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 2015

HIGHLIGHTS

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

- Loss attributable to equity holders of the Company from continuing operations amounted to approximately HK$129,319,000 for the year ended 31 December 2015, comparing to a profit attributable to equity holders of the Company of approximately HK$56,084,000 for the prior year. The loss recorded during the year was primarily attributed to the aggregated impairment provision of approximately HK$196,276,000 (2014: nil) made for interests in joint ventures, amounts due from a joint venture and its subsidiary, prepayments, construction in progress and inventories. Excluding the above impact arising from impairment provision, the Group's profit attributable to equity holders of the Company from continuing operations amounted to approximately HK$66,957,000 (2014: HK$56,084,000).
- Through collaboration with domestic insurance companies, operators of healthcare/medical services, local social security bureaus and large enterprises, "Kangxun 360" user base has expanded to over 400,000 which securely positioning "Kangxun 360" as one of the three leaders among similar products. Online healthcare services segment started to generate revenue during the year, recording revenue of approximately HK$1.9 million.
- The Group has disposed of "Beijing Bayhood No. 9 Club" and the development and operating rights of its adjacent land at an aggregate consideration of HK$1.65 billion during the year. Cash proceeds of HK$500 million and 1,500,000,000 consideration shares of Eternity Investment Limited arising from the disposal have been distributed to the shareholders of the Company. The Group continues to operate "Beijing Bayhood No. 9 Club" through a leasing arrangement upon completion of the disposal.
- The Group brought in Huayi Brothers, Tencent and Yunfeng Capital as its strategic shareholders, and completed the share subscriptions on 5 February 2016. Huayi Brothers, Tencent and Yunfeng Capital currently hold 18.17%, 15.68% and 5.13% of the issued shares of the Company respectively. The share subscriptions generated gross proceeds of approximately HK$547 million, which is planned to be used to expand the Group's media and entertainment business and to invest in productions of various international films and animations.
- On 29 February 2016, the Board proposed to change the English name of the Company from "China Jiuhao Health Industry Corporation Limited" to "Huayi Tencent Entertainment Company Limited" and to change the dual foreign name in Chinese of the Company from "中國9號健康產業有限公司" to "華誼騰訊娛樂有限公司".

The 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 (together, the ''Group'') for the year ended 31 December 2015, together with the comparative figures for 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing Operations			
Revenue	3	**122,838**	110,137
Cost of sales		**(67,659)**	(84,331)
Gross profit		**55,179**	25,806
Other income and other gains, net	3	**153,661**	70,243
Marketing and selling expenses		**(23,421)**	(384)
Administrative expenses		**(136,564)**	(69,019)
Share of results of joint ventures, net		**(12,544)**	585
Provision for impairment of interests in joint ventures and amounts due from a joint venture and its subsidiary		**(164,124)**	–
		(127,813)	27,231
Finance (costs)/income, net	5	**(220)**	20,569
(Loss)/profit before taxation	6	**(128,033)**	47,800
Taxation	7	**(4,612)**	4,235
(Loss)/profit for the year from continuing operations		**(132,645)**	52,035
Discontinued Operations			
Loss for the year from discontinued operations	14	**(364,351)**	(906)
(Loss)/profit for the year		**(496,996)**	51,129
Attributable to:			
Equity holders of the Company			
– continuing operations		**(129,319)**	56,084
– discontinued operations		**(364,351)**	(906)
		(493,670)	55,178
Non-controlling interest			
– continuing operation		**(3,326)**	(4,049)
		(496,996)	51,129

	Notes	**2015**	2014
		HK Cents	*HK Cents*
(Loss)/profit per share attributable to the equity holders of the Company for the year			
Basic (loss)/earnings per share	*8*		
– from continuing operations		**(1.96)**	1.09
– from discontinued operations		**(5.51)**	(0.02)
		(7.47)	1.07
Diluted (loss)/earnings per share	*8*		
– from continuing operations		**(1.96)**	1.07
– from discontinued operations		**(5.51)**	(0.02)
		(7.47)	1.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

		As at 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**15,734**	9,513
Intangible assets	*11*	**23,887**	21
Interests in joint ventures		**179**	62,823
Deferred income tax assets		**2,012**	19,881
Prepayments, deposits and other receivables		**86,628**	17,947
		128,440	110,185
Current assets			
Trade receivables	*12*	**400**	–
Inventories		**7,595**	2,316
Amounts due from a joint venture and its subsidiary		**165,535**	290,178
Programmes and film production in progress		**50,271**	68,262
Financial assets at fair value through profit or loss		**13,900**	138,652
Prepayments, deposits and other receivables		**28,483**	24,839
Cash and cash equivalents		**280,400**	162,745
		546,584	686,992
Assets of disposal group classified as held for sale	*14*	**–**	2,247,737
		546,584	2,934,729
Total assets		**675,024**	3,044,914
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company			
Share capital		**133,210**	1,311,981
Reserves		**446,001**	981,466
		579,211	2,293,447
Non-controlling interest		**(2,356)**	927
Total equity		**576,855**	2,294,374

		As at 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Liabilities			
Non-current liabilities			
Other payables	*13*	**11,509**	6,997
Deferred income tax liabilities		**707**	–
		12,216	6,997
Current liabilities			
Trade payables	*13*	**3,920**	19
Receipt in advance, other payables and accrued liabilities	*13*	**24,655**	69,469
Current income tax liabilities		**57,378**	13,994
Convertible notes		**–**	19,068
		85,953	102,550
Liabilities of disposal group classified as held for sale	*14*	**–**	640,993
		85,953	743,543
Total liabilities		**98,169**	750,540
Total equity and liabilities		**675,024**	3,044,914

Notes:

1. GENERAL INFORMATION

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

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

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

These financial statements are presented in thousand Hong Kong dollars (HK$'000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 11 March 2016.

2. BASIS OF PREPARATION

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

(i) New and amended standards adopted by the Group

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

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

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

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

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

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

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

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

3. REVENUE AND OTHER INCOME AND OTHER GAINS, NET

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

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

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

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

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

For the year ended 31 December 2015

	Online Healthcare Services *HK$'000*	Offline Healthcare and Wellness Services *HK$'000*	Media *HK$'000*	Total continuing operations *HK$'000*	Discontinued operations: Offline Healthcare and Wellness Services - Beijing Healthcare and Wellness Si He Yuan and Hotel Project *HK$'000*	Total *HK$'000*
Revenue	1,946	111,086	9,806	122,838	–	122,838
Share of results of joint ventures, net	–	–	(12,544)	(12,544)	–	(12,544)
Segment results before provision for impairment	(38,366)	(8,053)	9,470	(36,949)	(306,980)	(343,929)
Provision for impairment	(4,683)	(23,775)	(167,818)	(196,276)	–	(196,276)
Segment results	(43,049)	(31,828)	(158,348)	(233,225)	(306,980)	(540,205)
Exchange losses, net				(33,575)	–	(33,575)
Unallocated income, net				138,987	–	138,987
				(127,813)	(306,980)	(434,793)
Finance costs, net				(220)	–	(220)
Loss before taxation				(128,033)	(306,980)	(435,013)
Taxation				(4,612)	(57,371)	(61,983)
Loss for the year				(132,645)	(364,351)	(496,996)
Non-controlling interest				3,326	–	3,326
Loss attributable to the equity holders of the Company				(129,319)	(364,351)	(493,670)
Depreciation expense						
– Allocated	731	1,861	331	2,923	–	2,923
– Unallocated				160	–	160
Amortization expense	–	5	–	5	–	5

For the year ended 31 December 2014

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

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

5. FINANCE (COSTS)/INCOME, NET

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

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

(ii) During the year ended 31 December 2014, the Group and Hainan Haishi Tourist Satellite TV Media Co. Ltd. ("Travel Channel"), an associated company of a joint venture of the Group, have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to Travel Channel upon the full settlement of the outstanding agency fee by the Group. The reversal of such accrued interest payable amounted to approximately HK20,569,000 and has been offset against finance costs during the year ended 31 December 2014.

6. (LOSS)/PROFIT BEFORE TAXATION

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

	2015	2014
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment *(Note 10)*	**3,083**	23,821
Amortization of intangible assets *(Note 11)*	**5**	36,326
Less: Amortization capitalized	**–**	(27,838)
	5	8,488
Auditor's remuneration		
– Audit services	**2,760**	2,630
– Non-audit services	**3,343**	500
Operating lease rentals – land and buildings	**5,818**	3,390
Operating lease rentals – operating rights	**10,027**	6,017
Provision for impairment of		
– inventories	**3,453**	–
– construction in progress	**6,517**	–
– prepayments	**22,182**	–
Loss on disposal of property, plant and equipment	**–**	13
Employee benefit expense:		
Directors' fees	**750**	800
Wages and salaries	**55,045**	64,829
Contributions to defined contribution pension schemes	**5,305**	7,713
	61,100	73,342

7. TAXATION

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no estimated assessable profit in Hong Kong (2014: Nil). Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

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

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

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

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

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

As disclosed in Note 15 of this annual results announcement, the Company has issued and allotted 6,837,619,860 subscription shares on 5 February 2016. The number of issued ordinary shares of the Company as at 31 December 2015 would have been significantly increased if the subscription had occurred on or before the balance sheet date.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2015, the Company did not have any potential ordinary shares (2014: two categories of potential ordinary shares: convertible notes and share options.) The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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

9. DIVIDEND

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

A special dividend comprising of HK$500,000,000 paid in cash and share entitlement note ("SEN") of Eternity Investment Limited ("Eternity"), a company listed on The Stock Exchange of Hong Kong Limited, which can be converted into 1,500 million ordinary shares of Eternity was distributed to entitled shareholders of the Company on 6 October 2015, following the completion of a disposal transaction (Note 14). It represented HK$0.18 per ordinary share and was debited from the distributable reserves of the Company.

10. PROPERTY, PLANT AND EQUIPMENT

	Golf course *HK$'000*	Buildings *HK$'000*	Machinery and equipment *HK$'000*	Furniture, computer and equipment *HK$'000*	Leasehold improvements *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
At 1 January 2014								
Cost	114,204	200,752	10,552	10,242	21,925	18,525	77,586	453,786
Accumulated depreciation	(21,373)	(18,648)	(4,504)	(3,727)	(1,547)	(13,768)	–	(63,567)
Net book amount	**92,831**	**182,104**	**6,048**	**6,515**	**20,378**	**4,757**	**77,586**	**390,219**
Year ended 31 December 2014								
Opening net book amount	92,831	182,104	6,048	6,515	20,378	4,757	77,586	390,219
Additions	–	–	764	1,878	666	715	140,776	144,799
Disposals	–	–	(5)	–	–	(54)	–	(59)
Depreciation	(8,828)	(7,786)	(1,491)	(1,455)	(1,777)	(2,484)	–	(23,821)
Exchange differences	(296)	(597)	(18)	(19)	(66)	(12)	(37)	(1,045)
Reclassification to assets of disposal group held for sale *(Note 14)*	(83,707)	(172,976)	(5,265)	(4,927)	(18,655)	(1,308)	(213,742)	(500,580)
Closing net book amount	**–**	**745**	**33**	**1,992**	**546**	**1,614**	**4,583**	**9,513**
At 31 December 2014								
Cost	–	771	43	3,723	1,084	3,241	4,583	13,445
Accumulated depreciation	–	(26)	(10)	(1,731)	(538)	(1,627)	–	(3,932)
Net book amount	**–**	**745**	**33**	**1,992**	**546**	**1,614**	**4,583**	**9,513**

	Golf course HK$'000	Buildings HK$'000	Machinery and equipment HK$'000	Furniture, computer and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2015								
Opening net book amount	–	745	33	1,992	546	1,614	4,583	9,513
Additions	–	–	6,385	153	8,241	188	2,049	17,016
Disposal of a subsidiary	–	–	–	–	–	(494)	–	(494)
Provision for impairment loss	–	–	–	–	–	–	(6,517)	(6,517)
Depreciation	–	(25)	(93)	(789)	(1,917)	(259)	–	(3,083)
Exchange differences	–	(42)	(185)	(117)	(216)	(26)	(115)	(701)
Closing net book amount	**–**	**678**	**6,140**	**1,239**	**6,654**	**1,023**	**–**	**15,734**
At 31 December 2015								
Cost	–	726	6,258	3,637	9,046	2,538	6,348	28,553
Accumulated depreciation and impairment	–	(48)	(118)	(2,398)	(2,392)	(1,515)	(6,348)	(12,819)
Net book amount	**–**	**678**	**6,140**	**1,239**	**6,654**	**1,023**	**–**	**15,734**

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

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

11. INTANGIBLE ASSETS

	Goodwill	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*
At 1 January 2014					
Cost	321,993	15,064	1,362,197	1,027	1,700,281
Accumulated amortization and impairment	–	(1,074)	(52,988)	(956)	(55,018)
Net book amount	321,993	13,990	1,309,209	71	1,645,263
Year ended 31 December 2014					
Opening net book amount	321,993	13,990	1,309,209	71	1,645,263
Additions	–	–	–	86	86
Transfers and disposals	–	(13,990)	–	–	(13,990)
Amortization	–	–	(36,276)	(50)	(36,326)
Exchange differences	(1,078)	–	(4,333)	–	(5,411)
Reclassification to assets of disposal group held for sale *(Note 14)*	(320,915)	–	(1,268,600)	(86)	(1,589,601)
Closing net book amount	–	–	–	21	21
At 31 December 2014					
Cost	–	–	–	25	25
Accumulated amortization	–	–	–	(4)	(4)
Net book amount	–	–	–	21	21

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

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

As at 31 December 2014, cooperation construction and operating agreements included in assets of disposal group classified as held for sale represents the rights (i) to construct and operate the club facilities of "Beijing Bayhood No. 9 Club" up to 31 December 2051 acquired through a business combination completed in July 2011; and (ii) to develop and operate a piece of 580 Chinese acres land adjacent to "Beijing Bayhood No. 9 Club" up to 30 January 2062 acquired through a business combination completed in October 2012. These cooperating construction and operating agreements were disposed of during the year ended 31 December 2015 upon completion of the disposal transaction disclosed in Note 14.

12. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
0–3 months	**1,413**	760
4–6 months	**2,438**	390
Over 6 months	**69**	510
	3,920	1,660
Reclassification to liabilities of disposal group held for sale *(Note 14)*	**–**	(1,641)
	3,920	19

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

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

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

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

The Target Company and its subsidiaries (the "Target Group") is principally engaged in the provision of offline healthcare and wellness services through the management of "Beijing Bayhood No. 9 Club", a membership-based luxury club which comprises of business hotel facilities, an 18-hole golf course, driving range facilities, theme restaurants and cafes, spa facilities, retail shops, and the first PGA branded and managed golf academy in Asia. "Beijing Bayhood No. 9 Club" is located near the city centre of Beijing, PRC. The major assets owned by the Target Group are i) the rights to construct and operate the club facilities of "Beijing Bayhood No. 9 Club" up to 31 December 2051; and ii) the rights to develop and operate a piece of 580 Chinese 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.

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

	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 are as follows:

	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

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

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

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

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

As the operation of offline healthcare and wellness services – Beijing Healthcare and Wellness Si He Yuan and Hotel Project is considered as a separate major line of business, they are accounted for as discontinued operations.

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

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

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

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

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

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

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

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

Note (iii): Cash consideration of HK$500,000,000 and the SEN were distributed to entitled shareholders of the Company immediately after completion of the disposal (Note 9).

15. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of China Jiuhao Health Industry Corporation Limited ("the Company" or "Jiuhao Health") and its subsidiaries (collectively "the Group") for the year ended 31 December 2015.

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Financial performance

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

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

Business Review

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

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

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

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

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

Business Review

(1) Media Business

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

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

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

(2) Online Healthcare Services

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

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

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

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

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

(3) Offline Healthcare and Wellness Services

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

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

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

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

Business Outlook

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

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

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

Environmental & Social Responsibilities

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

a) Environmental protection

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

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

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

b) *Social responsibilities*

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

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

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

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

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

Financial Review

Continuing Operations

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

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

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

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

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

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

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

– During the year ended 31 December 2014, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain consulting fees payable to the Travel Channel. The reversal of such accrued payable amounted to approximately HK$33 million and has been offset against administrative expenses.

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

Finance costs, net for the year ended 31 December 2015 amounted to approximately HK$220,000 (2014: finance income, net of approximately HK$20,569,000). During the year ended 31 December 2014, the Group and the Travel Channel have mutually agreed that the Group is waived from the payment of certain accrued interest on agency fee payable to the Travel Channel upon the full settlement of the outstanding agency fees by the Group. The reversal of such accrued interest payable amounted to approximately HK$20,569,000 and has been recorded as finance income during the prior year.

Discontinued Operations

The loss from discontinued operations arose from the very substantial disposal in relation to the Beijing Healthcare and Wellness Si He Yuan and Hotel project which has been completed on 6 October 2015. Part of the considerations of the disposal is in the form of share entitlement notes issued by the purchaser (which is a company listed on The Stock Exchange of Hong Kong Limited). The market share price of the purchaser has dropped by the time of the completion of the disposal comparing to the time of the signing of the relevant agreements for the disposal, leading to a significant loss on disposal during the year. The said share entitlement notes have been fully distributed to the Company's shareholders after completion of the disposal. Details of the disposal are disclosed in note 14.

Liquidity and Capital Resources

Liquidity and Treasury Management

We have adopted prudent treasury management measures aimed at principal protection and maintaining sufficient liquidity to meet our various funding requirements in accordance with the strategic plans and policies. As at 31 December 2015, the Group held cash and cash equivalents of approximately HK$280,400,000 (2014: HK$162,745,000), being a 72% increase comparing to the balance as at 31 December 2014.

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

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

Foreign Currency Exchange Exposure

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

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

Capital Structure

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

During the year, the Company has issued (i) 12,000,000 new ordinary shares upon conversion of convertible notes at HK$0.20 per share; and (ii) 88,582,706 new ordinary shares upon share option exercise at a weighted average exercise price of HK$0.40 per share.

Convertible notes with principal amount of RMB569 million, among others, were issued in October 2012 to finance the acquisition of the development and operating rights of the 580 Chinese acres land for the Beijing Healthcare and Wellness Si He Yuan and Hotel project. During the year, the Company has redeemed all outstanding convertible notes at maturity date of 22 October 2015 in cash of HK$18,600,000.

Charge of Assets and Contingent Liabilities

As at 31 December 2015, none of the Group's assets was charged and the Group did not have any material contingent liabilities or guarantees.

Human Resources

As at 31 December 2015, the Group employed a total of 83 full-time employees in Hong Kong and the PRC, and continued to manage "Bayhood No.9 Club" operations with 470 full-time employees in the PRC. The Group operates different remuneration schemes for sales and non-sales employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are remunerated by monthly salary which is reviewed by the Group from time to time and adjusted based on performance. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses are also available at the discretion of the Group depending on the performance of the Group.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company is committed to achieving high standards of corporate governance. Throughout the year ended 31 December 2015, the Company has applied the principles and met the code provisions of the Corporate Governance Code (the "CG Code") with the exception of the following deviations:–

1. Code Provision A.2.1

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

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

2. Code Provision A.6.7

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

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. Mr. YUEN Kin is the chairman of Audit Committee and the other two members of the committee are Dr. WONG Yau Kar David and Mr. CHU Yuguo. 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 2015 and provided advice and comments thereon before presenting it to the Board for approval. The figures in respect of this results announcement of the Group's results for the year ended 31 December 2015 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 results 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 this results 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 2015.

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

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 2015 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
WANG Zhongjun
Chairman

Hong Kong, 11 March 2016

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

Executive directors: Mr. WANG Zhongjun (Chairman), Mr. LAU Seng Yee (Vice Chairman), Mr. WANG Zhonglei, Mr. LIN Haifeng, Ms. WANG Dongmei, Mr. YUEN Hoi Po
Independent non-executive directors: Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo