THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Jiuhao Health Industry Corporation Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE SHAREHOLDING INTEREST OF SMART TITLE LIMITED AND SHAREHOLDER'S LOAN DUE FROM SMART TITLE LIMITED; (2) PROPOSED DISTRIBUTION; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of the Company to be held at Falcon Room 1, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 13 July 2015 at 10:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

23 June 2015

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Adjusted Combined NAV as at 30 September 2014"	the unaudited adjusted combined net asset value of the Target Group as at 30 September 2014 of approximately HK$1,581 million
"Allotment Date"	the day upon which the Allotment Right shall be deemed to be automatically exercised in full by the relevant assignee(s) upon an assignment under the SEN Distribution
"Allotment Right"	the right to call on Eternity to allot and issue 1,500,000,000 Eternity Consideration Shares at the issue price of HK$0.70 per Eternity Consideration Share
"Announcement"	the announcement jointly issued by the Company and Eternity on 15 May 2015 in connection with the Transactions
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beihu Consultants"	北京北湖商務諮詢有限公司 (Beijing Beihu Business Consultants Company Limited*)
"Beihu Cooperation Agreement"	the cooperation agreement entered into between Beihu Consultants and Beijing Chaolai Football Centre (北京朝來足球中心) on 30 January 2012, pursuant to which Beijing Chaolai Football Centre has granted Beihu Consultants the rights of development of and operation on the Subject Land and the right to manage and operate the properties erected on the Subject Land until 31 May 2048
"Beijing Bayhood No. 9 Club"	a membership-based club constructed on the Club Land, in which BJ Bayhood No. 9 Co has the right to operate
"BJ Bayhood No. 9 Co"	北京北湖九號商務酒店有限公司(Beijing Bayhood No. 9 Business Hotel Company Limited*), a company incorporated in the PRC which is an indirect wholly-owned subsidiary of the Target Company
"BJ Haikou No. 9 Co"	海口九號酒店管理有限公司北京分公司(Haikou No. 9 Hotel Management Company Limited, Beijing branch*), a branch of an indirect wholly-owned subsidiary of the Company

* *for identification purpose only*

"Board"	board of Directors
"Business Day(s)"	a day(s) (other than Saturday, Sundays and public holidays) on which banks in Hong Kong and the PRC are open for general banking business
"BVI"	British Virgin Islands
"Capital Reduction"	being (i) the proposed capital reduction where the par value of each issued Existing Share will be reduced from HK$0.20 to HK$0.02 and the issued ordinary share capital of the Company will be cancelled to the extent of HK$0.18 on each issued Existing Share, and the entire amount of authorised but unissued ordinary share capital of the Company will be cancelled; (ii) the application of the credit arising from the proposed capital reduction to set off the accumulated losses of the Company as at the effective date of the proposed capital reduction with the balance, if any, to be transferred to the distributable reserve account of the Company to be applied in such manner as the Directors consider appropriate and in accordance with the articles of association of the Company, the order of the Cayman Islands Court sanctioning the proposed capital reduction and all applicable laws and rules
"Capital Reduction Announcement"	the announcement issued by the Company on 15 May 2015 in connection with, among others, the Capital Reduction
"Capital Reduction Circular"	the circular of the Company dated 21 May 2015 in connection with, among others, the Capital Reduction
"Cayman Islands Court"	the Grand Court of the Cayman Islands
"Club Land"	being the land of approximately 1,150 Chinese acres (equivalent to approximately 767,000 square metres) on which Beijing Bayhood No. 9 Club operates
"Club Lease Agreement"	the lease agreement to be executed by BJ Haikou No. 9 Co and BJ Bayhood No. 9 Co at Completion, pursuant to which BJ Haikou No. 9 Co shall lease the assets on the Club Land in respect of Beijing Bayhood No. 9 Club which will be owned by Eternity through its ownership in BJ Bayhood No. 9 Co after Completion

"Companies Law"	The Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company"	China Jiuhao Health Industry Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 419)
"Completion"	completion of the Transactions in accordance with the terms and conditions of the S&P Agreement
"Completion Date"	date of Completion
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Transactions in the amount of HK$1,650 million in aggregate
''Cooperation Construction and Operating Agreement''	the cooperation construction and operating agreement dated 20 December 2005 entered into by BJ Bayhood No. 9 Co and Beihu International Golf Club Limited*(北湖國際高爾夫俱樂部有限公司) whereby BJ Bayhood No. 9 Co has been granted the right to manage and operate the club facilities of Beijing Bayhood No. 9 Club up to 31 December 2051
"Director(s)"	director(s) of the Company
"Distribution Assignment"	the assignment of the Share Entitlement Note under the Proposed Distribution to Shareholders
"Eternity"	Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 764)
"Eternity Consideration Share(s)"	new Eternity Share(s) to be allotted, issued and credited as fully paid upon the exercise of the Allotment Right attached to the Share Entitlement Note
"Eternity Director(s)"	director(s) of Eternity
"Eternity Group"	Eternity and its subsidiaries

* *for identification purpose only*

"Eternity's Material Adverse Change"	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on: (i) the ability of Eternity or any member of the Eternity Group to perform its respective obligations under the Transaction Documents; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations of the Eternity Group as a whole
"Eternity Options"	the options granted under the Eternity Share Option Schemes
"Eternity Options Share(s)"	a maximum of 46,248,601 new Eternity Shares to be allotted and issued upon the exercise of all the outstanding 46,248,601 Eternity Options
"Eternity Record Date"	the date for determining entitlements to the Eternity Rights Issue which, according to the announcement issued by Eternity on 20 May 2015, is 28 July 2015 and subject to update as Eternity may further announce
"Eternity Rights Issue"	the proposed issue by way of rights issue on the basis of one (1) Eternity Rights Share for every one (1) existing Eternity Share held on the Eternity Record Date at the subscription price of HK$0.70 per Eternity Rights Share, information of which is set out in announcements issued by Eternity on 15 May 2015 and 20 May 2015
"Eternity Rights Shares"	not less than 547,673,243 new Eternity Shares and not more than 593,921,844 new Eternity Shares to be allotted and issued pursuant to the Eternity Rights Issue
"Eternity Share(s)"	ordinary share(s) of HK$0.01 each in the capital of Eternity
"Eternity Shareholder(s)"	holder(s) of Eternity Shares
"Eternity Share Option Schemes"	the respective share option schemes adopted by Eternity on 21 January 2002 (which have been terminated since 12 December 2011) and adopted by Eternity on 12 December 2011

"Existing Share(s)"	issued ordinary share(s) of HK$0.20 each in the capital of the Company prior to the Capital Reduction becoming effective
"Golf Club Co"	北湖國際高爾夫俱樂部有限公司 (Bayhood Golf Club Company Limited*), formerly known as 北京馨葉高爾夫俱樂部有限公司 (Beijing Xinye Golf Club Company Limited*)
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Shareholders"	Shareholders other than Eternity and its associates
"Joint Construction and Operation Agreement"	a joint construction and operation agreement entered into between BJ Bayhood No. 9 Co and the Golf Club Co on 20 December 2005, pursuant to which BJ Bayhood No. 9 Co shall fund and be responsible for the actual development of and operation on the Club Land
"Last Trading Day"	11 December 2014, being the last trading day prior to the suspension of trading of the Eternity Shares and the Shares on 12 December 2014
"Latest Practicable Date"	17 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Motor Vehicle Licence Agreement"	the agreement to be executed by the Group and BJ Bayhood No. 9 Co at Completion, pursuant to which the Group shall have a right to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co for an infinite period after Completion
"Mr. Yuen"	Mr. Yuen Hoi Po, a substantial shareholder, the chairman and an executive director of the Company
"New Share(s)"	new issued ordinary share(s) of HK$0.02 each in the capital of the Company after the Capital Reduction becoming effective

* *for identification purpose only*

"Overseas Shareholders"	any Shareholders with registered address in any particular territory or territories where, in the absence of a registration statement or other special formalities, the Proposed Distribution under the Share Entitlement Note would or might, in the opinion of the Board, be unlawful or impracticable
"Performance Benchmark"	certain quality standards in respect of the operational performance of Beijing Bayhood No. 9 Club which have been agreed between the Company and Eternity, details of which are set in the paragraph headed "1.2 The Club Lease Agreement" in this circular
"PRC"	the People's Republic of China but excluding, for the purposes of this circular, Hong Kong, Taiwan and the Macau Special Administrative Region
"Proposed Distribution"	the proposed distribution to every Shareholder whose name shall appear on the Company's shareholders register as at a record date to be determined and announced by the Company, proportional to their interests in the total issued share capital of the Company: (i) HK$500 million in cash; and (ii) 1,500,000,000 Eternity Consideration Shares which will be allotted and issued to all Shareholders pursuant to the Distribution Assignment as set out in the Share Entitlement Note to be made from any of or all of the share premium account, retained earnings and/or distributable reserve account of the Company, that the Directors, in their sole discretion, consider appropriate and in accordance with the articles of association of the Company, the order of the Cayman Islands Court sanctioning the Capital Reduction and all applicable laws and rules
"Remaining Businesses"	businesses that will be conducted by the Group in respect of the operation of Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement and that in respect of the Remaining Group including the Company's online healthcare services, certain remaining offline healthcare and wellness services, and media businesses following Completion
"Remaining Group"	the Group excluding the Target Group immediately after the Completion
"RMB"	Renminbi, the lawful currency of the PRC

"SEN Distribution"	the assignment of the Share Entitlement Note by the SEN Holder whereby the rights and benefits of the SEN Holder under the Share Entitlement Note shall be assigned to the shareholders of the SEN Holder
"SEN Holder"	holder of the Share Entitlement Note
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"S&P Agreement"	the sale and purchase agreement dated 11 December 2014 entered into between Eternity as purchaser, the Vendor as vendor and the Company as guarantor in relation to the Transactions (as amended and supplemented by a supplemental sale and purchase agreement dated 30 March 2015 entered into by parties to the S&P Agreement and the Supplemental Agreement)
"Share Entitlement Note"	the note which confers the Allotment Right as part of the Consideration with an aggregate value of HK$1,050 million
"Shareholder's Loan"	a loan due from the Target Company to the Vendor
"Share(s)"	the Existing Share(s) or, as the case may be, the New Share(s)
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subject Land"	being the land of approximately 580 Chinese acres (equivalent to approximately 387,000 square metres), adjacent to the Club Land
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supplemental Agreement"	the supplemental agreement entered into on 12 June 2015 by parties to the S&P Agreement to extend the long stop date of the S&P Agreement from 31 August 2015 to 31 December 2015
"Takeovers Code"	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time

"Target Company"	Smart Title Limited, a company incorporated in the BVI, is an investment holding company and the entire issued share of which is owned by the Vendor
"Target Group"	the Target Company and its subsidiaries
"Trademark Licence Agreement"	the agreement to be executed by the Group and BJ Bayhood No. 9 Co at Completion, pursuant to which the Group shall have a right to continue to use the "Jiuhao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion
"Transactions"	pursuant to the S&P Agreement, (i) the Vendor conditionally agreed to sell and Eternity conditionally agreed to purchase the entire shareholding interest in the Target Company; and (ii) the Vendor agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances
"Transaction Documents"	the S&P Agreement, the assignment of the Shareholder's Loan to be entered into between the Group, Eternity and the Vendor, the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement
"Transfer Agreement"	the transfer agreement signed between Beihu Consultants and BJ Bayhood No. 9 Co on 1 January 2013, pursuant to which Beihu Consultants transferred all its rights and obligations under the Beihu Cooperation Agreement to BJ Bayhood No. 9 Co.
''Variation Agreement''	a variation agreement dated 22 July 2014 entered into between BJ Bayhood No.9 Co and Beijing Chaolai Football Centre in relation to the Beihu Cooperation Agreement for the extension of the cooperation period in relation to the Subject Land from 31 May 2048 to 30 January 2062. As such, BJ Bayhood No. 9 Co has the rights of development of and operation on the Subject Land and to manage and operate the properties erected on the Subject Land up to 30 January 2062
"Vendor"	Unique Talent Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

"Vendor's Material Adverse Change"	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on: (i) the ability of any of the Vendor, the Company or any member of the Group to perform its respective obligations under the Transaction Documents; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations of the Target Group as a whole.
"VSD EGM"	an extraordinary general meeting of the Company to be convened and held at Falcon Room 1, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 13 July 2015 at 10:00 a.m. to consider and, if thought fit, approve the Transactions and the Proposed Distribution
"%"	per cent.

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)

Directors:
Mr. YUEN Hoi Po[1] *(Chairman)*
Mr. ZHANG Changsheng[1] *(Vice Chairman)*
Mr. Edward TIAN Suning[2]
Mr. Hugo SHONG[2]
Prof. WEI Xin[3]
Dr. WONG Yau Kar, David, *BBS, JP*[3]
Mr. YUEN Kin[3]
Mr. CHU Yuguo[3]

1 *Executive Director*
2 *Non-executive Director*
3 *Independent Non-executive Director*

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite 3503, 35/F
Tower Two, Lippo Centre
89 Queensway
Hong Kong

23 June 2015

To the Shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE SHAREHOLDING INTEREST OF SMART TITLE LIMITED AND SHAREHOLDER'S LOAN DUE FROM SMART TITLE LIMITED; (2) PROPOSED DISTRIBUTION; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement, in which Eternity and the Company jointly announced that on 11 December 2014, after trading hours, Eternity as the purchaser, Vendor as the vendor and the Company as the guarantor to Vendor entered into the S&P Agreement pursuant to which, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) the Group agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances. The 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; and the announcement dated 12 June 2015 jointly issued by the Company and Eternity in relation to the Supplemental Agreement.

The purpose of this circular is to give you the details of the Transactions and the Proposed Distribution and the other information in compliance with the requirements of the Listing Rules and to give you notice of the VSD EGM at which an ordinary resolution will be proposed to seek your approval on the Transactions.

1. THE TRANSACTIONS

On 11 December 2014, after trading hours, Eternity as the purchaser, Vendor as the vendor and the Company as the guarantor to Vendor entered into the S&P Agreement pursuant to which, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) the Group agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances. The 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.

Given the expertise and resources of the Group, Eternity and the Vendor also agreed that, after Completion, the assets relevant to the operations of Beijing Bayhood No. 9 Club will be leased to the Group for an initial term of 20 years, which may be further extended to 31 December 2051 if the Group requests so within a six-month period before the expiry of the initial 20 year-term (as described in the paragraph headed "1.2 The Club Lease Agreement" below), and the Group can continue to operate the businesses of Beijing Bayhood No. 9 Club during the period. There are four rental periods of five years each during the initial term of 20 years (and three additional rental periods of five years each if the lease is extended to 31 December 2051 upon request by the Group). If the Group would like to terminate the Club Lease Agreement, the Group must give a notice at least six months prior to the expiry of the then five-year rental period. In addition, the Group shall have a right to continue to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co after Completion for an infinite period at nil consideration and shall have a right to continue to use the "Jiuhao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion. Accordingly, Eternity and the Vendor also agreed that, the Company or its subsidiary (where applicable) and BJ Bayhood No. 9 Co shall execute (i) the Club Lease Agreement; (ii) the Motor Vehicle Licence Agreement; and (iii) the Trademark Licence Agreement at Completion to give effect to the above.

Principal terms of the S&P Agreement, the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement are set out below.

1.1 The S&P Agreement

Date

11 December 2014

Parties

Vendor:	Unique Talent Group Limited, which is incorporated in the BVI with limited liability and is an investment holding company. It is a direct wholly-owned subsidiary of the Company.
Purchaser:	Eternity
Guarantor:	the Company

The Company is incorporated in the Cayman Islands with limited liability and, through its subsidiaries, is principally engaged in (i) the provision of online healthcare service; (ii) the provision of offline healthcare and wellness services; and (iii) media business. The shares of the Company are listed on the Main Board of the Stock Exchange.

Eternity is incorporated in Bermuda with limited liability and, through its subsidiaries, is principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services. The shares of Eternity are listed on the Main Board of the Stock Exchange.

On the date of the S&P Agreement and up to and including the date of the Announcement, the Eternity Group held 190,000,000 Existing Shares, representing approximately 2.90% of the then total Existing Shares in issue. As confirmed by Eternity, Eternity appointed a placing agent to place the 190,000,000 Existing Shares held by the Eternity Group to professional, institutional and other investors, who are third parties independent of Eternity, the Company and their respective associates, on a fully underwritten basis. As confirmed by Eternity, such placing was completed on 21 May 2015 and as at the Latest Practicable Date, Eternity did not hold any Existing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Eternity and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matters

Pursuant to the S&P Agreement, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) the Group agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances.

Consideration

Pursuant to the S&P Agreement, the 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 shall be settled in the following manner:

1. HK$60 million of the Consideration has been paid in cash by Eternity upon the signing of the S&P Agreement as the refundable deposit by cashier's order drawn in the name of the Company, which shall, subject to the terms and conditions set out in the S&P Agreement, be applied as partial payment of the Consideration upon Completion;

2. on Completion, HK$540 million of the Consideration shall be paid in cash by Eternity to the Company by (i) telegraphic transfer for same day value to the bank account as specified by the Company not less than three Business Days prior to the Completion Date; or (ii) cashier's order drawn in the name of the Company;

3. on Completion, Eternity shall in accordance with the instructions of the Vendor issue to the Company the Share Entitlement Note, which shall entitle the SEN Holder the right to call for the issue of 1,500,000,000 Eternity Consideration Shares at an issue price of HK$0.70 per Eternity Consideration Share; and

4. the Vendor confirms that the receipt of payment of the cash portion of the Consideration by the Company pursuant to 1 and 2 above shall be the evidence for the satisfaction of payment of the cash portion of the Consideration by Eternity pursuant to the S&P Agreement.

The Consideration of HK$1,650 million was arrived at after arm's length negotiations between the parties to the S&P Agreement with reference to the Adjusted Combined NAV as at 30 September 2014 prepared by the Vendor. Information of the Adjusted Combined NAV as at 30 September 2014 is disclosed in the section headed "2. Information of the Target Group" below. The Shareholder's Loan of approximately HK$1,076 million as at the date of the S&P Agreement will be assigned to Eternity upon Completion. The Consideration of HK$1,650 million represents a premium of HK$131 million over the unaudited combined net assets value of the Target Group as at 31 December 2014 of approximately HK$1,519 million as set out in the Appendix II to this circular. As at the Latest Practicable Date, the amount of the Shareholder's Loan remained unchanged and is not expected to be materially different on Completion.

Taking into account the matters disclosed above and the reasons and benefits as stated in the paragraph headed "Reasons for and benefits of the Transactions" below, the Board considered that the Transactions were on normal commercial terms and the terms of the S&P Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be subject to the satisfaction or waiver of the following conditions:

1. the passing of resolutions by the Shareholders in general meeting (in terms reasonably satisfactory to Eternity) approving (i) the entering into of the S&P Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; (ii) the Capital Reduction and the reduction of share premium for enabling the Proposed Distribution in accordance with the applicable laws; and (iii) the distribution in specie of the Share Entitlement Note;

2. the Company and the Vendor having obtained all necessary approvals and consents required in relation to the S&P Agreement;

3. the filing with the Registrar of Companies in the Cayman Islands of the order of the Cayman Islands Court approving the Capital Reduction;

4. the passing of resolutions by Eternity Shareholders in general meeting (in terms reasonably satisfactory to the Vendor) approving (i) the entering into of the S&P Agreement and the transactions contemplated thereunder; and (ii) the creation and issue of the Share Entitlement Note and the specific mandate in respect of the issue of the Eternity Consideration Shares in accordance with the requirements of the Listing Rules;

5. Eternity having obtained all necessary approvals and consents required in relation to the S&P Agreement;

6. the Listing Committee of the Stock Exchange having granted approval for the listing of, and the permission to deal in, the Eternity Consideration Shares under the S&P Agreement and such approval remains valid and effective;

7. the representations and warranties given by the Vendor under the S&P Agreement remaining true, accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the S&P Agreement and Completion;

8. there having been delivered to Eternity (i) a legal opinion in respect of the PRC subsidiaries of the Target Company and the cooperation agreements as specified under the S&P Agreement and such other matters as Eternity may reasonably require, in form and substance reasonably satisfactory to Eternity; and (ii) audited financial statements with an unqualified opinion in respect of the Target Group;

9. the Vendor having complied in all material respect with the obligations specified under the S&P Agreement and otherwise having performed all of the covenants and agreements required to be performed by it under the S&P Agreement and the Company having complied in all material respect with the obligations specified in the S&P Agreement and otherwise having performed all of the covenants and agreements required to be performed by it under the S&P Agreement;

10. there having been no Vendor's Material Adverse Change or Eternity's Material Adverse Change since the date of the S&P Agreement;

11. no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Transaction Documents, the consummation of the Transactions or the operation of the members of the Target Group after Completion having been proposed, enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere; and

12. the Eternity Rights Issue having been completed in accordance with its terms.

Eternity may in its absolute discretion waive either in whole or in part at any time by notice in writing to the solicitors of the Vendor any of the above conditions (save for conditions 1, 3, 4, 5, 6 and 10 set out above). The Company is not entitled to waive any of the above conditions.

As at the date of this circular, Eternity did not waive any conditions.

In the event that any of the conditions shall not have been fulfilled (or waived if applicable, pursuant to the S&P Agreement) prior to 31 December 2015 (as extended by the Supplemental Agreement) (or such other date as may be agreed in writing by the parties to the S&P Agreement), then Eternity or the Vendor shall not be bound to proceed with the Transactions and the Vendor shall within five Business Days after Eternity notifies the Vendor in writing the non-fulfilment of any of the above conditions refund in cash the deposit of HK$60 million (without any interest) to Eternity by (i) telegraphic transfer to the bank account of Eternity as specified under the S&P Agreement for value on the same day; or (ii) cashier's order drawn in the name of Eternity, upon which the S&P Agreement shall cease to be of any effect save for the clauses in relation to the rights of Eternity and the Vendor to terminate and save in respect of claims arising out of any antecedent breach of the S&P Agreement.

Guarantee and indemnity

The Company as the guarantor to the S&P Agreement irrevocably and unconditionally:

1. guarantees to Eternity punctual performance by the Vendor and the Company (including its subsidiaries) of all the Vendor's and the Company's (including the Company's subsidiaries) obligations under the Transaction Documents;

2. undertakes with Eternity that whenever the Vendor does not pay any amount when due under or in connection with the Transaction Documents, the Company shall immediately on demand and without deduction or withholding pay that amount as if it was the principal obligor; and

3. undertakes with Eternity that if, for any reason, any amount claimed by Eternity under the S&P Agreement is not recoverable on the basis of a guarantee, the Company will be liable as principal obligor to indemnify Eternity immediately on demand against any losses suffered by Eternity:

   (i) in consequence of the Vendor's failure to perform any of its obligations under the Transaction Documents; or

   (ii) if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal.

   The amount of the losses payable by the Company under this indemnity will not exceed the amount which Eternity would otherwise have been entitled to recover on the basis of a guarantee.

Completion

Subject to the conditions precedent having been satisfied (or waived if applicable), Completion shall take place within 20 Business Days following the day on which the conditions precedent are fulfilled (or waived if applicable, pursuant to the S&P Agreement) or such later date as agreed by parties to the S&P Agreement in writing.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial information of the Target Company will no longer be consolidated into the Group's financial statements.

The Share Entitlement Note

On Completion, HK$1,050 million of the Consideration shall be settled by the issue of the Share Entitlement Note by Eternity to the Company. The Share Entitlement Note shall confer the Allotment Right to call on Eternity to allot and issue up to a maximum of 1,500,000,000 Eternity Consideration Shares to the Company's assignee(s) upon Completion.

The issue price of HK$0.70 per Eternity Consideration Share represents:

1. a discount of approximately 4.11% to the closing price of HK$0.73 per Eternity Share as quoted on the Stock Exchange on the Last Trading Day;

2. a discount of approximately 2.10% to the theoretical ex-entitlement price of HK$0.715 based on the closing price of HK$0.73 per Eternity Share as quoted on the Stock Exchange on the Last Trading Day; and

3. a discount of approximately 1.41% to the average closing price of HK$0.71 per Eternity Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The issue price was determined after arm's length negotiations between Eternity and the Vendor with reference to, among others, the prevailing market price of the Eternity Shares under the then market conditions, and the 4.4% premium of the Consideration over the Adjusted Combined NAV as at 30 September 2014 (as described in the section headed "2. Information of the Target Group" below).

In addition, the issue price per Eternity Consideration Share is the same as the subscription price per Eternity Rights Share under the Eternity Rights Issue. As described in the separate announcement of Eternity dated 15 May 2015 relating to the Eternity Rights Issue, the subscription price per Eternity Rights Share was determined after arm's length negotiations between Eternity and the underwriter of the Eternity Rights Issue with reference to, among others, the prevailing market price of the Eternity Shares under the then market conditions.

The principal terms of the Share Entitlement Note pursuant to the S&P Agreement are as follows:

Entitlement:	The Company (being the SEN Holder) is entitled to, subject as provided in the Share Entitlement Note and to any applicable laws and regulations and in the manner described under the Share Entitlement Note, on one occasion only, assign the right to receive up to a maximum of 1,500,000,000 credited as fully paid Eternity Shares based on the conditions of the Share Entitlement Note without having to make any payment.
Assignment:	No assignment or transfer (whether in whole or in part) of the Share Entitlement Note may be made unless the Share Entitlement Note shall be assigned by the Company once only whereby the rights and benefits of the Company under the Share Entitlement Note shall be assigned to the Shareholders as at the record date to be determined by the Company on a pro rata basis or an agent of the Company to dispose of any fractional entitlement or entitlement of Overseas Shareholders as detailed below.

The Distribution Assignment shall be effective upon delivery of a notice of assignment duly executed by or on behalf of the Company setting out (i) the names and addresses of the assignees and the respective parts of the Allotment Right (in terms of the numbers of Eternity Consideration Shares entitled, which shall be whole numbers) to be assigned to the Shareholders; and (ii) any parts of the Allotment Right in respect of any fractional entitlement or entitlement of Overseas Shareholders which shall be disposed of by an agent of the Company as detailed below together with relevant form of certificate to Eternity.

The Company shall appoint an agent to dispose of (i) any entitlement under the Allotment Right which has not been assigned to the Shareholders under the Proposed Distribution due to retention of fractional entitlements for the benefit of the Company or rounding down of the entitlements of the Shareholders or their respective nominees (as the case may be), for the benefit of the Company; and (ii) any entitlement of Overseas Shareholders, for the benefit of the Overseas Shareholders.

Exercise: The Allotment Right shall not be exercisable by the Company and the Company shall also not be entitled to receive any Eternity Consideration Shares under the Share Entitlement Note, except that the agent appointed by the Company may exercise the relevant part of the Allotment Right and dispose of any Eternity Consideration Shares derived under (i) any entitlement under the Allotment Right which has not been assigned to the Shareholders under the Proposed Distribution due to retention of fractional entitlements for the benefit of the Company or rounding down of the entitlements of the Shareholders or their respective nominees (as the case may be), for the benefit of the Company; and (ii) any entitlement of Overseas Shareholders, for the benefit of the Overseas Shareholders.

The Allotment Right shall be deemed to be automatically exercised in full by the relevant assignee(s) upon an assignment under the SEN Distribution to the intent that the relevant Eternity Consideration Shares (but not the Share Entitlement Note) shall be allotted and issued to the assignee(s) as soon as practicable. The Company shall not be entitled to receive any Eternity Consideration Shares to be issued under the Share Entitlement Note.

Accordingly, the Shareholders will not receive the Share Entitlement Note but will receive Eternity Consideration Shares directly under the Proposed Distribution.

Eternity shall ensure that the Eternity Consideration Shares (to be allotted and issued pursuant to the Share Entitlement Note) shall be duly and validly issued credited as fully paid and registered and rank *pari passu* in all respects among themselves and with all other Eternity Shares outstanding on the Allotment Date and be entitled to all dividends and other distributions on the record date of which falls on a date on or after the Allotment Date.

As the Share Entitlement Note is to be issued to the Company (which is not a connected person of Eternity) in satisfaction of part of the Consideration payable by Eternity under the S&P Agreement, any issue and allotment of Eternity Consideration Shares pursuant thereto upon distribution of the Share Entitlement Note by the Company to any Shareholder who happens to be a connected person of Eternity will not constitute a connected transaction under the Listing Rules for Eternity as the Proposed Distribution is to be made by the Company and there is no transaction between Eternity and such Shareholder(s).

Voting: The Company will not be entitled to attend or vote at any meetings of Eternity by reason only of it being the SEN Holder.

Interest, entitlement to dividend payment or redemption right:	The Share Entitlement Note shall not bear any interest and the Company, as the SEN Holder, shall not be entitled to any dividends and other distributions or income made or declared by Eternity by reason of being the SEN Holder. No part of the Share Entitlement Note can be redeemed for cash or other entitlements not provided for under the terms and conditions of the Share Entitlement Note.
Listing:	No application will be made for the listing of the Share Entitlement Note.

Reasons for the issue of the Share Entitlement Note

The Company considers that the Share Entitlement Note shall facilitate the efficient processing of the Proposed Distribution and as the Share Entitlement Note is to be issued to the Company (which is not a connected person of Eternity) in satisfaction of part of the Consideration payable by Eternity pursuant to the S&P Agreement, any allotment and issue of Eternity Consideration Shares pursuant thereto upon distribution of the Share Entitlement Note by the Company to any Shareholder who happens to be a connected person of Eternity will not constitute a connected transaction under the Listing Rules for Eternity as the Proposed Distribution is to be made by the Company to the Shareholders and there is no transaction between Eternity and such Shareholder(s).

Eternity is incorporated in Bermuda with limited liability and, through its subsidiaries, is principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services. The shares of Eternity are listed on the Main Board of the Stock Exchange. Details of the financial information of Eternity for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the annual reports of Eternity for the years ended 31 December 2012, 2013 and 2014 respectively. These annual reports are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of Eternity (http://www.eternityinv.com.hk).

As set out in the annual report of Eternity for the year ended 31 December 2014 (the "**Eternity's 2014 Annual Report**"), during the year ended 31 December 2014, Eternity Group generated its revenue primarily through (i) money lending; (ii) design and sale of jewelry products; and (iii) sale of beauty products and provision of therapy services. Set out below are certain financial information extracted from the Eternity's 2014 Annual Report:

	Year ended 31 December	
	2013	**2014**
	HK$'000	*HK$'000*
Profit for the year after taxation from continuing operations	100,543	**225,147**
Profit/(loss) for the year from discontinued operations *(Note)*	(3,306)	**153**
Profit for the year attributable to owners of Eternity	97,238	**238,077**

Note: On 11 June 2014, Eternity Group disposed of the entire issued share capital of Rich Daily Group Limited, a wholly owned subsidiary of Eternity which is principally engaged in the provision of management services. Accordingly, the results of Rich Daily Group Limited are presented separately as discontinued operations.

As set out in Eternity's 2014 Annual Report, the equity attributable to owners of Eternity amounted to approximately HK$2,144.7 million as at 31 December 2014, representing an increase of approximately 17.5% as compared with approximately HK$1,825.4 million as at 31 December 2013.

The Board considers that the Share Entitlement Note is most suitable to meet the objective of the Proposed Distribution. The Share Entitlement Note confers no voting right on the SEN Holder save that the SEN Holder may appoint an agent to dispose of the Eternity Consideration Shares resulting from non-allocation due to fractional entitlements and/or in respect of any entitlements of the Overseas Shareholders.

The Directors do not envisage that there could be any circumstance where the Distribution Assignment could not be made pursuant to the Share Entitlement Note.

The legal advisers to the Company confirmed to the Company that based on the agreed form of the Share Entitlement Note and subject to the due execution and delivery of the Share Entitlement Note by Eternity to the Company, the Company shall have the legal right to enforce the terms and conditions of the Share Entitlement Note. The Share Entitlement Note will be issued to the Company which will distribute it pro rata to the Shareholders by way of assignment to them. Save for fractional entitlements and any entitlement of Overseas Shareholders, the Allotment Right shall not be exercisable by the Company but rather shall automatically be exercised upon distribution to the Shareholders such that, the Company shall not be entitled to receive any Eternity Consideration Shares under the Share Entitlement Note. With regard to fractional entitlements to Eternity Consideration Shares and any entitlement of the Overseas Shareholders under the Share Entitlement Note, the Company will assign the relevant part of the Share Entitlement Note to an agent to sell the fractional entitlements in the market for the benefit of the Company or the entitlements of Overseas Shareholders for the benefit of the Overseas Shareholders.

The Proposed Distribution

The Board recommended the Proposed Distribution, subject to the Capital Reduction (which information is set out in the Capital Reduction Announcement and Capital Reduction Circular) becoming effective, for approval by the Independent Shareholders at the VSD EGM. The Proposed Distribution will entitle every Shareholder whose name shall appear on the Company's shareholders register as at a record date to be determined and announced by the Company to receive, proportional to their interests in the Shares: (i) HK$500 million in cash; and (ii) 1,500,000,000 Eternity Consideration Shares which will be allotted and issued to all the Company Shareholders pursuant to the Distribution Assignment as set out in the Share Entitlement Note.

The Proposed Distribution will be made from any or all of the share premium account, retained earnings and/or distributable reserve account of the Company, that the Directors, in their sole discretion, consider appropriate and in accordance with the articles of association of the Company, the order of the Cayman Islands Court sanctioning the Capital Reduction and all applicable laws and rules. The Company proposed the Capital Reduction to reduce its share capital and apply the total credit arising from the Capital Reduction to facilitate the Proposed Distribution. As set out in the Capital Reduction Circular, an extraordinary general meeting of the Company was held on Monday, 15 June 2015, at which, the Capital Reduction was approved by the Shareholders. Shareholders may refer to the Capital Reduction Announcement and Capital Reduction Circular containing information in relation to the Capital Reduction.

With regard to the reasons for and benefits of the Proposed Distribution, please refer to the paragraph headed "Reasons for and benefits of the Transactions for the Company".

Subject to the approval of the Independent Shareholders having been obtained, Completion taking place and the Capital Reduction becoming effective, the Company will make further announcement(s) on the timetable and the details of the Proposed Distribution as and when appropriate.

In the event that the Proposed Distribution would otherwise result in any disclosure and/or regulatory obligations on the part of any Shareholder(s), pursuant to any applicable laws and regulations including, but not limited to, the Takeovers Code, the SFO and the Listing Rules or any successor code, such Shareholder(s) should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

1.2 The Club Lease Agreement

Pursuant to the terms of the S&P Agreement, BJ Haikou No. 9 Co and BJ Bayhood No. 9 Co shall execute the Club Lease Agreement upon Completion to promote seamless transition and successful operation of Beijing Bayhood No. 9 Club.

The principal terms of the Club Lease Agreement are summarised below:

Lessee:	BJ Haikou No. 9 Co, an indirect wholly-owned subsidiary of the Company.
Lessor:	BJ Bayhood No. 9 Co, an indirect wholly-owned subsidiary of the Target Company (which will become wholly-owned by Eternity upon Completion).
Subject matters:	pursuant to the Club Lease Agreement, BJ Haikou No. 9 Co, as lessee, shall lease the assets on the Club Land in respect of Beijing Bayhood No. 9 Club from BJ Bayhood No. 9 Co, as lessor.
Term:	an initial term of 20 years, which may be further extended up to 31 December 2051 if BJ Haikou No. 9 Co requests so within a six-month period before the expiry of the initial 20 year-term. There are four rental periods of five years each during the initial term of 20 years (and three additional rental periods of five years each if the lease is extended to 31 December 2051 upon request by BJ Haikou No. 9 Co). If BJ Haikou No. 9 Co would like to terminate the Club Lease Agreement, BJ Haikou No. 9 Co must give notice to BJ Bayhood No. 9 Co at least six months prior to the expiry of the then five-year rental period. BJ Haikou No. 9 Co cannot terminate the Club Lease Agreement during the first five-year rental period.

Rent:	the aggregate rental for the first five years is RMB90 million (equivalent to approximately HK$114.3 million) which is payable by BJ Haikou No. 9 Co to BJ Bayhood No. 9 Co prior to the commencement of the first five-year rental period. The rental payment shall increase by 30% in each of the subsequent five-year rental period as to RMB117 million (equivalent to approximately HK$148.59 million), RMB152.1 million (equivalent to approximately HK$193.17 million) and RMB197.73 million (equivalent to approximately HK$251.12 million), respectively and shall be payable by BJ Haikou No. 9 Co to BJ Bayhood No. 9 Co in one lump sum prior to the commencement of the relevant rental period. If the actual rental period is less than the full five-year rental period, the rental payment shall be adjusted in proportion to the duration of the actual rental period.
Other material terms:	(a) During the entire rental period, BJ Haikou No. 9 Co must continue to carry on the existing operations and maintain the Performance Benchmark, including: • Beijing Bayhood No. 9 Club shall continue to operate as a membership-based club, and only allow admission by (i) members and their guests; (ii) tenants of the hotel villas and the high-end hotel apartments erected on the Subject Land; and (iii) other guests allowed at the discretion of the senior management; • Beijing Bayhood No. 9 Club shall continue to be operated as a high-end luxury healthcare and wellness centre; • Beijing Bayhood No. 9 Club shall maintain its service standard and reputation in the industry no lower than the existing level;

- all current services and products of Beijing Bayhood No. 9 Club shall still be carried on. New services and products which are to be provided by Beijing Bayhood No. 9 Club shall continue to be relating to healthcare and wellness concepts only; and

- no additional construction of new buildings on the Club Land shall be carried out unless permitted by BJ Bayhood No. 9 Co.

(b) To ensure that BJ Bayhood No. 9 Co understands and is fully aware of the operations of Beijing Bayhood No. 9 Club during the rental period and to monitor compliance with the Performance Benchmark, BJ Bayhood No. 9 Co is entitled to send one representative to participate in the management and operations of Beijing Bayhood No. 9 Club during the rental period. For the avoidance of doubt, BJ Haikou No. 9 Co shall still have the full and absolute right and control over the management and operations of Beijing Bayhood No. 9 Club during the rental period.

(c) BJ Bayhood No. 9 Co and BJ Haikou No. 9 Co agree that BJ Haikou No. 9 Co shall take all existing employees of BJ Bayhood No. 9 Co and both parties to the Club Lease Agreement shall use their best endeavour to enable the smooth transition in this regard.

(d) BJ Haikou No. 9 Co shall have the right to assign the rights and obligations under the Club Lease Agreement to third parties after obtaining written consent from BJ Bayhood No. 9 Co.

The executed Club Lease Agreement shall be one of the deliverables at Completion.

Following Completion, BJ Haikou No. 9 Co (a branch of an indirect wholly-owned subsidiary of the Company) will continue to run the operation of and be responsible for the decision making of Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement in particular the other material terms as mentioned above. BJ Haikou No. 9 Co will be entitled to the revenue and bear the costs associated with the operations of Beijing Bayhood No. 9 Club pursuant to which it will (i) continue to be entitled to the income resulting from the operation of Beijing Bayhood No. 9 Club including membership subscription fees, annual membership fees, food and beverage sales, golf club usage (including green fees, the use of golf cart and caddies), golf academy fees and the usage of spa facilities and other recreational facilities as detailed in the paragraph headed "The revenue and cost structure of the operation of Beijing Bayhood No. 9 Club prior to Completion" in this circular; and (ii) bear all costs of the operation of Beijing Bayhood No. 9 Club (except the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land and depreciation and amortization expense) during the term of the Club Lease Agreement.

The revenue and all costs and expenses (including the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land, staff cost and depreciation and amortization expenses) in respect of Beijing Bayhood No. 9 Club have been recognized as revenue and cost of sales in the Company's consolidated income statements prior to Completion. Pursuant to the Club Lease Agreement, the revenue in respect of Beijing Bayhood No. 9 Club will continue to be recognized as revenue in the Company's consolidated income statements following Completion. Pursuant to the Club Lease Agreement, the staff costs of Beijing Bayhood No. 9 Club will continue to be recognized as cost of sales in the Company's consolidated income statements but (i) the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land; (ii) any depreciation expenses in respect of BJ Bayhood No. 9 Co shall be borne by BJ Bayhood No. 9 Co; and (iii) any amortization expenses of intangible assets relevant to the Target Group (which will be derecognized upon Completion) will no longer be recognized in the Company's consolidated financial statements following Completion. In addition, BJ Haikou No. 9 Co will be responsible for rental payment of RMB90 million (equivalent to approximately HK$114.3 million) during the first five-year rental period of the Club Lease Agreement and the rental payment will be increased by 30% in each of the subsequent five-year rental period, and such rental payment will be recognized on a pro-rata basis as cost of sales in the Company's consolidated income statements following Completion.

Following Completion, the Group will account for the revenue generating from the operation of Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement in accordance with the Hong Kong Financial Reporting Standards as follows:

1. members' annual fees in respect of Beijing Bayhood No. 9 Club are recognized on a straight-line basis over the subscription period. Membership entrance fees represent non-refundable upfront registration fee for lifetime entitlement by members for using the golf facilities and enjoying certain privileges in other facilities in the club and are recognized on a reducing balance method for which the membership is granted and the reducing rate is based upon historical usage pattern of existing members; and

2. food and beverage income and club activities income in respect of Beijing Bayhood No. 9 Club are accounted for when the services are rendered.

The aforementioned accounting treatments following Completion are in line with the Group's existing accounting policies and has been discussed with the Company's auditors. Such accounting treatments have also been applied in the preparation of the unaudited pro forma financial information in respect of the VSD in accordance with Rule 4.29 of the Listing Rules which is included in Appendix III to this circular.

The Company and Eternity had indicated to each other that they intend to maintain the lease arrangement on a long-term basis given: (1) Eternity intends to hold Beijing Bayhood No. 9 Club as a long-term investment for rental purposes and has no experience in operating any golf club and wellness facilities; and (2) the Company intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services. As mentioned above, the Club Lease Agreement does not generally provide BJ Bayhood No. 9 Co with any right to terminate the Club Lease Agreement save where BJ Haikou No. 9 Co has defaulted in the performance of its obligations under the Club Lease Agreement.

1.3 The Motor Vehicle Licence Agreement

At Completion, the Group and BJ Bayhood No. 9 Co shall execute, among other things, the Motor Vehicle Licence Agreement, pursuant to which the Group shall have a right to continue to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co after Completion for an infinite period at nil consideration.

BJ Bayhood No. 9 Co undertakes to the Company that it will fully assist with all necessary procedures to ensure compliance with the laws and that all relevant motor vehicle licenses are valid, including but not limited to carrying out the annual inspection procedures for the motor vehicles. The Company will bear all relevant costs incurred by BJ Bayhood No. 9 Co in connection with and arising from such undertakings aforementioned.

The executed Motor Vehicle Licence Agreement shall be one of the deliverables at Completion.

1.4 The Trademark Licence Agreement

At Completion, the Group and BJ Bayhood No. 9 Co shall execute, among other things, the Trademark Licence Agreement, pursuant to which the Group shall have a right to continue to use the "Jiuhao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion.

The executed Trademark Licence Agreement shall be one of the deliverables at Completion.

2. INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company established in the BVI and is an investment holding company. As at the Latest Practicable Date, the Target Company is legally and beneficially owned as to 100% by the Company through the Vendor.

The Target Group is principally engaged in the provision of recreational 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 as follows:

- the rights to construct and operate the club facilities of Beijing Bayhood No. 9 Club up to 31 December 2051; and
- the rights to develop and operate the Subject Land, which is a piece of 580 Chinese acre land adjacent to Beijing Bayhood No. 9 Club up to 30 January 2062.

The Target Group does not own the land use rights of the Club Land and the Subject Land. BJ Bayhood No. 9 Co enjoys the contractual rights of development of and operation on the Club Land and the Subject Land during the respective periods as provided in the Cooperation Construction and Operating Agreement, Joint Construction and Operational Agreement, the Transfer Agreement and the Variation Agreement and is therefore entitled to construct and develop the Club Land and the Subject Land as well as manage and operate the properties erected on the Club Land and the Subject Land through contractual arrangements.

According to the unaudited combined financial statements of the Target Group (which has been reviewed by the auditor of the Company) as set out in Appendix II to this circular, the following is the financial information of the Target Group for the three years ended 31 December 2014:

	For the year ended 31 December 2012	**For the year ended 31 December 2013**	**For the year ended 31 December 2014**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before taxation	17,902	(82,731)	(17,627)
Profit/(loss) for the year	4,855	(74,289)	(15,047)

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 December 2014**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	1,955,586	2,035,456	2,106,911
– which includes intangible assets in the amount of	1,617,027	1,631,272	1,589,601
Current assets	180,226	193,977	140,826
Current liabilities	244,573	285,262	311,899
Non-current liabilities	1,008,561	760,248	416,425
Net assets	882,678	1,183,923	1,519,413

The unaudited combined financial information of the Target Group was prepared based on Hong Kong Financial Reporting Standards, and has been reviewed by the Company's auditors.

The unaudited combined net asset value of the Target Group as at 30 September 2014 extracted from its unaudited combined management accounts (which has included the Company's purchase price allocation adjustments in relation to the Target Group, such as intangible assets) was approximately HK$1,473 million.

According to the Company, the purchase price allocation adjustments refer to the purchase price allocation made by the Company when the Company acquired certain companies within the Target Group in 2011 and 2012.

According to the Company, the purchase price allocation adjustments in relation to the Target Group included in the unaudited combined net asset value as at 30 September 2014 amounted to a total of approximately HK$1,329 million. They are mainly in relation to the adjustments of intangible assets, goodwill, fixed assets and deferred tax liabilities, amounting to approximately HK$1,272 million, HK$319 million, HK$35 million and HK$335 million respectively, from their respective book values to fair values at the time of business combinations by the Group and the subsequent additional depreciation or amortization up to 30 September 2014. Excluding such purchase price allocation adjustments, the unaudited net asset value of the Target Group was approximately HK$144 million as at 30 September 2014.

According to the Company, the Target Group was acquired but not established by, the Vendor. In order to reflect the fair value of the assets and liabilities (including intangible assets, goodwill and deferred tax liabilities) of the Target Group at the dates of acquisition by the Vendor, it is necessary to account for the purchase price allocation when preparing the combined financial information. In fact, the combined financial information including purchase price allocation adjustments are the figures reflected in the consolidated financial statements of the Group, and were prepared in accordance with Hong Kong Financial Reporting Standards.

The abovementioned unaudited combined net asset value of the Target Group of approximately HK$1,473 million as at 30 September 2014 included the liability portion of convertible notes of approximately HK$64 million issued by the Company. Excluding the liability portion of convertible notes (which will not be assigned to Eternity upon Completion) of approximately HK$64 million and the expected balance of Shareholder's Loan classified as current liability of approximately HK$44 million at Completion, the unaudited adjusted combined net asset value of the Target Group would be approximately HK$1,581 million as at 30 September 2014 (being the Adjusted Combined NAV as at 30 September 2014).

According to the Company, the unaudited combined financial information of the Target Group as at 30 September 2014 has not been reviewed by the Company's auditors for the purpose of the Transactions.

The revenue and cost structure of the operation of Beijing Bayhood No. 9 Club prior to the Completion

Revenue structure of the operation of Beijing Bayhood No. 9 Club

The current business of Beijing Bayhood No. 9 Club derives income from the following streams:

1. income derived from membership fees in the form of revenue received from membership sales and annual fees from existing members;

2. income derived from food and beverage operations and retail shops open for both members and non-members;

3. income derived from golf club operations being green fees, caddy and buggy fees from both members and non-member guests (only allowed when accompanied by members) for using the golf club facilities;

4. income derived from the golf academy where tuition fees are charged to both members and non-members; and

5. income derived from provision of spa facilities and other recreational facilities to both members and non-members.

Cost structure of the operation of Beijing Bayhood No. 9 Club

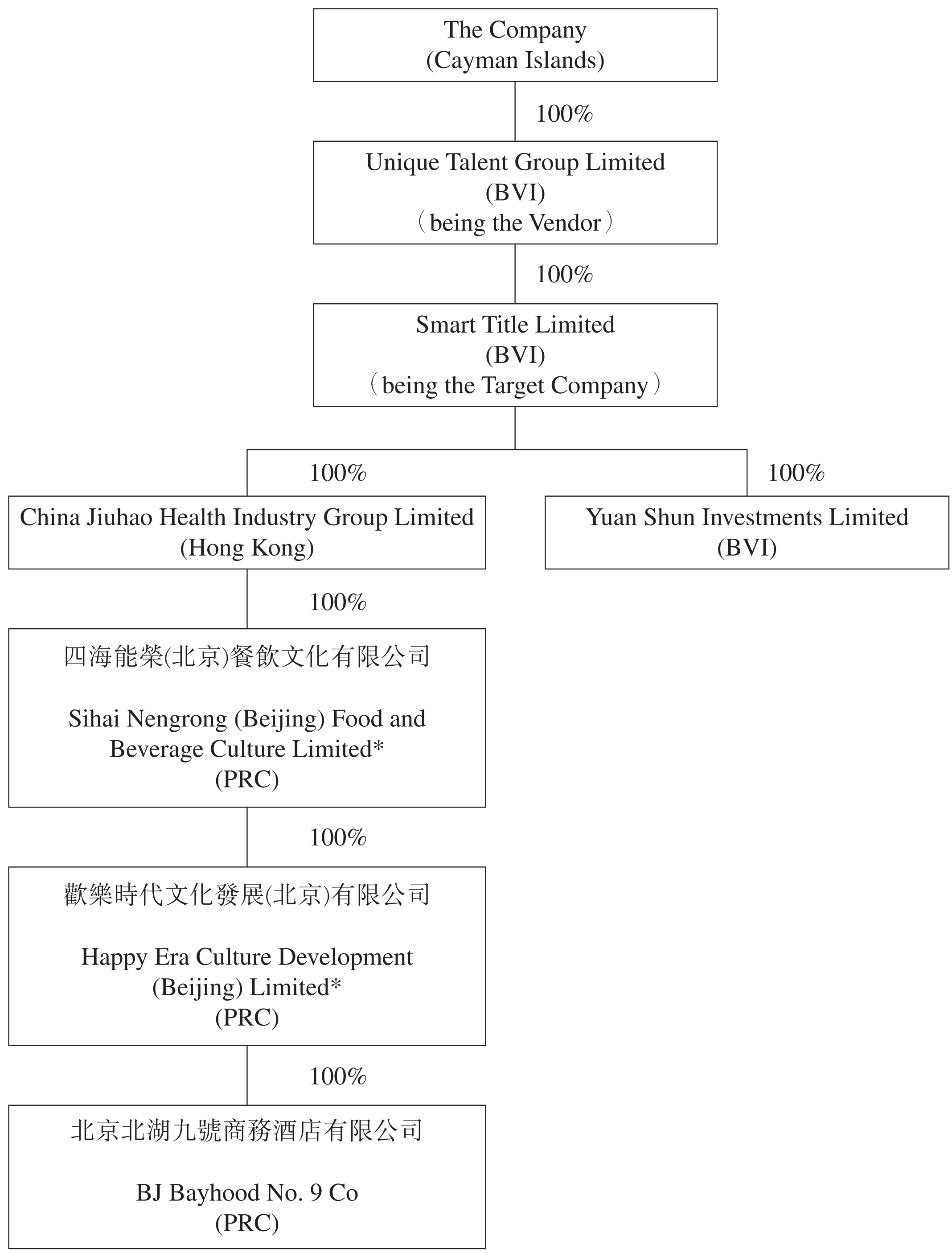
The major costs of Beijing Bayhood No. 9 Club comprise (i) staff costs, (ii) depreciation expenses of the golf course, buildings, machinery and equipment, furniture and motor vehicles of Beijing Bayhood No. 9 Club, (iii) costs of food and beverage operations and retails shop, (iv) costs of materials and consumables, and (v) the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land.

Business model of the Target Group upon Completion

Upon Completion, the Group will continue to manage and operate Beijing Bayhood No. 9 Club pursuant to the terms of the Club Lease Agreement. In other words, during the terms of the Club Lease Agreement, the Group will be responsible for the overall performance of Beijing Bayhood No. 9 Club such that it will receive revenue and bear the costs associated with the operations of Beijing Bayhood No. 9 Club. On the other hand, Eternity will receive a fixed rent under the Club Lease Agreement, and the Eternity Group will not be responsible for the cost nor share any revenue to be derived from the operation of Beijing Bayhood No. 9 Club during the duration of the Club Lease Agreement.

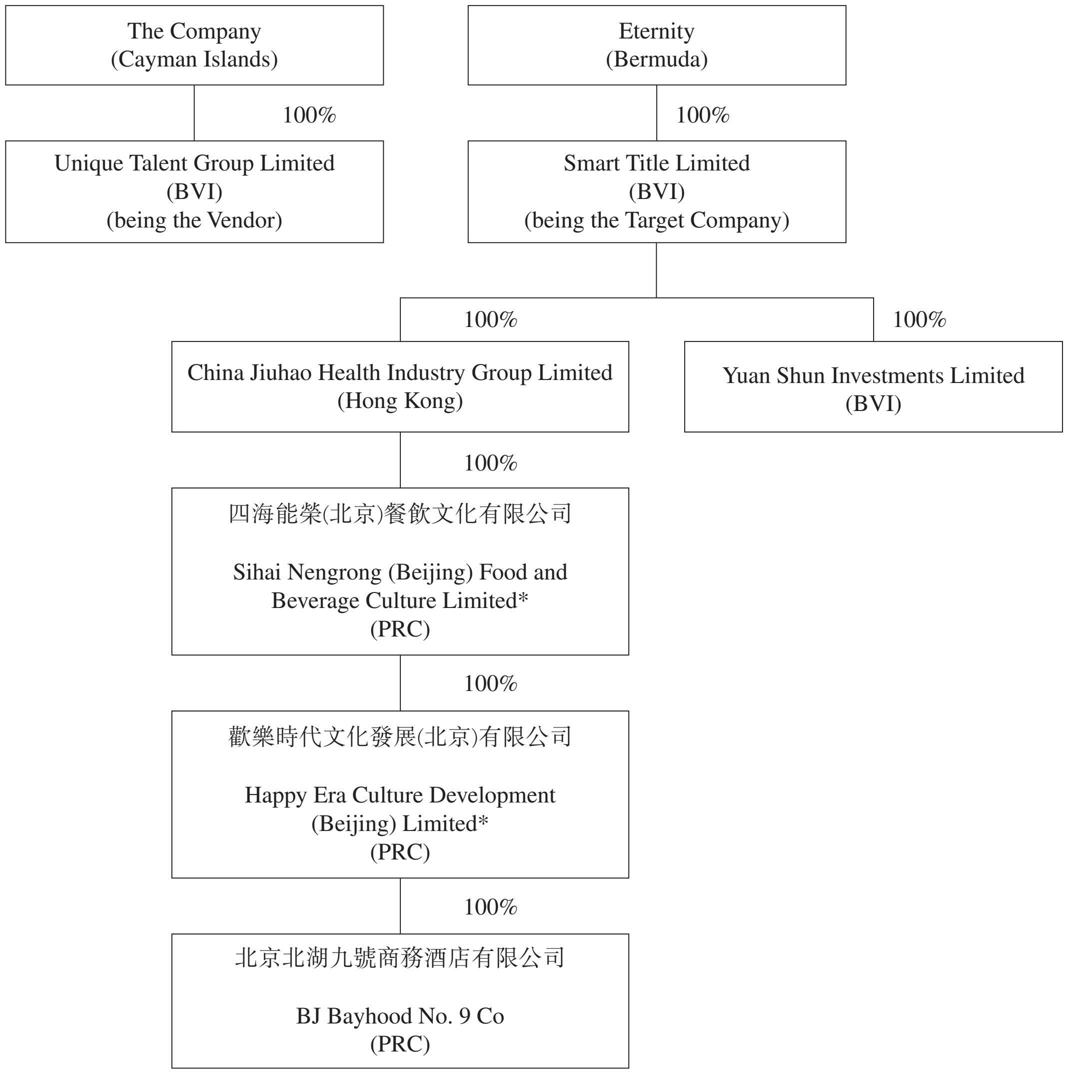
The following diagrams set out the shareholding structure of the Target Group immediately before and immediately upon Completion:

Immediately before Completion



* *For the purpose of identification only*

Immediately upon Completion



* *For the purpose of identification only*

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Vendor is an investment holding company.

The Company, through its subsidiaries, is principally engaged in (i) the provision of online healthcare service; (ii) the provision of offline healthcare and wellness services; and (iii) media business.

Upon Completion, (i) the Group will continue to engage in the provision of online healthcare service; provision of offline healthcare and wellness services; and media business, and more resources will be allocated to the development of online healthcare services through its "Kangxun 360" cloud health management services platform; (ii) the Company Shareholders will receive cash dividends and Eternity Consideration Shares pursuant to the Proposed Distribution (further information of the Proposed Distribution is set out above under the paragraph headed "The Proposed Distribution"); and (iii) Eternity will hold the entire shareholding interest in the Target Company.

The Group will receive the Consideration comprising cash of HK$600 million and the Share Entitlement Note which shall entitle the SEN Holder the right to call for the issue of 1,500,000,000 Eternity Consideration Share. The Group may incur an estimated total transaction cost and expenses of approximately HK$54 million in connection with the S&P Agreement. Based on the audited financial information of the Group as at 31 December 2014, and assuming that the share price per Eternity Consideration Share is HK$1.22 (being the share price of Eternity Share as at 8 June 2015 (trading of Eternity Shares has been halted since 9 June 2015 and has not been resumed on the Latest Practicable Date) on Completion Date, the Group may recognize a gain before taxation of approximately HK$769 million upon Completion. The actual gain or loss on disposal can only be ascertained by the time of Completion.

The unaudited pro forma financial statements of the Remaining Group and the related financial impact are set out in Appendix III to this circular. As illustrated in the unaudited pro forma financial statements of the Remaining Group as set out in Appendix III to this circular which has been prepared as if the Transactions and Proposed Distribution had been completed on 31 December 2014, after the Transactions and Proposed Distribution, (1) the total assets of the Group would be decreased by approximately HK$2,211 million; (2) the total liabilities of the Group would be decreased by approximately HK$644 million; and (3) the net assets of the Group would be decreased by approximately HK$1,567 million.

It is intended that HK$500 million in cash and 1,500,000,000 Eternity Consideration Shares will be distributed according to the Proposed Distribution. The retained amount of cash consideration, being approximately HK$100 million, will be used to partly finance the aggregate rental of RMB90 million (equivalent to approximately HK$114.3 million) under the Club Lease Agreement for the first five-year rental period payable by BJ Haikou No. 9 Co to BJ Bayhood No. 9 Co upon Completion.

The Board expects to fund the capital expenditures for the organic development of the Remaining Group by cash generated from operations and internal resources, but not from the cash consideration of the Transactions. The Group had cash and cash equivalents and investment securities (financial assets at fair value through profit or loss) of approximately HK$162.75 million and approximately HK$138.65 million respectively, as at 31 December 2014 as disclosed in the Company's annual report for the year ended 31 December 2014. Save for the above, the Board has not identified any other major use of the proceeds resulting from the Transactions, the Board is of the opinion that it would be in the interests of the Shareholders to enjoy the return on their equity through receiving the cash consideration and the Eternity Consideration Shares pro rata to their interests in the Shares.

Reasons for and benefits of the Transactions for the Company

The Group acquired Beijing Bayhood No. 9 Club in 2011 at a net consideration of approximately HK$436.7 million and the development and operating rights of the Subject Land in 2012 at a net consideration of approximately HK$1,003.3 million for development of Beijing Healthcare and Wellness Si He Yuan and Hotel (being the extension of Beijing Bayhood No. 9 Club). Subsequent to the acquisitions in 2011 and 2012, the Company invested approximately HK$72.9 million on principally the first phase of the construction of Beijing Healthcare and Wellness Si He Yuan and Hotel, being the Phase I Hotel Villas. As at the Latest Practicable Date, the Phase I Hotel Villas is substantially completed. As such, the Company has invested approximately HK$1,512.9 million in total in the Target Group.

The Group strived to offer a one-stop health management solution that comprises a package of online and offline health services. With regard to the online health services, as set out in the annual report of the Company for the year ended 31 December 2014, the Group has completed upgrading its "Kangxun 360" smart cloud health management service platform for chronic diseases, and launched an independently developed mobile portal to provide quality health management services to health-conscious users, diabetic patients and cardiac patients. "Kangxun 360" platform was officially launched with a fresh new look in 2014 after one year of improvement and upgrading, and it was repositioned to include "chronic disease management" as a key service. The Group also launched Kangxun 360-branded smart blood glucose monitors and blood glucose test strips. Currently, "Kangxun 360" already has more than 220,000 registered users and continues to carry out various strategies to acquire new users including: (i) establishing strategic cooperations with operators of diabetes-related websites and online community forums; (ii) establishing business cooperations with healthcare/medical service operators, local social security bureaus and large enterprises in the PRC; (iii) forming business partnerships with insurance companies in the PRC; and (iv) launching various promotion campaigns via the "Kangxun 360" website, its virtual shop on Taobao and the "Kangxun 360" mobile application.

The Company offers offline healthcare and wellness services through a number of healthcare projects, including the Group's Green Healthcare Channel (which give users a priority access to general and specialist outpatient and hospitalisation services at a number of tertiary grade-A hospitals in Beijing), Beijing Bayhood No. 9 Club, Beijing Healthcare and Wellness Si He Yuan and Hotel, China Jiuhao Health Town projects under construction in Haikou and Sanya in Hainan Province and a new healthcare and wellness centre in Beijing.

The Transactions were originated on 6 November 2014 by the Company's financial adviser. The Board is of the view that the principal business of the Target Group is capital intensive and will take a relative longer time to completely realize its value to the Shareholders. Having considered the business nature, the development prospect and the relative investment risk of Beijing Bayhood No. 9 Club and Beijing Healthcare and Wellness Si He Yuan and Hotel, the Company considers that it will be an appropriate time to realize a return on its investment in Beijing Bayhood No. 9 Club and Beijing Healthcare and Wellness Si He Yuan and Hotel should the opportunity arise. Hence, the Board considers that the Transactions are beneficial to the Company and the Shareholders as a whole and provide a good opportunity for the Shareholders to receive cash dividends and holding Eternity Consideration Shares through the Proposed Distribution.

Notwithstanding that the Target Company will cease to be a subsidiary of the Company and will become a wholly-owned subsidiary of Eternity upon Completion, the Group will execute the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement with BJ Bayhood No. 9 Co to promote seamless transition and successful operation of Beijing Bayhood No. 9 Club. The Club Lease Agreement will have a term of 20 years, which is subject to further extension up to 31 December 2051 (the same expiry date of the existing term of the relevant contractual arrangement which confer the Target Group the rights to manage and operate Beijing Bayhood No. 9 Club) if the Group requests so. There are four rental periods of five years each during the initial term of 20 years (and three additional rental periods of five years each if the lease is extended to 31 December 2051 upon request by the Group). The Group is able to terminate the lease at the expiry of the then five-year rental period. If the Group would like to terminate the Club Lease Agreement, the Group must give notice to the lessor at least six months prior to the expiry of the current rental period. The Club Lease Agreement does not generally provide the lessor with any right to terminate the Club Lease Agreement save where the Group has defaulted in the performance of its obligations under the Club Lease Agreement. The Company intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services.

After Completion, the Group will still have the full and absolute right and control over the management and operations of Beijing Bayhood No. 9 Club during the rental period and the Company will still maintain its exposure to and the economic benefits from the principal business of Beijing Bayhood No. 9 Club by the way of entering into such agreements upon Completion which forms an integral part of the Company's offline healthcare and wellness services. Moreover, the Shareholders are given the opportunity to maintain an interest in the principal business of the Target Group through (i) the abovementioned agreements; and (ii) a direct interest via their pro rata entitlement of shareholding interest in Eternity to be distributed under the Proposed Distribution.

The Subject Land is adjacent to Beijing Bayhood No. 9 Club and the Company has intended to develop low-density deluxe hotel villas and a high-end hotel apartment complex on the Subject Land. When negotiating the terms of the S&P Agreement, the parties have taken into account of the complementary corporate strategy of the Subject Land as an extension of "Bayhood No. 9 Club" and the synergies which may be created by the uniqueness of the Subject Land's location (connecting and easily accessible to a golf course). Given the more attractive business potential to link up the future development of Beijing Bayhood No. 9 Club and the Subject Land, the synergetic effect is expected to be reflected in the valuation. In view of the above, both Beijing Bayhood No. 9 Club and the Subject Land will be disposed of altogether by the Group under the S&P Agreement.

Whilst construction of the first phase development of the hotel villas community on the Subject Land is substantially completed, the Board considers that the Transactions will result in an efficient realization of the investment return on the development project as the Company shall only deal with Eternity in the Transactions which substantially reduce the counter-party, market and other commercial risks and time costs than leasing the properties on the market to individual lessees. The Board considers that the terms of the S&P Agreement are in the interest of the Company and the Shareholders as a whole as the Transactions represent a good opportunity for the Group to realize its investment and attain a reasonable return.

For illustrative purposes, the unaudited revenue of the Target Group derived from Beijing Bayhood No. 9 Club operations amounted to HK$125.5 million and HK$104.5 million for the two years ended 31 December 2013 and 2014 respectively. Through the arrangement of the Club Lease Agreement, the Group will continue to operate Beijing Bayhood No. 9 Club and will be entitled to the revenue to be contributed by Beijing Bayhood No. 9 Club after Completion. The Group is experienced in managing Beijing Bayhood No. 9 Club, which has a track record of a stable income stream based on the historical revenue generated by Beijing Bayhood No. 9 Club. Accordingly, the Board considers that it is in the best interests of the Company and the Shareholders to dispose of the Target Company through the Transactions and retain the operation of Beijing Bayhood No. 9 Club through the Club Lease Agreement.

The Company believes that, subject to actual business performance of Beijing Bayhood No. 9 Club and the Company's audit, the Company will continue to enjoy the benefits of annual revenue to be contributed by Beijing Bayhood No. 9 Club which is currently estimated to be in the range of approximately HK$104.5 million to approximately HK$125.5 million (the high end and the low end of the range were estimated with reference to the segmental revenue contributed by Beijing Bayhood No. 9 Club for the year ended 31 December 2013 and 2014 respectively).

In addition to Beijing Bayhood No. 9 Club, the Group continues to expand the coverage of its healthcare and wellness centres. Since August 2014, the Group has rented a property with a floor area of more than 10,000 square metres in Chaoyang District, Beijing under a long-term lease, with a view to building a healthcare and wellness centre featuring themes of dining, leisure and healthcare, mainly catering for the needs of middle-class customers. The new healthcare and wellness centre has commenced operations in April 2015, which further diversifies the Group's offline healthcare and wellness services.

Following Completion, the Company would (i) continue to allocate more resources to its light-asset online and mobile healthcare services through its operation of "Kangxun 360" cloud health management service platform; and (ii) continue its development of offline health and wellness services and media businesses. Furthermore, the Group will continue to develop its other healthcare projects in order to enhance investment returns for both the Group and the Shareholders.

The Company's online healthcare services are principally developed around the Group's "Kangxun 360" cloud health management service platform (www.kangxun360.com), which was developed by the Company with proprietary intellectual property right. "Kangxun 360" is an industry leading health management product based on mobile Internet, Internet of Things and a health management platform that adopted cloud computing. Leveraging on systemic and cutting-edge cloud technology and an extensive team of registered general practitioners, the "Kangxun 360" platform provides users with a systematic range of specialized and customized online health management services that centers on data support. By accessing their "Kangxun 360" accounts via iOS and Android Apps, "Kangxun 360" users can input their health data to create health profiles and perform health assessments. Thereby, they can develop their own health diaries and obtain real-time health alerts, customized health reports, as well as health care knowledge and advice. Powered by the cloud technology, the "Kangxun 360" platform is designed to help users establishing personal health profiles and provide health management services including ongoing tracking, health alerts and recommendations, with a view to reducing health hazards, alerting risks relating to chronic diseases and providing users with guidance to maintain good healthcare practices. Users can also make interactive consultation with their personal health advisors on their health conditions, test results or assessment reports. "Kangxun 360" also allows designated family members to have access to the users' profile so as to help the users and the authorized persons to continuously access their relevant health profiles.

The "Kangxun 360" platform has so far mainly focused on serving the diabetes community in the PRC. According to a research article issued by the Journal of the American Medical Association on 4 September 2013, around 12% of adult population in the PRC, or approximately 114 million individuals, are diabetic patients. Moreover, it is also estimated that approximately 493 million people in the PRC are under pre-diabetes condition with above-par blood glucose level. To further enhance the function of the "Kangxun 360" platform with respect to diabetic users, the Company has through its subcontractor developed its own Kangxun 360-branded blood glucose monitor equipment and designated test strips that can transmit blood glucose test records to the "Kangxun 360" platform on a real-time basis.

The Company has also developed strategic cooperation with life insurance companies in the PRC including Taiping Life Insurance Co Ltd and China Life Insurance (Overseas) Co Ltd for the provision of health management services through the "Kangxun 360" platform and/or the sale of Kangxun blood glucose monitors and test strips. Through these strategic cooperation, the "Kangxun 360" is capable of expanding its customer base quickly. The Group will be able to charge basic service fee for the usage of the platform based on the number of customers and shall benefit from economies of scale by the number of licenses subscribed for the use of the "Kangxun 360" platform. Also, the Group will generate additional revenue by promoting the use of Kangxun 360-branded blood glucose monitor equipment and designated test strips as well as other value-added services to the "Kangxun 360" subscribers. As the number of subscribers for the "Kangxun 360" platform grows, the Group targets to further launch value-added services, online business and advertising business relating to healthcare services, and can make use of the comprehensive healthcare database to carry out targeted marketing which shall lay a solid foundation for the Group's development of the big data marketing business in the future.

The Group expects that the major sources of income in respect of its online health services will be contributed by (1) basic service fee receivable for the usage of the "Kangxun 360" platform based on the number of customers which shall expand in line with the economies of scale by the number of subscribers for the use of the "Kangxun 360" platform; and (2) the use of Kangxun 360-branded blood glucose monitor equipment and the consumption of the tailor-made test strips as well as other value-added services by the "Kangxun 360" subscribers. With support from insurance companies through the strategic cooperation arrangement, the Company is optimistic that the customer base of "Kangxun 360" can be further expanded and the revenue base can be strengthened. The major costs of sales with regards to the operation of "Kangxun 360" include (i) the cost of the blood glucose monitor and the tailor-made test strips; (ii) staff costs for development and operations of the "Kangxun 360" platform and supporting healthcare professionals. The blood glucose monitor and the tailor-made test strips are supplied to the Group by subcontracted manufacturers. The Board envisages that the business relating to its online health services will be able to generate a level of revenue in 2015.

Driven by favorable policies, the insurance sector in the PRC actively invests in the healthcare service industry and the elderly care industry. As further set out in the annual report of the Group for the year ended 31 December 2014, given the constant introduction of PRC government policies to drive the development of the health service industry, and the strong momentum arising from population ageing and the upgrading of spending structure of residents, the size of China's healthcare industry is expected to grow. As mentioned in the "Several Opinions on Promoting the Development of the Healthcare Services Industry" issued by the State Council in 2013, by 2020, the total market size of the healthcare services industry is expected to exceed RMB8 trillion, and would become an important driver for sustainable economic and social developments. The Board believes that given the growth in the consumer population and favorable government policies in the PRC, the prospect of the healthcare industry in the PRC, in particular the online and mobile health service business, will be optimistic.

The Directors considered that the Transactions represented a good opportunity for the Group (i) to capitalize the possible future stream of income in respect of the Target Group and realize the investment return at a rate of return determined with reference to the Consideration; and (ii) to avoid any further capital expenditures, risks and uncertainties that may result from the development of the projects relating to the Subject Land. The Board is of the view that the above was in line with the Group's intention to dispose of the Target Group by entering into the S&P Agreement.

The Company will continue to develop offline healthcare and wellness services following Completion. Through the Club Lease Agreement with an initial term of 20 years (subject to further extension up to 31 December 2051 if the Group requests so), the Company will continue to manage and benefit from the economics of Beijing Bayhood No. 9 Club's operations, and shall thus avail itself to a revenues and costs structure which is similar to the current and prior years. In addition, the new healthcare and wellness centre targeting middle-class customers has commenced operation in April 2015, which further diversifies the Group's offline healthcare and wellness services.

The Company will also continue to develop its "green healthcare channel" which features priority access to outpatient and hospitalization services. Medical institutions in Beijing face an increasing level of pressure resulting from strong demand for medical services. In particular, the short supply of medical services among tertiary grade-A hospitals is seen to be serious. Seeing the short supply of medical services in Beijing as a market opportunity, the Group joined hands with China-Japan Friendship Hospital and Beijing Medical Doctor Association to develop the "green healthcare channel" which provides priority access to outpatient and hospitalization services and whole-process follow-up services, with a view to offering health management services to the high-end users of the "Kangxun 360" platform. Through the "green healthcare channel", customers would be provided with a priority access to general and specialist outpatient and hospitalization services in a number of tertiary grade-A hospitals in Beijing, solving the difficulty of medical service shortage and ensuring customers to receive timely and professional treatment.

Development of the health town projects in Haikou and Sanya is at a stage of preparation. These projects will be developed based on the experience gained from the operation model of Beijing Bayhood No. 9 Club and is expected to be enhanced by the clientele to be developed out of the high-end users of the "Kangxun 360" platform. As the user base development of the "Kangxun 360" platform is still underway, no significant capital expenditures are expected to be incurred for these projects in the year ending 31 December 2015.

The Company's media business is operated through investments in (i) licensing of films and television drama in the PRC by the Company's wholly-owned subsidiary, namely Beijing Hua Yi Hao Ge Media Culture Co., Ltd.; (ii) the advertising business of Travel Channel (as described below); and (iii) programs and film production by the Company's joint venture, namely Asia Union Film and Media. The Company's media business segment recorded a profit of approximately HK$39.6 million in the year ended 31 December 2014, compared to a loss of approximately HK$9.6 million in the year ended 31 December 2013.

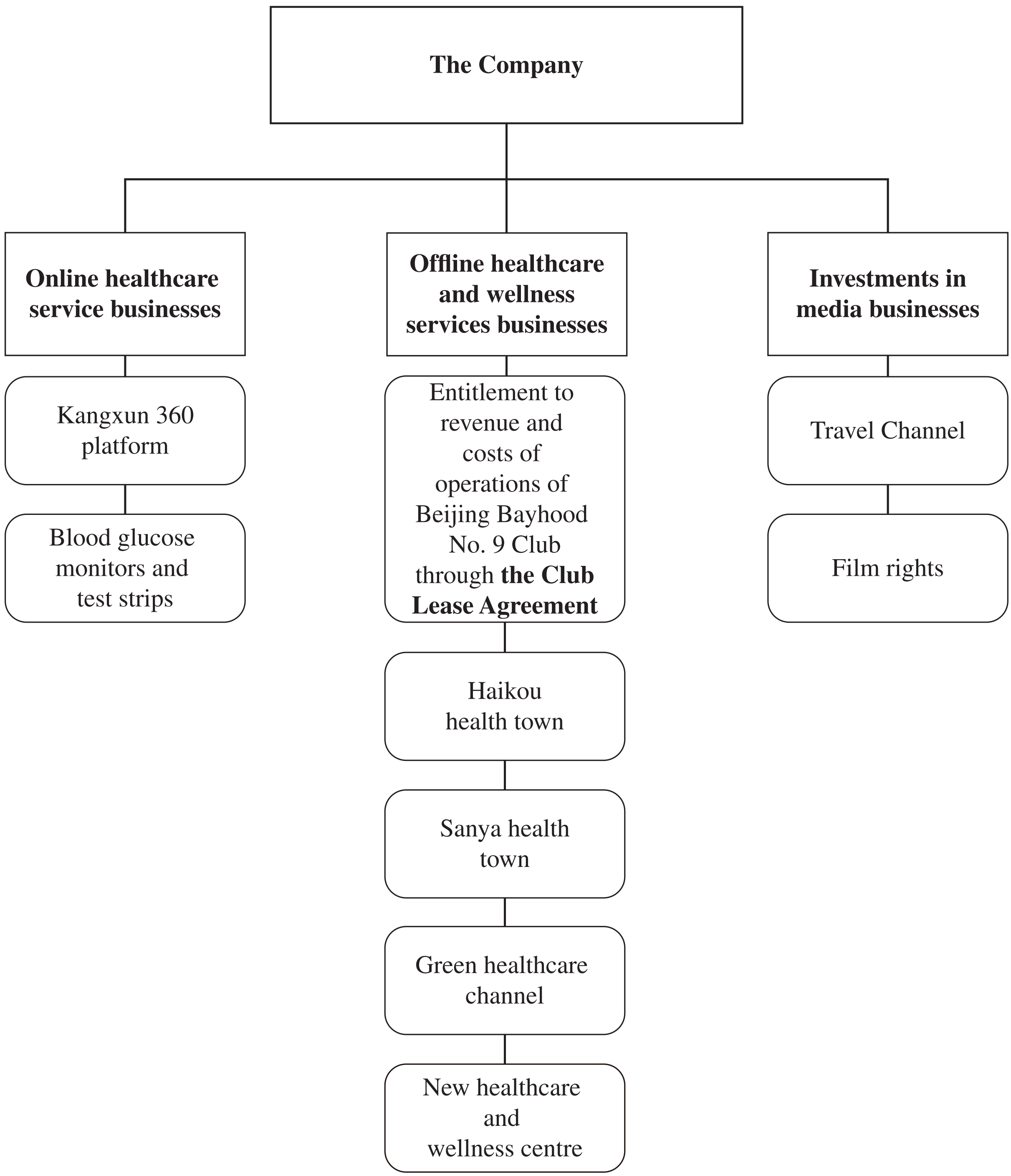
As set out in the Company's annual report for the year ended 31 December 2014, the Group has increased its investment in programs and film production to approximately HK$68 million as at 31 December 2014. Net return from these investments in programs and film production amounted to approximately HK$727,000 and HK$5,646,000 for each of the year ended 31 December 2013 and 2014, respectively. In 2015, the Company has made new investments in two film productions in the aggregate costs of RMB20 million (equivalent to approximately HK$25 million).

Apart from the Group's investment in programs and film production as described above, the Company's media business was also conducted through the Travel Channel operated by its associated company, Hainan Haishi Tourist Satellite TV Media Co. Ltd. Travel Channel reported advertising sales revenue of approximately RMB330 million (equivalent to approximately HK$419.1 million) and RMB344 million (equivalent to approximately HK$436.9 million) in the two years ended 31 December 2013 and 2014 respectively. The Company accounted for the results of this operation through "share of results of joint ventures" in the income statement, which amounted to approximately HK$16.3 million and HK$585,000 in the two years ended 31 December 2013 and 2014.

The Company's intention with the Remaining Group

The Company's interests in the Remaining Businesses are illustrated in the following diagram:

THE REMAINING BUSINESSES



The Company considers that healthcare industry in the PRC is still short of meeting the domestic consumption demand and there will be continued momentum for growth of the healthcare demand in the PRC. The Company believes that given the growth in the consumer population and favorable governmental policies, the prospect of healthcare industry in the PRC will be optimistic. In pace with the robust growth of the industry, The Group's business will also move onto a phase of fast development.

With regards to the Company's intention in developing the Remaining Businesses following Completion: (i) the Company's "green healthcare channel" service will remain in the Remaining Group which is complementary to the development of the Company's online health business; (ii) for the high-end and mid-end users of the Company's online health business, the Company will still offer offline healthcare service through Beijing Bayhood No. 9 Club operations during the term of the Club Lease Agreement and the new healthcare and wellness centre, respectively; (iii) the health town projects in Haikou and Sanya will be developed in phase based on the actual demand of the high-end users of the Company's online health business; and (iv) media business will remain in the Remaining Group as one of the Company's principal business. The Company intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services through the Club Lease Agreement.

The Company reviews the Group's funding requirements to meet the Group's business development and expansion needs from time to time. As at the Latest Practicable Date, the Company considers that it has sufficient working capital to maintain the Remaining Businesses.

The Group is committed to becoming a leading one-stop health management service provider in the PRC. Looking ahead, the Group will continue to develop and operate the "Kangxun 360" health management platform and remain focused on developing the comprehensive healthcare services chain, as well as continue to develop its offline healthcare and wellness services through the Club Lease Agreement, health town projects in Haikou and Sanya, new healthcare and wellness centre and media business. The Group will continue to seek quality strategic partners to expand its partnership network, with a view to growing the user base. The Group will improve the business model of "Kangxun 360" and diversify its revenue channels.

In view of the above, in particular (i) the favorable PRC government policies, (ii) the prospect of online and mobile health service in the PRC, (iii) the Board's view that the principal business of the Target Group is capital intensive and will take a relative longer time to realize its value to the Shareholders; (iv) the Company will maintain its exposure to and the economic benefits from the principal business of Beijing Bayhood No. 9 Club by the way of entering into the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement upon Completion; (v) the Group may or may not recognize a gain before taxation of approximately HK$769 million (assuming the share price per Eternity Consideration Share was HK$1.22, being the share price of Eternity Share as at 8 June 2015 (trading of Eternity Shares has been halted since 9 June 2015 and has not been resumed on the Latest Practicable Date), on Completion Date) upon Completion; and (vi) the arrangement to settle the Consideration (including the Share Entitlement Note and the Proposed Distribution) provides the opportunity to the Shareholders to maintain an interest in the principal business of the Target Group, the Board believes that the Transactions (including the Consideration), the arrangement to settle the Consideration and the terms of the S&P Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions for the Company exceed 75%, the Transactions constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules and are subject to the approval by the Independent Shareholders at the VSD EGM. Resolutions will be proposed at the VSD EGM to approve, among others, the S&P Agreement and the transactions contemplated thereunder and the Proposed Distribution. As confirmed by Eternity, Eternity has completed the placing of its 190,000,000 Existing Shares in May 2015 and did not have any shareholding interest in the Company as at the date of this circular. As such, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the VSD EGM to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the Proposed Distribution.

The Shareholders and potential investors should note that the Transactions and the Proposed Distribution may or may not proceed as they are subject to a number of conditions, which may or may not be fulfilled. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

In the event that the Proposed Distribution would otherwise result in any disclosure and/or regulatory obligations on the part of any Shareholder(s), pursuant to any applicable laws and regulations including, but not limited to, the Takeovers Code, the SFO and the Listing Rules or any successor code, such Shareholder(s) should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

THE VSD EGM

Set out on pages EGM-1 to EGM-4 of this circular is a notice convening the VSD EGM to be held at Falcon Room 1, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 13 July 2015 at which ordinary resolutions will be proposed and, if thought fit, passed to approve the S&P Agreement and the transactions contemplated thereunder and the Proposed Distribution by way of poll.

A form of proxy for use by the Shareholders at the VSD EGM is enclosed. Shareholders are advised to read the notice and to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the VSD EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the VSD EGM if they so wish.

To ascertain Shareholders' eligibility to attend and vote at the EGM, the Company will take a snapshot of its Shareholders record as at 4:30 p.m. on 12 July 2015.

OVERSEAS SHAREHOLDERS

The making of the Proposed Distribution under the Share Entitlement Note to those Shareholders not residing in Hong Kong may be subject to the laws and regulations of other jurisdictions. Such Shareholders should observe and inform themselves of any applicable legal or regulatory requirements in their respective jurisdictions. It is the responsibility of such Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdictions in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.

Where the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place where practicable, consider the exclusion of a Shareholder whose addresses as shown on the register of members of the Company on the record date for the Proposed Distribution is in a place outside Hong Kong from the Proposed Distribution under the Share Entitlement Note is necessary or expedient (e.g. where the Board has been advised that the allotment and issue of the Eternity Consideration Shares by Eternity to an Overseas Shareholder may be prohibited by any relevant law or so prohibited except after compliance with conditions or requirements which the Board regards as unduly onerous by reason of delay, expense or otherwise), the Board shall appoint an agent to dispose of any entitlement of such Overseas Shareholder, for its/his/her benefit as soon as reasonably practicable. The net proceeds of sale (less expenses) will be paid in cash to the relevant

Overseas Shareholder in full satisfaction of his rights to the Eternity Consideration Shares to which he would have been entitled under the Proposed Distribution. The agent appointed by the Company will sell the relevant Eternity Consideration Shares in the market as soon as reasonably practicable on or after the date on which the share certificates for Eternity Consideration Shares are despatched to the other Shareholders at such price(s) as may reasonably be obtained in the market. The net proceeds of sale, after deduction of expenses, will be sent by cheque via ordinary mail to the relevant Overseas Shareholder at its/his/her own risk within 14 days after any such sale but in any event within 28 days after the date of Completion. In the absence of bad faith or wilful default, none of the Company, Eternity, any person or company selected by the Company to effect such sale or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale.

As at the Latest Practicable Date, the Company had seventeen Shareholders with registered addresses in six jurisdictions outside Hong Kong shown on the register, namely, PRC, United States of America, Australia, Malta, Singapore and the United Kingdom.

Based on the advice provided by the legal advisers on the laws of Malta, PRC and the United Kingdom, it would be lawful for the Company to make the Proposed Distribution under the Share Entitlement Note to those Shareholders with registered addresses in Malta, PRC and the United Kingdom, even though no registration relating to the Proposed Distribution will be made in Malta, PRC and the United Kingdom. Therefore, the Directors will extend the Proposed Distribution under the Share Entitlement Note to such Shareholders with registered addresses located in Malta, PRC and the United Kingdom, as shown on the register of members of the Company on the record date.

After making due enquiries on the laws of Singapore, the United States of America and Australia, and having regard the likely costs and time involved if overseas compliance were to be observed, the Company is of the opinion that it would be necessary or expedient to exclude such Overseas Shareholder whose registered address is in Singapore, the United States of America and Australia as shown on the register of members of the Company on the record date. Accordingly, an Overseas Shareholder whose registered address is in Singapore, the United States of America or Australia, will be excluded from the Proposed Distribution under the Share Entitlement Note.

TAXATION

Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the Transactions and, in particular, whether the receipt of the Proposed Distribution under the Share Entitlement Note would make such Shareholder liable to taxation in Hong Kong or in other jurisdictions.

RECOMMENDATION

The Board considers that the S&P Agreement and the transactions contemplated thereunder are on normal commercial terms, the terms of which are fair and reasonable and the S&P Agreement and the transactions contemplated thereunder and the Proposed Distribution are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders should vote in favour of the ordinary resolutions which will be proposed at the VSD EGM to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the Proposed Distribution.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the years ended 31 December 2012 (pages 45 to 143), 2013 (pages 45 to 131) and 2014 (pages 48 to 139) respectively. These annual reports are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.jiuhaohealth.com).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2015, being the latest practicable date for the purpose of this indebtedness statement, the Group had aggregate outstanding borrowings of approximately RMB14.4 million (equivalent to approximately HK$17.8 million) which represents the outstanding Convertible Note (defined and detailed in the section headed "Significant investments and material acquisitions or disposals of subsidiaries and associates").

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities as at 31 May 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources, including the existing Convertible Note (defined and detailed in the section headed "Significant investments and material acquisitions or disposals of subsidiaries and associates") and internal resources, and that the Transactions and the Proposed Distribution can be completed as currently envisaged, the Group will have sufficient working capital for its present requirements and for at least twelve months from the date of this circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Company considers that healthcare industry in the PRC is still short of meeting the domestic consumption demand and there will be continued momentum for growth of the healthcare demand in the PRC. The Company believes that given the growth in the consumer population and favorable governmental policies, the prospect of healthcare industry in the PRC will be optimistic. In pace with the robust growth of the industry, the Group's business will also move onto a phase of fast development. Details of the Company's intention with the Remaining Group are set out in the section headed "The Company's intention with the Remaining Group" in the Letter from the Board of this circular.

6. MANAGEMENT DISCUSSIONS AND ANALYSIS OF THE REMAINING GROUP

Financial review

The Remaining Group reported revenue of approximately HK$165 million, HK$126 million and HK$110 million for each of the years ended 31 December 2012, 2013 and 2014, represented a year-on-year decrease of approximately 23.6% and 12.7% for 2013 and 2014. The offline healthcare and wellness services segment remained the largest source of revenue and contributed approximately HK$104 million, equivalent to approximately 95% of total revenue, for the year ended 31 December 2014 whilst revenue derived from the media segment amounted to HK$6 million and accounted for approximately 5% of total revenue in the same year.

The gross profit margin was approximately 58.0%, 13.5%, 23.4% for each of the year ended 31 December 2012, 2013 and 2014.

Over the past three years, revenue of the Remaining Group decreased mainly due to the worsening operating environment of the high-end food and beverage market in the PRC and the reduction of the investments in media businesses during the year. However, due to (i) the rise in the share price of the investment securities held by the Remaining Group; and (ii) the gain of approximately HK$11,028,000 arising from the completion of the disposal of the Remaining Group's Shenzhen investment properties segment at the consideration of RMB200 million during the year ended 31 December 2014, the Remaining Group made a profit of approximately HK$52 million for the year ended 31 December 2014 as compared to a loss of approximately HK$98 million and approximately HK$20 million for the year ended 31 December 2013 and 2012, respectively.

Liquidity and treasury management

The Remaining Group adopted prudent treasury management measures which aimed at principal protection and maintaining sufficient liquidity to meet its various funding requirements in accordance with the strategic plans and policies.

As at 31 December 2012, 2013 and 2014, the Remaining Group's current assets amounted to approximately HK$578 million, HK$766 million and HK$687 million respectively; the Remaining Group's current liabilities amounted to approximately HK$188 million, HK$190 million and HK$103 million respectively; and the Remaining Group's cash and cash equivalents amounted to approximately HK$156 million, HK$86 million and HK$163 million respectively.

As at 31 December 2012, 2013 and 2014, the Remaining Group's current ratio (being current assets to current liabilities) was approximately 3.1, 4.0 and 6.7 receptively. The increase in the current ratio was mainly due to (i) the increase of approximately HK$123 million in the fair value of the investment securities held by the Remaining Group during the year ended 31 December 2014; and (ii) the settlement of agency fee payable for the exclusive right to sell all of the advertising resources of Hai Nan Haishi Tourist Satellite TV Media Co., Ltd. (being an associated company of a joint venture of the Remaining Group) in prior years of approximately HK$101 million during the year ended 31 December 2014 by offsetting with amount due from joint ventures and its subsidiaries.

Borrowings

As at 31 December 2012, 2013 and 2014, the Remaining Group's borrowings amounted to approximately HK$596 million, HK$341 million and HK$19 million respectively and the gearing ratio of the Remaining Group (being the total borrowings to total equity) was approximately 2.6, 0.9 and 0.03 respectively.

The Remaining Group's borrowings comprised the Promissory Note and the Convertible Note (each of them are defined and detailed in the section headed "Significant investments and material acquisitions or disposals of subsidiaries and associates") during the three years ended 31 December 2014.

The Remaining Group's borrowings of approximately HK$19 million as at 31 December 2014 represented the liability component of the outstanding Convertible Note (defined and detailed in the section headed "Significant investments and material acquisitions or disposals of subsidiaries and associates"), which is convertible into 105,000,000 ordinary shares of the Company. Subsequent to 31 December 2014, part of the outstanding Convertible Note has been converted into 12,000,000 ordinary shares of the Company.

Foreign exchange exposure

The Remaining Group mainly operated in China and was only exposed to foreign exchange risk arising from Chinese Renminbi currency exposures, primarily with respect to the Hong Kong dollars. The Remaining Group recorded exchange gain of HK$0.8 million, HK$15 million and HK$0.9 million for each of the year ended 31 December 2012, 2013 and 2014 respectively. The relatively high exchange gain for the year ended 31 December 2013 was in line with the significant appreciation of Renminbi against Hong Kong dollars during that year.

Significant investments and material acquisitions or disposals of subsidiaries and associates

On 25 May 2012, the Remaining Group and Smart Concept Enterprise Limited ("**Smart Concept**"), a wholly-owned company of Mr. Yuen, entered into a sale and purchase agreement, pursuant to which the Remaining Group had conditionally agreed to acquire from Smart Concept the entire equity interests in Yuan Shun Investments Limited free from encumbrances at an aggregate consideration of HK$900 million. The consideration of HK$900 million was settled in the following manner: (i) HK$50 million of the consideration was paid in cash; (ii) HK$150 million of the consideration was settled by way of promissory note (the "**Promissory Note**"); and (iii) the remaining consideration was settled by the issuance of a 3-year term zero-coupon convertible note with principal amount of RMB569 million and a conversion price of HK$0.20 (adjusted) per share by the Company (the "**Convertible Note**"). The repayment date of the Promissory Note was the date falling on the last day of the 24th month from the date of issuance (the "**Repayment Date**"), and the Remaining Group could, at its discretion, repay the Promissory Note in whole or in part prior to the Repayment Date. The Promissory Note bore interest from the date of the issue at the best lending rate of The Hongkong and Shanghai Banking Corporation Limited on the outstanding amount of the Promissory Note and shall be payable by in arrears on the Repayment Date. The said acquisition was completed on 22 October 2012 and the Promissory Note was fully repaid during the year ended 31 December 2014.

On 4 June 2013, the Remaining Group and Mr. Wang Edward Dongqing entered into a sale and purchase agreement, pursuant to which the Remaining Group had conditionally agreed to acquire the entire equity interests in Sanya Haoyuntong Agricultural Technology Co., Ltd. free from encumbrances at an aggregate consideration which was settled in the following manner: (i) HK$17,500,000 which was satisfied by the allotment and issue of 25,000,000 consideration shares at HK$0.70 each upon completion; (ii) RMB1,000,000 which was settled in cash; and (iii) RMB5,000,000 which was paid in cash in relation to the transfer or settlement of RMB5,000,000 of the shareholder's loan. The said acquisition was completed on 27 December 2013.

On 17 April 2013, the Remaining Group entered into a sale and purchase agreement to dispose of its 100% equity interests in Green Harmony Investments Limited ("**Green Harmony**") and Green Villa Investments Limited ("**Green Villa**") to Aote Holding Limited at an aggregate consideration of RMB190,000,000 payable in cash. Green Harmony and Green Villa are both investment holding companies, indirectly holds 50% of equity interest in Shenzhen ITC Tian An Co., Ltd. and Shenzhen Tian An International Building Property Management Co., Ltd. The disposal lapsed in April 2014.

On 24 April 2014, the Remaining Group and Shenzhen Honghaiwan Asset Management Limited ("**Shenzhen Honghaiwan**") entered into a sale and purchase agreement, whereby the Remaining Group agreed to sell the entire issued share capital in and assign its loan due from Green Harmony and Green Villa to Shenzhen Honghaiwan at an aggregate consideration of RMB200,000,000. The said disposal was completed during the year ended 31 December 2014.

On 11 December 2014, the Remaining Group entered into 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 and the Supplemental Agreement). Details of the S&P Agreement are stated in the Letter from the Board.

The Remaining Group held financial assets at fair value through profit or loss which amounted to approximately HK$11.6 million, HK$16.0 million and HK$138.7 million as at 31 December 2012, 2013 and 2014 respectively.

Number and remuneration of employees

As at 31 December 2012, 2013 and 2014, the Remaining Group employed a total of approximately 600, 600 and 578 full-time employees (which included approximately 575, 540 and 466 full-time employees employed by the Target Group as at 31 December 2012, 2013 and 2014 respectively), all of whom were located in Hong Kong or the PRC.

The Remaining Group operated different remuneration schemes for sales and non-sales employees. Sales personnel were remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel were remunerated by monthly salary which was reviewed by the Remaining Group from time to time and adjusted based on performance. In addition to salaries, the Remaining Group provided staff benefits including medical insurance, contribution to staff provident fund and discretionary training subsidies. Share options and bonuses were also available at the discretion of the Remaining Group and depending on the performance of the Remaining Group.

Capital Commitments

As at 31 December 2012, 2013 and 2014, the Remaining Group's capital expenditure contracted for but not yet incurred amounted to nil, HK$2 million and HK$0.4 million respectively. All these capital commitments were related to acquisition of property, plant and equipment.

Pledge of assets and contingent liabilities

Beijing Hua Yi Hao Ge Media Culture Limited ("**Hua Yi Hao Ge**"), an indirect wholly owned subsidiary of the Company, is a party to a possible litigation in the PRC whereby Hainan Haishi Tourist Satellite TV Media Co., Ltd. ("**Hainan Haishi**") had obtained an order from the People's Court of Yang Pu Economic Development Zone of Hainan Province to freeze its assets in connection with the allegation of an amount of RMB79.9 million alleged to be due from Hua Yi Hao Ge to Hainan Haishi. The alleged amount arose from the Remaining Group's exclusive advertising agency business with Hainan Haishi before 31 December 2008, starting with the exclusive advertising agency agreement signed between the Remaining Group and Hainan Haishi dated 12 May 2006. Hua Yi Hao Ge appealed against the Beijing Intermediate Court Ruling and the appeal was heard by the Beijing People's High Court (the "**Beijing High Court**") on 1 December 2011. On 11 December 2011, the Beijing High Court ordered that the legal proceedings should be discontinued pursuant to section 136(6) of the Civil Procedure Law of the PRC. Under the said section 136(6), the legal proceedings could be restored in accordance with the provisions thereof.

During the year ended 31 December 2014, the Group and Hainan Haishi have mutually agreed on the settlement on the outstanding balances and the said court order has been terminated.

Save as the aforesaid matters, as at 31 December 2012, 2013 and 2014, none of the Remaining Group's assets was pledged and the Remaining Group did not have any material contingent liabilities or guarantees.

Set out below are the unaudited combined financial information (the "Unaudited Combined Financial Information") of the Disposal Business (definition of the Disposal Business is set out in Note 1 General Information) which comprises unaudited combined balance sheets as at 31 December 2012, 2013 and 2014 and the unaudited combined income statements, unaudited combined statements of comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows of the Disposal Business for the years ended 31 December 2012, 2013 and 2014 (the "Relevant Period") and certain explanatory notes. The Unaudited Financial Information has been presented on the basis set out in Note 2 and prepared in accordance with the accounting policies adopted by the Company. The Unaudited Combined Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular in connection with the proposed disposal of the Disposal Business (the "Disposal"). The Unaudited Combined Financial Information has been reviewed by the auditor of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

I. UNAUDITED COMBINED BALANCE SHEETS

		As at 31 December		
		2012	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment		313,120	385,172	500,580
Intangible assets		1,617,027	1,631,272	1,589,601
Deferred tax assets		254	2,479	2,680
Prepayments		25,185	16,533	14,050
		1,955,586	2,035,456	2,106,911
Current assets				
Inventories		14,355	10,823	9,599
Prepayments, deposits and other receivables		19,872	31,069	50,238
Amounts due from ultimate holding company, immediate holding company and fellow subsidiaries		122,557	138,293	–
Cash and cash equivalents		23,442	13,792	80,989
		180,226	193,977	140,826
Current liabilities				
Trade payables		3,878	2,499	1,641
Receipt in advance, other payables and accrued liabilities		117,023	122,106	119,914
Amounts due to ultimate holding company and fellow subsidiaries		14,496	45,048	68,263
Deferred revenue		36,322	32,100	27,227
Current income tax liabilities		72,854	77,410	75,786
Other liabilities	*4*	–	6,099	19,068
		244,573	285,262	311,899
Net current liabilities		(64,347)	(91,285)	(171,073)
Total assets less current liabilities		1,891,239	1,944,171	1,935,838

		As at 31 December		
		2012	**2013**	**2014**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Other payables		1,014	7,098	10,720
Deferred revenue		75,005	77,601	66,857
Deferred tax liabilities		336,785	340,961	338,848
Other liabilities	*4*	595,757	334,588	–
		1,008,561	760,248	416,425
Net assets		882,678	1,183,923	1,519,413
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		–	–	–
Reserves		882,678	1,183,923	1,519,413
		882,678	1,183,923	1,519,413

II. UNAUDITED COMBINED INCOME STATEMENTS

	Year ended 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Sales	148,963	125,465	104,491
Cost of sales	(67,608)	(93,880)	(76,488)
Gross profit	81,355	31,585	28,003
Other income and other gains/(losses), net	625	(1,169)	2,594
Administrative expenses	(46,392)	(65,364)	(48,224)
	35,588	(34,948)	(17,627)
Finance costs	(17,686)	(47,783)	–
Profit/(loss) before income tax	17,902	(82,731)	(17,627)
Income tax (expense)/credit	(13,047)	8,442	2,580
Profit/(loss) for the year	4,855	(74,289)	(15,047)

III. UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) for the year	4,855	(74,289)	(15,047)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	(4,812)	43,100	(5,077)
Total comprehensive income/(loss)	43	(31,189)	(20,124)

IV. UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital HK$'000	Currency translation reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2012		–	9,072	443,168	3,276	455,516
Comprehensive income:						
– Profit for the year		–	–	–	4,855	4,855
Other comprehensive income:						
– Currency translation differences		–	(4,812)	–	–	(4,812)
Equity component of convertible notes		–	–	337,971	–	337,971
Capital contribution	5	–	–	89,148	–	89,148
Balance at 31 December 2012		–	4,260	870,287	8,131	882,678
Balance at 1 January 2013		–	4,260	870,287	8,131	882,678
Comprehensive income:						
– Loss for the year		–	–	–	(74,289)	(74,289)
Other comprehensive income:						
– Currency translation differences		–	43,100	–	–	43,100
Conversion of convertible notes (equity component)		–	–	(135,672)	–	(135,672)
Capital contribution	5	–	–	468,106	–	468,106
Balance at 31 December 2013		–	47,360	1,202,721	(66,158)	1,183,923
Balance at 1 January 2014		–	47,360	1,202,721	(66,158)	1,183,923
Comprehensive income:						
– Loss for the year		–	–	–	(15,047)	(15,047)
Other comprehensive income:						
– Currency translation differences		–	(5,077)	–	–	(5,077)
Conversion of convertible notes (equity component)		–	–	(192,160)	–	(192,160)
Capital contribution	5	–	–	547,774	–	547,774
Balance at 31 December 2014		–	42,283	1,558,335	(81,205)	1,519,413

V. UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit/(loss) before taxation	17,902	(82,731)	(17,627)
Adjustments for:			
Depreciation and amortisation expenses	36,683	45,994	30,824
Membership entrance fee income and rental income recognised	(49,678)	(45,181)	(42,129)
Capitalisation of operating lease rentals	–	(4,098)	(10,209)
Finance costs	17,686	47,783	–
Operating profit/(loss) before changes in working capital	22,593	(38,233)	(39,141)
Changes in working capital:			
– Increase in prepayments, deposits and other receivables	(16,048)	(3,168)	(16,685)
– (Increase)/decrease in inventories	(3,190)	3,430	1,224
– (Increase)/decrease in amounts due from ultimate holding company, immediate holding company and fellow subsidiaries	(10,562)	(7,382)	25,614
– Decrease in trade payables	(1,553)	(1,405)	(858)
– Increase/(decrease) in receipt in advance, other payables and accrued liabilities	(25,381)	10,166	1,430
– Increase in cash inflow from membership entrance fee and rental income	29,875	40,849	27,420
– Increase/(decrease) in amounts due to ultimate holding company and fellow subsidiaries	7,025	1,572	(2,257)
Cash generated from/(used in) operations	2,759	5,829	(3,253)
Income tax (paid)/refunded	(197)	2,170	–
Net cash generated from/(used in) operating activities	2,562	7,999	(3,253)

	Year ended 31 December		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from investing activities			
Purchases of property, plant and equipment	(381)	(39,394)	(68,606)
Purchases of intangible assets	(123)	–	–
Disposals of property, plant and equipment	442	–	–
(Increase)/decrease in amounts due from ultimate holding company, immediate holding company and fellow subsidiaries	–	(8,354)	112,679
Acquisition of a subsidiary	391	–	–
Net cash generated from/(used in) investing activities	329	(47,748)	44,073
Cash flows from financing activities			
Increase in amounts due to ultimate holding company and fellow subsidiaries	7,461	29,951	26,840
Net cash generated from financing activities	7,461	29,951	26,840
Net increase/(decrease) in cash and cash equivalents	10,352	(9,798)	67,660
Cash and cash equivalents at 1 January	12,932	23,442	13,792
Exchange gains on cash and cash equivalents	158	148	(463)
Cash and cash equivalents at 31 December	23,442	13,792	80,989
Non-cash transactions:			
Acquisition of a subsidiary	(1,002,930)	–	–
Issuance of promissory notes	135,713	–	–
Repayment of promissory notes	(37,279)	(108,287)	(6,358)
Issuance of convertible notes	817,608	–	–
Conversion of convertible notes	–	(358,847)	(540,048)
Capital contribution	89,148	468,106	547,774

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1 General information

On 11 December 2014, Unique Talent Group Limited ("Unique Talent"), an indirect wholly-owned subsidiary of China Jiuhao Health Industry Corporation Limited (the "Company") as vendor and the Company, as the guarantor of the vendor's obligations, entered into the Sale and Purchase Agreement (the "SPA") with Eternity Investment Limited (the "Purchaser"). Pursuant to the SPA, Unique Talent has agreed to sell and assign and the Purchaser has agreed to purchase the entire shareholding interest in Smart Title Limited, on and subject to the terms and conditions of the SPA. The shareholder's loan due from Smart Title Limited to Unique Talent would be assigned to the Purchaser.

Smart Title Limited and its subsidiaries ("Smart Title Group" or the "Disposal Group") are principally engaged in the two businesses during the Relevant Periods, which altogether accounted as the disposal business (the "Disposal Business"). The Disposal Business included the assets related to the operations of Beijing Bayhood No.9 Club and construction of villas project besides Beijing Bayhood No.9 Club.

After the completion of the disposal, Smart Title Group will cease to be the subsidiaries of the Company. The Purchaser will be entitled to the assets related to the operations of Beijing Bayhood No.9 Club through its ownership in the Disposal Group. Given the expertise and resources of the Company, the Purchaser and Unique Talent agreed that, after completion of the disposal, the assets related to the operations of Beijing Bayhood No.9 Club will be leased to the Company for a term of twenty years. There are four rental periods of five years each. The Company is able to terminate the lease at the expiry of the then five-year rental period. If the Company would like to terminate the Club Lease Agreement, the Company must give notice to Beijing Bayhood No. 9 Club at least six months prior to the expiry of the then five-year rental period. The lease payment for the initial five years rental period will be RMB90 million (equivalent to approximately HK$114.28 million). In addition, the Company will have a right to continue to use the motor vehicles and the relevant licenses registered under Beijing Bayhood No.9 Club for an infinite period at nil consideration. The Company will also have a right to continue to use the "Jiuhao" trademark (which is registered under Beijing Bayhood No.9 Club) at nil consideration for one year after the completion of the disposal.

The consideration payable by the Purchaser to Unique Talent for the purchase of the entire issued share capital of Smart Title Limited and the shareholder's loan assigned shall be the initial amount of HK$600,000,000 in cash and HK$1,050,000,000 in share entitlement note (equivalent to 1,500,000,000 fixed consideration shares at issue price of HK$0.70 per share. The total consideration received will be distributed to shareholders of the Company based on their interests in the total issued share capital of the Company immediately upon the completion of the disposal.

2 Basis of presentation

The business of Beijing Bayhood No.9 Club and construction of villas project besides Beijing Bayhood No.9 Club were acquired by the Company through the respective acquisitions of the entire equity interests in Smart Title Limited and Yuan Shun Investment Limited ("Yuan Shun") in the years ended 31 December 2011 and 31 December 2012. Yuan Shun was restructured as a subsidiary of Smart Title Limited. The restructuring was completed as at 27 September 2014.

The preparation of the Unaudited Financial Information is solely for the purpose of the disposal of the Disposal Business. The financial position, results and cash flows are prepared from the perspective of Disposal Business for all years presented. Beijing Bayhood No.9 Club and Yuan Shun are included in the Unaudited Financial Information on combined basis from the date of the acquisitions at fair values initially measured at the date of respective acquisitions, which represent the carrying amounts in the consolidated financial statements of the Company. Inter-company transactions, balances and unrealised gains/losses on transactions among Disposal Business are eliminated on combination.

3 Basis of preparation

The Unaudited Financial Information of Disposal Business has been prepared in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2014. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular.

The Unaudited Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, which are carried at fair value and is presented in Hong Kong dollars ("HK$").

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Also, the Unaudited Financial Information does not comply with Hong Kong Financial Reporting Standard 1 (Revised) "First-time Adoption of Hong Kong Financial Reporting Standards" issued by HKICPA.

4 Other liabilities

Other liabilities represented promissory notes and convertible notes issued for the acquisition of Beijing Bayhood No.9 Club and Yuan Shun in the years ended 31 December 2011 and 31 December 2012 respectively.

	As at 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Current			
Promissory notes *(Note i)*	–	6,099	**–**
Convertible notes *(Note ii)*	–	–	**19,068**
	–	6,099	**19,068**
Non-current			
Promissory notes *(Note i)*	104,170	–	**–**
Convertible notes *(Note ii)*	491,587	334,588	**–**
	595,757	334,588	**–**

(i) Promissory notes

Promissory notes with principal amount of HK$150,000,000 were issued in October 2012. The repayment date of the promissory note is the date falling the on last day of the 24th month from the date of issuance (the "Repayment Date"). The promissory notes can be repaid in whole or in part prior to the Repayment Date. The promissory notes bear interest from the date of the issuance at the best lending rate of the Hongkong and Shanghai Banking Corporation Limited on the outstanding amount of the promissory notes and are repayable in arrears on the Repayment Date.

The promissory notes have been fully repaid in the year ended 31 December 2014.

	As at 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Fair value of promissory notes at 1 January	–	104,170	6,099
Initial recognition of promissory notes	135,713	–	–
Interest expense	5,736	10,216	259
Repayments	(37,279)	(108,287)	(6,358)
Fair value of promissory notes at 31 December	104,170	6,099	–

The fair value of the promissory notes are calculated using cash flows discounted at a rate based on the borrowings rate of 9.8% and are within Level 3 of the fair value hierarchy.

(ii) Convertible notes

Convertible notes with principal amount of RMB569,000,000 (equivalent to approximately HK$700,000,000 at the time of issuance) at zero-coupon rate with a three year term were issued in October 2012. The convertible notes mature three years from the issue date at their nominal value of RMB569,000,000 or can be converted into a maximum of 3,500,000,000 ordinary shares of the Company at the holder's option at any time during the period between the issue date and the maturity date at the conversion price of HK$0.20 each, subject to certain conditions. The values of the liability component and the equity conversion component were determined at issuance of the convertible notes.

The fair values of the convertible notes are determined using option pricing method based on the key assumptions, including volatility of daily stock price return of 63.4% and risk free rate of 0.56%. During the Relevant Period, convertible notes with principal amount equivalent to HK$679,000,000 have been converted into 3,395,000,000 ordinary shares of the Company at the conversion price of HK$0.20 per share.

The liability component of convertible notes recognized in the unaudited combined balance sheet is calculated as follows:

	As at 31 December		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Liability component at 1 January	–	491,587	334,588
Initial recognition of liability component of convertible notes	479,637	–	–
Less: Conversion of convertible notes during the year	–	(223,175)	(347,888)
Interest expense	11,950	66,176	32,368
Liability component at 31 December	491,587	334,588	19,068

The fair value of convertible notes are calculated using cash flows discounted at a rate based on the borrowings rate of 13.7% and are within Level 3 of the fair value hierarchy.

5 Capital contribution

Beijing Bayhood No.9 Club and Yuan Shun were acquired by the Company in the years ended 31 December 2011 and 31 December 2012, respectively. Capital contribution mainly represented the consideration of Yuan Shun paid by the Company and the subsequent repayment of promissory notes and conversion of convertible notes settled by the Company.

The unaudited pro forma financial information of the Remaining Group (the "Unaudited Pro Forma Financial Information") presented below is prepared to illustrate (a) the financial position of the Remaining Group as at 31 December 2014 as if the Disposal had been completed on 31 December 2014; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group as at 31 December 2014 or at any future date had the Disposal been completed on 31 December 2014 or the results and cash flows of the Remaining Group for the year ended 31 December 2014 or for any future period had the Disposal been completed on 1 January 2014.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated balance sheet of the Group as at 31 December 2014, the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014 extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2014 as set out in the 2014 annual report of the Company, and the Unaudited Financial Information of the Disposal Business as set out in Appendix II of this circular after giving effect to the pro forma adjustments described in the notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

1 Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group

As at 31 December 2014

	Audited consolidated balance sheet of the Group as at 31 December 2014	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(i)*	*Note 2(ii)*	*Note 3(i)*	*Note 3(ii)*	*Note 3(iii)*	
Non-current assets							
Property, plant and equipment	9,513	–	1,326	–	–	–	10,839
Intangible assets	21	–	–	–	–	–	21
Interests in joint ventures	62,823	–	–	–	–	–	62,823
Deferred tax assets	19,881	–	–	–	–	–	19,881
Prepayments	17,947	–	–	–	–	–	17,947
	110,185						111,511
Current assets							
Inventories	2,316	–	–	–	–	–	2,316
Amounts due from joint ventures and its subsidiaries	290,178	–	–	–	–	–	290,178
Programmes and film production in progress	68,262	–	–	–	–	–	68,262
Financial assets at fair value through profit or loss	138,652	–	–	–	–	–	138,652
Share entitlement notes	–	–	–	1,095,000	–	(1,095,000)	–
Prepayments, deposits and other receivables	24,839	–	–	49,179	–	–	74,018
Cash and cash equivalents	162,745	–	–	540,000	(54,000)	(500,000)	148,745
	686,992						722,171

As at 31 December 2014

	Audited consolidated balance sheet of the Group as at 31 December 2014	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(i)*	*Note 2(ii)*	*Note 3(i)*	*Note 3(ii)*	*Note 3(iii)*	
Asset of disposal group held for sale	2,247,737	(2,247,737)	–	–	–	–	–
	2,934,729						722,171
Current liabilities							
Trade payables	(19)	–	–	–	–	–	(19)
Receipt in advance, other payables and accrued liabilities	(69,469)	–	–	3,443	–	–	(66,026)
Current income tax liabilities	(13,994)	–	–	–	–	–	(13,994)
Convertible notes	(19,068)		–	–	–	–	(19,068)
	(102,550)						(99,107)
Liabilities of disposal group held for sale	(640,993)	640,993	–	–	–	–	–
	(743,543)						(99,107)
Net current assets	2,191,186						623,064
Total assets less current liabilities	2,301,371						734,575
Non-current liabilities							
Other payables	(6,997)	–	–	–	–	–	(6,997)
	(6,997)						(6,997)
Net assets	2,294,374						727,578
Capital and reserves attributable to the equity holders of the Company							
Share capital	(1,311,981)	–	–	–	–	1,180,783	(131,198)
Reserves	(981,466)	1,606,744	(1,326)	(1,687,622)	54,000	414,217	(595,453)
	(2,293,447)						(726,651)
Non-controlling interests	(927)	–	–	–	–	–	(927)
Total equity	(2,294,374)						(727,578)

2 Unaudited Pro Forma Consolidated Statements of Comprehensive Income of the Remaining Group

For the year ended 31 December 2014

	Audited consolidated income statement of the Group for the year ended 31 December 2014	Pro forma adjustments					Adjusted unaudited pro forma consolidated income statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 5	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	
Continuing Operations							
Sales	110,137	(104,492)	104,492	–	–	–	110,137
Cost of sales	(84,331)	76,488	(40,248)	–	–	(23,284)	(71,375)
Gross profit	25,806						38,762
Other income and other gains/(losses), net	70,243	(2,542)	2,542	–	–	–	70,243
Marketing and selling expenses	(384)	–	–	–	–	–	(384)
Administrative expenses	(69,019)	47,240	(46,568)	–	–	–	(68,347)
Share of profit of joint ventures	585	–	–	–	–	–	585
	27,231						40,859
Finance income/(cost), net	20,569	–	–	–	(32,627)	–	(12,058)
Profit before income tax	47,800						28,801
Taxation	4,235	(2,553)	–	–	–	–	1,682
Profit for the year from continuing operations	52,035						30,483
Discontinued Operations							
(Loss)/Profit for the year from discontinued operation	(906)	906	–	307,869	–	–	307,869
Profit for the year	51,129						338,352
Profit for the year	51,129	15,047	20,218	307,869	(32,627)	(23,284)	338,352
Other comprehensive income:							
Items that may be subsequently reclassified to profit or loss:							
Currency translation differences	(5,275)	5,078	–	–	–	–	(197)
Total comprehensive income for the year	45,854						338,155

3 Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

For the year ended 31 December 2014

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2014			Pro forma adjustments			Adjusted unaudited pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 5	*Note 6*	*Note 7*	*Note 9*	*Note 10*	*Note 11*	
OPERATING ACTIVITIES							
Cash used in operations	(75,797)	3,253	20,218	(561)	(114,282)	–	(167,169)
Income tax refund	5	–	–	–	–	–	5
Net cash used in operating activities	(75,792)						(167,164)
INVESTING ACTIVITIES							
Interest received	2,795	–	–	–	–	–	2,795
Purchase of investment securities	(69,845)	–	–	–	–	–	(69,845)
Purchases of property, plant and equipment	(74,126)	68,606	–	–	–	–	(5,520)
Disposal of joint ventures	252,688	–	–	–	–	–	252,688
Additions in programmes and film production in progress	(50,705)	–	–	–	–	–	(50,705)
Purchases of intangible assets	(86)	–	–	–	–	–	(86)
Disposal of property, plant and equipment	46	–	–	–	–	–	46
Disposal of investment securities	2,448	–	–	–	–	–	2,448
Deposit received from proposed disposal of subsidiaries	60,000	–	–	–	–	(60,000)	–
Recovery of investment return from programmes and film production in progress	2,095	–	–	–	–	–	2,095
Decrease in amounts due from ultimate holding company, immediate holding company and fellow subsidiaries	–	(112,679)	–	–	–	–	(112,679)
Proceed from disposal of subsidiaries	–	–	–	–	–	524,830	524,830
Net cash generated from investing activities	125,310						546,067

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2014	Pro forma adjustments					Adjusted unaudited pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 5	*Note 6*	*Note 7*	*Note 9*	*Note 10*	*Note 11*	
FINANCING ACTIVITIES							
Proceeds from issuance of shares on exercise of share options	600	–	–	–	–	–	600
Proceeds from issuance of shares on placement – net of expenses	96,000	–	–	–	–	–	96,000
Repayment of promissory notes	(6,357)	–	–	–	–	–	(6,357)
Capital injection from non-controlling shareholder of a subsidiary	4,969						4,969
Decrease in amounts due to ultimate holding company and fellow subsidiaries	–	(26,840)	–	–	–	–	(26,840)
Distribution to shareholders	–	–	–	–	–	(500,000)	(500,000)
New cash generated from/(used in) financing activities	95,212						(431,628)
Net increase in cash and cash equivalents	144,730						(52,725)
Cash and cash equivalents at 1 January	99,880						99,880
Exchange gains on cash and cash equivalents	(876)	463	–	–	–	–	(413)
Cash and cash equivalents at 31 December 2014	243,734						46,742

4 Notes to the unaudited pro forma financial information of the Remaining Group

1. The amounts are extracted from the audited consolidated balance sheet of the Group as at 31 December 2014 as set out in the published annual report of the Company for the year ended 31 December 2014.

2. (i) The adjustment reflects the de-recognition of the assets and liabilities of Disposal Group classified as held for sale as at 31 December 2014.

   (ii) This adjustment represents the recognition of the motor vehicles at carrying value as at 31 December 2014. Pursuant to the motor vehicle lease agreement ("Motor Vehicle Agreement"), the Company will have a right to continue to use the motor vehicles and the relevant licenses registered under Beijing Bayhood No.9 Club for an infinite period at nil consideration. Since the lease term forms substantial part of the assets' economic life, the lease is classified a finance lease even if the legal title was not transferred and the carrying value of the motor vehicles is recognised in the Remaining Group.

3. (i) The adjustment reflects the gain on disposal as if the Disposal had been completed on 31 December 2014.

	HK$'000
Estimated cash consideration of the Disposal	600,000
Estimated consideration of the Disposal settled by share entitlement notes	1,095,000
Less: Estimated direct expenses in relation to the Disposal (Note 3(ii))	(54,000)
Net consideration	1,641,000
Less: Carrying amount of assets and liabilities of disposal group held for sale as at 31 December 2014	(1,606,744)
Add: Carrying amount of motor vehicle under Motor Vehicle Agreement (Note 2(ii))	1,326
Adjusted assets and liabilities of disposal group held for sale	(1,605,418)
Add: Release of exchange reserve attributable to the assets and liabilities of disposal group held for sale	42,283
Less: Capital gain tax for gain on disposal of the assets and liabilities of disposal group held for sale	(7,378)
Estimated gain on disposal	70,487

The estimated consideration is represented by cash consideration of HK$600,000,000 and share entitlement notes with an aggregate value of HK$1,095,000,000 based on 1,500,000,000 consideration shares of the Purchaser a price of HK$0.73 per share (representing the market price as at 31 December 2014). HK$60,000,000 deposit has been received from the Purchaser during the year.

The capital gain tax represents the tax levied by China tax bureau on the gain on disposal. Based on the tax indemnity clause from the sales and purchase agreement of Smart Title Limited entered in the year ended 31 December 2011, the Company is entitled to reimburse part of the capital gain tax from the previous seller of Smart Title Limited.

3. (ii) The adjustment represents the estimated transaction costs payable by the Remaining Group upon completion of the Disposal, which included the costs of legal advisers, financial adviser, reporting accountant for the Disposal. The estimated total transaction costs of HK$54,000,000 will be settled in cash.

(iii) The adjustment represents the distribution of cash consideration of HK$500,000,000 and share entitlement notes to the Company's shareholders, and the reduction of the paid-up capital of each of the issued shares of the Company by cancelling paid-up capital of HK$0.18 per share. The par value of each issued existing share of the Company will be reduced from HK$0.20 to HK$0.02 from the reduction of paid-up capital. As a result, HK$1,180,783,000 is reduced from HK$1,311,981,000 share capital of the Group as at 31 December 2014.

4. Apart from Notes 2 and 3 above, no other adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2014. The final gain or loss on the Disposal may be different from the amount described above. The finalised amount would be subject to the carrying amount of the assets and liabilities of the Disposal Group, and market price of the share entitlement notes on the date of completion of the Disposal.

5. The amounts are extracted from the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows for the year ended 31 December 2014 as set out in the published annual report of the Company for the year ended 31 December 2014.

6. These adjustments represent the exclusion of the operating results and cash flows of Disposal Group for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014. The amounts have been extracted from the unaudited financial information of the Disposal Group for the year ended 31 December 2014 as set forth in Appendix II to this circular.

7. These adjustments represent the recognition of operating results of Beijing Bayhood No.9 Club for the year ended 31 December 2014 in accordance with the lease agreement regarding assets of Beijing Bayhood No. 9 Club ("Club Lease Agreement"). Pursuant to the Club Lease Agreement, the assets related to the operations of Beijing Bayhood No.9 Club will be leased to the Group for a term of twenty years. Pursuant to the Club Lease Agreement, the revenue in respect of Beijing Bayhood No. 9 Club will continue to be recognised as revenue and cost in the Remaining Group's consolidated income statements following Completion, except for (i) the annual lease fees payable to the lessor for the club land; and (ii) any depreciation expenses in respect of Beijing Bayhood No. 9 Club shall be borne by the Vendor and no longer be recognised in the Remaining Group's consolidated financial statements. On the other hand, the Group will pay lease payment of RMB90,000,000 (approximated to HK$114,282,000) for the initial five years rental period (RMB18,000,000 lease payment per annum) for the Club Lease Agreement to the Purchaser and recognized it as cost of sales (Note 10).

   Following Completion, the Group will continue to run the operation of and be responsible for the decision making of Beijing Bayhood No. 9 Club and it will be entitled to the revenue and bear the costs associated with the operations of Beijing Bayhood No. 9 Club pursuant to which it will (i) continue to be entitled to the income resulting from the operation of Beijing Bayhood No. 9 Club including membership subscription fees, annual membership fees, food and beverage sales, golf club usage (including green fees, the use of golf cart and caddies), golf academy fees and the usage of spa facilities and other recreational facilities; and (ii) bear all costs of the operation of Beijing Bayhood No. 9 Club (except the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land and depreciation and amortization expense) during the term of the Club Lease Agreement.

8. The adjustment reflects the estimated gain on disposal as if the Disposal had been completed on 1 January 2014.

	HK$'000
Estimated cash consideration of the Disposal	600,000
Estimated consideration of the Disposal settled by share entitlement notes (based on the market price as at 1 January 2014 at HK$0.83 per share)	1,245,000
Less: Estimated direct expenses in relation to the Disposal (Note 3 (ii))	(54,000)
Net consideration	1,791,000
Less: Carrying amount of the Disposal Business as at 1 January 2014	(1,183,923)
Less: Convertible notes and promissory notes issued by the Remaining Group (Note 9)	(340,687)
Add: Carrying amount of motor vehicle under Motor Vehicle Agreement (Note 2(ii))	1,497
Adjusted net asset of Disposal Business	(1,523,113)
Add: Release of exchange reserve attributable to Disposal Business	47,360
Less: Capital gain tax for gain on disposal of the Disposal Business (Note 3(i))	(7,378)
Estimated gain on disposal	307,869

9. These adjustments represent the recognition of convertible notes and promissory notes and their related interest expenses in the Remaining Group, since the promissory notes and convertible bonds are issued by the Remaining Group. The interest expenses represented full year expenses without capitalization since the qualifying asset has been disposed as if the Disposal had been completed on 1 January 2014.

10. These adjustments represent the recognition of the depreciation expenses of motor vehicles under Motor Vehicle Agreement (Note 2(ii)) of HK$428,000 and the annual operating lease expenses of RMB18,000,000 (approximated to HK$22,856,000) for the operating lease payment of Beijing Bayhood No.9 Club after completion of Disposal pursuant to the lease agreement to be entered into (Note 7). The aggregate rental for the initial five years rental period is RMB90,000,000 (equivalent to approximately HK$114,282,000) which will be paid in full prior to the commencement of the initial five years rental period.

11. The adjustments reflect the cash inflow and outflow as if the Disposal had been completed on 1 January 2014:

	HK$'000
Estimated cash consideration of the Disposal (Note 3 (i))	600,000
Less: Estimated direct expenses in relation to the Disposal (Note 3(ii))	(54,000)
Less: Cash and cash equivalents held by Disposal Business as at 1 January 2014	(13,792)
Less: Estimated capital gain tax in relation to the Disposal (Note 3(i))	(7,378)
Net proceeds from the Disposal	524,830
Distribution to shareholders (Note 3(iii))	(500,000)

12. Apart from note 7, 8, 9, 10 and 11 above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2014.

13. The translation of RMB into HK$ in this Unaudited Pro Forma Financial Information was made at a rate of RMB1 to HK$1.2698.

14. The above adjustments as described under adjustment 2, 3, 6, 8 and 11 are not expected to have a continuing effect on the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the Company's independent auditors, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Remaining Group.

B. REPORT OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

TO THE DIRECTORS OF CHINA JIUHAO HEALTH INDUSTRY CORPORATION LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Jiuhao Health Industry Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") excluding Smart Title Limited and its subsidiaries (the "Disposal Group") (collectively the "Remaining Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2014, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2014, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-11 of the Company's circular dated 23 June 2015, in connection with the proposed disposal of the Disposal Group and the proposed distribution (the "Transaction") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-11.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the Transaction had taken place at 31 December 2014 and at 1 January 2014 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the Group's financial statements for the year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2014 and at 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 June 2015

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors (other than Professor Wei Xin who is out of contact) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors (other than Professor Wei Xin who is out of contact), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Director and Chief Executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issued share capital of the Company
YUEN Hoi Po	Interest of a controlled corporation	Corporate interest	1,976,492,607	93,000,000 *(Note 1)*	2,069,492,607 *(Note 1)*	31.21 *(Note 2)*
ZHANG Changsheng	Beneficial owner	Personal interest	20,000,000	–	20,000,000	0.30
Edward TIAN Suning	Interest of a controlled corporation	Corporate interest & Personal interest	193,866,616 (Corporate)	3,127,377 (Personal) *(Note 4)*	196,993,993 *(Note 3)*	2.97
WEI Xin	Beneficial owner	Personal Interest	–	2,000,000 (Note 4)	2,000,000	0.03
WONG Yau Kar, David	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.03
CHU Yuguo	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.03

Notes:

1. Mr. YUEN was deemed to be interested in 1,976,492,607 Shares held by his wholly-owned corporations namely, Ming Bang Limited, Rich Public Limited and Smart Concept Enterprise Limited. Mr. YUEN was also deemed to be interested in 93,000,000 Shares which fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the Convertible Note in the outstanding amount equivalent to HK$18.6 million held by Smart Concept Enterprise Limited. The Convertible Note is underlying shares held under unlisted physically settled equity derivatives.

2. The figure is assuming full conversion of the Convertible Note. However, it is provided in the conditions of the Convertible Note that the relevant holder of the Convertible Note is only allowed to exercise the conversion rights only to the extent that (i) any conversion of the Convertible Note does not render the relevant holder of the Convertible Note who exercises the conversion rights and parties acting in concert with such holder to hold (whether directly or indirectly), together with any Shares already owned or agreed to be acquired by such holder of Convertible Note and parties acting in concert Shares representing 30% or more of the consequential enlarged issued ordinary share capital of the Company and (ii) any conversion of the Convertible Note will not lead to the public float being less than 25% of the consequential enlarged issued ordinary share capital of the Company at the date of the relevant exercise.

3. Mr. Edward TIAN Suning was deemed to be interested in 193,866,616 Shares held by CBC China Media Limited.

4. The number of underlying shares held under equity derivatives is the share options (being unlisted physically settled equity derivatives) granted by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Chief Executives nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the following persons (other than Directors or Chief Executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of Shareholders	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of total issued share capital of the Company
Smart Concept Enterprise Limited	Beneficial owner	Beneficial interest	1,837,000,000	93,000,000 *(Note a)*	1,930,000,000	29.11 *(Note a)*
Rich Public Limited	Beneficial owner *(Note b)*	Beneficial interest	139,492,607	–	139,492,607	2.10
Ming Bang Limited	Interest of controlled corporation *(Note c)*	Corporation interest	139,492,607	–	139,492,607	2.10

Notes:

a. The number of underlying shares held under equity derivatives is the Convertible Note (being unlisted physically settled equity derivatives) issued by the Company to Smart Concept Enterprise Limited. Smart Concept Enterprise Limited is interested in 93,000,000 Shares which fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the outstanding amount of Convertible Note. However, it is provided in the conditions of the Convertible Note that the relevant holder of the Convertible Note is only allowed to exercise the conversion rights only to the extent that (i) any conversion of the Convertible Note does not render the relevant holder of the Convertible Note who exercises the conversion rights and parties acting in concert with such holder to hold (whether directly or indirectly), together with any Shares already owned or agreed to be acquired by such holder of Convertible Note and parties acting in concert Shares representing 30% or more of the consequential enlarged issued ordinary share capital of the Company and (ii) any conversion of the Convertible Note will not lead to the public float being less than 25% of the consequential enlarged issued ordinary share capital of the Company at the date of the relevant exercise. Mr. YUEN is beneficially interested in the entire issued share capital of Smart Concept Enterprise Limited. He is also a director of Smart Concept Enterprise Limited.

b. Rich Public Limited is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Ming Bang Limited.

c. Ming Bang Limited is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned as to Mr. YUEN who is also a director of Ming Bang Limited.

Save as disclosed above, as at the Latest Practicable Date, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

3. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their advice or opinion(s) which are contained in this circular:

Name	Qualification
PricewaterhouseCoopers ("**PwC**")	Certified Public Accountants

PwC has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report as set out in this circular and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, PwC did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2014, the date to which the latest audited financial statements of the Group was made up; and did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of any compensation (other than statutory compensation)).

6. MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by the Company or its subsidiaries within the two years preceding the Latest Practicable Date:

(a) the S&P Agreement;

(b) a supplemental sale and purchase agreement dated 30 March 2015 entered into by parties to the S&P Agreement;

(c) the Supplemental Agreement;

(d) the agreement dated 19 December 2014 entered into between the Company and REORIENT Financial Markets Limited, in respect of the introduction of Transactions to the Company and related financial advisory services provided and to be provided by REORIENT Financial Markets Limited to the Company at consideration of HK$49,500,000 payable by the Company in the form of 82,500,000 new Shares (the "**FAS Agreement**"), the addendum to the FAS Agreement entered into between the Company and REORIENT Financial Markets Limited on 8 June 2015 in respect of the change of payment terms of the consideration under the FAS Agreement of HK$49,500,000 to be payable in the form of cash (the "**Addendum**"), and the letter of termination dated 17 June 2015 between the Company and REORIENT Financial Markets Limited terminating the FAS Agreement (as amended by the Addendum);

(e) the Variation Agreement;

(f) the sale and purchase agreement dated 24 April 2014 entered into between Effort Wonder Limited, a wholly-owned subsidiary of the Company, and Shenzhen Honghaiwan Asset Management Limited, pursuant to which Effort Wonder Limited agreed to sell the entire issued share capital in and assign its loan due from Green Harmony Investments Limited and Green Villa Investments Limited to Shenzhen Honghaiwan Asset Management Limited at an aggregate consideration of RMB200,000,000;

(g) the health management service cooperation agreement dated 18 March 2014 entered into between the Company and Taiping Life Insurance Company Limited ("**TPL**") in relation to "Taiping-Kangxun 360", whereby both parties have agreed to launch "Taiping-Kangxun 360" by utilizing the Group's "Kangxun 360" cloud health management platform;

(h) the health management service cooperation agreement dated 3 March 2014 entered into between Beijing Bayhood No.9 Cloud Health Technology Company Limited, a wholly-owned subsidiary of the Company, and the General Practitioners Branch of Beijing Medical Doctor Association, whereby the General Practitioners Branch of Beijing Medical Doctor Association agreed to assist the Group in entering into service contracts with 400 Beijing-registered general practitioners within one and a half month, and to contract with at least 4,000 Beijing-registered general practitioners phase by phase within one year, providing doctor's support for the forthcoming "Cloud Health Management Service Platform" to be launched by the Group and providing the contracted general practitioners with training according to the service standards set by the Group for general practitioners;

(i) the placing agreement dated 16 December 2013 entered into between the Company and REORIENT Financial Markets Limited pursuant to which, the REORIENT Financial Markets Limited agreed to place, on a best endeavours basis, up to 522,814,285 new Shares, at the placing price of HK$0.35 per placing share;

(j) the cooperation agreement dated 22 November 2013 entered into between the Company and Beijing Medical Doctor Association, whereby Beijing Medical Doctor Association agreed to make use of its over 2,000 members from various medical disciplines to provide high-end medical expert support for the Group's health services which include healthcare advisory, health and chronic disease management, health preservation and retirement, medical and healthcare clubs and Green Healthcare Channel offered to members of the Company;

(k) the strategic cooperation framework agreement dated 16 October 2013 entered into between the Company and China Life Insurance (Overseas) Company Limited in relation to the formation of a strategic partnership and carrying out multi-field business cooperation for resource sharing, interconnection and a reasonable value chain expansion that foster mutual development;

(l) the strategic cooperation framework agreement dated 9 October 2013 entered into between the Company and China-Japan Friendship Hospital in relation to the formation of a strategic partnership, under which China-Japan Friendship Hospital would provide the "Cloud Healthcare Platform", a platform for information service management operated by the Group, with internationalized, professional and high-standard healthcare support;

(m) the deed of variation dated 3 September 2013 entered into between the Company and Smart Concept Enterprise Limited, a company wholly-owned by Mr. Yuen, an executive director of the Company and being the sole holder of the Convertible Note issued by the Company in 2012, in relation to the amendment of a term of the Convertible Note to permit the Company to early redeem the outstanding Convertible Note at their face value; and

(n) the framework agreement dated 1 August 2013 entered into between the Company, Yan Feng People's Government and the Investment Invitation Center in relation to the cooperation on the development of the China Jiuhao (Haikou) Health Town on the land located at Yan Feng Zhen* (演豐鎮), Meilan District* (美蘭區), Haikou City, Hainan Province, the PRC with a total site area of approximately 2,600 mu (equivalent to approximately 1,733,000 square meters).

7. INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2014, (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder (as defined in the Listing Rules)).

* *for identification purpose only*

9. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Suite 3503, 35/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Mr. HAU Wai Man, Raymond, who is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants and has accumulated over 10 years of experience in international accounting firms and corporations in Hong Kong and the PRC.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at Suite 3503, 35/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong for a period of 14 days from the date of this circular:

(a) this circular;

(b) the Capital Reduction Circular;

(c) the memorandum of association and articles of association of the Company;

(d) the published audited consolidated financial statements of the Company for the year ended 31 December 2013 and the year ended 31 December 2014;

(e) the consent letter from PwC as referred to in the section headed "Experts and Consent";

(f) the report from PwC on the review of the unaudited financial information of the Target Group for each of the three years ended 31 December 2012, 2013 and 2014, the text of which is set out in Appendix II to this circular;

(g) the report from PwC on the unaudited pro forma financial information on the Remaining Group, the text of which is set out in Appendix III to this circular; and

(h) the material contracts as referred to in the section headed "6. Material Contracts" in this appendix.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of China Jiuhao Health Industry Corporation Limited (the "**Company**") will be held at Falcon Room 1, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 13 July 2015 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**,

(i) the sale and purchase agreement dated 11 December 2014 entered into between Eternity Investment Limited ("**Eternity**") as purchaser, Unique Talent Group Limited (the "**Vendor**"), a wholly-owned subsidiary of the Company, as vendor and the Company as guarantor in relation to the disposal of the entire equity interest in Smart Title Limited (the "**Target Company**", a company incorporated in the British Virgin Islands, which is an investment holding company and the entire issued share of which is owned by the Vendor) and an assignment of the benefit and interest in the loan due from the Target Company to the Vendor to Eternity upon completion of the transactions contemplated under the S&P Agreement free form encumbrances, for a consideration of HK$1,650 million in aggregate (the "**S&P Agreement**") (as amended and supplemented by two supplemental agreements dated 30 March 2015 (the "**Supplemental Agreement 1**") and 12 June 2015 (the "**Supplemental Agreement 2**") respectively (collectively, the "**Supplemental Agreements**") entered into by parties to the S&P Agreement) (a copy of each of the S&P Agreement, the Supplemental Agreement 1 and the Supplemental Agreement 2 which has been produced to the Meeting and marked "A", "B" and "C" respectively and signed by the chairman of the Meeting for the purpose of identification) and all the incidental transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(ii) any one director or (if affixing of seal is required) any two directors or one director and the company secretary of the Company be and are hereby authorised for and on behalf of the Company to do all things and acts and sign, execute, perfect, deliver (including under seal where applicable) and to authorise the signing, executing, perfecting and delivering (including under seal where applicable) of all documents which he/she may in his/her discretion consider necessary, desirable or expedient in connection with or/to implement and/or give effect to the S&P Agreement (as amended and supplemented by the Supplemental Agreements) and the transactions contemplated thereunder and to agree to such variation, amendment or waiver of a non-material nature as he/she may in his/her discretion consider to be desirable and in the interests of the Company."

2. "**THAT**, subject to and conditional upon the passing of ordinary resolution no. 1 as set out in the notice convening the Meeting and the Capital Reduction (as defined below) becoming effective (being (a) the issued and paid-up ordinary share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK$0.18 on each existing ordinary share of HK$0.20 of the Company (the "**Existing Share**") in issue so that each issued Existing Share with a par value of HK$0.20 of the Company be treated as one fully paid-up ordinary share with a par value of HK$0.02 (the "**New Shares**") in the share capital of the Company (the "**Capital Reduction**") and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company, and the entire amount of the authorised but unissued ordinary share capital of the Company be cancelled; and (b) the credits arising from the Capital Reduction be applied to set off the accumulated losses of the Company as at the effective date of the Capital Reduction (if any) and the balance (if any) be transferred to the distributable reserve account of the Company which may be utilised by the directors of the Company (the "**Directors**") as a distributable reserve and in such manner as the Directors consider appropriate, in accordance with the articles of association of the Company, the order of the Court sanctioning the Capital Reduction and all applicable laws and rules (including the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividends or making any other distribution out of such account from time to time and all actions in relation thereto be approved, ratified and confirmed),

(i) a special dividend in the total amount of HK$1,550,000,000 for distribution (the "**Distribution**"), to be paid out of the profits, distributable reserve, or the share premium account of the Company and to be settled as to HK$500 million in cash and as to the distributable in specie of 1,500,000,000 ordinary shares of HK$0.01 each in the capital of Eternity Investment Limited ("**Eternity**") to be allotted, issued and credited as fully paid upon the exercise of the allotment right attached to the share entitlement note issued by Eternity (details of the share entitlement note are set out in the circular of the Company dated 23 June 2015) (the "**Eternity Consideration Shares**") to the shareholders of the Company whose names appear on the register of members of the Company as at the close of a record date to be determined by the Directors be and is hereby approved, ratified and confirmed;

(ii) the Directors be and are hereby authorised and instructed to apply an amount of HK$500 million in cash and 1,500,000,000 Eternity Consideration Shares to pay for the Distribution; and

(iii) any one director or (if affixing of seal is required) any two directors or one director and the company secretary of the Company, be and are authorised and directed to sign, execute, perfect and deliver (including under seal where applicable) and to authorise the signing, executing, perfecting and delivering (including under seal where applicable) such documents and take such additional actions, in the name of and on behalf of the Company as he or she may in his/her discretion consider deem necessary or appropriate in connection with and in the best interests of the Company to carry out the purpose of this resolution and all matters in furtherance thereof, and do all such other acts and things as he/she may in his/her discretion consider to be necessary, appropriate or advisable."

On behalf of the Board
China Jiuhao Health Industry Corporation Limited
YUEN Hoi Po
Chairman

Hong Kong, 23 June 2015

As at the date hereof, the Board comprises executive directors: Mr. YUEN Hoi Po (Chairman), Mr. ZHANG Changsheng (Vice Chairman), non-executive directors: Mr. Edward TIAN Suning, Mr. Hugo SHONG and independent non-executive directors: Professor WEI Xin, Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo.

Notes:

(i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy needs not be a member of the Company.

(ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the company's share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting.

(iv) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he/she so desires. If a member attends the meeting after having deposited the form of proxy, his/her form of proxy will be deemed to have been revoked.