COL Capital Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 383

Interim Report 2013

UNAUDITED RESULTS OF THE GROUP

The Board of Directors (the "Directors") of COL Capital Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2013 together with the comparative figures for the corresponding period in 2012 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	NOTES	Six months ended **31.12.2013** **HK$'000** **(unaudited)**	 31.12.2012 HK$'000 (unaudited)
Revenue		**673,272**	168,061
Gross proceeds from sales of investments held for trading		**244,594**	402,454
Total		**917,866**	570,515
Revenue	*3*	**673,272**	168,061
Cost of goods and services		**(580,452)**	(132,436)
Gross profit		**92,820**	35,625
Other gains and losses	*5*	**381,004**	125,850
Other income		**8,422**	9,813
Selling and distribution costs		**(2,687)**	(2,800)
Administrative expenses		**(78,850)**	(56,737)
Finance costs	*6*	**(87,010)**	(61,483)
Other expenses		**(3,753)**	(752)
Share of results of associates, net of impairment on interests in associates	*12*	**80,560**	13,099
Profit before taxation		**390,506**	62,615
Taxation	*7*	**6,510**	156
Profit for the period	*8*	**397,016**	62,771
Profit (loss) for the period attributable to:			
Owners of the Company		**399,654**	86,258
Non-controlling interests		**(2,638)**	(23,487)
		397,016	62,771
Earnings per share	*10*		
– Basic		**HK$0.74**	HK$0.16
– Diluted		**HK$0.74**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**397,016**	62,771
Other comprehensive income (expense)		
Items that will be reclassified subsequently to profit or loss:		
Net gain on available-for-sale investments:		
Gain (loss) on fair value changes	**10,119**	(6,427)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	**(62,752)**	(65)
Share of changes in other comprehensives income (expense) of associates	**1,003**	(3,815)
	(51,630)	(10,307)
Exchange differences arising on translation:		
Exchange gain arising from translation of foreign operation	**14,507**	8,989
Share of changes in other comprehensive (expense) income of associates	**(7,276)**	14,003
Reclassification adjustment – transfer translation reserve to profit or loss upon deemed disposal of an associate	**–**	(18,634)
	7,231	4,358
Other comprehensive expense for the period	**(44,399)**	(5,949)
Total comprehensive income for the period	**352,617**	56,822
Total comprehensive income (expense) attributable to:		
Owners of the Company	**357,599**	81,279
Non-controlling interests	**(4,982)**	(24,457)
	352,617	56,822

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	NOTES	**31.12.2013 HK$'000 (unaudited)**	30.6.2013 HK$'000 (audited)
Non-current assets			
Investment properties	*11*	**202,162**	208,112
Property, plant and equipment	*11*	**1,442,590**	1,451,117
Prepaid lease payments	*11*	**65,450**	65,426
Interests in associates	*12*	**377,324**	273,037
Available-for-sale investments		**69,744**	126,819
Intangible assets		**15,852**	16,713
Deposits for acquisition of property, plant and equipment		**21,356**	22,980
		2,194,478	2,164,204
Current assets			
Inventories		**20,869**	16,496
Properties under development for sale		**823,742**	851,165
Properties held for sale		**17,197**	82,579
Prepaid lease payments	*11*	**1,617**	1,597
Available-for-sale investments		**173,502**	204,720
Investments held for trading		**1,358,571**	957,197
Debtors, deposits and prepayments	*13*	**152,256**	184,396
Loans receivable	*14*	**496,292**	103,761
Taxation recoverable		**34,089**	34,316
Derivative financial instruments	*18*	**22,877**	–
Pledged bank deposits		**262,027**	265,423
Restricted bank deposits		**–**	2,376
Bank balances and cash		**224,582**	309,509
		3,587,621	3,013,535
Assets classified as held for sale	*15*	**126,962**	107,578
		3,714,583	3,121,113

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 31 DECEMBER 2013

	NOTES	31.12.2013 HK$'000 (unaudited)	30.6.2013 HK$'000 (audited)
Current liabilities			
Creditors and accrued charges	16	**383,227**	332,621
Deposits received on sales of properties		**57,783**	274,028
Customers' deposits and receipts in advance		**25,418**	27,798
Consideration payable	16	**89,606**	88,472
Amount due to an associate		**8,320**	8,060
Borrowings – due within one year	17	**2,511,739**	2,173,222
Obligations under financial leases – due within one year		**43,333**	43,743
Derivative financial instruments	18	**12,143**	44,656
Taxation payable		**96,597**	79,721
Bonds	20	**247,000**	–
		3,475,166	3,072,321
Liabilities associated with assets classified as held for sale	15	**44,802**	–
		3,519,968	3,072,321
Net current assets		**194,615**	48,792
Total assets less current liabilities		**2,389,093**	2,212,996
Non-current liabilities			
Deferred tax liabilities	19	**79,319**	111,609
Borrowings – due after one year	17	**422,023**	290,661
Obligations under financial leases – due after one year		**52,988**	72,789
Bonds	20	**–**	247,000
		554,330	722,059
		1,834,763	1,490,937
Capital and reserves			
Share capital	21	**5,365**	5,423
Reserves		**1,322,849**	977,736
Equity attributable to owners of the Company		**1,328,214**	983,159
Non-controlling interests		**506,549**	507,778
Total equity		**1,834,763**	1,490,937

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Attributable to the owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2012 (audited)	5,445	686,379	11,260	120,455	2,306	–	144,322	834,328	1,804,495	42,451	1,846,946
Profit (loss) for the period	–	–	–	–	–	–	–	86,258	86,258	(23,487)	62,771
Other comprehensive (expense) income for the period	–	–	–	(10,307)	–	–	5,328	–	(4,979)	(970)	(5,949)
Total comprehensive (expense) income for the period	–	–	–	(10,307)	–	–	5,328	86,258	81,279	(24,457)	56,822
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	413,116	413,116
Acquisition of additional interest in a subsidiary through share subscription	–	–	–	–	–	3,680	–	–	3,680	(3,680)	–
Repurchases of shares	(19)	(1,963)	–	–	19	–	–	(19)	(1,982)	–	(1,982)
At 31 December 2012 (unaudited)	5,426	684,416	11,260	110,148	2,325	3,680	149,650	920,567	1,887,472	427,430	2,314,902
At 1 July 2013 (audited)	**5,423**	**684,001**	**15,000**	**128,405**	**2,328**	**46,696**	**47,719**	**53,587**	**983,159**	**507,778**	**1,490,937**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**399,654**	**399,654**	**(2,638)**	**397,016**
Other comprehensive (expense) income for the period	**–**	**–**	**–**	**(51,630)**	**–**	**–**	**9,575**	**–**	**(42,055)**	**(2,344)**	**(44,399)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**(51,630)**	**–**	**–**	**9,575**	**399,654**	**357,599**	**(4,982)**	**352,617**
Recognition of equity-settled share-based payments *(note 28)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,753**	**3,753**
Repurchases of shares	**(58)**	**(12,486)**	**–**	**–**	**58**	**–**	**–**	**(58)**	**(12,544)**	**–**	**(12,544)**
At 31 December 2013 (unaudited)	**5,365**	**671,515**	**15,000**	**76,775**	**2,386**	**46,696**	**57,294**	**453,183**	**1,328,214**	**506,549**	**1,834,763**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Operating cash flow before movements in working capital	**49,245**	51,528
(Increase) decrease in loans receivable	**(392,531)**	455,080
Other change in working capital	**(163,185)**	47,256
Cash (used in) from operating activities	**(506,471)**	553,864
Interest paid	**(92,211)**	(59,356)
Tax paid	**(9,088)**	(290)
Net cash (used in) from operating activities	**(607,770)**	494,218
Investing activities		
Proceeds from disposal of available-for-sale investments	**98,412**	2,460
Acquisition of additional interest in an associate	**–**	(39,140)
Capital injection to an associate	**(30,000)**	–
Purchases of available-for-sale investments	**–**	(55,096)
Withdrawal of pledged bank deposits and restricted bank deposits	**262,928**	694,176
Placement of pledged bank deposits and restricted bank deposits	**(255,434)**	(531,465)
Deposit received for the disposal of assets	**44,802**	–
Acquisition of subsidiaries	**–**	131,908
Acquisition of property, plant and equipment	**(14,861)**	(46,691)
Other investing activities	**8,035**	2,196
Net cash from investing activities	**113,882**	158,348

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Financing activities		
New borrowings raised	**1,532,375**	864,302
Repayments of borrowings	**(1,067,830)**	(1,302,930)
Repurchases of shares	**(12,544)**	(1,982)
Repayments of obligations under finance leases	**(23,624)**	(8,051)
Proceeds of the issuance of bonds	**–**	247,000
Net cash from (used in) financing activities	**428,377**	(201,661)
Net (decrease) increase in cash and cash equivalents	**(65,511)**	450,905
Cash and cash equivalents at beginning of the period	**309,509**	74,007
Effect of changes in foreign exchange rate	**1,173**	1,210
Cash and cash equivalents at end of the period	**245,171**	526,122
Represented by:		
Bank balances and cash	**224,582**	526,122
Bank balances and cash included in assets classified as held for sales	**20,589**	–
	245,171	526,122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2013 are the same as those followed in the preparation of the consolidated financial statements the Company and its subsidiaries (collectively known as the "Group") for the year ended 30 June 2013. In addition, the Group has applied the following accounting policies during the current interim period.

Transfer from investment property to owner-occupied property

An item of investment property becomes an owner-occupied property because its use has changed as evidenced by commencement of owner-occupation. When an investment property carried at fair value is transferred to owner-property, the property's deemed cost for subsequent accounting is its fair value of the date of change in use.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 ''Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle except for amendments to HKAS 1
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 22.

Amendments to HKFRS 7 Disclosures – Offsetting financial assets and financial liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Group has outstanding derivative financial instruments presented under current assets and current liabilities in the condensed consolidated statement of financial position which are under enforceable master netting agreements.

The amendments have been applied retrospectively. For the purpose of preparing the condensed consolidated financial statements, the additional disclosures are not presented but will be included in the Group's annual consolidated financial statements for the year ending 30 June 2014.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 34 Interim financial reporting (as a part of the annual improvements to HKFRSs 2009 – 2011 cycle)

The Group has applied the amendments to HKAS 34 as part of the annual improvements to HKFRSs 2009 – 2011 cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM"), represented by the executive directors of the Company. CODM reviews assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, thus the Group included total assets and total liabilities information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividend income from listed investments	**19,835**	11,259
Interest income from loans receivable	**38,731**	8,525
Rental income	**2,025**	1,879
Hospital fees and charges	**339,403**	121,542
Revenue from sales of properties	**273,278**	24,856
	673,272	168,061

4. SEGMENT INFORMATION

Segment information is presented based on the internal reports about components of the Group that are regularly reviewed by the CODM for the purpose of allocating resources to segments and assessing their performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

4. SEGMENT INFORMATION *(Continued)*

The Group is organised into five operating and reportable segments as follows:

Securities trading and investments – trading of securities in Hong Kong and overseas markets.
Financial services – provision of financial services.
Property investment – leasing of residential and office properties.
Property development – developing and selling of properties and land in the People's Republic of China ("PRC").
Hospital – operations of hospitals in the PRC.

The property development and hospital businesses are new operating and reportable segments subsequent to the Group's acquisition of these new businesses through the acquisition of Extra Earn Holdings Limited ("Extra Earn") during the six months ended 31 December 2012.

For the six months ended 31 December 2013

	Securities trading and investments HK$'000 (unaudited)	Financial services HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Hospital HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Gross proceeds from sales of investments held for trading	244,594	–	–	–	–	244,594
Revenue	19,835	38,731	2,025	273,278	339,403	673,272
Segment profit (loss)	374,815	14,499	1,153	1,369	(14,182)	377,654
Other income						1,016
Net foreign exchange gain						38
Central corporate expenses						(32,952)
Share of profits of associates						383,193
Impairment loss recognised on interest in an associate						(302,633)
Finance costs						(35,810)
Profit before taxation						390,506

4. SEGMENT INFORMATION *(Continued)*

For the six months ended 31 December 2012

	Securities trading and investments HK$'000 (unaudited)	Financial services HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Hospital HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Gross proceeds from sales of investments held for trading	402,454	–	–	–	–	402,454
Revenue	11,259	8,525	1,879	24,856	121,542	168,061
Segment profit (loss)	39,046	4,594	650	1,959	(21,122)	25,127
Other income						1,024
Net foreign exchange gain						18
Gain on deemed disposal of an associate						34,794
Discount on acquisition of subsidiaries						27,541
Central corporate expenses						(16,440)
Share of profits of associates						13,099
Finance costs						(22,548)
Profit before taxation						62,615

All of the segment revenue reported above is from external customers.

Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of certain interest income, certain foreign exchange gain/loss, certain other income, gain on deemed disposal of an associate, discount on acquisition of subsidiaries, central corporate expenses, share of profits of associates, impairment loss recognised on interest in an associate and certain finance costs. This is the measure reported to the Company's executive directors for the purpose of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

At 31 December 2013

	Securities trading and investments HK$'000 (unaudited)	Financial services HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Hospital HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Segment assets	1,677,758	536,298	202,329	858,194	1,574,375	4,848,954
Interests in associates						377,324
Corporate assets						555,821
Assets classified as held for sale						126,962
Consolidated assets						5,909,061
Segment liabilities	1,338,652	500,345	823	180,347	897,708	2,917,875
Corporate liabilities						1,111,621
Liabilities associated with assets classified as held for sales						44,802
Consolidated liabilities						4,074,298

4. SEGMENT INFORMATION *(Continued)*

At 30 June 2013

	Securities trading and investments HK$'000 (audited)	Financial services HK$'000 (audited)	Property investment HK$'000 (audited)	Property development HK$'000 (audited)	Hospital HK$'000 (audited)	Consolidated HK$'000 (audited)
Segment assets	1,344,498	106,398	208,275	996,422	1,580,343	4,235,936
Interests in associates						273,037
Corporate assets						668,766
Assets classified as held for sale						107,578
Consolidated assets						5,285,317
Segment liabilities	1,214,100	70,307	948	719,362	657,413	2,662,130
Corporate liabilities						1,132,250
Consolidated liabilities						3,794,380

5. OTHER GAINS AND LOSSES

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Gain in fair value change of investments held for trading	**277,535**	32,736
Gain in fair value change of derivative financial instruments *(note)*	**65,030**	29,735
Net profit on disposal of available-for-sale investments	**62,752**	65
Loss on disposal of property, plant and equipment	**(234)**	–
Net foreign exchange (loss) gain *(note)*	**(24,079)**	979
Gain on deemed disposal of an associate *(note 27)*	**–**	34,794
Discount on acquisition of subsidiaries *(note 27)*	**–**	27,541
	381,004	125,850

Note: During the six months ended 31 December 2013, the Group entered a forward foreign exchange contract with a financial institution in order to minimise the exchange rate exposure between Australian dollars ("AUD") and United States dollars ("USD") arising from the Loan (as defined in note 14). This forward foreign exchange contract is measured at fair value. A change in fair value amounting HK$22,877,000 was credited to profit or loss and included in change in fair value of derivative financial instruments during the six months ended 31 December 2013. The carrying amount of the Loan was retranslated into the functional currency of the respective group entity at the end of the reporting period and a foreign exchange loss of HK$20,589,000 was recognised in profit or loss and included in net foreign exchange loss during the six months ended 31 December 2013.

6. FINANCE COSTS

The finance costs represent interest as follows:

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on:		
Other borrowings wholly repayable within five years	**40,168**	31,322
Bank borrowings wholly repayable within five years	**35,827**	43,609
Bonds	**8,782**	–
Promissory note	**3,206**	3,095
Obligations under finance leases	**4,228**	2,328
	92,211	80,354
Less: Amounts capitalised	**(5,201)**	(18,871)
	87,010	61,483

Interest expenses arising on specific loans were capitalised in properties under development for sale and construction in progress included in property, plant and equipment.

7. TAXATION

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The current tax comprises:		
Hong Kong Profits Tax for current period	**(146)**	–
Underprovision of Hong Kong Profits Tax in previous years	**(10,291)**	–
Enterprise income tax in the PRC	**(7,238)**	(290)
Land appreciation tax in the PRC	**(8,942)**	–
Deferred tax credit *(note 19)*	**33,127**	446
	6,510	156

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No tax was payable on the profit for the six months ended 31 December 2012 arising in Hong Kong since the assessable profit was absorbed by tax losses brought forward.

Enterprise income tax ("EIT") in the PRC is calculated at 25% of estimated assessable profit for both periods.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are exempted from the PRC EIT for two years starting from their first profit-making year (i.e. 31 December 2008), followed by a 50% reduction for the next three years. The exemption is ended on 31 December 2012.

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

7. TAXATION *(Continued)*

In previous years, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Company regarding the chargeability of offshore profits on trading securities from the year of assessment 2000/2001 to year of assessment 2008/2009. During the year ended 30 June 2013, the IRD has issued estimated/additional assessments demanding final tax ("Assessments") to a subsidiary of the Company for the year of assessment 2006/2007. Up to 31 December 2013, the Group has purchased tax reserve certificates of approximately HK$34,316,000 (30 June 2013: HK$34,616,000) for conditional standover order of objection against the Assessments for the year of assessment 2006/2007. The Group had appointed a tax advisor to assist the Group in handling this tax enquiry. After several discussions with the case officer of the IRD, a settlement proposal was submitted to the IRD in February 2014. During the six months ended 31 December 2013, an additional tax provision of HK$10,291,000 was recognised in profit or loss. The directors consider that the additional tax provision is sufficient to cover the tax assessments amount.

8. PROFIT FOR THE PERIOD

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs inclusive of directors' emoluments	**104,554**	56,318
Depreciation of property, plant and equipment	**49,574**	18,918
Release of prepaid lease payments	**1,562**	508
Amortisation of intangible assets (including in cost of goods and services)	**878**	206
Interest income from:		
– available-for-sale debt instruments	**(2,226)**	(1,265)
– bank deposits	**(5,809)**	(932)
Cost of inventories recognised as an expense (included in cost of goods and services)	**148,997**	54,193
Cost of properties held for sale recognised as an expense (included in cost of goods and services)	**243,466**	20,618

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for six months ended 31 December 2013 and 2012.

10. EARNINGS PER SHARE

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

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	**399,654**	86,258

	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	540,443,152	543,098,817

The computation of diluted earnings per share for the six months ended 31 December 2013 does not assume the exercise of share options granted by a subsidiary since such assumed exercise would increase the earnings per share.

No diluted earning per share has been presented as there was no potential ordinary share outstanding for the six months ended 31 December 2012.

11. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

During the six months ended 31 December 2013, an investment property with a carrying amount of HK$5,950,000 was reclassified as property, plant and equipment due to change of usage. There was no material addition during the six months ended 31 December 2012.

During the six months ended 31 December 2013, additions to the Group's property, plant and equipment amounted to approximately HK$16,485,000. The additions during the six months ended 31 December 2012 amounted approximately HK$1,472,155,000, of which HK$1,438,055,000 was purchased through acquisition of subsidiaries.

Prepaid lease payments are held under medium-term lease in the PRC through the acquisition of subsidiaries during the six months ended 31 December 2012. There was no material addition in prepaid lease payments during the six months ended 31 December 2013.

The Group's investment properties and buildings included in property, plant and equipment were revalued by the directors. At 31 December 2013 and 31 December 2012, the directors considered that the carrying amounts of the investment properties and buildings included in property, plant and equipment carried at revalued amounts did not differ significantly from that which would be determined using fair values at the reporting date.

12. INTERESTS IN ASSOCIATES

	31.12.2013 HK$'000 (unaudited)	30.6.2013 HK$'000 (audited)
Cost of investments in associates		
Listed in the Philippines	**26,448**	26,448
Listed in Hong Kong	**973,467**	973,467
Unlisted	**259,199**	229,199
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(260,591)**	(637,511)
Less: Impairment loss	**(621,199)**	(318,566)
	377,324	273,037

Share of results of associates, net of impairment on interests in associates:

	31.12.2013 HK$'000 (unaudited)	30.6.2013 HK$'000 (audited)
Share of profit of associates	**383,193**	13,099
Impairment loss recognised on interest in an associate	**(302,633)**	–
	80,560	13,099

During the six months ended 31 December 2013, one of the Group's associate, Think Future Investments Limited ("Think Future") issued and alloted new shares to the all existing shareholders on the basis of one new fully paid ordinary share in the capital of Think Future for every one existing ordinary share. The Group paid HK$30,000,000 for 600 new fully paid shares. After the subscription of new shares, the Group's equity interest in Think Future remained at 30% as at 31 December 2013.

12. INTERESTS IN ASSOCIATES *(Continued)*

As at 31 December 2013, the carrying amount of the Group's interests in APAC Resources Limited ("APAC"), a company with its shares being listed on the Main Board of the Stock Exchange, was higher than its fair value. The Group performed an impairment assessment of its interest in APAC. Management compared the value in use with the fair values less cost to sell and concluded that the fair value less costs to sell is higher than the value in use. The fair value of APAC is determined based on the quoted market bid prices available on the Stock Exchange. Based on the assessment, the recoverable amount of the Group's interests in APAC is estimated to be less than the carrying amount (before impairment) and an impairment loss of HK$302,633,000 is recognised to profit or loss during the six months ended 31 December 2013.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	31.12.2013	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Debtors from securities trading	**31,561**	17,474
Trade receivables arising from hospital operations	**29,853**	40,323
Deposits and receivables from the financial institutions	**19,744**	38,125
Prepayments	**22,403**	13,474
Prepaid business taxes and other PRC taxes	**3,985**	23,583
Deposits paid to suppliers	**3,177**	16,527
Other debtors and deposits	**41,533**	34,890
	152,256	184,396

The settlement terms of debtors from securities trading are 2 – 3 days after trade date and they are aged within 2 – 3 days as at 31 December 2013 and 30 June 2013.

13. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

The customers of hospital operations are either settled by cash, credit card or medical insurance. For credit card payment, the banks will pay the Group usually 7 days after the trade date. The medical insurance companies will usually pay the Group 90 days after the trade date.

The following is an aged analysis of trade receivables from hospital operations presented based on the invoice date (approximate the trade date) at the end of the reporting period:

	31.12.2013	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
0 – 30 days	**24,731**	19,912
31 – 60 days	**4,414**	12,197
61 – 90 days	**708**	8,214
	29,853	40,323

14. LOANS RECEIVABLE

On 2 October 2013, the Group entered into a substitution agreement (the "Substitution Agreement") with certain unrelated third parties including the outgoing participant (the "Outgoing Participant") and debtor (the "Debtor") to which the Outgoing Participant has agreed to novate to the Group its participation in a loan with a principal amount of A$90,000,000 (approximately HK$657,314,000) which was initially offered to the Debtor by the Outgoing Participant (the "Loan"). Pursuant to the Substitution Agreement, the Group replaced the Outgoing Participant under the Loan and the Group become the lender of the Loan. All obligations and benefits of the Outgoing Participant under the Loan was novated to the Group. The completion of the Substitution Agreement took place on 9 October 2013 whereas the amount of consideration paid was A$75,447,000 (approximately HK$551,026,000). The amount was recorded as loans receivable, which was initially measured at fair value and subsequent to initial recognition, is carried at amortised cost using the effective interest method, less any identified impairment losses. The Debtor is a wholly-owned subsidiary of AVEO Group Limited (formerly known as FKP Property Group Limited), a company with its shares is listed on the Australian Stock Exchange. The Debtor and its guarantors provided certain collaterals over the Loan which includes the shares of the Debtor and certain properties.

14. LOANS RECEIVABLE *(Continued)*

As at 31 December 2013, the carrying amount of the Loan is A$53,090,000 (approximately HK$367,205,000) and included in loans receivable in the condensed consolidated statement of financial position. The outstanding amount of the Loan will be repayable on 31 July 2014 and is classified as current assets.

15. ASSETS CLASSIFIED AS HELD FOR SALE

(a) In June 2013, the directors determined to dispose of the land use rights for the development of elderly care services, land use rights and buildings for kindergarten and properties held for sale in Kunming (the "Properties").

On 27 August 2013, the Group entered into a sale and purchase agreement with independent third parties pursuant to which the Group agreed to dispose of the Properties through disposal of the entire registered capital of Kunming Tongren Industrial Development Company Limited ("Kunming Tongren Industrial") at a consideration of RMB324,995,000. Pursuant to the agreement, the Group shall procure Kunming Tongren Industrial to strip off its certain assets and restructure its existing receivables and liabilities so that Kumming Tongren Industrial will only own the Properties upon completion of the disposal. The assets stripping and the restructuring of the receivables and liabilities are required to be completed within six months from the agreement. Details of this transaction are set out in the announcement made by the Company on 27 August 2013. As at 31 December 2013, deposits of RMB30,000,000 (approximately HK$38,402,000) were received as part of the consideration and the transaction is not completed. Details of Properties as at 31 December 2013 and 30 June 2013 classified as assets held for sale are as follows:

	31.12.2013 **HK$'000** **(unaudited)**	30.6.2013 HK$'000 (audited)
Buildings and construction in progress	**17,199**	18,039
Prepaid lease payments	**62,015**	61,993
Properties held for sale	**23,231**	27,546
	102,445	107,578

15. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

(b) On 4 September 2013, the Group entered into a sale and purchase agreement with Huaying Land Group Company Limited ("Huaying"), a company owned by a director of the non wholly-owned subsidiary of the Company. Pursuant to the agreement, the Group agreed to dispose of 65% of the registered capital of Dongying Tongren International Health Centre Investment Company Limited 東營同仁國際健康城投資有限公司 ("Dongying Tongren"), representing the entire equity interest as held by the Group in Dongying Tongren, to Huaying at a consideration of RMB13,000,000. 10% of the registered capital of Dongying Tongren will be held by the Group on trust for Huaying for a period of 5 years from the date of entering into the related trust agreement. Upon expiry of the 5 years period, the Group shall transfer the 10% of the registered and paid up capital of Dongying Tongren to Huaying or its nominee. Details of the transaction are set out in the Company's announcement dated 4 September 2013. As at 31 December 2013, deposit of RMB5,000,000 (approximately HK$6,400,000) was received as part of the consideration and the transaction has not completed.

The major classes of assets of Dongying Tongren as at 31 December 2013 and 30 June 2013 classified as assets held for sale are as follows:

	31.12.2013	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Property, plant and equipment	**99**	–
Debtors, deposits and prepayments	**3,829**	–
Bank balances and cash	**20,589**	–
	24,517	–

As at 31 December 2013, the aggregate amount of assets classified as assets held for sale and the aggregate amount of liabilities associated with assets classified as held for sale are HK$126,962,000 (30 June 2013: HK$107,578,000) and HK$44,802,000 (30 June 2013: nil) respectively. The amounts are presented separately in the condensed consolidated financial position.

16. OTHER FINANCIAL LIABILITIES

Creditors and accrued charges

	31.12.2013	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade payables to construction contractors and of hospital operations	**210,617**	167,791
Creditors from securities trading	**28,106**	40,862
Accrued compensation for late delivery of properties held for sale	**9,125**	9,902
Accrued construction cost for properties under development for sale	**82,489**	37,388
Construction cost payable for hospital buildings classified as property, plant and equipment	**11,432**	12,238
Other creditors and accrued charges	**41,458**	64,440
	383,227	332,621

The settlement terms of creditors from securities trading are 2 – 3 days after trade date. Trade payables of hospital operations principally comprise amounts outstanding for trade purchases. Trade payables to construction contractors comprise construction costs for property development and other projects. The normal credit period taken for these trade payables is 30 – 60 days.

16. OTHER FINANCIAL LIABILITIES *(Continued)*

Creditors and accrued charges *(Continued)*

The following is an aged analysis of trade payables to construction contractors and of hospital operations presented based on the invoice date at the end of the reporting period:

	31.12.2013	30.6.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
0 – 30 days	**72,028**	21,087
31- 60 days	**62,657**	20,555
61 – 90 days	**25,821**	26,972
91 – 365 days	**14,614**	89,914
Over 1 year but not exceeding two years	**25,937**	–
Over 2 years but not exceeding five years	**9,560**	9,263
	210,617	167,791

Consideration payable

Prior to the acquisition of Lianyungang Jiatai Construction Company Ltd. 連雲港嘉泰建設工程有限公司 (formerly known as Jiatai Tongren (Lianyungang) Healthcare Investment Ltd. 嘉泰同仁(連雲港)醫療產業投資有限公司) ("Jiatai") in September 2012 as detailed in note 27, Jiatai acquired additional 27.5% equity interests in 同仁醫療產業集團有限公司 Tongren Healthcare Industry Group Company Limited ("Tongren Healthcare"), an indirectly held subsidiary of Jiatai, from the non-controlling interest at a consideration of RMB110,000,000 (equivalent to HK$136,000,000), of which RMB40,000,000 (equivalent to HK$49,200,000) was settled by cash, in April 2012. As at 31 December 2013, the remaining consideration of RMB70,000,000 (equivalent to HK$89,606,000) (30 June 2013: RMB70,000,000 (equivalent to HK$88,472,000)) will be settled by 31 March 2014. The amount is unsecured and interest-free.

17. BORROWINGS

	31.12.2013 HK$'000 (unaudited)	30.6.2013 HK$'000 (audited)
Securities margin loans	**1,298,403**	1,128,582
Unsecured term loan	**488,021**	70,000
Promissory note *(note a)*	**–**	91,987
Secured bank borrowings	**249,232**	308,669
Unsecured bank borrowings *(note b)*	**722,991**	391,587
Unsecured other borrowings	**44,547**	122,102
Discounted bills	**130,568**	350,956
	2,933,762	2,463,883
Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:		
On demand or within one year	**2,511,739**	2,173,222
More than one year but less than two years	**196,727**	162,517
More than two years but less than five years	**225,296**	128,144
	2,933,762	2,463,883
Less: Amount due within one year shown under current liabilities	**(2,511,739)**	(2,173,222)
Amount shown under non-current liabilities	**422,023**	290,661

17. BORROWINGS *(Continued)*

Notes:

(a) During the six months ended 31 December 2012, the Group acquired 19.34% equity interest of Extra Earn at a consideration of HK$89,860,000, which was satisfied by the Group issuing a promissory note to the vendor. The promissory note carried interest of 12% per annum and was repayable on or before 19 September 2013. On 30 November 2012, the maturity date of promissory note was agreed to be extended to 30 November 2014 and the promissory note was classified as non-current liabilities in the consolidated statement of financial position as at 30 June 2013. The promissory note was early settled during the six months ended 31 December 2013.

(b) As at 31 December 2013, included in unsecured bank borrowings are certain borrowings amounted RMB229,000,000 (approximately HK$293,139,000) which are guaranteed by Huali (as defined in note 25) under the Mutual Guarantee (as defined in note 25). Details of the Mutual Guarantee are disclosed in note 25.

The securities margin loans and secured bank borrowings are secured by the Group's assets as disclosed in note 23.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments comprise gross-settled option contracts linked with equity securities listed in Hong Kong, a forward foreign exchange contract and option contracts linked with exchange rates between AUD and USD and Japanese Yen and USD. The fair value of derivative financial instruments is quoted by counterparties and determined based on valuation techniques that incorporate market observable data.

19. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the period.

	Fair value adjustment on business combination HK$'000
At 1 July 2012	–
Acquisition of subsidiaries	119,271
Credit to profit or loss for the period	(446)
Exchange difference	751
At 31 December 2012	119,576
Credit to profit or loss for the period	(9,705)
Exchange difference	1,738
At 30 June 2013	111,609
Credit to profit or loss for the period	(33,127)
Exchange difference	837
At 31 December 2013	79,319

20. BONDS

During the six months ended 31 December 2012, the Company issued unsecured bonds in an aggregated amount of approximately HK$247,000,000 with maturity of two years. The bonds carry fixed rate interest of ranging from 6% to 8% per annum and interest payable in arrears half yearly. Pursuant to the agreements, the holders have no right to redeem the bonds before the maturity date unless the events of default set out in the agreements occurred while the Company, at its option, can redeem the bonds at any time before the maturity date by giving not less than seven days' prior written notice to the holders. As there was no event of default occurred and the directors of the Company have no intention to redeem the bonds before the maturity date, the bonds were classified as non-current liabilities in the consolidated statement of financial position as at 30 June 2013. As at 31 December 2013, the bonds are classified as current liabilities as the bonds will be matured within 12 months.

21. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2013 and 30 June 2013	30,000,000,000	300,000
Issued and fully paid:		
At 1 July 2012	544,458,697	5,445
Repurchase of shares	(1,812,000)	(19)
At 31 December 2012	542,646,697	5,426
Repurchase of shares	(384,000)	(3)
At 1 July 2013	542,262,697	5,423
Repurchase of shares	(5,760,000)	(58)
At 31 December 2013	536,502,697	5,365

21. SHARE CAPITAL *(Continued)*

During the six months ended 31 December 2013, 30 June 2013 and 31 December 2012, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
For the six months ended 31 December 2013				
October 2013	3,284,000	2.38	2.01	7,380
November 2013	1,860,000	2.35	1.80	4,044
December 2013	616,000	1.88	1.75	1,120
	5,760,000			12,544
For the six months ended 30 June 2013				
January 2013	384,000	1.11	1.07	418
For the six months ended 31 December 2012				
July 2012	1,324,000	1.13	1.05	1,466
August 2012	172,000	1.18	1.12	197
December 2012	316,000	1.05	0.90	319
	1,812,000			1,982

Out of 5,760,000 shares repurchased during the six months ended 31 December 2013, 5,540,000 shares were cancelled in current period while the remaining 220,000 shares were cancelled subsequent to the period end date.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities in the condensed consolidated statement of financial position	Fair value as at 31.12.2013	Fair value hierarchy	Valuation techniques and key inputs
1) Investments in listed equity securities classified as investments held for trading	Listed equity securities: – Hong Kong HK$779,139,000 – Overseas HK$579,432,000	Level 1	Quoted bid prices in active markets
2) Investments in listed equity securities classified as available-for-sale investments	Listed equity securities: – Hong Kong HK$68,998,000 – Overseas HK$102,530,000	Level 1	Quoted bid prices in active markets
3) Investments in unlisted unit trusts classified as available-for-sale investments	Assets - HK$14,667,000	Level 2	Valuation technique: Discounted cash flow Key inputs: Performance history, discount rate
4) Investments in listed debt securities classified as available-for-sale investments	Assets - HK$5,511,000	Level 1	Quoted bid prices in active markets
5) Investments in listed fixed rate bonds classified as available-for-sale investments	Assets - HK$50,794,000	Level 1	Quoted bid prices in active markets
6) A forward foreign exchange contract linked with exchange rate	Assets - HK$22,877,000	Level 2	Valuation technique: Discounted cash flow Key inputs: Forward interest rates, performance history, contracted interest rates and discount rate
7) Gross-settled option contracts linked with listed equity securities, and option contracts linked with exchange rate	Liabilities - HK$12,143,000	Level 3	Valuation technique: Discounted cash flow Key inputs: Forward interest rates, performance history, contracted interest rates and discount rate

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Financial assets 31.12.2013 HK$'000	Financial liabilities 31.12.2013 HK$'000
At 1 July 2013	–	(44,656)
Realised gain in profit or loss	–	9,920
Unrealised gain in profit or loss	22,877	32,233
Settlement	–	(9,640)
At 31 December 2013	22,877	(12,143)

23. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to securities houses and banks to secure credit facilities granted to the Group:

	31.12.2013 HK$'000 (unaudited)	30.6.2013 HK$'000 (audited)
Investments held for trading	**1,333,661**	916,835
Interests in associates	**328,889**	248,261
Buildings and construction in progress (included in the property, plant and equipment) *(note)*	**619,225**	622,778
Available-for-sale investments	**227,835**	231,892
Prepaid lease payments *(note)*	**97,324**	97,286
Properties under development for sale	**25,337**	–
Properties held for sale *(note)*	**23,231**	27,546
Pledged bank deposits	**262,027**	265,423
	2,917,529	2,410,021

23. PLEDGE OF ASSETS *(Continued)*

Note: Pledged prepaid lease payments of HK$62,015,000 (30 June 2013: HK$61,993,000), pledged properties held for sale of HK$23,231,000 (30 June 2013: HK$27,546,000) and pledged building and construction in progress of HK$17,199,000 (30 June 2013: HK$18,039,000) are classified as assets classified as held for sale as at 31 December 2013.

At 30 June 2013, the shares of Kunming Tongren Industrial Development Company Limited and Kunming Tongren Hospital Company Limited, both non wholly-owned subsidiaries of the Company, were pledged to banks for borrowings granted. The pledge was released upon repayment of loans during the six months ended 31 December 2013.

The Group's obligations under finance leases are secured by the Group's charge over the leased assets. At 31 December 2013, the carrying amount of the Group's medical equipment includes an amount of HK$141,534,000 (30 June 2013: HK$174,937,000) in respect of assets held under finance leases.

24. CAPITAL COMMITMENT

	31.12.2013 **HK$'000** **(unaudited)**	30.6.2013 HK$'000 (audited)
Capital expenditure contracted for but not provided – acquisition of property, plant and equipment	**1,755**	1,735

25. CONTINGENT LIABILITIES

On 18 July 2013, Tongren Healthcare entered into a mutual guarantee agreement (the "Mutual Guarantee") with China Huali Holding Group Company Limited 中國華力控股集團有限公司 ("Huali"). Pursuant to the Mutual Guarantee, both parties agreed that should any party (inclusive of their subsidiaries) (the "Borrowers") apply for a loan or loans (the "Borrowings") from a bank or financial institution (the "Lenders"), if the Lenders so requires, the other party shall provide a guarantee for the obligations of the Borrowers under the Borrowings, subject to a cap of RMB300,000,000. The effective period of the Mutual Guarantee shall be approximately 18 months from 18 July 2013 to 31 December 2014. As confirmed by Huali and so far as the directors are aware, 57.25% of the entire registered capital of Huali is beneficially and indirectly owned by a director of Jiatai, a direct non wholly-owned subsidiary of the Company, and certain subsidiaries of the Jiatai Group (as defined in note 27).

As at 31 December 2013, Tongren Healthcare provided guarantees of RMB140,000,000 (approximately HK$179,212,000) to Huali under the Mutual Guarantee, while Huali and its subsidiary provided guarantees of RMB229,000,000 (approximately HK$293,139,000) to Tongren Healthcare and its subsidiaries under the Mutual Guarantee.

As at 31 December 2013, the fair value of the guarantees is estimated to be insignificant.

26. RELATED PARTY TRANSACTIONS

(a) Other than the Mutual Guarantee mentioned in note 25, the transaction set out in note 15(b) and amount due to an associate, which is unsecured, interest-free and repayable on demand, as disclosed in the condensed consolidated statement of financial position, the Group has entered into the following related party transactions during the period:

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income from loans receivable from associates	**3,402**	5,039

As at 31 December 2013, loans receivable with carrying amount of HK$74,087,000 (30 June 2013: HK$48,761,000) was due from associates of the Company.

(b) The remuneration of directors and other members of key management of the Group during the period was as follows:

	Six months ended	
	31.12.2013	31.12.2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**1,925**	2,257
Retirement benefit costs	**23**	18
	1,948	2,275

27. ACQUISITION OF SUBSIDIARIES

On 19 September 2012, the Group entered into a sale and purchase agreement with an independent third party to acquire additional 19.34% equity interest of Extra Earn at a consideration of HK$89,860,000 ("Acquisition") which was satisfied by the Group issuing promissory note to the independent third party. Details of the promissory note are disclosed in note 17(a). The directors consider that the Acquisition is a valuable opportunity to participate in the property development, hospital ownership and operations in the PRC and secure its footing in such industries in the PRC, which is also in conformity with the Group's strategy to seek and identify grossly undervalued investment and business opportunities in the PRC.

Before the acquisition of additional interests in Extra Earn by the Group, the Group has 38.67% equity interest in Extra Earn and Extra Earn is an investment holding company with 100% equity interest in Jiatai. Jiatai is an investment holding company and its subsidiaries are engaged in property development and hospital operations in the PRC.

Immediately after the acquisition, Extra Earn performed a reorganisation by means of the transfer of an aggregate of entire equity interest in Jiatai to the Company and other two shareholders based on their proportionate equity interest, and the repurchase and cancellation of Extra Earn's 180,000 shares and 15,450 shares (total represented 41.99% issued shares of Extra Earn) from the other two shareholders of Extra Earn ("Extra Earn Reorganisation").

Upon the completion of the Acquisition and Extra Earn Reorganisation, the Group's equity interests in Extra Earn and Jiatai have increased from 38.67% to 100% and 58.01% respectively. These transactions were completed on 19 September 2012. The Acquisition has been accounted for using the purchase method.

Acquisition-related costs amounting to approximately HK$752,000 have been excluded from the consideration transferred and have been recognised as an expense during the six months ended 31 December 2012, within the other expenses line item in the condensed consolidated statement of profit or loss.

27. ACQUISITION OF SUBSIDIARIES *(Continued)*

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	1,438,055
Prepaid lease payments	127,346
Intangible assets	16,816
Interests in associates	15,931
Inventories	18,907
Properties under development for sale	621,695
Properties held for sale	39,441
Debtors, deposits and prepayments *(note)*	152,129
Deposit paid for acquisition of land use right for property development	332,045
Pledged bank deposits	222,023
Restricted bank deposits	57,857
Bank balances and cash	131,908
Creditor and accrued charges	(589,626)
Consideration payable	(85,784)
Deposits received on sales of properties	(247,345)
Receipts in advance	(21,999)
Amount due to an associate	(7,966)
Bank borrowings	(1,216,544)
Obligations under finance leases	(56,613)
Deferred tax liabilities	(119,271)
Amount due to the subsidiary of the Company	(54,474)
Net assets acquired	774,531
Less: Non-controlling interests on Jiatai's subsidiaries	(111,901)
	662,630

Note: The fair value of debtors at the date of acquisition amounted to HK$117,554,000, which is the same as the gross contractual amounts of debtors at the date of acquisition.

27. ACQUISITION OF SUBSIDIARIES *(Continued)*

Discount on acquisition:

	HK$'000
Consideration for acquisition of 19.34% equity interest of Extra Earn	89,860
Previously held interests in Extra Earn as an associate, at fair value	244,014
Plus: Non-controlling interests of Jiatai	301,215
Plus: Non-controlling interests on Jiatai's subsidiaries	111,901
Less: Net assets acquired	(774,531)
	(27,541)

Non-controlling interests of Jiatai and Jiatai's subsidiaries are measured at their proportionate share of net assets acquired.

In the opinion of the directors, discount in acquisition was resulted because Jiatai and its subsidiaries (collectively known as "Jiatai Group") needed additional funds to settle its short-term borrowings and then seeked for shareholders' further capital contribution to finance the daily operation of Jiatai Group. The vendor considered that there was no cash return from the investment in Extra Earn and the vendor was in financial difficulty to provide further capital contribution to Jiatai Group. Therefore, the vendor would like to exit this investment. Thus, the vendor was willing to offer a favourable price to the Group.

Gain on deemed disposal of associate:

	HK$'000
Carrying amount of Extra Earn as at date of disposal	(227,854)
Cumulative exchange differences shared by the associate reclassified from equity to profit or loss	18,634
Fair value of the Group's previously held equity interest in Extra Earn	244,014
	34,794

27. ACQUISITION OF SUBSIDIARIES *(Continued)*

Cash inflow arising on acquisition:

	HK$'000
Cash consideration paid	–
Less: Bank balances and cash acquired	131,908
	131,908

Had the acquisition been effected at the beginning of the six months ended 31 December 2012, the total amount of revenue of the Group for the six months ended 31 December 2012 would have been HK$330,008,000, and the amount of the profit for the six months ended 31 December 2012 would have been HK$41,508,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the six months ended 31 December 2012, nor is it intended to be a projection of the results.

On 6 December 2012, the Company and Jiatai entered into subscription agreement that the Company agreed to subscribe Jiatai's registered capital at a consideration of US$32,000,000 (equivalent to HK$249,000,000). After the subscription, the Company's equity interest over Jiatai is increased from 58.01% to 69.52%. The difference between the amount by which the non-controlling interests of Jiatai adjusted and the fair value of the consideration paid by the Company is HK$3,680,000 and then credited to other reserve and accumulated in equity.

28. SHARE-BASED PAYMENT TRANSACTIONS

In March 2013, Jiatai, the non wholly-owned subsidiary of the Company, signed a cooperative agreement ("Cooperative Agreement") with a doctor so as to employ the doctor to be the hospital incharge in Nanjing Tongren Hospital for ten years. At the same time, Jiatai has granted a call option to the doctor so as to provide an incentive to the doctor to serve the Group for the benefit of the development of Nanjing Tongren Hospital. The call option can be exercised within six months upon the completion of five years employment and the satisfaction of performance targets. The performance targets are based on revenue amounting of RMB600 million and profit excluding finance costs of RMB90 million in Nanjing Tongren Hospital in the fifth year commencing on the date of the employment of the doctor (i.e. from May 2018 to April 2019) ("Performance Target") as per the management account of Nanjing Tongren Hospital from May 2018 to April 2019.

An option of acquiring RMB30,000,000 registered capital of Jiatai is granted from existing equity owners of Jiatai. The exercise price is RMB1 per unit capital of the registered capital of Jiatai. The call option may be exercisable based on the factors as follows:

1. If the Performance Target reaches 90%, 100% of call option can be exercised;

2. If the Performance Target reaches 80%, 90% of call option can be exercised;

3. If the Performance Target reaches 70%, 80% of call option can be exercised;

4. If the Performance Target falls below 70%, no call option can be exercised.

Based on the current registered paid up capital of Jiatai, and assuming no increase in the registered paid up capital of Jiatai until the exercise of the call option, the doctor will be interested in 3.7% of the registered capital of Jiatai upon full exercise of the call option.

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The fair value of the call option is calculated using the Binominal pricing model. The variables and assumptions used in the computing the fair value of the call option is based on the best estimation of the directors. The value of the call option varies with different variables of certain subjective assumptions. The inputs in the model were as follows:

Equity value of Jiatai Tongren	RMB1.36
Exercise price	RMB1.00
Expected volatility *(note a)*	45.34%
Expected life of option	5 years
Risk-free rate *(note b)*	3.075%
Expected dividend yield	Nil

Notes:

(a) Expected volatility for options is based on historical daily price movements of comparable listed companies in the same industry over historical period of five years.

(b) The risk-free rate is determined by reference to the yield of China Fixed Rate Government Bond.

The estimated fair value of the call option is approximately RMB22,520,000. During the six months period ended 31 December 2013, share-based payment of HK$3,753,000 was recognised (the six months ended 31 December 2012: nil) in the profit or loss.

29. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000	Share options reserve of subsidiaries HK$'000	Total HK$'000
At 1 July 2012 (audited)	42,451	–	42,451
Share of loss for the period	(23,487)	–	(23,487)
Share of other comprehensive expense for the period	(970)	–	(970)
Share of total comprehensive expense for the period	(24,457)	–	(24,457)
Acquisition of subsidiaries	413,116	–	413,116
Acquisition of additional interest in a subsidiary through share subscription	(3,680)	–	(3,680)
	409,436	–	409,436
At 31 December 2012 (unaudited)	427,430	–	427,430
At 1 July 2013 (audited)	507,778	–	507,778
Share of loss for the period	(2,638)	–	(2,638)
Share of other comprehensive expense for the period	(2,344)	–	(2,344)
Share of total comprehensive expense for the period	(4,982)	–	(4,982)
Recognition of equity-settled share-based payments (note 28)	–	3,753	3,753
At 31 December 2013 (unaudited)	502,796	3,753	506,549

30. NON-CASH TRANSACTION

During the six months ended 31 December 2012, the Group acquired certain medical equipment of approximately HK$42,618,000 under finance leases.

DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2013 (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 31 December 2013, the Group recorded a total revenue of HK$917,866,000 (2012: HK$570,515,000) and a profit attributable to shareholders of HK$399,654,000 (2012: HK$86,258,000) respectively. The improved profit was mainly due to the changes in fair value of investments held for trading of HK$277,535,000 (2012: HK$32,736,000) and derivative financial instruments of HK$65,030,000 (2012: HK$29,735,000); the net profit on disposal of available-for-sale investments of HK$62,752,000 (2012: HK$65,000) and an increase in share of profits of associates of HK$383,193,000 (2012: HK$13,099,000) but partially set-off by the impairment loss recognized on the Group's interest in a listed associate of HK$302,633,000 (2012: nil). Earnings per share (basic and diluted) for the six months ended 31 December 2013 was HK$0.74 (2012: basic HK$0.16).

The Group's net asset value per share as at 31 December 2013 was HK$2.48 (2012: HK$3.48).

REVIEW OF OPERATIONS

Securities Trading and Investments

The favorable economic and financial environment in the developed economies seen at the beginning of the fiscal year continued throughout the period under review. The improved economic growth, the low inflation and low interest rates and the liquidity provided by the respective central banks had led to several significant upsurges in the major financial markets. However, these market rallies were occasionally interrupted by market slumps which were prompted by the looming tapering of the monetary stimulus program of the Federal Reserve ("Fed") of the United States ("US") and mounting concerns over the economic well-being of the emerging markets.

Against this backdrop, though the Group's securities trading and investments recorded a reduced turnover of HK$264,429,000 (2012: HK$413,713,000) during the period under review, it achieved an improved profit of HK$374,815,000 (2012: HK$39,046,000), mostly attributed to the changes in fair value of investments held for trading of HK$277,535,000 (2012: HK$32,736,000) and derivative financial instruments of HK$65,030,000 (2012: HK$29,735,000), and net profit on the disposal of available-for-sale investments of HK$62,752,000 (2012: HK$65,000) inclusive of the on-market disposal of 80.9 million shares of Landing International Development Limited (formerly known as Greenfield Chemical Holdings Limited) as announced by the Group in July 2013. As at 31 December 2013, the Group maintained a portfolio of available-for-sale investments of HK$243,246,000 (2012: HK$290,696,000) and a trading portfolio of HK$1,358,571,000 (2012: HK$1,013,405,000).

Money Lending

During the period under review, the Group's money lending business booked an increased turnover of HK$38,731,000 (2012: HK$8,525,000) and an enhanced profit of HK$14,499,000 (2012: HK$4,594,000) from its loan portfolio. As at 31 December 2013, the Group's loan portfolio increased to HK$496,292,000 (2012: HK$103,761,000) mainly following the novation of an Australian Dollar ("A$") denominated short term loan receivable at a consideration of approximately A$75.4 million as announced by the Group in October 2013.

Property Investments

The Group's investment properties located in Hong Kong and China recorded a rental income of HK$2,025,000 (2012: HK$1,879,000) and profit of HK$1,153,000 (2012: HK$650,000) for the period under review. As at 31 December 2013, the Group's investment properties portfolio amounted to HK$202,162,000 (2012: HK$159,227,000).

Property Development and Hospital Operation

The Group's hospital ownership and operation consists of the Nanjing Tongren Hospital (南京同仁醫院) opened in 2007 with a capacity of 1,200 beds and 957 medical staff and employees, the Kunming Tongren Hospital (昆明同仁醫院) opened in 2010 with a capacity of 500 beds and 723 medical staff and employees and the Yunnan Xinxinhua Hospital (雲南新新華醫院) opened in 2004 with a capacity of 240 beds and 339 medical staff and employees. All three are integrated hospitals offering a wide range of comprehensive clinical and healthcare services. During the period under review, the Group's hospital operation contributed a turnover of HK$339,403,000 (2012: HK$121,542,000) and a loss of HK$14,182,000 (2012: HK$21,122,000) mainly caused by the continuing upward trend in inflation and labour costs in the PRC especially for medical and technical staff.

Of the Group's property development business which consists of the development project of Phase 2 and 3 of Kangya Garden (康雅苑) located in the Jiangning Development Zone in Nanjing, PRC with a total gross floor area of approximately 125,400 sqm with construction completed in June 2013 and to be completed in June 2015 respectively. During the period under review, the Group's property development business recorded a turnover of HK$273,278,000 (2012: HK$24,856,000) and a profit of HK$1,369,000 (2012: HK$1,959,000).

In August 2013, the Group entered into a sale and purchase agreement to dispose of its interest in Kunming Tongren Industrial Development Company Limited (昆明同仁實業開發有限公司) ("Kunming Tongren Industrial") for a consideration of RMB324.995 million with a prepayment of RMB30 million received. Upon the completion of the assets transfer and restructuring of receivables and liabilities, Kunming Tongren Industrial's remaining assets will consist of the elderly care use land, the nursery land together with the existing buildings and structures thereon, the right and income entitlement in the 204 fixed parking spaces (developed but unsold) in Dianchi Yinxiang Garden and the right to the 24 flats (developed but unsold) in Dianchi Yinxiang Garden, in Kunming City in Yunnan Province of the PRC. The Group considers that the disposal would provide the Company with the opportunity to realize gains from its investments and enable it to reallocate its financial resources to other core business activities. The disposal is not yet completed as the parties are still in the course of obtaining separate land certificates for the elderly care use land and the nursery land.

In September 2013, the Group entered into an agreement to dispose of its entire shareholding of 65% of the entire registered capital of Dongying Tongren International Health Centre Investment Company Limited (東營同仁國際健康城投資有限公司) ("Dongying Tongren") for a consideration of RMB13 million with a deposit of RMB5 million received. The sole investment of Dongying Tongren is the Dongying Tongren International Health Centre project in Dongying in the Shangdong Province of the PRC, which is still in the preliminary planning stage. The disposal will enable the Group to recuperate its initial capital contribution and continue to participate in the projects of Dongying Tongren through the provision of management and consulting services. The disposal is not yet completed as the purchaser is still in the course of its due diligence work.

PRINCIPAL ASSOCIATED COMPANIES

For the six months ended 31 December 2013, the share of profits of associates of the Group, impairment loss recognized on interest in a listed associate and gain on deemed disposal of an associate was HK$383,193,000 (2012: HK$13,099,000), HK$302,633,000 (2012: nil) and nil (2012: HK$34,794,000) respectively. As at 31 December 2013, the Group's investment in associates was HK$377,324,000 (2012: HK$1,009,932,000).

Mabuhay Holdings Corporation ("MHC") – approximately 29.85% owned by the Group

MHC is a company incorporated in the Philippines with its shares listed on the Philippine Stock Exchange Inc. ("PSE") and is engaged in investment in securities, properties, and other investments in the Philippines. MHC's major asset is an approximately 37.3% interest in IRC Properties, Inc. ("IRC"), whose shares are also listed on the PSE. IRC is principally engaged in real estate development with three real estate projects, inclusive of two low-cost socialize housing projects (in joint venture and in development phase) and a condominium project (in design phase), in the Binangonan area of Rizal Province close to Metro-Manila in the Philippines. MHC will be announcing its results for the year ended 31 December 2013 subsequent to the Group's interim result announcement. The Group has incorporated the consolidated results of MHC based on its unaudited management accounts.

Think Future Investments Limited ("Think Future") – 30% owned by the Group

Think Future is an investment holding company and through its subsidiaries (collectively the "Think Future Group"), engaged in property development and project management businesses in the PRC. Currently Think Future Group has a development project located in Zhu Jia Jiao County, Shanghai which is developing into a showcase project comprising health industry headquarters and base, offering health and care services packages to the elderly.

APAC Resources Limited ("APAC") – approximately 29.81% owned by the Group

APAC is an established natural resources investment and commodities business company listed on the Hong Kong Stock Exchange. Focused on natural resources, its business line comprise primary strategic investment, resource investment and commodity business. APAC's primary strategic investments include its approximately 26.6% shareholding in Mount Gibson Iron Limited ("MGX"), the fifth largest iron ore producer in Australia and an approximately 24.1% shareholding in Metals X Limited ("MLX"), Australia's largest tin producer. MGX is a leading West Australian pure-play hematite iron ore producer listed on the Australian Stock Exchange ("ASX"). MGX has three mines in production with annual capacity of 10 million tonnes per annum of direct shipping ore. MLX is an Australian-based emerging diversified resource group also listed on the ASX with a primary focus on tin via its 50% interest in the producing Renison mine in Tasmania, gold through its recently acquired Higginsville and South Kalgoorlie operations plus existing assets of Westgold Resources Limited, and nickel through its world-scale Wingellina nickel project. APAC's commodity business is based in Shanghai, currently trading iron ore and coal, and dominated by two offtake agreements with MGX and the shipments are sold on the spot market to steel mills and traders in the PRC.

For the period under review, APAC recorded a revenue of HK$540,038,000 (2012: HK$442,201,000) and profit attributable to shareholders of HK$1,316,017,000 (2012: HK$81,567,000). The profit includes a reversal of impairment losses of HK$1,179,487,000 (2012: nil) against the carrying value of the APAC's two principal listed associates. Before taking into account the reversal of impairment losses, APAC generated an operating profit of HK$136,530,000, an improvement in profitability when compared with the profit reported in 2012. APAC's primary strategic investments reported profit of HK$162,503,000 (2012: HK$109,704,000) and resource investment portfolio posted a loss of HK$9,545,000 (2012: HK$4,641,000). APAC's commodity business achieved a profit of HK$42,600,000 (2012: HK$5,119,000).

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2013, the Group's non-current assets of HK$2,194,478,000 (2012: HK$2,980,785,000) consisted of investment properties of HK$202,162,000 (2012: HK$159,227,000), property, plant and equipment of HK$1,442,590,000 (2012: HK$1,476,893,000), prepaid lease payments of HK$65,450,000 (2012: HK$123,307,000), interests in associates of HK$377,324,000 (2012: HK$1,009,932,000), available-for-sale investments of HK$69,744,000 (2012: HK$195,874,000), intangible assets of HK$15,852,000 (2012: HK$15,552,000) and deposits for acquisition of property, plant and equipment of HK$21,356,000 (2012: nil). These non-current assets are principally financed by shareholders' fund. As at 31 December 2013, the Group had net current assets of HK$194,615,000 (2012: HK$55,048,000).

As at 31 December 2013, the total borrowings of the Group amounted to HK$3,180,762,000 (2012: HK$2,628,474,000) consisting of securities margin loans of HK$1,298,403,000 (2012: HK$1,045,029,000), unsecured term loan of HK$488,021,000 (2012: HK$70,000,000), nil promissory note (2012: HK$91,970,000), secured bank borrowings of HK$249,232,000 (2012: HK$1,038,810,000), unsecured bank borrowings of HK$722,991,000 (2012: HK$135,665,000), unsecured other borrowings of HK$44,547,000 (2012: nil) discounted bills of HK$130,568,000 (2012: nil) and bonds of HK$247,000,000 (2012: HK$247,000,000). Among the total borrowings, borrowings of HK$196,727,000 (2012: HK$91,970,000) and nil bonds (2012: HK$247,000,000) were with maturity of more than one year but less than two years while borrowings of HK$225,296,000 (2012: HK$158,337,000) was with maturity of more than two years but less than five years. As at 31 December 2013, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was 146.8% (2012: 85.4%). The Group's gearing ratio would be adjusted to 63.3% (2012: 46.0%) with marketable securities inclusive of available-for-sale investments (current) and investments held for trading deducted from the net borrowings.

In July 2013, the Group entered into a mutual guarantee agreement with China Huali Holding Group Company Limited (中國華力控股集團有限公司) ("Huali"), a connected person of the Company, pursuant to which both parties agreed that should any party (inclusive of their subsidiaries) apply for a loan or loans from a bank or financial institution, and if the lender so requires, then the other party shall provide a corporate guarantee for the obligations of the borrower under the loan. The total loan amounts guaranteed by each party shall not exceed RMB300 million. A corporate guarantee from PRC corporations is commonly required as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower and the mutual guarantee agreement would enable and facilitate the Group to obtain loans from third party lenders in order to support its ordinary and usual course of business in the PRC.

During the period under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, Taiwan Dollar, Renminbi and Malaysian Ringgit. Because of the short term nature, the Group partially hedged risks arising from its Australian Dollar denominated assets and transaction and did not actively hedge risks arising from Malaysian Ringgit denominated assets and transactions. The exchange rate of the Taiwan Dollar and Renminbi were relatively stable during the period. The Group was not materially affected by its exposure to these currencies.

As at 31 December 2013, the Group had capital commitments contracted but not provided for of HK$1,755,000 (2012: HK$19,581,000).

As at 31 December 2013, the Group provided guarantees of RMB140,000,000 (approximately HK$179,212,000) to Huali under the mutual guarantee, while Huali and its subsidiaries provided guarantees of RMB229,000,000 (approximately HK$293,139,000) to Tongren Healthcare and its subsidiaries under the mutual guarantee. As at 31 December 2013, the fair value of the guarantees is estimated to be insignificant. As at 31 December 2013, the Group had no other material contingent liabilities (2012: nil).

CHARGE ON GROUP ASSETS

As at 31 December 2013, the Group's investments held for trading of HK$1,333,661,000 (2012: HK$975,136,000), interests in associates of HK$328,889,000 (2012: HK$977,648,000), buildings and construction in progress (included in the property, plant and equipment) of HK$619,225,000 (2012: HK$584,314,000), available-for-sale investments of HK$227,835,000 (2012: HK$250,791,000), prepaid lease payment of HK$97,324,000 (2012: HK$94,776,000), properties under development for sale of HK$25,337,000 (2012: HK$82,143,000), properties held for sale of HK$23,231,000 (2012: nil) and pledged bank deposits of HK$262,027,000 (2012: HK$88,592,000) were pledged to securities houses and banks to secure credit facilities granted to the Group.

At 30 June 2013, the shares of Kunming Tongren Industrial and Kunming Tongren Hospital Company Limited, both non wholly-owned subsidiaries of the Company, were pledged to banks for borrowings granted. The pledge was released upon repayment of loans during the six months ended 31 December 2013.

The Group's obligations under finance leases are secured by the Group's charge over the leased assets. At 31 December 2013, the carrying amount of the Group's medical equipment includes an amount of HK$141,534,000 (2012: HK$166,000,000) in respect of assets held under finance leases.

EMPLOYEES

The Group had 2,116 employees as at 31 December 2013 (2012: 2,120). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

The global financial markets went through some volatility in late 2013 with the emerging markets suffering capital outflows since the US Fed indicated an earlier winding down of its quantitative easing program. The volatility intensified when the US Fed actually began the tapering process towards the end of 2013. Added to this were the uncertainties caused by the on-going political in-fighting and paralysis in the US. The social unrest in Europe and other part of the world and geo-political tension and posturing in Asia will continue to weigh on the global economy and financial markets.

As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio to the prevailing economic and investment environment to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2013, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:–

Long positions in the shares of the Company

	Number of ordinary shares of HK$0.01 each					
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of issued ordinary shares
Ms. Chong Sok Un ("Ms. Chong")	–	–	391,125,707 *(Note)*	–	391,125,707	72.87%

Note: Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 ordinary shares of the Company.

Save as disclosed above, as at 31 December 2013, none of the directors, the chief executives of the Company nor their associates 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 maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire, benefits by means of the acquisition of shares, underlying shares or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:–

Long positions in the shares of the Company

Name	Capacity	Number of ordinary shares held	Percentage of issued ordinary shares
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation *(Note)*	391,125,707	72.87%
China Spirit Limited ("China Spirit")	Held by controlled corporation *(Note)*	391,125,707	72.87%
Vigor Online Offshore Limited ("Vigor") *(Note)*	Beneficial owner *(Note)*	391,125,707	72.87%

Note: Vigor, a wholly-owned subsidiary of China Spirit, owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 ordinary shares of the Company.

Save as disclosed above, as at 31 December 2013, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

CORPORATION GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company (the "Management") the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report (including unaudited interim condensed consolidated financial statements for the six months ended 31 December 2013). In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor, Deloitte Touche Tohmatsu, 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 as well as reports obtained from the Management. The Audit Committee has not undertaken detailed independent audit checks.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2013.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 31 December 2013.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the period, the Company repurchased a total of 5,760,000 ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited in the range from HK$1.75 to HK$2.38 for a total consideration of HK$12,543,960. The said shares were subsequently cancelled.

Out of 5,760,000 repurchased ordinary shares, 5,540,000 repurchased ordinary shares were cancelled during the period, and the remaining 220,000 repurchased ordinary shares were cancelled subsequent to the period end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit Shareholders as a whole in enhancing the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
COL Capital Limited
Chong Sok Un
Chairman

Hong Kong, 27 February 2014

As at the date of this report, the Board comprises Ms. Chong Sok Un (Chairman), Dato' Wong Peng Chong and Mr. Kong Muk Yin as Executive Directors; and Mr. Lau Siu Ki, Mr. Ma Wah Yan and Mr. Zhang Jian as Independent Non-Executive Directors.