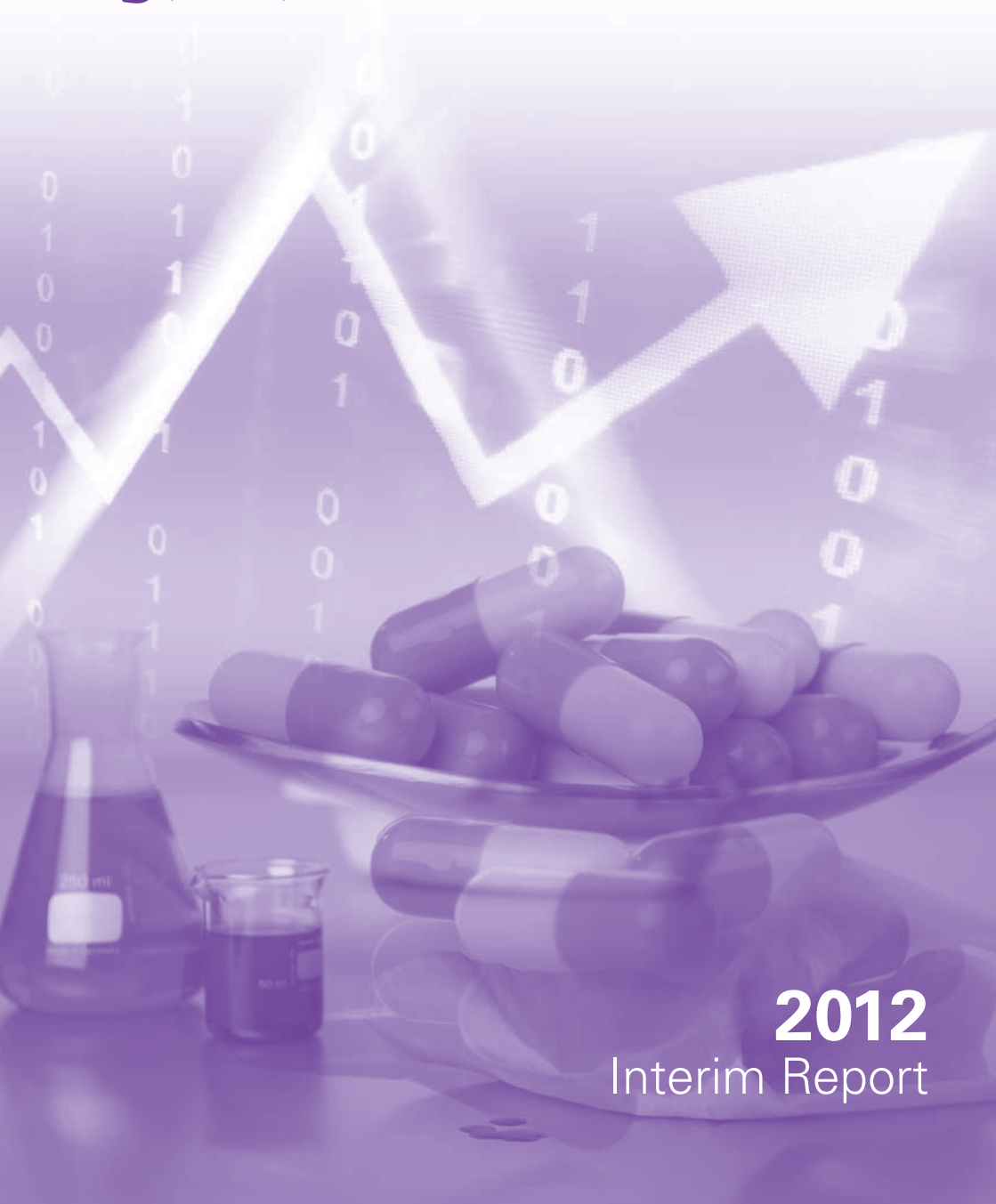




**Town Health International Investments Limited**

**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)



**2012**  
Interim Report



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Miss Choi Ka Yee, Crystal (*Chairperson*)

Dr. Cho Kwai Chee

(*Chief Executive Officer*)

Mr. Lee Chik Yuet

Dr. Chan Wing Lok, Brian

#### 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

#### Nomination Committee

Mr. Ho Kwok Wah, George (*Chairman*)

Mr. Chan Kam Chiu

Mr. Wai Kwok Hung, *SBS, JP*

### 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

Canon's Court

22 Victoria Street

Hamilton HM12

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](http://www.townhealth.com)



## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2012:

- The Group recorded revenue of approximately HK\$173,488,000 (2011: approximately HK\$171,775,000).
- The Group recorded a loss of approximately HK\$256,546,000 (2011: profit of approximately HK\$241,200,000). The loss was mainly arising on the Group's impairment loss recognised on the available-for-sale investments and change in fair value of held-for-trading investments which are non-cash in nature.

As at 30 June 2012:

- The Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.35 and a gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) of 19.10%.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

Town Health International Investments Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the investment holdings, healthcare service and property investments business in Hong Kong and the People’s Republic of China (the “PRC”).

First half of 2012 was a difficult year for most of the business; almost every sector of the economy was struggling with the uncertainties surrounding the global economy. During the period under review, revenue was approximately HK\$173,488,000 (2011: approximately HK \$171,775,000), representing an increase of 1%.

Loss for the period attributable to owners of the Company was approximately HK\$258,238,000 (Profit for the period attributable to owners of the Company in the corresponding period in 2011: approximately HK\$240,104,000). The loss recorded during the period under review was mainly due to unrealised losses arising on the Group’s impairment loss recognised on available-for-sale investments and change in fair value of held-for-trading investments which are non-cash in nature. Gross profit margin for the period under review was 34.30% (2011: 35.48%), representing an decrease of 1.18%.

### REVIEW OF OPERATIONS

#### Continuous growth of medical and dental services

The Group provides general practice, special and multidisciplinary healthcare services through an extensive network established across Hong Kong and the Pearl River Delta Region of the PRC. For the period under review, the Group’s healthcare and dental services business achieved continuous growth and remained the key revenue driver, achieving a revenue of approximately HK\$163,454,000 (2011: approximately HK\$161,159,000). Revenue from the provision of healthcare and dental services accounted for 52.23% of the total gross proceeds from operations of the Group.

During the period under review, the Group has continued to provide its medical services, dental services, and specialist outpatient services through its clinic network across different districts in Hong Kong. Currently, the Group is serving its customers with around 75 clinics.

Since 2010, the Group has provided high quality and affordable medical services such as integrated healthcare and health check services to corporate clients through Town Health Medical Network Services Limited (“THMN”). During the period under review, THMN achieved satisfactory performance through a network of over 75 clinics and facilities in Hong Kong.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Steady development of pharmaceutical business**

The Group continued to expand the distribution channel of “th’s life” (康健新活), the Group’s brand of health supplements. th’s life has been made available in many large chain distribution networks across the PRC. Through providing high quality products developed with professional technology and manufactured under high quality control, th’s life has recorded steady sales during the period under review.

Grasping the growth of the PRC’s pharmaceutical industry and favorable medical reforms, the Group has made continuous efforts to restructure and improve its pharmaceutical business. To maintain the Group’s premier position in the pharmaceutical market, the Group is also taking part in the distribution of Chinese herbal medicine, chemical raw pharmaceutical, antibiotics, biomedical and other pharmaceutical products in the PRC.

### **Result from securities investment**

The Group’s investment portfolio comprises of investments in listed and unlisted securities. As the global financial economy endures instability in 2012, the Group’s incurred a loss during the first half year of 2012 under review. The Group’s gross proceeds from its securities investments was approximately HK\$139,422,000 (2011: approximately HK\$182,977,000), which accounted for 44.56% of the Group’s total gross proceeds from operations and represented a 23.80% decrease compared to the corresponding period last year. The decrease in segment result of securities trading during the period under review was mainly attributable to unrealised losses arising on the Group’s impairment loss recognised on available-for-sale investments and change in fair value of held-for-trading investments which are non-cash in nature.

### **Stable recurrent income from property investment**

The Group’s investment properties comprises of retail and office properties in prime locations. The investment properties continued to enjoy satisfactory occupancy during the period under review and provided the Group with stable recurrent income. The Group’s gross proceeds from its properties investments was approximately HK\$6,377,000 (2011: approximately HK\$4,499,000), which represented a 41.74% increase compared to the corresponding period last year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Acquisition of luxury fashion business

The Group is actively engaged in seeking new investment opportunities to expand its investment portfolio. As announced on 28 March 2012, Broad Giant Limited, an indirect wholly-owned subsidiary of the Company, has conditionally agreed to subscribe for 48% of the issued share capital of Precise Power Limited (“Precise Power”) at a consideration of HK\$7,837,000.

Precise Power is principally engaged in the wholesales and retails business of parallel-imported European luxury branded fashion and clothing, handbags, shoes and other accessories in Hong Kong and the PRC.

### OUTLOOK

The Group will strive to maintain its position as one of the leading private healthcare institutes in Hong Kong and expand our provision of affordable and high quality healthcare services across all sectors. In recent years, the Hong Kong Government has been heavily promoting awareness in self-health and the use of private healthcare services. As one of the leading medical groups in Hong Kong, the Group will surely benefit from the Hong Kong Government’s private healthcare promotion initiatives. With the Group’s professional and advanced medical facilities, we are confident that the Group will continue to achieve sustainable growth for its healthcare and medical services sector in the Hong Kong market.

In the 12th Five-Year Plan, the PRC government stated their support for growth in the medical industry and their healthcare reforms have extended to the products and services available for individuals. Benefitting from government policies and the emerging pharmaceutical market of the PRC, the Group is well-adapted to capture the opportunities in the pharmaceutical industries and is positioned for long-term growth.

During the period under review, the global financial markets experienced instability and economic uncertainties. The Group suffered a significant unrealised loss on trading securities. In light of the challenging financial environments, the Group will continue to adopt a cautious and prudent approach and undertake effective risk management to ensure growth in the Group’s investment portfolio. We will continue to diversify our investments to help spread and lower risk. The Group remains optimistic about the prospects of Hong Kong and PRC’s financial and property markets and will seize suitable and valuable investment opportunities.



## MANAGEMENT DISCUSSION AND ANALYSIS

Benefitting from the booming luxury markets of Hong Kong and PRC, sales numbers of luxury products across different sectors have been on sharp rises. Thus, we are excited about the Group's entrance into the luxury fashion business, and we believe that our newly acquired luxury fashion business will begin to generate returns in the near future.

Looking forward, the difficult business environment in Hong Kong and uncertainty in the global economy is expected to persist. However, the Group remains confident about our medical and non-medical businesses. The Group will continue to expand its presence in the healthcare markets of Hong Kong and the PRC and prudently manage and diversify our investment portfolio to generate better returns for the shareholders of the Group.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group held bank balances and cash of approximately HK\$129,941,000 (2011: approximately HK\$46,261,000). The Group had bank borrowing of approximately HK\$243,871,000 which are all repayable within one year (2011: approximately HK\$113,000,000).

Net current assets amounted to approximately HK\$492,996,000 (2011: approximately HK\$798,619,000). Current ratio (defined as total current assets divided by total current liabilities) was 2.35 (2011: 4.28).

As at 30 June 2012, gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) was 19.10% (2011: 7.36%). 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 ON THE GROUP'S ASSETS

The Group pledged its certain property, plant and equipment and investment properties of the Group with the carrying value of approximately HK\$94,918,000 (as at 31 December 2011: approximately HK\$96,628,000) and approximately HK\$209,704,000 (as at 31 December 2011: approximately HK\$162,203,000) respectively and bank deposits of approximately HK\$5,030,000 (as at 31 December 2011: approximately HK\$5,021,000) was pledged to secure general banking facilities granted to the Group.





## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CONTINGENT LIABILITIES**

As at 30 June 2012, the Group had no material contingent liabilities (as at 31 December 2011: Nil).

### **HUMAN RESOURCES**

As at 30 June 2012, the Group employed 561 staff (2011: 568). Total employee costs, including directors' emoluments, amounted to approximately HK\$105,374,000 (2011: approximately HK\$136,079,000) for the six months ended 30 June 2012.

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 2012, 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 2012, the interests and short positions of the directors (the "Directors") and the 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")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (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 <sup>(1)</sup>	–	246,640,523	27.09%
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 <sup>(2)</sup>	2,000,000	0.22%
Dr. Choi Chee Ming, GBS, JP	Interest of a controlled corporation	Corporate interest	246,640,523 <sup>(1)</sup>	–	246,640,523	27.09%
Mr. Chan Kam Chiu	Beneficial owner	Personal interest	–	150,000 <sup>(2)</sup>	150,000	0.02%
Mr. Ho Kwok Wah, George	Beneficial owner	Personal interest	–	150,000 <sup>(2)</sup>	150,000	0.02%
Mr. Wai Kwok Hung, SBS, JP	Beneficial owner	Personal interest	–	200,000 <sup>(2)</sup>	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 11 and 12 of this report.

## DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2012, 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).

### 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 2012, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares of the Company held	Approximate % of shareholding of the Company
Broad Idea	Beneficial owner	246,640,523 <sup>(1)</sup>	27.09%
Hui Winnie Wing Yee	Interest of controlled corporations	88,944,000 <sup>(2)</sup>	9.77%
Ling Wai Hoi	Interest of controlled corporations	88,944,000 <sup>(2)</sup>	9.77%

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) These shares are held as to 37,020,000 shares by Creative Ideas Management Corporation, as to 6,924,000 shares by Dazzling Peak Holdings Ltd and as to 45,000,000 shares by Key Elegance Development Limited. As each of Hui Winnie Wing Yee and Ling Wai Hoi owned as to 50% of the issued share capital of each of the aforementioned companies, each of Hui Winnie Wing Yee and Ling Wai Hoi is deemed to be interested in all the shares in which Creative Ideas Management Corporation, Dazzling Peak Holdings Ltd and Key Elegance Development Limited are interested by virtue of the provisions of Part XV of the SFO.

## DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2012, 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 are required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEMES

#### (I) 2002 Scheme

The Company adopted a share option scheme on 24 April 2002 (the "2002 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 2002 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 2012	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	As at 30 June 2012
Employee	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 2002 Scheme. Upon termination of the 2002 Scheme, no further share option may be granted thereunder. However, in respect of the outstanding share options, the provisions of the 2002 Scheme shall remain in force.

No share option was granted, exercised, cancelled or lapsed under the 2002 Scheme during the six months ended 30 June 2012.

## DISCLOSURE OF INTERESTS

### (II) 2008 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 "2008 Scheme") which was approved by the shareholders of the Company at the extraordinary general meeting held on 16 September 2008.

According to the 2008 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 2008 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 30 June 2012
				As at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
<b>Directors</b>								
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
<b>Sub-total</b>				2,500,000	-	-	-	2,500,000
<b>Employees</b>								
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
<b>Sub-total</b>				43,300,000	-	-	-	43,300,000
<b>Consultant</b>								
Consultant	14.1.2011	14.1.2011 to 13.1.2013	1.510	1,500,000	-	-	-	1,500,000
<b>Sub-total</b>				1,500,000	-	-	-	1,500,000
<b>Total</b>				47,300,000	-	-	-	47,300,000

No share option was granted, exercised, cancelled or lapsed under the 2008 Scheme during the six months ended 30 June 2012.



## 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

During the period from 1 January 2012 to 31 March 2012, the Company has complied with the code provisions of the former Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules; and during the period from 1 April 2012 to 30 June 2012, the Company has complied with the code provisions of the existing Corporate Governance Code and Corporate Governance Report as set out in that Appendix.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

### AUDIT COMMITTEE

The audit committee currently comprises of three independent non-executive Directors, namely Mr. Chan Kam Chiu as the chairman of the audit committee, 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 2012.



## OTHER INFORMATION

### CHANGES IN INFORMATION OF DIRECTORS

There is no information required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2011.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, there was a sufficient public float of the Company as required under the Listing Rules.

On behalf of the Board  
**Town Health International Investments Limited**  
**Cho Kwai Chee**  
*Executive Director*

## RESULTS

The Board of Directors (the “Board”) of Town Health International Investments Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012, together with the comparative unaudited figures for the six months ended 30 June 2011, as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
	Notes		
Gross proceeds from operations	4&5	<b>312,910</b>	354,752
Revenue	4	<b>173,488</b>	171,775
Cost of sales		<b>(113,974)</b>	(110,833)
Gross profit		<b>59,514</b>	60,942
Other income	7	<b>8,940</b>	5,920
Administrative expenses			
– Others		<b>(85,043)</b>	(114,862)
– Share-based payment expenses		–	(198)
Finance costs	8	<b>(1,873)</b>	(727)
Other gains and losses	6	<b>(296,137)</b>	155,715
Gain on fair value changes on convertible bonds		–	132,828
Share of results of associates		<b>5,220</b>	5,563
Loss on disposal of associates		<b>(4,374)</b>	–
Increase in fair value of investment properties		<b>57,622</b>	–
(Loss) profit before tax	9	<b>(256,131)</b>	245,181
Income tax expenses	10	<b>(415)</b>	(3,981)
(Loss) profit for the period		<b>(256,546)</b>	241,200
<b>Other comprehensive income (expenses) for the period</b>			
Exchange difference arising on the translation of foreign operations		<b>28</b>	–
Share of exchange reserve of associates		<b>(1,234)</b>	–
Fair value loss on available-for-sale investments		–	(23,758)
Total comprehensive (expenses) income for the period		<b>(257,752)</b>	217,442



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	For the six months ended 30 June	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(258,238)</b>	240,104
Non-controlling interests		<b>1,692</b>	1,096
		<b>(256,546)</b>	241,200
Total comprehensive (expenses) income attributable to:			
Owners of the Company		<b>(259,444)</b>	216,346
Non-controlling interests		<b>1,692</b>	1,096
		<b>(257,752)</b>	217,442
(Loss) earnings per share (HK\$)	12		
– Basic		<b>(0.28)</b>	0.26
– Diluted		<b>(0.28)</b>	0.26

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June 2012 (unaudited) HK\$'000</b>	31 December 2011 (audited) HK\$'000
<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>		
Investment properties	<b>354,954</b>	284,403
Property, plant and equipment	<b>171,345</b>	183,090
Loans receivable	13 <b>13,024</b>	11,839
Goodwill	<b>6,603</b>	6,603
Other intangible assets	<b>1,137</b>	2,292
Interests in associates	<b>208,186</b>	216,475
Available-for-sale investments	<b>46,547</b>	50,138
Deposits paid on acquisition of property, plant and equipment	-	298
	<b>801,796</b>	755,138
<b>CURRENT ASSETS</b>		
Inventories	<b>11,408</b>	12,044
Trade and other receivables	14 <b>69,129</b>	44,598
Held for trading investments	<b>628,299</b>	903,354
Loans receivable	13 <b>5,664</b>	8,526
Amounts due from associates	<b>6,940</b>	20,664
Amounts due from investees	<b>1,013</b>	1,013
Amounts due from a related party	<b>3</b>	1
Tax recoverable	<b>694</b>	592
Pledged bank deposits	<b>5,030</b>	5,021
Bank balances and cash	<b>129,441</b>	46,261
	<b>857,621</b>	1,042,074

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2012</b>	31 December 2011
		<b>(unaudited)</b>	(audited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>29,260</b>	28,966
Amounts due to associates		<b>1,094</b>	10,648
Amounts due to investees/an investee		<b>634</b>	534
Amounts due to non-controlling shareholders of subsidiaries		<b>4,224</b>	4,928
Bank borrowing		<b>243,871</b>	113,000
Tax payable		<b>85,542</b>	85,379
		<b>364,625</b>	243,455
<b>NET CURRENT ASSETS</b>			
		<b>492,996</b>	798,619
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>1,294,792</b>	1,553,757
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>12,055</b>	12,055
		<b>1,282,737</b>	1,541,702
<b>CAPITAL AND RESERVES</b>			
Share capital	16	<b>9,103</b>	9,103
Reserves		<b>1,267,638</b>	1,527,082
Equity attributable to owners of the Company		<b>1,276,741</b>	1,536,185
Non-controlling interests		<b>5,996</b>	5,517
Total equity		<b>1,282,737</b>	1,541,702

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Distributable reserve	Investment revaluation reserve	Translation reserve	Share options reserve	Accumulated profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (expense) for the period	-	-	-	-	-	(23,758)	-	-	240,104	216,346	1,096	217,442
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	198	-	198	-	198
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(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

For the six months ended 30 June 2012

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Distributable reserve	Property revaluation reserve	Translation reserve	Share options reserve	Accumulated profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	9,103	508,096	9,020	10,033	62,677	3,055	16,443	210,304	707,454	1,536,185	5,517	1,541,702
Loss for the period	-	-	-	-	-	-	-	-	(258,238)	(258,238)	1,692	(256,546)
Exchange difference arising on the translation of foreign operations	-	-	-	-	-	-	28	-	-	28	-	28
Share of exchange reserve of associates	-	-	-	-	-	-	(1,234)	-	-	(1,234)	-	(1,234)
Total comprehensive income (expense) for the period	-	-	-	-	-	-	(1,206)	-	(258,238)	(259,444)	1,692	(257,752)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,213)	(1,213)
At 30 June 2012	9,103	508,096	9,020	10,033	62,677	3,055	15,237	210,304	449,216	1,276,741	5,996	1,282,737

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net cash (used in) generated from operating activities	<b>(313,936)</b>	153,082
Net cash generated from (used in) investing activities	<b>269,935</b>	(392,668)
Net cash generated from (used in) financing activities	<b>127,181</b>	(78,761)
Increase (Decrease) in cash and cash equivalents	<b>83,180</b>	(318,347)
Cash and cash equivalents at the beginning of period	<b>46,261</b>	369,510
Cash and cash equivalents at the end of period, representing bank balances and cash	<b>129,441</b>	51,163



## **NOTES TO THE INTERIM 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 to Bermuda and continued as an exempted company with limited liability under the Companies Act of Bermuda.

The Company's share are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim condensed 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 interim condensed 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 (the "HKICPA").

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

The interim condensed 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 interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2011.

Except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are adopted for the first time for the current period's financial statements, the adoption of such new and revised HKFRSs does not have material impact on the interim condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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.

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

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Provision of healthcare and dental services	<b>163,454</b>	161,159
Properties	<b>6,377</b>	4,499
Others	<b>3,657</b>	6,117
<hr/>		
Revenue	<b>173,488</b>	171,775
Gross proceeds from securities trading	<b>139,422</b>	182,977
<hr/>		
Gross proceeds from operations	<b>312,910</b>	354,752

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. SEGMENT INFORMATION

#### Segment revenue and results

For the six months ended 30 June 2012

	Provision of healthcare and dental services HK\$'000	Securities trading HK\$'000	Properties HK\$'000	Others HK\$'000	Total HK\$'000
GROSS PROCEEDS FROM OPERATIONS					
– SEGMENT REVENUE FROM EXTERNAL SALES	163,454	139,422	6,377	3,657	312,910
RESULTS					
Segment results	4,916	(300,661)	59,580	(126)	(236,291)
Other income					8,940
Unallocated corporate expense					(20,195)
Finance costs					(1,873)
Loss on disposal of associates					(4,374)
Share of results of associates					5,220
Impairment loss recognised on available-for-sale investments					(7,558)
Loss before tax					(256,131)
Income tax expenses					(415)
Loss for the period					(256,546)



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2011

	Provision of healthcare and dental services HK\$'000	Securities trading HK\$'000	Properties HK\$'000	Others HK\$'000	Total HK\$'000
GROSS PROCEEDS FROM OPERATIONS					
– SEGMENT REVENUE FROM EXTERNAL SALES	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 disposed of subsidiaries					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

#### Geographical information

Majority of the Group's operations are located in Hong Kong. All provision of healthcare and dental services are carried out in Hong Kong. The Group's revenue from external customers based on location of customers is all derived from Hong Kong. The Group's non-current-assets, excluding available-for-sale investments and the Group's associates are all located in Hong Kong.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
(Loss) gain on fair value changes on held for trading investments	<b>(288,579)</b>	154,557
Gain on fair value changes on available-for-sale investments	–	1,158
Impairment loss recognised on available-for-sale investments	<b>(7,558)</b>	–
	<b>(296,137)</b>	155,715

### 7. OTHER INCOME

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interest income from		
– bank deposits	<b>13</b>	19
– loans receivable	<b>181</b>	648
	<b>194</b>	667
Dividend income from listed investments classified as held for trading investments	<b>2,881</b>	589
Dividend income from unlisted investments classified as available-for-sale investments	<b>300</b>	–
Rental income	<b>2,817</b>	2,837
Sundry Income	<b>2,748</b>	1,827
	<b>8,940</b>	5,920

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. FINANCE COSTS

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interest on bank borrowing wholly repayable within five years	1,873	727

### 9. (LOSS) PROFIT BEFORE TAX

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
(Loss) profit before tax has been arrived at after charging:		
Staff costs		
– Directors' remuneration	3,692	22,877
– Other staff's salaries, bonus and other benefits	101,171	112,383
– Other staff's retirement benefits scheme contributions	511	621
– Share-based payment expenses	–	198
	<b>105,374</b>	136,079
Depreciation of property, plant, and equipment	14,470	11,517
Loss on disposal of property, plant and equipment	31	145
Amortisation of intangible assets (included in administrative expenses)	1,155	1,155

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	<b>415</b>	3,981

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the period. Share of tax attributable to associates amounting to approximately HK\$7,121,000 (2011: approximately HK\$1,782,000) is included in "Share of results of associates" on the face of the interim condensed consolidated statement of comprehensive income.

## 11. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

## 12. (LOSS)EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the six months ended 30 June 2012 is based on the unaudited loss for the period attributable to owners of the Company of approximately HK\$258,238,000 (2011: the unaudited profit for the period attributable to owners of the Company of approximately HK\$240,104,000) and the weighted average number of 910,334,710 shares (2011: 911,194,710 shares) in issue during the period.

The calculation of the diluted earnings per share for the six months ended 30 June 2012 is based on the unaudited loss for the period attributable to owners of the Company of approximately HK\$258,238,000 (2011: the unaudited profit for the period attributable to owners of the Company of approximately HK\$240,104,000) and the weighted average number of 910,334,710 shares (2011: 917,631,810 shares). Diluted loss per share for the six months ended 30 June 2012 is the same as the basic loss per share as the potential shares arising from the exercise of the Company's outstanding share options would decrease in loss per share of the Group for the period and is recognised as anti-dilutive. 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 deemed to be issued during the last year corresponding period, assuming the exercise of all potential dilutive shares.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. LOANS RECEIVABLE

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$'000</b>	HK\$'000
Fixed rate loans receivable	<b>18,688</b>	20,365

### 14. TRADE AND OTHER RECEIVABLES

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>16,457</b>	13,930
Less: allowance for doubtful debts	<b>(44)</b>	(1,239)
Total trade receivable, net of allowance	<b>16,413</b>	12,691
Prepayments, deposits and other receivables	<b>52,716</b>	31,907
	<b>69,129</b>	44,598

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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
0 – 60 days	<b>8,598</b>	7,215
61 – 120 days	<b>4,600</b>	3,638
121 – 180 days	<b>3,051</b>	2,790
181 – 240 days	<b>84</b>	241
241 – 365 days	<b>124</b>	46
	<b>16,457</b>	13,930

These receivables relate to a number of independent customers that have a good track record with the Group. The Group does not hold any collateral over these balances.

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

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
241 – 365 days	<b>124</b>	46

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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE AND OTHER PAYABLES

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$'000</b>	HK\$'000
Trade payable	<b>7,741</b>	7,494
Other payables	<b>5,772</b>	5,044
Accruals	<b>15,747</b>	16,428
	<b>29,260</b>	28,966

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

	<b>30 June 2012</b>	31 December 2011
	<b>HK\$'000</b>	HK\$'000
0 - 60 days	<b>7,644</b>	7,286
61 - 120 days	<b>88</b>	146
121 - 240 days	<b>6</b>	36
Over 240 days	<b>3</b>	26
	<b>7,741</b>	7,494

### 16. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary share of HK\$0.01 each		
Authorised:		
As at 31 December 2011 and 30 June 2012	<b>30,000,000,000</b>	300,000
Issued and fully paid:		
As at 31 December 2011 and 30 June 2012	<b>910,334,710</b>	9,103