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TOWN HEALTH INTERNATIONAL HOLDINGS COMPANY LIMITED
康健國際控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 3886)

ANNOUNCEMENT OF RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

The Company announced on 24 July 2009 that the financial year end date of the Company was changed from 31 March to 31 December commencing from the financial year 2009. Accordingly, the financial statements for the period cover the nine-month period from 1 April 2009 to 31 December 2009. The corresponding amounts shown for the consolidated statement of comprehensive income and related notes cover the twelve-month period from 1 April 2008 to 31 March 2009 and therefore may not be comparable with the amounts shown for the period.

For the nine months ended 31 December 2009:

– The Group recorded revenue of approximately HK$456,826,000 (1.4.2008 to 31.3.2009: approximately HK$342,212,000)

– The Group recorded a loss after tax of approximately HK$12,223,000 (1.4.2008 to 31.3.2009: approximately HK$644,047,000)

As at 31 December 2009:

– The Group held cash and bank balances of approximately HK$155,306,000 (31.3.2009: approximately HK$484,549,000)

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.2 and a gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) of 1.1%.

The Board does not recommend the payment of any dividend (1.4.2008 to 31.3.2009: Nil)

* *For identification purpose only*

RESULTS

The board of directors (the "Board") of Town Health International Holdings Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2009, together with the comparative figures for the year ended 31 March 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**(Nine months) 1.4.2009 to 31.12.2009** ***HK$'000***	(Twelve months) 1.4.2008 to 31.3.2009 *HK$'000*
Revenue	*4*	**456,826**	342,212
Cost of sales		**(321,812)**	(182,109)
Gross profit		**135,014**	160,103
Other income		**15,094**	30,237
Administrative expenses			
– Others		**(172,048)**	(163,091)
– Share-based payment expenses		**(4,831)**	(198,750)
Other expenses, gains and losses	*5*	**20,383**	(187,093)
Finance costs	*6*	**(872)**	(5,822)
Gain (loss) on disposal/deemed disposal of an associate		**1,437**	(6,471)
Gain (loss) on disposal of subsidiaries		**141**	(861)
Gain on disposal of assets held for sale		**–**	426
Share of results of associates		**(7,497)**	(7,750)
Share of result of a jointly controlled entity		**–**	(203,581)
Loss on fair value changes of conversion options and early redemption features embedded in convertible bonds		**–**	(107,665)
Gain on early redemption of convertible bonds		**–**	54,867
Increase (decrease) in fair value of investment properties		**11,727**	(2,960)
Discount on acquisition of a subsidiary		**–**	27
Loss before tax		**(1,452)**	(638,384)
Income tax expenses	*7*	**(10,771)**	(5,663)

	Notes	**(Nine months) 1.4.2009 to 31.12.2009** *HK$'000*	(Twelve months) 1.4.2008 to 31.3.2009 *HK$'000*
Loss for the period/year	*8*	**(12,223)**	(644,047)
Loss for the period/year attributable to:			
Owners of the Company		**(23,587)**	(652,507)
Minority interests		**11,364**	8,460
		(12,223)	(644,047)
Loss per share	*10*		
– Basic		**(HK$0.08)**	(HK$3.11)
– Diluted		**(HK$0.08)**	(HK$3.11)
Other comprehensive income (expenses)			
Exchange differences arising on translation		**–**	177
Fair value gain (loss) on available-for-sale financial assets		**205,539**	(158,694)
Recognition of impairment loss on available-for-sale investments		**–**	37,403
Reclassified to profit or loss on disposal of available-for-sale investments		**–**	3,603
Share of other comprehensive income of associates and a jointly controlled entity		**–**	4,909
Other comprehensive income (expenses) for the period/year	*8*	**205,539**	(112,602)
Total comprehensive income (expenses) for the period/year		**193,316**	(756,649)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		**181,952**	(765,109)
Minority interests		**11,364**	8,460
		193,316	(756,649)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31.12.2009**	31.3.2009
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**132,975**	39,215
Property, plant and equipment		**165,567**	19,902
Prepaid lease payments		**34,018**	9,025
Loans receivable		**31,260**	18,476
Goodwill		**63,838**	36,064
Intangible assets		**15,824**	9,372
Interests in associates		**172,535**	118,402
Interest in a jointly controlled entity		**–**	–
Available-for-sale investments		**275,129**	39,916
Deposits paid on acquisition of property, plant and equipment		**–**	2,200
Deposits paid on acquisition of interest in a subsidiary		**–**	51,255
		891,146	343,827
Current assets			
Inventories		**44,463**	8,687
Trade and other receivables	*11*	**100,169**	43,593
Prepaid lease payments		**795**	242
Held for trading investments		**110,514**	33,708
Loans receivable		**1,730**	6,094
Amounts due from associates		**3,997**	9,025
Amounts due from investees		**182**	1,741
Amount due from a related party		**5**	458
Amounts due from minority shareholders of subsidiaries		**–**	464
Tax recoverable		**5,945**	4,490
Pledged bank deposits		**5,005**	5,000
Bank balances and cash		**155,306**	484,549
		428,111	598,051
Assets classified as held for sale		**8,025**	–
		436,136	598,051

	Notes	**31.12.2009**	31.3.2009
		HK$'000	*HK$'000*
Current liabilities			
Trade and other payables	*12*	**96,235**	24,171
Amount due to an investee		**303**	2,244
Amounts due to minority shareholders of subsidiaries		**2,693**	4,165
Amount due to a related party		**–**	16
Bank borrowing – due within one year	*13*	**12,548**	–
Tax payable		**13,050**	10,446
		124,829	41,042
Liabilities associated with assets classified as held for sale		**13,050**	–
		137,879	41,042
Net current assets		**298,257**	557,009
Total assets less current liabilities		**1,189,403**	900,836
Non-current liability			
Deferred tax liabilities		**5,603**	3,738
		1,183,800	897,098
Capital and reserves			
Share capital	*14*	**3,237**	296,805
Reserves		**1,117,634**	595,303
Equity attributable to owners of the Company		**1,120,871**	892,108
Minority interests		**62,929**	4,990
Total equity		**1,183,800**	897,098

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was formerly an exempted company with limited liability incorporated in the Cayman Islands. On 5 May 2009, the Company de-registered from the Cayman Islands and redomiciled in Bermuda as an exempted company under the laws of Bermuda. In August 2008, the Company transferred the listing of its shares from the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to the Main Board of the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

During the current financial period, the reporting date of the Group was changed from 31 March to 31 December because the directors of the Group determine to bring the annual reporting date of the Group in line with that of the statutory year end date of certain PRC operating subsidiaries acquired during the period having financial year end on 31 December. Such alignment will facilitate the preparation of the Group's consolidated financial statements. Accordingly, the consolidated financial statements for the current period cover the nine months' period ended 31 December 2009. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 April 2008 to 31 March 2009 and therefore may not be comparable with amounts shown for the current period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied the following amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants which are or have become effective.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements, the adoption of the new and revised HKFRSs has had no material effect on the financial statements of the Company for the current or prior accounting periods.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payments Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new or revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by operating divisions. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

In previous years, the Group reported its primary segment information based on four major operating divisions based on the risks and returns approach – (1) provision of healthcare and dental services, (2) sales of healthcare and pharmaceutical products, (3) provision of beauty and skincare services and (4) others. However, the scale of operation for provision of beauty and skincare services is diminishing in the current period and information reported to chief operating decision makers, the Chief Executive Officer, for the purpose of resources allocation and performance assessment focuses more specifically on each major type of businesses and no longer includes discrete financial information for this segment. Therefore, the Group's operating and reportable segments under HKFRS 8 are as follows:

• Provision of healthcare and dental services	Operations of the Group's medical and dental practices
• Sales of healthcare and pharmaceutical products	Sales of healthcare and pharmaceutical products including radioactive isotopes for medical uses
• Others	Catering, provision of management and administrative services, provision of beauty and skincare services, property investment and securities investment and trading

Segment revenues and results

For the nine months ended 31 December 2009

	Provision of healthcare and dental services *HK$'000*	**Sales of healthcare and pharmaceutical products** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
REVENUE FROM EXTERNAL CUSTOMERS	**211,720**	**231,961**	**13,145**	**456,826**
RESULTS				
Segment results	**10,896**	**28,679**	**30,238**	**69,813**
Other income				**15,094**
Unallocated corporate expense				**(74,464)**
Share-based payment expenses				**(4,831)**
Finance costs				**(872)**
Gain on disposal of an associate				**1,437**
Gain on disposal of subsidiaries				**141**
Share of results of associates				**(7,497)**
Impairment loss in respect of interests in associates				**(12,000)**
Increase in fair value of investment properties				**11,727**
Loss before tax				**(1,452)**
Income tax expenses				**(10,771)**
Loss for the period				**(12,223)**

For the year ended 31 March 2009

	Provision of healthcare and dental services *HK$'000*	Sales of healthcare and pharmaceutical products *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE FROM EXTERNAL CUSTOMERS	289,389	35,853	16,970	342,212
RESULTS				
Segment results	25,975	20,646	(8,800)	37,821
Other income				30,237
Unallocated corporate expenses				(145,177)
Share-based payment expenses				(198,750)
Finance costs				(5,822)
Loss on deemed disposal of an associate				(6,471)
Share of results of associates				(7,750)
Share of result of a jointly controlled entity				(203,581)
Impairment loss in respect of interests in associates				(83,133)
Loss on fair value changes of conversion options and early redemption features embedded in convertible bonds				(107,665)
Gain on early redemption of convertible bonds				54,867
Decrease in fair value of investment properties				(2,960)
Loss before tax				(638,384)
Income tax expenses				(5,663)
Loss for the year				(644,047)

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' salaries, share of results of associates and a jointly controlled entity, investment income, loss on fair value changes of conversion options and early redemption features embedded in convertible bonds, gain on early redemption of convertible bonds, fair value change of investment properties, share-based payment expenses, impairment loss recognised in respect of interests in associates and finance costs. This is the measure reported to the Chief Operating Officer for the purposes of resource allocation and performance assessment.

Other segment information

For the nine months ended 31 December 2009

	Provision of healthcare and dental services *HK$'000*	**Sales of healthcare and pharmaceutical products** *HK$'000*	**Others** *HK$'000*	**Segment total** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets						
– property, plant and equipment	**2,164**	**37,169**	**–**	**39,333**	**128,960**	**168,293**
– prepaid lease payment	**–**	**25,729**	**–**	**25,729**	**–**	**25,729**
Depreciation of property, plant and equipment	**4,753**	**2,465**	**80**	**7,298**	**690**	**7,988**
Impairment loss recognised in respect of:						
– goodwill arising on acquisition of subsidiaries, and medical and dental practices	**2,315**	**21,255**	**2,762**	**26,332**	**–**	**26,332**
– trade receivables	**1,997**	**–**	**–**	**1,997**	**–**	**1,997**
Release of prepaid lease payments	**182**	**323**	**–**	**505**	**–**	**505**

For the year ended 31 March 2009

	Provision of healthcare and dental services *HK$'000*	Sales of healthcare and pharmaceutical products *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	2,130	240	2,937	5,307	–	5,307
Depreciation of property, plant and equipment	8,949	108	791	9,848	–	9,848
Impairment loss recognised in respect of:						
– goodwill arising on acquisition of subsidiaries, and medical and dental practices	21,696	1,078	5,590	28,364	–	28,364
– amounts due from associates	16,441	–	–	16,441	–	16,441
– amounts due from investees	1,663	–	–	1,663	–	1,663
– trade and other receivables	342	–	–	342	–	342
Release of prepaid lease payments	242	–	–	242	–	242

Geographical information

The Group's operations are located in Hong Kong and the PRC. The Group's revenue from external customers based on location of customers and information about its non-current assets excluding available-for-sale investments by geographical location of the assets and operation of the associates are situated in Hong Kong and the PRC. Provision of healthcare and dental services are carried out in Hong Kong. Sales of healthcare and pharmaceutical products are carried out in the PRC and Hong Kong.

The following table provides an analysis of the Group's non-current assets (excluding financial assets) by location of assets and revenue by geographical location of customers, irrespective of the origin of the goods/ services:

	Non-current assets		Revenue	
			(Nine months)	(Twelve months)
			1.4.2009 to	1.4.2008 to
	31.12.2009	31.3.2009	**31.12.2009**	31.3.2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**467,552**	250,456	**249,341**	342,212
PRC	**148,465**	53,455	**207,485**	–
	616,017	303,911	**456,826**	342,212

There is no customer contributing over 10% of the total sales of the Group during both periods.

5. OTHER EXPENSES, GAINS AND LOSSES

	(Nine months) 1.4.2009 to 31.12.2009	(Twelve months) 1.4.2008 to 31.3.2009
	HK$'000	*HK$'000*
Gain (loss) on fair value changes on held for trading investments	**59,204**	(16,739)
Loss on disposal of available-for-sale investments	**–**	(3,603)
Reversal of impairment loss (impairment loss) recognised in respect of:		
– available-for-sale investments	**–**	(37,403)
– interests in associates	**(12,000)**	(83,133)
– goodwill arising on acquisition of subsidiaries, and medical and dental practices	**(26,332)**	(28,364)
– amounts due from associates	**–**	(16,441)
– amounts due from investees	**–**	(1,663)
– trade receivables	**(489)**	253
	20,383	(187,093)

6. FINANCE COSTS

	(Nine months) 1.4.2009 to 31.12.2009 *HK$'000*	(Twelve months) 1.4.2008 to 31.3.2009 *HK$'000*
Interest on:		
– Bank borrowings wholly repayable within five years	**872**	5,666
– Bank overdrafts	**–**	73
– Amount due to a related party	**–**	83
	872	5,822

7. INCOME TAX EXPENSES

	(Nine months) 1.4.2009 to 31.12.2009 *HK$'000*	(Twelve months) 1.4.2008 to 31.3.2009 *HK$'000*
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	**4,269**	5,849
– PRC Enterprise Income Tax	**5,006**	–
– (Over) underprovision in prior periods/years	**(369)**	654
	8,906	6,503
Deferred tax		
– Current period/year	**1,865**	(576)
– Attributable to a change in tax rate	**–**	(264)
	1,865	(840)
	10,771	5,663

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period/year.

8. LOSS FOR THE PERIOD/YEAR

	(Nine months) 1.4.2009 to 31.12.2009 *HK$'000*	(Twelve months) 1.4.2008 to 31.3.2009 *HK$'000*
Loss for the period/year has been arrived at after charging:		
Staff costs		
– Directors' remuneration	**14,159**	17,657
– Other staff's salaries, bonus and other benefits	**149,816**	162,415
– Other staff's retirement benefits scheme contributions	**2,061**	2,230
– Share-based payment expenses	**–**	24,659
	166,036	206,961
Auditor's remuneration	**2,115**	1,746
Cost of inventories recognised as expenses	**172,917**	6,253
Depreciation of property, plant and equipment	**7,988**	9,848
Loss on disposal of property, plant and equipment	**1,028**	591
Release of prepaid lease payments	**505**	242
Amortisation of intangible assets (included in administrative expenses)	**2,576**	2,665
Share of tax of associates (included in share of results of associates)	**261**	304
Share-based payment expenses recognised on options granted to Ping An Trust & Investment Company Limited	**4,831**	174,091
and after crediting:		
Gross rental income from investment properties	**6,303**	5,294
Less: Direct operating expense that generated rental income	**(22)**	(25)
Net rental income from investment properties	**6,281**	5,269
Net gain on foreign exchange	**–**	65

9. DIVIDENDS

No dividend was paid or declared during the nine months ended 31 December 2009 and the year ended 31 March 2009, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	(Nine months) 1.4.2009 to 31.12.2009	(Twelve months) 1.4.2008 to 31.3.2009
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period/year attributable to owners of the Company	**(23,587)**	(652,507)

	(Nine months) 1.4.2009 to 31.12.2009	(Twelve months) 1.4.2008 to 31.3.2009
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**303,288,815**	209,965,968

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 25 May 2009.

The calculation of the diluted loss per share does not assume the exercise of share options nor conversion of the outstanding convertible bonds issued by an associate of the Company as their exercise would result in a decrease in the loss per share.

11. TRADE AND OTHER RECEIVABLES

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**43,889**	14,883
Less: allowance for doubtful debts *(Note b)*	**(1,810)**	(1,321)
Total trade receivables, net of allowance	**42,079**	13,562
Deposits	**28,818**	15,786
Advance to suppliers	**18,484**	–
Other receivables	**2,572**	10,526
Prepayments	**8,216**	3,719
	100,169	43,593

Notes:

a. Most of the patients of the medical and dental practices settle in cash. Payments by patients using medical cards will normally be settled within 180 to 240 days. The Group allows an average credit period of 60 to 240 days to its trade customers under other business activities.

The following is an aged analysis of trade receivables at the end of the reporting period:

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
0 – 60 days	**33,096**	8,836
61 – 120 days	**6,811**	3,963
121-180 days	**2,841**	1,995
181– 240 days *(Note b)*	**193**	15
241 – 360 days *(Note b)*	**948**	74
	43,889	14,883

b. These trade receivables relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
61 – 120 days	**193**	15
121 – 180 days	**948**	74
Total	**1,141**	89

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the allowance for doubtful debts:

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
Balance at the beginning of the period/year	**1,321**	1,574
Impairment losses recognised on receivables	**1,997**	342
Write back of impairment loss	**(1,508)**	(595)
Balance at the end of the period/year	**1,810**	1,321

The impairment recognised represents the difference between the carrying amount of the specific trade receivables and the present value of the expected recoverable amount. The trade receivables are impaired because of significant financial difficulty of the counterparties.

c. The amounts included in other receivables are unsecured, interest-free and repayable on demand.

12. TRADE AND OTHER PAYABLES

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
Trade payables *(note)*	**32,917**	5,737
Advance from customers	**25,965**	–
Other payables	**4,833**	2,750
Accruals	**32,520**	15,684
	96,235	24,171

Note: The following is an aged analysis of trade payables at the end of the reporting period:

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
0 – 60 days	**25,990**	5,653
61 – 120 days	**1,627**	84
121 – 240 days	**5,152**	–
Over 240 days	**148**	–
	32,917	5,737

13. BANK BORROWING – DUE WITHIN ONE YEAR

	31.12.2009	31.3.2009
	HK$'000	*HK$'000*
Secured bank borrowing repayable within one year or on demand	**12,548**	–

At 31 December 2009, the Group has a fixed-rate bank borrowing which carried interest at 7.25% per annum.

14. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
As at 1 April 2008	20,000,000,000	200,000
Increase in authorised share capital *(Note a)*	10,000,000,000	100,000
As at 31 March 2009	30,000,000,000	300,000
Share consolidation *(Note b)*	(29,700,000,000)	–
Share subdivision *(Note c)*	29,700,000,000	–
As at 31 December 2009	30,000,000,000	300,000
Issued and fully paid:		
As at 1 April 2008	16,967,915,724	169,679
Issue of new shares *(Note d)*	7,930,000,000	79,300
Exercise of share options *(Note e)*	4,782,600,000	47,826
As at 31 March 2009	29,680,515,724	296,805
Shares repurchased and cancelled *(Note f)*	(902,050,000)	(9,020)
Share consolidation *(Note b)*	(28,490,681,067)	(284,907)
Issue of consideration shares *(Note g)*	35,910,053	359
As at 31 December 2009	323,694,710	3,237

Notes:

(a) Pursuant to a resolution passed at an extraordinary general meeting on 9 May 2008, the authorised share capital of the Company was increased from HK$200,000,000 to HK$300,000,000 by the creation of additional 10,000,000,000 ordinary shares of HK$0.01 each.

(b) On 25 May 2009, every 100 existing shares of HK$0.01 each were consolidated into 1 consolidated share of HK$1.00. The paid-up capital of the Company was reduced to the extent of HK$0.99 on each of the issued consolidated shares such that the nominal value of each issued consolidated share was reduced from HK$1.00 to HK$0.01. The Company's entire share premium of HK$632,909,000 was transferred to the accumulated losses of the Company.

(c) Each authorised but unissued consolidated share was subdivided into 100 new shares of HK$0.01 each.

(d) On 25 September 2008, arrangement was made for a placement to independent private investors of 3,400,000,000 shares of HK$0.01 each in the Company in cash at a price of HK$0.04 per share representing a discount of approximately 17.70% to the closing price of HK$0.0486 per share, as quoted on the Stock Exchange on 25 September 2008.

On 5 January 2009, arrangement was made for a placement to independent private investors of 4,530,000,000 shares of HK$0.01 each in the Company in cash at a price of HK$0.015 per share representing a discount of approximately 16.67% to the closing price of HK$0.018 per share, as quoted on the Stock Exchange on 5 January 2009.

(e) During the year ended 31 March 2009, 287,600,000, 440,000,000, 1,769,000,000 and 2,286,000,000 share options were exercised at a subscription price of HK$0.111, HK$0.104, HK$0.016 and HK$0.013 per share, respectively, resulting in the issue of 4,782,600,000 ordinary shares of HK$0.01 each in the Company and giving a total cash consideration of approximately HK$135,706,000.

(f) During the nine months period ended 31 December 2009, the Company repurchased a total of 902,050,000 ordinary shares of HK$0.01 each through the Stock Exchange at an aggregate consideration of approximately HK$9,020,000 and all of these shares were cancelled upon repurchase.

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
April 2009	902,050,000	0.011	0.010	9,020

The nominal values of the cancelled shares were credited to the capital redemption reserve and the aggregate consideration was paid out of the retained profits.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

(g) On 1 June 2009, Health Walk Limited ("Health Walk"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the vendor (the non-controlling shareholder of First Oriental Medical Technology Group Limited and its subsidiaries ("First Oriental Group")) to acquire a further 27% equity interest of First Oriental Group (then a 51% held subsidiary of the Company), at a total consideration of HK$32 million, which was satisfied by the issue of 21,361,815 shares of the Company ("consideration shares A"). The number of consideration shares A to be issued was calculated by dividing the consideration by the average closing price of one share of the Company as stated on the Stock Exchange's daily quotation sheets for the 5 consecutive trading days ending on the date thereof. The consideration shares A were issued on 8 July 2009 upon completion of the acquisition.

On 15 October 2009, Health Walk entered into another sale and purchase agreement with the vendor to acquire the remaining 22% equity interest of First Oriental Group not held by the Group at a consideration of HK$19 million, which was satisfied by the issue of 14,548,238 shares of the Company ("consideration shares B"). The number of consideration shares B to be issued was calculated by dividing the consideration by the average closing price of one share of the Company as stated on the Stock Exchange's daily quotations sheets for the 5 consecutive trading days ending on the date thereof. The consideration shares B were issued on 10 December 2009 upon completion of the acquisition.

Upon the completion of the above-mentioned acquisitions, the First Oriental Medical Technology Group Limited became a wholly-owned subsidiary of the Company.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has the following events after the reporting period:

(a) On 21 January 2010, the Group entered into the sale and purchase agreement to dispose of the entire equity interest in 海南泓鋭醫藥有限公司 (unofficial English translation being Hainan Hong Rui Pharmaceutical Co. Ltd.) ("Hainan Hong Rui"), an indirect non wholly-owned subsidiary of the Company at a consideration of RMB1,000,000 (equivalent to approximately HK$1,140,000). The transaction was completed on the date of the agreement. Details of the transaction are disclosed in an announcement of the Company dated 22 January 2010. The Directors are in the progress of assessing its financial impact.

(b) On 31 March 2010, the Group, through Good Pace International Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement for the acquisition of the entire issued share capital of Jet Rich Investment Limited ("Jet Rich"), a company incorporated in Hong Kong from an independent third party, at a consideration of HK$10. Jet Rich is an investment holding company. The sole asset of Jet Rich is the entire equity interest in 北京創新美凱科技開發有限公司 (unofficial translation being Beijing Chuang Xin Mei Kai Technology Development Company Limited) ("Beijing Chuang Xin"), a wholly foreign-owned enterprise established in the PRC. Beijing Chuang Xin is inactive upon the date of completion with business scope of technology development and promotion of medicines for cardio-cerebrovascular, anti-tumour, diabetes and curing hepatic-related diseases. With effect from completion of the transaction, the Group is under an obligation to contribute all the registered capital of Beijing Chuang Xin in the amount of HK$30 million. The transaction was completed on the date of the agreement. Details of the transaction are disclosed in an announcement of the Company dated 31 March 2010.

(c) On 7 April 2010, the Company entered into a subscription agreement with Bonjour Holdings Limited ("Bonjour"), an independent third party incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange, pursuant to which Bonjour has conditionally agreed to allot and issue, and the Company has conditionally agreed to subscribe for 9,000,000 new shares representing approximately 3.77% of the issued share capital of Bonjour as enlarged by the allotment and issue of such shares, at a total consideration of HK$81 million. The transaction was completed on 15 April 2010. Details of the transaction are disclosed in an announcement of the Company dated 7 April 2010.

(d) Pursuant to the special general meeting of the Company held on 8 April 2010, the resolution on placing was duly passed in which the Company conditionally agreed to place through an independent placing agent (the "Placing Agent"), on a best efforts basis, a maximum of 587,500,000 new shares (the "Placing Shares") at a price of HK$0.81 per Placing Share during the placing. First tranche of the placing, in which 150,000,000 Placing Shares were placed to not less than six placees, was completed on 22 April 2010. The maximum gross proceeds from the placing will be approximately HK$475.88 million. The completion of each tranche of the placing is subject to the fulfillment and/or waiver of the conditions precedent by the Placing Agent as set out in the placing agreement. Details of these are disclosed in an announcement of the Company dated 23 February 2010 and the circular of the Company dated 16 March 2010.

(e) Pursuant to the special general meeting of the Company held on 8 April 2010, the resolution was duly passed in which the Company proposed to change the name of the Company from "Town Health International Holdings Company Limited" to "Town Health International Investments Limited" and to register a secondary name "康健國際投資有限公司". Details of these are disclosed in an announcement of the Company dated 26 February 2010 and the circular of the Company dated 16 March 2010. The change of name is still subject to the approval by the Registrar of Companies in Bermuda as at the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2009 was another year of steady growth. For the period under review, a turnover of approximately HK$456,826,000 was recorded. The Group's consolidated loss after tax was approximately HK$12,223,000, representing a decrease of 98% from the previous twelve months ended 31 March 2009.

Steady contribution of Healthcare & Medical Services

The provision of private healthcare and dental services business remained steady and was the key revenue driver for the Group during the period under review. Over the years, "Town Health" has become a well-known brand name in Hong Kong as an integrated healthcare service provider for the general public. The Group continues to strengthen its market-leading position by expanding its clientele and broadening its specialist outpatient services.

Expansion of healthcare and pharmaceutical business

During the period under review, the Group had further acquired 49% interest of the issued share capital of First Oriental Medical Technology Group Limited ("FOMT" together with its subsidiaries the "FOMT Group"). Since then, FOMT had become a wholly-owned subsidiary of the Company. FOMT Group is principally engaged in the production of radioactive isotopes used for medical diagnostic purposes, which had been sold to the major hospitals and healthcare institutions in Hong Kong. The Group further disposed of 51% interest in the FOMT Group to Hong Kong Health Check and Laboratory Holdings Company Limited (now known as China Gogreen Assets Investment Limited) (stock code: 397) in exchange for 49% interest in its subsidiary known as Luck Key Investment Limited. Luck Key Investment Limited together with its subsidiaries are principally engaged in the provision of health check and health care related services. The Group believes that the above acquisitions provide the Group with a good opportunity to further enhance its earning capability in the near future.

In addition, the pace of development of the Group's healthcare and pharmaceutical business in the PRC is satisfactory. China's State Council, or Cabinet, passed a long awaited medical reform plan in 2009, which promised to spend RMB850 billion by 2011 to provide universal medical service to the country's 1.3 billion population, making medical services more accessible and affordable for ordinary people. One of the measures in the reform plan is to subsidize insurance premiums so that at least 90% of the population has basic medical coverage by then. We are optimistic about the growth prospect of the PRC business sector.

Taking into consideration the promising outlook of the PRC medical market and the increasing income levels of the households in the PRC, the Group grasp the golden opportunity to further consolidate its foothold in the PRC medical market, in particular the pharmaceutical market.

In May 2009, the Group acquired the entire issued share capital of Good Pace International Limited ("Good Pace") at an aggregate consideration of HK$29 million. Good Pace owns 51% of the registered capital of Guizhou Bai Xiang Pharmaceutical Co., Ltd. (the "PRC JV"), a Sino-foreign equity joint venture which principally engages in the manufacture and sale of pharmaceutical products and it distributes its products mainly through hospital network in the PRC. It is anticipated that the acquisition will bring positive impact on the operations in PRC and financial performance of the Group.

Substantial Returns on Asset Investment-related Business

The investment returns were encouraging for the period under review. With our insightful investment plans as well as our Group's solid financial base, the Group has successfully seized the investment opportunities and maximized benefits for our shareholders.

The Group's investment portfolio included investments in listed and unlisted securities as well as retail and office properties in prime locations. The diverse portfolio has helped to spread and lower risks. This has also maximized our returns on investment, in addition to our medical healthcare business.

OUTLOOK

Consolidate Healthcare & Medical Services Business

The Group is dedicated to achieving sustainable growth for its healthcare and medical services sector in the future. In 2010, its management and consultancy services to poly-clinics and health check centre in Guangdong Province have started business and further expansion plan will be rolled out sequentially. Apart from the management and consultancy business for medical institutes, the Group will develop other healthcare-related businesses in the future, including pharmaceuticals and health food business.

In light of the booming PRC pharmaceutical market due to an aging population, increasing health awareness of Chinese citizens and the rising income levels of households, the Group will seek to capture the up-side potential in the pharmaceutical industry through its subsidiary, Max Goodrich International Limited. The business is principally engaged in the distribution of Chinese herbal medicine, western medicine, chemical raw pharmaceutical, antibiotics, biomedicine and other pharmaceutical products. Above and beyond, in order to strengthen the Group's technology development in drugs manufacturing in the PRC, in March 2010, Good Pace acquired the entire issued share capital of Jet Rich Investment Limited, the sole asset of which is the entire equity interest of a wholly foreign-owned enterprise of the PRC whose business scope is technology development and promotion of medicines for cardio-cerebrovascular, anti-tumour, diabetes and curing hepatic-related diseases.

Besides seizing the opportunity in the mainland pharmaceutical industry, the Group will also pay much of its attention on the local health food market. The health food market in Hong Kong has grown rapidly in recent years. Despite a wide range of health food products available in the local market, the quality of health food still varies greatly. A series of heath food products will be unveiled by our Group under the brand name, "th's life" ("康健新活") in the near term. Initially, the products will be introduced to the market through the Group's widely distributed chain clinics, and later, mass promotion and marketing through various large chain distribution networks will be followed to promote "th's life" ("康健新活") to become a well-known brand in Hong Kong. Building on the strength of our reputation, professional knowledge and extensive client base, we believe that the health food business will reap good profits for the Group in the long term.

For Hong Kong's healthcare and medical services business, we will put utmost efforts in ensuring professionalism and the business will be led by a team of medical and seasoned business professionals.

Prudent Diversification of Businesses

In recent years, the Group has been facing increasing pressure in rental costs in Hong Kong. The local property market has been booming and the Group holds a positive view towards the property market and asset investments. The Group will continue to diversify its investment into the property market through a prudent approach. By investing in property market, especially the retail shops, the Group could, to a certain extent, effectively hedge its risk exposure in future increase of rental costs. Also, the Group could enjoy the future valuation gain of its property investment. In addition, the Group will invest in listed and unlisted securities to diversify business risk.

To raise sufficient fund for further investment, on 23 February 2010, the Company announced its proposal to place, through an independent placing agent on a best efforts basis, a maximum of 587,500,000 placing shares to not fewer than six placees at a price of HK$0.81 per placing share. The maximum net proceeds from the placing will be approximately HK$463.88 million, a substantial portion of which are intended to be used by the Group for asset investment with stable and good return.

Change of the Company's Name

In 2010, the name of the Company will be changed from "Town Health International Holdings Company Limited" to "Town Health International Investments Limited" and to register a secondary name "康健國際投資有限公司". The existing Chinese name of the Company "康健國際控股有限公司" (which was adopted for identification only) will no longer be used.

The Group considers the change in company name could better reflect the plan to diversify its business into investment and asset management businesses. This also provides the Group with a new corporate identity and image which could benefit the Group as a whole.

In addition, the Group has acquired a full-block building in Shatin as its headquarters. It will be officially opened in 2010 and it is expected that by centralizing all the various divisions, productivity and operating efficiency could be enhanced, and also the sense of belongings of our employees could be much improved.

2010 will be a year of steady growth. We are optimistic about the long-term prospects of the healthcare and asset investment businesses. We would like to thank all shareholders, investors, clients and employees for their support, and we will continue to explore investment opportunities and further our business growth in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group held cash and bank balances of approximately HK$155,306,000 (31 March 2009: approximately HK$484,549,000). The Group had bank borrowings of approximately HK$12,548,000 which are all repayable within one year (31 March 2009: Nil). Net current assets amounted to approximately HK$298,257,000 (31 March 2009: approximately HK$557,009,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.2 (31 March 2009: 14.6).

As at 31 December 2009, gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 1.1% (31 March 2009: Nil). Major currencies used for the Group's transactions were Hong Kong Dollars, Renminbi and US Dollars. As Hong Kong Dollars are pegged to the US Dollars and the fiscal policy of the Central Government of the PRC in relation to Renminbi is stable throughout the year, the Group considers that the potential foreign exchange exposure of the Group is limited.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had 787 full time employees, 76% of whom were located in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and training programs, are also provided.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period, the Company repurchased a total of 902,050,000 ordinary shares of HK$0.01 each on the Stock Exchange at an aggregate consideration of HK$9,020,000. All of these shares were cancelled upon repurchase.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the nine months ended 31 December 2009.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive directors, namely Mr. Chan Kam Chiu, Mr. Ho Kwok Wah, George and Mr. Wai Kwok Hung, *SBS, JP*. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited financial statements of the Group for the nine months ended 31 December 2009.

By order of the Board
Town Health International Holdings Company Limited
Cho Kwai Chee
Executive Director

Hong Kong, 23 April 2010

As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal, Dr. Cho Kwai Chee, Mr. Lee Chik Yuet and Dr. Hui Ka Wah, Ronnie, JP; the non-executive Director is Dr. Choi Chee Ming, GBS, JP; and the independent non-executive Directors are Mr. Chan Kam Chiu, Mr. Ho Kwok Wah, George and Mr. Wai Kwok Hung, SBS, JP.