



Town Health International Investments Limited

康健國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 3886)

2011 Interim Report



KEY FIGURES

Year ended 31 Dec	Turnover £m	Pre-tax profit £m	Profit margin %	Ord. dividend per share p	Earnings per share p	Net capital employed £m	No. of employees
2007	14,315	719	5.0	4.0	11.4	2,402	25
2008	12,303	636	5.2	3.1	8.0	2,531	25
2009	9,933	438	4.4	2.8	8.3	2,974	14
1999	2,217	268	3.7	2.5	4.3	2,732	9.8
1998	2,481	150	2.0	—	1.74	2,345	6.4
1997	2,842	(411)	—	—	Nil	2,619	—

* Formed through demerger in 1997.



OTHER KEY DATA

Net pension liability	200
Net debt	-£831
R&D expend	£529
Outstanding cap exp	£57
Charitable	£
No. of Ord. shareholders	1,2
No. of employees	25
Turnover*	£17
Pre-tax profit*	£17
Average wage*	£17
Net capital employed*	£17



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Miss Choi Ka Yee, Crystal (*Chairperson*)
Dr. Cho Kwai Chee (*Chief Executive Officer*)
Dr. Chan Wing Lok, Brian
(*appointed on 18 July 2011*)
Dr. Hui Ka Wah, Ronnie, JP
(*resigned on 30 May 2011*)
Mr. Lee Chik Yuet

Non-executive Director

Dr. Choi Chee Ming, GBS, JP (*Vice-Chairman*)

Independent Non-executive Directors

Mr. Chan Kam Chiu
Mr. Ho Kwok Wah, George
Mr. Wai Kwok Hung, SBS, JP

BOARD COMMITTEES

Audit Committee

Mr. Chan Kam Chiu (*Chairman*)
Mr. Ho Kwok Wah, George
Mr. Wai Kwok Hung, SBS, JP

Remuneration Committee

Mr. Wai Kwok Hung, SBS, JP (*Chairman*)
Mr. Chan Kam Chiu
Mr. Ho Kwok Wah, George
Dr. Cho Kwai Chee

COMPANY SECRETARY

Mr. Wong Seung Ming, CPA, FCCA

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, Town Health Technology Centre
10-12 Yuen Shun Circuit
Siu Lek Yuen
Shatin, New Territories
Hong Kong

PRINCIPAL BANKER

Dah Sing Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Limited
Argyle House
41A Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.townhealth.com



FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2011:

- The Group recorded revenue from continuing operations of approximately HK\$171,775,000 (2010: approximately HK\$150,096,000)
- The Group recorded a profit of approximately HK\$241,200,000 (2010: approximately HK\$21,198,000)

As at 30 June 2011:

- The Group had a current ratio (defined as total current assets divided by total current liabilities) of 6.09 and a gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) of 3.66%

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Town Health International Investments Limited (the “Company”) and its subsidiaries (the “Group”) achieved satisfactory results for the period under review. Revenue from continuing operations rose 14.44% to HK\$171,775,000 (2010: approximately HK\$150,096,000). The growth was mainly attributable to the Group’s healthcare and investment businesses, the result of expansion in business scale and the increasing demand for private medical services. The Group recorded a profit of approximately HK\$241,200,000 for the period (2010: approximately HK\$21,198,000).

Gross profit margin for the six months ended 30 June 2011 was 35.47% (2010: 33.44%), representing an increase of 2.03% compared with the corresponding period last year. Basic earnings per share was HK\$0.26. Profit attributable to owners of the Company for the period was approximately HK\$240,104,000 (2010: approximately HK\$16,967,000).

REVIEW OF OPERATIONS

Healthy Growth of Healthcare and Dental Services

With our continued efforts in striving for excellence, the Group’s healthcare and dental services business recorded steady growth and remained the key revenue driver. During the period under review, the Group’s healthcare and dental services segment achieved revenue of approximately HK\$161,159,000, accounted for 93.82% of the Group’s revenue and recorded a profit of approximately HK\$7,360,000.

Meanwhile, the Group has been expanding its clinic network to different districts in Hong Kong and broadening its specialist outpatient services. Currently, the Group is serving its customers with around 100 clinics.

Since the launch of Town Health Medical Network Services Limited (“THMN”) in 2010, high quality and affordable integrated healthcare and health check services have become more accessible to corporate customers. During the period under review, THMN achieved satisfactory performance by leveraging on the huge existing medical networks and other facilities which provide integrated healthcare and health check services in Hong Kong and the Pearl River Delta Region of the People’s Republic of China (the “PRC”).

Notable Returns of Securities Trading and Investments

The Group invested in both listed and unlisted securities. Benefiting from the economies of Hong Kong and the PRC, the Group enjoyed favourable returns in the securities trading and investments business. During the period under review, gross proceeds generated from the securities trading and investments business amounted to approximately HK\$182,977,000, representing approximately 51.58% of the Group’s total gross proceeds from operations.

Steady Development of Health Check Business

Luck Key Investment Limited and its subsidiaries (“Luck Key Group”) act as the first outpatient health check group in Hong Kong to incorporate pioneering imaging modalities. The Group operates its health check business through its 46.01% interest in Luck Key Group. With higher public awareness on health in recent years, increasing demand for health check services is seen in Hong Kong, which is beneficial to the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Steady Development of Pharmaceutical Business

"th's life", the new brand of health supplements launched by the Group in 2010, is expanding its distribution channel and will soon be available in large chain distribution networks. The brand offers high quality products that have been developed with professional technology and manufactured under high quality control. The Group has also made continued efforts to restructure and improve the pharmaceutical business in the PRC to grasp the booming opportunities brought by the PRC's medical reform. The Group is taking part in the distribution of Chinese herbal medicine, chemical raw pharmaceutical, antibiotics, biomedical and other pharmaceutical products in the PRC.

OUTLOOK

The Group has always taken a leading position in the chain clinic business. In order to maintain its prestigious position, the Group will continue to strive for professionalism and aim to provide high quality services to its customers. We hope to generate sustainable growth and further strengthen our development plan in the PRC.

In recent years, the Hong Kong Government has been actively promoting the use of private healthcare services as an alternative to public services. In addition, it is expected that the "Oral Health Survey 2011-2012" being carried out by the Department of Health of the Hong Kong Government will enhance public awareness towards oral health. As one of the leading medical groups in Hong Kong, the Group will benefit from the new healthcare measures of the Hong Kong Government.

The pharmaceutical industry is one of the booming industries in the PRC. According to a report released by IMS Health, a pharmaceutical market research firm, the PRC is expected to become the third largest pharmaceutical market in the world by 2011. It is mentioned that the pharmaceutical revenue of the PRC is growing fast and the market size may double by 2013.

The PRC's changing healthcare environment is designed to extend basic health insurance to a larger portion of the population and gives individuals greater access to healthcare products and services. With growing importance of healthcare services in the PRC, the potential of its medical and pharmaceutical markets is unlimited.

The Group will capture the opportunities in the pharmaceutical industry. Apart from focusing on the PRC market, the Group will continue to promote and build the brand image of "th's life" to make the most out of the growing health supplements market in Hong Kong.

Furthermore, following a remarkable recovery in 2010 from the financial tsunami in 2008 and 2009, Hong Kong economy is still healthy. Looking forward, the Group is optimistic about the economic prospects. We will maintain our prudent investment strategies and focus our efforts on grasping valuable investment opportunities in order to generate better returns to our shareholders.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL RESOURCES AND LIQUIDITY

As at 30 June 2011, the Group held bank balances and cash of approximately HK\$51,163,000 (2010: approximately HK\$369,510,000). The Group had bank borrowing of approximately HK\$63,000,000 which are all repayable within one year (2010: approximately HK\$95,000,000). Net current assets amounted to approximately HK\$875,153,000 (2010: approximately HK\$760,431,000). Current ratio (defined as total current assets divided by total current liabilities) was 6.09 (2010: 4.74).

As at 30 June 2011, gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) was 3.66% (2010: 6.12%). 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 period, the Group considers that the potential foreign exchange exposure of the Group is limited.

CHARGES AND CONTINGENT LIABILITIES

The Group had neither any charges on its assets nor any significant contingent liabilities as at 30 June 2011.

HUMAN RESOURCES

As at 30 June 2011, the Group employed 568 staff (2010: 557). Total employee costs, including directors' emoluments, amounted to approximately HK\$44,918,000 (2010: approximately HK\$18,451,000) for the six months ended 30 June 2011.

The salary and employee benefits of the Group are competitive and individual performance is rewarded through the Group's salary, bonus system and share option schemes. Remuneration packages are reviewed annually.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. In addition, the Company has not redeemed any of its listed securities during the period.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate % of shareholding of the Company
Dr. Cho Kwai Chee	Interest of a controlled corporation	Corporate interest	246,640,523 ⁽¹⁾	–	246,640,523	27.06%
Dr. Chan Wing Lok, Brian	Beneficial owner	Personal interest	552,000	–	552,000	0.06%
Mr. Lee Chik Yuet	Beneficial owner	Personal interest	–	2,000,000 ⁽²⁾	2,000,000	0.21%
Dr. Choi Chee Ming, GBS, JP	Interest of a controlled corporation	Corporate interest	246,640,523 ⁽¹⁾	–	246,640,523	27.06%
Mr. Chan Kam Chiu	Beneficial owner	Personal interest	–	150,000 ⁽²⁾	150,000	0.02%
Mr. Ho Kwok Wah, George	Beneficial owner	Personal interest	–	150,000 ⁽²⁾	150,000	0.02%
Mr. Wai Kwok Hung, SBS, JP	Beneficial owner	Personal interest	–	200,000 ⁽²⁾	200,000	0.02%

Notes:

- (1) Such shares were held by Broad Idea International Limited ("Broad Idea"). Dr. Cho Kwai Chee and Dr. Choi Chee Ming, GBS, JP were deemed to be interested in the 246,640,523 shares held by Broad Idea under Part XV of the SFO given that they are beneficially interested in 50.1% and 49.9% of the issued share capital of Broad Idea respectively.
- (2) These represented the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the section titled "Share Option Schemes" on pages 9 and 10 of this report.

DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were, pursuant to Section 352 of the SFO, recorded in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executives of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares of the Company

Name	Capacity	Number of shares of the Company held	Approximate % of shareholding of the Company
Broad Idea	Beneficial owner	246,640,523 ⁽¹⁾	27.06%
CITIC Securities Co., Ltd. ("CITIC Securities")	Interest of a controlled corporation	125,000,000 ⁽²⁾	13.72%
CITIC Securities International Company Limited ("CITIC International")	Interest of a controlled corporation	125,000,000 ⁽²⁾	13.72%
Dragon Stream Investments Limited ("Dragon Stream")	Beneficial owner	125,000,000 ⁽²⁾	13.72%

DISCLOSURE OF INTERESTS

Notes:

- (1) *Broad Idea is beneficially owned by Dr. Cho Kwai Chee as to 50.1% and Dr. Choi Chee Ming, GBS, JP as to 49.9%.*
- (2) *Dragon Stream is a wholly-owned subsidiary of CITIC International, which in turn is a wholly-owned subsidiary of CITIC Securities. By virtue of the SFO, CITIC Securities and CITIC International were deemed to be interested in the 125,000,000 shares of the Company held by Dragon Stream.*

Save as disclosed above, as at 30 June 2011, the Company has not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

(I) Old Scheme

The Company adopted a share option scheme on 24 April 2002 (the "Old Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The Company may grant share options to the eligible persons thereunder.

Details of the share options granted by the Company under the Old Scheme to eligible persons during the period under review and movement in such holding during the period are as follows:

	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				As at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	As at 30 June 2011
Consultant	9.10.2007	9.10.2007 to 8.10.2017	11.1	200,000	-	-	-	200,000

Shareholders of the Company at the extraordinary general meeting held on 16 September 2008 approved the termination of the Old Scheme. Upon termination of the Old Scheme, no further share option may be granted thereunder. However, in respect of the outstanding share options, the provisions of the Old Scheme shall remain in force.

No share option was granted, exercised, cancelled or lapsed under the Old Scheme during the six months ended 30 June 2011.

DISCLOSURE OF INTERESTS

(II) New Scheme

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "New Scheme") which was approved by the shareholders of the Company at the extraordinary general meeting held on 16 September 2008.

According to the New Scheme, the Directors may grant share options to eligible persons including directors, employees, consultants, etc. of each member of the Group and any entity in which any member of the Group holds an equity interest, to subscribe for shares of the Company.

Details of the share options granted by the Company under the New Scheme to eligible persons during the period under review and movement in such holding during the period are as follows:

	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				As at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	As at 30 June 2011
Directors								
Mr. Lee Chik Yuet	18.6.2010	18.6.2010 to 17.6.2015	1.030	2,000,000	-	-	-	2,000,000
Mr. Chan Kam Chiu	18.6.2010	18.6.2010 to 17.6.2015	1.030	150,000	-	-	-	150,000
Mr. Ho Kwok Wah, George	18.6.2010	18.6.2010 to 17.6.2015	1.030	150,000	-	-	-	150,000
Mr. Wai Kwok Hung, SBS, JP	18.6.2010	18.6.2010 to 17.6.2015	1.030	200,000	-	-	-	200,000
Sub-total				2,500,000	-	-	-	2,500,000
Employees								
	28.6.2010	28.6.2010 to 27.6.2015	1.064	28,400,000	-	-	-	28,400,000
	2.11.2010	2.11.2010 to 1.11.2012	1.260	12,000,000	-	-	-	12,000,000
	13.12.2010	13.12.2010 to 12.12.2012	1.430	2,900,000	-	-	-	2,900,000
Sub-total				43,300,000	-	-	-	43,300,000
Consultant								
	14.1.2011	14.1.2011 to 13.1.2013	1.510	-	1,500,000	-	-	1,500,000
Sub-total				-	1,500,000	-	-	1,500,000
Total				45,800,000	1,500,000	-	-	47,300,000

No share option was exercised, cancelled or lapsed under the New Scheme during the six months ended 30 June 2011.



CORPORATE GOVERNANCE

The board of Directors (the “Board”) is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. All Directors have confirmed that they have complied with the required standard set out in the Model Code in their securities transactions throughout the six months ended 30 June 2011.

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 unaudited financial statements of the Group for the six months ended 30 June 2011.

APPRECIATION

The Board would like to express its sincere gratitude to Dr. Hui Ka Wah, Ronnie, *JP*, who resigned from the position of executive Director on 30 May 2011, for his contribution and services to the Company during his tenure of office and to extend a warm welcome to Dr. Chan Wing Lok, Brian in joining the Board as an executive Director on 18 July 2011.



CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of the Directors since the date of the annual report of the Company for the year ended 31 December 2010 are set out below:

Name of Director	Details of Changes
Miss Choi Ka Yee, Crystal	Total emoluments increased by HK\$1,900,000 to HK\$2,300,000 compared with 2010
Dr. Cho Kwai Chee	Total emoluments increased by HK\$6,910,000 to HK\$18,900,000 compared with 2010
Dr. Chan Wing Lok, Brian	Appointed as executive Director with effect from 18 July 2011
Dr. Hui Ka Wah, Ronnie, <i>JP</i>	Resigned as executive Director with effect from 30 May 2011
Mr. Lee Chik Yuet	Total emoluments increased by HK\$82,002 to HK\$983,252 compared with 2010

RESULTS

The board of directors (the "Board") of Town Health International Investments Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011, together with the comparative unaudited figures for the six months ended 30 June 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
	Notes	(unaudited)	(unaudited)
		HK\$'000	HK\$'000
			(restated)
Continuing operations			
Gross proceeds from continuing operations	4	354,752	485,751
Revenue	4	171,775	150,096
Cost of sales		(110,833)	(99,898)
Gross profit		60,942	50,198
Other income	6	5,920	15,300
Administrative expenses			
– Others		(114,862)	(70,126)
– Share-based payment expenses		(198)	(6,035)
Finance costs	7	(727)	(228)
Gain on fair value changes on held for trading investments		155,715	17,685
Gain on fair value changes on convertible bonds		132,828	–
Share of results of associates		5,563	1,040
Gain on disposal of subsidiaries		–	10,189
Profit before tax	8	245,181	18,023
Income tax expenses	9	(3,981)	(2,982)
Profit for the period from continuing operations		241,200	15,041
Discontinued operations			
Profit for the period from discontinued operations		–	6,157
Profit for the period		241,200	21,198
Other comprehensive expenses for the period			
Fair value loss on available-for-sale financial assets		(23,758)	(94,287)
Total comprehensive income (expenses) for the period		217,442	(73,089)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000 (restated)
Profit for the period attributable to:			
Owners of the Company			
Profit for the period from continuing operations		240,104	12,820
Profit for the period from discontinued operations		–	4,147
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Profit for the period attributable to owners of the Company		240,104	16,967
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Non-controlling interests			
Profit for the period from continuing operations		1,096	2,221
Profit for the period from discontinued operations		–	2,010
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Profit for the period attributable to non-controlling interests		1,096	4,231
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		241,200	21,198
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Total comprehensive income (expenses) attributable to:			
Owners of the Company			
		216,346	(77,320)
Non-controlling interests			
		1,096	4,231
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		217,442	(73,089)
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Earnings per share	11		
– Basic		HK\$0.26	HK\$0.04
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– Diluted		HK\$0.26	HK\$0.04
<hr/>			
From continuing operations	11		
– Basic		HK\$0.26	HK\$0.03
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– Diluted		HK\$0.26	HK\$0.03
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2011 (unaudited) HK\$'000	31 December 2010 (audited) HK\$'000
	Notes		
Non-current assets			
Investment properties		248,810	191,950
Property, plant and equipment		195,090	197,285
Loans receivable	12	21,381	29,365
Goodwill		9,100	7,463
Other intangible assets		3,447	4,602
Interests in associates		262,728	262,535
Available-for-sale investments		122,801	113,376
		863,357	806,576
Current assets			
Convertible bonds designated as at fair value through profit or loss		308,828	–
Inventories		11,895	8,550
Trade and other receivables	13	76,738	58,395
Held for trading investments		547,047	459,861
Loans receivable	12	16,980	16,890
Amounts due from associates		24,973	43,447
Amounts due from investees		1,011	10
Tax recoverable		3,501	1,836
Pledged bank deposits		5,015	5,012
Bank balances and cash		51,163	369,510
		1,047,151	963,511

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2011 (unaudited) HK\$'000	31 December 2010 (audited) HK\$'000
Current liabilities			
Trade and other payables	14	50,847	51,924
Amounts due to associates		10,207	10,620
Amounts due to investees		459	339
Amounts due to non-controlling interests of subsidiaries		3,163	2,693
Amount due to a related party		–	1
Bank borrowing		63,000	95,000
Tax payable		44,322	42,503
		171,998	203,080
Net current assets		875,153	760,431
Total assets less current liabilities		1,738,510	1,567,007
Non-current liability			
Deferred tax liabilities		9,849	9,849
		1,728,661	1,557,158
Capital and reserves			
Share capital	15	9,112	9,112
Reserves		1,713,369	1,542,389
Equity attributable to owners of the Company		1,722,481	1,551,501
Non-controlling interests		6,180	5,657
Total equity		1,728,661	1,557,158

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Distributable reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000		
At 1 January 2010	3,237	50,641	9,020	10,033	62,677	205,539	2,738	180,568	596,418	1,120,871	62,929	1,183,800
Profit for the period	-	-	-	-	-	-	-	-	16,967	16,967	4,231	21,198
Fair value loss on available-for-sale investments	-	-	-	-	-	(94,287)	-	-	-	(94,287)	-	(94,287)
Total comprehensive income for the period	3,237	50,641	9,020	10,033	62,677	111,252	2,738	180,568	613,385	1,043,551	67,160	1,110,711
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	6,035	-	6,035	-	6,035
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(498)	(498)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	12,771	12,771
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(47,118)	(47,118)
Issue of new shares by way of placements	5,875	458,074	-	-	-	-	-	-	-	463,949	-	463,949
At 30 June 2010	9,112	508,715	9,020	10,033	62,677	111,252	2,738	186,603	613,385	1,513,535	32,315	1,545,850

For the six months ended 30 June 2011

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Distributable reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000		
At 1 January 2011	9,112	508,715	9,020	10,033	62,677	47,416	2,738	210,106	691,684	1,551,501	5,657	1,557,158
Profit for the period	-	-	-	-	-	-	-	-	240,104	240,104	1,096	241,200
Fair value loss on available-for-sale investments	-	-	-	-	-	(23,758)	-	-	-	(23,758)	-	(23,758)
Total comprehensive income for the period	9,112	508,715	9,020	10,033	62,677	23,658	2,738	210,106	931,788	1,767,847	6,753	1,774,600
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	198	-	198	-	198
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(573)	(573)
2010 final dividends	-	-	-	-	-	-	-	-	(45,564)	(45,564)	-	(45,564)
At 30 June 2011	9,112	508,715	9,020	10,033	62,677	23,658	2,738	210,304	886,224	1,722,481	6,180	1,728,661

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from (used in) operating activities	153,082	(296,847)
Net cash used in investing activities	(392,668)	(57,384)
Net cash (used in) generated from financing activities	(78,761)	461,749
(Decrease) increase in cash and cash equivalents	(318,347)	107,518
Cash and cash equivalents at the beginning of period	369,510	155,306
Cash and cash equivalents at the end of period, representing bank balances and cash	51,163	262,824



NOTES TO THE 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. The Company listed its shares on The Stock Exchange of Hong Kong Limited (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

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

The Group has adopted new and amended standards and interpretations of Hong Kong Financial Reporting Standards which are mandatory for the accounting periods beginning on or after 1 January 2011 and relevant to its operations. The adoption of such new and amended standards and interpretations does not have material impact on the consolidated interim financial information and does not result in substantial changes to the Group's accounting policies.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period.

Gross proceeds from operations include the gross proceeds received and receivable under the business of securities trading and investments, in addition to the revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE (CONTINUED)

An analysis of the Group's gross proceeds from operations for the period is as follows:

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Provision of healthcare and dental services	161,159	138,305
Properties	4,499	1,077
Others	6,117	10,714
Revenue	171,775	150,096
Gross proceeds from securities trading and investments	182,977	335,655
Gross proceeds from operations	354,752	485,751

5. SEGMENT INFORMATION

Segment revenue and results

For the six months ended 30 June 2011

	Provision of healthcare and dental services HK\$'000	Securities trading and investments HK\$'000	Properties HK\$'000	Others HK\$'000	Total HK\$'000
GROSS PROCEEDS FROM OPERATIONS – SEGMENT REVENUE	161,159	182,977	4,499	6,117	354,752
RESULTS					
Segment results	7,360	116,677	835	(551)	124,321
Other income					5,920
Unallocated corporate expense					(22,526)
Share-based payment expenses					(198)
Finance costs					(727)
Gain on fair value changes on convertible bonds					132,828
Share of results of associates					5,563
Profit before tax					245,181
Income tax expenses					(3,981)
Profit for the period					241,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2010

	Provision of healthcare and dental services HK\$'000	Securities trading and investments HK\$'000	Properties HK\$'000	Others HK\$'000	Total HK\$'000
GROSS PROCEEDS FROM OPERATIONS					
– SEGMENT REVENUE	138,305	335,655	1,077	10,714	485,751
RESULTS					
Segment results	10,872	23,434	1,014	(3,155)	32,165
Other income					15,300
Unallocated corporate expense					(34,408)
Share-based payment expenses					(6,035)
Finance costs					(228)
Gain on disposal of subsidiaries					10,189
Share of results of associates					1,040
Profit before tax					18,023
Income tax expenses					(2,982)
Profit for the period					15,041

Geographical information

The Group's operations are primarily conducted in Hong Kong. Since over 90% of the Group's revenue is derived from customers in Hong Kong and over 90% of the Group's assets are located in Hong Kong, no geographical segment information is presented.

6. OTHER INCOME

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest income	667	193
Rental income	2,837	3,621
Dividend income	589	5,749
Sundry income	1,827	5,737
	5,920	15,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	727	228

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Depreciation	11,517	3,680
Amortisation of intangible assets	1,155	1,375

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	3,981	2,982

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the period. Share of tax attributable to associates amounting to HK\$1,782,000 (2010: HK\$595,000) is included in "Share of results of associates" on the face of the unaudited consolidated statement of comprehensive income.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2011 is based on the unaudited profit attributable to owners of the Company of HK\$240,104,000 (2010: HK\$16,967,000) and the weighted average number of 911,194,710 shares (2010: 475,841,119 shares) in issue during the period.

The calculation of the diluted earnings per share for the six months ended 30 June 2011 is based on the unaudited profit attributable to owners of the Company of HK\$240,104,000 (2010: HK\$16,967,000) and the weighted average number of 917,631,810 shares (2010: 475,869,213 shares). The weighted average number of shares for the purpose of calculating the diluted earnings per share has been adjusted with the weighted average number of 6,437,100 shares (2010: 28,094 shares) deemed to be issued during the period, assuming the exercise of all potential dilutive shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. LOANS RECEIVABLE

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Fixed-rate loans receivable	38,361	46,255

13. TRADE AND OTHER RECEIVABLES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade receivables	13,335	13,041
Less: allowance for doubtful debts	(44)	(1,175)
	13,291	11,866
Prepayments, deposits and other receivables	63,447	46,529
	76,738	58,395

An aged analysis of trade receivables at the reporting date is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
0 - 60 days	6,779	6,912
61 - 120 days	3,850	3,744
121 - 180 days	2,706	2,310
181 - 240 days	-	7
241 - 360 days	-	68
	13,335	13,041

The Group allows its trade customers with an average credit period of 60 days to 240 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade payable	8,709	6,948
Other payables and accruals	42,138	44,976
	50,847	51,924

An aged analysis of trade payables at the reporting date is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
0 - 60 days	8,623	6,882
61 - 120 days	86	62
121 - 240 days	-	2
Over 240 days	-	2
	8,709	6,948

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
As at 31 December 2010 and 30 June 2011	30,000,000,000	300,000
Issued and fully paid:		
As at 31 December 2010 and 30 June 2011	911,194,710	9,112