卓健亞洲有限公司
Quality HealthCare Asia Limited

Stock Code 股份代號:0593

Interim Report 2010 中期報告

Contents

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
(resigned on 1 September 2010)
Winnie Lui Mei Yan
(appointed on 1 September 2010)

Authorised Representatives

Mark Wong Tai Chun
Hester Wong Lam Chun
(resigned on 1 September 2010)
Dr. Lincoln Chee Wang Jin
(appointed on 1 September 2010)

Auditors

Grant Thornton
Certified Public Accountants

Legal Advisors

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

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


uality HealthCare


QUALITY HEALTHCARE
AESTHETIC

Chairman's Statement

The Group continued to deliver growth in overall revenue in the first six months of 2010 but profit attributable to owners of the Company declined. This decrease resulted principally from an increase in ongoing operating expenses, together with start up costs associated with additional expenditure on property, plant and equipment, totalling approximately HK$13.0 million, designed to facilitate both short and long term growth.

During the reporting period, revenue from sales to external customers of Quality HealthCare Medical Services ("QHMS") and Quality HealthCare Services ("QHS") increased by 4.4% and 8.8% respectively, whilst divisional profit decreased by 13.6% and 38.8% respectively. Revenue from sales to external customers of Quality HealthCare Elderly Services ("QHES") increased by 6.9% compared to the corresponding period last year, whilst divisional profit increased by 40.6%.

Financial Review

For the six months ended 30 June 2010, the Group reported revenue of HK$563.6 million, an increase of 5.0% from the same period last year. Profit attributable to owners of the Company was HK$28.4 million, a decrease of 12.6%, compared to the corresponding period in 2009. The profit attributable to owners of the Company included a fair value gain of approximately HK$0.9 million for financial assets at fair value through profit or loss.

Basic earnings per share for the first half of 2010 were HK12.6 cents.

Share Repurchase and Dividend

Pursuant to an announcement dated 24 March 2010, the Board announced a conditional offer would be made to repurchase for cancellation up to a maximum of 24,146,341 ordinary shares at the offer price of HK$4.10 per share. The Board also announced that it would consider paying a special dividend equivalent to the difference between HK$99 million and the funds actually expended on the share repurchase.

Shareholders approved the offer on 9 July 2010 and it was declared unconditional. At the date of the close of the offer, valid acceptances in respect of a total of 18,076,803 ordinary shares were received by the Company and these shares were repurchased and cancelled. A total of HK$74,115,000 was expended by the Company in the repurchase.

The Board has now decided to declare a special interim dividend of HK12.0 cents per share, being approximately the difference between HK$99 million and HK$74,115,000.

The Board did not declare an ordinary interim dividend for the period consistent with the practice followed last year.

There was no finance cost for the Group for the reporting period.

The Group's positive net cash position increased by 2.9% from HK$226.9 million at 31 December 2009 to HK$233.4 million at 30 June 2010. Net cash inflow from operating activities amounted to HK$19.8 million for the six months ended 30 June 2010.

Business Review

Quality HealthCare Medical Services ("QHMS")

During the period under review, QHMS reported a 4.4% increase in revenue from sales to external customers and a 13.6% decrease in operating profit. Total revenue from sales to external customers of QHMS for the six months ended 30 June 2010 was HK$466.3 million, compared with HK$446.6 million (as restated) for the corresponding period last year, whilst operating profit decreased by 13.6% to HK$28.1 million from HK$32.6 million (as restated) in the corresponding period last year. This decrease resulted principally from both a slower than expected growth in revenue and an increase in ongoing operating expenses as well as additional development expenses in respect of additions to property, plant, and equipment.

Positive Client Experience

The Group continued to upgrade its current systems, including our capacity to service our insurance partners by real-time electronic eligibility checking for convenience and to improve efficiency and accuracy in claims processing. Enhancements to the electronic medical record program were undertaken to further assist our doctors as the program was being launched in the various medical centres. We were pleased to receive the Best Use of Knowledge Management of the Year at the Customer Relation Excellence Awards in June 2010, as well as being a consecutive winner of the People Site Certification. In order to further engage our clients, the Group has adopted an enterprise approach where different department heads work closely with the relevant parties within our clients' organizations to enhance communications and efficiency.

Assuring Quality Standards

Clinical skill assessments were carried out at 12 of our major centres by the clinical instructors from the School of Nursing, Hong Kong Polytechnic University in June 2010. The areas assessed included injection, blood drawing, dispensing of medication and endoscopy preparation for patients. A standard checklist was developed incorporating our standard operating procedures in addition to skills requirements. Frontline staff were assessed according to the checklist items and an overall clinical skill audit of 5.5 out of 6 was achieved. Further recommendations for improvement have been made and will be followed up by our centre management team. We have also achieved improved client satisfaction including an increase in client compliments.

Driving Sustainable Growth

Our network continued to expand in the first half of 2010, including the expansion of our flagship centre in Central to add a new unit focusing on aesthetics and wellness programs. A new medical centre was also opened at Kowloon Station during the reporting period, and a number of staff clinics are being set up to meet the needs of our corporate clients. For the first six months of 2010, our network tracked a 5.2% growth in the number of visits from our corporate clients and an 8.9% growth in the number of visits from our individual clients. Meanwhile, a number of new centres are being developed as part of our network expansion for the second half of 2010, including a medical centre in the east end of Hong Kong within a Mannings store, and a flagship wellness centre encompassing some of the latest technologies for assessment, dedicated disease management programs and other wellness related services. Both these centres opened in July 2010. Other projects are also being undertaken to enable further growth and expansion of our range of service offerings.

Diversifying Choice

In addition to the establishment of the fifth medical cosmetic skin centre within our medical network, we have provided an innovative Flattum Waist Management Program since March 2010 in Central, offering safe and reliable treatment for obesity whereby clients can reduce the visceral fat around their trunk which can help to lower their health risks. The Group has also invested in CASE, both in expanding its current centre in Causeway Bay as well as opening a second CASE centre in Tsimshatsui. Both of these centres will be in service in August 2010, with a new entry point of a medical spa concept to provide a new experience to our customers, offering a wide range of services and an expanded skin product line. Our Chinese Medicine team continued to perform well, with a growth of 24% in total number of visits for the first six months of 2010 as compared with the same period last year. The LASIK & Ophthalmic centre also continued to perform well with a steady stream of LASIK, cataract and other eye surgeries at the centre. In addition, we have commenced the provision of a new corneal refractive therapy at the centre to reduce short-sightedness and astigmatism in a non-surgical way for children starting at around 8 years of age. Counseling services continued to expand with a 88% growth in the total number of corporations enrolling in our Employee Assistance Program.

Quality HealthCare Services ("QHS")

Dental, Nursing Agency and Physiotherapy

The six-month revenue from sales to external customers of QHS increased by 8.8% to HK$46.0 million, compared to HK$42.3 million (as restated) in the same period in 2009. However, operating profit decreased by 38.8% to HK$2.6 million, compared to HK$4.2 million (as restated) in the same period in 2009, due to increase in operational expenses from the expansion of our dental network.

Dental: Quality HealthCare Dental ("QHD") continued to develop its network with the expansion of the practice in Central to become its flagship centre encompassing a full range of general and specialty dental services. A second new dental clinic was added in May 2010 on the Kowloon side.

QHD is currently pursuing the ISO 9001:2008 certification process, targeting to complete the certification by November 2010.

Nursing Agency: Quality HealthCare Nursing Agency ("QHNA") continued to enjoy steady growth in the first six months, reflecting an increased demand from nursing home relief business. QHNA continued to develop its outreach community services, working closely with schools, elderly centres and legislators' offices.

QHNA completed the first ISO surveillance site audit in April, with all documents reviewed, continuous improvement processing audited, and ongoing fulfillment of quality objectives and the agency's service targets.

Physiotherapy: Quality HealthCare Physiotherapy ("QHP") continued to expand its work injury management programs, and in the first six months of 2010 the work injury caseload almost doubled compared to the previous year. Staff training and engagement continued as key initiatives for QHP and in-house training programs were organized exclusively for physiotherapists of the Group.

QHP continued to deliver regular health talks to our clients and provided onsite workstation assessment at the clients' offices. QHP plans to continue the expansion of its network and the delivery of more preventive care through special exercise workshops and postural stretching programs.

Quality HealthCare Elderly Services ("QHES")

Trusted Provider of Residential Elderly Care

QHES reported revenue from sales to external customers of HK$51.3 million for the first six months of 2010, an increase of 6.9% compared to the corresponding period last year. Operating profit of HK$3.3 million for the first six months of 2009 increased by 40.6% to HK$4.7 million for the first six months of 2010 mainly as a result of an increase in home occupancy rates and service fees, notwithstanding escalated operating costs.

During the period, the Social Welfare Department ("SWD") granted additional subsidies for "Infirmary Care Supplement" and "Dementia Supplement" which enabled QHES to employ additional professional staff, including occupational therapists and social workers, to serve infirm elders and those with dementia.

Both challenges and opportunities lie ahead. Recent projections released by the Census and Statistics Department indicate the population is expected to continue to age. The proportion of the population aged 65 and over is projected to rise markedly, from 13% in 2009 to 28% in 2039. We believe we are in an advantageous position to capture the increasing demand for elderly care homes. However, continued staff shortages and rising rentals will present challenges in maintaining operating margins for the second half of 2010. The introduction of the minimum wage legislation in Hong Kong may cause a major cost increase for the industry which may be difficult to pass on to residents who rely on the Comprehensive Social Security Assistance Scheme governed by the SWD.

People

The first six months of 2010 had been very challenging for the frontline and head office staff, as the Group continued to introduce changes including the upgrading of current systems and processes to ensure that we are meeting our clients' changing expectations and catering for the more complex requirements of the marketplace. 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 enabled us both maintain revenue growth whilst undertaking significant capital deployment designed to secure further development. We would like to thank every member who has contributed to the success of the Group.

Outlook

Quality HealthCare is positively positioned and is focused on maintaining its growth in the local healthcare market. However, we are cautious regarding the Group's ability to maintain its profit levels given its current cost structure and its ongoing capital expenditure programs. We will continue to engage our clients in the corporate and insurance sectors, as well as taking steps to ensure that we are catering to the needs of each individual client. The Group is presently investing in various projects that are designed to develop new opportunities and future sustainable growth.

The Hong Kong Government continues to stress the importance of primary health care in our community and Quality HealthCare is pleased to support this initiative with the development of our wellness centre focusing on preventive health and chronic disease management. The Group will continue to seek growth opportunities in Hong Kong and China and will continue its efforts to diversify our range of service offerings.

On behalf of the Board
Arthur George Dew
Chairman

Hong Kong, 20 August 2010

Independent Review Report

Grant Thornton
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Member of Grant Thornton International Ltd.

To the Board of Directors of Quality HealthCare Asia Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the unaudited interim condensed consolidated financial statements set out on pages 16 to 40 which comprise the consolidated statement of financial position of Quality HealthCare Asia Limited as of 30 June 2010 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of 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 the unaudited interim condensed consolidated financial statements with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the unaudited interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on these unaudited interim condensed consolidated financial statements based on our review and to report our conclusion 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

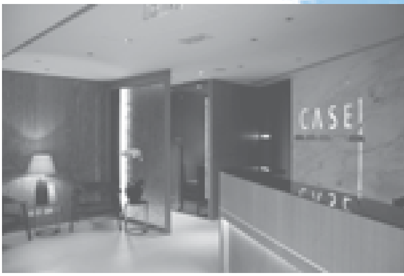
We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of unaudited interim condensed consolidated financial statements 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.

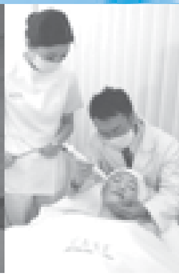
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

20 August 2010


CASE

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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 months ended 30 June 2010, which comprise the consolidated statement of financial position as at 30 June 2010 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of 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.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June **2010** HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Revenue	4	**563,584**	536,923
Other income and gains		**10,548**	11,690
Changes in inventories recognised as an expense		**(32,514)**	(31,312)
Employee benefits expense		**(228,672)**	(211,326)
Depreciation		**(9,684)**	(10,084)
Other expenses, net		**(269,915)**	(257,480)
Finance cost		**–**	(1)
Profit before income tax	5	**33,347**	38,410
Income tax expense	6	**(4,958)**	(5,930)
Profit for the period and total comprehensive income for the period attributable to owners of the Company		**28,389**	32,480
Earnings per share attributable to owners of the Company during the period	8		
– Basic (HK cents)		**12.6**	14.2
– Diluted (HK cents)		**N/A**	N/A

Consolidated Statement of Financial Position

As at 30 June 2010

	Notes	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	**41,831**	38,513
Goodwill		**17,414**	17,414
Other intangible assets		**9,880**	9,880
Interest in a jointly controlled entity		**375**	375
Deposits for purchases of items of property, plant and equipment	9	**7,181**	2,083
Financial assets at fair value through profit or loss	10	**50,787**	52,388
		127,468	120,653
Current assets			
Inventories		**18,104**	16,532
Trade receivables	11	**131,043**	134,669
Prepayments, deposits and other receivables		**49,960**	39,251
Tax recoverable		**–**	3,420
Cash and cash equivalents		**233,435**	226,939
		432,542	420,811
Current liabilities			
Trade payables, other payables, accruals and deposits received	12	**163,109**	178,990
Deferred revenue		**20,480**	19,354
Tax payable		**7,845**	2,933
		191,434	201,277
Net current assets		**241,108**	219,534
Total assets less current liabilities		**368,576**	340,187

	Notes	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Non-current liability			
Deferred tax liabilities		**300**	300
Net assets		**368,276**	339,887
EQUITY			
Equity attributable to owners of the Company			
Share capital		**22,504**	22,504
Reserves		**320,936**	317,383
Dividend	7	**24,836**	–
Total equity		**368,276**	339,887

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Share capital HK$'000	Share premium* HK$'000	Retained profits* HK$'000	Dividend HK$'000	Total equity HK$'000
Unaudited for the six months ended 30 June 2009					
Balance at 1 January 2009	22,987	83,109	172,285	25,769	304,150
Total comprehensive income for the period	–	–	32,480	–	32,480
Transactions with owners:					
Final 2008 dividend paid (note 7)	–	–	–	(25,638)	(25,638)
Adjustment for final 2008 dividend (note (i))	–	–	131	(131)	–
Repurchase of shares (note (ii))	(244)	(5,166)	–	–	(5,410)
	(244)	(5,166)	131	(25,769)	(31,048)
Balance at 30 June 2009	22,743	77,943	204,896	–	305,582
Unaudited for the six months ended 30 June 2010					
Balance at 1 January 2010	**22,504**	**69,042**	**248,341**	**–**	**339,887**
Total comprehensive income for the period	**–**	**–**	**28,389**	**–**	**28,389**
Transactions with owners:					
Special interim dividend (note 7)	**–**	**–**	**(24,836)**	**24,836**	**–**
Balance at 30 June 2010	**22,504**	**69,042**	**251,894**	**24,836**	**368,276**

* These reserve accounts comprise the consolidated reserves of HK$320,936,000 in the consolidated statement of financial position as at 30 June 2010.

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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**19,815**	39,889
Net cash used in investing activities	**(13,319)**	(34,725)
Net cash used in financing activities	**–**	(31,050)
Net change in cash and cash equivalents	**6,496**	(25,886)
Cash and cash equivalents, beginning of period	**226,939**	230,031
Cash and cash equivalents, end of period	**233,435**	204,145

Notes to Unaudited Interim Condensed Consolidated Financial Statements

1. General information

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2. Basis of preparation

The unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

These unaudited interim condensed consolidated financial statements 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 ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These interim condensed consolidated financial statements are unaudited, but have been reviewed by Grant Thornton 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 HKICPA.

These 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 2009.

3. Significant accounting policies

In the current period, the Group has applied for the first time the following new and revised Hong Kong Financial Reporting Standard issued by the HKICPA, which is relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2010.

HKAS 27 (" HKAS 27R")	Consolidated and Separate Financial Statements (Revised 2008)

HKAS 27R introduced changes to the accounting requirements for transactions with non-controlling (formerly called 'minority') interests and the loss of control of a subsidiary. The adoption of HKAS 27R is applied prospectively. The Group did not have transactions with non-controlling interests in the current period and did not dispose of any of its equity interests in its subsidiaries. Therefore, the adoption of HKAS 27R did not have an impact in the current period financial statements.

4. Revenue and segment information

The Group's principal activities are disclosed in note 1 to the unaudited interim condensed consolidated financial statements. Revenue, which is also the Group's turnover, from the Group's principal activities recognised during the period is as follows:

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		Restated
Revenue from rendering:		
– Medical services	**466,270**	446,633
– Nursing agency, physiotherapy, dental and other services	**46,043**	42,313
– Elderly care services	**51,271**	47,977
Total revenue	**563,584**	536,923

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide but under the overall control of the Chief Executive Officer reporting to the Board. 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, LASIK, ophthalmic and psychological services;

(b) the nursing agency, physiotherapy, dental and other services segment engages in the provision of nursing agency, physiotherapy and dental 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, treasury and other services to group companies, together with other corporate income and expense items.

Inter-segment sales and transfers are transacted at mutually agreed terms.

During the current period, the Group carried out a group restructuring exercise so that subsidiaries operating LASIK, ophthalmic and psychological services form part of the group companies operating the medical services. As a result, LASIK, ophthalmic and psychological services which were previously reported under the "nursing agency, physiotherapy, dental and other services segment" are now reported under the "medical services segment". Accordingly, revenue and segment information of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2009 have been restated.

The effect of change in reporting of the operating business is summarised below:

	Medical services HK$'000 (Unaudited)	Nursing agency, physiotherapy, dental and other services HK$'000 (Unaudited)
For the six months ended 30 June 2009		
Revenue before reallocation	441,665	47,281
Reallocation:		
Revenue of LASIK, ophthalmic and psychological services	4,968	(4,968)
	446,633	42,313
Segment results before reallocation	31,946	4,852
Reallocation:		
Operating results of LASIK, ophthalmic and psychological services	627	(627)
	32,573	4,225
For the six months ended 30 June 2010		
Revenue before reallocation	**460,668**	**51,645**
Reallocation:		
Revenue of LASIK, ophthalmic and psychological services	**5,602**	**(5,602)**
	466,270	**46,043**
Segment results before reallocation	**27,463**	**3,255**
Reallocation:		
Operating results of LASIK, ophthalmic and psychological services	**670**	**(670)**
	28,133	**2,585**

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Medical services		Nursing agency, physiotherapy, dental, and other services		Elderly care services		Corporate and others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
		Restated		Restated						Restated		
For the six months ended 30 June												
Income from external customers	**466,270**	446,633	**46,043**	42,313	**51,271**	47,977	**-**	-	**-**	-	**563,584**	536,923
Income from inter-segment *	**650**	696	**12,342**	12,520	**2,700**	2,640	**109**	60	**(15,801)**	(15,916)	**-**	-
Other income and gain#	**5,920**	7,532	**297**	500	**568**	272	**420**	419	**-**	-	**7,205**	8,723
Reportable segment revenue	**472,840**	454,861	**58,682**	55,333	**54,539**	50,889	**529**	479	**(15,801)**	(15,916)	**570,789**	545,646
Reportable segment results	**28,133**	32,573	**2,585**	4,225	**4,659**	3,314	**(5,373)**	(4,668)	**-**	-	**30,004**	35,444
Unallocated interest and dividend income											**2,412**	1,548
Fair value gains on financial assets at fair value through profit or loss											**931**	1,419
Finance cost											**-**	(1)
Profit before income tax											**33,347**	38,410
Income tax expense											**(4,958)**	(5,930)
Profit for the period attributable to owners of the Company											**28,389**	32,480

* 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.

5. Profit before income tax

Profit before income tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Impairment losses on trade receivables	**658**	74
Loss on disposal/write-off of items of property, plant and equipment, net	**7**	199
Bank interest income	**(161)**	(723)
Other interest income	**(2,251)**	(525)
Dividend income from unlisted investments	**–**	(300)
Fair value gains on financial assets designated at fair value through profit or loss	**(931)**	(1,419)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2009: 16.5%) on the estimated assessable profits for the period.

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**4,958**	6,034
Deferred tax – current year	**–**	(104)
Total income tax expense	**4,958**	5,930

7. Dividend

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Special interim dividend of HK12 cents per ordinary share (2009: Nil)	**24,836**	–

The special interim dividend of HK12 cents per ordinary share, being approximately the difference between HK$99 million and the funds actually expended on the share repurchase pursuant to the conditional cash offer announced by the Company on 24 March 2010 (note 17), was declared by the Board on 20 August 2010. The amount of the special interim dividend has been calculated by reference to 206,962,604 ordinary shares in issue at 20 August 2010. This special interim dividend is not reflected as dividend payable in these unaudited interim condensed consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2010.

The Company did not pay any dividend during the current period and the 2008 final dividend of HK$25,638,000 was paid in the prior period.

8. Earnings per share

The calculation of the basic earnings per share amounts is based on the profit attributable to owners of the Company of HK$28,389,000 (six months ended 30 June 2009: HK$32,480,000) and the weighted average number of ordinary shares of 225,039,407 (six months ended 30 June 2009: 228,844,564) shares in issue during the period.

No diluted earnings per share is presented for the six months ended 30 June 2010 and 2009, as the Company had no potential ordinary shares outstanding during the respective periods.

9. Capital expenditures

Capital expenditures of the Group incurred during the period comprised additions to property, plant and equipment of approximately HK$13,011,000 (six months ended 30 June 2009: HK$5,992,000), which mainly represented costs incurred for leasehold improvements and medical equipment, and deposits paid for purchase of property, plant and equipment of approximately HK$5,098,000 (six months ended 30 June 2009: HK$1,070,000).

10. Financial assets at fair value through profit or loss

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Listed debt securities designated at fair value through profit or loss		
– Hong Kong	**7,344**	7,359
– Outside Hong Kong	**43,443**	45,029
	50,787	52,388

11. Trade receivables

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Trade receivables, gross	**135,901**	138,869
Less: Provision for impairment of trade receivables	**(4,858)**	(4,200)
Trade receivables, net	**131,043**	134,669

Trade receivables generally have 30 to 60 days' credit terms and no interest is charged to the Group's business-related customers. Based on the invoice dates, the ageing analysis of the trade receivables, gross is as follows:

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Current to 30 days	**88,044**	95,709
31 to 60 days	**23,097**	18,632
61 to 90 days	**5,703**	6,832
Over 90 days	**19,057**	17,696
	135,901	138,869

12. Trade payables, other payables, accruals and deposits received

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Trade payables	**25,616**	28,866
Other payables, accruals and deposits received	**137,493**	150,124
	163,109	178,990

The Group is granted credit periods by its suppliers ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Current to 90 days	**22,808**	26,389
91 to 180 days	**1,634**	1,760
Over 181 days	**1,174**	717
	25,616	28,866

13. Contingent liabilities

As at 30 June 2010, 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.

14. Operating lease commitments

As lessee

At 30 June 2010, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Within one year	**99,553**	88,058
In the second to fifth years, inclusive	**130,374**	106,802
After five years	**5,147**	9,007
	235,074	203,867

The Group leases a number of its medical centres, office premises, elderly care homes and office equipment under operating leases. The leases run for an initial period of one to five and a half years, with options to renew the leases and renegotiate the terms at the respective expiry dates or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

As lessor

The Group subleases certain of its premises under operating lease commitments, 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. None of the leases include contingent rentals.

As at 30 June 2010, the Group had total future minimum lease receivables under non-cancellable operating leases as follows:

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Within one year	**116**	116
In the second to fifth years, inclusive	**161**	219
	277	335

15. Capital commitments

	At 30 June 2010 HK$'000 (Unaudited)	At 31 December 2009 HK$'000 (Audited)
Acquisitions of property, plant and equipment:		
Contracted but not provide for	**7,306**	1,402

16. Related party transactions

(a) The Group had certain transactions with Allied Group Limited ("Allied Group"), a holding company of the Company, and certain of its indirect subsidiaries, based on mutually agreed terms, in accordance with relevant agreements, as summarised bellow:

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Insurance premium expenses charged by Sun Hung Kai Insurance Consultants Limited in accordance with the relevant insurance brokerage services agreement	**4,174**	4,926
Corporate secretarial service fee expenses charged by Wineur Secretaries Limited ("Wineur") in accordance with the relevant corporate secretarial service agreement	**711**	671
Reimbursement to 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	**870**	792
Medical services fee income from Sun Hung Kai & Co Limited in accordance with the relevant medical services agreement	**537**	364

(b) Outstanding balances with related parties

Included in the Group's accruals are outstanding balances with Allied Group of HK$1,170,000 (at 31 December 2009: HK$1,488,000) and Wineur of HK$354,000 (at 31 December 2009: HK$665,000). Accruals to these related parties are non-interest bearing and unsecured.

(c) Compensation of key management personnel of the Group

Key management personnel of the Group are members of the Board. Details of key management personnel remuneration are set out below:

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits*	**4,317**	3,123
Post-employment benefits	**6**	6
Total compensation paid to key management personnel	**4,323**	3,129

* During the period, the Group reimbursed Allied Group for 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 of HK$870,000 (six months ended 30 June 2009: HK$792,000).

17. Post reporting date event

Pursuant to the announcement dated 24 March 2010, the Board announced that a conditional offer would be made to repurchase for cancellation up to the maximum number of shares, being 24,146,341 ordinary shares of the Company at the offer price of HK$4.10 per ordinary share. The maximum amount payable by the Company under this offer was HK$99,000,000.

On 9 July 2010, the offer was approved by the shareholders and declared unconditional. At the date of close of the offer, valid acceptances in respect of a total of 18,076,803 ordinary shares were received by the Company from the accepting shareholders under the offer. On 2 August 2010, the Company repurchased and cancelled 18,076,803 ordinary shares and paid the accepting shareholders for approximately HK$74,115,000.

18. Comparative figures

As further explained in note 4 to the unaudited interim condensed consolidated financial statements, certain comparative figures have been restated to conform with the current period's presentation.

19. 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 on 20 August 2010.

Management Discussion and Analysis

Financial Resources and Liquidity

As at 30 June 2010, the equity attributable to owners of the Company amounted to HK$368.3 million, representing an increase of HK$28.4 million from that of 31 December 2009.

The Group's cash and bank balances as at 30 June 2010 amounted to HK$233.4 million (31 December 2009: HK$226.9 million). It is the Group's objective to ensure there are adequate funds to meet its liquidity requirements in the short and longer term.

The value of the Group's bond investments amounted to HK$50.8 million as at 30 June 2010 and the Group recorded a fair value gain of HK$0.9 million for the six months ended 30 June 2010.

Since the Group had no bank and other borrowings, the gearing ratio comparing net debt (borrowings net of cash and bank balances available) to equity was not applicable at 30 June 2010 and 31 December 2009.

The conditional cash offer by Yu Ming Investment Management Limited on behalf of the Company to repurchase up to 24,146,341 shares for HK$4.10 per share announced by the Company on 24 March 2010 was closed on 23 July 2010. As a result, 18,076,803 ordinary shares of the Company were repurchased and subsequently cancelled for an aggregate consideration of approximately HK$74,115,000 (before expenses).

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.

Cash and bank balances are denominated in Hong Kong dollars or US 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 2010, the Group had certain financial 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 does not have any requirement to use financial instruments for hedging purposes.

Pledge of Assets

At 30 June 2010, the Group had no assets under pledge.

Contingent Liabilities

Details regarding the contingent liabilities of the Group at 30 June 2010 are set out in note 13 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 2010, the total number of employees was approximately 1,180. Total staff costs amounted to approximately HK$228.7 million (six months ended 30 June 2009: HK$211.3 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.

Dividend and Book Close

The Board has declared the payment of a special interim dividend of HK12.0 cents (2009: nil) per ordinary share payable to shareholders whose names appear on the register of members of the Company on 20 September 2010. The special interim dividend was made pursuant to the difference between HK$99 million and the total amount expended on the Offer for the Repurchase of Shares as detailed in an announcement to the shareholders dated 24 March 2010.

The register of members of the Company will be closed from 16 September 2010 to 20 September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the special interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 15 September 2010. Dividends are expected to be despatched on 27 September 2010.

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 2010.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2010, 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 ("AGL")	Personal	80,000	0.03%	1
	Allied Properties (H.K.) Limited ("APL")	Personal	900,000	0.01%	2
	Sun Hung Kai & Co. Limited ("SHK")	Personal	200,000	0.01%	3
	SHK Hong Kong Industries Limited ("SHK HK Ind")	Personal	5,614,000	0.15%	4
Mark Wong Tai Chun	Company	Personal	119,203	0.05%	5
Li Chak Hung	SHK HK Ind	Personal	6,000	0.0002%	6

Notes:

1. This represents an interest in 80,000 shares of AGL, a holding company of the Company.

2. This represents an interest in 900,000 shares of APL, a holding company of the Company.

3. This represents an interest in 200,000 shares of SHK, a fellow subsidiary of the Company.

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

7. All interests stated above represent long positions. As at 30 June 2010, no short positions were recorded in the Register of Directors' Interests.

Save as disclosed above, as at 30 June 2010, neither the Directors nor the chief executive of the Company had 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 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 2010, 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
APL	Interest of controlled corporation	144,385,776	64.16%	1
AGL	Interest of controlled corporation	144,385,776	64.16%	2
Lee and Lee Trust	Interest of controlled corporation	144,385,776	64.16%	3
Allard Partners Ltd.	Investment manager	15,744,000	7.00%	

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 APL. APL was therefore deemed, by virtue of the SFO, to have an interest in the shares in which Wah Cheong was interested.

2. AGL owned approximately 65.12% interest in the issued share capital of APL and was therefore deemed, by virtue of the SFO, to have an interest in the shares in which APL 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 52.40% interest in the issued share capital of AGL and were therefore deemed, by virtue of the SFO, to have an interest in the shares in which AGL was interested.

4. All interests stated above represent long positions. As at 30 June 2010, no short positions were recorded in the Register of Substantial Shareholders' Interests.

Save as disclosed above, as at 30 June 2010, 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.

Corporate Governance and Other Information

Code on Corporate Governance Practices

During the six months ended 30 June 2010, 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 2009. 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:

1. Dr. Lincoln Chee Wang Jin, an Executive Director of the Company,

    (i) has been appointed as a non-executive independent director of Biosensors International Group, Ltd., a company listed on the Singapore Exchange Securities Trading Limited, with effect from 28 July 2010; and

    (ii) has been granted a discretionary bonus of HK$1,025,000 in respect of the year 2009 in April 2010.

2. Mr. Mark Wong Tai Chun, an Executive Director of the Company,

    (i) has been appointed as an executive director of Allied Properties (H.K.) Limited, a substantial shareholder of the Company and a company listed on The Stock Exchange of Hong Kong Limited, with effect from 18 June 2010; and

    (ii) has been granted a discretionary bonus of HK$231,000 in respect of the year 2009 in April 2010.

Purchase, Sale or Redemption of Securities

It was announced on 24 March 2010 that the Company would repurchase up to a maximum of 24,146,341 shares for HK$4.10 per ordinary share pursuant to a cash offer made by Yu Ming Investment Management Limited on behalf of the Company. The cash offer was closed on 23 July 2010 and the Company repurchased a total of 18,076,803 ordinary shares at the price of HK$4.10 each. The shares repurchased have been subsequently cancelled. The actual consideration paid by the Company for the cash offer was approximately HK$74,115,000 which was financed by the internal resources of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2010.

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 2010. 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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