of "Kangxun 360" platform and solving their difficulty in obtaining medical services.

By adopting a "Device + Application + Service" business model and leveraging on the internet and mobile portals of "Kangxun 360", in combination with the smart vital sign monitors and our quality offline resources including "Beijing Bayhood No. 9 Club" and other healthcare and wellness centres in the pipeline, Jiuhao Health is committed to providing users with long-standing, professional and comprehensive one-stop O2O health management solutions. It is the Group's goal to help users prevent chronic diseases and maintain good health.

Looking ahead, given the constant introduction of government policies to drive the development of the health service industry, and the strong momentum arising from population ageing and the upgrading of spending structure of residents, the size of China's healthcare industry is expected to grow to RMB8 trillion by 2020 from the current level of RMB2 trillion to RMB3 trillion, representing a compound annual growth rate of 21%. In light of the attractive prospect of China's healthcare industry, the Group is confident about the prospect of its "Kangxun 360" smart cloud health management service platform for chronic diseases. "Kangxun 360" platform will continue to launch more online health management services tailored to healthcare needs of the public, so as to expand its market share. Meanwhile, the Group also intends to expand its partnership network to collaborate with a larger number of premium insurance companies, health and medical service providers, local social security bureaus as well as large enterprises, in order to increase the number of users and build up massive user data for "Kangxun 360" platform quickly, thereby driving the growth of other businesses and reinforcing the leading position of Jiuhao Health in the industry.

In the future, we will continue to make all efforts to drive the Group's healthcare business to a new high and generate substantial investment returns for the shareholders. On behalf of the board of directors, I would like to take this opportunity to express my sincere gratitude to investors and business partners for their constant support for Jiuhao Health, and to all our dedicated staff for their contribution to the Group's business development.

Yuen Hoi Po
Chairman
China Jiuhao Health Industry Corporation Limited

30 March 2015, Hong Kong

BUSINESS REVIEW AND PROSPECTS

Financial performance

Major indicators of the financial results for the year ended 31 December 2014 are summarized in the table below:

	2014 HK$'000	2013 HK$'000
Continuing operations:		
Total sales revenue	110,137	126,192
Gross profit	25,806	17,043
Profit/(loss) before finance costs and taxation	27,231	(24,969)
Profit/(loss) for the year	52,035	(33,024)
Profit/(loss) attributable to equity holders of the Company	56,084	(33,024)
Discontinued operations:		
Loss for the year	(906)	(132,698)

Business Review

(Unit: HK$'000)	Sales Revenue		Segment Results	
	2014	2013	2014	2013
Continuing operations				
Online healthcare service	–	–	(28,780)	–
Offline healthcare and wellness services	104,491	125,465	(26,834)	(8,090)
Media	5,646	727	39,622	(9,644)
Total	110,137	126,192	(15,992)	(17,734)

In 2014, the world economy showed a moderate recovery, recording a global economic growth of 3.3%, which was flat compared to 2013. China became the new momentum that drove the global economy. According to IMF estimates, China contributed 27.8% to the global economic growth in 2014. Benefiting from the favorable global economic environment and with the guidance of the national policy to stabilize growth, China's economy showed excellent development in 2014, featuring stable growth, optimized structure and improved livelihood, recording a full-year GDP growth of 7.4% over the previous year. During the year, disposable income per capita of China's urban residents grew by 6.8% to RMB28,844. China's stable economic growth, its continued rise in employment rate and a steady increase in personal income created a favorable business environment for the Group to develop its health management services.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Financial performance *(Continued)*

During the year under review, the Group recorded a net profit of HK$51,129,000, as compared to a loss of approximately HK$166 million last year. This remarkable turnaround during the year under review in the Group's financial performance was mainly due to the significant decrease in finance costs arising from convertible notes and promissory notes (included in loss from discontinued operations), the substantial increase in the fair value gain from securities investment, and the gain on disposal of joint ventures of approximately HK$11.03 million.

Capitalizing on the opportunity arising from the rapid development of the mobile healthcare industry, the Group focuses on the healthcare and wellness industry by positioning the internet-based health management service platform precisely, making efforts to develop and improve its online and mobile health services, and optimizing and integrating resources of offline healthcare and wellness services. In doing so, the Group has successfully taken up a leading position in China's healthcare industry market. During the year under review, the Group completed upgrading its "Kangxun 360" smart cloud health management service platform for chronic diseases, and launched an independently developed mobile portal to provide quality health management services to health-conscious users, diabetic patients and cardiac patients. The mobile portal was well received by diabetic patients and cardiac patients in China shortly after its launch. While optimizing its online health management services and supporting products, the Group established long-term partnership with quality strategic partners including Taiping Life and China Life Insurance (Overseas) (a wholly-owned subsidiary of China Life Insurance (Group) Company) during the year under review in an effort to develop "Kangxun 360". In addition, we capitalized on advantages of our existing offline services, and strove to build an online to offline (O2O) health management service platform in order to provide customers with one-stop health management solutions. "Kangxun 360" platform was officially launched with a fresh new look during the year under review after one year of improvement and upgrading, and it was repositioned to include "chronic disease management" as a key service. The Group also launched Kangxun 360-branded smart blood glucose monitors and blood glucose test strips. With excellent user experience and quality service, "Kangxun 360" has quickly captured the domestic mobile healthcare market, and expanded its customer base continuously with the number of registered users exceeding 140,000 currently.

During the year under review, "Beijing Bayhood No. 9 Club" project continued to contribute steady profits to the Group, generating a full-year aggregate revenue of HK$104 million, representing a year-on-year decrease of 17%. The businesses of "Beijing Bayhood No. 9 Club" and adjacent projects under development are of a capital intensive nature, which requires a relatively longer period to show their value. Based on comprehensive consideration of the prospect and relative investment risks of "Beijing Bayhood No. 9 Club" and adjacent projects under development and in order to concentrate our resources on online health management business, the Group conditionally disposed of "Beijing Bayhood No. 9 Club" and adjacent projects for a total consideration of HK$1,650 million (in cash and share entitlement notes to be issued by the purchaser) during the year under review. The Group will continue to operate "Beijing Bayhood No. 9 Club" through its wholly-owned subsidiary as a lessee following the completion of the transaction, so as to ensure seamless operation for "Beijing Bayhood No. 9 Club", thereby enabling it to provide customers with one-stop quality health management services continuously. The transaction has not yet completed as at the date of this annual report.

In addition, in order to integrate our resources and reserve funds to focus on developing the health management business, the Group completed its disposal of its wholly owned subsidiaries engaging in properties investment in Shenzhen for a consideration of RMB200 million during the year under review, and recorded a gain on disposal of approximately HK$11.03 million.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review

Since the 1990s, population ageing has been accelerating in China, with the elderly population aged above 65 currently accounting for 9.5% of the total population. The aggravation of population ageing has given rise to a sharp increase in the demand for medical and healthcare services by the elderly population. Preventative management and chronic disease management for the elderly have become an important part of healthcare services. In addition, according to the Report on Healthcare Products Industry in China, the percentage of population in a sub-health condition already accounts for 77% of the total population of China. In an effort to drive the development of the healthcare industry and meet people's dire need for health management, the State Council set the explicit development target of "expanding the total size of the health service industry to more than RMB8 trillion by 2020" in the "Several Opinions on Promoting the Development of the Health Service Industry". The strong support from the national policy, as well as the imbalanced distribution and undersupply of medical resources, provide substantial room for the fast growth of mobile healthcare services. According to the Analytical Report on the Mobile Healthcare Market published by Sootoo Research Institute, the size of China's mobile healthcare market grew to RMB3,000 million in 2014, representing an increase of 89.9% year on year. In 2014, the number of mobile internet users in China reached 875 million. Based on the world's largest and fastest-growing mobile internet user base with tremendous demand for healthcare services, the prospect of China's mobile healthcare service market remains attractive with substantial potential.

Since 2013, the government has launched a number of policies to encourage insurance companies to invest in the healthcare industry. In the "Several Opinions of the State Council on Accelerating the Development of Modern Insurance Service Industry", it is proposed that "strong policy support will be given to qualified insurance companies investing in the elderly care industry and participating in the integration of the health service industry". "Several Opinions of the General Office of the State Council on Accelerating the Development of Commercial Healthcare Insurance" expressly directs to "encourage commercial insurance companies to actively develop healthcare insurance products related to health management services, enhance health risk assessment and intervention, provide services such as disease prevention, physical examination, health advisory, health maintenance, chronic disease management and wellness and healthcare, with a view to lowering health-related risks and reducing losses resulted from diseases". Driven by favorable policies, insurance companies have been actively seeking opportunities to cooperate with quality enterprises in the health service industry and the elderly care industry, and their investment of funds and resources in these industries has increased significantly.

In light of the policy support and strong market demand, Jiuhao Health has been focusing on developing its mobile health management services. Jiuhao Health is committed to becoming a leading provider of mobile internet health management and chronic disease management services in China. Meanwhile, the Group will combine its offline health service operations to provide comprehensive health management and wellness solutions for people in pursuit of good health and patients with chronic diseases in China. The Group's core product – "Kangxun 360" smart cloud health management service platform for chronic diseases, which is based on the internet and mobile application technologies, provides services including creation of health profiles, development of health plans, real-time health alert, regular health risk assessment, health monitoring for family members, online health advisory and rehabilitation guidance. In conjunction with its offline healthcare and wellness services, the Group aims to provide users with one-stop O2O health management solutions and take its efficient and comprehensive healthcare services to a new level.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(1) Online Healthcare Services

"Kangxun 360" Smart Cloud Health Management Service Platform for Chronic Diseases

In 2014, Jiuhao Health officially launched its ***"Kangxun 360" smart cloud health management service platform for chronic diseases*** (www.kangxun360.com), which was independently developed by the Company with proprietary intellectual property right. "Kangxun 360" is an industry leading healthcare 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 iOS and Android-based 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, regular health risk assessment and report on health monitoring for family members, as well as health knowledge and advice. Powered by cloud technology, "Kangxun 360" helps users create personal health profiles or family health profiles, and provides detailed health management services including continuous tracking, health alerts and recommendations, with a view to guiding users to maintain health, preventing chronic diseases and reducing the suffering from diseases.

The growing ageing population in China significantly drives up the demand of the elderly for health management services. Meanwhile, a variety of chronic diseases, especially diabetes, are jeopardizing people's health. According to the Healthcare and Life Sciences Predictions 2020 published by Deloitte, the number of diabetic patients in China is currently 92.40 million, representing nearly one quarter of the global figure. In addition, there are 150 million pre-diabetic patients in China. Statistics also show that the number of diabetic patients in China increases at a rate of one patient every 30 seconds on average. Both the elderly and people with chronic diseases are in dire need of professional and comprehensive health management services. In light of the vacancy for professional health management services for chronic diseases in China's existing market, we launched the "Kangxun 360" health management mobile application successfully after one year of upgrading and improvement, which was designed to serve diabetic patients and cardiac patients in China. Jiuhao Health adopts a "Device + Application + Service" business model, relying on the smart cloud health management service platform for chronic diseases, the independently-developed "Kangxun 360" mobile portal is seamlessly connected to its supporting Kangxun 360-branded smart blood glucose monitors. The mobile portal transmits user health data accurately, provides users with real-time remote monitoring and real-time health alerts, enabling users to understand their own health conditions properly. Meanwhile, in conjunction with the team of professional practitioners and customer service team of Jiuhao Health, "Kangxun 360" provides users with professional and timely health guidance, helping users to control blood glucose easily on their own, prevent chronic diseases and maintain good health.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(1) ***Online Healthcare Services*** *(Continued)*

"Kangxun 360" Smart Cloud Health Management Service Platform for Chronic Diseases (Continued)

Currently, "Kangxun 360" already has more than 140,000 registered users and continues to carry out various strategies to acquire new users including: (i) establishing strategic cooperations with operators of diabetes-related websites and online community forums; (ii) establishing business cooperations with healthcare/medical service operators, local social security bureaus and large enterprises in China; (iii) forming business partnerships with insurance companies in China; and (iv) launching various promotion campaigns via the "Kangxun 360" website, its virtual shop on Taobao and the "Kangxun 360" mobile application.

In February 2015, the Group entered into an agreement with a medical service provider, pursuant to which Jiuhao Health Group agreed to provide long-term online health management services to the medical service provider through "Kangxun 360" platform, bundled with the sale of Kangxun 360-branded blood glucose monitors and test strips to the said medical service provider. Jiuhao Health Group is also exploring similar opportunities to establish cooperations with other healthcare or medical service operators including, but not limited to, elderly care centres, private hospitals and clinics.

Currently, Jiuhao Health has entered into cooperation agreements with China Taiping Life and China Life Insurance (Overseas), pursuant to which the Group will provide clients of these insurance companies with health management service through "Kangxun 360" platform:

- **China Life (Overseas)** is an important strategic shareholder of the Group, currently holding 4.4% interests in the Company. According to a strategic cooperation agreement made between both parties earlier, the Company will work with China Life (Overseas) 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 China Taiping Life by phases through "Kangxun 360" health management platform. In addition, both parties agree to further explore detailed implementation plans for the sharing of customer resources, promote the sharing of their customer management systems, and carry out targeted customer database management and marketing. China Taiping Life also intends to conduct further cooperation with the Group in investment projects in the health management and wellness industry. China Taiping Life has a total of more than 28 million insurance clients.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(1) Online Healthcare Services *(Continued)*

"Kangxun 360" Smart Cloud Health Management Service Platform for Chronic Diseases (Continued)

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. "Kangxun 360" will provide long-term online health management service to these insurance companies and their large client base, bundled with the sale of Kangxun 360-branded blood glucose monitors and test strips. 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 data marketing, thereby laying a solid foundation for the Group's expansion of the big data marketing business.

(2) Offline Healthcare and Wellness Services

As one of the largest smart cloud health service management platforms for chronic diseases, "Kangxun 360" platform not only provides real-time online health management and management of chronic diseases, but also combines the Group's existing offline health services in an innovative manner. Through the Group's healthcare and wellness centres, "Green Healthcare Channel" that gives users priority access to outpatient and hospitalization services, China Jiuhao Health Town projects under construction in Haikou and Sanya in Hainan Province, "Kangxun 360" platform provides customers with efficient and all-inclusive one-stop O2O solutions to health management and management of chronic diseases.

Healthcare and Wellness Centres

During the year under review, mobile healthcare has emerged as an unexplored new market. Aiming to capture a leading market share in the mobile healthcare market of China, the Group reviewed its business structure prudently and repositioned its business strategy to concentrate its resources on the mobile internet health management services which have high growth potential and attractive prospect. In December 2014, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose of "Beijing Bayhood No. 9 Club" and adjacent projects for total consideration of HK$1,650 million (in cash and share entitlement notes to be issued by the purchaser). To ensure seamless operation of "Beijing Bayhood No. 9 Club", upon completion of the transaction, the Group will also enter into a club lease agreement with the purchaser, pursuant to which the Group's wholly-owned subsidiary will rent the assets on the land of "Beijing Bayhood No. 9 Club" for a term of twenty years (can be further extended to 31 December 2051 upon request by the Group). During the lease term, Jiuhao Health will be entitled to all revenue from the operation of the club and bear all operating costs, and continue to provide customers with one-stop quality health management service. The transaction has not yet completed as at the date of this annual report.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

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

Healthcare and Wellness Centres (Continued)

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 was designed by several world-renowned design firms jointly, covering an area of approximately 1,150 Chinese acres. Operating under membership plans for corporations and individuals, "Beijing Bayhood No. 9 Club" is one of the top green health clubs in the country. The club comprises a comprehensive range of facilities, including an 18-hole golf course, lakeside golf course private VIP rooms, SPA facility and Asia's first PGA-branded golf academy. As of 31 December 2014, "Beijing Bayhood No. 9 Club" has attracted approximately 500 high-net-worth members. 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 and their pursuit of a healthy life and high quality health management services.

In addition to "Beijing Bayhood No. 9 Club", the Group continues to expand the coverage of its healthcare and wellness centres. During the year under review, the Group rented a property with a floor area of more than 10,000 square metres in Chaoyang District, Beijing under a long-term lease, with a view to building a healthcare and wellness centre featuring themes of dining, leisure and healthcare, mainly catering for the needs of mid-end customers. The fitting-out works of this healthcare and wellness centre are currently close to completion and the centre has successfully attracted various brands related to dining, leisure and healthcare. It is expected that the centre will commence operation in April 2015, which will further diversify the Group's offline healthcare and wellness services.

The development of Sanya Health Town and Haikou Health Town is currently at a stage of preparation. The Group will develop Sanya Health Town and Haikou Health Town based on the operation model of "Beijing Bayhood No. 9 Club" and take into account the actual needs of high-end users of "Kangxun 360" platform. With these projects, the Group aims to diversify its offline health business resources and expand the coverage of its offline healthcare business, so as to offer quality health management services to more people in different areas across the country who are in pursuit of healthy lifestyle.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

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

"Green Channel" – priority access to outpatient and hospitalization services

As the political, economic and cultural centre of China, Beijing enjoys the most abundant medical resources, and also attracts the largest number of patients. Statistics show that the number of outpatient and emergency visits to medical institutions in Beijing (including military hospitals based in Beijing) amounted to 230 million in 2014, representing an increase of 6.3% compared with the previous year. A number of Tertiary Grade-A hospitals recorded more than ten thousand outpatient visits for one day at the peak time. Medical institutions in Beijing face increasing pressure from the strong demand for medical services and in particular, short supply of medical services among Tertiary Grade-A hospitals is aggravating. Although the medical cooperation among Beijing, Tianjin and Hebei has been proposed, the initiative is still in a piloting stage now and is unable to solve the short supply of medical services in Beijing in a short time. In addition, patients prefer Tertiary Grade-A hospitals regardless of serious or minor diseases, because such hospitals represent premium medical resources and quality medical services in people's perception. The short supply of medical services of Tertiary Grade-A hospitals in Beijing will persist for a rather long time ahead.

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 Channel" – priority access to outpatient and hospitalization services and whole-process follow-up services, with a view to offering health management services and management of chronic diseases to the high-end users of "Kangxun 360" platform. Through the "Green Channel", high-end users of "Kangxun 360" 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, professional and quality medical service.

(3) Media Business

During the year under review, the Group has increased its investment in programmes and film production to approximately HK$68 million as at 31 December 2014. Net return from these investments in programme and film production amounted to approximately HK$5,646,000.

The advertising business of Hainan Haishi Tourist Satellite TV Media Co. Ltd ("Travel Channel"), an associated company of the Group's joint venture, was stable during the year under review. Its advertising sales revenues exceeded RMB344 million, representing an increase of approximately 4% compared with the previous year.

During the year, the media business segment recorded a profit HK$39.62 million, compared to a loss of HK$9.64 million for the previous year. The significant improvement in the segment result was mainly attributable to the increase in net return from investment in programme and film production, and a one-off reversal of accrued consulting fees payable and accrued interests.

(4) Property Investment Business

In April 2014, the Group has completed its disposal 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), wholly-owned subsidiaries of the Group, to an independent third party for an aggregate consideration of RMB200 million (equivalent to approximately HK$253 million). A gain on disposal of approximately HK$11.03 million was recorded for the year under review.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Outlook

The population ageing has been accelerating in China during recent years. According to the forecasts by China National Committee on Ageing, the elderly population of China will reach 248 million by 2020, representing an ageing level of 17% and marking an era of serious ageing in China. In addition, chronic diseases are jeopardizing people's health at a surprising rate. According to the Healthcare and Life Sciences Predictions 2020 published by Deloitte earlier, the population suffering from hypertension is close to 170 million, while the number of diabetic patients amounts to 92.40 million, and the number of people with abnormal blood lipid amounts to 160 million. For every 30 seconds on average, the number of diabetic patients will increase by one, and at least one person will die from cardio-cerebrovascular disease. People are in a dire need for professional management of chronic diseases to the sub-health condition and restore a healthy life. The management of chronic diseases and the health management for the elderly require real-time monitoring to enable patients to keep track of their health conditions in a timely manner and prevent diseases before they develop. Therefore, given the health conditions of Chinese people and the level of population ageing the demand for mobile healthcare services that provide real-time monitoring has been increasing sharply. According to the forecasts by iResearch, a third-party research institute, the size of the mobile healthcare market of China will increase to RMB4.5 billion in 2015 and more than RMB12.5 billion in 2017. The mobile healthcare market of China has moved into a stage of explosive growth.

According to the experience in the development of mobile healthcare in the United States, the needs of mobile healthcare users mainly relate to management of chronic diseases and health management. "Kangxun 360", the core business of Jiuhao Health, is one of the largest smart cloud health service platforms for the management of chronic diseases in China, dedicated to health management as well as the management of chronic diseases including diabetes and cardiovascular diseases. During the year under review, the Group capitalized on the opportunity arising from the growing demand for the management of chronic diseases and developed "Kangxun 360" mobile application independently to provide diabetic patients and cardiac patients with professional health management services. Looking ahead, the Group will make efforts to achieve continuous improvement and develop new products to cater for users' needs. Meanwhile, the Group will capitalize on its leading position in core technologies for mobile healthcare services, including precise measurement, wireless transmission, cloud storage and data analysis. The Group will also combine its increasingly developed offline healthcare and wellness services to provide users with efficient and all-inclusive one-stop solutions to health management and management of chronic diseases. In addition, the Group will actively capitalize on the opportunity arising from the expanding cooperation between the insurance industry and the health service industry to expand the Group's collaboration network, increase the user base of "Kangxun 360" platform quickly and improve the Group's user database, with a view to generating attractive, steady and continuous revenue for the Group.

FINANCIAL REVIEW

Continuing Operations

Sales revenue for the year ended 31 December 2014 amounted to approximately HK$110,137,000, being a 13% decrease comparing to the prior year. 95% (2013: 99%) of the sales revenue during the year arose from the "Offline Healthcare and Wellness Services" segment. The decrease in sales revenue is mainly attributed 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 year (2013: Nil).

FINANCIAL REVIEW *(Continued)*

Continuing Operations *(Continued)*

Cost of sales for the year ended 31 December 2014 amounted to approximately HK$84,331,000, being a 23% decrease comparing to the prior year. Including in the prior year cost of sales was a provision for impairment of film rights and film in production of approximately HK$21,050,000. Excluding this item, cost of sales for the year ended 31 December 2014 is still being 4% lower than that of the prior year, mainly attributed to the decrease in food and beverage sales revenue as discussed above.

Other income and other gains, net mainly comprised fair value gain on financial assets at fair value through profit or loss, gain on disposal of joint ventures, interest income and exchange differences. The significant increase in the amount during the current year is mainly attributed 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 year.

Marketing and selling expenses, mainly incurred for the media segment, remained insignificant across the years as the Group is now focusing its resources on the provision of online and offline healthcare and wellness services.

Administrative expenses for the year ended 31 December 2014 amounted to approximately HK$69,019,000, being a decrease of HK$7,933,000 or 10% comparing to the prior year. The significant decrease is mainly due to the following reasons:

– During the year, 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 year; and

– During the current year, the Group has heavily invested in our "Online Healthcare Service" segment for our core product – "Kangxun 360" online healthcare platform. Included in the current year administrative expenses are relevant R&D and professional healthcare expenses amounting to approximately HK$28,837,000.

Share of results of joint ventures, mainly represents the Group's share of profits of the Travel Channel operations, for the year ended 31 December 2014 amounted to approximately HK$585,000 (2013: HK$16,261,000). 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 significant decrease in the share of profits of joint ventures during the current year.

FINANCIAL REVIEW *(Continued)*

Continuing Operations *(Continued)*

Finance income, net for the year ended 31 December 2014 amounted to approximately HK$20,569,000 (2013: finance cost of approximately HK$6,653,000). During the year, 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$20,569,000 and has been offset against finance costs during the current year. On the other hand, included in the prior year finance costs represented the non-cash accrued interests on agency fee payable of HK$6,653,000, which has been reversed as abovementioned.

Discontinued Operations

	2014	2013
	HK$'000	HK$'000
Shenzhen investment properties segment	**–**	65,399
Beijing Healthcare and Wellness Si He Yuan and Hotel project	**906**	67,299
Loss from discontinued operations	**906**	132,698

The loss from discontinued operations arising from the results of operation of our Shenzhen investment properties segment for the prior year was mainly attributed to the loss recognized on measurement to fair value less costs to sell. The Shenzhen investment properties segment has been disposed of in the current year at an aggregate consideration of RMB200 million (equivalent to approximately HK$252,688,000) with a gain on disposal of approximately HK$11,028,000 included in "other income and other gains, net".

The loss from discontinued operations arising from Beijing Healthcare and Wellness Si He Yuan and Hotel project for the prior year mainly represented intangible asset amortization and finance costs from notional interest accretion on promissory notes and convertible notes. The significant decrease during the year is because the relevant intangible asset amortization and finance costs have been capitalized as construction in progress.

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 31 December 2014, the Group held cash and cash equivalents of approximately HK$162,745,000, being a 63% increase comparing to the balance as at 31 December 2013.

The Group is at net current asset position of HK$2,191,186,000 as at 31 December 2014 (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 3.95 as at 31 December 2014. The significant improvement of net current asset position and the current ratio is mainly due to the reclassification of assets and liabilities of disposal group held for sale to current assets and liabilities, respectively. Details of the reclassification are disclosed in note 32 to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Liquidity and Treasury Management *(Continued)*

The debt to equity ratio, representing the sum of borrowings to total equity, significantly decrease from 0.19 as at 31 December 2013 to 0.01 as at 31 December 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 for the Beijing Healthcare and Wellness Si He Yuan and Hotel project, which has been significantly reduced during the year along with the conversion of convertible notes by the noteholder.

Foreign Currency Exchange Exposure

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

Capital Structure

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

During the year, the Company has issued (i) 285,714,000 new ordinary shares upon a placement at HK$0.35 per share; (ii) 1,990,000,000 new ordinary shares upon conversion of convertible notes at HK$0.20 per share; and (iii) 3,000,000 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 for the Beijing Healthcare and Wellness Si He Yuan and Hotel project. As at 31 December 2014, principal amount of outstanding convertible notes amounted to approximately RMB17 million. Details of the convertible notes are disclosed in note 27 to the consolidated financial statements.

CHARGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2014, none of the Group's assets was charged and the Group did not have any material contingent liabilities or guarantees.

HUMAN RESOURCES

As at 31 December 2014, the Group employed a total of 578 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.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") is committed in achieving high standards of corporate governance. Throughout the year ended 31 December 2014, the Company has applied the principles and meet the code provisions of the Corporate Governance Code (the "CG Code") with the exception of the following 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, property development 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**

   Most of Non-executive Directors including Independent Non-executive Directors have regularly attended and participated in the Board and Board Committees meetings. Their attendance records of all the Company meetings during the year 2014 are set out on page 18.

BOARD OF DIRECTORS

The Board comprises eight directors of the Company ("Directors") whose biographical details, as well as the relationship amongst them (if any), are set out on pages 29 to 32 of this Annual Report.

The Board is responsible for establishing the Group's corporate policy and strategic direction; setting business objectives and development plans; monitoring financial performance, internal controls and the performance of the senior management; and ensuring that the Company complies with all applicable laws and regulations. The Board delegates day-to-day operations of the Group to the management. The management is responsible for implementing these strategies and plans.

BOARD OF DIRECTORS *(Continued)*

The Board should meet regularly at least four times a year at approximately quarterly intervals and holds additional meetings as and when the Board thinks appropriate. During the year, a total of six Board meetings were held (two of which were convened by way of written resolutions).

Directors play an active role in participating the Company's meetings. The attendance records of each of the Directors for the Board meetings, the Board Committees meetings and the general meetings held during the year 2014 is as follows:

Composition of the Board and Board Committees as at the date of this Annual Report and their attendance during the year 2014:

Directors	Director Categories	Board Meetings	General Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings
Mr. YUEN Hoi Po	Chairman, Chief Executive Officer and Executive Director	6/6	1/1	–	member 3/3	chairman 1/1	chairman 1/1	chairman 16/16
Mr. ZHANG Changsheng	Vice Chairman and Executive Director	6/6	1/1	–	–	–	–	member 16/16
Mr. Edward TIAN Suning	Non-executive Director	5/6	0/1	–	–	–	–	–
Mr. Hugo SHONG	Non-executive Director	6/6	1/1	–	–	–	–	–
Prof. WEI Xin	Independent Non-executive Director	5/6	0/1	member 2/2	member 3/3	member 1/1	member 1/1	–
Dr. WONG Yau Kar, David	Independent Non-executive Director	6*/6	1/1	member 2/2	chairman 3/3	–	member 1/1	–
Mr. YUEN Kin	Independent Non-executive Director	6/6	1/1	chairman 2/2	member 3/3	member 1/1	–	–
Mr. CHU Yuguo	Independent Non-executive Director	6/6	1/1	–	–	member 1/1	member 1/1	–
Total number of meetings held		6	1	2	3	1	1	16

* Dr. WONG attended the meeting held on 16 December 2014 but decided to abstain from voting.

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the Directors.

BOARD COMMITTEES

The Board has established Strategy Committee, Executive Committee, Corporate Governance Committee, Nomination Committee, Remuneration Committee and Audit Committee. Sufficient resources have been provided for the committees to undertake their duties. Each Board Committee has the authority to seek any complete and reliable information that it requires from the management. Where necessary, these committees should seek independent professional advice, at the Company's expenses, to perform their responsibilities.

Written terms of reference of each of the Executive Committee, Corporate Governance Committee, Nomination Committee, Remuneration Committee and Audit Committee are available on the websites of the Company, and, where applicable, the Stock Exchange.

Strategy Committee

The Strategy Committee is mainly responsible for formulating the Group's business strategy. The Strategy Committee comprises two Executive Directors, namely, Mr. YUEN Hoi Po (Chairman) and Mr. ZHANG Changsheng.

Executive Committee

The Executive Committee is mainly responsible for improving the efficiency of the Board's operation and shorten any operations-related decision making processes, as sometimes it may be practically difficult to convene a full board meeting or to arrange all the Directors to sign a written resolution in a timely manner.

During the year, 16 meetings were held by the Executive Committee. These meetings are mainly to approve the allotment of Shares to the convertible noteholder after exercising the conversion rights; to approve those transactions not falling under chapters 14 and 14A of the Listing Rules.

Corporate Governance Committee

The Corporate Governance Committee is mainly responsible for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, one meeting was held by the Corporate Governance Committee to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, and to review and monitor the training and continuous professional development of Directors and senior management.

Nomination Committee

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board; making recommendations on any proposed changes to the Board; reviewing Board Diversity Policy; and assessing the independence of Independent Non-executive Directors.

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

During the year, one meeting was held by the Nomination Committee to conduct the annual review of the structure, size and composition of the Board; to assess independence of Independent Non-executive Directors; to recommend the Board's rotation schedule for 2015 annual general meeting, and to review the Board Diversity Policy.

Remuneration Committee

The Remuneration Committee is mainly responsible for making recommendation to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and making recommendations to the Board on the remuneration of non Executive Directors. The Remuneration Committee was delegated responsibility to determine the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual Executive Directors and senior management.

During the year, three meetings were held by the Remuneration Committee to determine Executive Director and senior management remuneration package and performance-based bonus.

Audit Committee

The Audit Committee is mainly responsible for the following:

1. Making recommendation to the Board on the appointment, reappointment and removal of the external auditor;

2. Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. Monitoring the integrity of the Company's financial statements and annual report and accounts, interim report and reviewing significant financial reporting judgments contained in them; and

4. Reviewing the Company's financial controls, internal control and risk management systems.

During the year, two meetings were held by the Audit Committee for the purposes of meeting the above mentioned responsibilities.

BOARD DIVERSITY POLICY

The Group adopted a Board Diversity Policy in 2013. A summary of this policy, together with the measureable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are as follows:–

The Board Diversity Policy aimed to sets out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a numbers of measurable aspects including but not limited to gender, ethnicity, age, business experience, functional expertise, personal skills, and geographic background in order to attract and maintain a Board with an appropriate mix of skills, experience, and expertise. The Nomination Committee has reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors have participated in continuous professional development to develop and refresh their knowledge and skills. According to the training records provided by each of the Directors, the training received by all Directors during the year is as follows:

Directors	Attending Seminars	Reading Regulatory Updates	Giving Speeches
Mr. YUEN Hoi Po		✓	
Mr. ZHANG Changsheng		✓	
Mr. Edward TIAN Suning	✓	✓	
Mr. Hugo SHONG		✓	✓
Prof. WEI Xin		✓	
Dr. WONG Yau Kar, David	✓		✓
Mr. YUEN Kin	✓	✓	
Mr. CHU Yuguo		✓	

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

With effect from March 2012, the positions of the Chairman and Chief Executive Officer are held by Mr. YUEN Hoi Po who is responsible to manage business operations of the Group and oversee the function of the Board. As Mr. YUEN's accumulated valuable experience in service industry, property development and tourism is a great benefit to the Group, the Board believes that the balance of power and authority is adequate.

NON-EXECUTIVE DIRECTORS

Referring to the composition of the Board under the section "Board of Directors" on page 17 of this Annual Report, the Company has six Non-executive Directors (four of them are Independent Non-executive Directors). All Non-executive Directors are appointed under a fixed term of three years and also subject to rotational retirement provision of the Company's articles of association.

Throughout the year, the Board has four Independent Non-executive Directors representing 50% of the Board. Among the four Independent Non-executive Directors, one of them has appropriate professional qualifications in accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation from each of the Independent Non-executive Directors except for Prof. WEI Xin who is not contactable by the Company since 6 January 2015 which was the date the Company aware of Prof. WEI was invited by Mainland authorities for the investigation.

Neither the annual confirmation nor notification for any subsequent change of circumstances affecting independence of Prof. WEI in acting as an Independent Non-executive Director of the Company has been received from Prof. WEI. The Company considers that Dr. WONG Yau Kar, David, Mr. YUEN Kin and Mr. CHU Yuguo are independent in character and judgment and they also meeting the criteria set out in Rule 3.13 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT PERSONS

The Company has adopted a code of conduct regarding securities transactions by Directors (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") 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 year of 2014.

The Code of Conduct applies to all the relevant persons as defined in the CG Code, including 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, is likely to possess inside information in relation to the Company or its securities.

EXTERNAL AUDITOR

The Audit Committee has received a letter from the existing auditor of the Company, PricewaterhouseCoopers, confirming their independence and objectivity. The remuneration paid to PricewaterhouseCoopers and its affiliated firms (if any) for services rendered is listed as follows:

Nature of the services	2014 HK'000	2013 HK'000
Audit and review services	2,655	2,625
Non-audit services (including reporting accountant and agreed upon procedures)	500	801
	3,155	3,426

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statements, which set out the responsibilities of the Directors in relation to the consolidated financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 46 to 47 which acknowledges the reporting responsibilities of the external auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements for each financial year which give a true and fair view of the state of the Group.

Accounting Policies

The Directors consider that in preparing the consolidated financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of consolidated financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable accounting standards.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS *(Continued)*

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going Concern

The Directors, having made appropriate enquires, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and control risks are managed. In reliance on these reviews, the Audit Committee has made a recommendation to the Board for approval of the consolidated financial statements for the year.

INTERNAL CONTROL AND GROUP RISK MANAGEMENT

The Board has overall responsibility for the Group's internal control system and for the assessment and management of the risk. The Board has conducted a review of and is satisfied with the effectiveness of the internal control system of the Company and its subsidiaries.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including the parameters of delegated authority, which provide a framework for the identification and management of risk. Reporting and review activities include the review and approval by the Board of detailed operational and financial reports, budgets and plans provided by the management of the business operations, the review by the Board of actual results against the budgets, the reviews by the Board of the internal control system of the Company and its subsidiaries, as well as the regular business reviews by Executive Directors and the senior management.

The Board is responsible for monitoring the overall operations of the businesses within the Group. Directors are appointed to the boards of all significant material operation subsidiaries and associates to oversee the operations of those companies. Monitoring activities include the review and approval of business strategies, budgets and plans, and the setting of key business performance targets. The senior management is accountable for the performance within the agreed strategies and is accountable for its conduct and performance.

INTERNAL CONTROL AND GROUP RISK MANAGEMENT *(Continued)*

The Chief Financial Officer of the Company, reporting directly to the Audit Committee, provides assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations and derives the annual audit plan. The plan is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, a regular dialogue is maintained between the Audit Committee and the Group's external auditor so that both parties are aware of the significant factors which may affect their respective scope of work.

Reports from the external auditor on internal controls and relevant financial reporting matter are to be presented to the Audit Committee, and, as appropriate to the Board. These reports are reviewed and appropriate actions are taken.

COMPANY SECRETARY

Mr. HAU Wai Man, Raymond, being an employee of the Company, has been appointed as Company Secretary of the Company ("Company Secretary") since 2008. The Company Secretary reports to the chairman of the Board. His appointment and removal is a matter for the Board as a whole.

The Company Secretary is mainly responsible for assisting the chairmen of the Board and its committees to prepare agendas for meetings and to prepare and disseminate meeting material to the Directors and committees' members in a timely and comprehensive manner; ensuring every Director complied with the Board's policy and procedures, and all applicable rules and regulations; and ensuring accurate records of Board/committee meeting proceedings, discussions and decisions are recorded.

According to Rule 3.29 of the Listing Rules, Mr. HAU has taken no less than 15 hours of relevant professional training during the year. His biography is set out on page 32 of this Annual Report.

INVESTOR RELATIONS

The Board is committed to providing clear and full performance information of the Group to shareholders through different publications and financial reports. In addition to dispatching circular, notices and financial reports to shareholders, additional information is also available to shareholders on the Group's website (www.jiuhaohealth.com).

COMMUNICATION WITH SHAREHOLDERS

Shareholders' communication policy was established for ensuring the enhancement of communication between the Company and its shareholders.

Shareholders are encouraged to attend general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings. Any vote of the shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

The chairman of the Board has attended the annual general meetings of the Company in the year 2014 (the "AGM"). He has also invited the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the AGM. In case of their absence, he would invite another member of the committee or failing this his duly appointed delegate, to attend. These persons are available to answer questions at the AGM.

The chairman of the independent board committee (if any) would be available to answer questions at any general meeting to approve connected transactions or any other transactions that required independent shareholders' approval.

The external auditor engaged by the Company has attended the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Share Registrar of the Company would be appointed as the scrutineer at the Company's general meetings to provide the detailed procedures for conducting a poll and to take the vote. The poll results announcement will then be announced in the manner prescribed under the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year, there were no changes in the constitutional documents of the Company, a copy of which has been uploaded to the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to convene an EGM:

- An annual general meeting of the Company ("AGM") shall be held in each year.
- Each general meeting, other than AGM, shall be called an extraordinary general meeting ("EGM").
- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.
- The requisition signed by the requisitionist(s) shall set out the matters for consideration at the meeting to be called. It shall be deposited at the principal office of the company located at Room 3503, 35/F., Tower Two, Lippo Centre, 89 Queensway, Hong Kong.
- In case of joint holdings, it would be sufficient if only one of the joint holders has signed the requisition.
- The requisition may consist of several documents in like form, each signed by one or more requisitionist(s).
- The requisition will be verified with the Company's Share Registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionist(s) concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.
- The EGM shall be held within two (2) months after the deposit of such requisition.
- If within twenty-one (21) days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. Procedures for Shareholders to make proposals at AGM:

There are no provisions allowing shareholders to make proposals or move resolutions at the AGM under the memorandum and articles of association or the companies laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may convene an EGM.

SHAREHOLDERS' RIGHTS *(Continued)*

3. Procedures for Shareholders to send enquiries to the Board:

Shareholders may send their enquiries to the Board by addressing them to the Company Secretary. The Company Secretary will forward the enquiries to the Board.

The contact details of the Company Secretary are as follows:

Address	:	Room 3503, 35/F Tower Two, Lippo Centre 89 Queensway, Hong Kong
Email	:	ir@jiuhaohealth.com
Tel	:	3690 2050
Fax	:	3690 2059

By Order of the Board

YUEN Hoi Po
Chairman

Hong Kong, 30 March 2015

BOARD OF DIRECTORS

Mr. YUEN Hoi Po

Director since 2010
Chairman, Chief Executive Officer and Executive Director
Mr. YUEN Hoi Po, aged 52, currently serves as Chairman, Chief Executive Officer and Executive Director of the Company. He is chair of Nomination Committee, Corporate Governance Committee, Executive Committee and Strategic Committee as well as a member of Remuneration Committee. Mr. YUEN is the sole member and the sole director of Smart Concept Enterprise Limited which is a substantial shareholder of the Company pursuant to Part XV of the Securities and Futures Ordinance and a director of several subsidiaries of the Company. Mr. YUEN currently serves as a member of the standing committee of the Beijing Youth Federation. Mr. YUEN has acquired extensive experiences in the commercial sector when he engaged in businesses, including trading, real estates, tourism and services, since 1990. In 2005, Mr. YUEN was appointed as senior vice-president of Beida Jade Bird Group, mainly responsible for managing the company's businesses in the real estates, cultural media sectors. At the same time, Mr. YUEN also participated in various tasks of the group, including assets restructuring and capital operations, with remarkable contributions. Given his outstanding records in the commercial field and strong personal influence over the society, Mr. YUEN has nominated as the members of the Beijing Youth Federation and its standing committee for many years.

Mr. YUEN Hoi Po is a cousin of Mr. WANG Le who is the senior management of the Company.

Mr. ZHANG Changsheng

Director since 2008
Vice Chairman and Executive Director
Mr. ZHANG Changsheng, aged 67, currently serves as Vice Chairman and Executive Director of the Company. He is a member of Executive Committee and Strategic Committee and a director of several subsidiaries of the Company. Mr. ZHANG has also served as Senior Vice President and General Counsel of China Netcom Communications (Group) Limited Company between 2003 and 2008. From 1995 to 2003, Mr. ZHANG held the positions of Assistant Governor and Secretary General of the People's Government of Jiangsu Province. Prior to that, he served as deputy division chief, division chief, deputy director and director of the Ministry of Personnel of the People's Republic of China (the "PRC"), and director for Relocating and Arranging New Jobs for Retired Soldiers under the State Council of the PRC, respectively. In 1999, Mr. ZHANG took graduate course in Finance at Nanjing Institute. In 1981, he graduated from the Department of Comprehensive Studies of the Military Academy of the PRC Liberation Army.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Edward TIAN Suning

Director since 2008
Non-Executive Director

Mr. Edward TIAN Suning, aged 51, currently serves as Non-executive Director of the Company. He also holds positions in various organizations, including Independent Director of MasterCard Incorporated, a company listed on The New York Stock Exchange; Independent Non-executive Director of Lenovo Group Limited, a company listed on The Stock Exchange of Hong Kong Limited; Independent Non-executive Director of Taikang Life Insurance Company Limited; Member of Harvard Business School Asia Advisory Committee, etc. From 2002 to 2006, Mr. TIAN was the CEO and Vice Chairman of the board of China Netcom Group, a company listed on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange. In 1999, Mr. TIAN was invited to be in charge of the establishment of China Netcom Corporation ("CNC") and was the CEO and President of CNC. Before that Mr. TIAN co-founded AsiaInfo-Linkage Inc. which became the first Chinese high tech company listed on NASDAQ.

Mr. TIAN graduated from Texas Tech University with a Doctorate Degree in Resource Management.

Mr. Hugo SHONG

Director since 2009
Non-Executive Director

Mr. Hugo SHONG, aged 58, currently serves as Non-executive Director of the Company. Mr. SHONG has been the Founding General Partner of IDG Capital Partners, IDG-Accel China Growth Fund and IDG-Accel Capital Fund since 1993, 2005 and 2008 respectively.

In 1993, Mr. SHONG assisted IDG's Founder and Chairman Patrick J. McGovern to establish China's first technology venture fund in China.

Mr. SHONG completed the Harvard Business School's Advanced Management Program in the fall of 1996. He conducted graduate studies at the Fletcher School of Law and Diplomacy during 1987–88 and earned his MS degree from Boston University's College of Communication in 1987. He graduated from the Graduate School of the Chinese Academy of Social Sciences in 1986 with a Journalism degree and he received a B.A. degree from Hunan University in 1982. He has been a member of the Board of Trustees of Boston University since 2005.

Mr. SHONG is a non-executive director of WPP plc, a company listed on the London Stock Exchange and NASDAQ and a non-executive director of Mei Ah Entertainment Group Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Professor WEI Xin

Director since 2010
Independent Non-Executive Director

Professor WEI Xin, aged 59, currently serves as Independent Non-executive Director of the Company. He is a member of Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee. Prof. WEI serves as non-independent non-executive director of PUC Founder (MSC) Berhad, a company listed on the ACE market of the Bursa Malaysia Securities Berhad. Prof. WEI obtained a Doctor's degree of Business Administration from the Peking University. He is also the Executive Dean of College of Education at the Peking University.

Dr. WONG Yau Kar, David, *BBS, J.P.*

Director since 2000
Independent Non-Executive Director

Dr. WONG Yau Kar, David BBS, JP, aged 57, currently serves as Independent Non-executive Director of the Company. He is chair of Remuneration Committee and a member of Audit Committee and Nomination Committee. Dr. Wong received a doctorate in Economics from the University of Chicago in 1987. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong is active in public service. He is a Hong Kong deputy of the 12th National People's Congress of the People's Republic of China (第十二屆全國人民代表大會). He is also Chairman of the Land and Development Advisory Committee, Mandatory Provident Fund Schemes Authority and Protection of Wages on Insolvency Fund Board. Dr. Wong was appointed a Justice of Peace (JP) in 2010 and was awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society.

Dr. Wong is currently an independent non-executive director of Concord New Energy Group Limited (formerly China WindPower Group Limited) (Stock code: 182), Redco Properties Group Limited (Stock code: 1622), REORIENT Group Limited (Stock code: 376), Shenzhen Investment Limited (Stock code: 604) and Sinopec Kantons Holdings Limited (Stock code: 934), the shares of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. YUEN Kin

Director since 2004
Independent Non-Executive Director

Mr. YUEN Kin, aged 60, currently serves as Independent Non-executive Director of the Company. He is chair of Audit Committee of the Company and a member of Remuneration Committee and Corporate Governance Committee. Mr. YUEN holds a Master of Business Administration degree from the University of Toronto, Canada. He is a Chartered Accountant in Canada, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. CHU Yuguo

Director since 2012
Independent Non-Executive Director
Mr. CHU Yuguo, aged 49, currently serves as Independent Non-executive Director of the Company. He is a member of Nomination Committee and Corporate Governance Committee. Mr. CHU is a PhD fellowship of Peking University. He was the vice Chinese Communist Party Secretary of the Department of Computer Science & Technology of Peking University, deputy head and head of office of admission of Peking University Office of Educational Administration, head of asset management office of Peking University, and the chairman and general manager of Peking University Science Park. He is a director and the president of Beida Jade Bird; a director of Beijing Science Park Culture Education Development Co., Ltd; the chairman of Beida Jade Bird Culture and Education Group and the vice president of Institute of Examinations, Peking University.

SENIOR MANAGEMENT

Mr. HAU Wai Man, Raymond

Mr. HAU Wai Man, Raymond, aged 40, is the Chief Financial Officer, Qualified Accountant, Company Secretary and director of several subsidiaries of the Company. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He holds a MBA degree from The Hong Kong University of Science and Technology, and has over 10 years of experience in international accounting firms and corporates in Hong Kong and China before joining the Company in 2006.

Mr. HE Jubin

Mr. HE Jubin, aged 47, currently serves as the President of Healthcare Segments of the Group. Mr. HE was an Attending Doctor at 187 Chinese PLA General Hospital and had more than ten years' experience of medical service management and medicine research and development. Before joining the Group in June 2014, Mr. HE served as the Pharmaceutical Research and Development Resources Director of China General Technology (Group) Holding Co., Ltd, in charge of projects planning for new drug research and development, one of the projects was supported by several PRC government research funds and was granted European patent. Later, Mr. HE served as the General Manager at Yunnan Goline Investment Co., Ltd, in charge of strategic management and macro operations of the affiliated hospitals. In 2011, he was responsible for preparation of the Beijing New Journey Cancer Hospital until it officially commenced operations. Mr. HE received a bachelor's degree in Medicine from Shanghai Second Military Medical University in 1990.

Mr. WANG Le

Mr. WANG Le, aged 38, currently serves as the Vice President, Healthcare R & D Division of the Group. Mr. WANG has more than ten years' experience in information technology corporate management and product research and development. Before joining the Group in December 2013, Mr. WANG worked in senior management position for Beijing Esafenet Science & Technology Development Co., Ltd. Mr. WANG received a bachelor's degree in Applied Computer Science from Haerbin Engineering University in 1998.

Mr. WANG Le is a cousin of Mr. YUEN Hoi Po who is the Chairman of the Company.

Prof. LIU Dexin

Prof. LIU Dexin, aged 52, currently served as the Vice President, Physician Training Division of the Group. Prof. LIU served as a Professor at Geriatric Department of Cardiology of Chinese PLA General Hospital (301 PLAGH). He has significant achievements in health and disease risk assessment and chronic disease management technology, publishes more than 20 research papers, obtains five patents of invention and receives two science and technology achievement awards. Before joining the Group in March 2014, he was the Deputy General Manager of Ciming Health Checkup Management Group in charge of health management and education, research, and introduction of novel technologies. Prof. LIU received a Doctor's degree in Geriatric Cardiology from the Medical Institute of Chinese PLA in 1999.

Mr. WANG Yong

Mr. WANG Yong, aged 55, currently serves as the Vice President, Physician Management Division of the Group. Mr. WANG was one of the pioneering professions undertaking private doctor practicing and health management services in China and had nearly twenty years' experience in medical service management and operation. Before joining the Group in May 2014, Mr. WANG served as the Attending Doctor at Beijing Jishuitan Hospital and the Product Specialist at GE Medical System (China). Since 2006, he replicated the healthcare and wellness model exclusively serving for central governors and military officers and later formed private service teams providing family healthcare, wellness and chronic disease management services for thousands of high-end clients, as well as providing medical consulting services to large banking corporations in China. Mr. WANG received a bachelor's degree in Clinical Medicine from Beijing Medical University in 1983.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") is pleased to submit its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Group is principally engaged in (i) provision of online and offline healthcare and wellness services; and (ii) media business. Details of the principal activities of the Company's principal subsidiaries as at 31 December 2014 are set out in Note 38 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segment is set out in Note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 48 of this Annual Report.

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2014.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 140 of this Annual Report.

DONATIONS

The Group has made donations of approximately HK$500,000 (2013: HK$38,000) to non-profit organizations during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 28 to the consolidated financial statements.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Referring to the announcements of the Company dated 16 December 2013 and 15 January 2014, the placing of the 285,714,285 shares of the Company at HK$0.35 each to China Life Trustees Limited was completed in January 2014 with net proceeds raised of approximately HK$96 million. Approximately HK$70 million have been utilized for the construction of Beijing Healthcare and Wellness Si He Yuan and Hotel project and the remaining net proceeds of approximately HK$26 million have been utilized for the operation of online healthcare services based on "Kangxun 360" health management platform.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Mr. YUEN Hoi Po[1] *(Chairman)*
Mr. ZHANG Changsheng[1] *(Vice Chairman)*
Mr. Edward TIAN Suning[2]
Mr. Hugo SHONG[2]
Prof. WEI Xin[3]
Dr. WONG Yau Kar, David, *BBS, JP* [3]
Mr. YUEN Kin[3]
Mr. CHU Yuguo[3]

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

In accordance with Article 87(1) of the Company's Articles of Association, Mr. ZHANG Changsheng, Mr. Hugo SHONG and Dr. WONG Yau Kar, David shall retire from office by rotation at the forthcoming annual general meeting, and being eligible, offers themselves for re-election.

As Dr. WONG Yau Kar, David has been appointed as an Independent Non-executive Director for more than 9 years. Pursuant to Code Provision A.4.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules, his further appointment should be subject to a separate resolution to be approved by the Shareholders at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and Senior Management as at the date of this report are set out on pages 29 to 33 of this Annual Report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST-PAID INDIVIDUALS

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year are set out in Note 13 to the consolidated financial statements.

SHARE OPTION SCHEMES

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

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

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.

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:

Share Option Schemes	Number of securities available for issue	% of total issued share capital of the Company at 31 December 2014
2002 Share Option Scheme	27,625,165	0.42
2012 Share Option Scheme	533,740,401	8.14

SHARE OPTION SCHEMES *(Continued)*

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

Name or Category of Grantees	Date of grant	Exercise price per share (HK$)	No. of share options: Outstanding as at 1 January 2014	No. of share options: Exercised during the year	No. of share options: Outstanding as at 31 December 2014	% of total issued share capital of the Company	Note
Director							
Edward TIAN Suning	5.5.2008	2.58	1,042,459	–	1,042,459	0.02	(1)
	4.11.2008	0.86	2,084,918	–	2,084,918	0.03	(1)
Others	4.11.2008	0.86	24,497,788	–	24,497,788	0.37	(2)
Total for all categories			27,625,165	–	27,625,165		

SHARE OPTION SCHEMES *(Continued)*

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

Name or Category of Grantees	Date of grant	Exercise price per share (HK$)	No. of share options: Outstanding as at 1 January 2014	Exercised during the year	Outstanding as at 31 December 2014	% of total issued share capital of the Company	Note
Directors							
ZHANG Changsheng	15.6.2012	0.20	20,000,000	–	20,000,000	0.30	(3)
WEI Xin	15.6.2012	0.20	2,000,000	–	2,000,000	0.03	(3)
WONG Yau Kar, David	15.6.2012	0.20	2,000,000	–	2,000,000	0.03	(3)
YUEN Kin	15.6.2012	0.20	2,000,000	(2,000,000)	–	–	(3)
CHU Yuguo	15.6.2012	0.20	2,000,000	–	2,000,000	0.03	(3)
Continuous contract employee in aggregate	15.6.2012	0.20	1,500,000	(1,000,000)	500,000	0.01	(3)
Others	15.6.2012	0.20	37,500,000	–	37,500,000	0.57	(3)
Total for all categories			67,000,000	(3,000,000)	64,000,000		

Notes:

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

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

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

4. The weighted average closing price of shares of the Company immediately before the date on which the options were exercised during the year was $0.51.

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

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in Note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2014, calculated under the Companies Law of the Cayman Islands and the Company's Articles of Association, amounted in total to HK$857,412,000 (2013: HK$698,764,000), representing the share premium of HK$1,825,800,000 (2013: HK$1,644,681,000) less the accumulated losses of HK$968,388,000 (2013: HK$945,917,000). The Company may make distributions to its members out of the share premium in certain circumstances subject to the Articles of Association of the Company.

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

For the year ended 31 December 2014, the Group's aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales, and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

RETIREMENT BENEFIT SCHEME

Details of retirement benefit scheme of the Group are set out in Note 2(v) to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 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 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

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

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issue share capital of the Company
YUEN Hoi Po	Interest of a controlled corporation	Corporate interest	1,964,492,607	105,000,000 (Note 1)	2,069,492,607 (Note 1)	31.55 (Note 2)
ZHANG Changsheng	Beneficial owner	Personal interest	–	20,000,000 (Note 4)	20,000,000	0.30
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)	3.00
WEI Xin	Beneficial owner	Personal Interest	–	2,000,000 (Note 4)	2,000,000	0.03
WONG Yau Kar, David	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.03
CHU Yuguo	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.03

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 1,964,492,607 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 105,000,000 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 equivalent to HK$21 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 31 December 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed under the section headed "Shares Option Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company of any Associated Corporation" above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporation.

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

As at 31 December 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	1,825,000,000	105,000,000 (Note a)	1,930,000,000	29.42 (Note a)
Rich Public Limited	Beneficial owner (Note b)	Beneficial interest	139,492,607	–	139,492,607	2.13
Ming Bang Limited	Interest of controlled corporation (Note c)	Corporation interest	139,492,607	–	139,492,607	2.13

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 105,000,000 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.

Save as disclosed above, as at 31 December 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.

RELATED PARTY TRANSACTIONS

Details of the transactions carried out with related parties are set out in Note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at 30 March 2015.

CORPORATE GOVERNANCE

A separate corporate governance report prepared by the Board on its corporate governance practices is set out on pages 17 to 28 of this Annual Report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

OTHER CHANGES IN DIRECTORS' INFORMATION

Other changes in Directors' information since the date of 2014 Interim Report are set out below.

1. The annual remuneration of ZHANG Changsheng was raised to approximately HK$2,164,800 with effect from 1 January 2015.

2. Mr. YUEN Kin resigned as an executive director and the chief financial officer of Varitronix International Limited (HKSE code 710) with effect from 3 and 27 October 2014 respectively.

3 Dr. WONG Yau Kar, David resigned as a non-executive director of CIAM Group Limited (HKSE code 378) on 9 March 2015.

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.

On behalf of the Board

YUEN Hoi Po
Chairman

Hong Kong, 30 March 2015

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

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

We have audited the consolidated financial statements of China Jiuhao Health Industry Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 48 to 139, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated) (Notes 2(y), 32)
Continuing Operations			
Sales	5	**110,137**	126,192
Cost of sales		**(84,331)**	(109,149)
Gross profit		**25,806**	17,043
Other income and other gains, net	5	**70,243**	19,058
Marketing and selling expenses		**(384)**	(379)
Administrative expenses		**(69,019)**	(76,952)
Share of results of joint ventures	17	**585**	16,261
		27,231	(24,969)
Finance income/(cost), net	7	**20,569**	(6,653)
Profit/(loss) before taxation	8	**47,800**	(31,622)
Taxation	9	**4,235**	(1,402)
Profit/(loss) for the year from continuing operations		**52,035**	(33,024)
Discontinued Operations			
Loss for the year from discontinued operations	32	**(906)**	(132,698)
Profit/(loss) for the year		**51,129**	(165,722)
Attributable to:			
Equity holders of the Company			
– Continuing operations		**56,084**	(33,024)
– Discontinued operations		**(906)**	(132,698)
		55,178	(165,722)
Non-controlling interests – continuing operations		**(4,049)**	–
		51,129	(165,722)

	Notes	2014 HK$'000	2013 HK$'000 (Restated) (Notes 2(y), 32)
Profit/(loss) per share attributable to the equity holders of the Company for the year		**HK Cents**	HK Cents
Basic earnings/(loss) per share	11		
– From continuing operations		**1.09**	(1.24)
– From discontinued operations		**(0.02)**	(5.00)
		1.07	(6.24)
Diluted earnings/(loss) per share	11		
– From continuing operations		**1.07**	(1.24)
– From discontinued operations		**(0.02)**	(5.00)
		1.05	(6.24)

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

	Notes	2014 HK$'000	2013 HK$'000
Dividend	12	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated) (Note 2(y), 32)
Profit/(loss) for the year		**51,129**	(165,722)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
– Currency translation differences	29	**(5,275)**	38,148
Other comprehensive (loss)/income for the year, net of tax		**(5,275)**	38,148
Total comprehensive income/(loss) for the year		**45,854**	(127,574)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company			
– continuing operations		**50,802**	5,124
– discontinued operations		**(906)**	(132,698)
Non-controlling interests		**(4,042)**	–
		45,854	(127,574)

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**9,513**	390,219
Intangible assets	15	**21**	1,645,263
Interests in joint ventures	17	**62,823**	70,910
Deferred income tax assets	9	**19,881**	20,037
Prepayments	23	**17,947**	35,162
		110,185	2,161,591
CURRENT ASSETS			
Trade receivables	19	**–**	2,182
Inventories	20	**2,316**	10,823
Amounts due from joint ventures and their subsidiaries	17	**290,178**	396,104
Programmes and film production in progress	21	**68,262**	–
Financial assets at fair value through profit or loss	22	**138,652**	16,000
Prepayments, deposits and other receivables	23	**24,839**	54,909
Cash and cash equivalents	24	**162,745**	99,880
		686,992	579,898
Assets of disposal group classified as held for sale	32	**2,247,737**	241,660
		2,934,729	821,558
CURRENT LIABILITIES			
Agency fee payables	25	**–**	100,661
Trade payables	25	**19**	2,499
Receipt in advance, other payables and accrued liabilities	25	**69,469**	157,314
Amount due to a joint venture		**–**	34,290
Deferred revenue	26	**–**	32,100
Current income tax liabilities		**13,994**	90,875
Promissory notes	27	**–**	6,099
Convertible notes	27	**19,068**	–
		102,550	423,838
Liabilities of disposal group classified as held for sale	32	**640,993**	–
		743,543	423,838

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	As at 31 December 2014 HK$'000	2013 HK$'000
NET CURRENT ASSETS		**2,191,186**	397,720
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,301,371**	2,559,311
NON-CURRENT LIABILITIES			
Convertible notes	27	–	334,588
Other payables	25	**6,997**	7,098
Deferred revenue	26	–	77,601
Deferred income tax liabilities	9	–	340,961
		6,997	760,248
NET ASSETS		**2,294,374**	1,799,063
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**1,311,981**	856,238
Reserves	29	**981,466**	942,825
		2,293,447	1,799,063
Non-controlling interests	29	**927**	–
TOTAL EQUITY		**2,294,374**	1,799,063

The financial statements on pages 48 to 139 were approved by the Board of Directors on 30 March 2015 and were signed on its behalf.

YUEN Hoi Po
Director

ZHANG Chang Sheng
Director

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSET			
Interests in subsidiaries	16	**126,010**	126,010
Loans advance to subsidiaries	16	**2,027,502**	1,910,409
		2,153,512	2,036,419
CURRENT ASSETS			
Prepayments, deposits and other receivables	23	**558**	15
Cash and cash equivalents	24	**63,946**	76,873
		64,504	76,888
CURRENT LIABILITIES			
Other payables and accrued liabilities	25	**1,943**	3,731
Convertible notes	27	**19,068**	–
		21,011	3,731
NET CURRENT ASSETS		**43,493**	73,157
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,197,005**	2,109,576
NON-CURRENT LIABILITIES			
Convertible notes	27	**–**	334,588
NET ASSETS		**2,197,005**	1,774,988
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**1,311,981**	856,238
Reserves	29	**885,024**	918,750
TOTAL EQUITY		**2,197,005**	1,774,988

The financial statements on pages 48 to 139 were approved by the Board of Directors on 30 March 2015 and were signed on its behalf.

YUEN Hoi Po
Director

ZHANG Chang Sheng
Director

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash used in operations	30	**(75,797)**	(2,515)
Income tax refunded, net		**5**	2,237
Net cash used in operating activities		**(75,792)**	(278)
Cash flows from investing activities			
Bank interest received		**2,795**	98
Purchases of investment securities		**(69,845)**	–
Purchases of property, plant and equipment		**(74,126)**	(40,123)
Acquisition of subsidiaries – net of cash acquired	31	**–**	(7,596)
Disposal of joint ventures	32	**252,688**	–
Additions in programmes and film production in progress	21	**(50,705)**	–
Purchases of intangible assets		**(86)**	(13,775)
Disposals of property, plant and equipment		**46**	–
Disposal of intangible assets		**–**	7,514
Disposal of investment securities		**2,448**	–
Deposit received from proposed disposal of subsidiaries	32	**60,000**	–
Recovery of investment return from programmes and film production in progress	21	**2,095**	–
Net cash generated from/(used in) investing activities		**125,310**	(53,882)
Cash flows from financing activities			
Proceeds from issuance of shares on exercise of share options		**600**	2,000
Proceeds from issuance of shares on placement – net of expenses		**96,000**	79,666
Capital injection from non-controlling shareholder of a subsidiary		**4,969**	–
Repayment of promissory notes		**(6,357)**	(108,287)
Net cash generated from/(used in) financing activities		**95,212**	(26,621)
Net increase/(decrease) in cash and cash equivalents		**144,730**	(80,781)
Cash and cash equivalents at 1 January	24	**99,880**	179,527
Exchange gains on cash and cash equivalents		**(876)**	1,134
Cash and cash equivalents at 31 December		**243,734**	99,880
Analysis of cash and cash equivalents			
Cash and cash equivalents of the Group		**243,734**	99,880
Reclassification to assets of disposal group held for sale	32	**(80,989)**	–
	24	**162,745**	99,880

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity holders of the Company				
	Share capital HK$'000	**Other reserves HK$'000**	**Accumulated losses HK$'000**	**Non-controlling interests HK$'000**	**Total equity HK$'000**
Balance at 1 January 2013	510,818	2,819,459	(1,733,380)	–	1,596,897
Comprehensive income:					
– Loss for the year	–	–	(165,722)	–	(165,722)
Other comprehensive income:					
– Currency translation differences	–	38,148	–	–	38,148
Issuance of shares upon conversion of convertible notes	281,000	(57,826)	–	–	223,174
Issuance of shares upon exercise of share options	2,000	–	–	–	2,000
Issuance of consideration shares	15,000	9,900	–	–	24,900
Issuance of shares upon placement	47,420	32,246	–	–	79,666
Balance at 31 December 2013	856,238	2,841,927	(1,899,102)	–	1,799,063
Balance at 1 January 2014	**856,238**	**2,841,927**	**(1,899,102)**	**–**	**1,799,063**
Comprehensive income:					
– Profit for the year	**–**	**–**	**55,178**	**(4,049)**	**51,129**
Other comprehensive income:					
– Currency translation differences	**–**	**(5,282)**	**–**	**7**	**(5,275)**
Capital injection from non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**4,969**	**4,969**
Issuance of shares upon conversion of convertible notes	**398,000**	**(50,112)**	**–**	**–**	**347,888**
Issuance of shares upon exercise of share options	**600**	**–**	**–**	**–**	**600**
Issuance of shares upon placement	**57,143**	**38,857**	**–**	**–**	**96,000**
Balance at 31 December 2014	**1,311,981**	**2,825,390**	**(1,843,924)**	**927**	**2,294,374**

The notes on pages 56 to 139 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Jiuhao 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 ("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.

These financial statements are presented in thousand Hong Kong dollars (HK$'000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 30 March 2015.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

Changes in accounting policy and disclosures:

(i) 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
HK(IFRIC) 21	Levies

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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) 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:

		Effective for the accounting period beginning on or after
HKAS 1 (Amendment)	Amendments to HKAS 1 for disclosure initiative	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 16 and 38 (Amendment)	Clarification of acceptable methods of depreciation and amortization	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 10, 12, and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interest in joint operations	1 January 2016
Annual improvements 2012	Amendments to include changes from the 2010-2012 cycle of the annual improvements project	1 July 2014
Annual improvements 2013	Amendments to include changes from the 2011-2013 cycle of the annual improvements project	1 July 2014
Annual improvements 2014	Amendments to include changes from the 2012-2014 cycle of the annual improvements project	1 January 2016

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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) 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)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(b) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(ii) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealized gains or losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Group accounting *(Continued)*

(iii) Business combinations *(Continued)*

If the business combination is achieved in stages, the carrying value of acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

(iv) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(v) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(vi) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Group accounting *(Continued)*

(vi) Separate financial statements *(Continued)*

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(vii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are only accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(viii) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-marker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee, which comprises the chief executive officer and the chief financial officer of the Group, that makes strategic decisions.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). As the Company is listed on the Main Board of the Stock Exchanges of Hong Kong, the directors considers that it will be more appropriate to adopt Hong Kong dollar as the Group's and the Company's presentation currency. Accordingly, the consolidated financial statements are presented in Hong Kong dollars ("HK$").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income/(cost), net". All other foreign exchange gains and losses are presented in the income statement within "other income and other gains, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in equity.

(d) Property, plant and equipment

Property, plant and equipment, comprising leasehold land and buildings, plant, equipment and other assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Golf courses	30 years
Buildings	20-30 years
Leasehold improvements	5 years
Furniture, computer and equipment	3-5 years
Machinery and equipment	5-10 years
Motor vehicles	4-5 years

Construction in progress is stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the construction.

No depreciation is provided on construction in progress since they are not ready for use. On completion, the costs are transferred to the appropriate property, plant and equipment.

Major costs in restoring property, plant and equipment to their normal working conditions are charged to the consolidated income statement. Improvements are capitalized and depreciated over their expected useful lives to the Group.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated income statement.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non- controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(ii) Cooperation Construction and Operating Agreements

Cooperation Construction and Operating Agreements represent 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. The cost of the Cooperation Construction and Operating Agreements represents of fair value of such asset as at the completion of the relevant business combination, and is amortized on a straight-line basis until the expiry of the relevant agreement. The Cooperation Construction and Operating Agreements are stated at cost net of accumulated amortization and impairment losses, if any.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probably.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Upon the reclassification of disposal group held for sales, the amortization of intangible assets and depreciation of property, plant and equipment are ceased. The finance cost of convertible notes and promissory notes attributable to the disposal group is continued to be recognized and capitalized as cost of qualifying asset of construction in progress. Operating lease payment for land use right is continued to be incurred and capitalized to the carrying amount of disposal group.

(h) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Financial assets *(Continued)*

Classification *(Continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "programmes and film production in progress", "trade receivables", "amounts due from joint ventures and its subsidiaries", "deposits and other receivables", "cash and cash equivalents" in the consolidated balance sheet.

Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "other income and other gains, net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of "other income and other gains, net" when the Group's right to receive payments is established.

Programmes and film production in progress are accounted for on a programme-by- programme or film-by-film basis and are stated at cost less accumulated impairment losses, if any. Cost of programmes or film production in progress includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a programme or a film. Upon completion, these programmes and films under production are reclassified as programmes and film rights.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default of delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated income statement.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

(n) Share capital

Ordinary shares and preference shares are classified as equity.

Preference shares are classified as equity as there is no contractual right to convert the preference shares to any outflow of liability on the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders, or directors where appropriate.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(q) Borrowings

Borrowings, comprise convertible notes and promissory notes, are recognized initially at fair value, net of transaction costs incurred. Promissory note is subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the promissory note using the effective interest method.

During 2012, the Group has issued convertible note that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of the convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible note is measured at amortized cost using the effective interest method. The equity component of a convertible note is not re-measured subsequent to initial recognition.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Borrowings *(Continued)*

The promissory note and liability component of the convertible note are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in consolidated income statement in the period in which they are incurred.

(s) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and an associated company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis difference

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) Current and deferred income tax *(Continued)*

***(ii) Deferred income tax** (Continued)*

Inside basis difference (Continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(u) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits with flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition *(Continued)*

(1) Food and beverage income and club activities income are accounted for when the services are rendered. Members' annual fees are recognized on a straight-line basis over the subscription period. Membership entrance fees represent non-refundable upfront registration fee for lifetime entitlement by members for using the golf facilities and enjoying certain privileges in other facilities in the club and are recognized on a reducing balance method for which the membership is granted and the reducing rate is based upon historical usage pattern of existing members. The portion of membership entrance fees which relates to services not yet rendered as at year end is included in the financial information as deferred revenue. Such food and beverage income and club activities income are reported under Health industry segment.

(2) Revenue from programmes and film production in progress is recognized on a time proportion basis and reported under Media segment.

(3) Interest income is recognized on a time proportion basis using the effective interest method.

(4) Dividend income is recognized when the right to receive payment is established.

(v) Employee benefits

(i) Retirement benefit costs

The Group operates a defined contribution retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the Scheme. The Scheme became effective on 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they became payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independent administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme.

The Company's subsidiaries in the PRC except Hong Kong are members of the state- managed retirement benefits scheme operated by the government of the PRC except Hong Kong. The retirement scheme contributions, which are based on a certain percentage of the salaries of the subsidiaries' employees, are charged to the consolidated income statement in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits *(Continued)*

(i) Retirement benefit costs *(Continued)*

For both retirement benefits schemes, the Group has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees without possibility of withdrawal. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iii) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long- service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave, maternity and other non-accumulating compensated absences are not recognized until the time of leave.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expenses during the period between service commencement period and grant date. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(x) Operating leases

Leases where substantially a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(y) Comparative figures

The comparative figures in the Group's consolidated income statement relating to the provision for impairment of film rights and film in production of HK$21,050,000, which have been separately shown, is now included in "cost of sales" in order to conform to the current year's presentation for a better understanding of the Group's activities. This reclassification has no effect on the Group's consolidated balance sheets as at both 31 December 2014 and 2013, or the Group's profit/(loss) or cash flows for the years ended 31 December 2014 and 2013.

3 FINANCIAL RISK MANAGEMENT

(i) 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 Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Cash flow and fair value interest rate risk

The Group has cash balances placed with reputable banks, which generate interest income for the Group.

Borrowings at fixed rates, including promissory notes, expose the Group to fair value interest-rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used. The scenarios are run only for financial assets and liabilities that represent the major floating interest-bearing positions.

Based on the simulations performed on cash balances placed with banks carried at floating interest rate, if the interest rate increased/decreased by 60 basis-point with all other variables held constant, profit/(loss) attributable to the equity holders of the Company for the year ended 31 December 2014 would increase/decrease by HK$976,000 (2013: decrease/increase by HK$599,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed on a group basis. The carrying amounts of bank balances, trade receivable, deposits and other receivables, programme and film production in progress and amounts due from joint ventures and its subsidiaries represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies that limit the amount of credit exposure to any financial institutions. The Group has also policies in place to ensure that the sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

In regards to the amount due from joint ventures and its subsidiaries, management assessed the financial position and performance of the counter-party, taking into account its business plans, financial information and other factors. In addition, the Group reviews regularly the recoverable amount of deposits and other receivable, programme and film production in progress and amounts due from joint ventures and its subsidiaries to ensure that a adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is limited because the counterparties are financial institutions with good credit standing.

Other than concentration of credit risk on bank balances, which are deposited with several banks with good credit ratings, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

(c) Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC. Foreign exchange risk arises from the fluctuation between Hong Kong Dollars and Renminbi of balances between the Company's subsidiaries in Hong Kong and the PRC. During the year, appreciation in Renminbi against Hong Kong Dollars from those balances resulted in the significant increase in exchange gain presented in the consolidated income statement within "other income and other gains, net".

The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure but manages through constant monitoring to limit as much as possible its net exposures.

As at 31 December 2014, if Renminbi had strengthened/weakened by 5% against Hong Kong dollars with all other variables held constant, the profit for the year would increase/decrease and accumulated losses would decrease/increase by HK$26,273,000 (2013: loss for the year and accumulated loss would decrease/increase by HK$19,216,000), mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated loans and receivables.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Financial risk factors *(Continued)*

(d) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances.

Due to the dynamic nature of the Group's underlying businesses, the Group monitors the current and expected liquidity requirements and maintains flexibility in funding by maintaining sufficient cash and cash equivalent to meet operational needs and possible investment opportunities.

The table below analyzed the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within twelve months equaled their carrying balances, as the impact of discounting was not significant.

The convertible notes is based on the contractual maturity date without considering the potential conversion. The promissory notes is based on the face value plus interest as stipulated by the contractual terms.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
Group			
At 31 December 2014			
Trade payables, other payables and accrued liabilities	**9,487**	**–**	**–**
Convertible notes	**19,068**	**–**	**–**
At 31 December 2013			
Agency fee payables	100,661	–	–
Trade payables, other payables and accrued liabilities	149,670	–	–
Amount due to a joint venture	34,290	–	–
Promissory notes	6,600	–	–
Convertible notes	–	334,588	–
Company			
At 31 December 2014			
Other payables and accrued liabilities	**1,943**	**–**	**–**
Convertible notes	**19,068**	**–**	**–**
At 31 December 2013			
Other payables and accrued liabilities	3,731	–	–
Convertible notes	–	334,588	–

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Financial risk factors *(Continued)*

(e) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity of other entities are publicly traded in The Stock Exchange of Hong Kong Limited. Gains and losses arising from changes in the fair value of financial asset at fair value through profit or loss are dealt with in consolidated income statement. The performance is monitored regularly, together with an assessment of its relevance to the Group's strategic plans.

As at 31 December 2014, if the share price increased/decreased by 5%, with all other variables held constant, the Group's profit of the year would increase/decrease and accumulated losses would decrease/increase by HK$6,933,000 (2013: loss for the year and accumulated losses would decrease/increase by HK$800,000).

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(ii) Capital risk management *(Continued)*

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. As at 31 December 2014, the Group has a net cash position and its cash and bank balances exceeded the total balance of borrowings by HK$143,677,000. The total gearing ratio at 31 December 2013 was 12%. The decrease in the gearing ratio during 2014 resulted primarily from the conversion of convertible notes to ordinary shares and settlement of promissory notes during the year (Note 27).

(iii) Fair value estimation

The fair values of the Group's financial instruments are not materially different from their carrying values.

The fair values of financial instruments that are not traded in active market are made references to amounts as determined by discounted cash flow techniques.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(iii) Fair value estimation *(Continued)*

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

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2014				
Financial assets at fair value through profit or loss				
Trading securities	**138,652**	**–**	**–**	**138,652**
At 31 December 2013				
Financial assets at fair value through profit or loss				
Trading securities	16,000	–	–	16,000

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Had the revenue growth rate and terminal growth rate applied to the discounted cash flow been lower than the management's estimate, the goodwill might result in impairment. Details are described in Note 15 to the consolidated financial statements.

(ii) Classification of assets and liabilities as disposal group held for sale and discontinued operations

On 11 December 2014, the Group entered into a sales and purchase agreement, pursuant to which the Group conditionally agreed to sell the entire interest in Smart Title Limited (the "Target Company"). This transaction has not yet been completed as at the date of the annual report.

The Group follows the guidance of HKFRS 5 to classify the assets and liabilities of Beijing Bayhood No. 9 Club and adjacent projects under development (the "Subject Land") and the Subject Land's operation as disposal group held for sale and discontinued operation. This determination requires significant judgement. In making this judgement, the Group considers that (i) the assets (or disposal group) are available for immediate sale in its present condition and the sale is highly probable given the proposed disposal has been approved and committed by the Group and a conditional sales and purchase agreement has been entered; (ii) the disposal would be completed within twelve months after the end of the reporting period; and (iii) the carrying amount would be recovered principally through a sale transaction rather than through continuing use.

The operation of Beijing Bayhood No. 9 Club remains as continuing operation as the management considers that the Group will continue to operate Beijing Bayhood No.9 Club by entering into a club lease agreement. Pursuant to this agreement, the operating right of Beijing Bayhood No. 9 Club will be leased to the Group for a term of twenty years (can be further extended to 31 December 2051 upon request by the Group) upon the completion of disposal. In addition, the Group will continue to manage the daily operations and be responsible for the decision making of Beijing Bayhood No. 9 Club's operation. Therefore, the Group continues to recognize Beijing Bayhood No. 9 Club as continuing operation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(ii) Classification of assets and liabilities as disposal group held for sale and discontinued operations *(Continued)*

If any of the circumstances mentioned above about classification as disposal group held for sale or discontinued operation is no longer satisfied, the assets and liabilities of Beijing Bayhood No. 9 Club and the Subject Land and the Subject Land's operation shall be derecognized as assets and liabilities of disposal group held for sale and discontinued operations. The depreciation of property, plant and equipment and amortization of intangible assets shall be resumed upon the date of reclassification to continuing operations.

Additional information is disclosed in note 32.

(iii) Income taxes

The Group recognizes income tax liabilities based on estimates of anticipated amounts of taxes that will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iv) Impairment of programmes and film production in progress

The Group assesses whether the programmes and films production in progress have suffered any impairment. Such assessment requires significant judgement. In making this judgement, the Group evaluates to current market conditions and trade history. If projected cash inflow from these investments deteriorates, provision for impairment may be required.

(v) Fair value of convertible notes

The fair value of convertible notes issued as part of the consideration for business combination was estimated using a valuation model carried out by American Appraisal China Limited. Several key assumptions including, for example, volatility of share price of the Company, risk free rate and effective yield. Had management determined that different assumptions used for the valuation, this would have caused a different liability component and equity component of convertible note and the fair value of consideration at the date of acquisition. Details are described in Note 27 to the consolidated financial statements.

(vi) Membership entrance fees

Membership entrance fees represents non-refundable upfront registration fee for lifetime entitlement by members for using the Bayhood No.9 Club facilities and enjoying certain privileges in other facilities in the club and are recognized on a reducing balance method which is based upon historical usage pattern of the members. The portion of membership entrance fees which relates to services not yet rendered as at year end is included in the financial information as deferred revenue.

5 SALES AND OTHER INCOME AND OTHER GAINS, NET

The Group is principally engaged in provision of online and offline healthcare and wellness services and media business. Revenues recognized during the year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Sales		
Offline healthcare and wellness services	**104,491**	125,465
Media	**5,646**	727
	110,137	126,192
Other income and other gains, net		
Interest income	**2,791**	90
Fair value gain on financial assets at fair value through profit or loss	**55,255**	4,400
Exchange gain	**894**	15,174
Gain on disposal of joint ventures (Note 32)	**11,028**	–
Miscellaneous	**275**	(606)
	70,243	19,058

6 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; and two operating segments from discontinued operations – (i) offline healthcare and wellness services (Beijing Healthcare and Wellness Si He Yuan and Hotel); and (ii)properties investment which has been disposed by the Group during 2013. 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 gain, finance costs and unallocated costs. Unallocated costs mainly comprise of corporate expenses including salary, office rental and other administrative expenses which are not attributable to particular reportable segment.

There are no sales between the operating segments in year 2014 (2013: nil).

During the year, there is no provision of impairment of intangible assets in the segment result of Media business (2013: HK$21,050,000).

6 SEGMENT INFORMATION *(Continued)*

All of the Group's operating segments operate in the PRC. No geographical segment information is presented.

	2014					
	Online Healthcare Services HK$'000	Offline Healthcare and Wellness Services HK$'000	Media HK$'000	Total Continuing operations HK$'000	Discontinued operations: Offline Healthcare and Wellness Services - Beijing Healthcare and Wellness Si He Yuan and Hotel Project HK$'000	Total HK$'000
`Sales	–	104,491	5,646	110,137	–	110,137
Inter-segment revenue	–	–	–	–	–	–
Revenue from external customers	–	104,491	5,646	110,137	–	110,137
Share of results of joint ventures	–	–	585	585	–	585
Segment results	(28,780)	(26,834)	39,622	(15,992)	(985)	(16,977)
Exchange gain				894	65	959
Unallocated income, net				42,329	(13)	42,316
				27,231	(933)	26,298
Finance income				20,569	–	20,569
Profit before taxation				47,800	(933)	46,867
Taxation				4,235	27	4,262
Profit for the year				52,035	(906)	51,129
Non-controlling interests				4,049	–	4,049
Profit attributable to the equity holders of the Company				56,084	(906)	55,178
Depreciation expense						
– Allocated	529	22,407	357	23,293	90	23,383
– Unallocated				438	–	438
Amortization expense	–	8,488	–	8,488	–	8,488

6 SEGMENT INFORMATION *(Continued)*

2013

	Online Healthcare Services HK$'000	Offline Healthcare and Wellness Services HK$'000	Media HK$'000	Total Continuing operations HK$'000 (Restated)	Offline Healthcare and Wellness Services – Beijing Healthcare and Wellness Si He Yuan and Hotel Project HK$'000	Investment Properties HK$'000	Total Discontinued operations HK$'000 (Restated)	Total HK$'000
Sales	–	125,465	727	126,192	–	–	–	126,192
Inter-segment revenue	–	–	–	–	–	–	–	–
Revenue from external customers	–	125,465	727	126,192	–	–	–	126,192
Share of results of joint ventures	–	–	16,261	16,261	–	4,253	4,253	20,514
Segment results	–	(8,090)	(9,644)	(17,734)	(24,324)	(65,399)	(89,723)	(107,457)
Exchange gain				15,174	(667)	–	(667)	14,507
Unallocated costs, net				(22,409)	–	–	–	(22,409)
				(24,969)	(24,991)	(65,399)	(90,390)	(115,359)
Finance costs				(6,653)	(47,784)	–	(47,784)	(54,437)
Loss before taxation				(31,622)	(72,775)	(65,399)	(138,174)	(169,796)
Taxation				(1,402)	5,476	–	5,476	4,074
Loss for the year				(33,024)	(67,299)	(65,399)	(132,698)	(165,722)
Non-controlling interests				–	–	–	–	–
Loss attributable to the equity holders of the Company				(33,024)	(67,299)	(65,399)	(132,698)	(165,722)
Depreciation expense								
– Allocated	–	21,058	423	21,481	73	–	73	21,554
– Unallocated				870	–	–	–	870
Amortization expense	–	8,662	1,562	10,224	16,014	–	16,014	26,238

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.

7 FINANCE INCOME/(COST), NET

	Group 2014 HK$'000	Group 2013 HK$'000 (Restated)
Accrued interest on agency fee payable	**–**	(6,653)
Interest expense on promissory notes	**–**	(561)
Notional non-cash interest on promissory notes	**(258)**	(9,655)
Notional non-cash interest on convertible notes	**(32,368)**	(66,176)
	(32,626)	(83,045)
Less: Amounts capitalized as the cost of qualifying assets (i)	**32,626**	28,608
	–	(54,437)
Reversal of accrued interest on agency fee payable (ii)	**20,569**	–
	20,569	(54,437)
Reclassification to loss from discontinued operations (note 32)	**–**	47,784
	20,569	(6,653)

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

(ii) During the year, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of joint ventures of 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 HK20,569,000 and has been offset against finance costs during the current year.

8 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging the following:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Depreciation of property, plant and equipment (Note 14)	**23,821**	22,424
Less: Reclassification to loss from discontinued operations (Note 32)	**(90)**	(73)
	23,731	22,351
Amortization of intangible assets (Note 15)	**36,326**	37,392
Less: Amortization capitalized (Note 15)	**(27,838)**	(11,154)
Less: Reclassification to loss from discontinued operations (Note 32)	**–**	(16,014)
	8,488	10,224
Auditor's remuneration	**2,655**	2,625
Provision for impairment of film rights and film-in-production (Note 15)	**–**	21,050
Operating lease rentals – land and buildings	**3,390**	1,135
Operating lease rentals – operating rights	**16,226**	16,124
Less: Operating lease capitalized (Note 14)	**(10,209)**	(4,098)
Less: Reclassification to loss from discontinued operations (Note 32)	**–**	(5,883)
	6,017	6,143
Loss on disposal of property, plant and equipment	**13**	62
Staff costs:		
Directors' fees	**800**	800
Wages and salaries	**64,829**	55,999
Contributions to defined contribution pension schemes	**7,713**	7,413
	73,342	64,212

9 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

Effective from 1 January 2008, the Company's subsidiaries incorporated in the PRC are required to determine and pay the Corporate Income Tax ("CIT") in accordance with the Corporate Income Tax Law of the PRC (the "New CIT Law") as approved by the National People's Congress on 16 March 2007 and Detailed Implementations Regulations of the New CIT Law (the "DIR") as approved by the State Council on 6 December 2007.

9 TAXATION *(Continued)*

According to the New CIT Law and DIR, the income tax rates for both domestic and foreign investment enterprises have been unified at 25% effective from 1 January 2008. PRC Corporate Income Tax has been provided for at the rate of 25% (2013: 25%) on the estimated assessable profit for the year accordingly.

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Current income tax		
– PRC Corporate income tax	**1,268**	2,284
Deferred income tax	**(5,503)**	(882)
Income tax credit	**(4,235)**	1,402

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the domestic tax rate applicable to the profit or loss before taxation of the consolidated entities in the respective countries as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Profit/(loss) before taxation	**47,800**	(31,622)
Tax calculated at domestic tax rates applicable to the profit or loss in the respective countries	**8,577**	(11,668)
Tax effects of joint ventures and their subsidiaries' results reported net of tax	**(146)**	(4,065)
Income not subject to tax	**(28,279)**	(3,094)
Expenses not deductible for tax purposes	**2,752**	10,453
Utilization of previously unrecognized tax losses	**(58)**	–
Derecognition of deferred tax assets	**–**	2,711
Unrecognized tax losses	**12,919**	7,065
Income tax (credit)/expense	**(4,235)**	1,402

The weighted average applicable tax rate was 17.94% (2013: 36.90%). The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned.

Income tax credit for the year mainly represented the utilization of deferred tax liabilities arising from amortization of intangible assets.

9 TAXATION *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Deferred tax liabilities to be recovered within 12 months	**–**	(3,391)
Deferred tax liabilities to be recovered after 12 months	**–**	(337,570)
	–	(340,961)
Deferred tax assets to be recovered after 12 months	**19,881**	20,037
Deferred tax assets/(liabilities), net	**19,881**	(320,924)

The movement in gross deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Group				
	Decelerated tax amortization in the PRC HK$'000	**Amortization of operating lease HK$'000**	**Impairment losses HK$'000**	**Tax losses HK$'000**	**Total HK$'000**
At 1 January 2013	7,603	833	8,249	5,577	22,262
(Charged)/credited to the consolidated income statement	–	900	–	(3,777)	(2,877)
Exchange difference	238	41	258	115	652
At 31 December 2013	**7,841**	**1,774**	**8,507**	**1,915**	**20,037**
Credited/(charged) to the consolidated income statement	**–**	**2,665**	**–**	**(70)**	**2,595**
Exchange difference	**(27)**	**(10)**	**(28)**	**(6)**	**(71)**
Reclassification to asset of disposal group held for sale (Note 32)	**–**	**(2,680)**	**–**	**–**	**(2,680)**
At 31 December 2014	**7,814**	**1,749**	**8,479**	**1,839**	**19,881**

9 TAXATION *(Continued)*

Deferred tax liabilities:

	Group		
	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Total HK$'000
At 1 January 2013	(10,609)	(326,176)	(336,785)
Credited to the consolidated income statement	(2,688)	8,947	6,259
Exchange difference	(362)	(10,073)	(10,435)
At 31 December 2013	**(13,659)**	**(327,302)**	**(340,961)**
(Charged)/credited to the consolidated income statement	**(8,074)**	**9,078**	**1,004**
Exchange difference	**35**	**1,074**	**1,109**
Reclassification to liabilities of disposal group held for sale (Note 32)	**21,698**	**317,150**	**338,848**
At 31 December 2014	**–**	**–**	**–**

Deferred tax assets are recognized for tax losses carry-forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at 31 December 2014, the Group had unrecognized tax losses of approximately HK$489,581,000 (2013: HK$491,598,000) to carry forward against future taxable income, subject to agreement by the Inland Revenue Department of Hong Kong and local tax bureau of the PRC. The tax losses of the PRC subsidiaries have an expiry period of five years, while the tax losses of Hong Kong subsidiaries have no expiry date. Losses amounting to HK$23,767,000 (2013: HK$65,898,000), HK$40,975,000 (2013: HK$23,767,000), HK$22,491,000 (2013: HK$40,975,000), HK$22,685,000 (2013: HK$22,491,000) and HK$30,290,000 (2013: HK$22,685,000) expire in 2015, 2016, 2017, 2018 and 2019 respectively.

Deferred income tax liabilities of HK$36,798,000 (2013: HK$21,442,000) have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries and joint ventures. Unremitted earnings totalled HK$367,978,000 as at 31 December 2014 (2013: HK$214,417,000).

10 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$22,471,000 (2013: HK$73,373,000).

11 EARNINGS/(LOSS) PER SHARE

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 year.

	2014	2013 (Restated)
Weighted average number of ordinary shares in issue (thousands)	**5,156,237**	2,654,817
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK$'000)	**56,084**	(33,024)
Basic earnings/(loss) per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**1.09**	(1.24)
Loss from discontinued operation attributable to equity holders of the Company (HK$'000)	**(906)**	(132,698)
Basic loss per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(0.02)**	(5.00)
Earnings/(loss) per share attributable to equity holders of the Company (HK cents per share)	**1.07**	(6.24)

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 31 December 2014 and 2013, the Company has only two categories of potential ordinary shares: convertible notes and share options. 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 market share price of the Company's shares during the year) 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 year ended 31 December 2013.

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

Diluted earnings/(loss) per share

	2014	2013 (Restated)
Weighted average number of ordinary shares in issue (thousands)	**5,156,237**	2,654,817
Adjustments for:		
– share options (thousands)	**41,027**	–
– convertible notes (thousands)	**67,310**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,264,574**	2,654,817
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK$'000)	**56,084**	(33,024)
Diluted earnings/(loss) per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**1.07**	(1.24)
Loss from discontinued operation attributable to equity holders of the Company (HK$'000)	**(906)**	(132,698)
Diluted loss per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(0.02)**	(5.00)
Diluted earnings/(loss) per share attributable to equity holders of the Company (HK cents per share)	**1.05**	(6.24)

12 DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2014 (2013: nil).

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

The aggregate amounts of emoluments paid or payable to directors and the chief executive of the Company during the year are as follows:

	2014 HK$'000	2013 HK$'000
Fees	800	800
Salaries, bonuses, allowances and benefits in kind	2,427	1,755
Total	3,227	2,555

The remuneration of each director and the chief executive for the year ended 31 December 2014 is set out below:

Name	Fees HK$'000	Salaries, bonuses, allowances and benefits in kind HK$'000	Contributions to defined contribution pension schemes HK$'000	Sub-total HK$'000	Share-based payments (i) HK$'000	Total HK$'000
Director and chief executive						
Mr. YUEN Hoi Po	–	–	–	–	–	–
Directors						
Mr. ZHANG Changsheng	–	2,427	–	2,427	–	2,427
Mr. Edward TIAN Suning	–	–	–	–	–	–
Mr. Hugo SHONG	–	–	–	–	–	–
Professor WEI Xin	200	–	–	200	–	200
Dr. WONG Yau Kar David	200	–	–	200	–	200
Mr. YUEN Kin	200	–	–	200	–	200
Mr. CHU Yuguo	200	–	–	200	–	200

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The remuneration of each director and chief executive for the year ended 31 December 2013 is set out below:

Name	Fees HK$'000	Salaries, bonuses, allowances and benefits in kind HK$'000	Contributions to defined contribution pension schemes HK$'000	Sub-total HK$'000	Share-based payments (i) HK$'000	Total HK$'000
Director and chief executive						
Mr. YUEN Hoi Po	–	–	–	–	–	–
Directors						
Mr. ZHANG Changsheng	–	1,755	–	1,755	–	1,755
Mr. Edward TIAN Suning	–	–	–	–	–	–
Mr. Hugo SHONG	–	–	–	–	–	–
Professor WEI Xin	200	–	–	200	–	200
Dr. WONG Yau Kar David	200	–	–	200	–	200
Mr. YUEN Kin	200	–	–	200	–	200
Mr. CHU Yuguo	200	–	–	200	–	200

(i) Share-based payments represent the recognition of the fair value of share options of the Company granted to the directors over the vesting period.

Other than as presented above, for 2013 and 2014 there were:

(1) no arrangement under which a director waived or agreed to waive any remuneration; and

(2) no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the four (2013: four) individuals during the year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, bonuses, allowances and benefits in kind	**4,509**	4,380
Contributions to defined contribution pension schemes	**256**	129
	4,765	4,509

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$500,001 – HK$1,000,000	**3**	3
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–
	4	4

14 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Golf course HK$'000	Buildings HK$'000	Machinery and equipment HK$'000	Furniture, computer and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 January 2013	110,736	193,906	9,765	9,051	15,238	17,660	1,533	357,889
Additions	–	–	630	913	566	193	81,681	83,983
Acquisition of subsidiaries (Note 31)	–	774	8	2	–	256	–	1,040
Transfers and disposals	–	–	(157)	–	5,656	(71)	(5,656)	(228)
Exchange difference	3,468	6,072	306	276	465	487	28	11,102
At 31 December 2013	114,204	200,752	10,552	10,242	21,925	18,525	77,586	453,786
Accumulated depreciation								
At 1 January 2013	12,150	10,544	2,944	2,460	957	10,717	–	39,772
Disposals	–	–	(97)	–	–	(69)	–	(166)
Depreciation	8,707	7,654	1,541	1,174	562	2,786	–	22,424
Exchange difference	516	450	116	93	28	334	–	1,537
At 31 December 2013	21,373	18,648	4,504	3,727	1,547	13,768	–	63,567
Net book value:								
At 31 December 2013	92,831	182,104	6,048	6,515	20,378	4,757	77,586	390,219

14 PROPERTY, PLANT AND EQUIPMENT – GROUP *(Continued)*

	Golf course HK$'000	Buildings HK$'000	Machinery and equipment HK$'000	Furniture, computer and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 January 2014	114,204	200,752	10,552	10,242	21,925	18,525	77,586	453,786
Additions	–	–	764	1,878	666	715	140,776	144,799
Disposals	–	–	(120)	–	–	(2,225)	–	(2,345)
Exchange difference	(382)	(672)	(36)	(33)	(73)	(55)	(37)	(1,288)
Reclassification to assets of disposal group held for sale (Note 32)	(113,822)	(199,309)	(11,117)	(8,364)	(21,434)	(13,719)	(213,742)	(581,507)
At 31 December 2014	–	771	43	3,723	1,084	3,241	4,583	13,445
Accumulated depreciation								
At 1 January 2014	21,373	18,648	4,504	3,727	1,547	13,768	–	63,567
Disposals	–	–	(115)	–	–	(2,171)	–	(2,286)
Depreciation	8,828	7,786	1,491	1,455	1,777	2,484	–	23,821
Exchange difference	(86)	(75)	(18)	(14)	(7)	(43)	–	(243)
Reclassification to assets of disposal group held for sale (Note 32)	(30,115)	(26,333)	(5,852)	(3,437)	(2,779)	(12,411)	–	(80,927)
At 31 December 2014	–	26	10	1,731	538	1,627	–	3,932
Net book value:								
At 31 December 2014	–	745	33	1,992	546	1,614	4,583	9,513

Depreciation expense of HK$20,724,000 (2013: HK$20,266,000), HK$3,007,000 (2013: HK$2,085,000) and HK$90,000 (2013: HK$73,000) has been charged in cost of sales, administrative expenses and loss from discontinued operations respectively.

During 2014, the Group has capitalized borrowing costs of HK$32,626,000 (2013: HK$28,608,000), amortization of HK$27,838,000 (2013: HK$11,154,000) and operating lease rentals of HK$10,209,000 (2013: HK$4,098,000) with an aggregated capitalized amount of HK$70,673,000 (2013: HK$43,860,000).

15 INTANGIBLE ASSETS – GROUP

	Non-current assets					
	Goodwill HK$'000	Programmes and film rights HK$'000	Investments in programmes and film production in progress HK$'000	Cooperating construction and operating agreements HK$'000	Software and licences HK$'000	Total HK$'000
At 1 January 2013						
Cost	312,216	116,214	8,440	1,325,548	1,023	1,763,441
Accumulated amortization and impairment	–	(94,683)	–	(20,845)	(914)	(116,442)
Net book amount	312,216	21,531	8,440	1,304,703	109	1,646,999
Year ended 31 December 2013						
Opening net book amount	312,216	21,531	8,440	1,304,703	109	1,646,999
Additions	–	–	13,775	–	–	13,775
Transfers and disposals	–	–	(7,514)	–	–	(7,514)
Amortization	–	(1,562)	–	(35,788)	(42)	(37,392)
Impairment expense	–	(19,993)	(1,057)	–	–	(21,050)
Exchange difference	9,777	24	346	40,294	4	50,445
Closing net book amount	321,993	–	13,990	1,309,209	71	1,645,263
At 31 December 2013						
Cost	321,993	118,407	15,064	1,362,197	1,027	1,818,688
Accumulated amortization and impairment	–	(118,407)	(1,074)	(52,988)	(956)	(173,425)
Net book amount	321,993	–	13,990	1,309,209	71	1,645,263

15 INTANGIBLE ASSETS – GROUP *(Continued)*

	Non-current assets					
	Goodwill HK$'000	Programmes and film rights HK$'000	Investments in programmes and film production in progress HK$'000	Cooperating construction and operating agreements HK$'000	Software and licences HK$'000	Total HK$'000
Year ended 31 December 2014						
Opening net book amount	321,993	–	13,990	1,309,209	71	1,645,263
Additions	–	–	–	–	86	86
Transfers and disposals	–	–	(13,990)	–	–	(13,990)
Amortization	–	–	–	(36,276)	(50)	(36,326)
Exchange difference	(1,078)	–	–	(4,333)	–	(5,411)
Reclassification to assets of disposal group held for sale (Note 32)	(320,915)	–	–	(1,268,600)	(86)	(1,589,601)
Closing net book amount	–	–	–	–	21	21
At 31 December 2014						
Cost	–	–	–	–	25	25
Accumulated amortization and impairment	–	–	–	–	(4)	(4)
Net book amount	–	–	–	–	21	21

Amortization of HK$8,438,000 (2013: HK$9,897,000), HK$50,000 (2013: HK$327,000) and nil (2013: HK$16,014,000) has been charged in cost of sales, administrative expenses and loss from discontinued operations respectively. Amortization of HK$27,838,000 (2013: HK$11,154,000) has been capitalized in construction in progress.

Cooperation Construction and Operating Agreements represents the rights (i) to construct and operate the club facilities of "Beijing 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 "Beijing Bayhood No. 9 Club" up to 30 January 2062 acquired through a business combination completed in October 2012.

The carrying amounts of film rights and films in production have been reduced to their recoverable amounts through recognition of provision for impairment losses of HK$21,050,000 during the year ended 31 December 2013. The recoverable amounts of film rights and films in production is assessed by management at the end of each reporting period with reference to both internal and external market information.

15 INTANGIBLE ASSETS – GROUP *(Continued)*

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment as follows:

	2014 HK$'000	2013 HK$'000
Offline health and wellness services		
– Beijing Bayhood No. 9 Club (i)	**51,460**	51,634
– Beijing Healthcare and Wellness Si He Yuan and Hotel (ii)	**269,455**	270,359
	320,915	321,993
Reclassification of assets of disposal group held for sale (Note 32)	**(320,915)**	–
	–	321,993

(i) As of 31 December 2013, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated as below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(ii) The recoverable amount of a CGU is determined based on financial budgets plan approved by management. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated as below.

Key assumptions used for value-in-use calculations:

	Health industry 2014	 2013
Beijing Bayhood No. 9 Club (i)		
– Compound annual growth rate of revenue in budget period	**N/A**	5%
– Annual growth rate	**N/A**	2%
– Discount rate	**N/A**	13.5%
Beijing Healthcare and Wellness Si He Yuan and Hotel (ii)		
– Compound annual growth rate of revenue	**N/A**	5%
– Discount rate	**N/A**	15.2%

(i) Management determined the average annual revenue growth rate based on past performance and its expectations of market development. The discount rates used reflect specific risks relating to the relevant segments.

(ii) Management determined the assumptions applied in the impairment testing in current year remain appropriate since its acquisition in 2012. Management determined the average annual growth based on market data in the same industry and its expectations of market development. The decision rates used reflect specific risks relating to the relevant segment.

15 INTANGIBLE ASSETS – GROUP *(Continued)*

Impairment tests for goodwill *(Continued)*

(i), (ii) If the compound annual growth rate of revenue in the forecast period applied had been 1% lower or the discount rate applied had been 1% higher than management's estimates as at 31 December 2013 with all other variables held constant, no further impairment provision would be required for the goodwill as at 31 December 2013.

16 INTERESTS IN SUBSIDIARIES AND LOANS ADVANCE TO SUBSIDIARIES – COMPANY

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares at cost (Note a)	**760,837**	760,837
Provision for impairment loss	**(634,827)**	(634,827)
	126,010	126,010
Loans advance to subsidiaries	**2,335,827**	2,218,734
Provision for impairment loss	**(308,325)**	(308,325)
	2,027,502	1,910,409
	2,153,512	2,036,419

All the balances with subsidiaries were unsecured, interest-free and not repayable within 12 months.

Particulars of the principal subsidiaries are set out in Note 38 to the consolidated financial statements.

Note a: Expenses relating to share options granted by the Company to (i) certain employees working for, and (ii) parties providing services to, subsidiaries of the Group is recognized as deemed investments in subsidiaries.

17 INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND ITS SUBSIDIARIES

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

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

17 INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND ITS SUBSIDIARIES *(Continued)*

(b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 31 December 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	
Joint ventures for media business					
Hainan Hailu Advertising Limited Liability Company (2)	The PRC, limited liability company	RMB1,000,000	50%	50%	Advertising agency, design and production
Asia Union Film and Media (1) (2)	The PRC, limited liability company	RMB120,000,000	50%	50%	Investment in television drama, film production and advertising production in the PRC

(1) 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%.

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

17 INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND ITS SUBSIDIARIES *(Continued)*

Summarised financial information for joint ventures

Set out below are the summarized financial information for joint ventures for media business and properties investment business which are accounted for using the equity method.

	Haina Hailu Advertising Limited Liability Company		Asia Union Film and Media		Joint ventures not individually significant		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK'000	HK'000	**HK'000**	HK'000	**HK'000**	HK'000	**HK'000**	HK'000
Summarised balance sheet								
Current								
Cash and cash equivalents	**13,841**	131,825	**1,392**	2,093	**598**	598	**15,831**	134,516
Other current assets (excluding cash)	**11,340**	10,883	**7,693**	19,662	**–**	–	**19,033**	30,545
Total current assets	**25,181**	142,708	**9,085**	21,755	**598**	598	**34,864**	165,061
Current financial liabilities (excluding trade and other payables and provisions)	**(2,123)**	(100,335)	**(299,293)**	(90,746)	**–**	–	**(301,416)**	(191,081)
Other current liabilities (including trade and other payables and provisions)	**(9,677)**	(13,548)	**(83,029)**	(396,909)	**(1,343)**	(1,346)	**(94,049)**	(411,803)
Total current liabilities	**(11,800)**	(113,883)	**(382,322)**	(487,655)	**(1,343)**	(1,346)	**(395,465)**	(602,884)
Non-current								
Assets	**150**	–	**357,380**	450,279	**–**	–	**357,530**	450,279
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**–**	–	**–**	–	**–**	–
Other non-current liabilities (including trade, other payables and provisions)	**–**	–	**–**	–	**–**	–	**–**	–
Total non-current liabilities	**–**	–	**–**	–	**–**	–	**–**	–
Net assets	**13,531**	28,825	**(15,857)**	(15,621)	**(745)**	(748)	**(3,071)**	12,456

17 INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND ITS SUBSIDIARIES *(Continued)*

Summarised financial information for joint ventures *(Continued)*

	Haina Hailu Advertising Limited Liability Company		Asia Union Film and Media		Joint Venture for properties investment business (i)		Joint ventures not individually significant		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK'000	HK'000	**HK'000**	HK'000	**HK'000**	HK'000	**HK'000**	HK'000	**HK'000**	HK'000
Summarised statement of comprehensive income										
Revenue	**-**	–	**12,274**	11,343	**-**	15,312	**-**	–	**12,274**	26,655
Depreciation and amortization	**(83)**	(230)	**(347)**	(348)	**-**	(27)	**-**	(22)	**(430)**	(627)
Interest income	**3,125**	1,168	**4**	5	**-**	13	**-**	2	**3,129**	1,188
Interest expense	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Profit or loss from continuing operations	**1,601**	751	**(289)**	21,213	**-**	11,257	**-**	(20)	**1,312**	33,201
Income tax expense	**-**	–	**-**	(20)	**-**	(2,751)	**-**	–	**-**	(2,771)
Post-tax from continuing operations	**1,601**	751	**(289)**	21,193	**-**	8,506	**-**	(20)	**1,312**	30,430
Other comprehensive income	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Total comprehensive income	**1,601**	751	**(289)**	21,193	**-**	8,506	**-**	(20)	**1,312**	30,430
Dividend received from joint ventures	**8,398**	–	**-**	–	**-**	13,740	**-**	–	**8,398**	13,740

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

17 INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM/TO JOINT VENTURES AND ITS SUBSIDIARIES *(Continued)*

Investment in joint ventures

	Haina Hailu Advertising Limited Liability Company		Asia Union Film and Media		Joint ventures not individually significant		Total		Joint Venture for properties investment business (i)		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Investment in joint ventures												
At 1 January	**14,412**	13,605	**56,232**	38,552	**266**	264	**70,910**	52,421	**–**	325,503	**70,910**	377,924
Share of profit/(loss)	**801**	376	**(216)**	15,895	**–**	(10)	**585**	16,261	**–**	4,253	**585**	20,514
Exchange differences	**(49)**	431	**(222)**	1,785	**(3)**	12	**(274)**	2,228	**–**	216	**(274)**	2,444
Transfer to assets of disposal group held for sale	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(316,232)	**–**	(316,232)
Dividend received from a joint venture	**(8,398)**	–	**–**	–	**–**	–	**(8,398)**	–	**–**	(13,740)	**(8,398)**	(13,740)
At 31 December	**6,766**	14,412	**55,794**	56,232	**263**	266	**62,823**	70,910	**–**	–	**62,823**	70,910
Summarized financial information												
Opening net assets 1 January	**28,825**	27,211	**(15,621)**	(35,410)	**(748)**	(705)	**12,456**	(8,904)	**–**	651,006	**12,456**	642,102
Profit/(loss) for the year	**1,601**	751	**(289)**	21,193	**–**	(20)	**1,312**	21,924	**–**	8,506	**1,312**	30,430
Exchange differences	**(99)**	863	**53**	(1,404)	**3**	(23)	**(43)**	(564)	**–**	432	**(43)**	(132)
Dividend paid	**(16,796)**	–	**–**	–	**–**	–	**(16,796)**	–	**–**	(27,480)	**(16,796)**	(27,480)
Transfer to assets of disposal group held for sale	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(632,464)	**–**	(632,464)
Closing net assets	**13,531**	28,825	**(15,857)**	(15,621)	**(745)**	(748)	**(3,071)**	12,456	**–**	–	**(3,071)**	12,456
Interest in joint ventures	**6,766**	14,412	**(11,893)**	(11,716)	**(373)**	(374)	**(5,500)**	2,322	**–**	–	**(5,500)**	2,322
Goodwill	**–**	–	**67,687**	67,948	**636**	640	**68,323**	68,588	**–**	–	**68,323**	68,588
Carrying value	**6,766**	14,412	**55,794**	56,232	**263**	266	**62,823**	70,910	**–**	–	**62,823**	70,910

(i) The joint ventures for properties investment business is reclassified as assets of disposal group held for sale in current year as disclosed in Note 32.

18 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY

The accounting policies for financial instruments were applied to the line items below:

Group

Assets as per consolidated balance sheet

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
As at 31 December 2014			
Amounts due from joint ventures and their subsidiaries	**290,178**	**–**	**290,178**
Programmes and film production in progress	**68,262**	**–**	**68,262**
Financial assets at fair value through profit or loss	**–**	**138,652**	**138,652**
Deposits and other receivables	**8,066**	**–**	**8,066**
Cash and cash equivalents	**162,745**	**–**	**162,745**
Total	**529,251**	**138,652**	**667,903**
As at 31 December 2013			
Trade receivables	2,182	–	2,182
Amounts due from joint ventures and their subsidiaries	396,104	–	396,104
Financial assets at fair value through profit or loss	–	16,000	16,000
Deposits and other receivables	24,900	–	24,900
Cash and cash equivalents	99,880	–	99,880
Total	523,066	16,000	539,066

18 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY *(Continued)*

Group

Liabilities as per consolidated balance sheet

	Other financial liabilities at amortized cost HK$'000	Total HK$'000
As at 31 December 2014		
Trade payables	19	19
Other payables and accrued liabilities	16,465	16,465
Convertible notes – liability component	19,068	19,068
Total	35,552	35,552
As at 31 December 2013		
Agency fee payables	100,661	100,661
Trade payables	2,499	2,499
Other payables and accrued liabilities	147,171	147,171
Amount due to a joint venture	34,290	34,290
Convertible notes – liability component	334,588	334,588
Promissory notes	6,099	6,099
Total	625,308	625,308

18 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY *(Continued)*

Company

Assets as per balance sheet

	Loans and receivables HK$'000	Total HK$'000
As at 31 December 2014		
Deposits and other receivables	**–**	**–**
Amounts due from subsidiaries	**2,027,502**	**2,027,502**
Cash and cash equivalents	**63,946**	**63,946**
Total	**2,091,448**	**2,091,448**
As at 31 December 2013		
Deposits and other receivables	15	15
Amounts due from subsidiaries	1,910,409	1,910,409
Cash and cash equivalents	76,873	76,873
Total	1,987,297	1,987,297

Company

Liabilities as per balance sheet

	Other financial liabilities at amortized cost HK$'000	Total HK$'000
As at 31 December 2014		
Other payables and accrued liabilities	**1,943**	**1,943**
Convertible notes – liability component	**19,068**	**19,068**
Total	**21,011**	**21,011**
As at 31 December 2013		
Other payables and accrued liabilities	3,731	3,731
Convertible notes – liability component	334,588	334,588
Total	338,319	338,319

19 TRADE RECEIVABLES – GROUP

The aging analysis of the trade receivables is as follows:

	Group As at 31 December	
	2014	2013
	HK$'000	HK$'000
0–3 months	**–**	14
4–6 months	**–**	53
Over 6 months	**13,894**	16,056
	13,894	16,123
Provision for doubtful debts (all made against trade receivables aged over 6 months)	**(13,894)**	(13,941)
	–	2,182

The net carrying amounts of the trade receivables of the Group are denominated in Renminbi.

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

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. As at 31 December 2014, HK$13,894,000 of the trade receivables was considered impaired (2013: HK$13,941,000).

19 TRADE RECEIVABLES – GROUP *(Continued)*

The aging analysis of trade receivables that were past due but not impaired is as follows:

	Group As at 31 December	
	2014	2013
	HK$'000	HK$'000
4–6 months	**–**	53
Over 6 months	**–**	2,115
	–	2,168

Management does not expect any material losses from non-performance by these counterparties, as these relate to a number of independent customers for whom there is no recent history of default.

Movements on the Group's provision for doubtful debts are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**13,941**	13,518
Exchange differences	**(47)**	423
At 31 December	**13,894**	13,941

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The carrying amounts of trade receivables approximate their respective fair values.

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables disclosed above. The Group does not hold any collateral as security.

20 INVENTORIES

	Group As at 31 December	
	2014	2013
	HK$'000	HK$'000
Raw materials	**2,482**	2,185
Finished goods	**9,433**	8,638
	11,915	10,823
Reclassification to assets of disposal group held for sale (Note 32)	**(9,599)**	–
	2,316	10,823

The cost of inventories recognized as expense and included in cost of sales, administrative expenses and other income and other (losses)/gains, net amounted to approximately HK$3,050,000 (2013: HK$6,533,000), HK$715,000 (2013: HK$1,397,000) and nil (2013: HK$1,072,000), respectively.

21 PROGRAMMES AND FILM PRODUCTION IN PROGRESS

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**–**	–
Additions	**50,705**	–
Transfer	**13,990**	–
Investment return recognized	**5,714**	–
Receipt of investment return	**(2,095)**	–
Exchange difference	**(52)**	–
At 31 December	**68,262**	–

Programmes and film production in progress are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP

	Group As at 31 December	
	2014	2013
	HK$'000	HK$'000
Equity security:		
Listed in Hong Kong	**138,652**	16,000
Market value of listed security	**138,652**	16,000

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated cash flow statement (Note 30).

Changes in fair value of financial assets at fair value through profit or loss are recorded in "other income and other gains, net" in the consolidated income statement (Note 5).

The fair value of the equity security was based on its current bid prices in an active market denominated in Hong Kong dollar, and is within level 1 of the fair value hierarchy.

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**34,720**	65,171	**558**	–
Deposits and other receivables	**8,066**	24,900	**–**	15
	42,786	90,071	**558**	15
Less non-current portion	**(17,947)**	(35,162)	**–**	–
	24,839	54,909	**558**	15

The carrying amounts of prepayments, deposits and other receivables of the Group and the Company are denominated in the following currencies:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**1,446**	19,465	**558**	15
RMB	**41,340**	70,606	**–**	–
	42,786	90,071	**558**	15

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and do not contain past due or impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of deposits and other receivables disclosed above.

24 CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**162,745**	99,880	**63,946**	76,873
	162,745	99,880	**63,946**	76,873
Denominated in:				
HK$	**84,136**	79,170	**63,944**	76,871
RMB	**68,074**	15,037	**–**	–
United States Dollar (USD)	**10,533**	5,620	**2**	2
Other	**2**	53	**–**	–
	162,745	99,880	**63,946**	76,873
Maximum exposure to credit risk	**162,577**	99,142	**63,946**	76,873

25 AGENCY FEE PAYABLE, TRADE PAYABLES, RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED LIABILITIES – GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities:				
Agency fee payable (i)	**–**	100,661	**–**	–
Trade payables	**19**	2,499	**–**	–
Receipt in advance (Note 32)	**60,001**	10,143	**–**	–
Other payables and accrued liabilities (ii)	**9,468**	147,171	**1,943**	3,731
	69,488	260,474	**1,943**	3,731
Non-current liabilities:				
Other payables	**6,997**	7,098	**–**	–
	76,485	267,572	**1,943**	3,731

(i) During the year ended 31 December 2006, Beijing Hua Yi Qian Si Advertising Company Limited ("Qiansi"), a wholly-owned subsidiary of the Group, has entered into an exclusive advertising agency agreement ("Agreement") with Hai Nan Haishi Tourist Satellite TV Media Co., Ltd. ("HNTV"), an associated company of a joint venture of the Group. Under the agreement, Qiansi has been granted an exclusive right to sell all of the advertising resources of HNTV for a period of up to six years with effect from 1 January 2006. In return, Qiansi has agreed to make pre-agreed monthly payments to HNTV during the same period. In December 2009, Qiansi and HNTV have entered into a supplemental agreement, whereby the expiry date of the above-mentioned exclusive right was changed to 31 December 2009. The balance as at 31 December 2013 represents outstanding agency fee payable for the previous use of exclusive right from 2006 to 2009, which has been fully settled during the year.

(ii) Other payables and accrued liabilities mainly represented PRC tax payables, provisions of social insurance for staffs in the PRC and interest payable.

25 AGENCY FEE PAYABLE, TRADE PAYABLES, RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED LIABILITIES – GROUP AND COMPANY *(Continued)*

The aging analysis of the trade payables is as follows:

	Group As at 31 December	
	2014	2013
	HK$'000	HK$'000
0–3 months	**760**	1,776
4–6 months	**390**	349
Over 6 months	**510**	374
	1,660	2,499
Reclassification to liabilities of disposal group held for sale (Note 32)	**(1,641)**	–
	19	2,499

The carrying amounts of agency fee payable, trade payables, receipt in advance, other payables and accrued liabilities are mainly denominated in Renminbi. The carrying amounts of these balances are approximate their fair values.

26 DEFERRED REVENUE

Deferred revenue includes the deferred membership entrance fee income and rental income during the year.

	Group	
	2014	2013
	HK$'000	HK$'000
Balance as at 1 January		
– Current portion	**32,100**	36,322
– Non-current portion	**77,601**	75,005
	109,701	111,327
Additions during the year	**27,420**	40,849
Recognized in the consolidated income statement	**(42,129)**	(45,181)
Exchange differences	**(908)**	2,706
Reclassification to liabilities of disposal group held for sale (Note 32)	**(94,084)**	–
Balance as at 31 December	**–**	109,701
Less: Current portion	**–**	(32,100)
Non-current portion	**–**	77,601

27 BORROWINGS

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Promissory notes	**–**	6,099	**–**	–
Convertible notes	**19,068**	–	**19,068**	–
Non-current				
Convertible notes	**–**	334,588	**–**	334,588
	19,068	340,687	**19,068**	334,588

27 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 notes mature in 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%.

On 3 September 2013, the Company and Smart Concept Enterprise Limited, a company wholly-owned by Mr. Yuen, an executive director of the Company and being the sole noteholder, entered into the Deed of Variation to amend a term of the convertible notes to permit the Company to early redeem the outstanding convertible notes at their face value. Management assessed the value by considering the characteristics of the modification in the market and considered the value of the modification is immaterial to the convertible notes.

During the year, convertible notes with principal amount equivalent to HK$398 million (2013: HK$281 million) have been converted into 1,990,000,000 (2013: 1,405,000,000) ordinary shares of the Company at the conversion price of HK$0.20 per share.

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

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Liability component at 1 January	**334,588**	491,587
Less: Conversion of convertible notes during the year	**(347,888)**	(223,175)
Interest expense (Note 7)	**32,368**	66,176
Liability component at 31 December	**19,068**	334,588

27 BORROWINGS *(Continued)*

(a) Convertible notes *(Continued)*

The liability component of the convertible bond at 31 December 2014 amounted to approximately HK$19,068,000 (31 December 2013: approximately HK$334,588,000), which is calculated using cash flows discounted at a rate based on the borrowings rate of 13.7%.

(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 the 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.

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**6,099**	104,170
Interest expense (Note 7)	**258**	10,216
Repayments	**(6,357)**	(108,287)
At 31 December	**–**	6,099

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

28 SHARE CAPITAL

	Ordinary shares of HK$0.2 each		Preference shares of HK$0.01 each		
	No. of shares '000	HK$'000	No. of shares '000	HK$'000	Total HK$'000
Authorized:					
At 31 December 2014 (Note a)	**15,000,000**	**3,000,000**	**240,760**	**2,408**	**3,002,408**
Issued and fully paid:					
At 1 January 2014	**4,281,190**	**856,238**	**–**	**–**	**856,238**
Issuance of shares upon conversion of convertible notes (Note 27(a))	**1,990,000**	**398,000**	**–**	**–**	**398,000**
Issuance of shares upon exercise of share options	**3,000**	**600**	**–**	**–**	**600**
Issuance of shares upon placement (Note b)	**285,714**	**57,143**	**–**	**–**	**57,143**
At 31 December 2014	**6,559,904**	**1,311,981**	**–**	**–**	**1,311,981**
Authorized:					
At 31 December 2013 (Note a)	15,000,000	3,000,000	240,760	2,408	3,002,408
Issued and fully paid:					
At 1 January 2013	2,554,090	510,818	–	–	510,818
Issuance of shares upon conversion of convertible notes (Note 27(a))	1,405,000	281,000	–	–	281,000
Issuance of shares upon exercise of share options	10,000	2,000	–	–	2,000
Issuance of consideration shares (Note c)	75,000	15,000	–	–	15,000
Issuance of shares upon placement (Note b)	237,100	47,420	–	–	47,420
At 31 December 2013	4,281,190	856,238	–	–	856,238

28 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 are preference shares with par value of HK$0.1 per share (2013: HK$0.1). All issued shares are fully paid.

(b) 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.

(c) Consideration Shares

(i) 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.

(ii) On 4 June 2013, the Group has entered into an agreement in relation to the acquisition of Sanya Haoyuntong Agricultural Technology Co., Ltd. Upon completion, among others, the Company has issued consideration shares of 25,000,000 new ordinary shares.

28 SHARE CAPITAL *(Continued)*

Share Option

Pursuant to a resolution passed on the extraordinary general meeting of the Company dated 4 June 2012, the share option scheme adopted by the Company on 30 July 2002 ("Terminated Option Scheme") has been terminated and the Company has adopted a new 10-year term share option scheme ("New Option Scheme") on the same date. Outstanding share options granted under the Terminated Option Scheme shall continue to be valid and exercisable. Pursuant to the New Option Scheme, the Company can grant options to Qualified Persons (as defined in the New Option Scheme) for a consideration of HK$1.00 for each grant payable by the Qualified Persons to the Company. The total number of the shares issued and to be issued upon exercise of options granted to each Qualified Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. Pursuant to said resolution passed on 4 June 2012, the Company can grant up to 225,958,972 share options 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 year ended 31 December 2014, no (2013: nil) share option have been granted under the New Option Scheme and no share-based payment expense has been charged to the condensed consolidated income statement (2013: nil).

Movement of share options during the current year and the prior year is as follows:

		Number of share options							
Tranche	Date of share options granted	Outstanding as at 1 January 2014	Cancelled/ lapsed during the year	Exercised during the year	Outstanding as at 31 December 2014	Exercisable as at 31 December 2014	Exercise Price HK$	Vesting date	Expiry date
1	5 May 2008	1,042,459	–	–	1,042,459	1,042,459	2.58	From 1 April 2009	31 December 2015
2	4 November 2008	26,582,706	–	–	26,582,706	26,582,706	0.86	From 8 March 2009 to 8 March 2011	31 December 2015
3	15 June 2012	67,000,000	–	(3,000,000)	64,000,000	64,000,000	0.20	From 15 June 2012	14 June 2017
		94,625,165	–	(3,000,000)	91,625,165	91,625,165			

28 SHARE CAPITAL *(Continued)*

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

There are no performance conditions or market conditions required for these tranches of issued options.

Options exercised in 2014 resulted in 3,000,000 shares (2013: 10,000,000 shares) being issued at a weighted average exercise price of HK$0.20 each (2013: HK$0.20 each). The related weighted average share price at the time of exercise was HK$0.53 (2013: HK$ 0.40) per share.

In 2012, the weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was HK$0.033 per option. The significant inputs into the model were weighted average share price HK$0.077 per share at the grant date, exercise price shown above, volatility of 76.5%, dividend yield of 0%, an expected option life of three years and an annual risk-free interest rate of 0.46%.

29 RESERVES

Group

	Share premium HK$'000 (Note ii)	Merger reserve HK$'000 (Note i)	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000 (Note iii)	Currency translation reserve HK$'000 (Note iv)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2013	1,524,338	860,640	337,971	16,832	1,206	78,472	(1,733,380)	1,086,079	–	1,086,079
Loss for the year	–	–	–	–	–	–	(165,722)	(165,722)	–	(165,722)
Issuance of shares upon placement	32,246	–	–	–	–	–	–	32,246	–	32,246
Issuance of shares upon exercise of share options	351	–	–	(351)	–	–	–	–	–	–
Issuance of shares upon conversion of convertible notes	77,846	–	(135,672)	–	–	–	–	(57,826)	–	(57,826)
Issue of consideration shares	9,900	–	–	–	–	–	–	9,900	–	9,900
Currency translation differences	–	–	–	–	–	38,148	–	38,148	–	38,148
Balance at 31 December 2013	1,644,681	860,640	202,299	16,481	1,206	116,620	(1,899,102)	942,825	–	942,825

	Share premium HK$'000 (Note ii)	**Merger reserve HK$'000** (Note i)	**Equity component of convertible notes HK$'000**	**Share option reserve HK$'000**	**Capital redemption reserve HK$'000** (Note iii)	**Currency translation reserve HK$'000** (Note iv)	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
Balance at 1 January 2014	**1,644,681**	**860,640**	**202,299**	**16,481**	**1,206**	**116,620**	**(1,899,102)**	**942,825**	**–**	**942,825**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**55,178**	**55,178**	**(4,049)**	**51,129**
Issuance of shares upon placement	**38,857**	**–**	**–**	**–**	**–**	**–**	**–**	**38,857**	**–**	**38,857**
Issuance of shares upon exercise of share options	**214**	**–**	**–**	**(214)**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of shares upon conversion of convertible notes	**142,048**	**–**	**(192,160)**	**–**	**–**	**–**	**–**	**(50,112)**	**–**	**(50,112)**
Capital injection from non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,969**	**4,969**
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**(5,282)**	**–**	**(5,282)**	**7**	**(5,275)**
Balance at 31 December 2014	**1,825,800**	**860,640**	**10,139**	**16,267**	**1,206**	**111,338**	**(1,843,924)**	**981,466**	**927**	**982,393**

29 RESERVES *(Continued)*

Company

	Share premium HK$'000 (Note ii)	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000 (Note iii)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	1,524,338	337,971	16,832	1,206	(872,544)	1,007,803
Issuance of shares upon placement	32,246	–	–	–	–	32,246
Issue of shares upon exercise of share options	351	–	(351)	–	–	–
Issuance of shares upon conversion of convertible notes	77,846	(135,672)	–	–	–	(57,826)
Issuance of consideration shares	9,900	–	–	–	–	9,900
Loss for the year	–	–	–	–	(73,373)	(73,373)
At 31 December 2013	1,644,681	202,299	16,481	1,206	(945,917)	918,750
At 1 January 2014	**1,644,681**	**202,299**	**16,481**	**1,206**	**(945,917)**	**918,750**
Issuance of shares upon placement	**38,857**	**–**	**–**	**–**	**–**	**38,857**
Issue of shares upon exercise of share options	**214**	**–**	**(214)**	**–**	**–**	**–**
Issuance of shares upon conversion of convertible notes	**142,048**	**(192,160)**	**–**	**–**	**–**	**(50,112)**
Loss for the year	**–**	**–**	**–**	**–**	**(22,471)**	**(22,471)**
At 31 December 2014	**1,825,800**	**10,139**	**16,267**	**1,206**	**(968,388)**	**885,024**

29 RESERVES *(Continued)*

Notes:

(i) The merger reserve of the Group derives from the difference between the nominal value of the Company's shares issued to acquire the issued share capital of China Jiuhao Group Limited (formerly known as Universal Appliances Limited) pursuant to the Group reorganisation in 2002, and the consolidated net asset value of China Jiuhao Group Limited so acquired. Under the Companies Law (2003 Revision) (Cap. 22) of the Cayman Islands, the merger reserve is distributable to shareholders under certain prescribed circumstances.

(ii) The share premium of the Company represents the excess of the fair value of the issued shares over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law (2003 Revision) (Cap. 22) of the Cayman Islands, a company may make distributions to its members out of the share premium in certain circumstances.

(iii) During the year ended 31 December 2008, the Company repurchased 120,600,000 issued ordinary shares on the Stock Exchange. These repurchased shares were cancelled immediately upon repurchase. The total amount paid to acquire these issued ordinary shares of HK$4,609,000 were deducted from shareholders' equity. A sum equivalent to the nominal value of the repurchased shares amounting to HK$1,206,000 has been transferred from accumulated losses to capital redemption reserve.

(iv) The Group had certain investments in PRC subsidiaries with Renminbi as their functional currency, which is subjected to foreign currency translation risk. Fluctuation in such currencies would be reflected in the movement of the translation reserve. Increase in currency translation differences in other comprehensive income in current year was resulted from appreciation in Renminbi against Hong Kong dollars.

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before taxation to cash used in operations

	2014 HK$'000	2013 HK$'000
Profit/(loss) before taxation from continuing operations	47,800	(31,622)
Loss before taxation for the year from discontinued operation in relation to Beijing Healthcare and Wellness Si He Yuan and Hotel	(933)	(72,775)
Adjustments for:		
– Share of results of joint ventures	(585)	(16,261)
– Gain on disposal of joint ventures	(11,028)	–
– Bank interest income	(2,795)	(98)
– Depreciation	23,821	22,424
– Loss on disposal of property, plant and equipment	13	62
– Provision for impairment of film rights and film in production	–	21,050
– Amortization of intangible assets	8,488	26,238
– Capitalization of operating lease rentals	(10,209)	(4,098)
– Membership entrance fee income and rental income recognized	(42,129)	(45,181)
– Fair value gain on financial assets at fair value through profit or loss	(55,255)	(4,400)
– Finance (income)/costs, net	(20,569)	54,437
– Investment return recognized from programmes and film production in progress	(5,714)	–
	(69,095)	(50,224)
Changes in working capital:		
– Increase in trade receivables, prepayments, deposits and other receivables	(14,820)	(5,850)
– (Increase)/decrease in inventories	(1,092)	8,348
– (Decrease)/increase in agency fee payables, trade payables, amounts due with joint ventures, receipt in advance, other payables and accrued liabilities	(18,210)	4,362
– Cash inflow from membership entrance fee and rental income	27,420	40,849
Cash used in operations	(75,797)	(2,515)

(b) Non-cash transactions

		2014 HK$'000	2013 HK$'000
(i)	Conversion of 1,990 million (2013: 1,405 million) ordinary shares	347,888	223,174
(ii)	Acquisition of subsidiaries (Note 31)		
	– Issuance of consideration shares	–	11,000

31 ACQUISITION OF SUBSIDIARIES

For year 2014

There was no significant business acquisition during the year.

For year 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. ("Sanya Haoyuntong") free from encumbrances for consideration to be settled in the following manner upon completion of the acquisition:

(i) HK$11,000,000 which shall be satisfied by the allotment and issue of the 25,000,000 consideration shares upon completion;

(ii) RMB1,000,000 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 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.

The following table summarises the fair value of consideration paid for the Vendor and the fair value of acquisition of Group assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration:	
– Cash	7,596
– Consideration shares	11,000
Total consideration	18,596
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 14)	1,040
Prepayment, deposits and other receivables	84
Long-term lease prepayment	18,630
Receipt in advance, other payables and accrued liabilities	(1,158)
Total identifiable net assets	18,596
Net cash outflow on acquisition of assets:	
Cash consideration paid	(7,596)

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

For year 2014

On 11 December 2014, Unique Talent Group Limited (the "Vendor"), a wholly-owned subsidiary of the Company, the Company (as a guarantor) and an independent third party (the "Purchaser") entered into a sales and purchase agreement (the "S&P Agreement") (as amended and supplemented by a supplemental agreement dated 30 March 2015 entered into by parties to the S&P Agreement) pursuant to which (i) the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire shareholding interest in Smart Title Limited (the "Target Company"), a wholly-owned subsidiary of the Vendor; and (ii) the Group agreed to assign to the Purchaser the benefit and interest in a loan due from the Target Company to the Vendor of approximately HK$1,076 million (the "Shareholder's Loan") upon completion of the transactions in accordance with the terms and conditions of the S&P Agreement (the "Completion") free from encumbrances. The total consideration payable for the sale and purchase of the entire shareholding interest in the Target Company and the assignment of the Shareholder's Loan is agreed at HK$1,650 million in aggregate (the "Consideration"). The Consideration shall be settled as to (i) HK$60 million of the Consideration which has been paid in cash by the Purchaser upon signing of the S&P Agreement as the refundable deposit and will be applied as partial payment of the Consideration upon Completion; (ii) on Completion, HK$540 million of the Consideration which shall be paid in cash by the Purchaser; and (iii) on Completion, the Purchaser shall in accordance with the instructions of the Vendor issue to the Company the share entitlement note ("SEN"), which shall entitle the SEN holder the right to call for the issue of 1,500,000,000 new ordinary shares of HK$0.01 each of the Purchaser at an issue price of HK$0.70 per share.

The Group and the Purchaser will also enter into a club lease agreement (the "Club Lease Agreement") pursuant to which the assets relevant to the operations of "Beijing Bayhood No. 9 Club" (the Purchaser will be entitled to the right to operate "Beijing Bayhood No. 9 Club" through its ownership in the Target Company upon Completion) will be leased to the Group for a term of twenty years (can be further extended to 31 December 2051 upon request by the Group) after Completion, and the Group will continue to operate the businesses of "Beijing Bayhood No. 9 Club" during the period. There are four rental periods during the term of 20 years of five years each. In addition, the Group has an option to early terminate the Club Lease Agreement by giving notice to the lessor at least six months prior to the expiry of each rental period.

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS *(Continued)*

The Target Company and its subsidiaries (the "Target Group") is principally engaged in the provision of offline healthcare and wellness services through the management of "Beijing Bayhood No. 9 Club", a membership-based luxury club which comprises of business hotel facilities, an 18-hole golf course, driving range facilities, theme restaurants and cafes, spa facilities, retail shops, and the first PGA branded and managed golf academy in Asia. "Beijing Bayhood No. 9 Club" is located near the city centre of Beijing, PRC. The major assets owned by the Target Group are i) the rights to construct and operate the club facilities of "Beijing Bayhood No. 9 Club" up to 31 December 2051; and ii) the rights to develop and operate a piece of 580 Chinese acre land adjacent to "Beijing Bayhood No. 9 Club" (the "Subject Land") up to 30 January 2062. Construction of "Beijing Healthcare and Wellness Si He Yuan and Hotel" project with an approved total gross floor area of 80,000 square meters on the Subject Land is in progress.

The abovementioned transactions have not yet been completed as at the date of the annual report.

Assets of disposal group held for sale as at 31 December 2014:

	HK$'000
Property, plant and equipment (Note 14)	500,580
Intangible assets (Note 15)	1,589,601
Deferred tax assets (Note 9)	2,680
Inventories (Note 20)	9,599
Prepayments, deposits and other receivables	64,288
Cash and cash equivalents	80,989
	2,247,737

Liabilities of disposal group held for sale as at 31 December 2014:

	HK$'000
Trade payables (Note 25)	1,641
Receipt in advance, other payables and accrued liabilities	130,634
Deferred tax liabilities (Note 9)	338,848
Deferred revenue (Note 26)	94,084
Current income tax liabilities	75,786
	640,993

As the operation of offline healthcare and wellness services – Beijing Healthcare and Wellness Si He Yuan and Hotel Project is considered as a separate major line of business during the year, they are accounted for as a discontinued operation. The comparative financial information for the year ended 31 December 2013 has been reclassified to conform with current year presentation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The disposal was not yet completed as at 31 December 2014, but is expected to be completed within 12 months from the year end date.

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS *(Continued)*

Analysis of the result of discontinued operations in relation to offline healthcare and wellness services - Beijing Healthcare and Wellness Si He Yuan and Hotel project is as follows:

	2014 **HK$'000**	2013 HK$'000
Cost of sales	**–**	(5,884)
Other income and other gains/(losses), net	**72**	(659)
Administrative expenses	**(1,005)**	(18,448)
Finance cost	**–**	(47,784)
Loss before tax of discontinued operations	**(933)**	(72,775)
Tax	**27**	5,476
Loss for the year from discontinued operations attributable to the equity holders of the Company	**(906)**	(67,299)

Analysis of the cash flows of discontinued operations in relation to offline healthcare and wellness services - Beijing Healthcare and Wellness Si He Yuan and Hotel project is as follows:

	2014 **HK$'000**	2013 HK$'000
Operating cash flows	**(6,814)**	(9,145)
Investing cash flows	**(66,640)**	(29,461)
Financing cash flows	**–**	–
Total cash flows	**(73,454)**	(38,606)

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS *(Continued)*

For year 2013

On 17 April 2013, the Group has entered into a sale and purchase agreement to dispose of its 100% equity interests in Green Harmony Investments Limited ("Green Harmony") and Green Villa Investments Limited ("Green Villa") to Aote Holding Limited at an aggregate consideration of RMB190,000,000 (equivalent to approximately HK$241,660,000 as of 31 December 2013) payable in cash. Green Harmony and Green Villa are both investment holding companies, indirectly holds 50% of equity interest in Shenzhen ITC Tian An Co., Ltd. and Shenzhen Tian An International Building Property Management Co., Ltd.

As the operation of Green Harmony and Green Villa are considered as a separate major line of business during the year, they are accounted for as a discontinued operation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The disposal was not yet completed as at 31 December 2013 and was lapsed in April 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 and Green Villa to Shenzhen Honghaiwan at an aggregate consideration of RMB200,000,000 (equivalent to approximately HK$252,688,000) payable in cash.

The said disposal has been completed during the year and a gain on disposal of approximately HK$11,028,000 was recorded in "other income and other gains, net".

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

	31 December	
	2014	2013
	HK$'000	HK$'000
Loss recognized on measurement to fair value less costs to sell (i)	**–**	(69,646)
Administrative expenses	**–**	(6)
Share of results of joint ventures	**–**	4,253
Loss before income tax	**–**	(65,399)
Loss from discontinued operation attributable to the equity holders of the Company	**–**	(65,399)

(i) Loss recognized represented the loss incurred in adjusting the carrying amount of the Group's interests in Tian An International Building and the management company of the building to the fair value less cost to sell.

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS *(Continued)*

(b) Assets of disposal group held for sale

	31 December 2014 HK$'000	31 December 2013 HK$'000
Interests in joint ventures (Note 17)	–	316,232
Amount due to joint venture(ii)	–	(4,926)
	–	311,306
Loss recognized on measurement to fair value less costs to sell (Note 32 (a))	–	(69,646)
	–	241,660

(ii) The amount due to joint ventures represent liability to derecognize within the assets of disposal group held for sale.

Interest in joint ventures of the disposal group held for sale as at 31 December 2014 and 2013:

Name	Place of establishment and kind of legal entity	Registered capital	Percentage of equity interest attributable to the Group 2014	Percentage of equity interest attributable to the Group 2013	Principal activities and place of operation
Shenzhen ITC Tian An Co., Ltd.	The PRC, Sino-foreign equity joint venture	US$8,880,000	N/A	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	N/A	50%	Property management in the PRC

33 COMMITMENTS

(a) Capital commitments – Group

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

	2014	2013
	HK$'000	HK$'000
Property, plant and equipment	**94,982**	94,152

(b) Operating lease commitment – group companies as lessee

At 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2014	2013
	HK$'000	HK$'000
Not later than one year	**36,259**	12,141
Later than one year and not later than five years	**140,006**	49,063
Later than five years	**881,508**	531,960
	1,057,773	593,164

The above future aggregate minimum lease payments under non-cancellable operating leases have included committed operating lease rental arising from leasing a property for a term of twelve years up to 31 July 2026, and land and building and operating rights of 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 30 January 2062.

34 RELATED PARTY TRANSACTIONS

(i) Remuneration for key management personnel, including amounts paid to the Company's directors, is disclosed in Note 13 and certain of the highest paid employees is disclosed in Note 13.

(ii) During the year, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of joint ventures of 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 HK20,569,000 has been offset against finance costs during the current year. (2013: Included in finance costs for the year was an accrued interest on agency fee payable to Travel Channel amounting to approximately HK$6,653,000.)

The Group and Travel Channel have also 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$33,014,000 and has been offset against administrative expenses during the current year.

(iii) On 3 September 2013, the Company and Smart Concept, a company wholly-owned by Mr. YUEN Hoi Po, the Chairman and a substantial shareholder of the Company and being the sole holder of the convertible notes issued by the Company in 2012, entered into the deed of variation relating to the amendment of a term of the convertible notes to permit the Company to early redeem the outstanding convertible notes at their face value (Note 27(a)). The purpose of the amendment is (i) to give flexibility to the Company; (ii) to permit the Company to better manage its gearing levels; and (iii) to assist the Board to manage possible dilution to shareholders in the future. Apart from the amendment, all other terms and conditions of the convertible notes remain unchanged. As Mr. YUEN is an executive director of the Company, the amendment constitutes a connected transaction for the Company under the Listing Rules. Details of the modification has been disclosed in Note 27(a).

35 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 year, the Group and Travel Channel have mutually agreed on the settlement on the outstanding balances and the said court order has been terminated.

36 SUBSEQUENT EVENTS

Subsequent to the year end, as mentioned in note 32 in relation to the S&P Agreement about the disposal of the entire shareholding interest in the Target Company, the parties to the S&P Agreement have entered into a supplemental agreement on 30 March 2015 pursuant to which the lease term in the Club Lease Agreement has been extended to twenty years (which can be further extended to 31 December 2051 upon request by the Group). There are four rental periods during the term of twenty years of five years each. In addition, the Group has an option to early terminate the Club Lease Agreement by giving notice to the lessor at least six months prior to the expiry of each rental period.

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 30 March 2015.

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The table below lists out the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name	Place of incorporation/ establishment and kind of legal entity	Nominal value of Issued ordinary share/registered capital	Interest held	Principal activities and place of operation
Anglo Alliance Co., Ltd (1)	British Virgin Islands, limited company	US$2 ordinary	100%	Investment holding
Beijing Hua Yi Hao Ge Media Culture Co., Ltd. (4)	PRC, co-operative joint venture	RMB136,651,563	100%	Investment holding and licensing of films and TV drama in the PRC
Beijing Hua Yi Qian Si Advertising Company Limited (4)	PRC, co-operative liability company	RMB5,000,000	100%	Advertising agency in the PRC
Effort Wonder Limited (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
Unique Talent Group (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
Smart Title Limited	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
China Jiuhao Health Industry Group Limited (3)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Sihai Nengrong (Beijing) Food and Beverage Culture Limited (4)	PRC, wholly-owned foreign enterprise	US$1,050,000	100%	Food and beverage and hotel management in the PRC
Happy Era Culture Development (Beijing) Limited (4)	PRC, limited liability enterprise	RMB100,000	100%	Media and marketing consultancy in the PRC

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Nominal value of Issued ordinary share/registered capital	Interest held	Principal activities and place of operation
Beijing Bayhood No. 9 Business Hotel Company Limited (4)	PRC, limited liability company	RMB50,000,000	100%	Provision of offline health and wellness services through the management of "Bayhood No. 9 Club", a membership-based club in the PRC
Beijing Si Hai Jun Tian Trading Company Limited (2)(4)	PRC, limited liability company	RMB8,000,000	51%	Provision of offline health and wellness services through operation of wellness centre in the PRC
Yuan Shun Investments Limited	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
Horizon Partner Holdings Limited (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
China Jiuhao Health Management Limited (3)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Beijing Bayhood No.9 Cloud Technology Company Limited (formerly known as Beijing Bayhood Business Consultants Company Limited) (4)	PRC, wholly-owned foreign enterprise	US$2,000,000	100%	Internet and information technology in the PRC
Beijing Bayhood No.9 Cloud Health Technology Company Limited (4)	PRC, wholly-owned foreign enterprise	RMB10,000,000	100%	Health management services in the PRC
China Jiuhao Health Industry (Hong Kong) Limited (1)(3)	Hong Kong, limited company	HK$2 ordinary	100%	Group treasury and administrative services in Hong Kong

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Nominal value of Issued ordinary share/registered capital	Interest held	Principal activities and place of operation
China Jiuhao Group Limited (1)(3)	Hong Kong, limited company	HK$499,373,000 ordinary HK$43,337,000 preference	100%	Investment holding and licensing of films in Hong Kong
China Jiuhao (Haikou) Investment Company Limited (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
China Jiuhao Health Industry Corporation (Haikou) Limited (3)(4)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Haikou Jiuhao Hotel Management Company Limited (4)	PRC, wholly-owned foreign enterprise	RMB10,000,000	100%	Hotel management services in the PRC
China Jiuhao (Sanya) Investment Company Limited (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
China Jiuhao Health Industry Corporation (Sanya) Limited (3)(4)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Sanya Haoyuntong Agricultural Technology Co., Ltd. (4)	PRC, wholly-owned foreign enterprise	RMB1,000,000	100%	Agricultural business in the PRC

(1) Shares held directly by the Company.

(2) Newly established in 2014.

(3) The statutory financial statements of these companies for the year ended 31 December 2014 are audited by PricewaterhouseCoopers.

(4) 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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, are summarized below.

	2014 **HK$'000**	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Sales – continuing operations	**110,137**	126,192	165,068	101,989	19,743
Profit/(loss) before finance costs and taxation – continuing operations	**27,231**	(24,969)	31,309	(8,042)	(481,364)
Finance income/(cost), net – continuing operations	**20,569**	(6,653)	(87,776)	(6,393)	(1,125)
Profit/(loss) before taxation – continuing operations	**47,800**	(31,622)	(56,467)	(14,435)	(482,489)
Taxation – continuing operations	**4,235**	(1,402)	(12,633)	(3,524)	(996)
Non-controlling interests – continuing operations	**4,049**	–	–	180	22
Profit/(loss) from continuing operations attributable to the equity holders of the Company	**56,084**	(33,024)	(69,100)	(17,779)	(483,463)
(Loss)/profit from discontinued operation attributable to the equity holders of the Company	**(906)**	(132,698)	25,511	–	–
Profit/(loss) attributable to the equity holders of the Company	**55,178**	(165,722)	(43,589)	(17,779)	(483,463)
Property, plant and equipment	**9,513**	390,219	318,117	339,206	2,148
Intangible assets	**21**	1,645,263	1,646,999	468,446	71,059
Amounts due from a joint venture and its subsidiaries	**–**	–	–	–	259,237
Interests in joint ventures	**62,823**	70,910	377,924	328,697	264,430
Other non-current assets	**37,828**	55,199	47,447	25,882	18,737
Current assets	**2,934,729**	821,558	635,269	631,818	509,203
Total assets	**3,044,914**	2,983,149	3,025,756	1,794,049	1,124,814
Current liabilities	**743,543**	423,838	417,977	442,210	231,292
Non-current liabilities	**6,997**	760,248	1,010,882	175,685	–
Total liabilities	**750,540**	1,184,086	1,428,859	617,895	231,292
Net assets	**2,294,374**	1,799,063	1,596,897	1,176,154	893,522