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 2014

HIGHLIGHTS

	2014	2013	
	HK$'000	*HK$'000*	
Continuing operations:			
Total sales revenue	**110,137**	126,192	↓13%
Gross profit	**25,806**	17,043	↑51%
Profit/(loss) before finance income/(cost) and income tax	**27,231**	(24,969)	Turnaround to profit
Profit/(loss) for the year	**52,035**	(33,024)	Turnaround to profit
Profit/(loss) attributable to the shareholders of the Company	**56,084**	(33,024)	Turnaround to profit

- Profit from continuing operations significantly increased to approximately HK$52.04 million, as compared to a loss of approximately HK$33.02 million last year. This remarkable turnaround in the Group's financial performance was mainly due to the substantial increase in the fair value gain from securities investment, and the gain on disposal of joint ventures of approximately HK$11.03 million.

- The Group is committed to becoming the first one-stop O2O healthcare service provider in China. Partnered with China Taiping Life and China Life (Overseas), the Group has launched its "Kangxun 360" cloud health management service platform during the year. Affiliated with our own branded smart blood glucose monitor and test strips, "Kangxun 360" focused on long-term mobile health management for diabetics. Number of registered users of "Kangxun 360" has exceeded 140,000 and the operation has started generating revenues in 2015.

- The Group has disposed of its non-core properties investment business at a consideration of RMB200 million during the year. Cash on hand plus short-term investments amounted to approximately HK$382 million as at 31 December 2014.

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 2014, together with the comparative figures for 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated) (Note 2, 15)
Continuing Operations			
Sales	3	**110,137**	126,192
Cost of sales		**(84,331)**	(109,149)
Gross profit		**25,806**	17,043
Other income and other gains, net	3	**70,243**	19,058
Marketing and selling expenses		**(384)**	(379)
Administrative expenses		**(69,019)**	(76,952)
Share of results of joint ventures		**585**	16,261
		27,231	(24,969)
Finance income/(cost), net	5	**20,569**	(6,653)
Profit/(loss) before taxation	6	**47,800**	(31,622)
Taxation	7	**4,235**	(1,402)
Profit/(loss) for the year from continuing operations		**52,035**	(33,024)
Discontinued Operations			
Loss for the year from discontinued operations	15	**(906)**	(132,698)
Profit/(loss) for the year		**51,129**	(165,722)

	Notes	2014 HK$'000	2013 HK$'000 (Restated) (Note 2, 15)
Attributable to:			
Equity holders of the Company			
– Continuing operations		**56,084**	(33,024)
– Discontinued operations		**(906)**	(132,698)
		55,178	(165,722)
Non-controlling interests – continuing operations		**(4,049)**	–
		51,129	(165,722)
Profit/(loss) per share attributable to the equity holders of the Company for the year		**HK Cents**	HK Cents
Basic earnings/(loss) per share	*8*		
– From continuing operations		**1.09**	(1.24)
– From discontinued operations		**(0.02)**	(5.00)
		1.07	(6.24)
Diluted earnings/(loss) per share	*8*		
– From continuing operations		**1.07**	(1.24)
– From discontinued operations		**(0.02)**	(5.00)
		1.05	(6.24)
Dividend	*9*	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
		(Note 2, 15)
Profit/(loss) for the year	**51,129**	(165,722)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
– Currency translation differences	**(5,275)**	38,148
Other comprehensive income/(loss) for the year, net of tax	**(5,275)**	38,148
Total comprehensive income/(loss) for the year	**45,854**	(127,574)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company		
– continuing operations	**50,802**	5,124
– discontinued operations	**(906)**	(132,698)
Non-controlling interests	**(4,042)**	–
	45,854	(127,574)

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

		As at 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**9,513**	390,219
Intangible assets	*11*	**21**	1,645,263
Interests in joint ventures		**62,823**	70,910
Deferred income tax assets		**19,881**	20,037
Prepayments		**17,947**	35,162
		110,185	2,161,591
CURRENT ASSETS			
Trade receivables	*12*	**–**	2,182
Inventories		**2,316**	10,823
Amounts due from joint ventures and their subsidiaries		**290,178**	396,104
Programmes and film production in progress		**68,262**	–
Financial assets at fair value through profit or loss		**138,652**	16,000
Prepayments, deposits and other receivables		**24,839**	54,909
Cash and cash equivalents		**162,745**	99,880
		686,992	579,898
Assets of disposal group classified as held for sale	*15*	**2,247,737**	241,660
		2,934,729	821,558
CURRENT LIABILITIES			
Agency fee payables	*13*	**–**	100,661
Trade payables	*13*	**19**	2,499
Receipt in advance, other payables and accrued liabilities	*13*	**69,469**	157,314
Amount due to a joint venture		**–**	34,290
Deferred revenue		**–**	32,100
Current income tax liabilities		**13,994**	90,875
Promissory notes		**–**	6,099
Convertible notes		**19,068**	–
		102,550	423,838

	Notes	As at 31 December 2014 HK$'000	2013 HK$'000
Liabilities of disposal group classified as held for sale	15	**640,993**	–
		743,543	423,838
NET CURRENT ASSETS		**2,191,186**	397,720
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,301,371**	2,559,311
NON-CURRENT LIABILITIES			
Convertible notes		**–**	334,588
Other payables	13	**6,997**	7,098
Deferred revenue		**–**	77,601
Deferred income tax liabilities		**–**	340,961
		6,997	760,248
NET ASSETS		**2,294,374**	1,799,063
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**1,311,981**	856,238
Reserves		**981,466**	942,825
		2,293,447	1,799,063
Non-controlling interests		**927**	–
TOTAL EQUITY		**2,294,374**	1,799,063

Notes:

1. GENERAL INFORMATION

China Jiuhao Health Industry Corporation Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the provision of online and offline healthcare and wellness services. The Group is also engaged in media business in the People's Republic of China ("PRC"). The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 May 2002 under the Company Law (2002 Revision) (Cap. 22) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

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

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

Changes in accounting policy and disclosures:

(i) ***New, revised and amended standards and interpretations to existing standards effective in 2014 adopted by the Group***

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

HKAS 32 (Amendment)	Financial Instruments: Presentation on asset and liability offsetting
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosure
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of derivatives
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities
HK(IFRIC)21	Levies

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

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

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

		Effective for the accounting period beginning on or after
HKAS 1 (Amendment)	Amendments to HKAS 1 for disclosure initiative	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 16 and 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016

		Effective for the accounting period beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 10, 12, and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interest in joint operations	1 January 2016
Annual improvements 2012	Amendments to include changes from the 2010-2012 cycle of the annual improvements project	1 July 2014
Annual improvements 2013	Amendments to include changes from the 2011-2013 cycle of the annual improvements project	1 July 2014
Annual improvements 2014	Amendments to include changes from the 2012-2014 cycle of the annual improvements project	1 January 2016

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

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

3. SALES AND OTHER INCOME AND OTHER GAINS, NET

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Sales		
Offline healthcare and wellness services	**104,491**	125,465
Media	**5,646**	727
	110,137	126,192

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Other income and other gains, net		
Interest income	**2,791**	90
Fair value gain on financial assets at fair value through profit or loss	**55,255**	4,400
Exchange gain	**894**	15,174
Gain on disposal of joint ventures *(Note 15)*	**11,028**	–
Miscellaneous	**275**	(606)
	70,243	19,058

4. SEGMENT INFORMATION

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

The management committee has determined that the Group is organized into three main operating segments from continuing operations: (i) online healthcare service; (ii) offline healthcare and wellness services; and (iii) media business; and two operating segments from discontinued operations – (i) offline healthcare and wellness services (Beijing Healthcare and Wellness Si He Yuan and Hotel); and (ii) properties investment which has been disposed by the Group during 2013. The management committee measures the performance of the segments based on their respective segment results. The segment results derived from profit before income tax, excluding exchange gain, finance costs and unallocated costs. Unallocated costs mainly comprise of corporate expenses including salary, office rental and other administrative expenses which are not attributable to particular reportable segment.

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

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

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

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

	Online Healthcare Services HK$'000	Offline Healthcare and Wellness Services HK$'000	Media HK$'000	Total Continuing operations HK$'000 (Restated)	2013 Offline Healthcare and Wellness Services – Beijing Healthcare and Wellness Si He Yuan and Hotel Project HK$'000	Investment Properties HK$'000	Total Discontinued operations HK$'000 (Restated)	Total HK$'000
Sales	–	125,465	727	126,192	–	–	–	126,192
Inter-segment revenue	–	–	–	–	–	–	–	–
Revenue from external customers	–	125,465	727	126,192	–	–	–	126,192
Share of results of joint ventures	–	–	16,261	16,261	–	4,253	4,253	20,514
Segment results	–	(8,090)	(9,644)	(17,734)	(24,324)	(65,399)	(89,723)	(107,457)
Exchange gain				15,174	(667)	–	(667)	14,507
Unallocated costs, net				(22,409)	–	–	–	(22,409)
				(24,969)	(24,991)	(65,399)	(90,390)	(115,359)
Finance costs				(6,653)	(47,784)	–	(47,784)	(54,437)
Loss before taxation				(31,622)	(72,775)	(65,399)	(138,174)	(169,796)
Taxation				(1,402)	5,476	–	5,476	4,074
Loss for the year				(33,024)	(67,299)	(65,399)	(132,698)	(165,722)
Non-controlling interests				–	–	–	–	–
Loss attributable to the equity holders of the Company				(33,024)	(67,299)	(65,399)	(132,698)	(165,722)
Depreciation expense								
– Allocated	–	21,058	423	21,481	73	–	73	21,554
– Unallocated				870	–	–	–	870
Amortization expense	–	8,662	1,562	10,224	16,014	–	16,014	26,238

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

5. FINANCE INCOME/(COST), NET

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Accrued interest on agency fee payable	**–**	(6,653)
Interest expense on promissory notes	**–**	(561)
Notional non-cash interest on promissory notes	**(258)**	(9,655)
Notional non-cash interest on convertible notes	**(32,368)**	(66,176)
	(32,626)	(83,045)
Less: Amounts capitalized as the cost of qualifying assets (i)	**32,626**	28,608
	–	(54,437)
Reversal of accrued interest on agency fee payable (ii)	**20,569**	–
	20,569	(54,437)
Reclassification to loss from discontinued operations *(Note 15)*	**–**	47,784
	20,569	(6,653)

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

(ii) During the year, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of joint ventures of the Group, have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to Travel Channel upon the full settlement of the outstanding agency fee by the Group. The reversal of such accrued interest payable amounted to approximately HK20,569,000 and has been offset against finance costs during the current year.

6. PROFIT/(LOSS) BEFORE TAXATION

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

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

7. TAXATION

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

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

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

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

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

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

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

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2014 and 2013, the Company has only two categories of potential ordinary shares: convertible notes and share options. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The conversion of all potential ordinary shares would have an anti-dilutive effect on the basic loss per share for the year ended 31 December 2013.

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

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Golf course *HK$'000*	Buildings *HK$'000*	Machinery and equipment *HK$'000*	Furniture, computer and equipment *HK$'000*	Leasehold improvements *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost								
At 1 January 2013	110,736	193,906	9,765	9,051	15,238	17,660	1,533	357,889
Additions	–	–	630	913	566	193	81,681	83,983
Acquisition of subsidiaries *(Note 14)*	–	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

	Golf course HK$'000	Buildings HK$'000	Machinery and equipment HK$'000	Furniture, computer and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 January 2014	114,204	200,752	10,552	10,242	21,925	18,525	77,586	453,786
Additions	–	–	764	1,878	666	715	140,776	144,799
Disposals	–	–	(120)	–	–	(2,225)	–	(2,345)
Exchange difference	(382)	(672)	(36)	(33)	(73)	(55)	(37)	(1,288)
Reclassification to assets of disposal group held for sale *(Note 15)*	(113,822)	(199,309)	(11,117)	(8,364)	(21,434)	(13,719)	(213,742)	(581,507)
At 31 December 2014	–	771	43	3,723	1,084	3,241	4,583	13,445
Accumulated depreciation								
At 1 January 2014	21,373	18,648	4,504	3,727	1,547	13,768	–	63,567
Disposals	–	–	(115)	–	–	(2,171)	–	(2,286)
Depreciation	8,828	7,786	1,491	1,455	1,777	2,484	–	23,821
Exchange difference	(86)	(75)	(18)	(14)	(7)	(43)	–	(243)
Reclassification to assets of disposal group held for sale *(Note 15)*	(30,115)	(26,333)	(5,852)	(3,437)	(2,779)	(12,411)	–	(80,927)
At 31 December 2014	–	26	10	1,731	538	1,627	–	3,932
Net book value:								
At 31 December 2014	–	745	33	1,992	546	1,614	4,583	9,513

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

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

11. INTANGIBLE ASSETS – GROUP

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

	Non-current assets					
	Goodwill *HK$'000*	Programmes and film rights *HK$'000*	Investments in programmes and film production in progress *HK$'000*	Cooperating construction and operating agreements *HK$'000*	Software and licences *HK$'000*	Total *HK$'000*
Year ended 31 December 2014						
Opening net book amount	321,993	–	13,990	1,309,209	71	1,645,263
Additions	–	–	–	–	86	86
Transfers and disposals	–	–	(13,990)	–	–	(13,990)
Amortization	–	–	–	(36,276)	(50)	(36,326)
Exchange difference	(1,078)	–	–	(4,333)	–	(5,411)
Reclassification to assets of disposal group held for sale *(Note 15)*	(320,915)	–	–	(1,268,600)	(86)	(1,589,601)
Closing net book amount	–	–	–	–	21	21
At 31 December 2014						
Cost	–	–	–	–	25	25
Accumulated amortization and impairment	–	–	–	–	(4)	(4)
Net book amount	–	–	–	–	21	21

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

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

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

Impairment tests for goodwill

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

	2014	2013
	HK$'000	*HK$'000*
Offline health and wellness services		
– Beijing Bayhood No. 9 Club (i)	**51,460**	51,634
– Beijing Healthcare and Wellness Si He Yuan and Hotel (ii)	**269,455**	270,359
	320,915	321,993
Reclassification of assets of disposal group held for sale *(Note 15)*	**(320,915)**	–
	–	321,993

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

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

Key assumptions used for value-in-use calculations:

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

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

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

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

12. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The aging analysis of the trade payables is as follows:

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
0–3 months	**760**	1,776
4–6 months	**390**	349
Over 6 months	**510**	374
	1,660	2,499
Reclassification to liabilities of disposal group held for sale *(Note 15)*	**(1,641)**	–
	19	2,499

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

14. ACQUISITION OF SUBSIDIARIES

For year 2014

There was no significant business acquisition during the year.

For year 2013

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

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

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

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

The said acquisition has been completed on 27 December 2013.

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

	HK$'000
Consideration:	
– Cash	7,596
– Consideration shares	11,000
Total consideration	18,596
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(Note 10)*	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)

15. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

For year 2014

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

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

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

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

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

	HK$'000
Property, plant and equipment *(Note 10)*	500,580
Intangible assets *(Note 11)*	1,589,601
Deferred tax assets	2,680
Inventories	9,599
Prepayments, deposits and other receivables	64,288
Cash and cash equivalents	80,989
	2,247,737

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

	HK$'000
Trade payables *(Note 13)*	1,641
Receipt in advance, other payables and accrued liabilities	130,634
Deferred tax liabilities	338,848
Deferred revenue	94,084
Current income tax liabilities	75,786
	640,993

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

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

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

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

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

For year 2013

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

As the operation of Green Harmony and Green Villa are considered as a separate major line of business during the year, they are accounted for as a discontinued operation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The disposal was not yet completed as at 31 December 2013 and was lapsed in April 2014.

On 24 April 2014, the Company and Shenzhen Honghaiwan Asset Management Limited (深圳市紅海灣資產管理有限公司) ("Shenzhen Honghaiwan") have entered into a sale and purchase agreement, whereby the Company agreed to sell the entire issued share capital in and assign its loan due from Green Harmony and Green Villa to Shenzhen Honghaiwan at an aggregate consideration of RMB200,000,000 (equivalent to approximately HK$252,688,000) payable in cash.

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

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

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

(i) Loss recognized represented the loss incurred in adjusting the carrying amount of the Group's interests in Tian An International Building and the management company of the building to the fair value less cost to sell, which is a Level 3 fair value measurement with reference to the aggregate consideration under the sales and purchase agreement.

(b) Assets of disposal group held for sale

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

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

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

Name	Place of establishment and kind of legal entity	Registered capital	Percentage of equity interest attributable to the Group 2014	2013	Principal activities and place of operation
Shenzhen ITC Tian An Co., Ltd.	The PRC, Sino-foreign equity joint venture	US$8,880,000	N/A	50%	Holding and rental of investment properties in the PRC
Shenzhen Tian An International Building Property Management Co., Ltd.	The PRC, Sino-foreign equity joint venture	RMB3,000,000	N/A	50%	Property management in the PRC

16. SUBSEQUENT EVENTS

Subsequent to the year end, as mentioned in note 15 in relation to the S&P Agreement about the disposal of the entire shareholding interest in the Target Company, the parties to the S&P Agreement have entered into a supplemental agreement on 30 March 2015 pursuant to which the lease term in the Club Lease Agreement has been extended to twenty years (which can be further extended to 31 December 2051 upon request by the Group). There are four rental periods during the term of twenty years of five years each. In addition, the Group has an option to early terminate the Club Lease Agreement by giving notice to the lessor at least six months prior to the expiry of each rental period.

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Financial performance

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

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

Business Review

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

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

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

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

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

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

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

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

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

(1) Online Healthcare Services

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

In 2014, Jiuhao Health officially launched its "***Kangxun 360" smart cloud health management service platform for chronic diseases*** (www.kangxun360.com), which was independently developed by the Company with proprietary intellectual property right. "Kangxun 360" is an industry leading healthcare product based on mobile Internet, Internet of Things and a health management platform that adopted cloud computing. Leveraging on systemic and cutting-edge cloud technology and an extensive team of registered general practitioners, the "Kangxun 360" platform provides users with a systematic range of specialized and customized online health management services that centres on data support. By accessing their "Kangxun 360" accounts via iOS and Android-based Apps, "Kangxun 360" users can input their health data to create health profiles and perform health assessments. Thereby, they can develop health plans and obtain real-time health alerts, regular health risk assessment and report on health monitoring for family members, as well as health knowledge and advice. Powered by cloud technology, "Kangxun 360" helps users create personal health profiles or family health profiles, and provides detailed health management services including continuous tracking, health alerts and recommendations, with a view to guiding users to maintain health, preventing chronic diseases and reducing the suffering from diseases.

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

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

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

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

- **China Life (Overseas)** is an important strategic shareholder of the Group, currently holding 4.4% interests in the Company. According to a strategic cooperation agreement made between both parties earlier, the Company will work with China Life (Overseas) to develop products combining insurance with healthcare service based on "Kangxun 360" health management platform, explore detailed implementation plans for the sharing of customer resources, promote the sharing of their customer management systems, and carry out targeted customer database marketing. China Life (Overseas) has more than 300,000 insurance clients outside China, and its parent company, China Life Insurance (Group) Company, has more than 200 million insurance clients in China.

- In March 2014, the Group entered into a service cooperation agreement with **China Taiping Life**, pursuant to which the Group will commence to provide health management services to insurance clients of China Taiping Life by phases through "Kangxun 360" health management platform. In addition, both parties agree to further explore detailed implementation plans for the sharing of customer resources, promote the sharing of their customer management systems, and carry out targeted customer database management and marketing. China Taiping Life also intends to conduct further cooperation with the Group in investment projects in the health management and wellness industry. China Taiping Life has a total of more than 28 million insurance clients.

Through the cooperation with China Life (Overseas) and China Taiping Life, which are two giant insurance companies in China, "Kangxun 360" platform will be able to expand its customer base quickly. "Kangxun 360" will provide long-term online health management service to these insurance companies and their large client base, bundled with the sale of Kangxun 360-branded blood glucose monitors and test strips. In addition, after developing a large user base and a user database for "Kangxun 360" platform, the Group can further launch value-added services, online business and advertising business related to healthcare services, and can make use of the comprehensive health database to carry out targeted data marketing, thereby laying a solid foundation for the Group's expansion of the big data marketing business.

(2) Offline Healthcare and Wellness Services

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

Healthcare and Wellness Centres

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

Strategically located, "Beijing Bayhood No. 9 Club" is only about 10 minutes' drive from the Beijing Capital International Airport and 25 minutes' drive from the urban centre of Beijing. As one of the largest high-end leisure complexes in downtown Beijing, the club was designed by several world-renowned design firms jointly, covering an area of approximately 1,150 Chinese acres. Operating under membership plans for corporations and individuals, "Beijing Bayhood No. 9 Club" is one of the top green health clubs in the country. The club comprises a comprehensive range of facilities, including an 18-hole golf course, lakeside golf course private VIP rooms, SPA facility and Asia's first PGA-branded golf academy. As of 31 December 2014, "Beijing Bayhood No. 9 Club" has attracted approximately 500 high-net-worth members. The standard corporate membership is as high as RMB1.78 million and the standard individual membership fee is also high at RMB1.58 million, signifying the enormous spending power of the members and their pursuit of a healthy life and high quality health management services.

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

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

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

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

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

(3) Media Business

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

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

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

(4) Property Investment Business

In April 2014, the Group has completed its disposal of the entire interests in Green Harmony Investments Limited and Green Villa Investment Limited (whose subordinate companies were principally engaged in properties investment business in Shenzhen) to an independent third party for an aggregate consideration of RMB200 million (equivalent to approximately HK$253 million). A gain on disposal of approximately HK$11.03 million was recorded for the year under review.

Business Outlook

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

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

Financial Review

Continuing Operations

Sales revenue for the year ended 31 December 2014 amounted to approximately HK$110,137,000, being a 13% decrease comparing to the prior year. 95% (2013: 99%) of the sales revenue during the year arose from the "Offline Healthcare and Wellness Services" segment. The decrease in sales revenue is mainly attributed to the continuous worsening operating environment of the high-end food and beverage market in the PRC. No sales revenue has been generated from the "Online Healthcare Service" segment yet during the year (2013: Nil).

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

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

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

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

– During the year, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain consulting fees payable to the Travel Channel. The reversal of such accrued payable amounted to approximately HK$33 million and has been offset against administrative expenses during the current year; and

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

Share of results of joint ventures, mainly represents the Group's share of profits of the Travel Channel operations, for the year ended 31 December 2014 amounted to approximately HK$585,000 (2013: HK$16,261,000). As described elsewhere, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain accrued consulting fee payable and interest payable to the Travel Channel. As a result, the reversal of accrued receivable in the accounts of the Travel Channel has led to the significant decrease in the share of profits of joint ventures during the current year.

Finance income, net for the year ended 31 December 2014 amounted to approximately HK$20,569,000 (2013: finance cost of approximately HK$6,653,000). During the year, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to the Travel Channel upon the full settlement of the outstanding agency fees by the Group. The reversal of such accrued interest payable amounted to approximately HK$20,569,000 and has been offset against finance costs during the current year.

On the other hand, included in the prior year finance costs represented the non-cash accrued interests on agency fee payable of HK$6,653,000 which has been reversed as abovementioned.

Discontinued Operations

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

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

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

Liquidity and Capital Resources

Liquidity and Treasury Management

We have adopted prudent treasury management measures aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 31 December 2014, the Group held cash and cash equivalents of approximately HK$162,745,000, being a 63% increase comparing to the balance as at 31 December 2013.

The Group is at net current asset position of HK$2,191,186,000 as at 31 December 2014 (2013: HK$397,720,000). The current ratio, representing the total current assets to the total current liabilities, increased from 1.94 as at 31 December 2013 to 3.95 as at 31 December 2014. The significant improvement of net current asset position and the current ratio is mainly due to the reclassification of assets and liabilities of disposal group held for sale to current assets and liabilities, respectively. Details of the reclassification are disclosed in note 15 to the consolidated financial statements.

The debt to equity ratio, representing the sum of borrowings to total equity, slightly decrease from 0.19 as at 31 December 2013 to 0.01 as at 31 December 2014. The Group's borrowings represented the outstanding convertible notes issued for the acquisition of the development and operating rights of the 580-acre land for the Beijing Healthcare and Wellness Si He Yuan and Hotel project, which has been significantly reduced during the year along with the conversion of convertible notes by the noteholder.

Foreign Currency Exchange Exposure

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

Capital Structure

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

During the year, the Company has issued (i) 285,714,000 new ordinary shares upon a placement at HK$0.35 per share; (ii) 1,990,000,000 new ordinary shares upon conversion of convertible notes at HK$0.20 per share; and (iii) 3,000,000 new ordinary shares upon share option exercise at HK$0.20 per share.

Convertible notes with principal amount of RMB569 million, among others, were issued in October 2012 to finance the acquisition of the development and operating rights of the 580-acre land for the Beijing Healthcare and Wellness Si He Yuan and Hotel project. As at 31 December 2014, principal amount of outstanding convertible notes amounted to approximately RMB17 million.

Change of Assets and Contingent Liabilities

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

Human Resources

As at 31 December 2014, the Group employed a total of 578 full-time employees in Hong Kong and the PRC. The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses are also available at the discretion of the Group depending on the performance of the Group.

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 is committed in achieving high standards of corporate governance. Throughout the year ended 31 December 2014, the Company has applied the principles and meet the code provisions of the Corporate Governance Code (the "CG Code") with the exception of the following deviations:–

1. **Code Provision A.2.1**

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

2. **Code Provision A.6.7**

   Most of Non-executive Directors including Independent Non-executive Directors have regularly attended and participated in the Board and Board committee meetings.

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 2014 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 2014 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 AND RELEVANT PERSONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the year of 2014.

The Code of Conduct applies to all the relevant persons as defined in the CG Code, including any employee of the Company, or director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to 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 2014 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, 30 March 2015

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