Interim Report

2009

中 期 報 告

卓健 Quality HealthCare

卓健亞洲有限公司

Quality HealthCare Asia Limited

Stock Code 股份代號：0593

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Arthur George Dew
(Chairman and Non-Executive Director)
Dr. Lincoln Chee Wang Jin
(Chief Executive Officer and Executive Director)
Mark Wong Tai Chun
(Executive Director)
Francis J. Chang Chu Fai
(Deputy Chairman and Independent Non-Executive Director)
Li Chak Hung
(Independent Non-Executive Director)
Carlisle Caldow Procter
(Independent Non-Executive Director)

EXECUTIVE COMMITTEE

Dr. Lincoln Chee Wang Jin *(Chairman)*
Mark Wong Tai Chun

AUDIT COMMITTEE

Li Chak Hung *(Chairman)*
Francis J. Chang Chu Fai
Carlisle Caldow Procter

REMUNERATION COMMITTEE

Li Chak Hung *(Chairman)*
Francis J. Chang Chu Fai
Carlisle Caldow Procter

COMPANY SECRETARY

Hester Wong Lam Chun

AUTHORISED REPRESENTATIVES

Mark Wong Tai Chun
Hester Wong Lam Chun

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Mallesons Stephen Jaques
P. C. Woo & Co.
Conyers Dill & Pearman

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

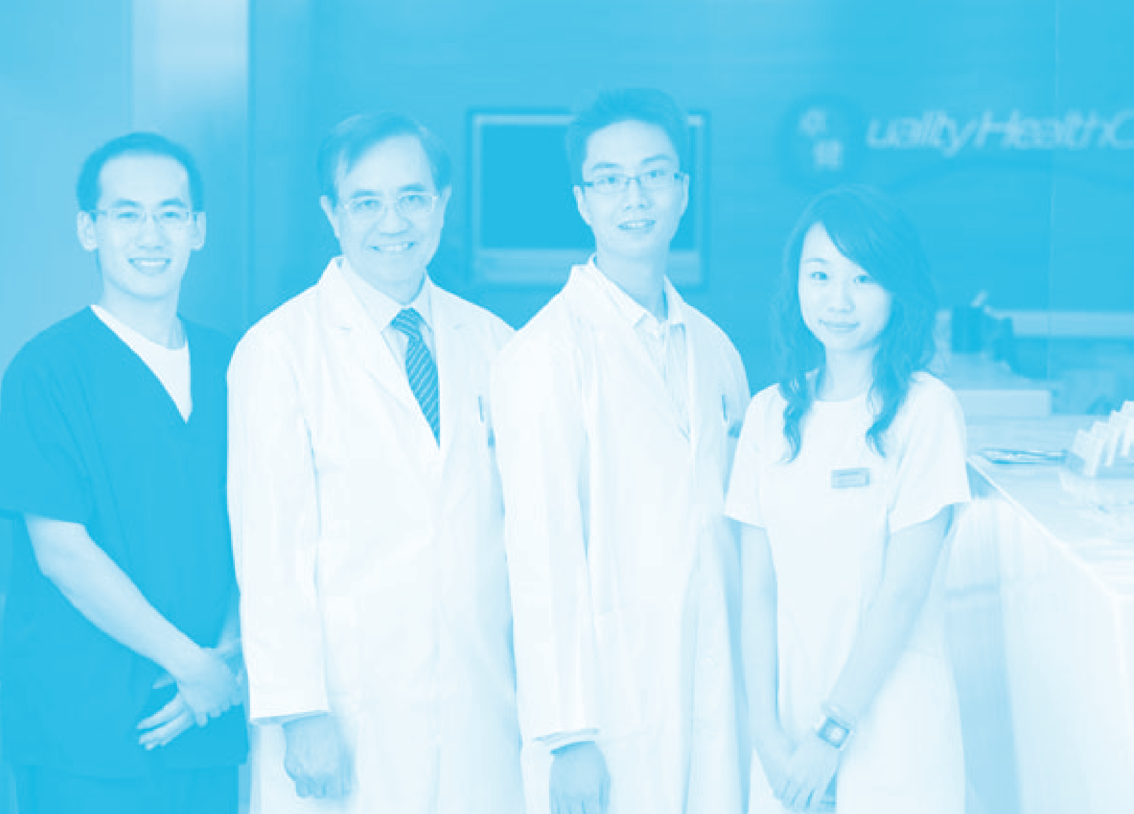
6/F., China Merchants Steam Navigation Building
303-307 Des Voeux Road Central
Sheung Wan, Hong Kong

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong Limited under the share ticker number 593

WEBSITE

www.qualityhealthcareasia.com



Committing Ourselves to **Quality Service**

CHAIRMAN'S **STATEMENT**

I am pleased to report that the Group continued to deliver growth in its overall revenue and profits in the first six months of 2009, notwithstanding the ongoing difficult times in global financial markets, from which Hong Kong was not immune.

During the reporting period, revenue from sales to external customers of Quality HealthCare Medical Services ("QHMS") and Quality HealthCare Services ("QHS") increased by 19.3% and 0.6% respectively, while divisional profit increased by 9.5% and 34.5% respectively. Revenue from sales to external customers of Quality HealthCare Elderly Services ("QHES") was slightly lower than in the corresponding period last year, whilst divisional profit decreased by 8.3%.

FINANCIAL REVIEW

For the six months ended 30 June 2009, the Group reported revenue of HK$536.9 million, an increase of 15.4%, compared to HK$465.4 million for the same period last year. Profit attributable to equity holders of the Company was HK$32.5 million, an increase of 11.0%, compared to HK$29.3 million for the corresponding period in the prior year. The profit attributable to equity holders of the Company included a fair value gain of approximately HK$1.4 million from holdings of financial assets. These financial assets pertain to the bonds purchased by the Group to enhance interest yield in this low interest rate environment.

Basic earnings per share for the first half of 2009 were HK14.2 cents.

The Board regularly reviews the price of the Company's shares in relation to the Company's underlying assets and earnings. The Company has repurchased 2,464,452 of its shares during the period under review. In accordance with the practice adopted last year, the Board has decided not to declare an interim dividend but will review the appropriate amount of any final dividend depending on the Company's final results and the extent of any share repurchases achieved in the meantime.

Finance cost for the Group amounted to approximately HK$1,000 for the reporting period.

The Group's positive net cash position decreased by 11.3% from HK$230.0 million at 31 December 2008 to HK$204.1 million at 30 June 2009. Net cash inflow from operating activities amounted to HK$39.9 million for the six months ended 30 June 2009.

BUSINESS REVIEW

Quality HealthCare Medical Services ("QHMS")

During the period under review, QHMS reported a 19.3% increase in revenue from sales to external customers and a 9.5% increase in divisional profit. Total revenue from sales to external customers of QHMS for the six months ended 30 June 2009 was HK$441.7 million, compared with HK$370.1 million for the corresponding period last year, whilst divisional profit increased by 9.5% to HK$31.9 million from HK$29.2 million in the corresponding period last year.

Business and Network Development

The first six months of 2009 has been challenging with the Hong Kong economy still heavily under the influence of the global financial crisis. We prepared ourselves for volatility in the market as our corporate clients continued to take various measures to cut costs and reduce staff headcounts. During this period, we were pleased to achieve reasonable performance in our business lines, with a growth of 30.8% in turnover for in-patient services and 24.0% growth for third party administration services when compared to same period last year. For out-patient services to cash and fee-for-service clients of QHMS, the average revenue per visit grew by 4.3% and attendance grew by 15.5%.

With the acquisition of the GHC network at end of year 2008 and the opening of new medical centres, our core medical network has grown to 60 centres. We will continue to expand our network through organic growth, partnership and acquisition opportunities. Besides focusing on our growth in the Hong Kong market, we are also actively looking for appropriate platforms to develop a presence in China.

In March 2009, we established another Cosmetic Skin Centre within one of our medical centres on the Kowloon side, making four such centres within our network. Having observed a continual market demand for reliable and professional medical cosmetic services, we are actively studying the opportunities to expand our presence in this market.

In view of the ageing population, escalating medical costs, and the need to enhance overall employee wellbeing, we worked closely with our partners to establish a corporate wellness platform with a range of service offerings that corporations could purchase for their staff members. Some of these new services will be launched on the market in the second half of 2009, such as our Smoking Cessation Program and other new physical check up offerings. We will continue to explore new technologies and innovations designed to enhance the standards of our patient-focused care and clinical outcomes.

Investing in Our Operational Architecture and People

We have been devoting resources towards updating and restructuring the IT system that has been serving us for over 10 years. Our key objectives are to increase productivity and reduce the cost of servicing through added efficiency and performance capability. We will continue to report on the progress we are making. Our corporate website is being revamped with built-in features and functions to facilitate interaction with our clients. It will be launched in the second half of 2009.

With service excellence a priority, QHMS continues to invest in our people and has introduced a tailored program on "Patient Engagement" to our doctors and dentists. We were pleased that our Customer Services Department was awarded "People Site Certification" presented by Asia Pacific Customer Service Consortium in June 2009 to recognize the team's dedication in staff training and over 90% of the team have received the Contact Centre Professional training.

In alignment with our growth strategies, we are seeking to reduce ongoing recruitment challenges for frontline staff. Through working with the Hong Kong Institute of Vocational Education, we have a tailored Dispensing Program with a curriculum to suit medical centres in the private setting, and staff have been nominated to attend this program to enhance their knowledge and service standards. We are optimistic that the continued expansion of such programs can equip more clinic staff with the right skills, and uplift the overall standards of those working in or joining the private healthcare market. In addition, we have also developed a Health Care Assistant Trainee Program for our new recruits to undergo a series of training sessions before they are placed in our medical centres with designated working buddies as their mentors.

Community Health

With the H1N1 type A influenza (human swine flu) still prevalent in the Hong Kong community, Quality HealthCare is committed to supporting the health authorities in providing the necessary health education, screening and care for our citizens. We will continue to participate proactively in the various thought leadership forums and will support the Government's initiatives in engaging the public in preventive care, such as regular cervical cancer screening, infant vaccination subsidy schemes, elderly vaccination schemes, and other outsourcing programs.

In the first six months of 2009, we have conducted a series of public health talks and health exhibitions to heighten the preventive health awareness of the general public and we will continue these initiatives in the coming months through different media. We will continue to work with our partners to develop a holistic primary healthcare platform that is both accessible and affordable for the people in Hong Kong.

CHAIRMAN'S STATEMENT

Quality HealthCare Services ("QHS")

Dental, Nursing Agency, Physiotherapy, LASIK & Ophthalmic Services and Psychological Services

The six-month revenue from sales to external customers of QHS increased by 0.6% to HK$47.3 million, from HK$47.0 million in the same period in 2008. Divisional profit increased by 34.5% to HK$4.9 million from HK$3.6 million in the same period in 2008.

Dental: Quality HealthCare Dental ("QHD") continued to expand its network with the opening of a new clinic in the New Territories during the reporting period. In addition, QHD continued to explore further expansion of its core services as well as specialized services addressing clinical and aesthetic needs. There was an extension of clinical operating hours enabling the clinics to better match the needs of our clients.

A team building training session was conducted in June 2009 for the QHD team and a series of standard operating procedures compiled for improved management. Clinical audits were conducted by the Dental Standard and Compliance Committee and we were pleased to report that QHD achieved a 99% rating of good to excellent satisfaction levels through our patient satisfaction survey.

Nursing Agency: Quality HealthCare Nursing Agency ("QHNA") achieved steady growth in homecare services for the first six months of 2009 reinforced by a customer loyalty program. There was also growth in the demand for first aid nurse relief for functions, events and seminars, and QHNA continued to be the preferred nurse baby-sit provider for hotels.

QHNA was invited to provide quotations for manning site clinics of a number of corporations, and experienced an increase in the requests for ward relief at the public and private hospitals. With the anticipation of an active influenza season ahead, QHNA will gear up to meet the increased demand from pharmaceutical companies and schools to support the vaccination programs and health talks.

Physiotherapy: Quality HealthCare Physiotherapy ("QHP") achieved a 3% increase in the number of visits to its network for the first six months of 2009 compared to the corresponding period in 2008. Operational efficiency was improved with active management of wastage, and clinical outcomes and client satisfaction were continually monitored to meet the established key performance indicators, and we were pleased to share these outcomes with our referring doctors.

Our physiotherapists were invited as the onsite sports physiotherapists for a series of competitions organized by Action Asia to provide assistance and education to the participants in regard to managing their musculo-skeletal problems post-event. Onsite services were also provided for corporations on our occupational health and safety programs to assist their employees in achieving a healthier and ergonomically sound workstation.

LASIK & Ophthalmic Services: The LASIK & Ophthalmic Centre continued to deliver a comprehensive range of medical eye consultations and we noted a significant growth in the demand for eye screening services for both adults and children. The Centre experienced a growth in the number of cataract clients since the relocation of the centre to the current Mongkok site, and we will continue to support the Cataract Surgeries Program, a public private initiative designed to reduce the waiting time for treatment for clients from the public health sector.

Psychological Services: Quality HealthCare Psychological Services continued to deliver the Employee Assistance Program to an increasing number of corporations in Hong Kong and Macau, and provided regular workshops and roadshows for these clients to reinforce their understanding of our services. We have been working closely with our strategic partners to broaden our offerings on enhancing employee wellbeing, including a wellness portal as well as different programs and services customized to the needs of specific client population.

Quality HealthCare Elderly Services ("QHES")

Trusted Provider of Residential Elderly Care

QHES reported revenue from sales to external customers of HK$48.0 million for the first six months of 2009, slightly less than the HK$48.3 million recorded in the corresponding period last year. Divisional profit of HK$3.3 million for the first six months of 2009 was 8.3% less than in the corresponding period last year.

The Government approved inflation adjustments of 4.7% and 9.3% in the rates of standard payments under the Comprehensive Social Security Assistance (CSSA) Scheme and the Disability Allowance under the Social Security Allowance (SSA) Scheme, respectively, with effect from 1 February 2009.

Increases in manpower required to comply with the requirement of the enhanced bought place scheme have driven up staff costs, whilst property costs increased by 4.7% as compared with same period last year.

We welcome the new initiatives proposed in the Financial Secretary's 2009-10 Budget which include an additional HK$38 million for providing 500 subsidized residential care places through the enhanced bought place scheme, and an additional HK$37 million to enhance the support for Residential Care Homes of the Elderly (RCHEs) taking care of infirm elders and those with dementia.

The additional allocation of subsidies for "Infirmary Care Supplement" and "Dementia Supplement" by the Social Welfare Department to RCHEs will enable us to employ additional professional staff, including occupational therapists and social workers, to take care of infirm elders and those with dementia.

PEOPLE

The dedication and commitment of all of our doctors and other professional staff as well as other frontline staff, together with our management team and head office staff members, have contributed to the continued success of the Group notwithstanding the challenging environment and competitive marketplace. At Quality HealthCare, our people are our priority. We believe that only by attracting, nurturing, and retaining engaged employees, and supporting their work-life balance, can the Group continue to create and deliver sustainable value to our shareholders, clients and staff.

OUTLOOK

Quality HealthCare is committed to executing its growth strategies by providing new services that address the holistic needs of clients, and developing new markets that allow more potential clients to experience Quality HealthCare's standards and system of care. Our fundamental service initiatives are built around client satisfaction and service improvement facilitated through ongoing enhancement of our IT capability and dedicated investment in human resources and facilities management.

We are engaged in and continue to be supportive of the Hong Kong Government's initiatives on health care reform, and are well positioned for opportunities such as planning of land allocation for building private hospitals. We are pleased to see the stringent measures that the Hong Kong Government has taken to mitigate the spread of the H1N1 type A influenza (human swine flu), and we will continue to work closely in the private sector to enhance the wellbeing of the Hong Kong community through education, screening and the provision of quality care. We will actively participate in new initiatives including health care vouchers for elders, sponsored vaccination programs for infants and elders, and other initiatives such as electronic medical records to facilitate communication and integrated care between the public and private sectors.

On behalf of the Board
Arthur George Dew
Chairman

Hong Kong, 27 August 2009

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

ERNST & YOUNG
安 永

To the board of directors of Quality HealthCare Asia Limited

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 46 which comprises the condensed consolidated statement of financial position of Quality HealthCare Asia Limited and its subsidiaries as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

27 August 2009

Dedicating Ourselves to **Quality Performance**

UNAUDITED INTERIM CONDENSED CONSOLIDATED **FINANCIAL STATEMENTS**

The Board of Directors (the "Board" or the "Directors") of Quality HealthCare Asia Limited (the "Company") herein presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six-month period ended 30 June 2009, which comprises the condensed consolidated statement of financial position as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. These unaudited interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's auditors and the Audit Committee.

Interim Condensed Consolidated Income Statement – Unaudited

For the six months ended 30 June 2009

	Notes	2009 HK$'000	2008 HK$'000 Restated
		For the six months ended 30 June	
Revenue #	2	**536,923**	465,425
Other income and gains		**11,690**	7,685
Changes in inventories of finished goods and dispensary and other supplies consumed		**(31,312)**	(26,744)
Employee benefit expense		**(211,326)**	(180,002)
Depreciation		**(10,084)**	(8,650)
Other expenses, net		**(257,480)**	(223,346)
Finance cost – interest on borrowings		**(1)**	(1)
Profit before tax	3	**38,410**	34,367
Tax	4	**(5,930)**	(5,097)
Profit for the period attributable to equity holders of the Company		**32,480**	29,270
Dividend – Interim	5	**–**	–
Earnings per share attributable to ordinary equity holders of the Company	6		
Basic		**14.2 cents**	12.3 cents
Diluted		**N/A**	N/A

Revenue is also the Group's turnover.

Interim Condensed Consolidated Statement of Comprehensive Income – Unaudited

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period attributable to ordinary equity holders of the Company	**32,480**	29,270
Other comprehensive income for the period, net of tax	**–**	–
Total comprehensive income for the period, net of tax, attributable to ordinary equity holders of the Company	**32,480**	29,270

Interim Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	**30 June 2009** **HK$'000** **(Unaudited)**	31 December 2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	7	**40,154**	44,555
Goodwill		**17,414**	17,414
Other intangible assets		**9,880**	9,880
Interest in a jointly-controlled entity		**375**	525
Deposits for purchases of items of property, plant and equipment		**2,553**	1,483
Financial assets at fair value through profit or loss	8	**30,430**	–
Total non-current assets		**100,806**	73,857
Current assets			
Inventories		**16,835**	15,945
Accounts receivable	9	**132,237**	129,335
Prepayments, deposits and other receivables		**35,847**	39,760
Tax recoverable		**3,466**	3,466
Cash and bank balances		**204,145**	230,031
Total current assets		**392,530**	418,537
Current liabilities			
Accounts payable, other payables, accruals and deposits received	10	**156,303**	161,491
Deferred revenue		**17,703**	17,180
Hire purchase contract payable		**1**	3
Tax payable		**13,343**	9,062
Total current liabilities		**187,350**	187,736

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Net current assets	205,180	230,801
Total assets less current liabilities	305,986	304,658
Non-current liabilities		
Deferred tax liabilities	404	508
Net assets	305,582	304,150
Equity attributable to equity holders of the Company		
Issued capital	22,743	22,987
Reserves	282,839	255,394
Proposed dividend	–	25,769
Total equity	305,582	304,150

Interim Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2009

	Issued capital HK$'000	Share premium account HK$'000	Retained profits HK$'000	Proposed dividends HK$'000	Total equity HK$'000
At 1 January 2008	23,893	103,034	133,534	46,951	307,412
Profit for the period and total comprehensive income	–	–	29,270	–	29,270
Final and special 2007 dividends declared	–	–	–	(46,951)	(46,951)
At 30 June 2008	23,893	103,034	162,804	–	289,731
At 1 January 2009	22,987	83,109	172,285	25,769	304,150
Profit for the period and total comprehensive income	–	–	32,480	–	32,480
Final 2008 dividend declared	–	–	–	(25,638)	(25,638)
Adjustment for final 2008 dividend (Note (i))	–	–	131	(131)	–
Repurchase of shares (Note (ii))	(244)	(5,166)	–	–	(5,410)
At 30 June 2009	22,743	77,943*	204,896*	–	305,582

* These reserve accounts comprise the consolidated reserves of HK$282,839,000 in the interim condensed consolidated statement of financial position as at 30 June 2009.

Notes:

(i) The adjustment for the final 2008 dividend was due to the repurchase and cancellation of 1,164,452 ordinary shares of the Company prior to the record date of the final 2008 dividend and, therefore, they did not rank for this dividend payment.

(ii) During the six months ended 30 June 2009, 2,444,452 ordinary shares of the Company of HK$0.10 each were repurchased by the Company for a total cash consideration of approximately HK$5,410,000 and were cancelled.

Interim Condensed Consolidated Cash Flow Statement – Unaudited

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**39,889**	34,312
Net cash outflow from investing activities	**(34,725)**	(5,107)
Net cash outflow from financing activities	**(31,050)**	(46,953)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(25,886)**	(17,748)
Cash and cash equivalents at beginning of period	**230,031**	240,063
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**204,145**	222,315
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**204,145**	222,315

1. Corporate information, basis of preparation and significant accounting policies

Corporate information

Quality HealthCare Asia Limited is a limited liability company incorporated in Bermuda.

During the period, the Group was involved in the following principal activities:

- provision of medical services
- provision of nursing agency, physiotherapy, dental and other services
- provision of elderly care services

Basis of preparation

These unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") which comprise the interim condensed consolidated statement of financial position as at 30 June 2009, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes, have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) and amendments to HKFRSs issued by the HKICPA for the first time for the current period's unaudited interim condensed consolidated financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs* in October 2008 which set out amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41, primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

In May 2009, the HKICPA issued *Improvements to HKFRSs 2009* that include an amendment to the Appendix to HKAS 18 *Revenue* which provides additional guidance to determine whether an entity is acting as a principal or an agent. As the amendment is to the Appendix of HKAS 18, no effective date or transitional provision is specified in the amendment.

The amendment to the Appendix to HKAS 18 provides additional guidance (the "Additional Guidance") to determine whether an entity is acting as a principal or an agent. Such determination requires judgment and consideration of all relevant facts and circumstances. With reference to the Additional Guidance, the Group has re-assessed certain of its business arrangements. As a result of the assessment, the Group has retrospectively changed the recognition and reporting/presentation of revenue arising from certain arrangements previously reported/presented on a gross basis (that is, based on the gross amount billed to a customer) to the net basis (that is, based on the amount billed to the customer less the amount paid to the corresponding supplier) as, in the opinion of the directors, it would result in a more appropriate presentation of the revenue of the Group based on the substance of the underlying arrangements. Accordingly, the following adjustments were made to the financial statements for the six months ended 30 June 2009 and 2008:

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Net decrease in revenue – Medical services	**46,600**	53,207
Net decrease in other expenses, net	**46,600**	53,207

Such change in reporting/presentation has had no impact to the profit attributable to equity holders of the Company and earnings per share of the Group for the six months ended 30 June 2009 and 2008 or the retained profits and other components of equity of the Group as at 1 January 2009 and 2008.

Save as detailed above and except for in certain cases, giving rise to new and revised accounting policies, revised presentation and additional disclosures, the adoption of these new and revised HKFRSs and amendments to HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements.

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

HKFRS 5 Amendments	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for transfers of assets from customers received on or after 1 July 2009

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs 2009* in May 2009 which, in addition to the amendment to the Appendix to HKAS 18 as detailed above, set out amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9, HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and the amendment to the Appendix to HKAS 18, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain amendments.

1. Corporate information, basis of preparation and significant accounting policies (continued)

Significant accounting policies (continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. Revenue and segment information

Revenue

Revenue, which is also the Group's turnover, represents the fees earned for the provision of medical services, nursing agency, physiotherapy, dental and other services, and elderly care services.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		Restated
Medical services	**441,665**	370,100
Nursing agency, physiotherapy, dental and other services	**47,281**	47,018
Elderly care services	**47,977**	48,307
	536,923	465,425

2. Revenue and segment information (continued)

Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating 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 operating segments. Summary details of the operating segments are as follows:

(a) the medical services segment engages in the provision of medical services;

(b) the nursing agency, physiotherapy, dental and other services ("nursing agency, physio, dental and other services") segment engages in the provision of nursing agency, physiotherapy, dental, LASIK, ophthalmic and psychological services;

(c) the elderly care services segment engages in the provision of elderly care services; and

(d) the corporate and other segment comprises the Group's intra-group management service operations, which principally provides management and other services to group companies, together with other corporate income and expense items.

Intersegment sales and transfers are transacted at mutually agreed terms.

2. Revenue and segment information (continued)

Operating segments

The following table presents revenue and profit/(loss) information for the Group's operating segments for the six months ended 30 June 2009 and 2008.

	For the six months ended 30 June											
	Medical services		Nursing agency, physio, dental and other services		Elderly care services		Corporate and other		Eliminations		Consolidated	
	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited) Restated	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited)	2009 *HK$'000* (Unaudited)	2008 *HK$'000* (Unaudited) Restated
Segment revenue:												
Sales to external customers	441,665	370,100	47,281	47,018	47,977	48,307	–	–	–	–	536,923	465,425
Intersegment sales*	696	703	13,297	11,923	2,640	2,543	60	9	(16,693)	(15,178)	–	–
Other income and gains#	7,512	4,405	520	502	272	188	419	420	–	–	8,723	5,515
Total	449,873	375,208	61,098	59,443	50,889	51,038	479	429	(16,693)	(15,178)	545,646	470,940
Segment results	31,946	29,184	4,852	3,607	3,314	3,612	(4,668)	(4,205)	–	–	35,444	32,198
Unallocated interest and dividend income, and fair value gains on financial assets at fair value through profit or loss, net											2,967	2,170
Finance cost – interest on borrowings											(1)	(1)
Profit before tax											38,410	34,367
Tax											(5,930)	(5,097)
Profit for the period attributable to equity holders of the Company											32,480	29,270

* These figures are not included in revenue mentioned elsewhere in the unaudited interim condensed consolidated financial statements and are eliminated on consolidation.

\# Excluding unallocated interest and dividend income, and fair value gains on financial assets at fair value through profit or loss, net.

3. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		Restated
Cost of inventories sold and dispensary and other supplies consumed and cost of services provided	**428,278**	385,352
Loss on disposal/write-off of items of property, plant and equipment, net	**199**	9
Bank interest income	**(723)**	(1,945)
Other interest income	**(525)**	–
Dividend income from unlisted investments	**(300)**	(225)
Fair value gains on financial assets at fair value through profit or loss designated as such upon initial recognition, net	**(1,419)**	–
Impairment of accounts receivable	**74**	1,963

4. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**6,034**	5,457
Deferred	**(104)**	(360)
	5,930	5,097

5. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

6. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$32,480,000 (six months ended 30 June 2008: HK$29,270,000), and the weighted average number of 228,844,564 (six months ended 30 June 2008: 238,937,348) ordinary shares in issue during the period.

No diluted earnings per share is presented for the six months ended 30 June 2009 and 2008, as the Company had no potential ordinary shares outstanding during these periods.

7. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2009 was HK$5,992,000 (six months ended 30 June 2008: HK$7,695,000) which mainly represented costs incurred in leasehold improvements and medical equipment. The net book value of disposals and write-offs of items of property, plant and equipment during the six months ended 30 June 2009 was HK$309,000 (six months ended 30 June 2008: HK$9,000) which mainly represented disposals and write-offs of leasehold improvements and furniture, fixtures and office equipment.

8. Financial assets at fair value through profit or loss

	30 June 2009 *HK$'000* (Unaudited)	31 December 2008 *HK$'000* (Audited)
Debt securities, at fair value	30,430	–

9. Accounts receivable

The Group generally allows an average credit period of 30 days to its business-related customers. The Group has a credit policy in place, and exposures are monitored and overdue balances are reviewed by senior management on an ongoing basis. Accounts receivable are non-interest-bearing.

	30 June 2009 *HK$'000* (Unaudited)	31 December 2008 *HK$'000* (Audited)
Accounts receivable	135,856	136,134
Impairment	(3,619)	(6,799)
	132,237	129,335

9. Accounts receivable (continued)

The above provision for impairment of accounts receivable represents a provision for individually impaired accounts receivable of HK$3,619,000 (31 December 2008: HK$6,799,000) with a carrying amount of HK$7,100,000 (31 December 2008: HK$7,270,000). Such provision was determined after taking into account the ageing of individual accounts receivable balances, the creditworthiness of the debtors, their repayment history and historical write-off experience. The Group does not hold any collateral or other credit enhancement over these balances.

The aged analysis of the Group's accounts receivable as at the end of the reporting period, based on the payment due date, that are not considered to be impaired is as follows:

	30 June 2009 *HK$'000* (Unaudited)	31 December 2008 *HK$'000* (Audited)
Neither past due nor impaired	84,557	84,190
Less than 1 month past due	15,712	22,058
1 to 3 months past due	19,394	13,561
Over 3 months past due	9,093	9,055
	128,756	128,864

10. Accounts payable, other payables, accruals and deposits received

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

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts payable:		
Current to 90 days	**22,856**	23,033
91 to 180 days	**381**	230
Over 181 days	**177**	437
	23,414	23,700
Other payables, accruals and deposits received	**132,889**	137,791
	156,303	161,491

The accounts payable and other payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

11. Contingent liabilities

As at 30 June 2009, the Group was engaged in certain litigation and claims which have not been disclosed in detail, as the possibility of an outflow of resources embodying material economic benefits is considered remote.

12. Operating lease arrangements

(a) As lessor

The Group subleases certain of its premises under operating lease arrangements with non-cancellable leases negotiated for a term of three years. The terms of the leases generally also require the tenants to pay security deposits.

At 30 June 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**41**	94

12. Operating lease arrangements (continued)

(b) As lessee

The Group leases certain of its medical centres, office premises, elderly care homes and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five and a half years. A lease for office equipment is negotiated for a term of five years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 *HK$'000* (Unaudited)	31 December 2008 *HK$'000* (Audited)
Within one year	74,258	80,900
In the second to fifth years, inclusive	53,491	59,735
	127,749	140,635

13. Commitments

In addition to the operating lease commitments detailed in note 12 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	**607**	966

14. Related party transactions

(a) In addition to the transactions, arrangements and balances detailed elsewhere in the unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group had certain transactions with Allied Group Limited ("Allied Group"), the ultimate holding company of the Company, and certain of its indirect subsidiaries, based on mutually agreed terms, in accordance with relevant agreements, as summarised below.		
(i) The Group paid insurance premiums to Sun Hung Kai Insurance Consultants Limited in accordance with the relevant insurance brokerage services agreement	**4,926**	3,546
(ii) The Group paid corporate secretarial service fees to Wineur Secretaries Limited ("Wineur") in accordance with the relevant corporate secretarial services agreement	**671**	623
(iii) The Group reimbursed Allied Group the costs incurred in respect of management, consultancy, strategic and business advice services provided by senior management and selective staff of Allied Group to the Group in accordance with the relevant sharing of the management services agreement	**792**	720
Transactions with a jointly-controlled entity:		
(i) Service fee for the provision of facilities and services charged by a jointly-controlled entity for the Group's medical practices	**–**	933
(ii) Sale of medicines to a jointly-controlled entity	**–**	152

14. Related party transactions (continued)

(b) Outstanding balances with related parties

(i) Included in the Group's accounts payable, other payables, accruals and deposits received at 30 June 2009 are outstanding balances with Allied Group of HK$792,000 (31 December 2008: HK$360,000) and Wineur of HK$671,000 (31 December 2008: HK$311,000).

(ii) Included in the Group's interest in a jointly-controlled entity at 30 June 2009 was an amount due to a jointly-controlled entity of HK$198,000 (31 December 2008: HK$48,000).

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short term employee benefits*	**3,123**	2,825
Post-employment benefits	**6**	6
Total compensation paid to key management personnel	**3,129**	2,831

* The Group has agreed to reimburse Allied Group the costs incurred in respect of management, consultancy, strategic and business advice services provided by certain key management personnel of the Group to the Group for a term of three years commencing from 1 January 2008, which amounted to HK$792,000 for the period (six months ended 30 June 2008: HK$720,000). Further details of this arrangement are set out in an announcement of the Company dated 1 February 2008.

15. Comparative amounts

As further explained in note 1 to the unaudited interim condensed consolidated financial statements, due to the adoption of the new and revised HKFRSs and amendments to HKFRSs during the current period, certain comparative amounts have been restated to conform with the current period's presentation.

16. Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 August 2009.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2009, the equity attributable to equity holders of the Company amounted to HK$305.6 million, representing an increase of HK$1.4 million from that of 31 December 2008. During the period, the issued share capital of the Company was reduced by HK$244,000 as a result of the repurchase and cancellation of 2,444,452 ordinary shares with par value of HK$0.1 each, for an aggregate consideration of HK$5,410,000 (including expenses).

The Group's cash and bank balances amounted to HK$204.1 million (31 December 2008: HK$230.0 million). It is the Group's objective to ensure there are adequate funds to meet its liquidity requirements in the short and longer term.

In view of the low interest rate environment, the Group purchased certain bonds in reputable listed companies in Hong Kong to enhance interest yield. They are classified as "financial assets at fair value through profit or loss" in the interim condensed consolidated statement of financial position.

The Group made no bank borrowings during the period. As at 30 June 2009, the only outstanding borrowing was an obligation under a hire purchase contract of approximately HK$1,000 (31 December 2008: HK$3,000).

Since the Group was in a positive net cash position (cash and bank balances available were in excess of borrowings), the gearing ratio comparing net debt (borrowings net of cash and bank balances available) to equity was not applicable at 30 June 2009 and 31 December 2008.

CURRENCY AND FINANCIAL RISK MANAGEMENT

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

All bank facilities are denominated in Hong Kong dollars. Interest is chargeable on a floating rate basis with reference to Hong Kong Best Lending Rate or HIBOR.

Most cash and bank balances are denominated in Hong Kong dollars. Short-term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

As at 30 June 2009, the Group had certain foreign currency assets denominated in US dollars. As the Hong Kong dollar is pegged to the US dollar, the Group considers the foreign exchange risk to be insignificant, and accordingly, it did not have any requirement to use financial instruments for hedging purposes.

PLEDGE OF ASSETS

At 30 June 2009, the Group had property, plant and equipment with a net book value of nil (31 December 2008: HK$3,000) held under a hire purchase contract.

CONTINGENT LIABILITIES

Details regarding the contingent liabilities of the Group at 30 June 2009 are set out in note 11 to the Group's unaudited interim condensed consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the period, there was no material acquisition or disposal of subsidiaries and associates by the Group.

MANAGEMENT AND STAFF

At 30 June 2009, the total number of employees was approximately 1,120. Total staff costs amounted to approximately HK$211.3 million (six months ended 30 June 2008: HK$180.0 million). The Group offers competitive remuneration packages, together with discretionary bonuses to its staff, based on industry practices, individual and Group performances. The Group also offers training courses and continuous education sessions as part of the Group's emphasis on staff training and development.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

SHARE OPTIONS

The Company has approved and adopted a share incentive plan (the "Share Incentive Plan") on 7 June 2002 and, unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years from that date.

No options were granted, nor were there any options outstanding under the Share Incentive Plan during the six months ended 30 June 2009.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, 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 ("SFO")), as recorded in the register (the "Register of Directors' Interests") 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 Directors	Interests in the Company/associated corporations	Nature of interest	Number of shares held	Approximate percentage of the relevant issued share capital	Notes
Dr. Lincoln Chee Wang Jin	Allied Group Limited ("Allied Group")	Personal	80,000	0.03%	1
	Allied Properties (H.K.) Limited ("Allied Properties")	Personal	800,000	0.01%	2
	Sun Hung Kai & Co. Limited ("SHK")	Personal	250,000	0.01%	3
	SHK Hong Kong Industries Limited ("SHK Industries")	Personal	5,614,000	0.15%	4
Mark Wong Tai Chun	Company	Personal	119,203	0.05%	5
Li Chak Hung	SHK Industries	Personal	6,000	0.0002%	6

Notes:

1. This represents an interest in 80,000 shares of Allied Group, the ultimate holding company of the Company.

2. This represents an interest in 800,000 shares of Allied Properties, the intermediate holding company of the Company.

3. This represents an interest in 250,000 shares of SHK, a fellow subsidiary of the Company.

4. This represents an interest in 5,614,000 shares of SHK Industries, a fellow subsidiary of the Company.

5. This represents an interest in 119,203 shares of the Company.

6. This represents an interest in 6,000 shares of SHK Industries, a fellow subsidiary of the Company.

7. All interests stated above represent long positions. As at 30 June 2009, no short positions were recorded in the Register of Directors' Interests.

Save as disclosed above, as at 30 June 2009, neither the Directors nor the chief executive of the Company had any interests or short positions in the 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 of Directors' Interests 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

As at 30 June 2009, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register (the "Register of Substantial Shareholders' Interests") required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholders	Nature of interest	Number of shares held	Approximate percentage of the issued share capital	Notes
Allied Properties	Interest of controlled corporation	144,385,776	63.48%	1
Allied Group	Interest of controlled corporation	144,385,776	63.48%	2
Lee and Lee Trust	Interest of controlled corporation	144,385,776	63.48%	3
Highclere International Investors Limited	Investment manager	11,948,000	5.02%	

Notes:

1. This represents an interest in 144,385,776 shares of the Company held by Wah Cheong Development (B.V.I.) Limited ("Wah Cheong"), a wholly-owned subsidiary of Famestep Investments Limited which in turn is a wholly-owned subsidiary of Allied Properties. Allied Properties was therefore deemed, by virtue of the SFO, to have an interest in the shares in which Wah Cheong was interested.

2. Allied Group owned approximately 74.36% interest in the issued share capital of Allied Properties and was therefore deemed, by virtue of the SFO, to have an interest in the shares in which Allied Properties was interested.

3. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 44.54% interest in the issued share capital of Allied Group and were therefore deemed, by virtue of the SFO, to have an interest in the shares in which Allied Group was interested.

4. All interests stated above represent long positions. As at 30 June 2009, no short positions were recorded in the Register of Substantial Shareholders' Interests.

Save as disclosed above, as at 30 June 2009, so far as was known to the Directors, no other person had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the Register of Substantial Shareholders' Interests.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2009, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the Remuneration Committee and Audit Committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with the code provision B.1.3, except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Executive Directors and senior management under the code provision).

The terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision C.3.3, except that the Audit Committee should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services.

The reasons for the above deviations are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31 December 2008. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

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.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

– an interim bonus of HK$128,125 was granted to Dr. Lincoln Chee Wang Jin for the first quarter of 2009;

– the service fee for Mr. Francis J. Chang Chu Fai has been increased from HK$80,000 to HK$88,000 per annum with effect from 1 January 2009;

– the service fee for Mr. Li Chak Hung has been increased from HK$100,000 to HK$110,000 per annum with effect from 1 January 2009; and

– the service fee for Mr. Carlisle Caldow Procter has been increased from HK$80,000 to HK$88,000 per annum with effect from 1 January 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2009, the Company repurchased a total of 2,464,452 shares on the Stock Exchange at an aggregate consideration of approximately HK$5,465,000 (including expenses). All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month of repurchase	Number of ordinary shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid (including expenses)
		HK$	*HK$*	*HK$'000*
February 2009	818,000	1.95	1.90	1,598
April 2009	1,124,452	2.20	2.20	2,486
May 2009	40,000	2.62	2.60	105
June 2009	482,000	2.70	2.60	1,276
	2,464,452			5,465

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 2009.

AUDIT COMMITTEE REVIEW

The Audit Committee, comprising the three Independent Non-Executive Directors, namely Messrs. Li Chak Hung, Francis J. Chang Chu Fai and Carlisle Caldow Procter, has reviewed internal controls and financial reporting matters including a general review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2009. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has not undertaken detailed independent audit checks.

(Incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

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