卓健亞洲有限公司 Quality HealthCare Asia Limited

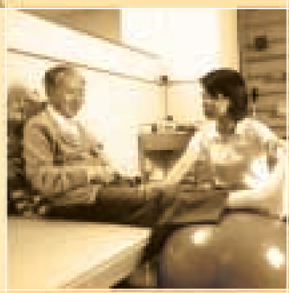
信任
trust

二零零五年中期報告
interim report 2005

Medical Care
Chinese Medicine
Physiotherapy

Dental Care
Health Screening
Diet Plan
Health Talk

Reproductive Medicine
Skin Care
Foot Care



Sleep Disorders
Nursing Services
Elderly Care

Quality HealthCare Asia Limited is Hong Kong's largest listed healthcare company. The Group provides care for our private and corporate contract patients through a network of more than 560 Western and Chinese medical centres, and 44 dental and physiotherapy centres. In 2004, our network recorded more than 1.9 million healthcare visits. We operate eight elderly care homes and Hong Kong's longest-established international nursing agency service. One of our medical practices has been serving Hong Kong people for over 135 years.

Quality HealthCare became the first healthcare provider listed on The Stock Exchange of Hong Kong Limited (HKSE ticker 593) in 1998. The Group's turnover in 2004 exceeded HK$780 million.

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Chairman's Statement

I am pleased to report that the Group has continued to deliver growth in its overall profit performance in the first six months of 2005. All three core healthcare divisions, including medical services, associated health services and elderly services, were profitable.

During the reporting period, the profit contribution from Quality HealthCare Medical Services ("QHMS") decreased slightly by 3.4% mainly due to increases in staff remuneration and other operating expenses, whilst the profit contribution from Quality HealthCare Services ("QHS") increased by 32.6%. Quality HealthCare Elderly Services ("QHES"), following stringent cost savings from relocation of the head office and closure of one of its homes, together with rental reductions in two homes, achieved a successful turnaround from net loss to net profit. Corporate and other expenses also decreased by 7.5%, achieved through reduction in staff remuneration and other operating expenses.

FINANCIAL REVIEW

In the six month period ended 30 June 2005, the Group reported a turnover of HK$403.0 million, an increase of 5.1%, compared to HK$383.5 million for the same period last year. Net profit for the period attributable to equity holders was HK$23.2 million, an increase of 15.1%, compared to HK$20.1 million in the comparative period in the prior year.

Basic earnings per share for the first half of 2005 were HK11.2 cents. An interim dividend of HK2.5 cents per share was declared.

The finance costs of the Group in the first six months fell significantly from approximately HK$85,000 to HK$1,000 as a result of substantial elimination of debt.

As at 30 June 2005, the only borrowing of the Group was an obligation under a hire purchase contract with the outstanding balance at approximately HK$20,000. The Group's net cash position decreased from HK$115.7 million at 31 December 2004 to HK$98.9 million at 30 June 2005. In April 2005, the Company applied approximately HK$43.3 million cash to repurchase 10% of its ordinary share capital then issued. Net cash inflow from operating activities increased from HK$17.8 million for the six months ended 30 June 2004 to HK$34.3 million for the six months ended 30 June 2005.

BUSINESS REVIEW

Quality HealthCare Medical Services ("QHMS")

Western Medicine, Chinese Medicine

During the period, QHMS reported a 3.4% decrease in operating profit, whilst turnover increased by 3.7%. Turnover for the six months was approximately HK$316.6 million, compared with approximately HK$305.3 million for the corresponding period last year, but operating profit decreased slightly to approximately HK$25.6 million, from approximately HK$26.5 million in the corresponding period last year. The decrease in operating profit was mainly due to the increase in staff remuneration following the salary adjustments introduced in the beginning of year 2005 together with the increase in rental expenses and other operating expenses experienced following the upturn in the economy.

The QHMS management team has focused its effort in the first six months of 2005 on the development of a number of initiatives and strategies to strengthen its long-term position in the market, including investment in training, as well as its network, facilities and infrastructure.

Scheme Administration Capabilities

In addition to our capabilities as a medical service provider, QHMS has developed a core team and a technical platform for scheme administration. QHMS has gained recognition for its experience and expertise in this field and is exploring opportunities for further collaboration in the specialised service of medical scheme administration for Hong Kong, Macau and China. Our IT team has also devoted resources to the development of more sophisticated medical data analysis tools for use in scheme management and analysis activities.

Investment in People

Training has been a major focus in the first six months of 2005 and QHMS will continue to devote resources into training schemes particularly for clinical and client management skills for the frontline staff. Special training programs have also been selected for head office staff designed to facilitate team coherence and improve productivity. Our training initiatives are organised by our Training and Staff Development team as an ongoing management strategy directed at improving the capability, competitiveness, and quality of our services.

Facilities and Network Enhancement

The QHMS network experienced an 11% increase in client visits in the first six months of 2005 compared to the same period of 2004. QHMS, in order to enhance client service, continued to invest in the upgrading of our facilities in terms of space planning, ambience, and smooth operational flows. Streamlined logistics and IT system enhancement has improved communications between head office and the frontline and empowered the frontline staff to manage their workflow and raise the level of client service.

Infrastructure Upgrading

The QHMS medical call centre is regarded as providing a significant function for our clients. Accordingly, we have recruited consultants specialising in call centre services to assist in developing an international standard of practice and management. We are pleased with the improvements achieved to date and will continue to invest in further enhancement.

Growth Initiatives

QHMS continues to explore opportunities presented by new markets such as Macau and China in a variety of business models. We are experiencing increasing needs for high standard surgical facilities in our outpatient settings and will continue to work with our insurance partners to facilitate this model of service delivery to benefit both insurers and patients in terms of quality service, access and costs.

QHMS will also continue to expand its range of services to address the occupational and lifestyle needs of individuals from a viewpoint of integrated holistic care.

Chinese Medicine

Quality HealthCare Chinese Medicine ("QHCM") achieved a 45% increase in the total number of patient visits in the first six months of 2005 compared to the same period last year. Our Chinese Medicine practitioners continue to seek ways to better service the needs of their clients. The new initiatives include the introduction of Chinese Medicine granules as an alternative choice for patients who have difficulties with the time constraints involved in the administration of the traditional Chinese herbal medicine.

The Bill to approve the recognition of sick leave certificates issued by registered Chinese Medicine practitioners has been published in the government gazette on 3 June 2005 and the first reading was passed by the Legislative Council on 15 June 2005. The Chinese Medicine industry and the Chinese Medicine Council of Hong Kong are anticipating the passing of this bill later this year as a major milestone in the recognition of Chinese Medicine in Hong Kong as a mainstream healthcare provider.

Quality HealthCare Services ("QHS")

Dental, Physiotherapy, Nursing Agency Services

QHS's six-month total revenue increased by 20.2% to HK$42.9 million, from HK$35.7 million in the same period in 2004. Operating profit also rose by 32.6% to HK$3.21 million from HK$2.42 million in the same period in 2004.

Dental: Quality HealthCare Dental ("QHD") experienced a significant increase in the demand for specialist services in the first six months of 2005. QHD has responded with increased specialist sessions as well as the recruitment of more specialists to service clients' needs.

QHD plans to expand its Central practice in the coming months, adding capacity as well as special educational features to allow clients to achieve a better understanding of their options and the potential outcomes of procedures.

Nursing Agency: Quality HealthCare Nursing Agency ("QHNA") experienced satisfactory growth in the first six months of 2005 for homecare cases and private patients in private hospitals. Ward relief services have also been welcomed and have grown steadily due to the overall shortage in nurses.

QHNA has been invited to participate in various nursing training programs both locally and for nurses visiting from China. Internal auditing has demonstrated strong relationships between careful screening and detailed orientation for good quality carers with high customer satisfaction. QHNA will continue to pursue this avenue for ensuring high level of service delivery by the carers.

Physiotherapy: Based on customer feedback and growing demands, Quality HealthCare Physiotherapy ("QHP") has expanded its Mongkok centre and opened a new centre in Yuen Long to service the clients in that region.

In 2005, QHP continued to develop its range of occupational health and safety evaluations and workshops to help employers comply with the Occupational Safety and Health Ordinance, as well as providing comprehensive rehabilitation programs for work related injuries.

Quality HealthCare Elderly Services ("QHES")

Trusted Provider of Residential Elderly Care

QHES reported total revenue of HK$51.1 million for the first six months of 2005, compared with HK$53.4 million for the corresponding period last year. Operating performance improved significantly from a net loss of HK$1.2 million for the first six months last year to a net profit of HK$3.0 million for the same period this year.

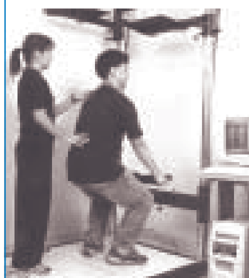
The successful turnaround of the business has been achieved by the negotiation of rental reductions in our elderly homes and head office, as well as the cost savings from the closure of one of our homes last year.

The occupancy rate has remained reasonably steady for the first six months of 2005 despite the setback from funding reductions by the Enhanced Bought Place Scheme. QHES has actively explored opportunities for generating revenue from other sources, including the provision of more personalised and value added services for our residents. In order to meet the growing needs for single rooms and the fierce competition from other homes, QHES has reorganised some of its homes to offer more private rooms, and has also invested in the upgrading of certain facilities to increase their attractiveness to prospective clients.

QHES has commenced a newsletter to enhance our communication with residents and family members and as a linkage amongst its eight homes. The newsletter has become a useful communication tool both internally and externally demonstrating the activities of each home and providing illustrations of the residents and the staff.

PEOPLE

The Group's philosophy is that in the healthcare industry it is essential to develop close and long lasting relationships with loyal and committed staff. We believe that our training initiatives will enable our staff to enjoy both professional and personal development within the Group. Our objective is to provide satisfying career development choices for committed professionals and support staff.

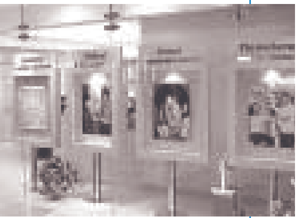


OUTLOOK

Quality HealthCare continues to occupy a significant role in the private healthcare industry in Hong Kong. The Group is aware of the rising expectations for private medical care in Hong Kong and will continue to invest in the development of our people, facilities, network, and infrastructure in order to ensure that we are equipped to meet the challenges.

The Group will continue to strengthen its capacity to provide outpatient surgical services as well as providing value added programs for employers addressing the medical, occupational and lifestyle needs of their employees.

The Hong Kong SAR Government has repeatedly delivered very clear messages and directives for healthcare reform and public private partnership opportunities. Quality HealthCare is supportive of these initiatives and looks forward to participating in these reforms in order to provide improved choice and quality healthcare services for Hong Kong people. We look forward to participating in the sharing of resources with the public sector in professional training of healthcare personnel, as well as utilizing a common medical data platform across all sectors for better management of our clients' health and well being.



The board of directors of Quality HealthCare Asia Limited (the "Company") herein presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six month period ended 30 June 2005 together with comparative amounts for the relevant corresponding period. These unaudited condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's auditors and audit committee.

Condensed Consolidated Profit and Loss Account – Unaudited

For the six months ended 30 June 2005

	Notes	For the six months ended 30 June 2005 HK$'000	2004 HK$'000
Turnover	2	**402,955**	383,495
Other income and gains		**4,113**	4,445
Changes in inventories of finished goods and dispensary supplies consumed+		**(15,493)**	(14,541)
Staff costs		**(144,433)**	(135,507)
Depreciation		**(8,852)**	(9,725)
Amortisation of goodwill		**–**	(246)
Other operating expenses, net		**(210,230)**	(204,191)
Finance costs – Interest on borrowings		**(1)**	(85)
Share of profit of a jointly-controlled entity		**118**	–
Profit before tax		**28,177**	23,645
Tax	3	**(5,000)**	(3,510)
Profit for the period attributable to equity holders of the Company		**23,177**	20,135
Dividend	4	**4,883**	2,167
Earnings per share	5		
Basic		**11.2 cents**	9.3 cents
Diluted		**11.2 cents**	9.3 cents

+ Being cost of inventories sold for the period

Condensed Consolidated Balance Sheet

30 June 2005

	Notes	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
Non-current assets			
Fixed assets		**27,322**	31,612
Long term investments		**–**	180
Goodwill		**5,727**	5,727
Interests in jointly-controlled entities		**565**	225
		33,614	37,744
Current assets			
Inventories		**7,408**	7,350
Accounts receivable	6	**69,606**	71,700
Prepayments, deposits and other receivables		**25,620**	22,151
Cash and bank balances		**98,883**	115,762
		201,517	216,963
Current liabilities			
Accounts payable, other payables, accruals and deposits received	7	**99,771**	91,869
Deferred revenue		**3,436**	7,730
Hire purchase contract payable		**5**	5
Dividend payable		**4,883**	–
Tax payable		**8,640**	8,145
		116,735	107,749
Net current assets		**84,782**	109,214
Total assets less current liabilities		**118,396**	146,958
Non-current liabilities			
Hire purchase contract payable		**15**	17
Deferred tax liabilities		**1,057**	1,057
		1,072	1,074
		117,324	145,884
Capital and reserves			
Issued capital		**19,533**	21,667
Reserves		**97,791**	120,967
Proposed final dividend		**–**	3,250
		117,324	145,884

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2005

	Issued capital HK$'000	Share premium account HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2004	21,662	139	81,155	4,874	107,830
Share options exercised (Note i)	1	16	–	–	17
Net profit for the period	–	–	20,135	–	20,135
Final 2003 dividend paid	–	–	–	(4,874)	(4,874)
Interim 2004 dividend declared	–	–	(2,167)	–	(2,167)
At 30 June 2004	21,663	155	99,123	–	120,941
At 1 January 2005	21,667	211	120,756	3,250	145,884
Warrants exercised (Note ii)	27	625	–	–	652
Share options exercised (Note i)	6	79	–	–	85
Shares repurchased (Note iii)	(2,167)	–	(41,168)	–	(43,335)
Expenses for share repurchase (Note iii)	–	–	(1,327)	–	(1,327)
Net profit for the period	–	–	23,177	–	23,177
Final 2004 dividend paid	–	–	–	(2,929)	(2,929)
Over-provision of final 2004 dividend (Note iv)	–	–	321	(321)	–
Interim 2005 dividend declared	–	–	(4,883)	–	(4,883)
At 30 June 2005	19,533	915	96,876	–	117,324

Notes :

(i) During the six months ended 30 June 2005, 57,600 (2004: 11,000) ordinary shares of the Company of HK$0.10 each were issued for a total cash consideration of approximately HK$85,000 (2004: HK$17,000) upon exercise of certain share options of the Company.

(ii) During the six months ended 30 June 2005, 264,618 (2004: Nil) ordinary shares of the Company of HK$0.10 each were issued as a result of the exercise of certain bonus warrants with nominal value of approximately HK$652,000 (2004: Nil).

(iii) At the special general meeting held on 23 March 2005, a voluntary conditional cash offer to repurchase up to 21,667,288 ordinary shares of HK$0.10 each of the Company for HK$2.00 in cash per share (the "Conditional Cash Offer") was approved by independent shareholders. As a result, 21,667,288 ordinary shares of the Company were repurchased by the Company in April 2005. The repurchased shares representing 10% of the then issued share capital of the Company were subsequently cancelled. The premium paid and the expenses incurred on the repurchase of shares were charged against the retained profits account. Details of the Conditional Cash Offer are set out in a circular of the Company dated 3 March 2005.

(iv) The overprovision of final 2004 dividend was due to the shares repurchase of 21,667,288 ordinary shares of the Company in April 2005. The shares repurchased were cancelled prior to the record date of the final 2004 dividend and therefore did not rank for this dividend payment.

Condensed Consolidated Cash Flow Statement – Unaudited

For the six months ended 30 June 2005

	For the six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
Net cash inflow from operating activities	**34,345**	17,842
Net cash outflow from investing activities	**(4,368)**	(5,971)
Net cash inflow/(outflow) from financing activities	**(46,856)**	17
Net increase/(decrease) in cash and cash equivalents	**(16,879)**	11,888
Cash and cash equivalents at beginning of period	**115,762**	58,991
Cash and cash equivalents at end of period	**98,883**	70,879
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**98,883**	70,879

30 June 2005

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards issued by the HKICPA ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 17, 18, 19, 23, 24, 27, 32, 33, 37, 38, 39, HKFRSs 2 and 4 has had no material impact on the accounting policies and the methods of computation applied by the Group for the preparation of these condensed consolidated financial statements. The impact of adopting the HKAS 36 and HKFRS 3 is summarised as follows:

HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated reserves in the year of acquisition and was not recognised in the profit and loss account until disposed or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amount of accumulated amortisation with a corresponding entry to the cost of goodwill. Goodwill previously eliminated against consolidated reserves remains eliminated against consolidated reserves and is not recognised in the profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. The adoption of HKFRS 3 and HKAS 36 in the accounting period beginning on 1 January 2005 in relation to the discontinuation of amortisation of goodwill has resulted in an increase in profit after tax of the Group for the six months ended 30 June 2005 by approximately HK$179,000 and an increase in both the basic and diluted earnings per share of the Group by approximately HK0.1 cent. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated. Accordingly, the adoption of HKFRS 3 and HKAS 36 has no effect on the opening balances of the total equity of the Group as at 1 January 2005 and 2004 and has no effect on the profit after tax of the Group for the six months ended 30 June 2004.

2. SEGMENTAL INFORMATION – UNAUDITED

The Group's operating business are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

	For the six months ended 30 June											
	Medical services		Nursing agency, physiotherapy & dental services		Elderly care services		Corporate and others		Eliminations		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:												
Sales to external customers	**316,619**	305,315	**38,150**	27,934	**48,186**	50,246	**-**	-	**-**	-	**402,955**	383,495
Intersegment revenue	**1,444**	1,481	**4,585**	7,534	**2,872**	2,940	**-**	-	**(8,901)**	(11,955)	**-**	-
Other income and gains	**3,113**	3,326	**177**	220	**89**	178	**459**	436	**-**	-	**3,838**	4,160
Total	**321,176**	310,122	**42,912**	35,688	**51,147**	53,364	**459**	436	**(8,901)**	(11,955)	**406,793**	387,655
Segment results	**25,638**	26,548	**3,212**	2,422	**2,979**	(1,153)	**(4,044)**	(4,372)	**-**	-	**27,785**	23,445
Unallocated interest income											**275**	285
Finance costs – Interest on borrowings											**(1)**	(85)
Share of profit of a jointly-controlled entity	**118**	-	**-**	-	**-**	-	**-**	-	**-**	-	**118**	-
Profit before tax											**28,177**	23,645
Tax											**(5,000)**	(3,510)
Profit for the period attributable to equity holders of the Company											**23,177**	20,135

3. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004 : 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong profits tax	**5,000**	4,350
Deferred	**–**	(840)
	5,000	3,510

4. DIVIDEND

At a meeting of the board of directors held on 26 August 2005, the directors resolved to pay an interim dividend of HK2.5 cents (2004: HK1 cent) per ordinary share in respect of the six months ended 30 June 2005.

5. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the Company of HK$23,177,000 (six months ended 30 June 2004: HK$20,135,000), and the weighted average number of 207,058,552 (six months ended 30 June 2004: 216,628,120) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of HK$23,177,000 (six months ended 30 June 2004: HK$20,135,000). The weighted average number of ordinary shares used in the calculation is the 207,058,552 (six months ended

30 June 2004: 216,628,120) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 349,150 (six months ended 30 June 2004: 420,662) ordinary shares assumed to have been issued at no consideration on deemed exercise of all outstanding share options during the period.

The outstanding warrants during the current and prior periods were not accounted for in the calculation of diluted earnings per share as they did not have a dilutive effect on the basic earnings per share for the current and prior periods.

6. ACCOUNTS RECEIVABLE

The Group allows an average general credit period of 30 to 90 days to its business-related customers, except for certain well established or major customers, where the terms are extended beyond 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, net of provisions, is as follows:

	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
Current – 90 days	**68,566**	70,840
91 – 180 days	**952**	842
Over 180 days	**88**	18
	69,606	71,700

7. ACCOUNTS PAYABLE, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

An aged analysis of accounts payable included in accounts payable, other payables, accruals and deposits received as at the balance sheet date, based on invoice date, is as follows:

	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
Accounts payable:		
Current – 90 days	**25,957**	17,330
91 – 180 days	**1,281**	239
181 – 360 days	**322**	388
Over 360 days	**639**	439
	28,199	18,396
Other payables, accruals and deposits received	**71,572**	73,473
	99,771	91,869

8. CONTINGENT LIABILITIES

(a) In the prior year, on 10 August 2004, Quality HealthCare Medical Services Limited ("QHMS") and Quality HealthCare Medical Centre Limited ("QHMC"), indirect wholly-owned subsidiaries of the Company, were served with a writ attaching a statement of claim by Asia Pacific Lasik Centre Limited claiming, inter alia, damages of HK$900,000 for breaches of contract on the parts of QHMS and QHMC. The case is being defended and a cross action mounted. At this stage, having taken legal advice, the directors take the view that no contingency arises for which a provision is required to be made. Corresponding legal costs were expensed as incurred.

As at 30 June 2005, the Group was engaged in other litigation and claims which have not been disclosed in details, as the possibility of an outflow of resources amounting to material economic benefit is considered to be remote.

(b) The Group had a contingent liability in respect of possible future long services payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK$7,635,000 as at 30 June 2005 (31 December 2004: HK$6,543,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of services to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. No provision has been made in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

9. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its medical centres, office premises and elderly care homes under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
Within one year	**55,969**	54,474
In the second to fifth years, inclusive	**90,476**	84,210
After five years	**288**	341
	146,733	139,025

10. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended 30 June	
	2005	2004
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Transactions with wholly-owned subsidiaries of Sun Hung Kai & Co. Limited ("SHK"), a substantial shareholder of the Company:		
Insurance premium paid	**3,366**	3,279
Company secretarial service fees charged by a subsidiary of SHK	**686**	582
Financial advisory fee charged by a subsidiary of SHK	**325**	–
Transactions with a jointly controlled entity:		
Service fees for provision of facilities and services to medical practices charged by a jointly controlled entity	**1,858**	–

(b) Outstanding balances due to related parties included in the Group's accounts payable, other payables, accruals and deposits received

	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
Wholly-owned subsidiaries of SHK	**1,011**	–

The amount due to the related parties are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2005 HK$'000 (Unaudited)	2004 HK$'000 (Unaudited)
Short term employee benefits	**2,255**	2,070
Post employment benefits	**12**	12
Total compensation paid to key management personnel	**2,267**	2,082

11. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 26 August 2005.

1. CAPITAL STRUCTURE AND EQUITY

The Company repurchased 21,667,288 ordinary shares in April 2005 for a cash consideration of HK$2.00 per share through a voluntary conditional cash offer. The shares repurchased represented 10% of the then issued share capital of the Company. Total consideration (before expenses) of approximately HK$43.3 million was paid from the Group's internal resources. Details of the share repurchase are set out in a circular of the Company dated 3 March 2005.

As a result of the share repurchase, the subscription price of the outstanding warrants of the Company was adjusted from HK$2.50 per share to HK$2.46 per share on 10 May 2005. The exercise price of the outstanding share options was also adjusted from HK$1.50 per share to HK$1.47 per share and the aggregate number of shares which can be subscribed for under the outstanding share options have been adjusted from 1,577,500 to 1,419,750.

Subsequent to the share repurchase, 264,618 ordinary shares of HK$0.10 each were issued as a result of the exercise of warrants and 57,600 ordinary shares of HK$0.10 each were issued as a result of the exercise of share options.

The Group's shareholders' funds decreased from HK$145.9 million as at 31 December 2004 to HK$117.3 million as at 30 June 2005 mainly as the result of the share repurchase and the net profit retained for the period.

2. FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2005, the Group had outstanding borrowings comprising an obligation under a hire purchase contract of approximately HK$20,000 (31 December 2004: HK$22,000). Cash and bank balances as at 30 June 2005 amounted to approximately HK$98.9 million (31 December 2004: HK$115.8 million). Since the Group was in a positive net cash position (cash and bank balances available were in excess of borrowings), gearing ratio comparing net debt (bank borrowings net of cash and bank balances available) to equity was not applicable at 30 June 2005 and 31 December 2004.

3. CURRENCY AND FINANCIAL RISK MANAGEMENT

The Group's main operating subsidiaries are located in Hong Kong and over 90% of the Group's sales and purchases during the period were denominated in Hong Kong dollars.

All bank borrowings are denominated in Hong Kong dollars. During the period, interest was charged on a floating rate basis with reference to Hong Kong Best Lending Rate and HIBOR.

Most cash and bank balances are denominated in Hong Kong dollars. Any surplus cash is placed in savings and short-term bank deposits to earn interest income.

The Group's foreign currency assets are immaterial. The Group's exposure to foreign exchange risk is minimal, and accordingly, it did not have any requirement to use financial instruments for hedging purposes.

4. PLEDGE OF ASSETS

At 30 June 2005, the Group had fixed assets of net book value of HK$20,000 (31 December 2004: HK$22,000) held under a hire purchase contract.

5. CONTINGENT LIABILITIES

Details regarding the contingent liabilities of the Group at 30 June 2005 are set out in note 8 to the Group's unaudited condensed consolidated interim financial statements on pages 23 and 24.

6. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period, there has been no material acquisition or disposal of subsidiaries and associated companies by the Group.

7. MANAGEMENT AND STAFF

At 30 June 2005, the total number of employees was around 960. Total staff costs amounted to approximately HK$144.4 million (2004: HK$135.5 million). The staffing structure is under constant review as the shape of the Group develops. Remuneration packages are calculated at market rates, with share options offered at the discretion of the board of directors. All executive directors' remuneration and option packages must first be recommended by the Remuneration Committee which is composed of all the independent non-executive directors, namely, Messrs. Li Chak Hung, Chang Chu Fai Johnson Francis and Carlisle Caldow Procter.

Dividend and Book Close

The Board of Directors has declared an interim dividend of HK2.5 cents (2004: HK1 cent) per ordinary share payable to shareholders whose names appear on the register of members of the Company on 20 September 2005.

The register of members and the register of warrantholders of the Company will be closed from 14 September 2005 to 20 September 2005, both days inclusive, during which period no transfer of shares and warrants will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms or in the case of warrantholders, all subscription forms accompanied by the relevant warrant certificates and exercise money, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 13 September 2005. Dividends are expected to be despatched on 28 September 2005.

Share Options

Pursuant to a share incentive plan (the "Share Incentive Plan") which was approved and adopted by the Company on 7 June 2002, the Board of Directors may, at their discretion, invite any employees, executive and non-executive directors (including independent non-executive directors), officers, advisers, consultants or such other persons from time to time to be an eligible person to whom share options will be granted as an incentive to attract and retain them for their contributions to the business development of the Group.

The following share options were outstanding under the Share Incentive Plan during the six months ended 30 June 2005:

	Number of share options								
Name or category of participant	At 1 January 2005	Exercised during the period	Cancelled/ lapsed during the period	Adjustment due to the Repurchase Offer (Note 2)	At 30 June 2005	Date of grant of share options (Note 3)	Exercise period of share options (both dates inclusive)	Exercise price of share options (Note 2) HK$	Price of the Company's shares (Note 4) HK$
Directors									
Brian Damian O'Connor (Note 1)	200,000	–	–	(20,000)	180,000	16-10-2002	16-10-2003 to 15-10-2007	1.47	N/A
Wong Tai Chun, Mark	150,000	–	–	(15,000)	135,000	16-10-2002	16-10-2003 to 15-10-2007	1.47	N/A
	350,000	–	–	(35,000)	315,000				
Other employees									
In aggregate	1,277,500	(57,600)	(50,900)	(122,750)	1,046,250	16-10-2002	16-10-2003 to 15-10-2007	1.47	1.96
	1,627,500	(57,600)	(50,900)	(157,750)	1,361,250				

Notes:

1. Mr. Brian Damian O'Connor retired as a director of the Company on 20 May 2005 and his share options under the Share Incentive Plan were lapsed on 20 August 2005.

2. On 10 May 2005, the exercise price for shares under each outstanding share option was adjusted from HK$1.50 per share to HK$1.47 per share and the aggregate number of shares which can be subscribed for under the outstanding share options have been adjusted from 1,577,500 to 1,419,750 as a result of the repurchase and cancellation of 21,667,288 shares of the Company under a voluntary conditional cash offer announced by the Company on 24 January 2005 (the "Repurchase Offer"). The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

3. The vesting period of the share options under the Share Incentive Plan is from the date of grant until the commencement of the exercise period.

4. The price of the Company's shares is the weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the period.

During the period, no share options were granted under the Share Incentive Plan.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2005, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or 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 under 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:

Name of Director	Nature of interest	Beneficial interest in shares (Note 1)	Beneficial interest in underlying shares (Notes 1 & 2)	Total Interests	Approximate aggregate percentage of the issued share capital
Wong Tai Chun, Mark	Personal	50,040	145,170	195,210	0.09%

Notes:

1. Interests in the shares and underlying shares of equity derivatives are long positions.

2. The interests include the holding of 135,000 share options, details of which are disclosed in the above section "Share Options", and 10,170 underlying shares attached to listed physically settled warrants. The listed physically settled warrants (the "Warrants") were issued on 12 January 2004 and are exercisable at any time during the period from 14 January 2004 to 13 January 2007 at an initial subscription price of HK$2.50 per share (subject to adjustment). On 10 May 2005, the subscription price of the Warrants was adjusted from HK$2.50 per share to HK$2.46 per share as a result of the Repurchase Offer.

Save as disclosed above, as at 30 June 2005, none of the Directors and chief executive of the Company, or any of their associates, had any personal, family, corporate or other interests in any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors of the Company, as at 30 June 2005, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholders	Interest in shares held (Note 1)	Interest in underlying shares held (Notes 1 & 2)	Total interests	Approximate percentage of the issued share capital	Notes
Sun Hung Kai & Co. Limited ("SHK")	67,030,357	12,544,632	79,574,989	40.73	3
Allied Properties (H.K.) Limited ("Allied Properties")	67,030,357	12,544,632	79,574,989	40.73	4
Allied Group Limited ("Allied Group")	67,030,357	12,544,632	79,574,989	40.73	5
Lee and Lee Trust ("LL Trust")	67,030,357	12,544,632	79,574,989	40.73	6
CLSA Capital Limited ("CLSA")	34,156,666	6,943,333	41,099,999	21.04	
CLSA BV	34,156,666	6,943,333	41,099,999	21.04	7
Calyon Capital Markets (Asia) BV ("Calyon BV")	34,156,666	6,943,333	41,099,999	21.04	8
Calyon Capital Markets International SASU ("Calyon CM")	34,156,666	6,943,333	41,099,999	21.04	9
Calyon SA	34,156,666	6,943,333	41,099,999	21.04	10
Credit Agricole S.A. ("Credit Agricole")	34,156,666	6,943,333	41,099,999	21.04	11
SAS Rue la Boetie ("SAS")	34,156,666	6,943,333	41,099,999	21.04	12
Arisaig Greater China Fund Limited ("Arisaig Fund")	18,483,600	3,696,720	22,180,320	11.35	
Arisaig Partners (Mauritius) Ltd ("Arisaig Mauritius")	18,483,600	3,696,720	22,180,320	11.35	13
Lindsay William Ernest Cooper	18,483,600	3,696,720	22,180,320	11.35	14

Notes:

1. The interests stated above represent long positions.

2. These represent interests of the listed physically settled Warrants. The Warrants were issued on 12 January 2004 and are exercisable at any time during the period from 14 January 2004 to 13 January 2007 at an initial subscription price of HK$2.50 per share (subject to adjustment). On 10 May 2005, the subscription price of the Warrants was adjusted from HK$2.50 per share to HK$2.46 per share as a result of the Repurchase Offer.

3. The 67,030,357 shares and 12,544,632 underlying shares were held by Wah Cheong Development (B.V.I.) Limited ("Wah Cheong"), a wholly-owned subsidiary of SHK. SHK was therefore deemed to have an interest in the shares and underlying shares in which Wah Cheong was interested.

4. Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly-owned subsidiaries of Allied Properties respectively, Allied Properties owned approximately 74.99% interest in the issued share capital of SHK and was therefore deemed to have an interest in the shares and underlying shares in which SHK was interested.

5. Allied Group owned approximately 74.79% interest in the issued share capital of Allied Properties and was therefore deemed to have an interest in the shares and underlying shares in which Allied Properties was interested.

6. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of LL Trust, being a discretionary trust. They together owned approximately 39.25% interest in the issued share capital of Allied Group and were therefore deemed to have an interest in the shares and underlying shares in which Allied Group was interested.

7. The 34,156,666 shares and 6,943,333 underlying shares were held by CLSA. CLSA BV owned more than 33.33% interest in the issued share capital of CLSA and was therefore deemed to have an interest in the shares and underlying shares in which CLSA was interested.

8. Calyon BV owned more than 33.33% interest in the issued share capital of CLSA BV and was therefore deemed to have an interest in the shares and underlying shares in which CLSA BV was interested.

9. Calyon CM owned more than 33.33% interest in the issued share capital of Calyon BV and was therefore deemed to have an interest in the shares and underlying shares in which Calyon BV was interested.

10. Calyon SA owned more than 33.33% interest in the issued share capital of Calyon CM and was therefore deemed to have an interest in the shares and underlying shares in which Calyon CM was interested.

11. Credit Agricole owned more than 33.33% interest in the issued share capital of Calyon SA and was therefore deemed to have an interest in the shares and underlying shares in which Calyon SA was interested.

12. SAS owned more than 33.33% interest in the issued share capital of Credit Agricole and was therefore deemed to have an interest in the shares and underlying shares in which Credit Agricole was interested.

13. The 18,483,600 shares and 3,696,720 underlying shares were held by the Arisaig Fund. Arisaig Mauritius is the investment manager of the Arisaig Fund and is thereby deemed to have an interest in the shares and underlying shares in which Arisaig Fund is interested.

14. Mr. Lindsay William Ernest Cooper has an indirect 33% beneficial interest in Arisaig Mauritius (the investment manager of the Arisaig Fund) and is thereby deemed to have an interest in the shares and underlying shares in which Arisaig Mauritius is interested.

Save as disclosed above, as at 30 June 2005, no short position were recorded in the register required to be kept under section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2005, except for the following deviations:

Code Provision A.1.7

This code provision stipulates that there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the issuer's expense.

To comply with this code provision, the Board of the Company has established in June 2005 a procedure to enable its Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

Code Provision A.2.1

This code provision stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Chairman of the Company is Mr. Arthur George Dew who is primarily responsible for the leadership of the Board, the functions of a CEO are performed by the two Executive Directors, Dr. Chee Wang Jin, Lincoln and Mr. Wong Tai Chun, Mark, who are responsible for the day-to-day management of the Group's Medical Division and Elderly Division respectively. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in June 2005.

Code Provisions A.4.1 and A.4.2

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election, and code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Non-Executive Directors of the Company had no fixed term of office prior to 20 May 2005, but retired from office on a rotational basis in accordance with the relevant provision of the Company's Bye-laws. According to the Bye-laws of the Company then in effect before 20 May 2005, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) should retire from office by rotation, provided that the Chairman of the Board and/or the Managing Director of the Company should not be subject to retirement by rotation. Further, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and would then be eligible for re-election.

To fully comply with the code provision A.4.1, immediately after the annual general meeting of the Company held on 20 May 2005 (the "2005 AGM"), all Non-Executive Directors of the Company were appointed for a specific term which shall continue until 31 December 2006, but subject to the relevant provisions of the Bye-laws of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office. In addition, to ensure full compliance with the code provision A.4.2, relevant amendments to the Bye-laws of the Company were proposed and approved by the shareholders at the 2005 AGM.

Code Provision A.5.4

This code provision stipulates that the board should establish written guidelines on no less exacting terms than the Model Code as set out in Appendix 10 of the Listing Rules for the relevant employees, who are likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities, in respect of their dealings in the securities of the issuer.

To comply with this code provision, the Company has established and adopted in June 2005 a Code for Securities Transactions by Relevant Employees, on no less exacting terms than the Model Code, to regulate securities dealings of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its securities.

Code Provisions B.1.3 and B.1.4

Code provision B.1.3 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the provision, and code provision B.1.4 stipulates that the remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

The terms of reference of the Remuneration Committee of the Company have been revised in June 2005 to comply with the code provision B.1.3, but with a deviation from the code provision of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive directors and senior management of an issuer. The Board considers that the Remuneration Committee of the Company should review (as opposed to determine) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management for the following reasons:

(i) the Board believes that the Remuneration Committee is not properly in a position to evaluate the performance of senior executives and that this evaluation process is more effectively carried out by the Executive Directors;

(ii) the Remuneration Committee members only consist of Independent Non-Executive Directors ("INEDs") who may not be industry skilled and come from differing professions and backgrounds and they are not involved in the daily operation of the Company. They may have little direct knowledge of industry practice and standard compensation packages. The Remuneration Committee is thus not in a position to properly determine the remuneration of the Executive Directors;

(iii) the Executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and

(iv) there is no reason for Executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

The revised terms of reference of the Remuneration Committee of the Company have also been placed on the Company's website in June 2005 to ensure full compliance with the code provision B.1.4.

Code Provisions C.3.3 and C.3.4

Code provision C.3.3 stipulates that the terms of reference of the audit committee should include at least those duties as set out in the provision, and code provision C.3.4 stipulates that the audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

The terms of reference of the Audit Committee of the Company have been revised in June 2005 to comply with the code provision C.3.3, but with a deviation from the code provision of the audit committee's responsibility to implement policy on the engagement of the external auditors to supply non-audit services. The Board considers that the Audit Committee of the Company should recommend (as opposed to implement) the policy for the following reasons:

(i) it is proper, and appropriate for the Board and its Committees to develop policy and make appropriate recommendations;

(ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the Executive Directors and management; and

(iii) INEDs are not in an effective position to implement policy and follow up the same on a day-to-day basis.

The revised terms of reference of the Audit Committee of the Company have also been placed on the Company's website in June 2005 to ensure full compliance with the code provision C.3.4.

Code Provision D.1.2

This code provision stipulates that an issuer should formalise the functions reserved to the board and those delegated to the management and should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in June 2005. The Board will review the same once a year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period under review.

Purchase, Sale or Redemption of Securities

The Company repurchased a total of 21,667,288 shares at a price of HK$2.00 in cash per share pursuant to a general offer made by Sun Hung Kai International Limited on behalf of the Company to repurchase up to 21,667,288 shares which was completed in April 2005. All the shares repurchased have been cancelled accordingly. The Company paid an amount of approximately HK$44.7 million after expenses which was financed by the internal resources of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2005.

Audit Committee Review

The Board of the Company has established an Audit Committee, which includes three independent non-executive directors, Messrs. Li Chak Hung, Chang Chu Fai Johnson Francis and Carlisle Caldow Procter, and a non-executive director, Mr. Richard Owen Pyvis. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30 June 2005. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has not undertaken detailed independent audit checks.

Board of Directors

As at the date of this report, the executive directors of the Company are Mr. Arthur George Dew (Chairman), Dr. Chee Wang Jin, Lincoln and Mr. Wong Tai Chun, Mark, the non-executive director of the Company is Mr. Richard Owen Pyvis (Deputy Chairman) and the independent non-executive directors of the Company are Mr. Li Chak Hung, Mr. Chang Chu Fai Johnson Francis and Mr. Carlisle Caldow Procter.

On behalf of the Board
Arthur George Dew
Chairman

Hong Kong, 26 August 2005