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 RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Sales	**165,068**	101,989
Gross profit	**102,298**	15,791
Profit/(loss) before finance costs and taxation	**56,820**	(8,042)

— The Group achieved a profit before finance costs and taxation of HK$56,820,000 for the year, comparing to a loss before finance costs and taxation of HK$8,042,000 for the prior year.

— We have made notable progress in the development of the health industry in the PRC. Sales revenue and gross profit has surged by 62% and 548% to HK$165,068,000 and HK$102,298,000, respectively, for the year.

— The Group has also completed the acquisition of the development and operating rights of a 580-acre land plot adjacent to "Bayhood No. 9 Club" in October 2012. With an approved total floor area of over 80,000 square metres, the land is planned to develop as an extension of "Bayhood No. 9 Club" comprising conference facilities, detached classical Chinese courtyard houses (Si He Yuan) and villas for health maintenance purposes, and hotel facilities.

The board of directors (the "Board") of China Jiuhao Health Industry Corporation Limited (formerly known as Media China Corporation Limited) (the "Company") is pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for 2011, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000* (Restated) *(Note 2)*
Sales	*3*	**165,068**	101,989
Cost of sales		**(62,770)**	(86,198)
Gross profit		**102,298**	15,791
Other income and other (losses)/gains, net	*3*	**(430)**	14,626
Marketing and selling expenses		**(559)**	(1,597)
Administrative expenses		**(93,728)**	(77,069)
Share of profit of joint ventures		**49,239**	40,207
		56,820	(8,042)
Finance costs:			
— Interest expense	*5*	**(24,256)**	(6,393)
— Fair value loss on financial liabilities at fair value through profit or loss	*5*	**(63,520)**	—
Loss before taxation	*6*	**(30,956)**	(14,435)
Taxation	*7*	**(12,633)**	(3,524)
Loss for the year		**(43,589)**	(17,959)
Attributable to:			
Equity holders of the Company		**(43,589)**	(17,779)
Non-controlling interests		**—**	(180)
		(43,589)	(17,959)
Loss per share attributable to the equity holders of the Company for the year		***HK Cents***	*HK Cents* (Restated) *(Note 2)*
Basic loss per share	*8*	**(1.92)**	(0.95)
Diluted loss per share	*8*	**(1.92)**	(0.95)
Dividend	*9*	**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
Loss for the year	**(43,589)**	(17,959)
Other comprehensive income:		
— Currency translation differences	**(4,808)**	26,009
Other comprehensive (loss)/income for the year, net of tax	**(4,808)**	26,009
Total comprehensive (loss)/income for the year	**(48,397)**	8,050
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(48,397)**	8,227
Non-controlling interests	**—**	(177)
	(48,397)	8,050

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Notes	As at 31 December 2012 HK$'000	As at 31 December 2011 HK$'000 (Restated) (Note 2)	As at 1 January 2011 HK$'000 (Restated) (Note 2)
NON-CURRENT ASSETS				
Property, plant and equipment	*10*	**318,117**	339,206	2,149
Intangible assets	*11*	**1,646,999**	468,446	71,059
Interests in joint ventures		**377,924**	328,697	264,430
Amounts due from a joint venture		**—**	—	259,236
Deferred tax assets	*7*	**22,262**	25,882	18,737
Prepayments		**25,185**	—	—
		2,390,487	1,162,231	615,611
CURRENT ASSETS				
Exclusive advertising agency right	*11*	**—**	18,503	51,121
Trade receivables	*12*	**13,475**	15,150	1,416
Inventories		**19,171**	15,527	—
Amounts due from joint ventures and its subsidiaries		**365,600**	383,734	106,272
Financial assets at fair value through profit or loss		**11,600**	14,600	28,000
Prepayments, deposits and other receivables		**45,896**	76,088	41,932
Cash and cash equivalents		**179,527**	108,216	162,115
		635,269	631,818	390,856
Assets of disposal group held for sale		**—**	—	118,347
		635,269	631,818	509,203
CURRENT LIABILITIES				
Agency fee payables		**97,605**	97,623	93,008
Trade payables	*13*	**3,878**	5,392	—
Receipt in advance, other payables and accrued liabilities	*13*	**160,330**	153,432	57,162
Amount due to a joint venture		**33,249**	33,255	31,683
Deferred revenue		**36,322**	75,383	—
Current income tax liabilities		**86,593**	77,125	13,092
		417,977	442,210	194,945
Liabilities of disposal group held for sale		**—**	—	36,347
		417,977	442,210	231,292
NET CURRENT ASSETS		**217,292**	189,608	277,911
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,607,779**	1,351,839	893,522

	Notes	As at 31 December 2012 HK$'000	2011 HK$'000 (Restated) (Note 2)	As at 1 January 2011 HK$'000 (Restated) (Note 2)
NON-CURRENT LIABILITIES				
Convertible notes		**491,587**	—	—
Promissory notes		**104,170**	—	—
Other payables	*13*	**3,335**	24,860	—
Deferred revenue		**75,005**	56,509	—
Deferred tax liabilities	*7*	**336,785**	94,316	—
		1,010,882	175,685	—
NET ASSETS		**1,596,897**	1,176,154	893,522
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		**510,818**	451,918	287,945
Reserves		**1,086,079**	724,236	604,851
		1,596,897	1,176,154	892,796
Non-controlling interests		**—**	—	726
TOTAL EQUITY		**1,596,897**	1,176,154	893,522

Notes:

1. GENERAL INFORMATION

China Jiuhao Health Industry Corporation Limited (formerly known as "Media China Corporation Limited") (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the health industry, media business and properties investment through joint ventures. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 May 2002 under the Company Law (2002 Revision) (Cap. 22) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. On 12 March 2013, the registered name of the Company is changed from Media China Corporation Limited to China Jiuhao Health Industry Corporation Limited.

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

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 20 March 2013.

2. BASIS OF PREPARATION

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

The Group has restated the comparative figures on the loss per share. The restatement is to account for the impact of the share consolidation on the weighted average number of ordinary shares in issue for the purpose of calculating the basic and diluted loss per share for the year ended 31 December 2011. As a result of the share consolidation, the weighted average number of ordinary shares for the year ended 31 December 2011 has decreased from 3,734,649,310 shares to 1,867,324,655 shares, and hence, the basic and diluted loss per share has been restated from HK cents 0.48 per share to HK cents 0.95 per share for the year ended 31 December 2011.

Changes in accounting policy and disclosures:

(i) New and amended standards effective in 2012 adopted by the Group

The Group has adopted the following new, revised and amended standards and interpretations to existing standards ("new HKFRS") that have been issued and are effective for the Group's accounting year beginning on 1 January 2012:

- HKAS 12 (Amendment) — Deferred tax: Recovery of underlying assets
- HKFRS 1 (Amendment) — Severe hyperinflation and removal of fixed dates for first-time adopters
- HKFRS 7 (Amendment) — Disclosures — Transfer of financial assets

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

(ii) New and amended standards that are not effective in 2012 but have been early adopted by the Group

• HKAS 27 (2011)	Separate financial statements
• HKAS 28 (2011)	Investment in associates and joint ventures
• HKFRS 10	Consolidated financial statements
• HKFRS 11	Joint arrangements
• HKFRS 12	Disclosures of interests in other entities

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

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

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

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

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

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

The effects of the change in accounting policies on the financial position, comprehensive income and the cash flows of the Group at 1 January 2011 and 31 December 2011 are summarized below. The change in accounting policy has had no impact on loss per share.

Impact of change in accounting policy on the consolidated income statement

	For the year ended 31 December 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	For the year ended 31 December 2011 *HK$'000* (Restated)
Sales	125,224	(23,235)	101,989
Cost of sales	(94,226)	8,028	(86,198)
Gross profit	30,998	(15,207)	15,791
Other income and other (losses)/gains, net	49,480	(34,854)	14,626
Marketing and selling expenses	(2,430)	833	(1,597)
Administrative expenses (including provision for impairment of intangible assets)	(87,346)	10,277	(77,069)
Share of profit of an associated company	9,754	(9,754)	—
Share of profit of joint ventures	—	40,207	40,207
	456	(8,498)	(8,042)
Finance costs	(6,393)	—	(6,393)
Loss before taxation	(5,937)	(8,498)	(14,435)
Taxation	(11,690)	8,166	(3,524)
Loss for the year	(17,627)	(332)	(17,959)
Attributable to:			
Equity holders of the Company	(17,779)	—	(17,779)
Non-controlling interests	152	(332)	(180)
	(17,627)	(332)	(17,959)
Loss per share attributable to the equity holders of the Company for the year	HK Cents (Restated) *(Note 2)*	HK Cents	HK Cents
Basic loss per share	(0.95)	—	(0.95)
Diluted loss per share	(0.95)	—	(0.95)
Dividend	—	—	—

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

	For the year ended 31 December 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	For the year ended 31 December 2011 *HK$'000* (Restated)
Loss for the year	(17,627)	(332)	(17,959)
Other comprehensive income:			
— Currency translation differences	26,023	(14)	26,009
Other comprehensive income/(loss) for the year, net of tax	26,023	(14)	26,009
Total comprehensive income/(loss) for the year	8,396	(346)	8,050
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	8,227	—	8,227
Non-controlling interests	169	(346)	(177)
	8,396	(346)	8,050

Impact of change in accounting policy on consolidated balance sheet

	As at 31 December 2011 HK$'000 (Previously stated)	Change in accounting policy HK$'000	As at 31 December 2011 HK$'000 (Restated)	As at 1 January 2011 HK$'000 (Previously stated)	Change in accounting policy HK$'000	As at 1 January 2011 HK$'000 (Restated)
NON-CURRENT ASSETS						
Property, plant and equipment	340,655	(1,449)	339,206	3,730	(1,581)	2,149
Intangible assets	520,586	(52,140)	468,446	114,670	(43,611)	71,059
Investment properties	414,395	(414,395)	—	359,890	(359,890)	—
Interest in an associated company	292,330	(292,330)	—	268,986	(268,986)	—
Interests in joint ventures	—	328,697	328,697	—	264,430	264,430
Amounts due from a joint venture	—	—	—	64,809	194,427	259,236
Deferred tax assets	25,882	—	25,882	18,737	—	18,737
Other non-current assets	1,644	(1,644)	—	1,741	(1,741)	—
	1,595,492	(433,261)	1,162,231	832,563	(216,952)	615,611
CURRENT ASSETS						
Exclusive advertising agency right	18,503	—	18,503	51,121	—	51,121
Trade receivables	18,018	(2,868)	15,150	22,474	(21,058)	1,416
Inventories	15,527	—	15,527	—	—	—
Amounts due from joint ventures and its subsidiaries	96,121	287,613	383,734	26,747	79,525	106,272
Financial assets at fair value through profit or loss	14,600	—	14,600	28,000	—	28,000
Prepayments, deposits and other receivables	74,425	1,663	76,088	36,849	5,083	41,932
Cash and cash equivalents	200,606	(92,390)	108,216	236,678	(74,563)	162,115
	437,800	194,018	631,818	401,869	(11,013)	390,856
Assets of disposal group held for sale	—	—	—	118,347	—	118,347
	437,800	194,018	631,818	520,216	(11,013)	509,203

	As at 31 December 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	As at 31 December 2011 *HK$'000* (Restated)	As at 1 January 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	As at 1 January 2011 *HK$'000* (Restated)
CURRENT LIABILITIES						
Agency fee payables	143,265	(45,642)	97,623	136,492	(43,484)	93,008
Trade payables	7,170	(1,778)	5,392	2,383	(2,383)	—
Receipt in advance, other payables and accrued liabilities	253,073	(99,641)	153,432	159,413	(102,251)	57,162
Amount due to an associated company	35,105	(35,105)	—	32,848	(32,848)	—
Amount due to a joint venture	—	33,255	33,255	—	31,683	31,683
Deferred revenue	75,383	—	75,383	—	—	—
Current income tax liabilities	79,998	(2,873)	77,125	17,533	(4,441)	13,092
	593,994	(151,784)	442,210	348,669	(153,724)	194,945
Liabilities of disposal group held for sale	—	—	—	36,347	—	36,347
	593,994	(151,784)	442,210	385,016	(153,724)	231,292
NET CURRENT (LIABILITIES)/ ASSETS	(156,194)	345,802	189,608	135,200	142,711	277,911
TOTAL ASSETS LESS CURRENT LIABILITIES	1,439,298	(87,459)	1,351,839	967,763	(74,241)	893,522

	As at 31 December 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	As at 31 December 2011 *HK$'000* (Restated)	As at 1 January 2011 *HK$'000* (Previously stated)	Change in accounting policy *HK$'000*	As at 1 January 2011 *HK$'000* (Restated)
NON-CURRENT LIABILITIES						
Other payables	24,860	—	24,860	—	—	—
Deferred revenue	56,509	—	56,509	—	—	—
Deferred tax liabilities	181,318	(87,002)	94,316	74,130	(74,130)	—
	262,687	(87,002)	175,685	74,130	(74,130)	—
NET ASSETS	1,176,611	(457)	1,176,154	893,633	(111)	893,522
EQUITY						
Capital and reserves attributable to the equity holders of the Company						
Share capital	451,918	—	451,918	287,945	—	287,945
Reserves	724,236	—	724,236	604,851	—	604,851
	1,176,154	—	1,176,154	892,796	—	892,796
Non-controlling interests	457	(457)	—	837	(111)	726
TOTAL EQUITY	1,176,611	(457)	1,176,154	893,633	(111)	893,522

(iii) New and amended standards that are not effective in 2012 and have not been early adopted by the Group

The following new, revised and amended standards and interpretations to existing standards have been issued, but are not effective for the financial year beginning 1 January 2012 and have not been early adopted by the Group:

HKAS 1 (Revised) (Amendment)	Presentation of financial statements — Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 32 (Amendment)	Financial instruments: presentation — Offsetting financial assets and financial liabilities
HKFRS 1 (Amendment)	First-time adoption of HKFRSs — Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments
HKFRS 13	Fair value measurement
HKFRSs (Amendment)	Annual improvements 2009-2011 cycle
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

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

3. SALES AND OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

The Group is principally engaged in health industry, media business and properties investment business through joint ventures. Revenues recognized during the year are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
Sales		
Health industry	**144,880**	64,614
Media	**20,188**	37,375
	165,068	101,989
Other income and other (losses)/gains, net		
Loss on disposal of subsidiaries, net	**—**	(1,363)
Interest income	**220**	555
Fair value loss on financial assets at fair value through profit or loss	**(3,000)**	(13,400)
Exchange gain	**846**	24,467
Additional 25% share of results of a joint venture, net of the consideration	**2,292**	(556)
Miscellaneous	**(788)**	4,923
	(430)	14,626

There was no non-cash revenue arising from exchange of goods or services during the year included in sales from Media business (2011: HK$5,204,000).

4. SEGMENT INFORMATION

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

The management committee has determined that the Group is organized into three main operating segments: (i) health industry (formerly known as "high-end recreational and tourism services"), (ii) media business and (iii) properties investment. The management committee measures the performance of the segments based on their respective segment results.

There are sales between the operating segments in year 2012 amounted to HK$4,083,000 (2011: HK$6,448,000).

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

	2012			
	Health Industry	**Media**	**Properties Investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Sales	**148,963**	**20,188**	**—**	**169,151**
Inter-segment revenue	**(4,083)**	**—**	**—**	**(4,083)**
Revenue from external customers	**144,880**	**20,188**	**—**	**165,068**
Share of results of joint ventures	**—**	**25,509**	**23,730**	**49,239**
Segment results	**36,438**	**39,009**	**25,511**	**100,958**
Exchange gain				**846**
Share-based payments				**(6,399)**
Unallocated costs, net				**(38,585)**
				56,820
Finance costs				**(87,776)**
Loss before taxation				**(30,956)**
Taxation				**(12,633)**
Loss for the year				**(43,589)**
Non-controlling interests				**—**
Loss attributable to the equity holders of the Company				**(43,589)**
Segment assets	**1,701,039**	**102,188**	**8**	**1,803,235**
Interests in joint ventures	**—**	**35,372**	**325,503**	**360,875**
Goodwill	**312,216**	**—**	**—**	**312,216**
Amounts due from a joint venture and its subsidiaries				**365,600**
Unallocated assets				**166,781**
Total assets				**3,008,707**
Segment liabilities	**244,151**	**153,559**	**—**	**397,710**
Promissory notes				**104,170**
Convertible notes				**491,587**
Unallocated liabilities				**435,392**
Total liabilities				**1,428,859**
Capital expenditures				
— Allocated	**1,260,783**	**8,629**	**—**	**1,269,412**
— Unallocated				**1,190**
Depreciation				
— Allocated	**23,872**	**452**	**—**	**24,324**
— Unallocated				**927**
Amortization	**12,730**	**2,438**	**—**	**15,168**

	2011			
	Health Industry *HK$'000*	Media *HK$'000* (Restated) *(Note 2)*	Properties Investment *HK$'000* (Restated) *(Note 2)*	Total *HK$'000* (Restated) *(Note 2)*
Sales	71,062	37,375	—	108,437
Inter-segment revenue	(6,448)	—	—	(6,448)
Revenue from external customers	64,614	37,375	—	101,989
Share of results of joint ventures	—	8,937	31,270	40,207
Segment results	11,876	(14,849)	33,794	30,821
Exchange gain				24,467
Share-based payments				(255)
Unallocated costs, net				(63,075)
				(8,042)
Finance costs				(6,393)
Loss before taxation				(14,435)
Taxation				(3,524)
Loss for the year				(17,959)
Non-controlling interests				180
Loss attributable to the equity holders of the Company				(17,779)
Segment assets	723,336	204,873	11,155	939,364
Interests in joint ventures	—	9,873	301,775	311,648
Goodwill	50,075	—	—	50,075
Amounts due from a joint venture and its subsidiaries				383,734
Unallocated assets				92,179
Total assets				1,777,000
Segment liabilities	270,312	157,182	—	427,494
Unallocated liabilities				190,401
Total liabilities				617,895
Capital expenditures				
— Allocated	666,645	65,269	—	731,914
— Unallocated				1,626
Depreciation				
— Allocated	12,686	266	—	12,952
— Unallocated				566
Amortization	3,338	35,805	—	39,143

5. FINANCE COSTS

	Group 2012 *HK$'000*	2011 *HK$'000*
Accrued interest on agency fee payable	**6,570**	6,393
Interest expense on promissory notes	**1,363**	—
Notional non-cash interest accretion on promissory notes	**4,373**	—
Notional non-cash interest accretion on convertible notes	**11,950**	—
	24,256	6,393
Fair value loss on financial liabilities at fair value through profit or loss *(Note)*	**63,520**	—
	87,776	6,393

Note: The fair value loss on financial liabilities at fair value through profit or loss represented the change in fair value of warrants during the period from issue date of 6 January 2012 to the exercise date. Such warrants have been fully exercised as of year end. Management has applied the Black-Scholes option pricing model to value the fair value of the warrants upon exercise.

6. LOSS BEFORE TAXATION

Loss before taxation is stated after crediting and charging the following:

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
Crediting		
Bad debt recovery	**—**	1,831
Charging		
Depreciation of property, plant and equipment *(note 10)*	**25,251**	13,518
Amortization of intangible assets *(note 11)*	**15,168**	39,143
Auditor's remuneration	**2,500**	2,800
Provision for impairment of intangible assets	**—**	11,596
Provision for impairment of trade receivables *(note 12)*	**3,333**	—
Operating lease rentals — land and buildings	**1,598**	2,299
Operating lease rentals — operating rights	**(17,254)**	9,396
Loss on disposal of property, plant and equipment	**12**	—
Donations	**—**	4
Staff costs:		
Directors' fees	**753**	487
Wages and salaries	**48,633**	22,821
Share-based payments	**6,399**	255
Contributions to defined contribution pension schemes	**7,537**	2,946
	63,322	26,509

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

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

According to the New CIT Law and DIR, the income tax rates for both domestic and foreign investment enterprises have been unified at 25% effective from 1 January 2008. PRC Corporate Income Tax has been provided for at the rate of 25% (2011: 25%) on the estimated assessable profit for the year accordingly.

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
Current income tax		
— Hong Kong profits tax	**—**	—
— PRC Corporate Income Tax	**11,853**	6,013
Deferred income tax	**780**	(2,489)
Income tax expense	**12,633**	3,524

8. LOSS PER SHARE

Basic loss per share

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

	2012	2011
Weighted average number of ordinary shares in issue (thousands) disclosed in 2011 annual report	**N/A**	3,734,649
Weighted average number of ordinary shares in issue (thousands) (restated as described in note 2)	**2,268,321**	1,867,325
Loss attributable to equity holders of the Company (HK$'000)	**(43,589)**	(17,779)
Basic loss per share attributable to equity holders of the Company (HK cents per share) (restated as described in note 2)	**(1.92)**	(0.95)

Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2012, the Company has only two categories of potential ordinary shares: convertible notes and share options (2011: share options only). The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The conversion of all potential ordinary shares would have an anti-dilutive effect on the basic loss per share for the years ended 31 December 2012 and 31 December 2011.

9. DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2012 (2011: nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Golf course	Buildings	Machinery and equipment	Furniture, computer and equipment	Leasehold improvements	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)
		(Note 2)		*(Note 2)*		*(Note 2)*		*(Note 2)*
Cost								
At 1 January 2011								
(Previously stated)	—	498	—	3,479	418	4,222	—	8,617
Effect of adoption of HKFRS 11	—	(498)	—	(2,746)	—	(1,812)	—	(5,056)
At 1 January 2011 (Restated)	—	—	—	733	418	2,410	—	3,561
Additions	—	—	586	1,236	285	1,626	579	4,312
Acquisition of subsidiaries *(note 14)*	108,578	180,795	8,067	6,707	14,245	12,885	8,389	339,666
Reclassification	—	8,929	—	—	—	—	(8,929)	—
Disposals	—	—	—	(21)	—	—	—	(21)
Exchange difference	2,178	3,848	177	194	293	338	(39)	6,989
At 31 December 2011	110,756	193,572	8,830	8,849	15,241	17,259	—	354,507
Accumulated depreciation								
At 1 January 2011								
(Previously stated)	—	6	—	2,540	24	2,317	—	4,887
Effect of adoption of HKFRS 11	—	(6)	—	(2,290)	—	(1,179)	—	(3,475)
At 1 January 2011 (Restated)	—	—	—	250	24	1,138	—	1,412
Disposals	—	—	—	(5)	—	—	—	(5)
Depreciation	3,489	2,940	1,047	873	331	4,838	—	13,518
Exchange difference	87	73	26	30	5	155	—	376
At 31 December 2011	3,576	3,013	1,073	1,148	360	6,131	—	15,301
Net book value:								
At 31 December 2011	107,180	190,559	7,757	7,701	14,881	11,128	—	339,206

	Golf course *HK$'000*	Buildings *HK$'000*	Machinery and equipment *HK$'000*	Furniture, computer and equipment *HK$'000*	Leasehold improvements *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost								
At 1 January 2012								
(Previously stated)	110,756	194,222	8,830	11,754	15,241	19,140	—	359,943
Effect of adoption of HKFRS 11	—	(650)	—	(2,905)	—	(1,881)	—	(5,436)
At 1 January 2012 (Restated)	110,756	193,572	8,830	8,849	15,241	17,259	—	354,507
Additions	—	370	937	270	—	1,865	—	3,442
Acquisition of subsidiaries *(note 14)*	—	—	—	2	—	—	1,540	1,542
Disposals	—	—	—	(68)	—	(1,461)	—	(1,529)
Exchange difference	(20)	(36)	(2)	(2)	(3)	(3)	(7)	(73)
At 31 December 2012	110,736	193,906	9,765	9,051	15,238	17,660	1,533	357,889
Accumulated depreciation								
At 1 January 2012								
(Previously stated)	3,576	3,048	1,073	3,671	360	7,560	—	19,288
Effect of adoption of HKFRS 11	—	(35)	—	(2,523)	—	(1,429)	—	(3,987)
At 1 January 2012 (Restated)	3,576	3,013	1,073	1,148	360	6,131	—	15,301
Disposals	—	—	—	(37)	—	(738)	—	(775)
Depreciation	8,576	7,532	1,872	1,349	597	5,325	—	25,251
Exchange difference	(2)	(1)	(1)	—	—	(1)	—	(5)
At 31 December 2012	12,150	10,544	2,944	2,460	957	10,717	—	39,772
Net book value:								
At 31 December 2012	98,586	183,362	6,821	6,591	14,281	6,943	1,533	318,117

Depreciation expense of HK$22,982,000 (2011: HK$12,234,000) and HK$2,269,000 (2011: HK$1,284,000) has been charged in cost of sales and administrative expenses, respectively.

11. INTANGIBLE ASSETS

	Non-current assets					Current assets
	Goodwill	Programmes and film rights	Programmes and film production in progress	Cooperating construction and operating agreements	Total	Exclusive advertising agency right
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated) *(Note 2)*				(Restated) *(Note 2)*	
Year ended 31 December 2011						
Opening net book amount (Previously stated)	43,611	20,429	50,630	—	114,670	51,121
Effect of adoption of HKFRS 11	(43,611)	—	—	—	(43,611)	—
Opening net book amount (Restated)	—	20,429	50,630	—	71,059	51,121
Additions	—	—	64,274	—	64,274	—
Acquisition of subsidiaries *(note 14)*	49,090	—	—	325,288	374,378	—
Reclassification	—	50,463	(50,463)	—	—	—
Disposals	—	(34,905)	—	—	(34,905)	—
Amortization expense	—	(1,501)	—	(3,338)	(4,839)	(34,304)
Impairment expense	—	(11,596)	—	—	(11,596)	—
Exchange difference	985	180	2,469	6,441	10,075	1,686
Closing net book amount	50,075	23,070	66,910	328,391	468,446	18,503
At 31 December 2011						
Cost	596,004	125,262	66,910	331,812	1,119,988	53,657
Accumulated amortization and impairment	(545,929)	(102,192)	—	(3,421)	(651,542)	(35,154)
Net book amount	50,075	23,070	66,910	328,391	468,446	18,503

	Non-current assets						Current assets
	Goodwill *HK$'000*	**Programmes and film rights** *HK$'000*	**Programmes and film production in progress** *HK$'000*	**Cooperating construction and operating agreements** *HK$'000*	**Software and licences** *HK$'000*	**Total** *HK$'000*	**Exclusive advertising agency right** *HK$'000*
Year ended 31 December 2012							
Opening net book amount (Previously stated)	**102,215**	**23,070**	**66,910**	**328,391**	**—**	**520,586**	**18,503**
Effect of adoption of HKFRS 11	**(52,140)**	**—**	**—**	**—**	**—**	**(52,140)**	**—**
Opening net book amount (Restated)	**50,075**	**23,070**	**66,910**	**328,391**	**—**	**468,446**	**18,503**
Additions	**—**	**—**	**7,400**	**—**	**1,023**	**8,423**	**—**
Acquisition of subsidiaries *(note 14)*	**263,399**	**—**	**—**	**993,798**	**—**	**1,257,197**	**—**
Reclassification	**—**	**65,863**	**(65,863)**	**—**	**—**	**—**	**—**
Disposals	**—**	**(65,863)**	**—**	**—**	**—**	**(65,863)**	**—**
Transfer out *(note)*	**—**	**—**	**—**	**—**	**—**	**—**	**(18,501)**
Amortization expense	**—**	**(1,538)**	**—**	**(12,716)**	**(914)**	**(15,168)**	**—**
Exchange difference	**(1,258)**	**(1)**	**(7)**	**(4,770)**	**—**	**(6,036)**	**(2)**
Closing net book amount	**312,216**	**21,531**	**8,440**	**1,304,703**	**109**	**1,646,999**	**—**
At 31 December 2012							
Cost	**312,216**	**116,214**	**8,440**	**1,325,548**	**1,023**	**1,763,441**	**—**
Accumulated amortization and impairment	**—**	**(94,683)**	**—**	**(20,845)**	**(914)**	**(116,442)**	**—**
Net book amount	**312,216**	**21,531**	**8,440**	**1,304,703**	**109**	**1,646,999**	**—**

Amortization expense of HK$14,254,000 (2011: HK$39,143,000) and HK$914,000 (2011: nil) has been charged in cost of sales and administrative expenses, respectively.

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

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

Impairment tests for goodwill

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
Health industry	**312,216**	50,075
Total	**312,216**	50,075

The recoverable amount of a CGU is determined based on fair value less cost to sell calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for fair value less cost to sell calculations:

	Health industry	
	2012	2011
— Compound annual growth rate of revenue in fifteen-year period	**5%**	5%
— Annual growth rate beyond the fifteen-year period	**2%**	0%
— Discount rate	**13.5%**	15.5%

12 TRADE RECEIVABLES

At 31 December 2012, the aging analysis of the trade receivables is as follows:

	Group		
			As at
	As at 31 December		1 January
	2012	2011	2011
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
		(Note 2)	*(Note 2)*
0-3 months	**790**	796	637
4-6 months	**417**	1,328	—
Over 6 months	**25,786**	23,213	10,485
	26,993	25,337	11,122
Provision for doubtful debts (all made against trade receivables aged over 6 months)	**(13,518)**	(10,187)	(9,706)
	13,475	15,150	1,416

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

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

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. As at 31 December 2012, HK$13,518,000 of the trade receivables was considered impaired (2011 (Restated): HK$10,187,000 and 2010 (Restated): HK$9,706,000).

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

	Group		
	As at 31 December		As at 1 January
	2012	2011	2011
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
		(Note 2)	*(Note 2)*
4-6 months	**417**	1,328	—
Over 6 months	**12,268**	13,026	779
	12,685	14,354	779

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

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
		(Note 2)
At 1 January	**10,187**	9,706
Provision for doubtful debts *(note 6)*	**3,333**	—
Exchange differences	**(2)**	481
At 31 December	**13,518**	10,187

The creation and release of provision for doubtful debts have been included in administrative expenses in the consolidated income statement (note 6). 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.

13. TRADE PAYABLES, RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED LIABILITIES

	Group			Company	
			As at		
	As at 31 December		1 January	As at 31 December	
	2012	2011	2011	**2012**	2011
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)	(Restated)		
		(Note 2)	*(Note 2)*		
Current liabilities:					
Trade payables	**3,878**	5,392	—	**—**	—
Receipt in advance	**18,970**	24,560	—	**—**	—
Other payables and accrued liabilities	**141,360**	128,872	57,162	**16,158**	17,043
	164,208	158,824	57,162	**16,158**	17,043
Non-current liabilities:					
Other payables	**3,335**	24,860	—	**—**	—
	167,543	183,684	57,162	**16,158**	17,043

At 31 December 2012, the aging analysis of the trade payables is as follows:

	Group		
			As at
	As at 31 December		1 January
	2012	2011	2011
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
		(Note 2)	*(Note 2)*
0–3 months	**2,363**	2,758	—
4–6 months	**856**	1,528	—
Over 6 months	**659**	1,106	—
	3,878	5,392	—

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

The carrying amounts of trade payables, receipt in advance, other payables and accrued liabilities approximate their fair values.

14. SIGNIFICANT BUSINESS COMBINATION AND DISPOSAL

(a) Significant Business combination

For year 2012

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

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

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

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

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

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

The said acquisition has been completed on 22 October 2012.

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

	HK$'000
Consideration:	
— Cash	**50,000**
— Promissory notes	**135,713**
— Convertible notes	**817,608**
Total consideration	**1,003,321**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(note 10)*	**1,542**
Intangible assets *(note 11)*	**993,798**
Deferred tax assets *(note 7)*	**1,939**
Cash and cash equivalents	**391**
Receipt in advance, other payables and accrued liabilities	**(7,390)**
Other payables — non-current	**(1,909)**
Deferred tax liabilities *(note 7)*	**(248,449)**
Total identifiable net assets	**739,922**
Goodwill *(note 11)*	**263,399**
	1,003,321
Net cash outflow on business combinations:	
Cash consideration paid	**(50,000)**
Cash and cash equivalents acquired	**391**
Total	**(49,609)**

Acquisition-related costs of approximately HK$3.8 million have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2012.

The fair value of the promissory notes and convertible notes issued as part of the consideration paid for the Target Group was based on the independent valuation carried out by American Appraisal China Limited, a firm of independent and qualified professional valuers not connected with the Group.

The Target Group has not contributed revenue included in the consolidated income statement since the completion of the business combination. The Target Group also contributed loss of HK$5,613,000 over the same period.

Had the Target Group been consolidated from 1 January 2012, the consolidated income statement would show pro-forma revenue of zero and loss of HK$10,976,000.

For year 2011

On 26 January 2011, the Group and Mr. He Peng (the "Vendor") has entered into a sale and purchase agreement (as amended by the supplemental agreement dated 16 May 2011), pursuant to which the Group has conditionally agreed to acquire the entire equity interests in Smart Title Limited free from encumbrances for the consideration of HK$500 million. The consideration of HK$500 million shall be settled in the following manner:

(i) HK$395 million of the consideration shall be paid in cash upon completion of the acquisition;

(ii) HK$70 million of the consideration shall be settled by issuance of 200,000,000 new ordinary shares of the Company at HK$0.35 each (after adjustment for share consolidation effective on 16 May 2011) upon completion of the acquisition; and

(iii) the remaining HK$35 million of the consideration shall be settled by the issuance of a maximum of 100,000,000 new ordinary shares of the Company at HK$0.35 each (after adjustment for share consolidation effective on 16 May 2011), provided that:

    (a) the number of new ordinary shares to be issued by the Company will be adjusted downwards on a dollar to dollar basis if the audited net profit after tax of Smart Title Limited and its subsidiaries (the "Target Group") for the years 2011 and 2012 shall be less than RMB80,000,000 in aggregate;

    (b) following the deduction of the value of the new ordinary shares issued under the preceding subparagraph (a), if there shall still be in existence a shortfall, the Vendor shall compensate such shortfall in cash on a dollar to dollar to basis; and

    (c) in case the Target Group suffers an aggregated net loss after tax for the years 2011 and 2012, in addition to the compensation under the preceding subparagraph (a) and (b), the Vendor shall compensate the Group for the aggregated loss on a dollar to dollar basis.

If, as at the date of completion, there shall remain outstanding amounts receivable from related parties outside the Target Group, the Group shall have the right to reduce the cash consideration by such outstanding amounts, and thereafter such outstanding amounts shall be deemed to have been received by the Target Group.

The said acquisition has been completed on 28 July 2011.

The Target Group is principally engaged in the provision of high-end recreational and tourism services through the management of "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. "Bayhood No. 9 Club" is located near the city centre of Beijing, PRC.

The following table summarizes the total considerations paid by the Group for the above acquisitions and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date. The fair value of the consideration related to new ordinary shares issued and to be issued were determined based on the market price of the Company's shares at the acquisition date.

	2011
	HK$'000
Consideration:	
— Cash	395,000
— Issuance of shares	27,800
— Shares to be issued	13,900
Total consideration	436,700
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(note 10)*	339,666
Intangible assets *(note 11)*	325,288
Deferred tax assets *(note 7)*	5,748
Prepayments, deposits and other receivables	18,592
Amounts due from entities related to the Vendor offsetted against cash consideration payable upon completion	99,920
Inventories	7,402
Cash and cash equivalent	18,326
Trade payables	(8,639)
Receipt in advance, other payables and accrued liabilities	(124,646)
Deferred revenue	(141,119)
Current income tax liabilities	(58,286)
Deferred tax liabilities *(note 7)*	(94,642)
Total identifiable net assets	387,610
Goodwill *(note 11)*	49,090
Net cash outflow on business combinations:	
Cash consideration payable	395,000
Amounts due from entities related to the Vendor offsetted against cash consideration payable upon completion	(99,920)
Cash and cash equivalents in subsidiaries acquired	(18,326)
Total	276,754

The sales included in the consolidated income statement since respective acquisition dates contributed by the subsidiaries acquired was HK$64,614,000 (2010: HK$5,181,000). These acquired subsidiaries also contributed profit of HK$11,876,000 (2010: HK$12,534,000) over the same period. Had these acquires subsidiaries been consolidated from 1 January 2011, the consolidated income statement would show sales of HK$150,940,000 (2010: HK$19,543,000) and profit of HK$27,818,000 (2010: HK$11,818,000).

(b) Significant business disposal

On 19 May 2011, the Company and DVN (Holdings) Limited have entered into a sale and purchase agreement, whereby the Company agreed to sell the entire issued share capital in and assign its loan due from Sinofocus Media (Holdings) Limited ("Sinofocus") to DVN (Holdings) Limited at an aggregate consideration of HK$82,000,000 payable in cash. Sinofocus, a wholly-owned subsidiary of the Company, is an investment holding company holding various subsidiaries engaging in advertising agency and media resources procurement business. The said disposal has been completed in June 2011, resulting in a loss on disposal of approximately HK$1,806,000.

15. CONTINGENCIES

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

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

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of China Jiuhao Health Industry Corporation Limited (the "Company", formerly known as "Media China Corporation Limited") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012.

The sustained rapid economic growth of the PRC in recent years, coupled with the growing population of senior citizens, presents a promising prospect in the health maintenance and retirement services industry in the country. In order to better leverage this golden opportunity, we have undergone an aggressive business transformation in recent years, striding toward the health industry. As the first step, we had completed the acquisition of "Bayhood No. 9 Club" in 2011. Thereafter, we acquired the development and operating rights of a piece of adjacent land in 2012 to develop convalescent facilities including the Health Maintenance Si He Yuan and Hotel. The project will be developed into the Group's first flagship project in Beijing, "China Jiuhao Health Maintenance Centre", with a view to creating maximum return for the shareholders.

During the past year, our efforts have translated into substantial results. "Bayhood No. 9 Club" generated considerable income for the Group, recording revenue of HK$145 million for the year, representing an increase by 1.2 times over last year. Accounting for approximately 88% of the Group's total revenue, the project has overtaken media business as the largest source of revenue of the Group. The design and construction of Health Maintenance Si He Yuan and Hotel is on track as planned, and the project is expected to be completed in phases and put into service by second half of 2014. The project, together with "Bayhood No. 9 Club", will create a high-end health maintenance compound, providing customers with quality service.

In line with the change in our core business, the Company has changed its name to "China Jiuhao Health Industry Corporation Limited", which marks an important milestone in our business development.

Designed and planned by internationally renowned masters, the award-winning "Bayhood No. 9 Club" has been one of the most popular membership-based green health clubs in the PRC. Members of the Club are executives of local/multi-national companies or high-net-worth individuals who have substantial consumption potential. We will promote the brand "China Jiuhao Health Maintenance Centre" nationwide step by step by capitalising on our successful experience in "Bayhood No. 9 Club". We plan to establish similar style of health maintenance centres in different cities across the country in the next decade, and build scalable health maintenance centres and communities for health maintenance and retirement with the target to become a leader in the innovation and operation of the health industry in the PRC.

The operating philosophy distinguishes "China Jiuhao Health Maintenance Centre" from traditional retirement property projects. Unlike property projects, it creates an integrated platform that combines sports and recreational services, health management services, health maintenance and resort services by providing unique and quality facilities and services, and receives considerable membership fees and service fees. With the accelerated aging of population in the PRC, the government has been in favour of health maintenance and retirement facilities and services operated by private organisations in recent years. On the other hand, the health maintenance and retirement services industry lags far behind that in other developed countries such as Europe and the United States, and the market has much room for development. Therefore, the management believes that "China Jiuhao Health Maintenance Centre" is well positioned to succeed as it benefits from the favourable environment and government support.

The operating environment has been challenging home and abroad in 2012. However, we have ridden out difficulties and made significant progress in the development of "China Jiuhao Health Maintenance Centre" thanks to the support and coordinated efforts of our business partners and staff members. Looking forward, we will continue our unremitting efforts to meet our business targets.

On behalf of the board of directors, I would like to express my heartfelt gratitude to investors and business partners for their long-term trust and support. Moreover, I am grateful for the dedication and contribution of our staff members over the past year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Financial Performance

Major indicators of the financial results for the 12 months ended 31 December 2012 are summarized in the table below:

	2012	2011
	HK$'000	*HK$'000*
Total sales revenue	**165,068**	101,989
Gross profit	**102,298**	15,791
Profit/(loss) before finance cost and taxation	**56,820**	(8,042)
Loss for the year	**(43,589)**	(17,959)

The global economy remained volatile in 2012. Amid slowing imports and exports and sluggish domestic demand, China's economy could not but grew at a steady pace. It managed, however, to report a real GDP growth of 7.8% for the year. During the period, the per capita disposable income of urban residents rose 9.6% year-on-year to RMB24,565, which has created a stable business environment for the Group.

We have made notable progress in the mainland health market, especially in the areas of health maintenance and retirement projects. Bayhood No. 9 Club contributed HK$145 million or 88% of our total revenue in 2012, soaring 124% from a year earlier, making it the main income source of the Group. In addition, revenues from the two joint-venture projects — Travel Channel and Shenzhen Tian An International Building — grew steadily last year. The Group's share of profit generated from these two projects combined amounted to HK$49,239,000, a 22% surge year-on-year. As such, the Group successfully went out of the red and turned into profit before finance costs and taxation, realising a profit before finance costs and taxation of HK$56,820,000 for the year.

Changes in fair value of our warrants incurred a non-cash loss of approximately HK$63,520,000, leading to a loss of about HK$43,589,000 for 2012. Excluding the non-cash fair value loss, the Group has in fact returned to profitability and recorded a profit of HK$19,931,000 for the year.

Industry Review

In 2008, the population aged above 60 exceeded 167 million in China, showing a sign of ageing at a staggering pace. By 2050, the figure is expected to surpass 400 million. As a response to the acceleration of population ageing, the Chinese government has stepped up efforts to boost the health industry in recent years. In 2012, the State Council promulgated the *Law on the Protection of the Rights and Interests of the Elderly (Revised Draft)* to encourage and incentivize investment in retirement service facilities. Meanwhile, China's ageing population has grown continuously and accumulated huge wealth over years of rapid economic growth, fueling a strong demand for high quality healthcare, health maintenance, and retirement services and facilities.

Given the favourable policies in place, coupled with the overall ageing population in China, the Group's management team has painted a rosy picture for China's healthcare, health maintenance and retirement service industry. To exploit the full potential ahead, the Group plans to combine Bayhood No. 9 Club with Beijing Health Maintenance Si He Yuan and Hotel as its first flagship health maintenance project named China Jiuhao Health Maintenance Centre. Modelled on this flagship project, many more high-end healthcare facilities and centres are to be established in different areas of the country as part of our commitment to create value for our shareholders. Our long-term vision is to build and serve sustainable communities that integrate health maintenance and retirement functions in mainland China and become a pioneer in offering a comprehensive range of specialised and systemized health and convalescent tourist services in the PRC.

To align with our strategic reorientation, we have decided to change our name from Media China Corporation Limited to China Jiuhao Health Industry Corporation Limited. A resolution in this regard was adopted by shareholders at the extraordinary general meeting on 28 February 2013. The new company name, effective from 20 March 2013, has turned a new chapter for our future development.

Business Review

(Unit: HK$'000)	**Sales Revenue**		**Segment Results**	
	2012	2011	**2012**	2011
Health industry	**144,880**	64,614	**36,438**	11,876
Media	**20,188**	37,375	**39,009**	(14,849)
Properties investment	**—**	—	**25,511**	33,794
Total	**165,068**	101,989	**100,958**	30,821

Health Industry

The Group completed the acquisition of the operation of Bayhood No. 9 Club in July 2011. Situated in prime location, the club is only 3.5 km from the Beijing Capital International Airport and a 25-minute drive from the city hub of Beijing. As one of the largest high-end recreational complexes in Beijing, the 1,150-acre club boasts a complete range of facilities including an 18-hole standard golf course, Asia's first PGA-branded golf academy, a fully-equipped driving range, health-themed restaurants, health SPA, and lakeside golf course private VIP rooms, making it well-positioned for future growth.

Bayhood No. 9 Club is an award-winning premier golf course in Asia elaborately designed by Nelson & Haworth Golf Course Architect, a world-renowned golf course design firm based in Canada. Equipped with 16 golf driving bays on the ground floor and, on the second, more than 20 private VIP rooms each offering two individual driving bays, the highly sought-after driving range is in short supply all year round.

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

In 2012, the operation of Bayhood No. 9 Club generated sales revenue of HK$144,880,000, accounting for approximately 88% of the total sales revenue of the Group during the year and surpassing the sales revenue from the media segment. The club brought in profits amounting to HK$36,438,000, a whopping 207% year-on-year surge.

To expand the operation of Bayhood No. 9 Club, the Group completed the acquisition of the development and operating rights of an adjacent 580-acre land plot in October 2012. With an approved total floor area of over 80,000 square metres, the acquired land is planned to develop as an extension of Bayhood No. 9 Club comprising conference facilities, detached classical Chinese courtyard houses (Si He Yuan) and villas for health maintenance purposes, and hotel facilities.

The classical Chinese courtyard houses and hotel are all designed by Denniston International Architects & Planners, a renowned architectural design firm that has designed a handful of world-class luxurious masterpieces such as Fuchun Resort Hangzhou, Aman at Summer Palace, Beijing and The St. Regis Resort, Lhasa.

Land is scarce in downtown Beijing and its peripheral areas for the development of large-scale low-density health maintenance centres with outdoor greenery. As the extension site is adjacent to Bayhood No. 9 Club, the management believes the project will benefit the Group by giving it a stronger business synergy and a brighter prospect in China's health maintenance industry.

Under the "Jiuhao" brand, we are planning to build China's first ever membership-based health maintenance complex — China Jiuhao Health Maintenance Centre. The very first step of our plan is to combine Bayhood No. 9 Club with Beijing Health Maintenance Si He Yuan and Hotel as our first flagship project. We will then continue to extend our presence in China by setting up featured upscale health maintenance centres, convalescent facilities and hotel complexes, with an aim to offer customized healthcare and health maintenance services to members at different places.

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

Media

Affected by the sluggish economy at large, the growth of TV advertising revenues in PRC has slowed down in 2012. According to statistics from a leading research firm CTR, TV advertising revenues in mainland China rose year-on-year 6.4% in 2012. Despite the slowdown, Travel Channel, our associated company held by a joint venture, achieved sales revenue in the advertising business of over RMB300 million, up more than 30% over 2011. In 2012, we shared profits of HK$39,009,000 from Travel Channel and other media businesses, compared with a loss of HK$14,849,000 in 2011.

Properties Investment

The Group through joint venture possesses 50% interest in the office units and retail facilities at Shenzhen Tian An International Building with a gross floor area of approximately 31,700 square metres and owns 50% interest in the property management company of the building. Shenzhen Tian An International Building is located at Renmin South Road, Luohu District, Shenzhen. To date, most of the office units and all retail facilities have been leased. During 2012, the share of profit generated from Shenzhen Tian An International Building operation dropped 25% to HK$25,511,000 as compared with last year's. This was mainly due to the decrease in fair value gain on the revaluation of investment properties amid the slower growth in the PRC property market.

Business Outlook

China's ageing population has a robust purchasing power. Cumulative pension funds in mainland China will exceed RMB2.8 trillion by 2020, and this figure is expected to soar to RMB7.3 trillion by 2030. The purchasing power grows, so as the demand for a healthy and quality life. China's health industry is however in an initial stage, and lags far behind developed markets in Europe and America. Currently, China's health industry only accounts for 4–5% of its GDP, as opposed to 15% in the U.S. and European countries. Driven by China's growing ageing population and favourable government polices, we strongly believe that China's health industry will gather momentum in the foreseeable future and thus sustain our rapid business growth.

Looking ahead, we will prioritize the construction and operation of China Jiuhao Health Maintenance Centre to gain a firm foothold in Beijing. We will then set up more health maintenance centres in other parts of the country and envisage to become a leading industry player in PRC, both in terms of business size and strength.

In line with our vision to focus on the highly potential health industry, the Group will continue to review the performance of our media and property investment segments, and evaluate their contributions in the light of the Group's business strategy.

Financial Review

Sales revenue for year 2012 amounted to HK$165,068,000, being a 62% increase comparing to year 2011. Sales revenue from the health industry segment and media segment accounted for 88% (2011: 63%) and 12% (2011: 37%), respectively, of sales revenue in year 2012. The increase in sales revenue is mainly because full year result of the health industry segment was included in year 2012, while only half-year results was included in year 2011 as the relevant acquisition was completed in July 2011.

Cost of sales for year 2012 mainly attributed to the health industry segment. Included in the current year cost of sales is a one-off write back of accrual of "operating lease rental — operation right" of approximately HK$25 million. Excluding this factor, cost of sales for the year should be approximately HK$88 million. On the other hand, cost of sales attributed to the health industry segment and media segment for year 2011 amounted to approximately HK$44 million and HK$42 million, respectively. Increase in cost of sales attributed to health industry segment is mainly because full year result of the health industry segment was included in year 2012, while only half-year results was included in year 2011 as the relevant acquisition was completed in July 2011. Decrease in cost of sales attributed to media segment is mainly because the exclusive advertising agency right in certain sectors for Beijing Railway Station and Beijing West Railway Station has been terminated since 2012 and thus no further relevant cost was incurred in year 2012.

Other income and other (losses)/gains, net mainly comprised fair value loss on financial assets at fair value through profit or loss and exchange gain. The decrease in the amount is mainly because significantly less exchange gain is recorded during the year.

Marketing and selling expenses mainly attributed to the media segment. The amount will become insignificant as the Group is now focusing its resources on the development of health industry in PRC.

Administrative expenses for year 2012 amounted to HK$93,728,000 (2011: HK$77,069,000), being a 22% increase comparing to year 2011. The increase in administrative expenses is mainly because full year result of the health industry segment was included in year 2012, while only half-year results was included in year 2011 as the relevant acquisition was completed in July 2011.

Share of profit of joint ventures for year 2012 amounted to HK$49,239,000 (2011: HK$40,207,000), being a 22% increase comparing to year 2011. Share of profit of joint ventures in relation to the Travel Channel operation and Shenzhen properties investment for year 2012 amounted to HK$25,509,000 (2011: HK$8,937,000) and HK$23,730,000 (2011: HK$31,270,000), respectively. This reflects the significant improvement in the operations of the Travel Channel during the year. In fact, Travel Channel has achieved sales revenue of over RMB300 million in year 2012, representing an annual growth of over 30%. On the other hand, the decrease in share of profit of joint ventures in relation to Shenzhen properties investment is mainly due to the decrease in non-cash revaluation gain during the year.

Finance costs for year 2012 amounted to HK$87,776,000 (2011: HK$6,393,000). The significant increase in finance costs comparing to the prior year is mainly attributed to:

(i) the non-cash loss on the change in fair value of warrants amounting to HK$63,520,000. The relevant warrants were issued on 6 January 2012 and have already been fully exercised by the end of year. The fair value loss is mainly driven by the increase in the Company's stock price during the year. As the warrants have already been fully exercised, no further fair value change is expected.

(ii) the interest expense of promissory notes of HK$1,363,000 and notional non-cash interest accretion of promissory notes and convertible notes totaling HK$16,323,000. Promissory notes and convertible notes were issued to finance the acquisition of the development and operation rights of the 580-acre land adjacent to "Bayhood No. 9 Club" during the year.

Liquidity and Capital Resources

Liquidity and Treasury Management

We have adopted prudent treasury management objectives aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 31 December 2012, the Group held cash and cash equivalents of approximately HK$179,527,000, being a 66% increase comparing to the balance as at 31 December 2011.

The Group was at net current asset position of HK$217,292,000 as at 31 December 2012 (2011: HK$189,608,000). The current ratio, representing the total current assets to the total current liabilities, slightly increased from 1.43 as at 31 December 2011 to 1.52 as at 31 December 2012. The debt to equity ratio, representing the sum of borrowings to total equity, increased from zero as at 31 December 2011 to 0.37 as at 31 December 2012. The Group's borrowings as at 31 December 2012 represented the promissory notes and convertible notes issued for the acquisition of the development and operation rights of the 580-acre land adjacent to "Bayhood No. 9 Club" during the year.

Foreign Currency Exchange Exposure

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

Capital Structure

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

During the year, the Company has issued (i) 275,000,000 new ordinary shares upon warrant conversion at HK$0.20 per share; and (ii) 19,500,000 new ordinary shares upon share option exercise at HK$0.20 per share.

Promissory notes with principal amount of HK$150 million and convertible notes with principal amount of RMB569 million were issued during the year to finance an acquisition completed during the year.

Pledge of Assets and Contingent Liabilities

As at 31 December 2012 none of our assets was pledged and we did not have any material contingent liabilities or guarantees saved as disclosed in note 15 to the annual results announcement.

Human Resources

As at 31 December 2012, the Group employed a total of approximately 600 full-time employees in Hong Kong and the PRC. The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses are also available at the discretion of the Group and depending on the performance of the Group.

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.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

On 1 April 2012, the Code on Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Former CG Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report (the "CG Code"). Throughout the year ended 31 December 2012, the Company has applied the principles and complied with the code provisions on the Former CG Code and the CG Code except the code provisions A.2.1 and A.6.7. The Chairman of the Board, Mr. YUEN Hoi Po, has also been appointed as Chief Executive Officer in March 2012 following the resignation of Mr. WANG Hong. As Mr. YUEN's accumulated valuable experience in service industry, property development and tourism is a great benefit to the Group, the Board believes that the balance of power and authority is adequate (A.2.1). Mr. Edward TIAN Suning, Non-executive Director, and Prof. WEI Xin, Independent Non-executive Director, were unable to attend all the general meetings of the Company held in 2012 due to their other business engagement (A.6.7).

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent Non-executive Directors who possess the appropriate business and financial experience and skills to understand financial statements. The Audit Committee is chaired by Mr. YUEN Kin and the other members of the committee are Dr. WONG Yau Kar David and Prof. WEI Xin. The Audit Committee of the Company has adopted terms of references which are in line with the CG Code.

The Audit Committee of the Company has reviewed the Group's annual results for the year ended 31 December 2012 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements of the year. The work performed by PricewaterhouseCoopers in this preliminary announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for securities transactions and dealings (the "Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. The Code of Conduct applies to all the relevant persons as defined in the CG Code, including Directors of the Company, any employee of the Company, director or employee of a subsidiary or holding company of the Company who, because of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the year of 2012.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (*www.jiuhaohealth.com*) and Hong Kong Exchanges and Clearing Limited (*www.hkexnews.hk*). The annual report of the Company for 2012 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our employees for their diligence and dedication to the Group. We also thank our shareholders, customers, banks and business partners for their continuous support.

By Order of the Board
China Jiuhao Health Industry Corporation Limited
YUEN Hoi Po
Chairman

Hong Kong, 20 March 2013

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. YUEN Hoi Po (Chairman), Mr. ZHANG Changsheng (Vice Chairman)

Non-executive Directors: Mr. Edward TIAN Suning, Mr. Hugo SHONG

Independent Non-executive Directors: Prof. WEI Xin, Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo