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 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Zhongjun *(Chairman)*
Mr. LAU Seng Yee *(Vice Chairman)*
Mr. WANG Zhonglei
Mr. LIN Haifeng
Ms. WANG Dongmei
Mr. YUEN Hoi Po

Independent Non-Executive Directors

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

Baker & McKenzie
Guantao Law Firm
P.C. Woo & Co.
Woo Kwan Lee & Lo

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 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 2015.

The Group was engaged in the operation of two major sectors during the year, investing in programmes, film productions and the media business of Travel Channel, as well as providing one-stop online to offline (O2O) health management solutions in China. Both of the two major business segments of the Group are fully supported by national policies, and they are key areas which attract much attention from the investment market, embracing brilliant prospects.

According to *the Central Committee of the Communist Party of China's Proposal on Formulating the Thirteenth Five-year Plan on National Economic and Social Development* ("Proposal on the 13th Five-Year Plan"), China's culture and entertainment industry (C&E industry) is expected to become a pillar industry in its national economy by 2020. In its latest report titled *Prospects of China's Culture and Entertainment Industry*, Deloitte predicts that the Chinese C&E industry is expected to worth RMB1 trillion by 2020. Driven by a market worth RMB1 trillion, the Chinese C&E industry will be entering its Golden Age. The concept of "Internet plus" is now one of the key drivers powering the entire industry chain. With the traditional C&E industry ecosystem becoming history and the "Internet plus" trend forcing the C&E industry to transform and upgrade, "Internet-based entertainment" has become the most sought-after powerhouse. Jiuhao Health has successfully introduced Huayi Brothers International Limited ("Huayi Brothers") and Tencent Holdings Limited ("Tencent") as its substantial shareholders, with their core management serving as newly appointed board members of the Company, whose name is going to be changed to "Huayi Tencent Entertainment Company Limited". As one of China's most successful private media and entertainment companies, Huayi Brothers owns a wide range of resources and platforms of movies and TV programmes. On the other hand, Tencent owns the valuable distribution channel through operating the largest instant messaging and mobile social platform in China with 800 million active users. Through resource integration, namely combining Huayi's advantages in movies and TV programmes with Tencent's advantages in distribution channel, we will fully utilise the synergy between "content" and "channel" which are the two core elements of Internet-based entertainment. Having the competitiveness advantage in resource utilisation made possible by our substantial shareholders, the Group aims to explore further opportunities provided by Internet-based entertainment and O2O cultural and new media operations. We are confident that Jiuhao Health will take the lead in an era of "Internet plus Culture", and become a prominent player with great potential in the C&E industry.

In an era driven by the "Internet plus Culture", content will be one of the keys to success as "quality intellectual properties" become the holy grail that enterprises in the C&E industry fight over. The Group is fully aware of the importance of building its own pool of intellectual property rights in expanding the online entertainment and new media industries. It therefore plans on adopting a diversified investment approach towards projects related to the cultural and media industries. As the film industry ventures down the path of globalisation, there has been a rapid rise in box offices contributed by Sino-foreign co-produced films, with Sino-U.S. co-productions reporting the fastest growth. According to Deloitte's *Prospects of China's Culture and Entertainment Industry*, Sino-U.S. co-productions contributed 28.3% of the total box offices in 2014, and the figure quickly rose to 37.8% as of the first quarter of 2015. Having gained access to the considerable resources of our two newly introduced substantial shareholders, the Group sets out to establish a global presence, further build on our audience base in the Greater China region, and to seek opportunities to invest in domains featuring quality international contents, with a view to becoming a leader in the production and distribution of international projects. The entire net proceeds of approximately HK$527 million arising from the subscription of new shares of the Company by investors including Huayi Brothers and Tencent will be used to expand the media and entertainment business of the Group and to invest in various productions of international films and animations projects. In addition, the Group will also actively seek investment and acquisition opportunities in the international film-production and entertainment market, in particular, focusing on the Korean and Hollywood markets.

Channel is the other key to success in an era driven by the "Internet plus Culture". With the production of cultural contents being driven by user needs, distribution via social media serving as a mainstream sales technique for cultural products, and video-sharing websites becoming another key distribution channel in addition to traditional cinema, it is evident that operating one's own comprehensive online entertainment platform now plays a vital part in surviving the age of Internet-based entertainment. Furthermore, the Group also plans on gradually building a self-operated comprehensive entertainment platform that integrates key functions including online promotion, marketing, distribution and sales. In addition to addressing the need for promoting and distributing productions of the Group, such a platform can also provide third-party productions with promoting, marketing, distributing, sales and publishing services. The platform aims to create synergy by linking up the Group's online and offline services.

On the other hand, the Group reassessed the business structure of its healthcare services in 2015, and has disposed of its capital-intensive businesses, "Beijing Bayhood No. 9 Club" and the development and operating rights of its adjacent land, at an aggregate consideration of HK$1.65 billion. Substantial portion of the disposal proceeds have been distributed to the shareholders of the Company. The Group continues to operate "Beijing Bayhood No. 9 Club" through a leasing arrangement upon completion of the disposal. In addition, aimed at catering for the needs of diabetic patients, the Group also developed the "Kangxun 360" mobile portal, a service platform for managing chronic diseases, which has gained wide recognition among diabetic and cardiac patients in China since its debut. All of the above, together with enhanced cooperation with major insurance companies (e.g. China Taiping Insurance Group), enabled the Group to report a significant growth in the registered users of "Kangxun 360", reaching over 400,000 at the end of 2015. Being one of the three leaders among similar products, "Kangxun 360" achieves competitive advantage by establishing an early presence in the "Internet plus diabetes management" market. The Group will continue to strengthen its advantage in the market for mobile diabetes care products and seize the ideal timing to expand its presence in the provision of management services of other chronic diseases, all with a view to continuing the enhancement of our market share in the chronic disease management market.

China will become the world's single largest source of box offices in the foreseeable future, and its film industry is expected to be worth RMB200 billion by 2020. Looking ahead to the future, based on our effort in building our own pool of intellectual property rights, investing in international film-production and entertainment players, and developing a comprehensive online entertainment platform, we truly believe that we will be able to seize great opportunities and market share as the entire Chinese C&E industry takes off to a phase of expeditious development. Building on the resources and platforms of our substantial shareholders, the newly appointed board members are confident about guiding Jiuhao Health to the next milestone in its business development and creating sizeable returns for our shareholders. On behalf of the board of directors, I would like to take this opportunity to express my sincere gratitude to shareholders, investors and business partners for their constant support and faith in the Group, and to extend my heartfelt thanks to our management team and all our staff for their unwavering dedication and contribution.

WANG Zhongjun
Chairman
China Jiuhao Health Industry Corporation Limited

11 March 2016, Hong Kong

BUSINESS REVIEW AND PROSPECTS

Financial performance

Major indicators of the financial results for the year ended 31 December 2015 are summarised in the table below:

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Total revenue	**122,838**	110,137
Gross profit	**55,179**	25,806
(Loss)/profit before finance costs and taxation	**(127,813)**	27,231
(Loss)/profit for the year	**(132,645)**	52,035
(Loss)/profit attributable to equity holders of the Company	**(129,319)**	56,084
Profit attributable to equity holders of the Company before impairment provision	**66,957**	56,084
Discontinued operations:		
Loss for the year	**(364,351)**	(906)

Business Review	Revenue		Segment Results (before provision for impairment)	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Continuing operations				
Online healthcare service	**1,946**	-	**(38,366)**	(28,780)
Offline healthcare and wellness services	**111,086**	104,491	**(8,053)**	(26,834)
Media	**9,806**	5,646	**9,470**	39,622
Total	**122,838**	110,137	**(36,949)**	(15,992)

For the year ended 31 December 2015, the Group recorded a loss attributable to equity holders of the Company from continuing operations of approximately HK$129,319,000, comparing to a profit attributable to equity holders of the Company from continuing operations of approximately HK$56,084,000 for the prior year. The loss recorded during the year was primarily attributed to the aggregated impairment provision of approximately HK$196,276,000 (2014: nil) made for interests in joint ventures, amounts due from a joint venture and its subsidiary, prepayments, construction in progress and inventories. Excluding the above impact arising from impairment provision, the Group's profit attributable to equity holders of the Company from continuing operations amounted to approximately HK$66,957,000 (2014: HK$56,084,000).

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Financial performance *(Continued)*

According to plans under *the Central Committee of the Communist Party of China's Proposal on Formulating the Thirteenth Five-year Plan on National Economic and Social Development* ("the 13th Five-Year Plan"), the cultural industry will become a pillar industry in China's national economy by 2020. With the introduction of national policies in favour of the sector and the "Internet plus" concept, the traditional culture and entertainment industry will be driven to upgrade with transformation and optimisation at an increasing pace, entering the stage of rapid growth. Seizing opportunities made available by the development of Internet-based entertainment, Jiuhao Health brought in Huayi Brothers International Limited ("Huayi Brothers") and Tencent Holdings Limited ("Tencent") as its strategic shareholders during the year under review, and completed the relevant share subscription on 5 February 2016. Having become substantial shareholders of the Company, Huayi Brothers and Tencent now hold approximately 18.17% and 15.68% of issued shares of Jiuhao Health respectively. Operating in the Golden Age of China's culture and entertainment industry, the Group continued to increase investment in its media business during 2015, which delivered steady growth during the year, contributing revenue of approximately HK$9.8 million to the Group, representing an increase of over 74% compared to the prior year.

Benefiting from the national policy of "Internet plus healthcare", the mobile healthcare industry is likely to create another round of concentrated investment. Setting out to seize opportunities arising from the ever expanding chronic disease management market with its "asset-light" strategy, the Group's health management services achieved rapid development during the year. By utilising "Kangxun 360", one of the biggest smart cloud service platforms for health management in China, in conjunction with its self-developed mobile portal, as well as the supporting "Kangxun 360"-branded smart blood glucose monitors and blood glucose test strips, the Group also provided diabetic patients with one-stop solutions to health management during the year. Furthermore, through collaboration with domestic insurance companies, operators of healthcare/medical services, local social security bureaus and large enterprises, "Kangxun 360" user base has expanded to over 400,000 which securely positioned "Kangxun 360" as one of the three leaders among similar products. Through sales of supporting smart blood glucose monitors, blood glucose test strips and relevant healthcare services for chronic disease management, "Kangxun 360" started to generate revenue during the year, recording an annual revenue of approximately HK$1.9 million.

In line with our "asset-light" strategy, we have disposed of our capital-intensive businesses during the year, seizing appropriate opportunities and realising their values in a timely manner. On 6 October 2015, the Group completed a very substantial disposal that involved disposing of "Beijing Bayhood No. 9 Club" and the development and operating rights of its adjacent land to Eternity Investment Limited ("Eternity") at an aggregate consideration of HK$1.65 billion. Cash proceeds of HK$500 million and 1,500,000,000 consideration shares of Eternity arising from the disposal have been distributed to the shareholders of the Company. In light of the important role played by "Beijing Bayhood No. 9 Club" in the Group's offline health management services and with an aim to provide our users with comprehensive one-stop health management services, the Group continues to operate "Beijing Bayhood No. 9 Club" through a leasing arrangement upon completion of the disposal. Operations of the Group's health management services are essentially the same prior to and after the very substantial disposal. During the year, offline healthcare and wellness services continued to make steady contributions to the Group, recording an annual revenue of approximately HK$111.1 million, representing an increase of 6% year on year.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review

(1) Media Business

According to *Global entertainment and media outlook 2015-2019* prepared by PricewaterhouseCoopers ("the PwC report") and the *2014 China Film Industry Report* published by EntGroup ("the EntGroup consultation report"), the world-wide box office receipts will increase from US$36.7 billion in 2014 to US$48.45 billion in 2019 at a compound annual growth rate (CAGR) of 5.7%. The U.S. film industry, being the world's largest film market, recorded box office receipts of US$10.3 billion in 2014, while China became the second largest film market in the world following the U.S.. It is worth mentioning that China is also the market delivering the fastest growth. As its rapid economic development leads to fast improvement in the standard of living for its people, China's film industry has been growing at an incredible pace during the last decade, bringing its box office receipts and film productions to a whole new level. Based on statistics from the State Administration of Press, Publication, Radio, Film and Television of the PRC, China's box office receipts totalled RMB29.6 billion in 2014, representing an increase of 36.2% year on year, growing at a rate that exceeds the global CAGR. According to the EntGroup consultation report, China recorded total box office receipts of RMB44.07 billion in 2015, 49% higher than the 2014 figure. In light of the continuous expansion of its film market, China is also expected to have growing numbers of cinemas. As shown in the EntGroup consultation report, China had approximately 31,626 cinema screens in 2015, representing an increase of 34% over 2014. The rapid growth in movie theatres and cinema screens has laid a solid foundation for the fast development of China's film industry.

In order to increase investment in film-related sector, the Group actively sought quality projects during the year. As a result, our media business recorded revenue of HK$9.8 million, representing an increase of approximately 74% year on year. In addition, the Company brought in Huayi Brothers and Tencent as its strategic shareholders, and completed the share subscription on 5 February 2016. Huayi Brothers and Tencent currently hold 18.17% and 15.68% of issued shares of the Company respectively, making them both substantial shareholders of Jiuhao Health. The above transaction generated gross proceeds of approximately HK$547 million, which is planned to be used to expand the Group's media and entertainment business and to invest in productions of various international films and animations. As one of China's most successful private media and entertainment companies, Huayi Brothers owns a wide range of resources and platforms of movies and TV programmes. On the other hand, Tencent owns the valuable distribution channel through operating the largest instant messaging and mobile social platform in China with 800 million active users. Building on the competitiveness advantage in resource utilisation made possible by our substantial shareholders, the Group will actively invest in the production and distribution of international contents, explore online and offline cultural operations and new media businesses, with a view to seizing the film industry's Golden Age.

On the other hand, since China's overall economy is confronted by increased downward pressure, not only has its consumer market been reporting weak demand, the nation's traditional advertising market has also been combating declined incomes. According to a research report prepared by the Forward Industry Research Institute, both advertising revenue and time of TV media recorded negative growths for the first three quarters of 2015. Revenue from the advertising business of Hai Nan Haishi Tourist Satellite TV Media Co., Ltd. ("HNTV"), an associated company of a joint venture of the Group, recorded a year-over-year decrease of 29% to approximately RMB243 million. As a results, HNTV suffered a net loss of approximately RMB29 million in 2015, comparing to a net profit of approximately RMB28 million in 2014. In light of this trend, the Group made impairment provision of approximately HK$164 million for its interests in joint ventures and amounts due from a joint venture and its subsidiary.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(2) Online Healthcare Services

"Kangxun 360" service platform for chronic disease and health management

In 2014, the Group officially launched its ***"Kangxun 360" service platform for chronic disease and health management*** (www.kangxun360.com), an independently-developed platform 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 adopts 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 specialised and customised 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.

According to the latest statistics published by the International Diabetes Federation ("IDF") on 11 November 2015, diabetes now reports a mortality rate greater than those of AIDS, tuberculosis and malaria combined. The world-wide number of adults with diabetes has already increased to 415 million and is expected to reach 642 million by 2040, with type-2 diabetes, a disorder caused by unhealthy lifestyles, accounting for 90% of the total figure. According to the *2015 Report on Chinese Resident's Nutrition and Chronic Diseases* published by the National Health and Family Planning Commission, China has become the country with the largest population of diabetic patients in the world. There are approximately 114 million diabetic patients living in China, with only 25.8% receiving minimum treatment and as few as 30% having been diagnosed. Close to 200 million people may have been exposed to diabetes after counting potential cases, making diabetes a serious threat to the health of Chinese residents. Having gone through constant improvement during the past 2 years, "Kangxun 360" has secured its position as a market leader in the field of diabetes and health management with over 400,000 registered users as at the end of 2015. In addition, the platform has also started to generate revenue, recording an annual revenue of approximately HK$1.9 million. As "Kangxun 360" is still in the stage of development that requires committed investment, it therefore recorded a segment loss (before provision for impairment) of approximately HK$38.4 million during the year, representing an increase of 33% from the prior year.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(2) Online Healthcare Services *(Continued)*

"Kangxun 360" service platform for chronic disease and health management *(Continued)*

During the year, the Group established cooperation with Taiping Life Insurance Co., Ltd. ("Taiping Life") to build "Healthcare Stations" in more than 10 provinces in China. We provide insurance clients of Taiping Life with access to physical examinations at these "Healthcare Stations" and upload relevant data to the "Kangxun 360" platform, with a view to identifying clients with risks of developing chronic diseases. The "Healthcare Stations" initiative allows the Group to charge service fees for relevant services. More importantly, it creates a channel for us to identify targeted users for "Kangxun 360" and bring in a significant number of additional users that match our target profiling. Serving millions of insurance clients, Taiping Life can help the Group rapidly expand the user base for the "Kangxun 360" platform and accumulate a vast amount of user data, thereby allowing us to develop healthcare-related big data marketing operations with specific targets.

In addition, the Group also adopted a wide range of strategies to establish cooperation with outstanding enterprises from many different sectors. By providing them with online health management services and selling them "Kangxun 360"-branded blood glucose monitors and blood glucose test strips, the Group aims at acquiring new users and expanding its user coverage with the following measures: (i) establishing strategic cooperation with operators of diabetes-related websites and online community forums; (ii) establishing business cooperation 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 online shop on Taobao and the "Kangxun 360" mobile application. In March 2015, the Group established a cooperative relationship with S.F. Express in order to deliver "Kangxun 360"-branded smart blood glucose monitors to 7,000 diabetic patients and their family members. In June 2015, the Group formed a cooperative relationship with Ruijing Hospital, a specialty hospital in the field of diabetes, delivering 20,000 "Kangxun 360"-branded smart blood glucose monitors and 4 million test strips to diabetic patients. Through the cooperation with Ruijing Hospital, the Group successfully introduced "Kangxun 360" to a large number of middle to high-end diabetic patients within a short span of time, expanding its market share.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Review *(Continued)*

(3) ***Offline Healthcare and Wellness Services***

In addition to providing its clients with real-time online health management services through its cloud platform and mobile portal, the Group also has access to extensive offline business resources, enabling it to offer them one-stop O2O solutions to health management via its self-operated and user-friendly offline channels. The Group concentrates its resources on the field of chronic disease management and wellness, with a view to building a complete link featuring "online plus offline" health management services.

Considering the business nature, prospect and respective investment risks of "Beijing Bayhood No. 9 Club", the Group decided to focus its resources on "asset-light" businesses. As a result, the Group disposed of "Beijing Bayhood No. 9 Club" and the development and operating rights of its adjacent land to Eternity during the year at an aggregate consideration of HK$1.65 billion, and distributed the cash proceeds of HK$500 million and 1,500,000,000 consideration shares of Eternity arising from the disposal of relevant assets to the shareholders of the Company. Completion of the said disposal took placed on 6 October 2015. In light of the important role played by "Beijing Bayhood No. 9 Club" in the Group's offline healthcare and wellness services, and with an aim to ensure user access to high quality offline health management and wellness services, the Group continues to operate "Beijing Bayhood No. 9 Club" through a leasing arrangement upon completion of the disposal, paying an aggregate rental of RMB90 million for the first five years.

In addition, the Group's healthcare and wellness centre located in Chaoyang District, Beijing also officially commenced operation during the year. Featuring themes of dining, leisure and healthcare, the Centre serves middle to high-end clients that are conscious of their wellbeing and promotes the Group's quality offline health management and leisure services among customer groups of different levels.

Offline healthcare and wellness services continued to make steady contributions to the Group, recording an annual revenue of approximately HK$111.1 million, representing an increase of 6% year on year. Segment loss before provision for impairment incurred by the offline healthcare and wellness services during the year was approximately HK$8.1 million, 70% less than the prior year.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Business Outlook

The State Council has released the *Guiding Opinions for Actively Promoting the "Internet Plus" Action Plan*. On the cultural front, the Council proposes to develop new segments of diversified forms building on Internet-based cultural, media and tourism services. With regard to health management services, the Council voices support for the innovation and application of smart healthcare products, as well as encourages health service institutions to utilise various technologies, including cloud computing and big data to build platforms of public information and provide customised healthcare services featuring continuous tracking, prognosis and health alerts. The "Internet plus" concept would inject new momentum into the traditional culture and entertainment industry as well as the healthcare sector, guiding them towards transformation and upgrade. Supported by a number of favourable national policies, new segments like Internet-based culture and mobile healthcare have become the most sought-after investment opportunities. Directing our two major lines of businesses to cope with national policies, the Group aims at seizing opportunities to reach new heights in the future and ushering its operations to the next stage in their development.

According to *Prospects of China's Culture and Entertainment Industry* issued by Deloitte, China's culture and entertainment industry is expected to be worth RMB1 trillion by 2020. The Chinese film industry is going to become a RMB200 billion sector by then, overtaking North America in box office receipts and admissions to become the world's biggest film market. As a result, China's cultural industry is predicted to enter its Golden Age during the 13th Five-year Plan. Having brought in Huayi Brothers and Tencent as its strategic shareholders, the majority of the Group's newly appointed board members also come from the core management of Huayi Brothers and Tencent. Relying on the vast resources from our two substantial shareholders, the Group intends to adopt a diversified investment approach towards projects related to the cultural and media industries, gradually establish its own pool of intellectual property rights, and actively seek opportunities to invest in quality international projects from Hollywood and Korea. Furthermore, the Group plans to build a comprehensive entertainment platform that integrates key functions including online promotion, marketing, distribution and sales, with a view to becoming a company known for high potential within the online to offline cultural sector as well as the new media industry.

According to IDF estimates, the world-wide aggregate healthcare expenditure on diabetes will increase to US$802 billion by 2040. Home to the largest population of diabetic patients, China is expected to see this group expanding to 151 million by 2040. Gazing into the future, enabled by the knowledge and experience accumulated from serving the large customer base of the "Kangxun 360" platform, the Group will launch new products that better cater for the needs of our users to solidify our competitive advantage. The Group will also utilise quality resources from our offline health management business to seize considerable opportunities arising from the provision of health management services, all with a view to creating great values.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Environmental & Social Responsibilities

The Group has been adhering to the corporate philosophy of "Integrity First", committed to the core values of "innovation, efficiency, advancement and elevation", and endeavoured to make contribution to the community. In addition to actively taking on environmental and social responsibilities, the Group also treats such responsibilities as the cornerstone for its development strategies, operations and management. The Group endeavours to achieve harmonious, long-term and sustainable development for the enterprise, the community and the environment as a whole.

a) ***Environmental protection***

Centring its operations on a green and healthy society, the Group reduces the impact of its daily operations on the environment by incorporating environmental friendly measures into its commitment to establishing an "eco-friendly" industry. The Group strictly abides by laws and regulations on environmental protection in force in China, reviews its group-wide environmental system and environmental friendly measures annually, and considers itself on a constant search for opportunities of enhancement and optimisation.

The Group adopts an proactive approach to delivering enhanced management on its emissions; it reduces the generation and emission of waste gas, greenhouse gas, sewage and waste by modifying fixing apparatuses, implementing technical measures as well as recycling and reusing initiatives.

The Group considers "energy" one of the key areas in sustainable development. It is our belief that in addition to better protecting the environment, higher effectiveness in energy utilisation of business operations also leads to reduced costs and improved operation efficiency in the long run; therefore, the Group also devised its own energy-saving scheme on water resources during the year, with a view to creating greater water efficiency.

b) ***Social responsibilities***

The Group aims to build a community environment that promotes harmony and common prosperity. Focusing on a wide range of areas, such as employment and labour regulations, supply chain management, customer relations, community investment and helping our communities address labour issues, we set out to build a matching and beneficial relationship with relevant social organisations and individuals, including our investors, staff members, clients, suppliers, communities, as well as the greater public and governing authorities. The Group remains committed to maximising corporate benefits, which form a part of comprehensive benefits for the society.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Environmental & Social Responsibilities *(Continued)*

b) ***Social responsibilities*** *(Continued)*

Adhering to a "people-centric" principle, the Group endeavours to create a work environment for its staff, with a view to ensuring their health and safety. The Group has always attached great importance to individual career development of its staff; it has therefore developed and implemented its own staff training and management systems, as well as relevant training mechanism and relevant processes. Aimed at helping its staff members adapt to changes in social settings and demands arising from corporate development, the Group encourages them to achieve higher levels of professional and technical performance. In order to safeguard benefits for its employees, the Group abides by the *Labour Law of the People's Republic of China* and employment laws applicable to relevant jurisdictions where its operations are located.

The Group has established a supplier management system to handpick suppliers through a screening and evaluation process based on quality and price. Furthermore, the Group also carries out field investigations on its suppliers when necessary, with a view to ensuring that its suppliers are equipped to provide guarantees on quality, as well as safety and other environmental issues that require managerial skills. Such investigations cover a number of areas, including productivity, technical standards, quality assurance, supply capability, as well as safety and environmental management credentials. The Group also evaluates environmental and social risks of its suppliers on a regular basis to ensure the safety of its supply chains.

Not only is the Group on a quest for constantly delivering quality products and services to its clients, it also directs dedicated efforts to deal with complaints about relevant products and services; as a result, the Group has established relevant processes to handle complaints (about services and products). In addition to appointing designated staff to investigate complaint cases, the Company has also assigned dedicated staff to provide timely feedbacks to its clients, all in an effort to safeguard their benefits.

Moreover, the Group also engages an independent adviser to provide guidance and training to the Group about its management principles and strategies in environmental, social and governance reporting, as well as their relevance with operations of the Company in accordance with the latest requirements under the ESG Reporting Guide contained in Appendix 27 published by the Stock Exchange of Hong Kong Limited.

FINANCIAL REVIEW

Continuing Operations

Revenue for the year ended 31 December 2015 amounted to approximately HK$122,838,000 (2014: HK$110,137,000), being a 12% increase comparing to the prior year. 90% (2014: 95%) of the revenue during the year arose from the "Offline Healthcare and Wellness Services" segment. All segment revenues recorded an increase during the year, especially media operations with a remarkable boost of 74% in revenue, which is mainly attributed to the continuous investment in quality movie projects. The "Online Healthcare Services" segment also started to generate revenue of approximately HK$1,946,000 (2014: nil) during the year after the successful launch of "Kangxun 360" and the related services such as the establishment of "Healthcare Stations" in more than 10 provinces in China in hands with Taiping Life Insurance Co., Ltd. The "Offline Healthcare and Wellness Services" segment also recorded a 6% increase in revenue during the year, mainly because the Group's mid-tier healthcare and wellness centre located in Chaoyang District, Beijing also officially commenced operation during the year.

Cost of sales for the year ended 31 December 2015 amounted to approximately HK$67,659,000 (2014: HK$84,331,000), being a 20% decrease comparing to the prior year. From 11 December 2014 onwards, the Group ceased to record depreciation of property, plant and equipment and amortization of intangible assets for "Bayhood No.9 Club" operations, which is part of the very substantial disposal completed on 6 October 2015, according to relevant provisions of HKFRS. Rental expenses for the 5-year leasing of "Bayhood No.9 Club" operations (RMB90 million in aggregate) has been recorded since 6 October 2015 on a pro rata basis.

Other income and other gains, net, mainly comprising of gain on financial assets at fair value through profit or loss, interest income, gain on disposals of subsidiaries/joint ventures and exchange differences, amounted to approximately HK$153,661,000 (2014: HK$70,243,000) for the year ended 31 December 2015, being a 119% increase comparing to the prior year. The significant increase is mainly attributed to the rise in the share price of the investment securities held and disposed of by the Group during the year, partially offset by an exchange loss of approximately HK$33,575,000 (2014: exchange gain of approximately HK$894,000) arising from the significant depreciation of Renminbi against Hong Kong dollars during the year.

Marketing and selling expenses for the year ended 31 December 2015 amounted to approximately HK$23,421,000 (2014: HK$384,000), being a 60-time increase comparing to the prior year. The marketing and selling expenses during the year is mainly attributed to the "Online Healthcare Services" segment and was mainly incurred for the marketing, branding and promotional activities for "Kangxun 360" portal, including free or subsidized distribution of smart blood glucose meters and test strips to new subscribers, starting from early 2015.

FINANCIAL REVIEW *(Continued)*

Continuing Operations *(Continued)*

Administrative expenses for the year ended 31 December 2015 amounted to approximately HK$136,564,000 (2014: HK$69,019,000), being a 98% increase comparing to the prior year. The significant increase is mainly due to the following reasons:

– During the year ended 31 December 2015, the Group has incurred legal and professional expenses from continuing operations of approximately HK$16,802,000 (2014: HK$1,663,000), most of which was relevant to the accrual for services performed during the year for the share subscriptions completed on 5 February 2016;

– During the year ended 31 December 2015, the Group has recorded provision for impairment of construction in progress and prepayments of approximately HK$6,517,000 (2014: nil) and HK$22,182,000 (2014: nil) respectively; and

– During the year ended 31 December 2014, 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.

Share of results of joint ventures, mainly represents the Group's share of results of the Travel Channel operations, for the year ended 31 December 2015 amounted to a loss of approximately HK$12,544,000 (2014: profit of approximately HK$585,000). China's overall economy is confronted by increased downward pressure, not only has its consumer market been reporting weak demand, the nation's traditional advertising market has also been combating declined incomes. According to a research report prepared by the Forward Industry Research Institute, both advertising revenue and time of TV media recorded negative growths for the first three quarters of 2015. Revenue of the Travel Channel operation recorded a year-over-year decrease of 29% to approximately RMB243 million during the year. As a result, the Travel Channel operation suffered a net loss of approximately RMB29 million in 2015, comparing to a net profit of approximately RMB28 million in 2014. In light of this trend, the Group made impairment provision of approximately HK$164 million (2014: nil) for its interests in joint ventures and amounts due from a joint venture and its subsidiary.

Finance costs, net for the year ended 31 December 2015 amounted to approximately HK$220,000 (2014: finance income, net of approximately HK$20,569,000). During the year ended 31 December 2014, 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 recorded as finance income during the prior year.

FINANCIAL REVIEW *(Continued)*

Discontinued Operations

The loss from discontinued operations arose from the very substantial disposal in relation to the Beijing Healthcare and Wellness Si He Yuan and Hotel project which has been completed on 6 October 2015. Part of the considerations of the disposal is in the form of share entitlement notes issued by the purchaser (which is a company listed on The Stock Exchange of Hong Kong Limited). The market share price of the purchaser has dropped by the time of the completion of the disposal comparing to the time of the signing of the relevant agreements for the disposal, leading to a significant loss on disposal during the year. The said share entitlement notes have been fully distributed to the Company's shareholders after completion of the disposal. Details of the disposal are disclosed in note 28 to the consolidated financial statements.

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 2015, the Group held cash and cash equivalents of approximately HK$280,400,000 (2014: HK$162,745,000), being a 72% increase comparing to the balance as at 31 December 2014.

The Group is at net current asset position of HK$460,631,000 as at 31 December 2015 (2014: HK$2,191,186,000). The current ratio, representing the total current assets to the total current liabilities, increased from 3.95 as at 31 December 2014 to 6.36 as at 31 December 2015. Upon completion of the very substantial disposal on 6 October 2015, the relevant assets and liabilities of disposal group classified as held for sale, the net amount of which being approximately HK$1,606,744,000 as at 31 December 2014, were removed from the Group's balance sheet. On the other hand, most of the considerations received have been distributed to the Company's shareholders. Accordingly, the amount of net current asset reduced significantly during the year. Nevertheless, with cash and cash equivalent balance of over HK$280 million as at 31 December 2015 and a 6.36-time current ratio, the Group still maintains a very healthy liquidity position.

The debt to equity ratio, representing the sum of borrowings to total equity, decrease from 0.01 as at 31 December 2014 to nil as at 31 December 2015. All outstanding convertible notes have been either converted or redeemed during the year and the Group has no borrowing as at 31 December 2015.

Foreign Currency Exchange Exposure

The Group mainly operates in China and Hong Kong and is only exposed to foreign exchange risk arising from Chinese Renminbi currency exposures, primarily with respect to the Hong Kong dollars. During the year, depreciation in Chinese Renminbi against Hong Kong dollars resulted in the significant exchange loss of approximately HK$33,575,000 (2014: exchange gain of approximately HK$894,000).

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.

LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

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) 12,000,000 new ordinary shares upon conversion of convertible notes at HK$0.20 per share; and (ii) 88,582,706 new ordinary shares upon share option exercise at a weighted average exercise price of HK$0.40 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 Chinese acres land for the Beijing Healthcare and Wellness Si He Yuan and Hotel project. During the year, the Company has redeemed all outstanding convertible notes at maturity date of 22 October 2015 in cash of HK$18,600,000.

CHARGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2015, 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 2015, the Group employed a total of 83 full-time employees in Hong Kong and the PRC, and continued to manage "Bayhood No.9 Club" operations with 470 full-time employees in 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 to achieving high standards of corporate governance. Throughout the year ended 31 December 2015, the Company has applied the principles and met the code provisions of the Corporate Governance Code (the "CG Code") with the exception of the following deviations:–

1. **Code Provision A.2.1**

   Under the code provision A.2.1 of the CG Code, the roles of chairman ("Chairman") and chief executive officer ("CEO") of the Group should be separate and should not be performed by the same individual. During the period from 1 January 2015 to the date of this report, the role of Chairman and CEO have not been separate. Mr. YUEN Hoi Po was the Chairman and CEO of the Company for the period from 1 January 2015 to 5 February 2016. From then on, Mr. WANG Zhongjun has been appointed as the Executive Director and has performed the roles of Chairman and CEO.

   The Board believes that it is appropriate and in the interests for the same individual to serve the Chairman and CEO because it helps ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board considers that this structure did not impair the balance of power and authority between the Board and the management of the Company.

2. **Code Provision A.6.7**

   Under the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to the work commitment of Dr. WONG Yau Kar, David, he was unable to attend the extraordinary general meeting held on 13 July 2015. For the reason of assisting relevant Mainland authorities in their investigation since January 2015, Mr. WEI Xin did not attend any general meetings of the Company held in 2015.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises nine directors of the Company ("Directors") whose biographical details, as well as the relationship amongst them (if any), are set out on pages 32 to 35 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, which 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 13 Board meetings were held (one of which was convened by way of written resolutions).

Directors play an active role in participating the Company's meetings. The composition of the Board as at the date of this report and their attendance at the Company's meetings from 1 January 2015 to the date of this report is as follows:

Directors	Director Categories	Board Meetings	General Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings
Mr. WANG Zhongjun[1]	Chairman, Chief Executive Officer and Executive Director	2/2 [5]	–	–	–	chairman 1/1 [5]	chairman 1/1 [5]	–
Mr. LAU Seng Yee[1]	Vice Chairman and Executive Director	1/2 [5]	–	–	–	–	–	–
Mr. WANG Zhonglei[1]	Executive Director	2/2 [5]	–	–	–	–	–	–
Mr. LIN Haifeng[1]	Executive Director	2/2 [5]	–	–	–	–	–	–
Ms. WANG Dongmei[1]	Executive Director	2/2 [5]	–	–	–	–	–	–
Mr. YUEN Hoi Po[2]	Executive Director	18/18 [6]	3/3	–	member 2/2	ex-chairman 1/1	ex-chairman 1/1	ex-chairman 4/4
Dr. WONG Yau Kar, David	Independent Non-executive Director	18/18 [6]	2/3	member 3/3	chairman 2/2	–	member 2/2 [10]	–
Mr. YUEN Kin	Independent Non-executive Director	18/18 [6]	3/3	chairman 3/3	member 2/2	member 2/2 [10]	–	–
Mr. CHU Yuguo	Independent Non-executive Director	16/18 [6]	3/3	member 1/1 [9]	–	member 2/2 [10]	member 2/2 [10]	–
Mr. ZHANG Changsheng[3]	Former Executive Director	16/16 [7]	3/3	–	–	–	–	member 4/4 [11]
Mr. Edward TIAN Suning[3]	Former Non-executive Director	13/16 [7]	3/3	–	–	–	–	–
Mr. Hugo SHONG[3]	Former Non-executive Director	15/16 [7]	3/3	–	–	–	–	–
Prof. WEI Xin[4]	Former Independent Non-executive Director	0/12 [8]	0/3	member 0/2	member 0/1	member 0/1	member 0/1	–
Total number of meetings held		18	3	3	2	2	2	4

1. Appointed on 5 February 2016
2. Mr. YUEN Hoi Po ceased to be Chairman of the Board, Corporate Governance Committee, Nomination Committee, Executive Committee, CEO of the Company and a member of Remuneration Committee with effect from 5 February 2016
3. Resigned on 5 February 2016
4. Vacated on 7 October 2015
5. These meetings were held after 5 February 2016
6. 13 meetings were held in 2015 and 5 meetings were held in 2016 till the date of this report
7. 13 meetings were held in 2015 and 3 meetings were held in 2016 till the date of their resignation on 5 February 2016
8. 12 meetings were held in 2015 till the date of his office has been vacated on 7 October 2015
9. Only 1 meeting was held after his appointment as member of the Audit Committee
10. One of these meetings was held in 2016
11. Mr. ZHANG Changsheng ceased to be a member of Executive Committee with effect from 5 February 2016

BOARD OF DIRECTORS *(Continued)*

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the Directors save that Mr. WANG Zhongjun (Chairman) is the brother of Mr. WANG Zhonglei.

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. As at the date of this report, the Strategy Committee comprises two Executive Directors, namely, Mr. WANG Zhongjun (Chairman) and Mr. LAU Seng Yee.

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, four 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, to review and monitor the training and continuous professional development of Directors and senior management, to review Company's Shareholder Communication Policy, to review the code of conduct applicable to employees of the Company and to review whether the Directors have spent sufficient time to perform the director's duties.

BOARD COMMITTEES *(Continued)*

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.

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, two meetings were held by the Remuneration Committee to determine remuneration package and discretionary bonus for Executive Director, senior management and certain staff.

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. Monitoring the Company's risk management and internal control systems; assisting the Board in reviewing the effectiveness of the Company's risk management and internal control systems.

During the year, three 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		✓	
Dr. WONG Yau Kar, David	✓	✓	✓
Mr. YUEN Kin		✓	
Mr. CHU Yuguo		✓	
Mr. ZHANG Changsheng*		✓	
Mr. Edward TIAN Suning*	✓	✓	
Mr. Hugo SHONG*	✓	✓	✓

* Resigned on 5 February 2016

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 December 2015 and up to 5 February 2016, the positions of the Chairman and Chief Executive Officer ("CEO") are held by Mr. YUEN Hoi Po. Following that, Mr. WANG Zhongjun has been appointed as the Executive Director and serves as the Chairman and CEO of the Company. It is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO.

NON-EXECUTIVE DIRECTORS

All Non-executive Directors (including INEDs) of the Company were appointed for a specific term, but subject to the relevant provisions of the Articles of Association of the Company or any other applicable laws whereby the Directors shall retire from their office but become eligible for re-election. All the Non-executive Directors are serving for a fixed term of not more than three years.

Throughout the year, the Board has at least three Independent Non-executive Directors, one of whom 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. 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 meet 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 2015.

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	2015 HK'000	2014 HK'000
Audit and review services	**2,760**	2,630
Non-audit services (including reporting accountant and agreed upon procedures)	**3,343**	500
	6,103	3,130

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 49 to 50 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.

RISK MANAGEMENT AND INTERNAL CONTROL

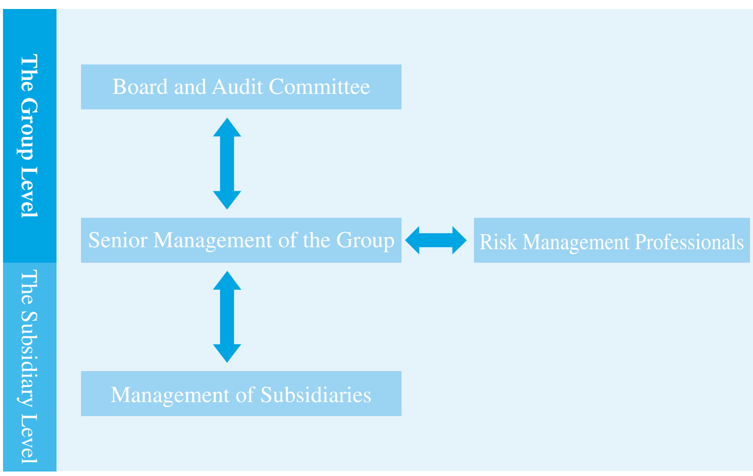
Responsibilities

The Board believes that a comprehensive set of risk management and internal control systems plays an essential role in achieving the Group's strategic goals, and has therefore acknowledged its responsibility to set up and maintain these systems, as well as review their effectiveness, while the management is accountable for designing and executing the Group's internal control system to facilitate risk management. However, such internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and is only capable of providing reasonable, not absolute assurance.

Risk Management Structure of the Group

With an aim to improve the Group's risk management and internal control systems while enhancing its management standards and ability to mitigate risks, the Board established its own organisational structure on risk management in 2015. This risk management organisational structure is a 3-tier framework, comprising of the Board and its Audit Committee, senior management of the Group, as well as management of subsidiaries (the detail of which is set out as follows).

Risk Management Structure



RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Risk Management Structure of the Group *(Continued)*

Roles performed by parties at all levels within the risk management structure are set out in the tables below:

Board and its Audit Committee
✓ Setting strategic goals
✓ Overseeing the design, implementation and monitoring of risk management and internal control systems by the management
✓ Evaluating major risks faced by the Group and judging their nature and degree
✓ Providing guidance on the importance of risk management and risk management culture
✓ Reviewing the effectiveness of the risk management and internal control systems

Senior Management of the Group
✓ Performing risk assessment on the Group from an overall perspective and developing risk management measures
✓ The design, implementation and monitoring of the risk management and internal control systems
✓ Providing the Board with confirmation of the effectiveness of the risk management and internal control systems

Risk Management Professionals
✓ Coordinating with and assisting senior management of the Group in promoting risk management
✓ Overseeing how the subsidiaries design and implement risk mitigation plans and countermeasures

Management of Subsidiaries (Operational Level)
✓ Identifying and evaluating operational risks, designing, executing and monitoring the risk management and internal control systems implemented at subsidiaries
✓ Carrying out risk management processes and internal control measures across business operations and functional areas

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Risk Management Structure of the Group *(Continued)*

In order to determine the nature and degree of risks it faces, the Group has also engaged a professional consulting firm on risk and control to gain assistance in setting up its risk management structure, preparing its *Risk Management Manual* and performing risk assessment. Enabled by the risk assessment, the Group is able to identify major risks it faced, have them sorted based on the likelihood of their manifestation and the impact on its operations, and then develop risk management measures to keep such risks within the acceptable range.

Review on the Risk Management and Internal Control Systems

The Board, together with the Audit Committee, are responsible for reviewing the effectiveness of the risk management and internal control systems for the year; considering whether the Company can allocate sufficient resources to perform accounting and financial reporting functions, whether its staff members have adequate credentials and experience, and whether they are provided with sufficient training; as well as assessing the adequacy of relevant budgets. In addition, the Group also engages an independent adviser to review its risk management and internal control systems. During the year, the Group has finished reviewing its internal control system and financial reporting functions, and is satisfied with the results.

In response to the new requirements under "Consultation Conclusions on Risk Management and Internal Control" recently issued by the Hong Kong Stock Exchange, the Group has reviewed its policies and processes for risk management and internal control, with a view to ensuring compliance with the new requirements and exploring opportunities for further improvement.

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 (if any) 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 35 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 year 2015 (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 Suite 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 of the Company 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	:	Suite 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

WANG Zhongjun
Chairman

Hong Kong, 11 March 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. WANG Zhongjun

Director since 2016
Chairman, Chief Executive Officer and Executive Director

Mr. WANG Zhongjun, aged 55, currently serves as Chairman of the Board, Chief Executive Officer and Executive Director of the Company. He is the Chairman of Nomination Committee, Corporate Governance Committee, Executive Committee and Strategy Committee as well as a member of Remuneration Committee. He received a Master of Mass Media from the State University of New York, USA. Mr. WANG Zhongjun had worked as a press-photographer for the Press of China Administration of Goods and Materials, a manager of the advertising department of China Yongle Cultural Development Co., Ltd., the general manager of Beijing Huayi Brothers Advertising Co., Ltd., and the chairman of Beijing Huayi Brothers Film Investment Co., Ltd. He has been serving as the chairman and director of Huayi Brothers Media Corporation, a substantial shareholder of the Company and a company listed on the Shenzhen Stock Exchange (SZSE: 300027) ("Huayi Brothers Media Corporation"). He had served as the vice-chairman and a director of Ourpalm Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 300315) and resigned in October 2013. Mr. WANG Zhongjun is the brother of Mr. WANG Zhonglei.

Mr. LAU Seng Yee

Director since 2016
Vice Chairman and Executive Director

Mr. LAU Seng Yee, aged 49, currently serves as Vice Chairman of the Board and Executive Director of the Company. He is a member of Executive Committee and Strategy Committee. Mr. LAU joined Tencent Holdings Limited, a substantial shareholder of the Company and a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 700) ("Tencent Holdings Limited"), in 2006 and oversees Tencent Online Media Group ("OMG") which includes Tencent Media, Tencent Video, Tencent Weibo, Tencent Weishi and a diversity of mobile media products such as Tencent News and Tencent Portfolio. His main mission is to build OMG into a world-class media company. As a seasoned professional with more than 20 years of experience in the media and marketing industry, Mr. LAU is an actively sought-after industry opinion leader in the area of digital economy, internet trends, and digital marketing. In addition to regular appearances at various global signature media events such as BoAo Forum for Asia, Mr. LAU also speaks at multiple executives programs of Harvard Business School, Stanford University and Oxford University. In 2015, Mr. LAU was appointed as an Adjunct Professor in the prestigious Fudan University in China.

In 2011, Mr. LAU was honoured globally as "The World's 21 Most Influential People in Marketing and Media" by New York based Advertising Age. In 2015, Mr. LAU received another global award when he was announced as "Media Person of the Year" by Cannes Lion Festival of Creativity in France, making him the first recipient from China that received such recognition. In 2014, Mr. LAU has been appointed an Honorary Ambassador to the City of Brisbane, Australia to recognize his contribution as, in the words of Brisbane's Lord Mayor, "a world leading global entrepreneur." In 2015, Mr. LAU was handpicked as a member of the Harvard Business School's Asia-Pacific Advisory Board (APAB).

Mr. LAU is currently an employee of a wholly-owned subsidiary of Tencent Holdings Limited (a substantial shareholder of the Company).

BOARD OF DIRECTORS *(Continued)*

Mr. WANG Zhonglei

Director since 2016
Executive Director

Mr. WANG Zhonglei, aged 45, currently serves as Executive Director and director of several subsidiaries of the Company. He received a college degree from Beijing Youth Politics College. Mr. WANG Zhonglei had served for China Mechanical and Electrical Equipment Corporation, and worked as the chief executive officer of Beijing Huayi Exhibition & Advertising Company, the vice-general manager of Beijing Huayi Brothers Advertising Co., Ltd. and the general manager of Beijing Huayi Brothers Film Investment Co., Ltd. He has been serving as the vice-chairman and general manager of Huayi Brothers Media Corporation (a substantial shareholder of the Company) and as a non-executive director of Guru Online (Holdings) Limited, a company listed on the GEM Board of the Hong Kong Stock Exchange (Stock Code: 8121). Mr. WANG Zhonglei is also serving as a director of Huayi Brothers International Limited, a wholly-owned subsidiary of Huayi Brothers Media Corporation (a substantial shareholder of the Company). Mr. WANG Zhonglei is the brother of Mr. WANG Zhongjun.

Mr. LIN Haifeng

Director since 2016
Executive Director

Mr. LIN Haifeng, aged 39, currently serves as Executive Director and director of several subsidiaries of the Company. He received a Bachelor of Engineering from Zhejiang University and an MBA from the Wharton School of the University of Pennsylvania. Mr. LIN is serving as the general manager of the merger and acquisitions department of Tencent Holdings Limited (a substantial shareholder of the Company) and he has strong experience in investment, strategy and finance for 13 years. Since joining Tencent Holdings Limited in 2010, Mr. LIN has led investment initiatives in e-commerce, internet finance, media and content areas, solidifying Tencent Holdings Limited's endeavor in building a healthy ecosystem. Prior to joining Tencent Holdings Limited, Mr. LIN held various senior positions in finance, strategy, and operating management at Microsoft and Nokia.

Mr. LIN is currently an employee of a wholly-owned subsidiary of Tencent Holdings Limited (a substantial shareholder of the Company).

Ms. WANG Dongmei

Director since 2016
Executive Director

Ms. WANG Dongmei, aged 39, currently serves as Executive Director of the Company. She holds a Master of Laws from China University of Political Science and Law. Ms. WANG Dongmei had worked as a paralegal in Duebound Law Firm, the legal counsellor of TOM Group International Limited Beijing Office and the legal manager of Eastdawn Digital Technology Co., Ltd. She is currently serving as the legal director of Huayi Brothers Media Corporation (a substantial shareholder of the Company).

BOARD OF DIRECTORS *(Continued)*

Mr. YUEN Hoi Po

Director since 2010
Executive Director
Mr. YUEN Hoi Po, aged 53, currently serves as Executive Director of the Company. 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. Given his outstanding records in the commercial field and strong personal influence over the society, Mr. YUEN has been 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.

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

Director since 2000
Independent Non-Executive Director
Dr. WONG Yau Kar, David BBS, JP, aged 58, currently serves as Independent Non-executive Director of the Company. He is the Chairman 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 the 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 (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.

BOARD OF DIRECTORS *(Continued)*

Mr. YUEN Kin

Director since 2004
Independent Non-Executive Director
Mr. YUEN Kin, aged 61, currently serves as Independent Non-executive Director of the Company. He is the Chairman 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 50, currently serves as Independent Non-executive Director of the Company. He is a member of Audit Committee, Nomination Committee and Corporate Governance Committee. Mr. CHU is a PhD fellowship of Peking University. He was a lecturer 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 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 41, 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 an 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. WANG Le

Mr. WANG Le, aged 39, currently serves as the President of the Group's Online Healthcare Service business. 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 Executive Director of the Company.

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 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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 2015 are set out in Note 34 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 6 to 18 of this Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on pages 51 to 52 of this Annual Report.

During the year, the Company has declared the payment of a special dividend, details of which are set out in Note 11 to the consolidated financial statements.

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

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 136 of this Annual Report.

DONATIONS

The Group has made donations of approximately HK$85,000 (2014: HK$500,000) to non-profit organizations during the year.

SHARE ISSUED IN THE YEAR

Details of the shares of the Company issued in the year ended 31 December 2015 are set out in Note 25 to the consolidated financial statements.

DIRECTORS

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

Mr. WANG Zhongjun (Chairman & CEO)[1, 3]
Mr. LAU Seng Yee (Vice Chairman)[1, 3]
Mr. WANG Zhonglei[1, 3]
Mr. LIN Haifeng[1, 3]
Ms. WANG Dongmei[1, 3]
Mr. YUEN Hoi Po[1, 6]
Dr. WONG Yau Kar, David, *BBS, JP* [2]
Mr. YUEN Kin[2]
Mr. CHU Yuguo[2]
Mr. ZHANG Changsheng[4]
Mr. Edward TIAN Suning[4]
Mr. Hugo SHONG[4]
Prof. WEI Xin[5]

1. Executive Director
2. Independent Non-executive Director
3. Appointed on 5 February 2016
4. Each of Mr. ZHANG Changsheng (former Executive Director), Mr. Edward TIAN Suning (former Non-executive Director) and Mr. Hugo SHONG (former Non-executive Director) resigned on 5 February 2016 and has confirmed that none of them has any disagreement with the Board and that they are not aware of any matter in relation to their resignation that needs to be brought to the attention of the shareholders of the Company.
5. Former Independent Non-executive Director. His office as the Independent Non-executive Director has been vacated with effect from 7 October 2015.
6. Mr. YUEN Hoi Po ceased to be the Chairman and Chief Executive Officer of the Company with effect from 5 February 2016.

In accordance with Article 86(3) of the Company's Articles of Association, the newly appointed directors, Mr. WANG Zhongjun, Mr. LAU Seng Yee, Mr. WANG Zhonglei, Mr. LIN Haifeng and Ms. WANG Dongmei, shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 87(1) of the Company's Articles of Association, Mr. YUEN Hoi Po, Mr. YUEN Kin and Mr. CHU Yuguo shall retire from office by rotation at the forthcoming annual general meeting, and being eligible, offers themselves for re-election.

As Mr. YUEN Kin 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 32 to 35 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 Notes 12 and 33(a) to the consolidated financial statements.

EQUITY–LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

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.

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.

EQUITY–LINKED AGREEMENTS *(Continued)*

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 exercise 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.

There was no outstanding option under 2002 Share Option Scheme and 2012 Share Option Scheme as at 31 December 2015. As at the date of this report, the total number of shares available for issue under the 2012 Share Option Scheme was 469,740,401 which represents approximately 3.48% of the ordinary shares in issue.

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

			No. of share options				
Name or Category of Grantees	Date of grant	Exercise price per share (HK$)	Outstanding as at 1 January 2015	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015	% of total issued shares of the Company
Director							
Edward TIAN Suning	5.5.2008	2.58	1,042,459	–	(1,042,459)	–	–
(resigned on 5 February 2016)	4.11.2008	0.86	2,084,918	(2,084,918)	–	–	–
Others	4.11.2008	0.86	24,497,788	(24,497,788)	–	–	–
Total for all categories			27,625,165	(26,582,706)	(1,042,459)	–	

EQUITY-LINKED AGREEMENTS *(Continued)*

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				% of total issued shares of the Company
			Outstanding as at 1 January 2015	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015	
Directors							
WONG Yau Kar, David	15.6.2012	0.20	2,000,000	(2,000,000)	–	–	
CHU Yuguo	15.6.2012	0.20	2,000,000	(2,000,000)	–	–	–
ZHANG Changsheng (resigned on 5 February 2016)	15.6.2012	0.20	20,000,000	(20,000,000)	–	–	–
WEI Xin (vacated on 7 October 2015)	15.6.2012	0.20	2,000,000	–	(2,000,000)	–	–
Continuous contract employee in aggregate	15.6.2012	0.20	500,000	(500,000)	–	–	–
Others	15.6.2012	0.20	37,500,000	(37,500,000)	–	–	–
Total for all categories			64,000,000	(62,000,000)	(2,000,000)	–	

Notes:

1. The weighted average adjusted closing price of shares of the Company immediately before the dates on which the options were exercised during the year was HK$0.86.

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

COMPETING BUSINESS

During the year, none of the Directors had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2015, calculated under the Companies Law of the Cayman Islands and the Company's Articles of Association, amounted in total to HK$515,345,000 (2014: HK$857,412,000), representing the share premium of HK$803,227,000 (2014: HK$1,825,800,000) less the accumulated losses of HK$287,882,000 (2014: HK$968,388,000). 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 2015, the Group's aggregate revenue from sales of goods or rendering of services attributable to the Group's five largest customers were less than 30% of the Group's total revenue from sales of goods or rendering of services. The percentages of purchases of goods and services from its major suppliers are as follows:

– The largest supplier	28.7%
– Five largest suppliers in aggregate	51.3%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had an interest in these major suppliers.

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' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the details disclosed in Note 33(e) to the consolidated financial statements, there is no transactions, arrangements or contracts of significance in relation to the Company'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 or an entity connected with a Director 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 2015, 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	% of total issued shares of the Company (Note 1)
YUEN Hoi Po	Interest of controlled corporations	Corporation interest	1,976,492,607 (Note 2)	29.67
CHU Yuguo	Beneficial owner	Personal interest	2,000,000	0.03
ZHANG Changsheng (resigned on 5 February 2016)	Beneficial owner	Personal interest	20,000,000	0.30
Edward TIAN Suning (resigned on 5 February 2016)	Interest of a controlled corporation & beneficial owner	Corporation interest & Personal interest	195,951,534 (Note 3)	2.94

Notes:

1 The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at 31 December 2015.

2 Mr. YUEN Hoi Po was deemed to be interested in 1,976,492,607 shares of the Company held by his wholly-owned corporations namely, Ming Bang Limited, Rich Public Limited and Smart Concept Enterprise Limited.

3 Mr. Edward TIAN Suning is personally interested in 2,084,918 shares of the Company and was deemed to be interested in 193,866,616 shares of the Company held by CBC China Media Limited.

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

Save as disclosed above, as at 31 December 2015, 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 or a specified undertaking (within the meaning of the Hong Kong Companies Ordinance) of the Company is 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 2015, 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	% of total issued shares of the Company (Note a)
Smart Concept Enterprise Limited	Beneficial owner	Beneficial interest	1,837,000,000	27.58
Rich Public Limited	Beneficial owner (Note b)	Beneficial interest	139,492,607	2.09
Ming Bang Limited	Interest of a controlled corporation (Note c)	Corporation interest	139,492,607	2.09
Huayi Brothers International Limited	Beneficial owner	Beneficial interest	2,452,447,978	36.82
Huayi Brothers Media Corporation	Interest of a controlled corporation (Note d)	Corporation interest	2,452,447,978	36.82
Tencent Holdings Limited	Interest of a controlled corporation (Note e)	Beneficial interest	2,116,251,467	31.77
MIH TC Holdings Limited	Interest of a controlled corporation (Note f)	Corporation interest	2,116,251,467	31.77
Naspers Limited	Interest of a controlled corporation (Note f)	Corporation interest	2,116,251,467	31.77
Confidex Key Limited	Beneficial owner	Beneficial interest	691,882,675	10.39
Mr. YU Feng	Interest of a controlled corporation (Note g)	Corporation interest	691,882,675	10.39
Mr. MA Yun	Interest of a controlled corporation (Note g)	Corporation interest	691,882,675	10.39

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

Name of Shareholder	Capacity	Nature of Interests	Number of shares held	% of total issued shares of the Company (Note a)
Yunfeng Investment GP II, Ltd.	Interest of a controlled corporation (Note g)	Corporation interest	691,882,675	10.39
Yunfeng Investment II, L.P.	Interest of a controlled corporation (Note g)	Corporation interest	691,882,675	10.39
Yunfeng Fund II, L.P.	Interest of a controlled corporation (Note g)	Corporation interest	691,882,675	10.39
Key Ability Limited	Beneficial owner	Beneficial interest	600,118,893	9.01
Ms. HUANG Ying	Interest of a controlled corporation (Note h)	Corporation interest	600,118,893	9.01
Lofty Rainbow Limited	Beneficial owner	Beneficial interest	610,675,788	9.17
Ms. ZHANG Huiling	Interest of a controlled corporation (Note i)	Corporation interest	610,675,788	9.17
Merit New Limited	Beneficial owner	Beneficial interest	366,243,059	5.50
Ms. XU Luping	Interest of a controlled corporation (Note j)	Corporation interest	366,243,059	5.50

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

Notes:

a. The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at the 31 December 2015.

b. Rich Public Limited is an investment holding company incorporated in the British Virgin Islands and its entire issued share 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 is beneficially owned by Mr. YUEN Hoi Po who is also a director of Ming Bang Limited.

d. Huayi Brothers International Limited is a wholly-owned subsidiary of Huayi Brothers Media Corporation and is beneficially interested in 2,452,447,978 shares of the Company.

e. Mount Qinling Holdings Limited is a wholly-owned subsidiary of Tencent Holdings Limited and is beneficially interested in 2,116,251,467 shares of the Company.

f. MIH TC Holdings Limited is a controlling shareholder of Tencent Holdings Limited. MIH TC Holdings Limited is controlled by Naspers Limited through its wholly-owned intermediary companies, MIH (Mauritius) Limited, MIH Ming He Holdings Limited and MIH Holdings Proprietary Limited. As such, Naspers Limited, MIH (Mauritius) Limited, MIH Ming He Holdings Limited and MIH Holdings Proprietary Limited were deemed to be interested in the same block of 2,116,251,467 shares of the Company under Part XV of the SFO.

g. Each of Mr. YU Feng, Mr. MA Yun, Yunfeng Investment GP II, Ltd., Yunfeng Investment II, L.P., and Yunfeng Fund II, L.P. was deemed to be interested in the 691,882,675 shares of the Company by virtue of their direct/indirect ownership of Confidex Key Limited.

h. Ms. HUANG Ying is deemed to be interested in the 600,118,893 shares of the Company by virtue of her 100% ownership of Key Ability Limited.

i. Ms. ZHANG Huiling is deemed to be interested in the 610,675,788 shares of the Company by virtue of her 100% ownership of Lofty Rainbow Limited.

j. Ms. XU Luping is deemed to be interested in the 366,243,059 shares of the Company by virtue of her 100% ownership of Merit New Limited.

Save as disclosed above, as at 31 December 2015, no other persons had any interests or short positions in the shares or underlying shares of the Company 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 30 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.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holdings in the shares of the Company.

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.

INDEMNITY OF DIRECTORS

Permitted indemnity provisions (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company are currently in force and was in force during the year and at the date of this report.

The Company has maintained directors and officers liability insurance throughout the year, which provides certain indemnities against liability incurred by directors and officers of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE

A separate corporate governance report prepared by the Board on its corporate governance practices is set out on pages 19 to 31 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 2015 Interim Report are set out below.

1. Mr. YUEN Hoi Po ceased to be the Chairman of the Board, Nomination Committee, Corporate Governance Committee, Executive Committee and Strategy Committee, Chief Executive Officer of the Company and a member of Remuneration Committee on 5 February 2016;

2. Mr. CHU Yuguo was appointed as a member of the Audit Committee on 7 October 2015. He is no longer serving as (i) the vice Chinese Communist Party Secretary in the Department of Computer Science & Technology at Peking University, and (ii) the president of Beida Jade Bird.

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

WANG Zhongjun
Chairman

Hong Kong, 11 March 2016

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 set out on pages 51 to 135, which comprise the consolidated balance sheet as at 31 December 2015, 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing Operations			
Revenue	5	**122,838**	110,137
Cost of sales		**(67,659)**	(84,331)
Gross profit		**55,179**	25,806
Other income and other gains, net	5	**153,661**	70,243
Marketing and selling expenses		**(23,421)**	(384)
Administrative expenses		**(136,564)**	(69,019)
Share of results of joint ventures, net	15	**(12,544)**	585
Provision for impairment of interests in joint ventures and amounts due from a joint venture and its subsidiary	15	**(164,124)**	–
		(127,813)	27,231
Finance (costs)/income, net	7	**(220)**	20,569
(Loss)/profit before taxation	8	**(128,033)**	47,800
Taxation	9	**(4,612)**	4,235
(Loss)/profit for the year from continuing operations		**(132,645)**	52,035
Discontinued Operations			
Loss for the year from discontinued operations	28	**(364,351)**	(906)
(Loss)/profit for the year		**(496,996)**	51,129

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Attributable to:			
Equity holders of the Company			
– continuing operations		**(129,319)**	56,084
– discontinued operations		**(364,351)**	(906)
		(493,670)	55,178
Non-controlling interest			
– continuing operation		**(3,326)**	(4,049)
		(496,996)	51,129
(Loss)/profit per share attributable to the equity holders of the Company for the year		**HK Cents**	HK Cents
Basic (loss)/earnings per share	10		
– from continuing operations		**(1.96)**	1.09
– from discontinued operations		**(5.51)**	(0.02)
		(7.47)	1.07
Diluted (loss)/earnings per share	10		
– from continuing operations		**(1.96)**	1.07
– from discontinued operations		**(5.51)**	(0.02)
		(7.47)	1.05

The notes on pages 58 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
(Loss)/profit for the year		**(496,996)**	51,129
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
– Currency translation differences	26	**(11,462)**	(5,275)
Other comprehensive loss for the year, net of tax		**(11,462)**	(5,275)
Total comprehensive (loss)/income for the year		**(508,458)**	45,854
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company			
– continuing operations		**(140,418)**	50,802
– discontinued operations		**(364,757)**	(906)
Non-controlling interest			
– continuing operation		**(3,283)**	(4,042)
		(508,458)	45,854

The notes on pages 58 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Notes	As at 31 December 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**15,734**	9,513
Intangible assets	14	**23,887**	21
Interests in joint ventures	15	**179**	62,823
Deferred income tax assets	9	**2,012**	19,881
Prepayments, deposits and other receivables	21	**86,628**	17,947
		128,440	110,185
Current assets			
Trade receivables	17	**400**	–
Inventories	18	**7,595**	2,316
Amounts due from a joint venture and its subsidiary	15	**165,535**	290,178
Programmes and film production in progress	19	**50,271**	68,262
Financial assets at fair value through profit or loss	20	**13,900**	138,652
Prepayments, deposits and other receivables	21	**28,483**	24,839
Cash and cash equivalents	22	**280,400**	162,745
		546,584	686,992
Assets of disposal group classified as held for sale	28	**–**	2,247,737
		546,584	2,934,729
Total assets		**675,024**	3,044,914
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company			
Share capital	25	**133,210**	1,311,981
Reserves	26	**446,001**	981,466
		579,211	2,293,447
Non-controlling interest	26	**(2,356)**	927
Total equity		**576,855**	2,294,374

	Notes	As at 31 December 2015 HK$'000	2014 HK$'000
Liabilities			
Non-current liabilities			
Other payables	23	**11,509**	6,997
Deferred income tax liabilities	9	**707**	–
		12,216	6,997
Current liabilities			
Trade payables	23	**3,920**	19
Receipt in advance, other payables and accrued liabilities	23	**24,655**	69,469
Current income tax liabilities		**57,378**	13,994
Convertible notes	24	**–**	19,068
		85,953	102,550
Liabilities of disposal group classified as held for sale	28	**–**	640,993
		85,953	743,543
Total liabilities		**98,169**	750,540
Total equity and liabilities		**675,024**	3,044,914

The financial statements on pages 51 to 135 were approved by the Board of Directors on 11 March 2016 and were signed on its behalf.

WANG Zhongjun	**LAU Seng Yee**
Director	*Director*

The notes on pages 58 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	27	**244,326**	(191,804)
Income tax refunded, net		**–**	5
Net cash generated from/(used in) operating activities		**244,326**	(191,799)
Cash flows from investing activities			
Bank interest received		**1,589**	2,795
Purchases of property, plant and equipment		**(53,234)**	(74,126)
Disposals of subsidiaries, net of cash disposed of		**324,705**	–
Disposals of joint ventures	15	**5,133**	252,688
Purchases of intangible assets		**–**	(86)
Disposals of property, plant and equipment		**–**	46
Deposit received for proposed disposal of subsidiaries	28	**–**	60,000
Net cash generated from investing activities		**278,193**	241,317
Cash flows from financing activities			
Proceeds from issuance of shares on exercise of share options		**35,260**	600
Proceeds from issuance of shares on placement – net of expenses		**–**	96,000
Capital injection from non-controlling shareholder of a subsidiary		**–**	4,969
Dividends paid		**(500,000)**	–
Redemption of convertible notes		**(18,600)**	–
Repayment of promissory notes		**–**	(6,357)
Net cash (used in)/generated from financing activities		**(483,340)**	95,212
Net increase in cash and cash equivalents		**39,179**	144,730
Cash and cash equivalents at 1 January		**243,734**	99,880
Currency translation differences		**(2,513)**	(876)
Cash and cash equivalents at 31 December		**280,400**	243,734
Analysis of cash and cash equivalents			
Cash and cash equivalents of the Group		**280,400**	243,734
Reclassification to assets of disposal group held for sale	28	**–**	(80,989)
	22	**280,400**	162,745

The notes on pages 58 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity holders of the Company				
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2014	856,238	2,841,927	(1,899,102)	–	1,799,063
Comprehensive income:					
– Profit/(loss) for the year	–	–	55,178	(4,049)	51,129
Other comprehensive income:					
– Currency translation differences	–	(5,282)	–	7	(5,275)
Total comprehensive (loss)/income	–	(5,282)	55,178	(4,042)	45,854
Transactions with owners in their capacity as owners:					
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
Total transactions with owners in their capacity as owners	455,743	(11,255)	–	4,969	449,457
Balance at 31 December 2014	1,311,981	2,825,390	(1,843,924)	927	2,294,374
Balance at 1 January 2015	**1,311,981**	**2,825,390**	**(1,843,924)**	**927**	**2,294,374**
Comprehensive income:					
– Loss for the year	**–**	**–**	**(493,670)**	**(3,326)**	**(496,996)**
Other comprehensive income:					
– Currency translation differences	**–**	**(11,505)**	**–**	**43**	**(11,462)**
Total comprehensive loss	**–**	**(11,505)**	**(493,670)**	**(3,283)**	**(508,458)**
Transactions with owners in their capacity as owners:					
Capital reduction (Note 26)	**(1,197,792)**	**170,859**	**1,026,933**	**–**	**–**
Issuance of shares upon conversion of convertible notes	**2,400**	**(111)**	**–**	**–**	**2,289**
Redemption of convertible notes	**–**	**(8,980)**	**8,980**	**–**	**–**
Dividend paid	**–**	**(1,227,500)**	**–**	**–**	**(1,227,500)**
Issuance of shares upon exercise of share options	**16,621**	**18,639**	**–**	**–**	**35,260**
Lapse of share options	**–**	**(1,886)**	**1,886**	**–**	**–**
Total transactions with owners in their capacity as owners	**(1,178,771)**	**(1,048,979)**	**1,037,799**	**–**	**(1,189,951)**
Disposals of subsidiaries and joint ventures	**–**	**(19,110)**	**–**	**–**	**(19,110)**
Balance at 31 December 2015	**133,210**	**1,745,796**	**(1,299,795)**	**(2,356)**	**576,855**

The notes on pages 58 to 135 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 (i) the provision of online and offline healthcare and wellness services; and (ii) media business. 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 11 March 2016.

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 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 and amended standards adopted by the Group***

The Group has adopted the following new and amended standards that have been issued and effective for the Group's financial year beginning on 1 January 2015:

HKAS 19 (2011) (Amendment)	Employee Benefits
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The adoption of the above new and amended standards has no significant impact on the Group's results and financial position.

(ii) ***New and amended standards that are issued, but are not effective for financial year beginning on 1 January 2015 and have not been early adopted:***

		Effective for financial years beginning on or after
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 10 and HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018

The Group has commenced an assessment of the impact of these new and amended standards, 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)*

(iii) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(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. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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 consolidated 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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Group accounting *(Continued)*

(vi) 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.

(vii) 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 ("HK$") as the Group's and the Company's presentation currency. Accordingly, the consolidated financial statements are presented in HK$.

(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 (costs)/income, 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 other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures that do not result in the Group losing joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(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	3-10 years
Motor vehicles	4-5 years

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment *(Continued)*

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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Intangible assets *(Continued)*

(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 Chinese acres land adjacent to "Bayhood No. 9 Club" up to 30 January 2062. 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.

(iii) Programmes and films production in progress

Programmes and films 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 films 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.

(f) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use 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 balance sheet 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 a joint venture and its subsidiary", "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.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of group entities or counterparty.

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. 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 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, comprising of convertible notes, are recognized initially at fair value, net of transaction costs incurred.

During 2012, the Group has issued convertible notes 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 notes 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.

The 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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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.

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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of goods or services rendered 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 will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifies of each arrangement.

(i) 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 consolidated balance sheet as deferred revenue. Such food and beverage income and club activities income are reported under "Offline Healthcare and Wellness Services" segment.

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

(iii) Rental income from leasehold property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(iv) Sales of goods are recognised when a group entity has delivered products to the customer, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition *(Continued)*

(v) Revenue generated from healthcare stations which are jointly operated by a group entity and an independent third party contains separately identifiable components that should be accounted for separately. The Group allocates the consideration received/receivable to each identifiable component of the transaction based on the fair value of respective component. Revenue from lease component is recognised by amortising the minimum lease receivable on a straight-line basis over the lease period. Revenue from service components is recognised in the period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

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

(vii) 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 are members of the state- managed retirement benefits scheme operated by the government of the PRC. 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.

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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits *(Continued)*

(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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Share-based payments *(Continued)*

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.

(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.

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*

Programmes and film production in progress at fixed interest rate expose the Group to fair value interest rate risk, while cash held at call with banks at variable interest rate expose it to cash flow 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, loss attributable to the equity holders of the Company for the year ended 31 December 2015 would decrease/increase by HK$1,682,000 (2014: profit attributable to equity holders of the Company would increase/decrease by HK$976,000).

(b) *Credit risk*

Credit risk is managed on a group basis. The carrying amounts of bank balances, trade receivables, deposits and other receivables, programmes and film production in progress and amounts due from a joint venture and its subsidiary 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 a joint venture and its subsidiary, 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 a joint venture and its subsidiary to ensure that adequate impairment losses are made for irrecoverable amounts.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Financial risk factors *(Continued)*

***(b) Credit risk** (Continued)*

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 HK$ and Renminbi ("RMB") of balances between the Company's subsidiaries in Hong Kong and the PRC. During the year, depreciation in RMB against HK$ from those balances resulted in the significant exchange loss 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 2015, if RMB had strengthened/weakened by 5% against Hong Kong dollars with all other variables held constant, the loss for the year would decrease/increase by HK$35,948,000 (2014: profit for the year would increase/decrease by HK$26,273,000), mainly as a result of foreign exchange gains/losses on translation of RMB denominated loans and receivables.

(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 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Financial risk factors *(Continued)*

(d) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2015				
Trade payables, other payables and accrued liabilities	**19,070**	**–**	**184**	**4,413**
At 31 December 2014				
Trade payables, other payables and accrued liabilities	9,488	–	–	–
Convertible notes	19,068	–	–	–

(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 2015, if the share price increased/decreased by 5%, with all other variables held constant, the Group's loss of the year would decrease/increase by HK$695,000 (2014: profit for the year would increase/decrease by HK$6,933,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(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.

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 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 2015, the Group did not have any outstanding borrowing and its gearing ratio was Nil (2014: 12%). The decrease in the gearing ratio during 2015 resulted primarily from the conversion to ordinary shares and redemption of convertible notes during the year (Note 24).

(iii) Fair value estimation

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(iii) Fair value estimation *(Continued)*

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2015				
Financial assets at fair value through profit or loss				
Trading securities	**13,900**	**–**	**–**	**13,900**
At 31 December 2014				
Financial assets at fair value through profit or loss				
Trading securities	138,652	–	–	138,652

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) Classification of Beijing Bayhood No. 9 Club as continuing operation

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. On the same date, 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 as disposal group held for sale. The disposal transaction was completed on 6 October 2015.

The operation of Beijing Bayhood No. 9 Club remains as continuing operation as the Group continues to operate Beijing Bayhood No.9 Club by entering into a club lease agreement. This determination requires significant judgement. In making this judgement, the Group takes into consideration that pursuant to this agreement, the operating right of Beijing Bayhood No. 9 Club is 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 continues 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.

Additional information is disclosed in Note 28.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(ii) 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.

(iii) 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.

(iv) 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.

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer demand and competitor actions in response to severe industry cycle. Management reassesses the estimations at each balance sheet date.

(vi) Impairment of amounts due from a joint venture and its subsidiary

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired, in accordance with the accounting policy stated in Note 2(j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

For the year ended 31 December 2015, the Group has recognised provision for impairment of amounts due from a joint venture and its subsidiary of approximately HK$119,815,000 (2014: Nil).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(vii) Impairment of interests in joint ventures

The Group tests at the end of each reporting period whether investments in joint ventures have suffered impairment. The recoverable amounts have been determined at the higher of fair value less costs to sell and value in use. Value-in-use calculations use cash flow projections based on financial budgets approved by management. Cash flows beyond the budget period are extrapolated using estimated growth rates which do not exceed the long-term average growth rate for the business in which the joint ventures operate. Management's judgement is required in assessing the ultimate realisation of these investments, including the operations and the ability to generate economic benefits in the foreseeable future. If the operations of the joint ventures were to deteriorate, resulting in an impairment of their ability to recover the carrying amount, additional impairment may be required.

For the year ended 31 December 2015, the Group has recognised provision for impairment of interests in joint ventures of approximately HK$44,309,000 (2014: Nil).

(viii) Impairment of construction in progress

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available. The Group derives the required cash flow estimates from historical experience and internal business plans. To determine recoverable amount, the Group uses cash flow estimates discounted at an appropriate discount rate, quoted market prices when available and independent appraisals, as appropriate.

For the year ended 31 December 2015, the Group has recognised provision for impairment of construction in progress of approximately HK$6,517,000 (2014: Nil).

(ix) Impairment of prepayments

The Group reviews prepayments for impairment whenever events or changes in circumstances indicate that related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining timing, amount and probability of future economic benefits, if any. In turn, measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available.

For the year ended 31 December 2015, the Group has recognised provision for impairment of prepayments of approximately HK$22,182,000 (2014: Nil).

5 REVENUE 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. Revenue recognized during the year are as follows:

	2015 HK$'000	2014 HK$'000
Sales		
Offline healthcare and wellness services	**111,086**	104,491
Online healthcare services	**1,946**	–
Media	**9,806**	5,646
	122,838	110,137
Other income and other gains, net		
Interest income	**1,577**	2,791
Realised gain on financial assets at fair value through profit or loss, net	**201,787**	–
Unrealised (loss)/gain on financial assets at fair value through profit or loss, net	**(21,100)**	55,255
Gain on disposals of subsidiaries	**1,300**	–
Gain on disposals of joint ventures (Note 15)	**3,138**	11,028
Exchange (losses)/gains, net	**(33,575)**	894
Miscellaneous	**534**	275
	153,661	70,243

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 one operating segment from discontinued operations – offline healthcare and wellness services (Beijing Healthcare and Wellness Si He Yuan and Hotel). The management committee measures the performance of the segments based on their respective segment results. The segment results derived from (loss)/profit before income tax, excluding exchange (losses)/gain, net, finance costs, net and unallocated income/(costs), net. Unallocated income mainly comprise of fair value changes on investment securities classified as financial assets at fair value through profit or loss. Unallocated costs mainly comprise of corporate expenses including salary, office rental, legal and professional fees and other administrative expenses which are not attributable to particular reportable segment.

There are no sales between the operating segments in the year ended 31 December 2015 (2014: nil).

6 SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2015

	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
Revenue	1,946	111,086	9,806	122,838	–	122,838
Share of results of joint ventures, net	–	–	(12,544)	(12,544)	–	(12,544)
Segment results before provision for impairment	(38,366)	(8,053)	9,470	(36,949)	(306,980)	(343,929)
Provision for impairment	(4,683)	(23,775)	(167,818)	(196,276)	–	(196,276)
Segment results	(43,049)	(31,828)	(158,348)	(233,225)	(306,980)	(540,205)
Exchange losses, net				(33,575)	–	(33,575)
Unallocated income, net				138,987	–	138,987
				(127,813)	(306,980)	(434,793)
Finance costs, net				(220)	–	(220)
Loss before taxation				(128,033)	(306,980)	(435,013)
Taxation				(4,612)	(57,371)	(61,983)
Loss for the year				(132,645)	(364,351)	(496,996)
Non-controlling interest				3,326	–	3,326
Loss attributable to the equity holders of the Company				(129,319)	(364,351)	(493,670)
Depreciation expense						
– Allocated	731	1,861	331	2,923	–	2,923
– Unallocated				160	–	160
Amortization expense	–	5	–	5	–	5

6 SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 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
Revenue	–	104,491	5,646	110,137	–	110,137
Share of results of joint ventures, net	–	–	585	585	–	585
Segment results	(28,780)	(26,834)	39,622	(15,992)	(985)	(16,977)
Exchange gains, net				894	65	959
Unallocated income/(costs), net				42,329	(13)	42,316
				27,231	(933)	26,298
Finance income, net				20,569	–	20,569
Profit/(loss) before income taxation				47,800	(933)	46,867
Taxation				4,235	27	4,262
Profit/(loss) for the year				52,035	(906)	51,129
Non-controlling interest				4,049	–	4,049
Profit/(loss) 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

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 (COSTS)/INCOME, NET

	2015 **HK$'000**	2014 HK$'000
Finance costs		
Notional non-cash interest on promissory notes	**–**	(258)
Notional non-cash interest on convertible notes	**(1,821)**	(32,368)
Imputed finance cost on discounting non-current rental deposit paid	**(1,520)**	–
	(3,341)	(32,626)
Less: Amounts capitalized as the cost of qualifying assets (i)	**1,813**	32,626
	(1,528)	–
Finance income		
Reversal of accrued interest on agency fee payable (ii)	**–**	20,569
Imputed finance income on discounting non-current rental deposits received	**1,308**	–
	1,308	20,569
Finance (costs)/income, net	**(220)**	20,569

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

(ii) During the year ended 31 December 2014, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of a joint venture 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 year ended 31 December 2014.

8 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is stated after charging the following:

	2015 HK$'000	2014 HK$'000
Depreciation of property, plant and equipment (Note 13)	**3,083**	23,821
Amortization of intangible assets (Note 14)	**5**	36,326
Less: Amortization capitalized	**–**	(27,838)
	5	8,488
Auditor's remuneration		
– Audit services	**2,760**	2,630
– Non-audit services	**3,343**	500
Operating lease rentals – land and buildings	**5,818**	3,390
Operating lease rentals – operating rights	**10,027**	6,017
Provision for impairment of		
– inventories	**3,453**	–
– construction in progress	**6,517**	–
– prepayments	**22,182**	–
Loss on disposal of property, plant and equipment	**–**	13
Employee benefit expense:		
Directors' fees	**750**	800
Wages and salaries	**55,045**	64,829
Contributions to defined contribution pension schemes	**5,305**	7,713
	61,100	73,342

9 TAXATION

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no estimated assessable profit in Hong Kong (2014: Nil). 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.

9 TAXATION *(Continued)*

PRC Corporate Income Tax has been provided for at the rate of 25% (2014: 25%) on the estimated assessable profit for the year.

	2015 HK$'000	2014 HK$'000
Current income tax		
– PRC Corporate income tax	(13,072)	1,268
Deferred income tax	17,684	(5,503)
Income tax expense/(credit)	4,612	(4,235)

The tax on the Group's (loss)/profit 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:

	2015 HK$'000	2014 HK$'000
(Loss)/profit before taxation	(128,033)	47,800
Tax calculated at domestic tax rates applicable to the profit or loss in respective countries	(53,649)	8,577
Tax effects of joint ventures and their subsidiaries' results reported net of tax	3,136	(146)
Income not subject to tax	(34,974)	(28,279)
Expenses not deductible for tax purposes	59,006	2,752
Utilization of previously unrecognized tax losses	–	(58)
Derecognition of deferred tax assets	17,586	–
Tax losses not recognized	13,507	12,919
Income tax expense/(credit)	4,612	(4,235)

The weighted average applicable tax rate was 41.90% (2014: 17.94%). The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned/losses incurred.

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:

	2015 HK$'000	2014 HK$'000
Deferred income tax assets to be recovered after more than 12 months	**2,012**	19,881
Deferred income tax liabilities to be recovered after more than 12 months	**(707)**	–
Deferred income tax assets, net	**1,305**	19,881

The movement in gross deferred income 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:

	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 2014	7,841	1,774	8,507	1,915	20,037
Credited/(charged) to the consolidated income statement	–	2,665	–	(70)	2,595
Exchange differences	(27)	(10)	(28)	(6)	(71)
Reclassification to asset of disposal group held for sale	–	(2,680)	–	–	(2,680)
At 31 December 2014	7,814	1,749	8,479	1,839	19,881
(Charged)/credited to the consolidated income statement	**(7,579)**	**630**	**(8,224)**	**(1,783)**	**(16,956)**
Disposal of a subsidiary	**–**	**(255)**	**–**	**–**	**(255)**
Exchange differences	**(235)**	**(112)**	**(255)**	**(56)**	**(658)**
At 31 December 2015	**–**	**2,012**	**–**	**–**	**2,012**

9 TAXATION *(Continued)*

Deferred tax liabilities:

	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Amortization of operating lease HK$'000	Total HK$'000
At 1 January 2014	(13,659)	(327,302)	–	(340,961)
(Charged)/credited to the consolidated income statement	(8,074)	9,078	–	1,004
Exchange differences	35	1,074	–	1,109
Reclassification to liabilities of disposal group held for sale	21,698	317,150	–	338,848
At 31 December 2014	–	–	–	–
Charged to the consolidated income statement	**–**	**–**	**(728)**	**(728)**
Exchange differences	**–**	**–**	**21**	**21**
At 31 December 2015	**–**	**–**	**(707)**	**(707)**

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 2015, the Group had unrecognized tax losses of approximately HK$755,305,000 (2014: HK$489,581,000) 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.

The Group did not recognise deferred income tax assets of approximately HK$35,003,000 (2014: HK$35,052,000) in respect of tax losses of approximately HK$140,012,000 (2014: HK$140,208,000) that will expire in five years from the year incurred. The remaining tax losses of approximately HK$615,293,000 (2014: HK$349,373,000) can be carried forward indefinitely to offset against future taxable income.

Deferred income tax liabilities of HK$9,830,000 (2014: HK$20,508,000) 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. Total unremitted earnings amounted to HK$98,304,000 as at 31 December 2015 (2014: HK$205,077,000).

10 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

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

	2015	2014
Weighted average number of ordinary shares in issue (thousands)	6,612,389	5,156,237
(Loss)/profit from continuing operations attributable to equity holders of the Company (HK$'000)	(129,319)	56,084
Basic (loss)/earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	(1.96)	1.09
Loss from discontinued operations attributable to equity holders of the Company (HK$'000)	(364,351)	(906)
Basic loss per share from discontinued operations attributable to equity holders of the Company (HK cents per share)	(5.51)	(0.02)
(Loss)/earnings per share attributable to equity holders of the Company (HK cents per share)	(7.47)	1.07

As disclosed in Note 31 of the consolidated financial statements, the Company has issued and allotted 6,837,619,860 subscription shares on 5 February 2016. The number of issued ordinary shares of the Company as at 31 December 2015 would have been significantly increased if the subscription had occurred on or before the balance sheet date.

Diluted (loss)/earnings per share

Diluted (loss)/earnings 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 2015, the Company did not have any potential ordinary shares (2014: 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.

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

Diluted (loss)/earnings per share

	2015	2014
Weighted average number of ordinary shares in issue (thousands)	**6,612,389**	5,156,237
Adjustments for:		
– share options (thousands)	**–**	41,027
– convertible notes (thousands)	**–**	67,310
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**6,612,389**	5,264,574
(Loss)/profit from continuing operations attributable to equity holders of the Company (HK$'000)	**(129,319)**	56,084
Diluted (loss)/earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**(1.96)**	1.07
Loss from discontinued operations attributable to equity holders of the Company (HK$'000)	**(364,351)**	(906)
Diluted loss per share from discontinued operations attributable to equity holders of the Company (HK cents per share)	**(5.51)**	(0.02)
Diluted (loss)/earnings per share attributable to equity holders of the Company (HK cents per share)	**(7.47)**	1.05

11 DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2015 (2014: nil).

A special dividend comprising of HK$500,000,000 paid in cash and share entitlement note ("SEN") of Eternity Investment Limited ("Eternity"), a company listed on The Stock Exchange of Hong Kong Limited, which can be converted into 1,500 million ordinary shares of Eternity was distributed to entitled shareholders of the Company on 6 October 2015, following the completion of a disposal transaction (Note 28). It represented HK$0.18 per ordinary share and was debited from the distributable reserves of the Company.

12 EMPLOYEE BENEFIT EXPENSE

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) former director whose emoluments are reflected in the analysis shown in Note 33(a). The emoluments payable to the four (2014: four) individuals during the year are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, bonuses, allowances and benefits in kind	7,325	4,509
Contributions to defined contribution pension schemes	275	256
	7,600	4,765

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$500,001 – HK$1,000,000	2	3
HK$1,500,001 – HK$2,000,000	1	–
HK$2,000,001 – HK$2,500,000	–	1
HK$4,000,001 – HK$4,500,000	1	–
	4	4

13 PROPERTY, PLANT AND EQUIPMENT

	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
At 1 January 2014								
Cost	114,204	200,752	10,552	10,242	21,925	18,525	77,586	453,786
Accumulated depreciation	(21,373)	(18,648)	(4,504)	(3,727)	(1,547)	(13,768)	–	(63,567)
Net book amount	**92,831**	**182,104**	**6,048**	**6,515**	**20,378**	**4,757**	**77,586**	**390,219**
Year ended 31 December 2014								
Opening net book amount	92,831	182,104	6,048	6,515	20,378	4,757	77,586	390,219
Additions	–	–	764	1,878	666	715	140,776	144,799
Disposals	–	–	(5)	–	–	(54)	–	(59)
Depreciation	(8,828)	(7,786)	(1,491)	(1,455)	(1,777)	(2,484)	–	(23,821)
Exchange differences	(296)	(597)	(18)	(19)	(66)	(12)	(37)	(1,045)
Reclassification to assets of disposal group held for sale (Note 28)	(83,707)	(172,976)	(5,265)	(4,927)	(18,655)	(1,308)	(213,742)	(500,580)
Closing net book amount	**-**	**745**	**33**	**1,992**	**546**	**1,614**	**4,583**	**9,513**
At 31 December 2014								
Cost	–	771	43	3,723	1,084	3,241	4,583	13,445
Accumulated depreciation	–	(26)	(10)	(1,731)	(538)	(1,627)	–	(3,932)
Net book amount	**-**	**745**	**33**	**1,992**	**546**	**1,614**	**4,583**	**9,513**

13 PROPERTY, PLANT AND EQUIPMENT *(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
Year ended 31 December 2015								
Opening net book amount	–	745	33	1,992	546	1,614	4,583	9,513
Additions	–	–	6,385	153	8,241	188	2,049	17,016
Disposal of a subsidiary	–	–	–	–	–	(494)	–	(494)
Provision for impairment loss	–	–	–	–	–	–	(6,517)	(6,517)
Depreciation	–	(25)	(93)	(789)	(1,917)	(259)	–	(3,083)
Exchange differences	–	(42)	(185)	(117)	(216)	(26)	(115)	(701)
Closing net book amount	**–**	**678**	**6,140**	**1,239**	**6,654**	**1,023**	**–**	**15,734**
At 31 December 2015								
Cost	–	726	6,258	3,637	9,046	2,538	6,348	28,553
Accumulated depreciation and impairment	–	(48)	(118)	(2,398)	(2,392)	(1,515)	(6,348)	(12,819)
Net book amount	**–**	**678**	**6,140**	**1,239**	**6,654**	**1,023**	**–**	**15,734**

Depreciation expense of approximately HK$83,000 (2014: HK$20,724,000) and HK$3,000,000 (2014: HK$3,007,000) has been charged in cost of sales and administrative expenses respectively. No depreciation was charged in loss from discontinued operations (2014: HK$90,000).

For the year ended 31 December 2015, the Group has capitalized borrowing costs of approximately HK$1,813,000 (2014: HK$32,626,000) and operating lease rentals of approximately HK$8,783,000 (2014: HK$10,209,000). No amortisation of intangible assets (2014: HK$27,838,000) has been capitalized. Aggregated amount of approximately HK$10,596,000 was capitalized for a subsidiary disposed of during the year (2014: HK$70,673,000 was capitalized and included in assets of disposal group classified as held for sale).

14 INTANGIBLE ASSETS

	Goodwill 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 2014					
Cost	321,993	15,064	1,362,197	1,027	1,700,281
Accumulated amortization and impairment	–	(1,074)	(52,988)	(956)	(55,018)
Net book amount	321,993	13,990	1,309,209	71	1,645,263
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 differences	(1,078)	–	(4,333)	–	(5,411)
Reclassification to assets of disposal group held for sale (Note 28)	(320,915)	–	(1,268,600)	(86)	(1,589,601)
Closing net book amount	–	–	–	21	21
At 31 December 2014					
Cost	–	–	–	25	25
Accumulated amortization	–	–	–	(4)	(4)
Net book amount	–	–	–	21	21

14 INTANGIBLE ASSETS *(Continued)*

	Goodwill 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 2015					
Opening net book amount	–	–	–	21	21
Additions	–	24,590	–	–	24,590
Amortization	–	–	–	(5)	(5)
Exchange differences	–	(718)	–	(1)	(719)
Closing net book amount	–	23,872	–	15	23,887
At 31 December 2015					
Cost	–	23,872	–	24	23,896
Accumulated amortization	–	–	–	(9)	(9)
Net book amount	–	23,872	–	15	23,887

No amortization (2014: HK$8,438,000) has been charged in cost of sales. Amortization of HK$5,000 (2014: HK$50,000) has been charged in administrative expenses. No amortization (2014: HK$27,838,000) has been capitalized in construction in progress.

As at 31 December 2014, cooperation construction and operating agreements included in assets of disposal group classified as held for sale 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 Chinese acres land adjacent to "Beijing Bayhood No. 9 Club" up to 30 January 2062 acquired through a business combination completed in October 2012. These cooperating construction and operating agreements were disposed of during the year ended 31 December 2015 upon completion of the disposal transaction disclosed in Note 28.

15 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM A JOINT VENTURE AND ITS SUBSIDIARY

(a) Amount due from a joint venture and its subsidiary

As at 31 December 2015 and 2014, amounts due from a joint venture and its subsidiary are unsecured, interest-free and past due. They are expected to be settled within 12 months from the balance sheet date.

For the year ended 31 December 2015, provision for impairment of amounts due from a joint venture and its subsidiary of approximately HK$119,815,000 (2014: nil) has been charged to the consolidated income statement. The recoverable amounts have been determined based on management's best estimate of present value of expected future cash flows.

(b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. All these joint ventures are private companies and there is no quoted market price available for their shares. There are no contingent liabilities relating to the Group's interests in these joint ventures, and there are no contingent liabilities and commitments of these joint ventures themselves.

Name	Place of establishment and kind of legal entity	Registered capital	Percentage of equity interests attributable to the Group 2015	2014	Principal activities and place of operation
Joint ventures for media business					
Hainan Hailu Advertising Limited Liability Company ("HNHL") (2) (3)	The PRC, limited liability company	RMB1,000,000	–	50%	Advertising agency, design and production
Asia Union Film and Media ("AUFM") (1) (3)	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) On 29 July 2015, the Group disposed of its 50% equity interests in HNHL to the joint venture partner at a consideration of approximately HK$5,133,000. A gain on disposal of approximately HK$3,138,000 has been recognised in the consolidated income statement.

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

(4) During the year ended 31 December 2014, the Group completed the disposal of its 50% of equity interest in Green Harmony Investments Limited and Green Villa Investments Limited ("Green Harmony and Green Villa") and assign its loan due from Green Harmony and Green Villa to an independent third party at a consideration of approximately HK$252,688,000. The net assets of Green Harmony and Green Villa included in disposal group classified as held for sale as at the date of disposal amounted to approximately HK$241,660,000. Gain on disposal of approximately HK$11,028,000 was recorded within "other income and other gains, net" in the consolidated income statement for the year ended 31 December 2014.

15 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM A JOINT VENTURE AND ITS SUBSIDIARY *(Continued)*

Summarised financial information for joint ventures

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

	HNHL		AUFM		Joint ventures not individually significant		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	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	1,501	1,392	564	598	2,065	15,831
Other current assets (excluding cash)	–	11,340	7,375	7,693	–	–	7,375	19,033
Total current assets	–	25,181	8,876	9,085	564	598	9,440	34,864
Current financial liabilities (excluding trade and other payables and provisions)	–	(2,123)	(278,323)	(299,293)	–	–	(278,323)	(301,416)
Other current liabilities (trade and other payables and provisions)	–	(9,677)	(76,649)	(83,029)	(1,262)	(1,343)	(77,911)	(94,049)
Total current liabilities	–	(11,800)	(354,972)	(382,322)	(1,262)	(1,343)	(356,234)	(395,465)
Non-current								
Assets	–	150	228,172	357,380	–	–	228,172	357,530
Net assets/(liabilities)	–	13,531	(117,924)	(15,857)	(698)	(745)	(118,622)	(3,071)

15 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM A JOINT VENTURE AND ITS SUBSIDIARY *(Continued)*

Summarised financial information for joint ventures *(Continued)*

	HNHL		AUFM		Joint ventures not individually significant		Total	
	2015 HK'000	2014 HK'000	2015 HK'000	2014 HK'000	2015 HK'000	2014 HK'000	2015 HK'000	2014 HK'000
Summarised statement of comprehensive income								
Revenue	–	–	2,207	12,274	–	–	2,207	12,274
Depreciation and amortization	(53)	(83)	(328)	(347)	–	–	(381)	(430)
Provision for impairment loss	–	–	(91,099)	–	–	–	(91,099)	–
Interest income	70	3,125	4	4	1	–	75	3,129
Interest expense	–	–	–	–	–	–	–	–
(Loss)/profit from before taxation	(8,294)	1,601	(103,349)	(289)	1	–	(111,642)	1,312
Income tax expense	(904)	–	–	–	–	–	(904)	–
(Loss)/profit after taxation and total comprehensive (loss)/income	(9,198)	1,601	(103,349)	(289)	1	–	(112,546)	1,312
Dividend received from a joint venture	–	8,398	–	–	–	–	–	8,398

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.

15 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM A JOINT VENTURE AND ITS SUBSIDIARY *(Continued)*

Interests in joint ventures

	HNHL		AUFM		Joint ventures not individually significant		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$!000**	HK$'000	**HK$'000**	HK$'000
Interests in joint ventures								
At 1 January	**6,766**	14,412	**55,794**	56,232	**263**	266	**62,823**	70,910
Share of results	**(4,599)**	801	**(7,946)**	(216)	**1**	–	**(12,544)**	585
Exchange differences	**(201)**	(49)	**(3,607)**	(222)	**(17)**	(3)	**(3,825)**	(274)
Disposal	**(1,966)**	–	**–**	–	**–**	–	**(1,966)**	–
Impairment	**–**	–	**(44,241)**	–	**(68)**	–	**(44,309)**	–
Dividend received	**–**	(8,398)	**–**	–	**–**	–	**–**	(8,398)
At 31 December	**–**	6,766	**–**	55,794	**179**	263	**179**	62,823
Summarized financial information								
Opening net assets 1 January	**13,531**	28,825	**(15,857)**	(15,621)	**(745)**	(748)	**(3,071)**	12,456
(Loss)/profit for the year	**(9,198)**	1,601	**(103,349)**	(289)	**1**	–	**(112,546)**	1,312
Exchange differences	**(402)**	(99)	**1,282**	53	**46**	3	**926**	(43)
Dividend paid	**–**	(16,796)	**–**	–	**–**	–	**–**	(16,796)
Disposal	**(3,931)**	–	**–**	–	**–**	–	**(3,931)**	–
Closing net assets/(liabilities)	**–**	13,531	**(117,924)**	(15,857)	**(698)**	(745)	**(118,622)**	(3,071)
Interests in joint ventures	**–**	6,766	**(18,912)**	(11,893)	**(349)**	(373)	**(19,261)**	(5,500)
Goodwill	**–**	–	**18,912**	67,687	**528**	636	**19,440**	68,323
Carrying value	**–**	6,766	**–**	55,794	**179**	263	**179**	62,823

Impairment of interests in joint ventures

For the year ended 31 December 2015, provision for impairment of interest in AUFM of approximately HK$44,241,000 (2014: nil) has been charged in the consolidated income statement, mainly due to deterioration of expected future cash flows from AUFM. Recoverable amount has been determined by value-in-use calculation of present value of expected future cash flows.

Key assumptions adopted in value-in-use calculation were as follows:

	As at 31 December	
	2015	2014
Compound annual growth rate of revenue in five-year period	**9.0%**	12.8%
Annual growth rate beyond the five-year period	**3.0%**	3.5%
Discount rate	**15.0%**	15.0%

15 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM A JOINT VENTURE AND ITS SUBSIDIARY *(Continued)*

Impairment of interests in joint ventures *(Continued)*

Management determined the average annual revenue growth rate based on past performance, industry forecast and its expectation of market development. The discount rate used reflected specific risks relating to this CGU.

Provision for impairment of interest in a joint venture not individually significant of approximately HK$68,000 was based on fair value less costs to sell calculation whereas the disposal has been contracted with an independent third party.

16 FINANCIAL INSTRUMENTS BY CATEGORY

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 2015			
Amount due from a joint venture	**165,535**	**–**	**165,535**
Programmes and film production in progress	**50,271**	**–**	**50,271**
Financial assets at fair value through profit or loss	**–**	**13,900**	**13,900**
Trade receivables	**400**	**–**	**400**
Deposits and other receivables (excluding non-financial assets)	**9,600**	**–**	**9,600**
Cash and cash equivalents	**280,400**	**–**	**280,400**
Total	**506,206**	**13,900**	**520,106**
As at 31 December 2014			
Amounts due from a joint venture and its subsidiary	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 (excluding non-financial assets)	8,066	–	8,066
Cash and cash equivalents	162,745	–	162,745
Total	529,251	138,652	667,903

16 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Liabilities as per consolidated balance sheet

	Other financial liabilities at amortized cost HK$'000
As at 31 December 2015	
Trade payables	**3,920**
Other payables and accrued liabilities (excluding non-financial liabilities)	**18,492**
Total	**22,412**
As at 31 December 2014	
Trade payables	19
Other payables and accrued liabilities (excluding non-financial liabilities)	16,466
Convertible notes – liability component	19,068
Total	35,553

17 TRADE RECEIVABLES

The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
0–3 months	**400**	–
Over 6 months	**13,083**	13,894
	13,483	13,894
Provision for doubtful debts (all made against trade receivables aged over 6 months)	**(13,083)**	(13,894)
	400	–

17 TRADE RECEIVABLES *(Continued)*

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

The Group generally requires customers to pay in advance, but grants a credit period of 15 days to 30 days to certain customers.

Credit risk represents the accounting loss that would be recognized at the balance sheet date if counterparties failed to perform as contracted. As at 31 December 2015, HK$13,083,000 of the trade receivables was considered impaired (2014: HK$13,894,000).

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

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
0-3 months	**400**	–
	400	–

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:

	2015	2014
	HK$'000	HK$'000
At 1 January	**13,894**	13,941
Exchange differences	**(811)**	(47)
At 31 December	**13,083**	13,894

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.

18 INVENTORIES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Raw materials	**–**	2,482
Finished goods	**7,595**	9,433
	–	11,915
Reclassification to assets of disposal group held for sale (Note 28)	**–**	(9,599)
	7,595	2,316

For the year ended 31 December 2015, the cost of inventories sold and included in cost of sales amounted to approximately HK$5,230,000 (2014: HK$3,050,000). A provision for impairment of inventories of approximately HK$3,352,000 (2014: Nil) was recognised in cost of sales.

19 PROGRAMMES AND FILM PRODUCTION IN PROGRESS

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
At 1 January	**68,262**	–
Additions	**–**	50,705
Transfer	**–**	13,990
Investment return recognized	**5,369**	5,714
Return of investment	**(13,525)**	–
Receipt of investment return	**(6,270)**	(2,095)
Exchange difference	**(3,565)**	(52)
At 31 December	**50,271**	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. As at 31 December 2015, the average effective interest rate for the outstanding balance was 10% (2014: 10%).

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Equity security:		
Listed in Hong Kong	**13,900**	138,652

Purchases and disposals of 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 27).

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 HK$, and is within level 1 of the fair value hierarchy.

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Prepayments	**125,131**	34,720
Deposits and other receivables	**12,430**	8,066
	137,561	42,786
Less: provision for impairment of prepayments	**(22,450)**	–
	115,111	42,786
Less: non-current portion	**(86,628)**	(17,947)
	28,483	24,839

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

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

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
HK$	**4,909**	1,446
RMB	**110,202**	41,340
	115,111	42,786

The carrying amounts of prepayments, deposits and other receivables approximate their fair values. For the year ended 31 December 2015, provision for impairment of approximately HK$22,182,000 has been charged within "administrative expenses" in the consolidated income statement due to assessment that the recoverable amounts are below their carrying values (2014: nil).

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

22 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Cash and bank balances	**280,400**	162,745
Denominated in:		
HK$	**258,975**	84,136
RMB	**21,407**	68,074
United States dollar	**15**	10,533
Other	**3**	2
	280,400	162,745
Maximum exposure to credit risk	**280,289**	162,577

23 TRADE PAYABLES, RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current liabilities:		
Trade payables	**3,920**	19
Receipt in advance	**9,505**	60,000
Other payables and accrued liabilities (i)	**15,150**	9,469
	28,575	69,488
Non-current liabilities:		
Tenant deposits received and other payables	**11,509**	6,997
	40,084	76,485

(i) Other payables and accrued liabilities mainly represented PRC tax payables, accrued operating expenses and payables for property, plant and equipment.

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

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
0–3 months	**1,413**	760
4–6 months	**2,438**	390
Over 6 months	**69**	510
	3,920	1,660
Reclassification to liabilities of disposal group held for sale (Note 28)	**–**	(1,641)
	3,920	19

The carrying amounts of trade payables, receipt in advance, other payables and accrued liabilities approximate their fair values and are denominated in the following currencies:

	As at 31 December	
	2015	2014
HK$	**8,390**	63,214
RMB	**31,694**	13,271
	40,084	76,485

24 BORROWINGS

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current		
Convertible notes	–	19,068

Convertible notes

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

24 BORROWINGS *(Continued)*

Convertible notes *(Continued)*

During the year, convertible notes with principal amount equivalent to HK$2,400,000 (2014: HK$398,000,000) have been converted into 12,000,000 (2014: 1,990,000,000) ordinary shares of the Company at the conversion price of HK$0.20 (2014: HK$0.20) per share. The outstanding convertible notes have been fully redeemed at the maturity date of 22 October 2015.

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

	2015 HK$'000	2014 HK$'000
Liability component at 1 January	**19,068**	334,588
Conversion of convertible notes	**(2,289)**	(347,888)
Interest expense (Note 7)	**1,821**	32,368
Redemption	**(18,600)**	–
Liability component at 31 December	**–**	19,068

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

25 SHARE CAPITAL

	Ordinary shares of HK$0.02 each		Preference shares of HK$0.01 each		
	No. of shares '000	HK$'000	No. of shares '000	HK$'000	Total HK$'000
Authorised:					
At 31 December 2015 (Note a)	**150,000,000**	**3,000,000**	**240,760**	**2,408**	**3,002,408**
Issued and fully paid:					
At 1 January 2015	**6,559,904**	**1,311,981**	**–**	**–**	**1,311,981**
Issuance of shares upon conversion of convertible notes (Note 24)	**12,000**	**2,400**	**–**	**–**	**2,400**
Issuance of shares upon exercise of share options	**88,583**	**16,621**	**–**	**–**	**16,621**
Capital reduction (Note c)	**–**	**(1,197,792)**	**–**	**–**	**(1,197,792)**
At 31 December 2015	**6,660,487**	**133,210**	**–**	**–**	**133,210**

	Ordinary shares of HK$0.02 each		Preference shares of HK$0.01 each		
	No. of shares '000	HK$'000	No. of shares '000	HK$'000	Total HK$'000
Authorised:					
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 24)	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

25 SHARE CAPITAL *(Continued)*

Notes:

(a) Authorised share capital

The total number of authorised shares includes ordinary shares and preference shares. 150,000,000,000 (2014: 15,000,000,000) shares are ordinary shares with par value of HK$0.02 (2014: HK$0.2) per share. 240,760,000 (2014: 240,760,000) shares are preference shares with par value of HK$0.01 per share (2014: HK$0.01). 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) Capital reorganisation comprising the following was completed and effective on 25 August 2015:

(i) the par value of each then issued existing share was reduced from HK$0.20 to HK$0.02 and the issued ordinary share capital of the Company was cancelled to the extent of HK$0.18 of each share in issue, and the entire amount of the authorised but unissued ordinary share capital of the Company will be cancelled;

(ii) the application of the credit arising from the capital reduction to set off the accumulated losses of the Company as at the effective date of the capital reduction with the balance to be transferred to capital reserve, a distributable reserve account of the Company to be applied in such manner as the Directors consider appropriate and in accordance with the articles of association of the Company, the order of the Court sanctioning the capital reduction and all applicable laws and rules; and

(iii) an increase in the authorised ordinary share capital of the Company following the capital reduction to HK$3,000,000,000 by the creation of the 135,000,000,000 additional unissued new shares.

25 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 2015, no (2014: 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 (2014: 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 2015	Cancelled/ lapsed during the year	Exercised during the year	Outstanding as at 31 December 2015	Exercisable as at 31 December 2015	Exercise Price HK$	Vesting date	Expiry date
1	5 May 2008	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)	–	–	0.86	From 8 March 2009 to 8 March 2011	31 December 2015
3	15 June 2012	64,000,000	(2,000,000)	(62,000,000)	–	–	0.20	From 15 June 2012	14 June 2017
		91,625,165	(3,042,459)	(88,582,706)	–	–			

25 SHARE CAPITAL *(Continued)*

Tranche	Date of share options granted	Number of share options: 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			

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

Options exercised in 2015 resulted in 88,582,706 shares (2014: 3,000,000 shares) being issued at a weighted average exercise price of HK$0.40 each (2014: HK$0.20 each). The related weighted average share price at the time of exercise was HK$0.91 (2014: HK$0.53) per share.

26 RESERVES

	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 interest 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/(loss) 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

26 RESERVES *(Continued)*

	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$'000 (Note iii)	Capital reserve HK$'000	Currency translation reserve HK$'000 (Note iv)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
Balance at 1 January 2015	1,825,800	860,640	10,139	16,267	1,206	-	111,338	(1,843,924)	981,466	927	982,393
Loss for the year	-	-	-	-	-	-	-	(493,670)	(493,670)	(3,326)	(496,996)
Issuance of shares upon exercise of share options	33,020	-	-	(14,381)	-	-	-	-	18,639	-	18,639
Issuance of shares upon conversion of convertible notes	1,048	-	(1,159)	-	-	-	-	-	(111)	-	(111)
Capital reduction	-	-	-	-	-	170,859	-	1,026,933	1,197,792	-	1,197,792
Dividend paid	(1,056,641)	-	-	-	-	(170,859)	-	-	(1,227,500)	-	(1,227,500)
Lapse of share options	-	-	-	(1,886)	-	-	-	1,886	-	-	-
Redemption of convertible notes	-	-	(8,980)	-	-	-	-	8,980	-	-	-
Disposals of subsidiaries and joint ventures	-	-	-	-	-	-	(19,110)	-	(19,110)	-	(19,110)
Currency translation differences	-	-	-	-	-	-	(11,505)	-	(11,505)	43	(11,462)
Balance at 31 December 2015	803,227	860,640	-	-	1,206	-	80,723	(1,299,795)	446,001	(2,356)	443,645

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 has certain investments in PRC subsidiaries with RMB 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. Decrease of currency translation differences in other comprehensive income in current year was resulted from depreciation in RMB against HK$ and reclassification to profit or loss upon disposals of the Group's certain subsidiaries and joint venture.

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2015 HK$'000	2014 HK$'000
(Loss)/profit before taxation from continuing operations	(128,033)	47,800
Loss before taxation for the year from discontinued operation in relation to Beijing Healthcare and Wellness Si He Yuan and Hotel	(306,980)	(933)
Adjustments for:		
– Share of results of joint ventures, net	12,544	(585)
– Loss on disposals of subsidiaries, net	363,024	–
– Gain on disposals of joint ventures	(3,138)	(11,028)
– Bank interest income	(1,589)	(2,795)
– Depreciation	3,083	23,821
– Loss on disposal of property, plant and equipment	–	13
– Provision for impairment of inventories	3,453	–
– Provision for impairment of interests in joint ventures and amounts due from a joint venture and its subsidiary	164,124	–
– Provision for impairment of construction in progress	6,517	–
– Provision for impairment of prepayments	22,182	–
– Amortization of intangible assets	5	8,488
– Capitalization of operating lease rentals	(8,783)	(10,209)
– Membership entrance fee income and rental income recognized	(40,774)	(42,129)
– Fair value gain on financial assets at fair value through profit or loss, net	(180,687)	(55,255)
– Finance costs/(income), net	220	(20,569)
– Investment return recognized from programmes and film production in progress	(5,369)	(5,714)
	(100,201)	(69,095)
Changes in working capital:		
– Increase in trade receivables, prepayments, deposits and other receivables	(7,137)	(14,820)
– Increase in inventories	(8,425)	(1,092)
– Purchases of intangible assets	(24,590)	–
– Purchases of investment securities	–	(69,845)
– Disposals of investment securities	305,439	2,448
– Additions in programmes and film production in progress	–	(50,705)
– Distributions from programmes and film production in progress	19,795	2,095
– Increase/(decrease) in agency fee payables, trade payables, balances with joint ventures, receipt in advance, other payables and accrued liabilities	9,272	(18,210)
– Cash inflows from membership entrance fee and rental income	50,173	27,420
Cash generated from/(used in) operations	244,326	(191,804)

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Cash flow from disposals of subsidiaries

For the year ended 31 December 2015

Analysis of loss on disposals of subsidiaries, net:

	Disposal group held for sale (Note 28) HK$'000	Other subsidiaries individually insignificant HK$'000	Total HK$'000
Cash consideration	600,000	1,623	601,623
Other consideration	727,500	–	727,500
Total consideration	1,327,500	1,623	1,329,123
Direct transaction costs incurred	(54,293)	–	(54,293)
Net consideration	1,273,207	1,623	1,274,830
Net assets disposed of	(1,561,078)	(317)	(1,561,395)
	(287,871)	1,306	(286,565)
Release of exchange reserve upon disposal	(19,075)	(6)	(19,081)
Capital gain tax arising from disposal	(57,378)	–	(57,378)
(Loss)/gain on disposal	(364,324)	1,300	(363,024)

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Cash flow from disposals of subsidiaries *(Continued)*

Analysis of net proceeds received from disposals of subsidiaries:

	Disposal group held for sale (Note 28) HK$'000	Other subsidiaries individually insignificant HK$'000	Total HK$'000
Cash consideration	600,000	1,623	601,623
Less: cash received in prior year or withheld as prepayment (Note 28)	(168,000)	–	(168,000)
Cash consideration received during the year	432,000	1,623	433,623
Less:			
– cash and cash equivalents included in subsidiaries disposed of	(54,563)	(62)	(54,625)
– direct transaction costs paid in relation to the disposal	(54,293)	–	(54,293)
Proceeds from disposals of subsidiaries, net of cash disposed of	323,144	1,561	324,705

(c) Non-cash transactions

		2015 HK$'000	2014 HK$'000
(i)	Conversion of 12,000,000 (2014: 1,990,000,000) ordinary shares	**2,289**	347,888
(ii)	Capital reduction	**1,197,792**	–
(iii)	Special dividend paid in SEN of Eternity	**727,500**	–

28 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

On 11 December 2014, Unique Talent Group Limited (the "Vendor"), a wholly-owned subsidiary of the Company, the Company (as a guarantor) and Eternity (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 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 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 acres 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.

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

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

	HK$'000
Property, plant and equipment (Note 13)	500,580
Intangible assets (Note 14)	1,589,601
Deferred tax assets (Note 9)	2,680
Inventories (Note 18)	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 are as follows:

	HK$'000
Trade payables (Note 23)	1,641
Receipt in advance, other payables and accrued liabilities	130,634
Deferred tax liabilities (Note 9)	338,848
Deferred revenue	94,084
Current income tax liabilities	75,786
	640,993

The Group and the Purchaser also entered 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 was entitled to the right to operate "Beijing Bayhood No. 9 Club" through its ownership in the Target Company) are leased to the Group for a term of twenty years (can be further extended to 31 December 2051 upon request by the Group) upon completion, and the Group continues 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.

The disposal transaction was completed on 6 October 2015 (the "Completion Date"), and the Club Lease Agreement came into effect on the same date. The Group continues to operate Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement and account for it as a continuing operation.

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

Analysis of cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale is as follows:

	2015 HK$'000	2014 HK$'000
Currency translation differences	**(406)**	–

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, they are accounted for as discontinued operations.

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:

	2015 HK$'000	2014 HK$'000
Other income and other gains, net	**99**	72
Administrative expenses	**(133)**	(1,005)
Loss before tax of discontinued operations	**(34)**	(933)
Tax	**7**	27
Loss of discontinued operations	**(27)**	(906)
Loss on disposal of the Target Group	**(364,324)**	–
Loss for the year from discontinued operations	**(364,351)**	(906)

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:

	2015 HK$'000	2014 HK$'000
Operating cash flows	**(5,650)**	(6,814)
Investing cash flows	**(25,848)**	(66,640)
Financing cash flows	**–**	–
Total cash flows	**(31,498)**	(73,454)

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

Analysis of loss on disposal of the Target Group is as follows:

	As at 6 October 2015 HK$'000
Cash consideration	
– cash received upon disposal	432,000
– deposit received in prior year	60,000
– amount withheld by the Purchaser (Note (i))	108,000
Total cash consideration	600,000
SEN (Note (ii))	727,500
Total consideration	1,327,500
Direct transaction costs in relation to the disposal	(54,293)
Net consideration	1,273,207
Net assets as at the Completion Date	
Property, plant and equipment	523,699
Goodwill	308,427
Intangible assets	1,216,933
Deferred income tax assets	3,546
Prepayments, deposits and other receivables	82,994
Inventories	9,292
Cash and cash equivalents	54,563
	2,199,454
Trade payables	(2,903)
Receipt in advance, other payables and accrued liabilities	(141,045)
Current income tax payables	(71,535)
Deferred revenue	(95,409)
Deferred income tax liabilities	(327,484)
	(638,376)
Net assets disposed of	1,561,078
Less:	
– release of exchange reserve upon disposal	(19,075)
– capital gain tax arising from the disposal	(57,378)
Loss on disposal of the Target Group	(364,324)

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

Note (i): Pursuant to the Club Lease Agreement, RMB90,000,000 (equivalent to approximately HK$108,000,000) was withheld by the Purchaser from the cash consideration to offset against club lease prepayment for the first 5-year period after the Completion Date.

Note (ii): Fair value of the SEN received was determined by market price as at the Completion Date of 1,500,000,000 ordinary shares of the Purchaser which are traded in The Stock Exchange of Hong Kong Limited.

Note (iii): Cash consideration of HK$500,000,000 and the SEN were distributed to entitled shareholders of the Company immediately after completion of the disposal (Note 11).

29 COMMITMENTS

(a) Capital commitments

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

	2015 HK$'000	2014 HK$'000
Property, plant and equipment	**2,112**	94,982

(b) Operating lease commitments

(i) Lessor

The Group leases certain equipment and sub-leases certain commercial premises under non-cancellable operating lease agreements. Total commitments receivable under these operating lease agreements are analysed as follows:

	2015 HK$'000	2014 HK$'000
Not later than one year	**34,775**	–
Later than one year and not later than five years	**111,060**	–
Later than five years	**102,698**	–
	248,533	–

29 COMMITMENTS *(Continued)*

(b) Operating lease commitments *(Continued)*

(ii) Lessee

At 31 December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015 HK$'000	2014 HK$'000
Not later than one year	**21,894**	36,259
Later than one year and not later than five years	**80,536**	140,006
Later than five years	**118,089**	881,508
	220,519	1,057,773

(c) Investment commitments

As at 31 December 2015, the Group has entered into film cooperation agreements with two film producers and was committed to invest an aggregate amount of approximately HK$551 million. These investments were expected to be made within one year after the balance sheet date (2014: Nil).

30 RELATED PARTY TRANSACTIONS

(i) Remuneration for key management personnel, including amounts paid to the Company's directors, is disclosed in Note 33 and certain of the highest paid employees is disclosed in Note 12.

(ii) During the year ended 31 December 2014, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of a joint venture 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 HK$20,569,000 has been offset against finance costs during the year ended 31 December 2014.

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 year ended 31 December 2014.

31 EVENTS AFTER THE BALANCE SHEET DATE

(i) On 5 February 2016, the Company completed the issuance and allotment of 6,837,619,860 subscription shares, representing 50.66% of the Company's enlarged share capital, at an issue price of HK$0.08 per share subscribed for by a number of new investors ("Subscription"). The aggregate gross subscription consideration amounted to approximately HK$547,010,000. Immediately after the Subscription, the Company has 13,498,106,577 ordinary shares in issue.

Out of the 6,837,619,860 subscription shares, 2,452,447,978 subscription shares representing a shareholding percentage of approximately 18.17% of the Company's enlarged issued share capital, were subscribed for by Huayi Brothers International Limited ("Huayi Brothers"), a company incorporated in Hong Kong and 2,116,251,467 subscription shares representing a shareholding percentage of approximately 15.68% of the Company's enlarged issued share capital, were subscribed for by Mount Qinling Investment Limited ("Tencent"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tencent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Huayi Brothers and Tencent are considered as parties acting in concert in connection with this Subscription.

The remaining subscription shares were subscribed for by Confidex Key Limited, Key Ability Limited, Lofty Rainbow Limited and Merit New Limited (together, "Other Investors"), companies incorporated in the British Virgin Islands, representing a shareholding percentage of approximately 5.13%, 4.45%, 4.52% and 2.71% of the Company's enlarged issued share capital respectively.

(ii) On 29 February 2016, the Board proposed to change the English name of the Company from "China Jiuhao Health Industry Corporation Limited" to "Huayi Tencent Entertainment Company Limited" and to change the dual foreign name in Chinese of the Company from "中國9號健康產業有限公司" to "華誼騰訊娛樂有限公司".

The proposed change of name of the Company is subject to (i) the passing of a special resolution by the shareholders of the Company at an extraordinary general meeting to approve the change of the Company English name and dual foreign name in Chinese; and (ii) the Registrar of Companies in the Cayman Islands entering the new English name and dual foreign name in Chinese of the Company on the register of companies maintained by it.

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**80,720**	126,010
Loans advance to subsidiaries	**446,942**	2,027,502
	527,662	2,153,512
Current assets		
Prepayments, deposits and other receivables	**4,158**	558
Cash and cash equivalents	**126,030**	63,946
	130,188	64,504
Total assets	**657,850**	2,218,016
EQUITY AND LIABILITIES		
Equity		
Share capital	**133,210**	1,311,981
Reserves (Note (a))	**516,551**	885,024
Total equity	**649,761**	2,197,005
Liabilities		
Current liabilities		
Other payables and accrued liabilities	**8,089**	1,943
Convertible notes	**–**	19,068
Total liabilities	**8,089**	21,011
Total equity and liabilities	**657,850**	2,218,016

The balance sheet of the Company was approved by the Board of Directors on 11 March 2016 and were signed on its behalf.

WANG Zhongjun
Director

LAU Seng Yee
Director

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note (a) Reserve movement of the Company

	Share premium HK$'000	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	1,644,681	202,299	16,481	1,206	–	(945,917)	918,750
Loss for the year	–	–	–	–	–	(22,471)	(22,471)
Issuance of shares upon placement	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)
At 31 December 2014	1,825,800	10,139	16,267	1,206	–	(968,388)	885,024
At 1 January 2015	**1,825,800**	**10,139**	**16,267**	**1,206**	**–**	**(968,388)**	**885,024**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(357,293)**	**(357,293)**
Issuance of shares upon exercise of share options	**33,020**	**–**	**(14,381)**	**–**	**–**	**–**	**18,639**
Issuance of shares upon conversion of convertible notes	**1,048**	**(1,159)**	**–**	**–**	**–**	**–**	**(111)**
Capital reduction	**–**	**–**	**–**	**–**	**170,859**	**1,026,933**	**1,197,792**
Dividend paid	**(1,056,641)**	**–**	**–**	**–**	**(170,859)**	**–**	**(1,227,500)**
Lapse of share options	**–**	**–**	**(1,886)**	**–**	**–**	**1,886**	**–**
Redemption of convertible notes	**–**	**(8,980)**	**–**	**–**	**–**	**8,980**	**–**
At 31 December 2015	**803,227**	**–**	**–**	**1,206**	**–**	**(287,882)**	**516,551**

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each of the Directors and chief executive of the Company for the year ended 31 December 2015 is set out as follows:

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
Director and chief executive							
Mr. YUEN Hoi Po	-	-	-	-	-	-	-
Directors							
Mr. ZHANG Changsheng (ii)	-	2,147	-	-	-	-	2,147
Mr. Edward Tian Suning (ii)	-	-	-	-	-	-	-
Mr. Hugo SHONG (ii)	-	-	-	-	-	-	-
Professor WEI Xin (i)	150	-	-	-	-	-	150
Dr. WONG Yau Kar David	200	-	-	-	-	-	200
Mr. YUEN Kin	200	-	-	-	-	-	200
Mr. CHU Yuguo	200	-	-	-	-	-	200
	750	2,147	-	-	-	-	2,897

The remuneration of each of the Directors and chief executive of the Company for the year ended 31 December 2014 is set out as follows:

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
Director and chief executive							
Mr. YUEN Hoi Po	–	–	–	–	–	–	–
Directors							
Mr. ZHANG Changsheng	–	2,427	–	–	–	–	2,427
Mr. Edward Tian Suning	–	–	–	–	–	–	–
Mr. Hugo SHONG	–	–	–	–	–	–	–
Professor WEI Xin	200	–	–	–	–	–	200
Dr. WONG Yau Kar David	200	–	–	–	–	–	200
Mr. YUEN Kin	200	–	–	–	–	–	200
Mr. CHU Yuguo	200	–	–	–	–	–	200
	800	2,427	–	–	–	–	3,227

Note:

(i) Vacated on 7 October 2015

(ii) Resigned on 5 February 2016

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the financial year (2014: Nil).

(c) Consideration provided to third parties for making available directors' services

During the financial year ended 31 December 2015, the Company does not pay consideration to any third parties for making available directors' services (2014: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2015, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiary undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2014: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

On 10 December 2015, Mr. YUEN Hoi Po ("Mr. YUEN"), an executive director of the Company and then chairman of the Board, and the Company entered into agreements with Huayi Brothers, Tencent and each of the Other Investors (together, "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, a total of 6,837,619,860 subscription shares at an issue price of HK$0.08 per subscription share to the Subscribers in an aggregate gross amount of approximately HK$547,010,000.

Mr. YUEN, through Rich Public Limited and Smart Concept Enterprise Limited, companies incorporated in British Virgin Islands and wholly-owned by Mr. YUEN directly or indirectly, is beneficially interested in a total of 1,976,492,607 shares, representing approximately 29.67% of the issued share capital of the Company as of 10 December 2015.

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(e) Directors' material interests in transactions, arrangements or contracts *(Continued)*

Pursuant to the subscription agreements with Huayi Brothers and Tencent, Mr. YUEN undertakes to and covenants with Huayi Brothers and Tencent that, unless with the prior written consent of Huayi Brothers and Tencent, he shall not, and he shall procure any other person, who directly or indirectly control or is controlled by or under direct or indirect common control with him ("Affiliates"), not to, during the period commencing on 10 December 2015 until the expiry of 18 months from the date on which the Subscription is completed, directly or indirectly, including by or through his Affiliates:

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, whether directly or indirectly, the 1,976,492,607 shares beneficially owned by Mr. YUEN (collectively referred to as the "Locked-up Shares"); or

(2) enter into a swap or other arrangement that would have (i) the same economic consequences as paragraph (1) above or (ii) the effect of transferring to another party any of the economic benefits of ownership of the Locked-up Shares, for the purpose of hedging his or any of his Affiliate's economic or beneficial ownership in, or holdings of, the Locked-up Shares.

Save for contracts amongst group companies and the aforementioned arrangement, no other significant transactions, arrangements and contracts to which the Company 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.

34 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	Particulars issued share capital/ 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. (3)	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 (3)	PRC, limited liability company	RMB5,000,000	100%	Advertising agency in the PRC
Unique Talent Group (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
Beijing Si Hai Jun Tian Trading Company Limited (3)	PRC, limited liability company	RMB8,000,000	51%	Provision of offline health and wellness services through operation of wellness centre in the PRC
Horizon Partner Holdings Limited (1)	British Virgin Islands, limited company	US$1 ordinary	100%	Investment holding
China Jiuhao Health Management Limited (2)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Beijing Bayhood No.9 Cloud Technology Company Limited (3)	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 (3)	PRC, limited liability company	RMB10,000,000	100%	Health management services in the PRC

34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Particulars issued share capital/ registered capital	Interest held	Principal activities and place of operation
China Jiuhao Health Industry (Hong Kong) Limited (1)(2)	Hong Kong, limited company	HK$2 ordinary	100%	Group treasury and administrative services in Hong Kong
China Jiuhao Limited (1)(2)	Hong Kong, limited company	HK$1,053,580,345	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 (2)(3)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Haikou Jiuhao Hotel Management Company Limited (3)	PRC, wholly-owned foreign enterprise	RMB10,000,000	100%	Hotel management and provision of offline health and wellness 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 (2)(3)	Hong Kong, limited company	HK$1 ordinary	100%	Investment holding
Sanya Haoyuntong Agricultural Technology Co., Ltd. (3)	PRC, wholly-owned foreign enterprise	RMB1,000,000	100%	Agricultural business in the PRC

(1) Shares held directly by the Company.

(2) The statutory financial statements of these companies for the year ended 31 December 2015 are audited by PricewaterhouseCoopers.

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

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.

	2015 **HK$'000**	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue – continuing operations	**122,838**	110,137	126,192	165,068	101,989
(Loss)/profit before finance costs and taxation – continuing operations	**(127,813)**	27,231	(24,969)	31,309	(8,042)
Finance (costs)/income, net – continuing operations	**(220)**	20,569	(6,653)	(87,776)	(6,393)
(Loss)/profit before taxation – continuing operations	**(128,033)**	47,800	(31,622)	(56,467)	(14,435)
Taxation – continuing operations	**(4,612)**	4,235	(1,402)	(12,633)	(3,524)
Non-controlling interests – continuing operations	**3,326**	4,049	–	–	180
(Loss)/profit from continuing operations attributable to the equity holders of the Company	**(129,319)**	56,084	(33,024)	(69,100)	(17,779)
(Loss)/profit from discontinued operation attributable to the equity holders of the Company	**(364,351)**	(906)	(132,698)	25,511	–
(Loss)/profit attributable to the equity holders of the Company	**(493,670)**	55,178	(165,722)	(43,589)	(17,779)
Property, plant and equipment	**15,734**	9,513	390,219	318,117	339,206
Intangible assets	**23,887**	21	1,645,263	1,646,999	468,446
Interests in joint ventures	**179**	62,823	70,910	377,924	328,697
Other non-current assets	**88,640**	37,828	55,199	47,447	25,882
Current assets	**546,584**	2,934,729	821,558	635,269	631,818
Total assets	**675,024**	3,044,914	2,983,149	3,025,756	1,794,049
Current liabilities	**85,953**	743,543	423,838	417,977	442,210
Non-current liabilities	**12,216**	6,997	760,248	1,010,882	175,685
Total liabilities	**98,169**	750,540	1,184,086	1,428,859	617,895
Net assets	**576,855**	2,294,374	1,799,063	1,596,897	1,176,154