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 2013

The board of directors (the ''Board'') of China Jiuhao Health Industry Corporation Limited (the ''Company'') is pleased to announce the results of the Company and its subsidiaries (the ''Group'') for the year ended 31 December 2013, together with the comparative figures for 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated) (Note 2, 8)
Continuing Operations			
Sales	3	**126,192**	165,068
Cost of sales		**(93,982)**	(70,979)
Gross profit before impairment of film rights and film in production		**32,210**	94,089
Provision for impairment of film rights and film in production		**(21,050)**	–
Other income and other gains/(losses), net	3	**18,399**	(430)
Marketing and selling expenses		**(379)**	(559)
Administrative expenses		**(95,401)**	(87,300)
Share of profit of joint ventures		**16,261**	25,509
		(49,960)	31,309
Finance costs			
Interest expense	5	**(54,437)**	(24,256)
Fair value loss on financial liabilities at fair value through profit or loss	5	**–**	(63,520)
Loss before taxation	6	**(104,397)**	(56,467)
Taxation	7	**4,074**	(12,633)
Loss for the year from continuing operations		**(100,323)**	(69,100)
Discontinued Operation			
(Loss)/profit for the year from discontinued operation	8	**(65,399)**	25,511
Loss for the year		**(165,722)**	(43,589)

	Notes	**2013**	2012
		HK$'000	*HK$'000*
			(Restated)
			(Note 2, 8)
Attributable to:			
Equity holders of the Company		**(165,722)**	(43,589)
Non-controlling interests		**–**	–
		(165,722)	(43,589)
Loss per share attributable to the equity holders of the Company for the year		***HK Cents***	*HK Cents*
Basic (loss)/earnings per share	*9*		
– From continuing operations		**(3.78)**	(3.04)
– From discontinued operation		**(2.46)**	1.12
		(6.24)	(1.92)
Diluted (loss)/earnings per share	*9*		
– From continuing operations		**(3.78)**	(3.04)
– From discontinued operation		**(2.46)**	1.12
		(6.24)	(1.92)
Dividend	*10*	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
		(Note 2, 8)
Loss for the year	**(165,722)**	(43,589)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
– Currency translation differences	**38,148**	(4,808)
Other comprehensive income/(loss) for the year, net of tax	**38,148**	(4,808)
Total comprehensive loss for the year	**(127,574)**	(48,397)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
– continuing operations	**(62,175)**	(73,908)
– discontinued operations	**(65,399)**	25,511
	(127,574)	(48,397)

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

		As at 31 December	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**390,219**	318,117
Intangible assets	*12*	**1,645,263**	1,646,999
Interests in joint ventures		**70,910**	377,924
Deferred tax assets		**20,037**	22,262
Prepayments		**35,162**	25,185
		2,161,591	2,390,487
CURRENT ASSETS			
Trade receivables	*13*	**2,182**	13,475
Inventories		**10,823**	19,171
Amounts due from joint ventures and its subsidiaries		**396,104**	365,600
Financial assets at fair value through profit or loss		**16,000**	11,600
Prepayments, deposits and other receivables		**54,909**	45,896
Cash and cash equivalents		**99,880**	179,527
		579,898	635,269
Assets of disposal group held for sale	*8*	**241,660**	–
		821,558	635,269
CURRENT LIABILITIES			
Agency fee payables	*14*	**100,661**	97,605
Trade payables	*14*	**2,499**	3,878
Receipt in advance, other payables and accrued liabilities	*14*	**157,314**	160,330
Amount due to a joint venture		**34,290**	33,249
Deferred revenue		**32,100**	36,322
Current income tax liabilities		**90,875**	86,593
Promissory notes		**6,099**	–
		423,838	417,977
NET CURRENT ASSETS		**397,720**	217,292
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,559,311**	2,607,779

	Notes	As at 31 December 2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Convertible notes		**334,588**	491,587
Promissory notes		**–**	104,170
Other payables	*14*	**7,098**	3,335
Deferred revenue		**77,601**	75,005
Deferred tax liabilities		**340,961**	336,785
		760,248	1,010,882
NET ASSETS		**1,799,063**	1,596,897
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**856,238**	510,818
Reserves		**942,825**	1,086,079
		1,799,063	1,596,897
Non-controlling interests		**–**	–
TOTAL EQUITY		**1,799,063**	1,596,897

Notes:

1. GENERAL INFORMATION

China Jiuhao Health Industry Corporation Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of health management services, health preservation services and relevant projects. The Group is also engaged in 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 21 March 2014.

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, 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.

The comparative figures in the Group's consolidated income statement relating to the amortization of certain intangible assets which have been previously classified under "administrative expenses", is now reclassified as "cost of sales" in order to conform to the current year's presentation for a better understanding of the Group's activities. This reclassification has no effect on the Group's consolidated balance sheets as at both 31 December 2013 and 2012, or the Group's loss or cash flows for the years ended 31 December 2013 and 2012.

Changes in accounting policy and disclosures:

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

HKAS 1 (Amendment)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefit
HKAS 27 (revised 2011)	Separate Financial Statement
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	First Time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures on asset and liability offsetting
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interest in Other Entities
HKFRS 10, 11 and 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurements
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in Jun 2012

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, revised and amended standards and interpretations to existing standards that are not effective in 2013 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 2013 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation on asset and liability offsetting	1 January 2014
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosure	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of derivatives	1 January 2014
HKFRS 9	Financial Instruments	To be determined
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities	1 January 2014
HKRFS 14	Regulatory Deferral Accounts	1 January 2016
HK(IFRIC) 21	Levies	1 January 2015

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 GAINS/(LOSSES), 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	
	2013	2012
	HK$'000	*HK$'000*
Sales		
Health industry	**125,465**	144,880
Media	**727**	20,188
	126,192	165,068
Other income and other gains/(losses), net		
Interest income	**98**	220
Fair value gain/(loss) on financial assets at fair value through profit or loss	**4,400**	(3,000)
Exchange gain	**14,507**	846
Additional 25% share of results of a joint venture, net of the consideration	**–**	2,292
Miscellaneous	**(606)**	(788)
	18,399	(430)

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 two main operating segments from continuing operations: (i) health industry and (ii) media business; and one operating segment from discontinued operation – properties investment. The management committee measures the performance of the segments based on their respective segment results.

There are no sales between the operating segments in year 2013 (2012: HK$4,083,000).

During the year, the Group recorded provision of impairment of intangible assets of HK$21,050,000 (2012: Nil) in the segment result of Media business.

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

	2013				
	Health Industry *HK$'000*	Media *HK$'000*	Total Continuing operations *HK$'000*	Discontinued operation *HK$'000*	Total *HK$'000*
Sales	**125,465**	**727**	**126,192**	**–**	**126,192**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**
Revenue from external customers	**125,465**	**727**	**126,192**	**–**	**126,192**
Share of result of joint ventures	**–**	**16,261**	**16,261**	**4,253**	**20,514**
Segment results	**(32,414)**	**(9,644)**	**(42,058)**	**(65,399)**	**(107,457)**
Exchange gain			**14,507**	**–**	**14,507**
Unallocated costs, net			**(22,409)**	**–**	**(22,409)**
			(49,960)	**(65,399)**	**(115,359)**
Finance costs			**(54,437)**	**–**	**(54,437)**
Loss before taxation			**(104,397)**	**(65,399)**	**(169,796)**
Taxation			**4,074**	**–**	**4,074**
Loss for the year			**(100,323)**	**(65,399)**	**(165,722)**
Non-controlling interests			**–**	**–**	**–**
Loss attributable to the equity holders of the Company			**(100,323)**	**(65,399)**	**(165,722)**
Depreciation expense					
– Allocated	**21,131**	**423**	**21,554**	**–**	**21,554**
– Unallocated			**870**	**–**	**870**
Amortization expense	**24,676**	**1,562**	**26,238**	**–**	**26,238**

	Health Industry HK$'000	Media HK$'000	2012 Total Continuing operations HK$'000	Discontinued operation HK$'000 (Note 8)	Total HK$'000
Sales	148,963	20,188	169,151	–	169,151
Inter-segment revenue	(4,083)	–	(4,083)	–	(4,083)
Revenue from external customers	144,880	20,188	165,068	–	165,068
Share of results of joint ventures	–	25,509	25,509	23,730	49,239
Segment results	36,438	39,009	75,447	25,511	100,958
Exchange gain			846	–	846
Share-based payments			(6,399)	–	(6,399)
Unallocated costs, net			(38,585)	–	(38,585)
			31,309	25,511	56,820
Finance costs			(87,776)	–	(87,776)
Loss before taxation			(56,467)	25,511	(30,956)
Taxation			(12,633)	–	(12,633)
Loss for the year			(69,100)	25,511	(43,589)
Non-controlling interests			–	–	–
Loss attributable to the equity holders of the Company			(69,100)	25,511	(43,589)
Depreciation					
– Allocated	23,872	452	24,324	–	24,324
– Unallocated			927	–	927
Amortization	12,730	2,438	15,168	–	15,168

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.

5. FINANCE COSTS

	Group 2013 HK$'000	2012 HK$'000
Accrued interest on agency fee payable	**6,653**	6,570
Interest expense on promissory notes	**561**	1,363
Notional non-cash interest on promissory notes	**9,655**	4,373
Notional non-cash interest on convertible notes	**66,176**	11,950
	83,045	24,256
Less: Amounts capitalised in the cost of qualifying assets (i)	**(28,608)**	–
	54,437	24,256
Fair value loss on financial liabilities at fair value through profit or loss (ii)	**–**	63,520
	54,437	87,776

(i) Borrowing costs capitalized during the year on the promissory notes and convertible notes was in relation to the development of the "Beijing Health Preservation Si He Yuan and Hotel".

(ii) 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 charging the following:

	Group 2013 HK$'000	2012 HK$'000
Depreciation of property, plant and equipment *(note 11)*	**22,424**	25,251
Amortization of intangible assets *(note 12)*	**37,392**	15,168
Amortization of intangible assets capitalized	**(11,154)**	–
	26,238	15,168
Auditor's remuneration	**2,625**	2,500
Provision for impairment of film rights and film-in-production *(note 12)*	**21,050**	–
Provision for impairment of trade receivables *(note 13)*	**–**	3,333
Operating lease rentals – land and buildings	**1,135**	1,598
Operating lease rentals – operating rights (i)	**12,026**	(17,254)
Loss on disposal of property, plant and equipment	**62**	12
Donations	**38**	–

	Group 2013 HK$'000	2012 HK$'000
Staff costs:		
Directors' fees	**800**	753
Wages and salaries	**55,999**	48,633
Share-based payments	**–**	6,399
Contributions to defined contribution pension schemes	**7,413**	7,537
	64,212	63,322

(i) In 2012, a new agreement has been entered whereby the annual fee of Bayhood No.9 Business Hotel decreased was revised to be RMB4 million per annum (the term for 5% fees increment every 5 years remain unchanged). HK$24,858,000 gain has been recognized as a result of the derecognition of the previously recorded payable.

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 25%) on the estimated assessable profit for the year accordingly.

	Group 2013 HK$'000	2012 HK$'000
Current income tax		
– Hong Kong profits tax	**–**	–
– PRC Corporate income tax	**(692)**	11,853
Deferred income tax	**(3,382)**	780
Income tax (credit)/expense	**(4,074)**	12,633

8. DISCONTINUED OPERATION

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

As the operation of Green Harmony and Green Villa are considered as a separate major line of business during the year, they are accounted for as a discontinued operation. The comparative financial information for the year ended 31 December 2012 has been reclassified to conform with current year presentation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The disposal was not yet completed as at 31 December 2013, but is expected to be completed within 12 months of the year end date.

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

	31 December	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Loss recognized on measurement to fair value less costs to sell (i)	**(69,646)**	–
Administrative expenses	**(6)**	1,781
Share of profit of joint ventures	**4,253**	23,730
(Loss)/profit before income tax	**(65,399)**	25,511
(Loss)/profit from discontinued operation attributable to the equity holders of the Company	**(65,399)**	25,511

(i) Loss recognised represented the loss incurred in adjusting the carrying amount of the Group's interest in Tian An International Building and the management company of the building to the fair value less cost to sell with reference to the aggregate consideration under the sales and purchase agreement.

(b) Assets of disposal group held for sale

	31 December 2013 HK$'000	2012 HK$'000
Interests in joint ventures	**241,660**	–

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

9 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.

	2013	2012 (Restated) *(Note 8)*
Weighted average number of ordinary shares in issue (thousands)	**2,654,817**	2,268,321
Loss from continuing operations attributable to equity holders of the Company (HK$'000)	**(100,323)**	(69,100)
Basic loss per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**(3.78)**	(3.04)
(Loss)/profit from discontinued operation attributable to equity holders of the Company (HK$'000)	**(65,399)**	25,511
Basic (loss)/earnings per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(2.46)**	1.12

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 2013, the Company has only two categories of potential ordinary shares: convertible notes and share options (2012: same). The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average 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 2013 and 31 December 2012.

10. DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013 (2012: nil).

11. 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*
Cost								
At 1 January 2012	110,756	193,572	8,830	8,849	15,241	17,259	–	354,507
Additions	–	370	937	270	–	1,865	–	3,442
Acquisition of a subsidiary *(note 15)*	–	–	–	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	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

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

Depreciation expense of HK$20,266,000 (2012: HK$22,982,000) and HK$2,158,000 (2012: HK$2,269,000) has been charged in cost of sales and administrative expenses, respectively.

12. INTANGIBLE ASSETS

	Non-current assets					
	Goodwill	Programmes and film rights	Programmes and film production in progress	Cooperating construction and operating agreements	Software and licences	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012						
Cost	50,075	125,262	66,910	331,812	–	574,059
Accumulated amortization and impairment	–	(102,192)	–	(3,421)	–	(105,613)
Net book amount	50,075	23,070	66,910	328,391	–	468,446
Year ended 31 December 2012						
Opening net book amount	50,075	23,070	66,910	328,391	–	468,446
Additions	–	–	7,400	–	1,023	8,423
Acquisition of subsidiaries *(note 15)*	263,399	–	–	993,798	–	1,257,197
Transfers and disposals	–	–	(65,863)	–	–	(65,863)
Amortization	–	(1,538)	–	(12,716)	(914)	(15,168)
Exchange difference	(1,258)	(1)	(7)	(4,770)	–	(6,036)
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

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

Amortization of HK$9,897,000 (2012: HK$9,747,000) and HK$16,341,000 (2012: HK$5,421,000) has been charged in cost of sales and administrative expenses, respectively. Amortization of HK$11,154,000 (2012: nil) has been capitalized in construction in progress.

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

Impairment tests for goodwill

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

	2013	2012
	HK$'000	*HK$'000*
Health industry		
– Bayhood No. 9 Club (i)	**51,634**	50,066
– Beijing Health Preservation Si He Yuan and Hotel (ii)	**270,359**	262,150
Total	**321,993**	312,216

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

(ii) The recoverable amount of a CGU is determined based on financial budgets plan approved by management. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated as below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Health industry	
	2013	2012
Bayhood No. 9 Club (i)		
– Compound annual growth rate of revenue	**5%**	5%
– Annual growth rate	**2%**	2%
– Discount rate	**13.5%**	13.5%
Beijing Health Preservation Si He Yuan and Hotel (ii)		
– Compound annual growth rate of revenue	**5%**	–
– Discount rate	**15.2%**	–

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

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

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

13. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	Group As at 31 December 2013 HK$'000	2012 HK$'000
0–3 months	**14**	790
4–6 months	**53**	417
Over 6 months	**16,056**	25,786
	16,123	26,993
Provision for doubtful debts (all made against trade receivables aged over 6 months)	**(13,941)**	(13,518)
	2,182	13,475

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 2013, HK$13,941,000 of the trade receivables was considered impaired (2012: HK$13,518,000).

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

	Group As at 31 December 2013 HK$'000	2012 HK$'000
4–6 months	**53**	417
Over 6 months	**2,115**	12,268
	2,168	12,685

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	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**13,518**	10,187
Provision for doubtful debts *(note 6)*	**–**	3,333
Exchange differences	**423**	(2)
At 31 December	**13,941**	13,518

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.

14. AGENCY FEE PAYABLE, TRADE PAYABLES, RECEIPT IN ADVANCE, OTHER PAYABLES AND ACCRUED LIABILITIES

	Group As at 31 December		Company As at 31 December	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current liabilities:				
Agency fee payable (i)	**100,661**	97,605	**–**	–
Trade payables	**2,499**	3,878	**–**	–
Receipt in advance	**10,143**	18,970	**–**	–
Other payables and accrued liabilities	**147,171**	141,360	**3,731**	16,158
	260,474	261,813	**3,731**	16,158
Non-current liabilities:				
Other payables	**7,098**	3,335	**–**	–
	267,572	265,148	**3,731**	16,158

(i) During the year ended 31 December 2006, Beijing Hua Yi Qian Si Advertising Company Limited ("Qiansi"), a wholly-owned subsidiary of the Group, has entered into an exclusive advertising agency agreement ("Agreement") with Hai Nan Haishi Tourist Satellite TV Media Co., Ltd. ("HNTV"), an associated company of a joint venture of the Group. Under the agreement, Qiansi has been granted an exclusive right to sell all of the advertising resources of HNTV for a period of up to six years with effect from 1 January 2006. In return, Qiansi has agreed to make pre-agreed monthly payments to HNTV during the same period. In December 2009, Qiansi and HNTV have entered into a supplemental agreement, whereby the expiry date of the above-mentioned exclusive right was changed to 31 December 2009. The balance represents agency fee payable for the previous use of exclusive right from 2006 to 2009 not yet settled.

The aging analysis of the trade payables is as follows:

	Group	
	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
0–3 months	**1,776**	2,363
4–6 months	**349**	856
Over 6 months	**374**	659
	2,499	3,878

The carrying amounts of agency fee payable, trade payables, receipt in advance, other payables and accrued liabilities approximate their fair values due to the short-term maturities and are mainly denominated in Renminbi.

15. ACQUISITION OF SUBSIDIARIES

For year 2013

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

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

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

(iii) RMB5,000,000 in cash to be paid in relation to the transfer or settlement of RMB5,000,000 of the Shareholder's Loan.

The said acquisition has been completed on 27 December 2013.

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

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

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

	HK$'000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(note 11)*	1,542
Intangible assets *(note 12)*	993,798
Deferred tax assets	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	(248,449)
Total identifiable net assets	739,922
Goodwill *(note 12)*	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.

16. 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 you the annual results of China Jiuhao Health Industry Corporation Limited ("the Company" or "China Jiuhao Health") and its subsidiaries (collectively "the Group") for the year ended 31 December 2013.

The health industry in China has a rosy outlook thanks to years of rapid economic growth and a steadily growing elderly population in China. The past year marked a critical milestone in the Company's drive for strategic transformation to restructure its business model and step up focus on its health business.

In recent years, the Company has actively pushed for business transformation. In March 2013, the Company renamed itself "China Jiuhao Health Industry Corporation Limited" as part of its move to expand into the health industry. Over the past year, the Group has focused on developing the "Kangxun 360" cloud health management platform to provide users with a systematic range of specialized and customized online health management services that centre on data support. Powered by cloud technology, the platform is designed to customize health management and family health counseling services for users and continuously improve the quality of information by expanding its database. In conjunction with its "Green Healthcare Channel" – priority access to outpatient and specialist service and hospitalization, Bayhood No.9 Club, Beijing Health Preservation Si He Yuan and Hotel under construction, and China Jiuhao Health Town projects in Haikou and Sanya, the "Kangxun 360" platform aims to offer a one-stop health management solution that comprises a package of online and offline health services over the long term.

In 2013, China Jiuhao Health partnered with China-Japan Friendship Hospital and Beijing Medical Doctor Association to provide specialist medical support for the Group's "Kangxun 360" platform and "Green Healthcare Channel" service. Moreover, the Group signed a strategic cooperation framework agreement with China Life Insurance (Overseas) Company Limited and a share placing agreement to strengthen business cooperation between both sides. To consolidate the partnership, China Life Insurance (Overseas) Company Limited has become the Company's strategic shareholder.

"Kangxun 360" health management platform has soon gained customer recognition after its launch. In March 2014, China Jiuhao Health entered into a health management service cooperation agreement with Taiping Life Insurance Company Limited ("Taiping Life"), pursuant to which the Group will provide 10 million Taiping Life's insurance customers with the license to use "Taiping-Kangxun 360" health management platform by phases by the end of 2014. Among them, there will be at least 500,000 high-end customers using the paid services. Together with sales of supporting equipment, "Kangxun 360" health management platform are expected to contribute considerable amounts of revenue to the Group within the year. The Group is also making active efforts to promote specific cooperation in "Kangxun 360" health management platform with other major insurance companies and financial institutions, in order to further increase the number of users, revenue and data base for "Kangxun 360" health management platform. With the rapid increase in the number of users for "Kangxun 360" health management platform, the Group can further launch value-added services, online business and advertising business related to health services, and can make use of the growing health database to carry out targeted database management and marketing.

In line with the mission set out in "Several Opinions of the State Council on Promoting the Health Service Industry" (Guo Fa〔2013〕No. 40), development of health service industry will be actively promoted in China. Premier Li Keqiang also reiterated the synergy between the medical and insurance sectors and the development of a hierarchical diagnosis and treatment system in his government work report on 5 March 2014. Looking ahead, amid the growth of ageing population and individual wealth, China Jiuhao Health is highly confident about the prospects of its "Kangxun 360" platform. The Company looks forward to joining hands with leading insurance companies to expand its user base rapidly and increase the customer base of its other businesses to fortify its market position in China. As its health services roll out one by one, China Jiuhao Health is expected to grow rapidly and generate considerable returns for shareholders.

In future, we will continue to put full efforts towards achieving our business goals. Finally, I would like to express my sincere gratitude on behalf of the board of directors to investors, business partners and the entire staff for their efforts and contribution during the past year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Financial performance

Major indicators of the financial results for the year ended 31 December 2013 are summarized in the table below:

	2013	2012
	HK$'000	*HK$'000*
Continuing Operations:		
Total sales revenue	**126,192**	165,068
Gross profit before impairment of film rights and film in production	**32,210**	94,089
(Loss)/profit before finance costs and taxation	**(49,960)**	31,309
Loss for the year	**(100,323)**	(69,100)
Discontinued Operation:		
(Loss)/profit for the year	**(65,399)**	25,511

In 2013, China's economy grew steadily with a GDP growth pace of 7.7% despite a volatile global economy and a slowdown in imports and exports and domestic demand. During the year, disposable income per capita of urban residents rose 8.1% to RMB18,311, creating a favourable business environment for the Group.

Guided by the established strategy, the Group focused on developing health care projects and achieved remarkable progress. The Bayhood No.9 Club project continued to bring in steady profits. As a leading revenue stream for the Group during the year, the project generated total revenue of HK$125 million, a 13% fall year-on-year. The decline in revenue was largely attributed to the sharp contraction in mainland China's high-end food and beverage market. On the other hand, the Group is actively developing the "Kangxun 360" health management cloud service platform, which, combined with the "Green Healthcare Channel" that gives users priority access to outpatient and hospitalization services and the Bayhood No.9 Club project, provides customers with a comprehensive range of health management services online and offline. The "Kangxun 360" platform was launched in March 2014. Taiping Life Insurance Company Limited ("Taiping Life") has then entered into cooperating agreement with the Group, pursuant to which Taiping Life will introduce 10 million customers, of which 500,000 users are high-end paid service customers, by end of 2014.

Due to the disposal of its Shenzhen-based property investment subsidiary, non-cash interest of outstanding convertible notes and promissory notes, and the impairment in value of non-core media assets, the Group recorded a loss of about HK$166 million in 2013, higher than the 2012 level. Excluding the relevant non-cash items, the loss narrowed to approximately HK$28 million.

Industry Review

China had a population of 167 million aged above 60 in 2008 and the figure is expected to surge to a staggering 400 million by 2050. In response to the fast ageing population, the Chinese government has stepped up efforts to support the health industry. As part of the initiative, the State Council issued the "Several Opinions of the State Council on Promoting the Health Service Industry" (Guofa〔2013〕No.40) in year 2013, hoping to encourage and support all sectors of the society developing health services. In addition, China's elderly population continues to grow and accumulate massive wealth thanks to many years of high economic growth. Amid the trend, they have a robust demand for high-quality health, healthcare, and elderly care services and facilities.

Encouraged by strong policy support and macro-economic environment, the management is confident that China's health, health care and elderly care industry will embrace a brighter future. To seize the opportunity, China Jiuhao Health restructured its business portfolio and developed a blueprint for the Group in the year. During the period, the Group focused on building the "Kangxun 360" health management cloud service platform, launching the "Green Healthcare Channel" that gives users priority access to outpatient and hospitalization services, and upgrading its various supporting facilities.

In October 2013, the Company entered into a strategic cooperation framework agreement with China Life Insurance (Overseas) to sustain its growth by extending its business scope from health and elderly care services to the insurance industry. Later in the year, China Life Insurance (Overseas) become the strategic shareholder of the Company and this has strengthened cooperation between both sides. As part of the partnership, the two firms jointly design products that incorporate insurance into health management and elderly care geared to the healthcare and retirement needs of high-end customers.

In line with its renewed business strategy, the Company changed its name from "Media China Corporation Limited" to "China Jiuhao Health Industry Corporation Limited". The renaming resolution was adopted at the extraordinary general meeting on 28 February 2013. The new business name became effective on 20 March 2013, marking a new milestone in the Group's future development.

Business Review

(Unit: HK$'000)	**Sales Revenue**		**Segment Results**	
	2013	2012	**2013**	2012
Health industry	**125,465**	144,880	**(32,414)**	36,438
Media	**727**	20,188	**(9,644)**	39,009
Properties investment (discontinued operation)	**–**	–	**(65,399)**	25,511
Total	**126,192**	165,068	**(107,457)**	100,958

Health Industry

"Kangxun 360" health management cloud service platform

In 2013, the Group concentrated on developing the "Kangxun 360" health management cloud service platform. By accessing their "Kangxun 360" accounts via computers, smartphone browsers, and iOS and Android-based applications, "Kangxun 360" users can access health data and create health profiles to develop health plans and obtain real-time health alerts, regular health assessment and customized health reports, as well as health knowledge and advice. Leveraging on systemic and cutting-edge cloud technology and an extensive team of registered general practitioners, the "Kangxun 360" platform provides users with a systematic range of specialized and customized online health management services that centre on data support. Powered by cloud technology, the "Kangxun 360" platform is designed to customize health management and family health counseling services for users and continuously improve the quality of information by expanding its database.

In conjunction with its "Green Healthcare Channel" – priority access to outpatient and hospitalization service, Bayhood No.9 Club, Beijing Health Preservation Si He Yuan and Hotel (under construction), and China Jiuhao Health Town projects in Haikou and Sanya, the "Kangxun 360" platform aims to offer a one-stop health management solution that comprises a package of online and offline health services over the long term.

The "Kangxun 360" platform was launched in March 2014 and has soon gained customer recognition. In March 2014, China Jiuhao Health entered into a health management service cooperation agreement with Taiping Life, pursuant to which the Group will provide 10 million Taiping Life's insurance customers with the license to use "Taiping-Kangxun 360" health management platform by phases by the end of 2014. Among them, there will be at least 500,000 high-end customers using the paid services. Together with sales of supporting equipment, "Kangxun 360" health management platform are expected to contribute considerable amounts of revenue to the Group within the year. The Group is also making active efforts to promote specific cooperation in "Kangxun 360" health management platform with other major insurance companies and financial institutions, in order to further increase the number of users, revenue and data base for "Kangxun 360" health management platform. With the rapid increase in the number of users for "Kangxun 360" health management platform, the Group can further launch value-added services, online business and advertising business related to health services, and can make use of the growing health database to carry out targeted database management and marketing.

Green Healthcare Channel – priority access to outpatient and hospitalization services

Considering the lack of timely and high-quality tailored personal medical services in China, the Group formed a partnership with China-Japan Friendship Hospital in October 2013 and Beijing Medical Doctor Association in November 2013 as part of the plan to provide customers with innovative health management services and the "Green Healthcare Channel" service package in order to closely track customers' medical service progress and offer timely specialist guidance. In addition, customers are given priority access to general and specialized outpatient and hospitalization services as well as prompt and appropriate treatment in numerous Tertiary Grade-A hospitals in Beijing such as Beijing Union Medical College Hospital, Beijing Anzhen Hospital, Beijing Tongren Hospital, and China-Japan Friendship Hospital.

Membership-based health clubs

Operating under membership plans for corporations and individuals, our prestigious green health clubs is one of the top of its kind in China which have so far attracted approximately 500 members including senior executives of well-known companies in China and abroad, and high net wealth individuals. Corporate membership fee comes up to RMB1.78 million and individual membership costs a maximum of RMB1.58 million, signifying the enormous spending power of the members.

Strategically located, Beijing Bayhood No. 9 Club is only 3.5 km from the Beijing Capital International Airport and 25 minutes' drive from the urban centre of Beijing. As one of the largest high-end leisure complexes in downtown Beijing, the club covers approximately 1,150 chinese acres. Jointly designed by several world-renowned design firms, the building complex comprises an 18-hole golf course, Asia's first PGA-branded golf academy, health-themed restaurants, health SPA, lakeside golfcourse private VIP rooms, and conferencing facilities.

With a total floor area of over 80,000 square metres adjacent to Bayhood No.9 Club, Beijing Health Preservation Si He Yuan and Hotel will comprise a fitness centre, a boutique hotel, villas and conferencing facilities. It is designed by the world-renowned Denniston International Architects & Planners whose works include Fuchun Resort Hangzhou, Aman Resorts Beijing and St. Regis Lhasa Resort. Phase 1 of the project, mainly comprising nine villas with a total floor area of approximately 20,000 square metres, commenced in August 2013 and is expected to complete in phrases in 2014. The nine villas are now being offered for pre-lease.

In August 2013, the Company entered into a framework cooperation agreement with Yan Feng People's Government and the investment invitation centre of Meilan District, Haikou, Hainan Province regarding the development of China Jiuhao (Haikou) Health Town in Haikou. In addition, the group has acquired a company that is entitled to develop a land plot of around 339,000 square metres in the city of Sanya to build a high-quality health care community – China Jiuhao (Sanya) Health Town.

Media

In 2013, growth in TV advertising revenues from the Chinese mainland slowed down. Travel Channel, an affiliated company under the Group, reported advertising sales revenues of RMB330 million, a year-on-year growth of about 5%. In 2013, we shared profits of HK$16,261,000 from Travel Channel and other media businesses (2012: HK$25,509,000).

Discontinued Operation – Properties Investment

Through its joint ventures, the Group owns a 50% interest in certain office units, retail facilities and their management company at Shenzhen Tian An International Building with a gross floor area of approximately 31,700 square metres. The building is located at Renmin South Road, Luohu District, Shenzhen. Currently, most of its office space and all the retail space have been leased out.

In April 2013, the Group signed agreements with an independent party to sell all of its indirectly-held equity interests in Shenzhen Tian An International Building and its property management company for RMB190 million. As of the date of this announcement, the transaction is still pending for completion.

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 approximately 15% in the U.S. and European countries. Driven by China's growing ageing population and favourable government policies, we strongly believe that China's health industry will gather momentum in the foreseeable future and thus sustain our rapid business growth.

Looking ahead, the "Kangxun 360" health management service platform is expected to generate revenues for the Group within 2014 at the earliest. By partnering with leading insurance companies and institutions, we expect the platform to attract a growing number of users and expand the customer base of other businesses of the Group, marking the first fruit of the various health services offered by the Group.

In line with our vision to focus on the highly potential health industry, the Group will continue to review the performance of its media business, and evaluate the contribution of this business segment in light of the Group's business strategy.

Financial Review

Continuing Operations

Sales revenue for year 2013 amounted to HK$126,192,000, being a 24% decrease comparing to year 2012. Sales revenue from the health industry segment and media segment accounted for 99% (2012: 88%) and 1% (2012: 12%), respectively, of sales revenue in year 2013. The decrease in sales revenue is mainly attributable to the worsening operating environment of the high-end food and beverage market in the PRC, and the shrinkage of the non-core media businesses during the year.

Cost of sales for year 2013 amounted to HK$93,982,000, being a 32% increase comparing to year 2012. Included in the cost of sales for year 2012 was a one-off net write back of accrual of "operating lease rental – operation right" of approximately HK$17 million, while in year 2013 "operating lease rental – operation right" amounted to approximately HK$12 million. Excluding the factor relating to "operating lease rental – operation right", cost of sales for year 2013 and 2012 are approximately HK$82 million and HK$88 million, respectively, representing an 7% decrease.

Other income and other gains/(losses), net mainly comprised fair value loss on financial assets at fair value through profit or loss and exchange gain mainly arising from upward revaluation of Renminbi against Hong Kong dollars. The record of a net gain for the year comparing to a net loss in the prior year is mainly because there was a significantly higher exchange gain during the year, which is in line with the exchange rate trend of Renminbi against Hong Kong dollars.

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

Administrative expenses for year 2013 amounted to HK$95,401,000 (2012: HK$87,300,000), being a 9% increase comparing to year 2012. The increase in administrative expenses is mainly because amortization of intangible assets in relation to the Beijing Health Preservation Si He Yuen and Hotel Project included in administrative expenses increased from HK$5,421,000 in year 2012 to HK$16,341,000 in year 2013.

Share of profit of joint ventures for year 2013 amounted to HK$16,261,000 (2012: HK$25,509,000), being a 36% decrease comparing to year 2012. This reflects the worsened financial performance of the Travel Channel operations during the year. Travel Channel's advertising revenue is affected by the tightened economic environment during the year, especially against high-end consumer products.

Finance costs for year 2013 amounted to HK$54,437,000 (2012: HK$87,776,000). The fluctuation in finance costs comparing to the prior year is mainly attributed to:

(i) included in finance cost for year 2012 was a 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 2012. The fair value loss is mainly driven by the increase in the Company's stock price during year 2012. As the warrants have already been fully exercised, no further fair value change is recorded in year 2013.

(ii) increase in notional non-cash interest on promissory notes and convertible notes totaling HK$47,357,000 for year 2013 from HK$16,323,000 for year 2012. Promissory notes and convertible notes were issued in October 2012 to finance the acquisition of the development and operation rights of the 580-acre land adjacent to "Bayhood No. 9 Club".

Discontinued Operation

In April 2013, the Group has entered into an agreement to dispose of the Properties Investment segment in Shenzhen to an independent third party. Accordingly, the operational results of the segment are accounted for as discontinued operation, and the prior year figures are reclassified to conform to the current year presentation. Loss from discontinued operation for year 2013 amounted to HK$65,399,000 (2012: profit of HK$25,511,000), mainly comprises the loss on measurement to fair value less costs to sell of the discontinued operation of HK$69.6 million, offset by the Group's share of profit of the joint ventures holding the discontinued operations of HK$4.2 million.

Liquidity and Capital Resources

Liquidity and Treasury Management

We have adopted prudent treasury management objectives aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 31 December 2013, the Group held cash and cash equivalents of approximately HK$99,880,000, being a 44% decrease comparing to the balance as at 31 December 2012.

The Group was at net current asset position of HK$397,720,000 as at 31 December 2013 (2012: HK$217,292,000). The current ratio, representing the total current assets to the total current liabilities, increased from 1.52 as at 31 December 2012 to 1.94 as at 31 December 2013. The debt to equity ratio, representing the sum of borrowings to total equity, decrease from 0.37 as at 31 December 2012 to 0.19 as at 31 December 2013. The Group's borrowings represented the outstanding 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) 1,405,000,000 new ordinary shares upon conversion of convertible notes at HK$0.20 per share; (ii) 10,000,000 new ordinary shares upon share option exercise at HK$0.20 per share; (iii) 75,000,000 new ordinary shares upon issuance of consideration shares; and (iv) 237,100,000 new ordinary shares upon a placement.

Promissory notes with principal amount of HK$150 million and convertible notes with principal amount of RMB569 million were issued during the year ended 31 December 2012 to finance an acquisition completed that year. As at 31 December 2013, principal amount of outstanding promissory notes and convertible notes amounted to HK$6 million and RMB341 million respectively.

Pledge of Assets and Contingent Liabilities

As at 31 December 2013 none of our assets was pledged and we did not have any material contingent liabilities or guarantees saved as disclosed in note 16 to the annual results announcement.

Human Resources

As at 31 December 2013, the Group employed a total of approximately 600 full-time employees in Hong Kong and the PRC. The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses are also available at the discretion of the Group 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

The board of directors of the Company (the "Board") is committed in achieving high standards of corporate governance. Throughout the year ended 31 December 2013, the Company has applied the principles and meet the code provisions of the Corporate Governance Code (the "CG Code") with the exception of the following three deviations:–

1. **Code Provision A.1.1**

   The Board held three regular meetings instead of four as required by the code provision A.1.1 because of the Executive Committee providing an efficient means to exercise the powers and authorities delegated by the Board of Director to consider and approve, among other things, all the relevant transactions pursuant to its term of reference. Besides the three regular meetings, resolutions were adopted on 28 February 2013, 17 April 2013, 4 June 2013 and 1 August 2013 respectively by written resolutions duly signed by all the Directors in accordance with the Articles of Association of the Company.

2. Code Provision A.2.1

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

3. Code Provision A.6.7

Most of NEDs including INEDs have regularly attended and participated in the Board and Board committee meetings.

However, Mr. Edward TIAN Suning (Non-executive Director), Mr. WEI Xin and Mr. CHU Yuguo (both are Independent non-executive Directors) were unable to attend all general meetings of the Company held in 2013 due to their other business engagement.

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 2013 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 2013 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. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the year of 2013.

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

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 2013 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, 21 March 2014

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