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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2013:

– The Group recorded revenue of approximately HK$354,553,000 (2012: approximately HK$341,768,000)

– The Group recorded a profit for the year of approximately HK$79,318,000 (2012: loss of approximately HK$430,664,000)

As at 31 December 2013:

– The Group held cash and bank balances of approximately HK$201,249,000 (2012: approximately HK$176,332,000)

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.25 (2012: 1.92) and a gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) of 30.08% (2012: 18.67%).

The Board recommended a final dividend of HK5.5 cents per share for the year ended 31 December 2013 (2012: nil)

The Board also proposed a bonus issue of shares on the basis of four new ordinary shares of HK$0.01 each for every existing share held by the shareholders of the Company.

FINAL RESULTS

The Board of Directors (the "**Board**") of Town Health International Investments Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	3&4	**354,553**	341,768
Cost of sales		**(234,321)**	(223,205)
Gross profit		**120,232**	118,563
Other income	5	**54,406**	16,711
Administrative expenses		**(200,449)**	(184,039)
Other gains and losses	6	**(120,199)**	(447,406)
Finance costs	7	**(9,327)**	(3,948)
Gain (loss) on disposal of a subsidiary		**1,659**	(79)
Gain on disposal of associates		**27,840**	3,463
Loss on dilution of partial interest in an associate		**(5,788)**	–
Share of results of associates		**159,929**	(9,470)
Increase in fair value of investment properties		**54,734**	78,645
Profit (loss) before tax		**83,037**	(427,560)
Income tax expenses	8	**(3,719)**	(3,104)
Profit (loss) for the year	9	**79,318**	(430,664)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	**2013** **HK$'000**	2012 HK$'000
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Gain on fair value change of properties reclassified as investment properties		**40,739**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		**1,059**	25
Share of exchange differences of associates		**(407)**	274
Reclassification of exchange reserve to profit or loss upon deemed disposal of an associate and dilution of partial interest in an associate		**(12,182)**	–
Fair value (loss) gain on available-for-sale investments		**(462)**	462
		(11,992)	761
Total comprehensive income (expense) for the year		**108,065**	(429,903)
Profit (loss) for the year attributable to:			
Owners of the Company		**49,633**	(434,952)
Non-controlling interests		**29,685**	4,288
		79,318	(430,664)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**68,045**	(434,191)
Non-controlling interests		**40,020**	4,288
		108,065	(429,903)
Earnings (loss) per share *(HK$)*	11		
– Basic		**0.05**	(0.48)
– Diluted		**0.05**	(0.48)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2013** **HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Investment properties		**448,405**	573,040
Property, plant and equipment		**171,916**	163,322
Loans receivable		**39,428**	14,242
Goodwill		**15,121**	6,603
Other intangible assets		**–**	167
Interests in associates		**116,658**	224,709
Available-for-sale investments		**58,417**	49,275
Deposits paid for acquisition of property, plant and equipment		**–**	328
		849,945	1,031,686
CURRENT ASSETS			
Inventories		**11,552**	9,769
Trade and other receivables	12	**45,400**	41,155
Held for trading investments		**660,920**	314,135
Loans receivable		**96,240**	13,482
Amounts due from associates		**10,228**	3,753
Amount(s) due from an investee/investees		**1,000**	1,839
Amount due from a non-controlling interest		**100**	–
Amount due from a related party		**–**	9
Tax recoverable		**1,089**	437
Pledged bank deposits		**17,794**	79,951
Bank balances and cash		**201,249**	176,332
		1,045,572	640,862
Assets classified as held for sale		**117,000**	–
		1,162,572	640,862

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**2013**	2012
		HK$'000	HK$'000
CURRENT LIABILITIES			
Trade and other payables	13	**57,775**	33,876
Amount(s) due to an associate/associates		**12**	369
Amount due to an investee		**557**	437
Amounts due to non-controlling interests		**11,834**	4,126
Amount due to a related party		**14**	–
Bank borrowing	14	**363,772**	210,575
Tax payable		**82,013**	84,210
		515,977	333,593
NET CURRENT ASSETS		**646,595**	307,269
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,496,540**	1,338,955
NON-CURRENT LIABILITY			
Deferred tax liabilities		**3,063**	1,606
		1,493,477	1,337,349
CAPITAL AND RESERVES			
Share capital	15	**9,169**	9,103
Reserves		**1,199,997**	1,118,528
Equity attributable to owners of the Company		**1,209,166**	1,127,631
Non-controlling interests		**284,311**	209,718
Total equity		**1,493,477**	1,337,349

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 registered in Bermuda as an exempted company under the laws of Bermuda.

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

The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The address of the principal place of business of the Company is 6th Floor, Town Health Technology Centre, 10–12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

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

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle, other than amendments to HKAS 1
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over its subsidiaries and associates in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that the initial application of HKFRS 10 has no material impact on the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	HK$'000
Provision of healthcare and dental services (Note)	**326,457**	318,923
Property rental income	**28,061**	16,829
Others	**35**	6,016
Revenue	**354,553**	341,768

Note: It mainly represents the revenue from healthcare services.

4. SEGMENT INFORMATION

Information reported to chief operating decision maker, the Chief Executive Officer ("**CEO**"), for the purpose of resources allocation and assessment of segment performance focuses on different types of major businesses. This is also the basis upon which the Group is organised and managed. No operating segments identified by the CEO have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

- Provision of healthcare and dental services – Operations of the medical and dental practices and trading of healthcare products
- Securities trading – Trading of listed securities
- Properties – Leasing of properties
- Others – Trading and retailing of other products and miscellaneous service income

No segment information of assets and liabilities is provided to the CEO for the assessment of performance of different segment. Accordingly, no segment assets and liabilities information is presented.

Segment revenues and results

For the year ended 31 December 2013

	Provision of healthcare and dental services HK$'000	Securities trading HK$'000	Properties HK$'000	Others HK$'000	Total HK$'000
SEGMENT REVENUE FROM EXTERNAL SALES	326,457	–	28,061	35	354,553
RESULTS					
Segment results	21,044	(21,724)	70,353	(235)	69,438
Other income					24,241
Unallocated corporate expenses					(107,411)
Share-based payment expenses					(9,876)
Finance costs					(9,327)
Gain on disposal of a subsidiary					1,659
Gain on disposal of associates					27,840
Loss on dilution of partial interest in an associate					(5,788)
Share of results of associates					159,929
Exchange reserve reclassified from equity to profit or loss upon deemed disposal of associates					12,182
Impairment loss recognised on available-for-sale investments					(2,057)
Impairment loss recognised on loans receivable					(30,000)
Impairment loss recognised on goodwill					(47,479)
Impairment loss recognised on amount due from an investee					(314)
Profit before tax					83,037

For the year ended 31 December 2012

	Provision of healthcare and dental services HK$'000	Securities trading HK$'000	Properties HK$'000	Others HK$'000	Total HK$'000
SEGMENT REVENUE FROM EXTERNAL SALES	318,923	–	16,829	6,016	341,768
RESULTS					
Segment results	11,541	(432,075)	85,551	(2,655)	(337,638)
Other income					16,711
Unallocated corporate expenses					(67,436)
Share-based payment expenses					(193)
Finance costs					(3,948)
Loss on disposal of a subsidiary					(79)
Gain on disposal of associates					3,463
Share of results of associates					(9,470)
Impairment loss recognised on loans receivable					(3,559)
Impairment loss recognised on amounts due from associates					(13,290)
Impairment loss recognised on interests in associates					(12,121)
Loss before tax					(427,560)

Segment profit (loss) represents the profit (loss) earned or generated by each segment without allocation of central administration costs, directors' salaries, share of results of associates, other income, loss on dilution of partial interest in an associate, gain (loss) on disposal of subsidiaries, exchange reserve reclassified from equity to profit or loss upon deemed disposal of associates, share-based payment expenses, impairment loss recognised in respect of interests in associates, amounts due from associates, an investee, goodwill, loans receivable and available-for-sale investments and finance costs. This is the measure reported to the CEO for the purposes of resources allocation and performance assessment.

Other segment information

For the year ended 31 December 2013

	Provision of healthcare and dental services HK$'000	Securities trading HK$'000	Properties HK$'000	Others HK$'000	Total for segments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	**8,083**	**5**	**941**	**–**	**9,029**	**28,608**	**37,637**
Amortisation of intangible assets	**167**	**–**	**–**	**–**	**167**	**–**	**167**
Impairment loss recognised on loans receivable	**–**	**–**	**–**	**–**	**–**	**30,000**	**30,000**
Impairment loss recognised on trade receivables	**640**	**–**	**–**	**–**	**640**	**–**	**640**
Increase in fair value of investment properties	**–**	**–**	**54,734**	**–**	**54,734**	**–**	**54,734**
Loss on fair value changes on held for trading investments	**–**	**51,891**	**–**	**–**	**51,891**	**–**	**51,891**
Loss on disposal of property, plant and equipment	**1,004**	**–**	**–**	**–**	**1,004**	**–**	**1,004**
Amounts included in the information regularly provided to the CEO:							
Additions/transfer to property, plant and equipment	**76,872**	**–**	**–**	**–**	**76,872**	**1,736**	**78,608**
Additions to investment properties	**–**	**–**	**163,587**	**–**	**163,587**	**–**	**163,587**

For the year ended 31 December 2012

	Provision of healthcare and dental services HK$'000	Securities trading HK$'000	Properties HK$'000	Others HK$'000	Total for segments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	4,845	4	710	12	5,571	32,883	38,454
Amortisation of intangible assets	2,125	–	–	–	2,125	–	2,125
Impairment loss recognised on loans receivable	–	–	–	–	–	3,559	3,559
Impairment loss recognised on trade receivables	1,562	–	–	–	1,562	–	1,562
Increase in fair value in investment properties	–	–	78,645	–	78,645	–	78,645
Loss on fair value changes on held for trading investments	–	410,868	–	–	410,868	–	410,868
Loss on disposal of property, plant and equipment	340	–	–	–	340	30	370
Amounts included in the information regularly provided to the CEO:							
Additions/transfer to property, plant and equipment	3,474	–	15,654	7	19,135	–	19,135
Additions to investment properties	–	–	215,592	–	215,592	–	215,592

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 are mainly derived from Hong Kong. The Group's non-current assets, excluding financial instruments and the Group's associates, are all located in Hong Kong. The location of operations of associates with carrying amount of HK$67,618,000 as at the end of the reporting period (2012: HK$122,271,000) is in the PRC whilst that of the remaining associates is in Hong Kong.

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

5. OTHER INCOME

	2013	2012
	HK$'000	HK$'000
Interest income from:		
– bank deposits	**1,131**	93
– loans receivable	**12,106**	535
	13,237	628
Dividend income from listed investments classified as held for trading investments	**30,165**	6,586
Dividend income from unlisted investments classified as available-for-sale investments	**5,868**	300
Rental income	**2,029**	5,528
Sundry income	**3,107**	3,669
	54,406	16,711

6. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	HK$'000
Loss on fair value changes on held for trading investments	**(51,891)**	(410,868)
Exchange reserve reclassified from equity to profit or loss upon deemed disposal of associates	**12,182**	–
Impairment loss recognised in respect of:		
– goodwill	**(47,479)**	–
– trade receivables	**(640)**	(1,562)
– loans receivable	**(30,000)**	(3,559)
– available-for-sale investments	**(2,057)**	–
– amounts due from associates, net	**–**	(13,290)
– amount due from an investee	**(314)**	–
– interests in associates	**–**	(12,121)
Loss on disposal of available-for-sale investments	**–**	(6,006)
	(120,199)	(447,406)

7. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Interest on bank borrowing wholly repayable within five years	**9,327**	3,948

8. INCOME TAX EXPENSES

	2013	2012
	HK$'000	HK$'000
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	**3,695**	2,696
– Overprovision in prior years	**(144)**	(40)
	3,551	2,656
Deferred tax		
– Current year	**168**	448
	3,719	3,104

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year.

9. PROFIT (LOSS) FOR THE YEAR

	2013	2012
	HK$'000	HK$'000
Profit (loss) for the year has been arrived at after charging:		
Staff costs		
– Directors' remuneration	**22,855**	8,112
– Other staff's salaries, bonus and other benefits	**193,900**	197,848
– Other staff's retirement benefits scheme contributions	**3,222**	3,102
– Share-based payment expenses	**9,876**	193
	229,853	209,255
Auditor's remuneration	**2,257**	2,091
Cost of inventories recognised as expenses	**51,496**	48,731
Depreciation of property, plant and equipment	**37,637**	38,454
Loss on disposal of property, plant and equipment	**1,004**	370
Amortisation of intangible assets (included in administrative expenses)	**167**	2,125
Share of tax of associates (included in share of results of associates)	**6,154**	8,571
and after crediting:		
Gross rental income from investment properties	**28,061**	16,829
Less: Direct operating expense that generated rental income	**(2,039)**	(1,174)
Net rental income from investment properties	**26,022**	15,655

10. DIVIDENDS

No dividend was proposed by the directors in respect of the year ended 31 December 2012.

On 25 March 2014, the directors of the Company recommended the payment of a final dividend of HK5.5 cents per share, totalling approximately HK$50,432,000, for the year ended 31 December 2013.

11. EARNINGS (LOSS) PER SHARE

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

	2013	2012
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings (loss) per share:		
Profit (loss) for the year attributable to owners of the Company	**49,633**	(434,952)

Number of shares	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**912,217,083**	910,334,710
Effect of dilutive potential ordinary shares:		
Share options	**116,057**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**912,333,140**	910,334,710

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Trade receivables	**18,419**	16,206
Less: Allowance for doubtful debts	**(2,071)**	(1,606)
Total trade receivables, net of allowance	**16,348**	14,600
Deposits	**19,389**	19,379
Other receivables	**7,995**	4,802
Prepayments	**1,668**	2,374
	45,400	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, net of allowance, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013	2012
	HK$'000	HK$'000
0 – 60 days	**12,312**	8,891
61 – 120 days	**3,923**	4,497
121 – 180 days	**113**	1,198
181 – 240 days	**–**	12
241 – 365 days	**–**	2
	16,348	14,600

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

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

	2013	2012
	HK$'000	HK$'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.

Movement in the allowance for doubtful debts:

	2013	2012
	HK$'000	HK$'000
Balance at the beginning of the year	**1,606**	1,239
Impairment losses recognised	**640**	1,562
Amounts written off as uncollectible	**(175)**	(1,195)
Balance at the end of the year	**2,071**	1,606

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

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

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	HK$'000
Trade payables	**12,550**	7,305
Other payables	**24,043**	8,383
Accruals	**21,182**	18,188
	57,775	33,876

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

	2013	2012
	HK$'000	HK$'000
0 – 60 days	**12,527**	7,295
61 – 120 days	**23**	2
121 – 240 days	**–**	6
Over 240 days	**–**	2
	12,550	7,305

The average credit period on purchase of goods is 60 to 120 days.

14. BANK BORROWING

	2013	2012
	HK$'000	HK$'000
Carrying amount of bank loans that are repayable within one year from the end of the reporting period based on the scheduled repayment terms in the agreement but contain a repayment on demand clause	**363,772**	210,575

As at 31 December 2013, the bank borrowing of the Group carries variable interest rate at HIBOR+2% per annum (2012: variable interest rate at HIBOR+2% per annum).

15. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2012, 31 December 2012 and 2013	30,000,000,000	300,000
Issued and fully paid:		
As at 1 January 2012 and 31 December 2012	910,334,710	9,103
Exercise of share option	6,603,000	66
As at 31 December 2013	916,937,710	9,169

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results

The Group is pleased to announce the results for the year ended 31 December 2013. Revenue for the year ended 31 December 2013 rose by approximately 3.74% to HK$354,553,000 (2012: HK$341,768,000).

The Group recorded profit of approximately HK$79,318,000 for the year ended 31 December 2013 as compared to a loss recorded for the year ended 31 December 2012, which was mainly attributable to (1) an increase in share of profits of associates; (2) the gain on disposal of associates completed during the year; and (3) an increase in the profits for provision of healthcare and dental services business, for the year ended 31 December 2013. Also, the Group did not recognize a substantial loss in relation to loss on fair value changes on held for trading investments for the year ended 31 December 2013.

In the year 2013, the management has embarked on the development strategy of consolidating its investments and business, so as to free up capital and resources for future deployment in healthcare and healthcare related investments and business.

Increase in share of profits of associates

The Company through its wholly-owned subsidiaries, held 48% interest in Best Pharmaceutical Limited ("**BPL**"), a company which was incorporated in the British Virgin Islands with limited liability and is an associate of the Company. During the year ended 31 December 2013, BPL through its wholly-owned subsidiary, Elegant Sea Holdings Company Limited ("**Elegant Sea**"), disposed of 100% of the equity interest in 貴州百祥製藥有限責任公司 (unofficial English translation being Guizhou Baixiang Pharmaceutical Company Limited) ("**Guizhou Baixiang**"), a company incorporated in the PRC, at the consideration of RMB500,000,000 (equivalent to approximately HK$630,000,000). The disposal of Guizhou Baixiang was completed in August 2013 and Elegant Sea recorded an audited gain of approximately RMB304,000,000 (equivalent to approximately HK$378,176,000). Since Elegant Sea was owned as to 48% by the Group via BPL, the Group shared 48% of the profits of BPL for the year in the sum of approximately HK$146,000,000 for the year ended 31 December 2013.

Gain on disposal of associates

During the year under review, the Group disposed of its interest in RBI Conglomerate (Holdings) Limited, an associate company, at the consideration of HK$72,500,000, details of which had been set out in the Company's announcement dated 28 February 2013. The completion of such disposal took place in April 2013. The actual gain on the disposal of such associate company is HK$27,002,000, being the difference of the consideration of HK$72,500,000 and the net carrying value of such associated company and its subsidiaries and the goodwill attributable to such companies recorded in the Group's accounts at completion of such disposal.

Increase in profits for provision of healthcare and dental services business

The Group's healthcare and dental services business has enjoyed steady growth in the past financial year. In particular, the development and growth of the medical specialty healthcare network business has been encouraging. The profits generated by provision of healthcare and dental services business for the year ended 31 December 2013 increased from approximately HK$11,541,000 as recorded for the year ended 31 December 2012, to approximately HK$21,044,000. The Group is dedicated to becoming the leader in the Hong Kong healthcare industry and will continue to invest more on its healthcare and dental services business. The Group will also strive to improve the operational efficiency of its healthcare business so as to enhance its competitiveness in the market and the profitability.

Securities investments

For the year ended 31 December 2012, the Group recorded a loss of approximately HK$432,075,000, while for the year ended 31 December 2013, the Group recorded a loss of approximately HK$21,724,000.

The consolidated profit attributable to owners of the Company for the year was approximately HK$49,633,000 (the consolidated loss attributable to owners of the Company in 2012: approximately HK$434,952,000). Basic earnings per share were HK$0.05 (2012: Basic loss per share in HK$0.48). The Board recommends the payment of final dividend of HK5.5 cents per share for the year ended 31 December 2013 (2012: Nil). The Board also proposes a bonus issue of shares on the basis of four new ordinary of HK$0.01 each for every existing share held by the shareholders of the Company, details of which are set out in the paragraphs headed "Bonus Issue of Share" below.

OPERATION REVIEW

The Group is principally engaged in (i) healthcare business investments; (ii) provision and management of medical, dental and other healthcare related services; and (iii) investments and trading in properties and securities.

Healthcare and medical services

During the year, the Group recorded a steady growth in medical services business. Revenue increased by 2.36% to approximately HK$326,457,000. As a result of enhancement in operation efficiency and thus improvement in profitability, the profit recorded for the year ended 31 December 2013 is approximately HK$21,044,000, representing an increase of 82.34% (2012: approximately HK$11,541,000).

Being one of the largest medical groups in Hong Kong, the Company operates 68 clinics in the provision of comprehensive medical and other healthcare services. The Group also provides laboratory testing and services ranging from primary and specialty medical healthcare services to dental services. The Group also provides medical diagnostic services as well as other auxiliary medial services. The rapidly aging population of Hong Kong has put much pressure on the public healthcare system. The Hong Kong Government has been proposing medical reforms to address this increasing public healthcare burden. Also, the advancement of medical technology and the increasing prevalence of non-communicable diseases in Hong Kong have all led to a long run increase in, the demand for medical healthcare services. All these have contributed to the steady growth of the Group's healthcare services business.

This trend of aging population is equally evident in the PRC, if not more. Moreover, there is a clear increasing demand for better, quality, professional medical healthcare services due to the emergence of a huge middle class in PRC, increasing awareness of health and healthcare issues, and better medical knowledge as a result of rampant information and knowledge flow through internet. There have been calls for the Central Government to embark on medical system reform to meet the increasing needs of the general public. The Group believes that the demand for healthcare and good quality medical services in the People's Republic of China (the "**PRC**") will continue to grow and remain strong. In order to enhance the Group's investment in the medical sector in the PRC, the Group had further acquired the 40% equity interest in Guangzhou Yikang Medical Management Co., Ltd ("**Yikang**") at the consideration of RMB99,920,000 (equivalent to approximately HK$125,400,000), which is completed in October 2013. The Group now owns 80% equity interest on Yikang after the completion. Yikang is principally engaged in the management and provision of consultancy services for medical institutions in Guangdong. The Board believes that the acquisition of additional interest in Yikang provided an opportunity for the Group to enhance its investment in the medical business in the PRC.

The Group believes that by setting a strong platform in PRC, the Group could capture the future growth opportunities in the PRC healthcare market. The Group will continue to invest in its medical and healthcare services business in the PRC.

Securities investments

The Group's investment portfolio comprises investments in listed and unlisted securities. In the financial year of 2013, the Group recorded a loss of approximately HK$21,724,000 which was substantially less than the loss of approximately HK$432,075,000 as recorded in 2012. The more diversified investment portfolio improved the investment results.

In June 2013, the Group sold 248,976,000 of shares in DX.com Holdings Limited, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange, which is principally engaged in the provision of professional information technology services and related high-tech maintenance services, at a consideration of HK$79,921,000 and incurred a loss of approximately HK$54,505,000. The Group will continue optimizing and consolidating its existing investment portfolios, so as to better utilize its capital and resources to focus on investing in healthcare and healthcare related investments which carry better growth potential.

In March 2013, the Group subscribed approximately 4.53% of the issued share capital of Convoy Financial Services Holdings Limited ("**Convoy**"), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1019), which is one of the largest independent financial adviser firms in Hong Kong in provision of insurance products, MPF schemes and other financial products. As at 31 December 2013, the Group held 16.47% of the issued share capital of Convoy. The Group believes that Convoy has a very promising growth potential and the acquisition will bring good return to shareholders of the Company in the future.

Properties investments

The investment properties of the Group consist of retail and office properties in prime locations. This sector continued to bring steady income to the Group. During the year, the revenue, which represented the rental income of approximately HK$28,061,000 (2012: approximately HK$16,829,000), was generated from its properties investments, representing an increase of 66.74%.

Property trading activities in Hong Kong remained subdued in 2013. It is expected that the local property market will continue to be significantly affected by the government policies. In order to lower the Group's concentration risk on the property investments, and also to mobilize more resources for deployment in more promising healthcare related investments, the Group sold certain properties during the year ended 31 December 2013.

Although the property market experienced a slowdown in 2013, quality commercial and industrial properties still generate yields better than most other investment classes. The Group has recorded a gain from disposal of these properties and the revaluation gain from the Group's investment properties with amount of approximately HK$54,734,000 (2012: approximately HK$78,645,000).

The Group will continue to diversify and optimize its property investments and dispose of its investment properties at appropriate times. The Group's strategy is to focus its resources in areas of promising returns and good growth potential.

Healthcare business investment

The Group witnesses a strong growth of the pharmaceutical industry in the PRC, due to many favorable factors such as aging population and increased life expectancy, favorable government policy, rising healthcare spending and health awareness, fast growth of gross domestic product, increasing urbanization and increasing disposal income. The Group's investments in pharmaceutical business in the PRC has sustained stable growth momentum and achieved satisfactory results during the year.

The Group's major investments in the PRC pharmaceutical industry is the investment in an associate company namely, New Ray Medicine International Holding Limited ("**New Ray Medicine**"). The Group has been investing in New Ray Medicine since 2009. New Ray Medicine is headquartered in Hangzhou which offers more than 40 pharmaceutical products through a network of 114 distributors, and customers spanning over 18 regions in the PRC. New Ray Medicine was listed on the Growth Enterprise Market of the Stock Exchange ("**GEM**") board on 25 October 2013. The successful listing on GEM board could enhance New Ray Medicine's profile and brand name, and is conducive to its future development in the PRC's pharmaceutical market. The net proceeds from the listing by way of placing would also strengthen its financial position.

The Group is optimistic that its investment in the PRC pharmaceutical business will enjoy good growth and bring in potential return to shareholders of the Company.

PROSPECTS

Hong Kong medical and healthcare related businesses

The Group has set its future development strategy in that it will be focused on investing in the medical and healthcare related businesses, both in Hong Kong and the PRC. In order to convey this strategy clearly to the shareholders and investment community, the Group made announcement on 19 February 2014 to propose to change the company name from "Town Health International Investments Limited" to "Town Health International Medical Group Limited", which will better reflect and emphasis the business focus of the Group. The Group believes that the demand for healthcare services will be on its rising trend in Hong Kong for the coming decades. Aging population and advancement of medical technology are putting tremendous pressure on the public healthcare sector and the Hong Kong Government is now contemplating on pushing ahead meaningful medical reform, so as to mitigate the escalating public healthcare burden. There have been a number of public-private interface exercises proposed by the Hospital Authority, where public patients are encouraged to make use of private healthcare services, with subsidization provided by the Hospital Authority. The Hong Kong Government has also increased the healthcare subsidization from HK$500 to HK$2,000 per head a year for all elderly to consume healthcare and related services in the private sector. In 2013, the Hong Kong Government assigned few land sites for private investors to build new private hospitals so as to replenish the supply of private hospital beds. All these point to the direction that the Hong Kong Government wants to nurture the growth of private healthcare sector, and hopes to make use of a flourishing private healthcare sector to shoulder a larger part of public healthcare burden.

Moreover, in preparing for the increasing healthcare demand, two universities in Hong Kong have increased their intake of medical students to a total of over 400 students a year. This could meet the future needs of private and public healthcare sectors, and pave the way for a strong growth in private healthcare industry.

Hong Kong is now faced with rapidly aging population and escalating healthcare demand. According to market and public information, the Hong Kong Government is now contemplating on launching the overdue medical reform. The Group believes that the main theme of the medical reform would be to shift patients from public sector to private healthcare sector by means of direct subsidization or healthcare insurances. As such, the Group believes that there exists huge market opportunities for the Group to capture. With the leading position and well established clinic network in the Hong Kong healthcare industry, the Group is well positioned to seize the immense growth potential of the market.

The Group will continue its investment in the medical primary healthcare network in Hong Kong. The Group has streamlined the network's operation and will continue to enhance its operation efficiency so as to improve its profitability. The Group will actively seek to expand its existing medical primary healthcare network so as to cover a larger population and maintain its leadership in the market. The primary healthcare network provides not only a stable and growing income stream for the Group, but also a widespread and enriched customer base for cross-selling other healthcare related products and cross-referral to the medical specialty healthcare network of the Group.

As Hong Kong is becoming a well-developed metropolitan city, people are asking for more sophisticated and quality specialty healthcare services. This is especially the case when medical knowledge becomes readily available due to rampant information flow in internet. The demand for specialty healthcare services has been on the rising trend, in tandem with the maturity of Hong Kong society and Hong Kong's economic growth. More and more sub-specialties have been developed and more and more expertise and experienced hands are trained and become available to the private healthcare sector. There is a flourishing growth of various medical specialty centers in Hong Kong healthcare market, like eyes centers, dermatology centers, and surgical centers etc.

Witnessing this trend, the Group has set its future development focus on expanding its medical specialty network business. In particular, the Group has identified five specialties which it will heavily invest on, namely ophthalmology, cosmetic dermatology, in-vitro fertilization sub-specialty, general surgery, and orthopaedics. The Group will actively seek to recruit expertise in all medical specialty disciplines, in particular these five specialties, and expand the scope and coverage of its medical specialty services network.

Currently, the Group has established a medical specialty network which covers most of the medical specialty services. The specialty network serves the referrals from the Group's primary healthcare network which creates much synergy between these two medical chains. This specialty network has been growing steadily in the past and the Group will continue to strive for organic growth of its existing specialty and primary healthcare chains. On the other hand, the Group is actively seeking for merger and acquisition opportunities as the growth engine to leapfrog its primary and specialty healthcare businesses. The Group has been in close negotiation with a number of specialist centers and specialists about possible cooperation or merger and acquisition opportunities. The Group believes that there exist huge synergies between the Group's existing businesses, in particular the primary healthcare network and healthcheck and medical diagnostic network, and outside medical specialty centers and specialists outside the Group. Through merger and acquisition, these synergies could be unleashed and the growth potential would be much greater than relying solely on the Group's organic growth only.

It is the target of the Group that through creating synergy by way of acquisitions, the Group could rapidly develop its specialty healthcare network, so that each specialty will eventually be developed to such a scale that it could become a large specialty center in the market by itself, serving the whole Hong Kong population.

The high standard of Hong Kong's medical care is well recognized internationally. Each year, patients from the PRC and overseas travel to Hong Kong for medical treatments. The Group will strive to integrate the healthcare services of Hong Kong with the PRC. The Group will develop a platform so that its specialty centers could provide services, either clinical services or consultancy services, for the affiliated or associated PRC hospitals of the Group, and that the professional medical services of Hong Kong could be made good use of. More importantly, Hong Kong doctors could contribute to the healthcare industry of the PRC. On the other hand, patients from the PRC could be referred directly to our Hong Kong specialty centers for receiving medical treatments or surgeries here. The Group believes that once this platform and channels are developed, a meaningful medical tourism industry could be established. And once these specialty centers becomes nature in terms of business and operation, they could be considered for separate listing in the stock market, so as to raise money and build brand name for expanding the medical specialty business, both in Hong Kong and the PRC.

The health managed care business is another important development focus of the Group. According to market and public information, the Hong Kong Government is keen to introduce the medical insurance scheme as the backbone of the imminent medical reform in Hong Kong. As the insurance industry getting more and more involved in the private healthcare market, the managed healthcare business will for sure grow exponentially, in the Group's view. The Group is now running a health managed care panel which not only serves the primary and specialty healthcare chains of the Group but also outside doctors. The Group will strive to expand the managed care business, but on the other hand, is working closely with other managed care panels to explore any acquisition opportunities. The Group believes that through merger and acquisitions, and consolidating the market, the pricing power of these managed care panels would be much enhanced. Also, with the economies of scale established, resources and costs could be shared and therefore the operation efficiency and thus profitability could be much enhanced.

The Group's managed healthcare panels could also find a much bigger market in the PRC, which is a relatively untapped market up till now. The Group will strive to open up the health managed care business in the PRC using the existing platform in Hong Kong. With the high professional standard and management expertise, the Group believes that there is a clear edge for the Group's existing health managed care panel to venture into the PRC market.

The PRC healthcare and related businesses

Undoubtedly, the PRC healthcare market is a huge market. It is also a market that needs reform to meet the needs of the general public. As PRC economy has been booming rapidly in the past decades, a huge middle class is emerging quickly. There are few characteristics of this enormous middle class. Firstly, the middle class in PRC is better off economically. Also, they are well educated and learn a lot about their health and the medical system and treatments through the internet. The information flow enabled by the internet and other media provide people with lots of information about the diseases they faced with, and what treatment options they could choose. Chinese people are not just demanding medical treatments, they are asking for quality healthcare, and are willing to pay for that. Chinese people are also becoming more willing to seek quality healthcare from renowned specialty hospitals, or travel aboard for medical treatments or surgeries.

Moreover, the health awareness has been rising rapidly. Chinese people are more concerned about their health, and how to live healthily and longer. People are more likely to consume health food products and take regular body healthcheck. Cosmetic medical care business is also booming in PRC.

Healthcare reform is on the agenda of the central government. The PRC healthcare market, especially the hospital sector, has been open up to private investors. It is the government's proposition that a growing private healthcare sector in PRC could help shoulder the healthcare burden of the whole population, and satisfy the needs of the middle class. The Group believes that the PRC healthcare market will be growing strongly in the coming decades, and there will be abundant business opportunities opening up for private investors who have the capital, resources and most importantly, the experience and medical expertise who know how to tap the market and run healthcare business in PRC.

The Group has through Yikang provided laboratory testing and medical diagnostics services in the PRC, and through New Ray Medicine, the Group has been involved in the pharmaceutical business in the PRC. As part of its investment in relation to the establishment of medical institution and investment in medical services market in Henan Province of the PRC under a letter of intent as disclosed in the announcement of the Company dated 14 March 2014, the Group has also established a joint venture company for the purpose of establishing a fertility specialty hospital in PRC. In the coming years, the Group will strive to expand these businesses in the PRC. The Group believes that through merger and acquisition, the Group could venture into the PRC healthcare market in a big stride. The Group is now actively exploring opportunities for acquiring hospitals or medical businesses in the PRC.

The Group believes that there exists much synergy between the Hong Kong medical profession and that of the PRC. The Group is now well equipped with capital, resources and expertise to create synergy across the border. The Group is now well positioned to embark on acquisitions in the PRC market so as to rapidly develop its PRC healthcare business.

Other healthcare related businesses

There has been a growing demand for healthcare related products or services, and medical cosmetic beauty is one of them. Through incorporating medical therapies with cosmetic beauty services, the Group could provide services on cosmetic dermatology. Botox injection, filler injection, laser skin treatments and other forms of anti-aging therapies are a perfect match to the cosmetic beauty business. The Group has the expertise on dermatology, the necessary manpower, and most importantly, a large client base for cross-referral. As such, the Group will strive to develop its medical cosmetic beauty business.

Meanwhile, the Group is now actively working with a number of well-established cosmetic beauty market players and exploring any merger and acquisition opportunities. The Group believes that through merger and acquisitions, the Group could rapidly develop its medical beauty business. Also, there exists much synergy between the Group’s primary and specialty healthcare networks and other cosmetic beauty chains. Through merger and acquisition, this synergy could be unleashed and the Group’s medical cosmetic beauty business could enjoy exponential growth.

Pharmaceutical business especially in PRC is also another promising industry that the Group will continue to invest and expand. Other related businesses like internet selling of drugs, or selling of health related equipment are also targets the Group will look into closely. Health food products business is also the development focus of the Group especially in the PRC market.

Other investments

The Group will continue its prudent approach in its other investment strategy. It has also set the strategy of consolidating and preserving resources for investing in more promising healthcare and healthcare related businesses, both in Hong Kong and the PRC. More investments will be cashed out at appropriate times to free up capital for deployment in healthcare related investments.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group held cash and bank balances of approximately HK$201,249,000 (2012: approximately HK$176,332,000). The Group had bank borrowings of approximately HK$363,772,000 which are all repayable within one year (2012: approximately HK$210,575,000). As at 31 December 2013, the Group's net current assets amounted to approximately HK$645,595,000 (2012: approximately HK$307,269,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.25 (2012: 1.92).

As at 31 December 2013, gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 30.08% (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 year ended 31 December 2013, the Group considers that the potential foreign exchange exposure of the Group is limited.

CAPITAL STRUCTURE

As at 31 December 2013, the Group had equity attributable to owners of the Company of approximately HK$1,209,166,000 (2012: approximately HK$1,127,631,000).

HUMAN RESOURCES

As at 31 December 2013, the Group employed 528 staff (2012: 543 staff). Total employee costs for the year ended 31 December 2013 including directors' emoluments, amounted to HK$229,853,000 (2012: approximately HK$209,255,000).

The salary and benefit levels of employees 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.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2013, certain of the Group's property, plant and equipment, investment properties and assets classified as held for sale with a net carrying amount of approximately HK$68,951,000 (2012: approximately HK$95,505,000), HK$420,405,000 (2012: approximately HK$221,887,000) and HK$117,000,000 (2012: nil), respectively, and bank deposits and held for trading investments of HK$17,794,000 (2012: HK$79,951,000) and HK$68,978,000 (2012: nil) were pledged to secure general banking facilities granted to the Group. The pledges for assets classified as held for sale will be released upon the completion date of disposal in 2014.

CAPITAL COMMITMENTS

As at 31 December 2013, the Group had no capital expenditure contracted for but not provided in financial statements (2012: Nil).

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIVIDEND

Subsequent to the end of the reporting period, the Board recommended the payment of a final dividend ("**Final Dividend**") of HK5.5 cents per share for the year ended 31 December 2013 (2012: nil) to the shareholders of the Company which is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 23 May 2014 ("**AGM**"). Subject to the approval of the shareholders of the Company at the AGM, it is expected that the Final Dividend will be paid on or around Wednesday, 18 June 2014 to the shareholders whose names appear on the register of members of the Company on Wednesday, 4 June 2014.

BONUS ISSUE OF SHARES

The Board proposed a bonus issue ("**Bonus Issue**") of shares on the basis of four new ordinary shares of HK$0.01 each for every one existing share held by the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 4 June 2014. The bonus shares will be credited by way of capitalisation of an amount equal to the total par value of the bonus shares in the retained earnings account of the Company.

The Bonus Issue is conditional upon:

(i) the passing of an ordinary resolution by the shareholders of the Company approving the Bonus Issue; and

(ii) The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the bonus shares to be issued under the Bonus Issue.

A circular containing further details of the Bonus Issue will be despatched to the shareholders of the Company as soon as possible.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the proposed Final Dividend for the year ended 31 December 2013 and the Bonus Issue, the register of members of the Company will be closed from Friday, 30 May 2014 to Wednesday, 4 June 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for entitlement to the proposed Final Dividend and the Bonus Issue, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will relocate to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) by 4:30 p.m. on Thursday, 29 May 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules ("**CG Code**").

During the year ended 31 December 2013, the Company has complied with the respective code provisions of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All the Directors have confirmed that throughout the year ended 31 December 2013, they have complied with the provisions of the Model Code.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013 have been reviewed by the audit committee of the Company.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

ACKNOWLEDGEMENT

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

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

Hong Kong, 25 March 2014

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.