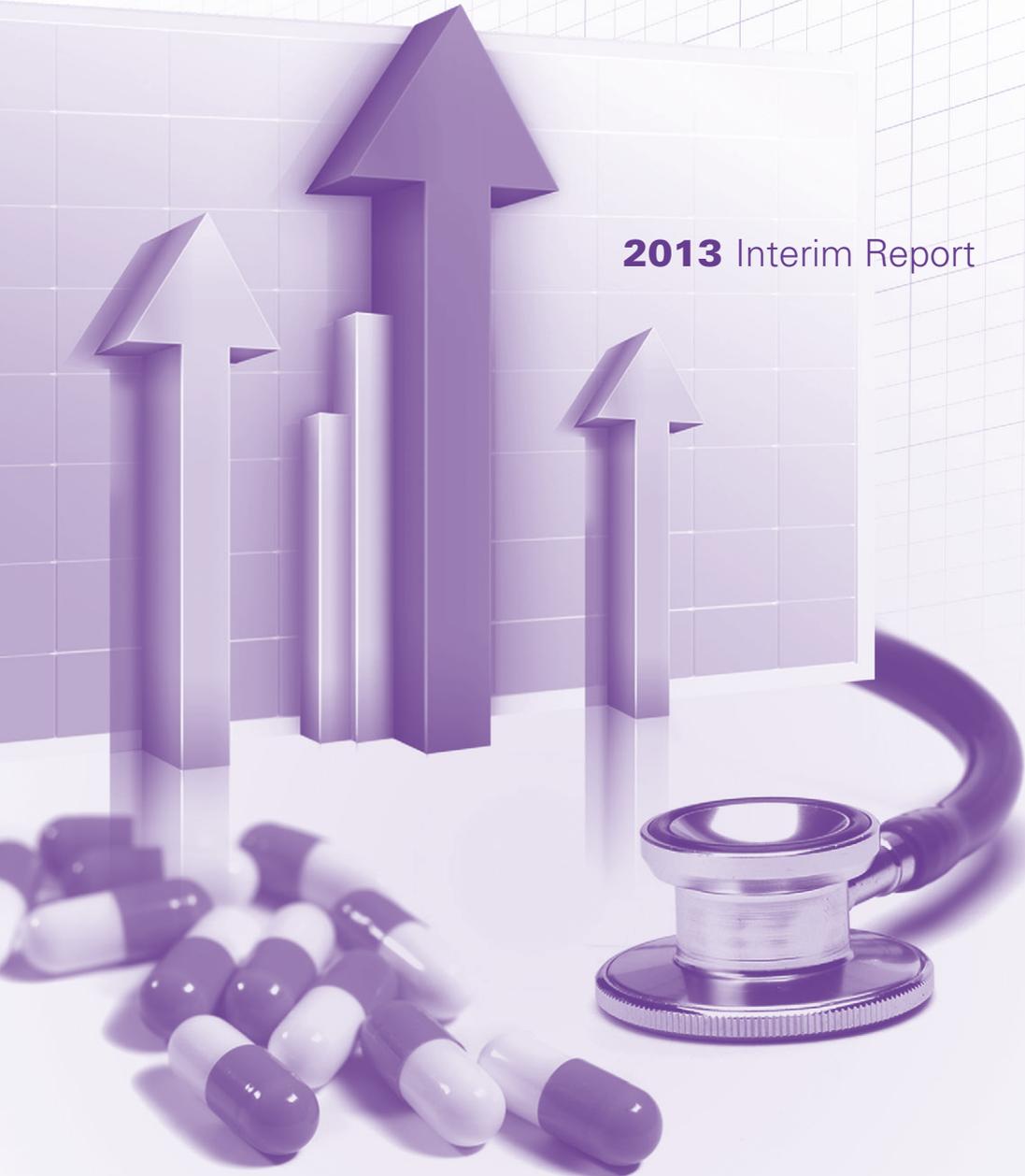




**Town Health International Investments Limited**  
**康健國際投資有限公司**

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

**2013** Interim Report



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **Executive Directors**

Miss Choi Ka Yee, Crystal (*Chairperson*)  
Dr. Cho Kwai Chee  
(*Chief Executive Officer*)  
Mr. Lee Chik Yuet  
Dr. Chan Wing Lok, Brian

#### **Non-executive Director**

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

#### **Independent Non-executive Directors**

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

### BOARD COMMITTEES

#### **Audit Committee**

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

#### **Remuneration Committee**

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

#### **Nomination Committee**

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

### COMPANY SECRETARY

Mr. Wong Seung Ming, CPA, FCCA

### AUDITORS

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### PRINCIPAL BANKER

Dah Sing Bank, Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Limited  
Canon's Court  
22 Victoria Street Hamilton HM12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### WEBSITE

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



## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 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).



## 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 report the results for the six months ended 30 June 2013 (“Period under review”).

During the Period under review, revenue dropped 5.07% to approximately 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.

During the Period under review, the Group disposed of its interest in RBI Conglomerate (Holdings) Limited, an associate company, at the consideration of HK\$72,500,000 (“Disposal”), details of which had been set out in the Company’s announcement dated 28 February 2013. The completion of the Disposal took place on 9 April 2013. The actual gain on the Disposal of such associate company is approximately HK\$28,052,000, being the difference of the consideration of HK\$72,500,000 and the unaudited 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 the Disposal.

As set out in Note 7 to the condensed consolidated financial statements in this report, for the six months ended 30 June 2013, the Group recorded a loss on fair value changes on held for trading investments of approximately HK\$9,121,000 (for the six months ended 30 June 2012: approximately HK\$288,579,000), which comprised (i) realised loss on disposal of securities of approximately HK\$1,812,000 (for the six months ended 30 June 2012: approximately HK\$25,696,000) and (ii) an unrealised loss of approximately HK\$7,309,000 (for the six months ended 30 June 2012: approximately HK\$262,883,000).

As set out in Note 7 to the condensed consolidated financial statements in this report, the Group did not record any impairment loss on available-for-sale investments for the six months ended 30 June 2013, while the impairment loss on available-for-sale investments for the six months ended 30 June 2012 was approximately HK\$7,558,000, which related to the securities of a company listed on the Main Board of the Stock Exchange (“Listco Shares”) held by the Group. As at 1 January 2012, the fair value of the Listco Shares was approximately HK\$11,136,000, while as at 30 June 2012, the fair value of the Listco Shares was decreased to approximately HK\$3,578,000. Hence, an impairment loss of approximately HK\$7,558,000 was recognised for the period of six months ended 30 June 2012. As the Group disposed of the Listco Shares in September 2012, no such impairment loss was recognised for the period of six months ended 30 June 2013.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 "Quality 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 staffs (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.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2013, the interests and short positions of the directors (the "Directors") and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

*Long positions in the shares and underlying shares of the Company*

Name of Director	Capacity	Nature of interests	Number of ordinary shares of the Company held	Number of underlying ordinary shares of the Company held	Total	Approximate % of shareholding of the Company
Dr. Cho Kwai Chee	Interest of a controlled corporation	Corporate interest	246,640,523 <sup>(1)</sup>	-	246,640,523	27.09%
Dr. Chan Wing Lok, Brian	Beneficial owner	Personal interest	552,000	-	552,000	0.06%
Mr. Lee Chik Yuet	Beneficial owner	Personal interest	-	2,000,000 <sup>(2)</sup>	2,000,000	0.22%
Dr. Choi Chee Ming, GBS, JP	Interest of a controlled corporation	Corporate interest	246,640,523 <sup>(1)</sup>	-	246,640,523	27.09%
Mr. Chan Kam Chiu	Beneficial owner	Personal interest	-	150,000 <sup>(2)</sup>	150,000	0.02%
Mr. Ho Kwok Wah, George	Beneficial owner	Personal interest	-	150,000 <sup>(2)</sup>	150,000	0.02%
Mr. Wai Kwok Hung, SBS, JP	Beneficial owner	Personal interest	-	200,000 <sup>(2)</sup>	200,000	0.02%

Notes:

- (1) Such shares were held by Broad Idea International Limited ("Broad Idea"). Dr. Cho Kwai Chee and Dr. Choi Chee Ming, GBS, JP were deemed to be interested in the 246,640,523 shares held by Broad Idea under Part XV of the SFO given that they are beneficially interested in 50.1% and 49.9% of the issued share capital of Broad Idea respectively.
- (2) These represented the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the section titled "Share Option Schemes" on pages 11 and 12 of this report.



## DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 June 2013, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares of the Company held	Approximate % of shareholding of the Company
Broad Idea	Beneficial owner	246,640,523 <sup>(1)</sup>	27.09%
Ling Wai Hoi	Interest of controlled corporations	45,032,000 <sup>(2)</sup>	4.95%
	Beneficial Owner	14,000,000	1.54%

Notes:

- (1) Broad Idea is beneficially owned by Dr. Cho Kwai Chee as to 50.1% and Dr. Choi Chee Ming, GBS, JP as to 49.9%.
- (2) These shares are held as to 23,020,000 shares by Creative Ideas Management Corporation, and as to 22,012,000 shares by Key Elegance Development Limited. As Ling Wai Hoi owned 50% of the issued share capital of each of the aforementioned companies, Ling Wai Hoi is deemed to be interested in all the shares in which Creative Ideas Management Corporation and Key Elegance Development Limited are interested by virtue of the provisions of Part XV of the SFO.



## DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2013, the Company has not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEMES

#### (I) 2002 Scheme

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

Details of the share options granted by the Company under the 2002 Scheme to eligible persons and movement in such holding during the Period under review are as follows:

	Date of grant	Exercise period	Exercise price per share HK\$	As at 1 January 2013	Number of share options			As at 30 June 2013
					Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
Employee	9.10.2007	9.10.2007 to 8.10.2017	11.1	200,000	-	-	-	200,000

Shareholders of the Company at the extraordinary general meeting held on 16 September 2008 approved the termination of the 2002 Scheme. Upon termination of the 2002 Scheme, no further share option may be granted thereunder. However, in respect of the outstanding share options, the provisions of the 2002 Scheme shall remain in force.

No share option was granted, exercised, cancelled or lapsed under the 2002 Scheme during the six months ended 30 June 2013.

## DISCLOSURE OF INTERESTS

### (II) 2008 Scheme

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

According to the 2008 Scheme, the Directors may grant share options to eligible persons including directors, employees, consultants, etc. of each member of the Group and any entity in which any member of the Group holds an equity interest, to subscribe for shares of the Company.

Details of the share options granted by the Company under the 2008 Scheme to eligible persons and movement in such holding during the Period under review are as follows:

	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				As at 30 June 2013
				As at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
<b>Directors</b>								
Mr. Lee Chik Yuet	18.6.2010	18.6.2010 to 17.6.2015	1.030	2,000,000	-	-	-	2,000,000
Mr. Chan Kam Chiu	18.6.2010	18.6.2010 to 17.6.2015	1.030	150,000	-	-	-	150,000
Mr. Ho Kwok Wah, George	18.6.2010	18.6.2010 to 17.6.2015	1.030	150,000	-	-	-	150,000
Mr. Wai Kwok Hung, SBS, JP	18.6.2010	18.6.2010 to 17.6.2015	1.030	200,000	-	-	-	200,000
<b>Sub-total</b>				<b>2,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>
-----								
Employees	28.6.2010	28.6.2010 to 27.6.2015	1.064	28,400,000	-	-	-	28,400,000
	14.1.2011	14.1.2011 to 13.1.2013	1.510	1,500,000	-	-	(1,500,000)	-
<b>Sub-total</b>				<b>29,900,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,400,000</b>
-----								
Consultant	27.12.2012	27.12.2012 to 26.12.2013	0.490	5,103,000	-	-	-	5,103,000
<b>Sub-total</b>				<b>5,103,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,103,000</b>
-----								
<b>Total</b>				<b>37,503,000</b>	<b>-</b>	<b>-</b>	<b>(1,500,000)</b>	<b>36,003,000</b>

No share option was granted and exercised under the 2008 Scheme during the six months ended 30 June 2013.



## **CORPORATE GOVERNANCE**

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

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the 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.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

### **AUDIT COMMITTEE**

The audit committee currently comprises of three independent non-executive Directors, namely Mr. Chan Kam Chiu as the chairman of the audit committee, Mr. Ho Kwok Wah, George and Mr. Wai Kwok Hung, *SBS, JP*. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30 June 2013 and this interim report.



## **OTHER INFORMATION**

### **CHANGES IN INFORMATION OF DIRECTORS**

There is no information required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2012.

### **SUFFICIENCY OF PUBLIC FLOAT**

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

On behalf of the Board  
**Town Health International Investments Limited**  
**Lee Chik Yuet**  
*Executive Director*

## RESULTS

The Board of Directors (the “Board”) of Town Health International Investments Limited (the “Company”) is pleased to report 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

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Distributable reserve HK\$'000	Other reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
At 1 January 2013	9,103	508,096	9,020	10,033	62,677	14,814	462	3,055	16,742	210,497	283,132	1,127,631	209,718	1,337,349
Profit for the period	-	-	-	-	-	-	-	-	-	-	18,993	18,993	3,008	22,001
Exchange difference arising on the translation of foreign operations	-	-	-	-	-	-	-	-	208	-	-	208	-	208
Share of exchange reserve of associates	-	-	-	-	-	-	-	-	1,293	-	-	1,293	-	1,293
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,501	-	18,993	20,494	3,008	23,502
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,622)	(1,622)
Non-controlling interests arising on first right	-	-	-	-	-	-	-	-	-	-	-	-	17,000	17,000
At 30 June 2013	9,103	508,096	9,020	10,033	62,677	14,814	462	3,055	18,243	210,497	302,125	1,146,125	228,104	1,376,229

For the six months ended 30 June 2012

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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>For the six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(253,038)</b>	(313,936)
Net cash generated from investing activities	<b>51,005</b>	269,935
Net cash generated from financing activities	<b>208,510</b>	127,181
Increase in cash and cash equivalents	<b>6,477</b>	83,180
Cash and cash equivalents at the beginning of period	<b>176,332</b>	46,261
Cash and cash equivalents at the end of period, representing bank balances and cash	<b>182,809</b>	129,441



## **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 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 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 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 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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

<sup>1</sup> Changes effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> 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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

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

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

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

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Provision of healthcare and dental services	<b>153,074</b>	163,454
Properties	<b>11,594</b>	6,377
Others	<b>26</b>	3,657
Revenue	<b>164,694</b>	173,488
Gross proceeds from securities trading	<b>469,544</b>	139,422
Gross proceeds from operations	<b>634,238</b>	312,910

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. SEGMENT INFORMATION (CONTINUED)

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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
	<b>4,279</b>	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
	<b>19,498</b>	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	–
	<b>11,056</b>	296,137

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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	<b>3,129</b>	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	<b>14,092</b>	3,692
– Other staff's salaries, bonus and other benefits	<b>96,166</b>	101,171
– Other staff's retirement benefits scheme contributions	<b>580</b>	511
	<b>110,838</b>	105,374
Depreciation of property, plant, and equipment	<b>13,971</b>	14,470
Loss on disposal of property, plant and equipment	<b>134</b>	31
Amortisation of intangible assets (included in administrative expenses)	<b>167</b>	1,155

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX EXPENSES

	<b>For the six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
The charge comprises: Hong Kong Profits Tax	<b>663</b>	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 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:

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. LOANS RECEIVABLE

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Fixed rate loans receivable	<b>72,825</b>	27,724

### 14. TRADE AND OTHER RECEIVABLES

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Trade receivables	<b>15,840</b>	16,206
Less: allowance for doubtful debts	<b>(668)</b>	(1,606)
Total trade receivable, net of allowance	<b>15,172</b>	14,600
Prepayments, deposits and other receivables	<b>36,536</b>	26,555
	<b>51,708</b>	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 ageing analysis of trade receivables at the reporting period:

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	<b>30 June 2013 HK\$'000</b>	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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

	At 30 June 2013		
	Level 1 HK\$'000	Level 2 HK\$'000	Total 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 HK\$'000	Level 2 HK\$'000	Total 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.