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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2013:

– The Group recorded revenue of approximately HK$164,694,000 (2012: approximately HK$173,488,000).

– The Group recorded a profit of approximately HK$22,001,000 (2012: loss of approximately HK$256,546,000). The profit was mainly attributable from a gain on disposal of an associated company completed during the Period under review and the stable performance of the Group's provision of healthcare and dental services during the Period under review.

As at 30 June 2013:

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 1.58 and a gearing ratio (defined as total bank and other borrowings divided by equity attributable to owners of the Company) of 35.26%.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

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 2013, together with the comparative unaudited figures for the six months ended 30 June 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Gross proceeds	*4 & 5*	**634,238**	312,910
Revenue	*4*	**164,694**	173,488
Cost of sales		**(112,834)**	(113,974)
Gross Profit		**51,860**	59,514
Other income	*6*	**19,498**	8,940
Administrative expenses		**(79,530)**	(85,043)
Other losses	*7*	**(11,056)**	(296,137)
Finance costs	*8*	**(3,129)**	(1,873)
Gain (loss) on disposal of associates		**28,052**	(4,374)
Share of results of associates		**3,909**	5,220
Increase in fair value of investment properties		**13,060**	57,622
Profit (Loss) before tax	*9*	**22,664**	(256,131)
Income tax expenses	*10*	**(663)**	(415)
Profit (Loss) for the year		**22,001**	(256,546)

	Notes	For the six months ended 30 June **2013** **(unaudited)** ***HK$'000***	2012 (unaudited) *HK$'000*
Other comprehensive income (expense) for the year			
Exchange difference arising on the translation of foreign operations		**208**	28
Share of exchange reserve of associates		**1,293**	(1,234)
Total comprehensive income (expense) for the year		**23,502**	(257,752)
Profit (Loss) for the year attributable to:			
Owners of the Company		**18,993**	(258,238)
Non-controlling interests		**3,008**	1,692
		22,001	(256,546)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**20,494**	(259,444)
Non-controlling interests		**3,008**	1,692
		23,502	(257,752)
Earnings (loss) per share (HK$)	*12*		
– Basic		**0.02**	(0.28)
– Diluted		**0.02**	(0.28)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 (unaudited)** *HK$'000*	31 December 2012 (unaudited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**622,225**	573,040
Property, plant and equipment		**150,347**	163,322
Loans receivable	*13*	**38,367**	14,242
Goodwill		**6,603**	6,603
Other intangible assets		**–**	167
Interest in associates		**180,112**	224,709
Available-for-sale investments		**52,748**	49,275
Deposits paid for acquisition of property, plant and equipment		**–**	328
		1,050,402	1,031,686
CURRENT ASSETS			
Inventories		**9,794**	9,769
Trade and other receivables	*14*	**51,708**	41,155
Held for trading investments		**606,991**	314,135
Loan receivable	*13*	**34,458**	13,482
Amounts due from associates		**6,721**	3,753
Amounts due from investees		**1,013**	1,839
Amount due from a related party		**–**	9
Tax recoverable		**928**	437
Pledged bank deposits		**–**	79,951
Bank balances and cash		**182,809**	176,332
		894,422	640,862

	Notes	**30 June 2013 (unaudited)** *HK$'000*	31 December 2012 (unaudited) *HK$'000*
CURRENT LIABILITIES			
Trade and other payables	*15*	**69,892**	33,876
Amounts due to associates		**2,413**	369
Amounts due to investees		**833**	437
Amounts due to non-controlling shareholders of subsidiaries		**4,959**	4,126
Bank and other borrowings		**404,783**	210,575
Tax payable		**84,122**	84,210
		567,002	333,593
NET CURRENT ASSETS		**327,420**	307,269
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,377,822**	1,338,955
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,593**	1,606
		1,376,229	1,337,349
CAPITAL AND RESERVES			
Share capital	*16*	**9,103**	9,103
Reserves		**1,139,022**	1,118,528
Equity attributable to owners of the Company		**1,148,125**	1,127,631
Non-controlling interests		**228,104**	209,718
Total equity		**1,376,229**	1,337,349

NOTES TO THE 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.

Except as described below, 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 2012.

– HKFRS 10,"Consolidated Financial Statements". Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied HKFRS 10 retrospectively in accordance with the transition provisions of HKFRS 10.

  The adoption of HKFRS 10 had no impact to the Group's results and financial position.

– HKFRS 11, "Joint Arrangements". Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Under HKFRS 11, the jointly-controlled entities have been assessed to be joint ventures.

  The adoption of HKFRS 11 had no impact to the Group's results and financial position.

– HKFRS 13, "Fair Value Measurement ". The Group has included the disclosures for financial assets (see Note 5) and non-financial assets (see Note 17)

The following new or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted:

- HKAS 32 (Amendment) – Financial Instruments: Presentation [1]
- HKAS 36 (Amendment) – Recoverable Amount Disclosures for Non-financial Assets [1]
- HKFRS 7 and HKFRS 9 (Amendments) – Mandatory Effective Date and Transition Disclosures [2]
- HKFRS 9 – Financial Instruments [2]
- HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments) – Investment Entities [1]
- HK(IFRIC) Interpretation 21 – Levies [1]

1 Changes effective for annual periods beginning on or after 1 January 2014
2 Changes effective for annual periods beginning on or after 1 January 2015

The Group anticipates that the application of the above new or amended standards and interpretations has no material impact on the results and the financial position of the Group.

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	
	2013	2012
	HK$'000	*HK$'000*
Provision of healthcare and dental services	**153,074**	163,454
Properties	**11,594**	6,377
Others	**26**	3,657
Revenue	**164,694**	173,488
Gross proceeds from securities trading	**469,544**	139,422
Gross proceeds from operations	**634,238**	312,910

5. SEGMENT INFORMATION

Segment revenue and results

For the six months ended 30 June 2013

	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	**153,074**	**469,544**	**11,594**	**26**	**634,238**
RESULTS					
Segment results	**5,470**	**(24,366)**	**13,111**	**(4,445)**	**(10,230)**
Other income					**19,498**
Unallocated corporate expense					**(15,436)**
Finance costs					**(3,129)**
Gain on disposal of associates					**28,052**
Share of results of associates					**3,909**
Profit before tax					**22,664**

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-sales investments					(7,558)
Loss before tax					(256,131)

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.

6. OTHER INCOME

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interest income from		
– bank deposits	**96**	13
– loans receivable	**4,183**	181
	4,279	194
Dividend income from listed investments classified as held for trading investments	**4,313**	2,881
Dividend income from unlisted investments classified as available-for-sale investments	**380**	300
Rental income	**2,543**	2,817
Gain on disposal of investment properties	**4,450**	–
Sundry Income	**3,533**	2,748
	19,498	8,940

7. OTHER LOSSES

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Loss on fair value changes on held for trading investments	**9,121**	288,579
Impairment loss recognised on:		
– available-for-sale investments	**–**	7,558
– trade receivables	**1,935**	–
	11,056	296,137

8. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank and other borrowing wholly repayable within five years	**3,129**	1,873

9. PROFIT (LOSS) BEFORE TAX

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Profit (Loss) before tax has been arrived at after charging:		
Staff costs		
– Directors' remuneration	**14,092**	3,692
– Other staff's salaries, bonus and other benefits	**96,166**	101,171
– Other staff's retirement benefits scheme contributions	**580**	511
	110,838	105,374
Depreciation of property, plant, and equipment	**13,971**	14,470
Loss on disposal of property, plant and equipment	**134**	31
Amortisation of intangible assets (included in administrative expenses)	**167**	1,155

10. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
The charge comprises: Hong Kong Profits Tax	**663**	415

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period. Share of tax attributable to associates amounting to approximately HK$1,327,000 (2012: approximately HK$7,121,000) 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 2013 (for the six months ended 30 June 2012: Nil).

12. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Earnings (Loss) for the purpose of basic and diluted earnings per share	**18,993**	(258,238)

	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**910,335**	910,335
Effect of dilutive potential shares from the Share Option Scheme	**426**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**910,761**	910,335

13. LOANS RECEIVABLE

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Fixed rate loans receivable	**72,825**	27,724

14. TRADE AND OTHER RECEIVABLES

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
Trade receivables	**15,840**	16,206
Less: allowance for doubtful debts	**(668)**	(1,606)
Total trade receivable, net of allowance	**15,172**	14,600
Prepayments, deposits and other receivables	**36,536**	26,555
	51,708	41,155

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 reporting period:

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
0 – 60 days	**7,275**	8,935
61 – 120 days	**5,047**	4,497
121 – 180 days	**3,235**	2,760
181 – 240 days	**283**	12
241 – 365 days	**–**	2
	15,840	16,206

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:

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
241 – 365 days	**–**	2

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.

15. TRADE AND OTHER PAYABLES

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
Trade payable	**6,572**	7,305
Other payables	**13,086**	8,383
Accruals	**50,234**	18,188
	69,892	33,876

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

	30 June 2013 *HK$'000*	31 December 2012 *HK$'000*
0 – 60 days	**6,571**	7,295
61 – 120 days	**1**	2
121 – 240 days	**–**	6
Over 240 days	**–**	2
	6,572	7,305

16. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary share of HK$0.01 each		
Authorised:		
As at 31 December 2012 and 30 June 2013	30,000,000,000	300,000
Issued and fully paid:		
As at 31 December 2012 and 30 June 2013	910,334,710	9,103

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair values of financial assets (including available-for-sale investments stated in fair value and held for trading investments) are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid price.

- the fair value of the investment fund is determined with reference to the underlying assets of the fund which is provided by the counterparty financial institution.

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Other than the unlisted equity at cost, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets.

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.as prices) or indirectly (i.e. derived from prices).

		At 30 June 2013	
	Level 1	**Level 2**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Held for trading investments	**606,991**	**–**	**606,991**
Available-for-sale financial assets			
Listed equity securities	**7,161**	**–**	**7,161**
Unlisted fund	**–**	**8,460**	**8,460**
	7,161	**8,460**	**15,621**
	584,152	**8,460**	**622,612**

	At 31 December 2012		
	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Held for trading investments	314,135	–	314,135
Available-for-sale financial assets			
Listed equity securities	3,696	–	3,696
Unlisted fund	–	8,454	8,454
	3,696	8,454	12,150
	317,831	8,454	326,285

There were no transfers between Level 1 and 2 in the current and prior period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Town Health International Investments Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are pleased to announce the results for the six months ended 30 June 2013 ("Period under review").

During the Period under review, revenue dropped 5.07% to HK$164,694,000 (2012: approximately HK$173,488,000), and the Group recorded profit of approximately HK$22,001,000 (2012: loss of approximately HK$256,546,000).

The increase in profit was mainly attributable to a gain on disposal of an associated company completed during the Period under review and the stable performance of the Group's provision of healthcare and dental services. Profit for the Period under review attributable to owners of the Company was approximately HK$18,993,000 (Loss for the period attributable to owners of the Company in the corresponding period in 2012: approximately HK$258,238,000).

The healthcare services market is influenced by government legislation and incentives. Spending in the sector continues to climb due to the availability of new drugs, higher health insurance premiums, advanced technology services and demographic profiles. The Group's gross profit margin for the Period under review was 31.49% (2012: 34.30%), representing a decrease of 2.81% compared with the corresponding period last year.

Operation Review

Stable income of healthcare and dental services

We aim to improve the quality of health and living of human beings by providing quality products and services. Being one of the largest healthcare service providers in Hong Kong, the Group strives to deliver quality services to the general public and corporate clients. Currently, we own over 65 clinics in Hong Kong and the People's Republic of China (the "PRC") with continuous expansion of our clinic network. The healthcare services involve family medicine and specialty medicine, dentistry, paramedical services and preventive healthcare services. The healthcare and dental services business continued to be the key revenue driver for the Group. For the Period under review, revenue for the sector reached approximately HK$153,074,000 (2012: approximately HK$163,454,000), accounting for approximately 24.14% of the Group's gross proceeds (2012: 52.24%).

The Group continued to seek opportunities to expand the healthcare business. It has succeeded in retaining its leading position in the industry, expanding its clientele and broadening its outpatient services.

Steady growth of pharmaceutical business

The government's long-term policy target continues to be the development of an affordable and accessible healthcare system, with a medical insurance system covering the whole population. Building and consolidating pharmaceutical distribution channels may bring higher efficiency as well as improve the quality and level of services. The second phase of the healthcare reform plan, expected between 2011 and 2020, is to establish a universal healthcare system under which all citizens will be able to access affordable drug and medical services.

Key drivers of market expansion are the rising healthcare awareness and needs fueled by economic growth, a large and aging population, and an increase in total and per capita health spending.

All the while, pharmaceutical is a steady business which has a satisfactory performance. We will seek for and consider any favorable business opportunities aiming to maximize returns to shareholders. In order to strengthen our foothold in the PRC, we will reinforce our joint venture for the provision of management and consultancy services to further boost medical diagnostic and integrated healthcare services in Guangdong Province in the PRC.

Result from securities investment

The Group's investment portfolio comprises investments in listed and unlisted securities. During the Period under review, gross proceeds from the Group's securities investments was approximately HK$469,544,000 (2012: approximately HK$139,422,000), which accounted for 74.03% of the Group's total gross proceeds from operations, representing a 236.78% growth compared to the corresponding period last year. Encountering the fluctuated environment of the securities market, we will pursue reasonable return from this segment.

During the Period under review, the Group acquired shares from Convoy Financial Services Holdings Limited (1019.HK). The acquisition represents a good opportunity for the Group to enhance its investment portfolio in the Hong Kong's financial advisory sector. It also set group for further business cooperation which will be beneficial to the business strategy and development of the Group.

Continuing income from properties investment

The investment properties of the Group consist of retail and office properties in prime locations. This sector continued to enjoy stable rental income. The Group expects property prices in Hong Kong will continue to rise in 2013, albeit at a slower pace, and this will enrich the performance of our properties segment.

Due to dynamic properties investments in the Period under review, the Group's gross proceeds from its properties investments was approximately HK$11,594,000 (2012: approximately HK$6,377,000), which represented a 81.81% increase compared with the corresponding period last year. The Group is able to circumvent the rise in property rentals with real estate that is already owned by the Group. We will monitor the property market and will blow up the return to shareholders.

Outlook

To reinforce leading position in healthcare and medical services

From pharmaceuticals to medical products and consumer health, Hong Kong's healthcare and medical sectors continue to develop at an astonishing rate. We remain optimistic about the overall outlook for the healthcare market in Hong Kong. The rising consciousness of healthcare and the aging problem in the city boost the demand for comprehensive healthcare services and high standards in the territory. In line with the broad support for healthcare reform by the Government in recent years, the Group will continue to seek for good locations to expand our clinic network, and to leverage our expertise by providing the best quality healthcare services for local residents and to make Hong Kong a better home for everyone.

The Group always puts its belief in "Qualify and Efficient Healthcare Services" into practice. Going forward, we will empower our team of competent doctors and introduce advanced clinical and medical equipment. We are committed to maintaining our high standards of expertise and to continue to excel in the healthcare and medical market.

To capture enormous opportunities in PRC's pharmaceutical business

The PRC government is committed to improve the healthcare system and developing the healthcare industry. Reforms announced in 2009 set the ambitious goal of providing universal access to effective, safe and low-cost healthcare by 2020. The 12th Five-Year Plan encourages innovation throughout the biomedical industry, broadly defined as covering pharmaceuticals, vaccines, medical products and traditional Chinese medicine. Healthcare reform is progressing with significant government intervention in areas such as pricing and intensifying competition from local companies.

The Group benefits from the government's resolute steps towards opening up the market. The Group will leverage its competitive edge and knowledge in the sector to capture the growing demand in the PRC.

To accelerate investment strategy

The Group's investment returns were sound for the Period under review. Led by a team of seasoned management staffs and professionals, the Group has successfully seized the investment opportunities and maximized benefits for the shareholders. The Group had been implementing a prudent strategy and undertaking effective risk management to ensure its effectiveness in the investment sector during the Period under review. We closely monitored the stock market and regularly reviewed our investment portfolios, replacing property investments with lower returns by those with higher returns, diversifying the investment products and seeking out opportunities to achieve respectable returns on our investment projects in the coming year. 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group held bank balances and cash of approximately HK$182,809,000 (as at 31 December 2012: approximately HK$176,332,000). The Group had bank and other borrowings of approximately HK$404,783,000 which are all repayable within one year (as at 31 December 2012: approximately HK$210,575,000).

As at 30 June 2013, net current assets amounted to approximately HK$327,420,000 (as at 31 December 2012: approximately HK$307,269,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.58 (as at 31 December 2012: 1.92).

As at 30 June 2013, gearing ratio (defined as total bank and other borrowings divided by equity attributable to owners of the Company) was 35.26% (as at 31 December 2012: 18.67%). Major currencies used for the Group's transactions were Hong Kong Dollars, Renminbi and United States Dollars("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 under review, 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 investment properties of the Group with the carrying value of approximately HK$622,225,000 (as at 31 December 2012: approximately HK$221,887,000) and held for trading securities of approximately HK$56,663,000 (as at 31 December 2012: Nil) to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group had no material contingent liabilities (as at 31 December 2012: Nil).

HUMAN RESOURCES

As at 30 June 2013, the Group employed 517 staff (2012: 561). Total employee costs, including directors' emoluments, amounted to approximately HK$110,838,000 for the six months ended 30 June 2013 (2012: approximately HK$105,374,000).

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 2013, 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 under review.

CORPORATE GOVERNANCE

During the six months ended 30 June 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

REVIEW OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 have been reviewed by the Audit Committee of the Company.

By order of the Board
Town Health International Investments Limited
Lee Chik Yuet
Executive Director

Hong Kong, 26 August 2013

As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal (Chairperson), Dr. Cho Kwai Chee (Chief Executive Officer), Mr. Lee Chik Yuet and Dr. Chan Wing Lok, Brian; the non-executive Director is Dr. Choi Chee Ming, GBS, JP (Vice-Chairman); and the independent non-executive Directors are Mr. Chan Kam Chiu, Mr. Ho Kwok Wah, George and Mr. Wai Kwok Hung, SBS, JP.