



香港體檢及醫學診斷控股有限公司\*  
HONG KONG HEALTH CHECK AND LABORATORY  
HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 397



Interim Report  
**2009**

\* For identification purpose only

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Dr. Fung Yiu Tong, Bennet (*Chairman*)  
Mr. Cho Kwai Yee, Kevin  
Mr. Lawrence Tang  
Miss Choi Ka Yee, Crystal  
(resigned on 22 October 2009)  
Dr. Cho Kwai Chee  
(resigned on 22 October 2009)  
Mr. Lee Chik Yuet  
(resigned on 15 October 2009)  
Dr. Hui Ka Wah, Ronnie, JP  
(retired on 28 August 2009)  
Mr. Siu Kam Chau  
(retired on 28 August 2009)

### *Independent Non-executive Directors*

Mr. Chan Chi Yuen  
Mr. Lo Chun Nga  
Mr. Chik Chi Man

## COMPANY SECRETARY

Mr. Lam Chun Kei

## AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)  
Mr. Lo Chun Nga  
Mr. Chik Chi Man

## AUDITORS

HLB Hodgson Impey Cheng  
Chartered Accountants  
Certified Public Accountants  
31st Floor, Gloucester Tower, The Landmark  
11 Pedder Street, Central  
Hong Kong

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Shop 2B & 2C, Level 1  
Hilton Plaza Commercial Centre  
3-9 Shatin Centre Street  
Shatin, New Territories  
Hong Kong

## PRINCIPAL BANKERS

Dah Sing Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

## PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

## HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## WEBSITE

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

## FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2009:

- The Group recorded revenue of approximately HK\$70,889,000, representing an increase of 40.17% as compared with the corresponding period in 2008.
- Profit attributable to equity holders of the Company amounted to approximately HK\$101,991,000 (2008: loss of approximately HK\$154,582,000).
- The Board does not recommend the payment of an interim dividend.

As at 30 September 2009:

- The Group held cash and bank balances of approximately HK\$309,301,000 (31 March 2009: approximately HK\$152,472,000). Net current assets amounted to approximately HK\$429,181,000 (31 March 2009: approximately HK\$218,061,000). Current ratio (defined as total current assets divided by total current liabilities) was 29.6 times (31 March 2009: 15.2 times).
- The Group had bank borrowings of approximately HK\$5,649,000 (31 March 2009: Nil).

# CONDENSED CONSOLIDATED INCOME STATEMENT

## INTERIM RESULTS

The board of directors (the "Board") of Hong Kong Health Check and Laboratory Holdings Company Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 together with comparative figures for the corresponding period in 2008 as follows:

		<b>For the six months ended 30 September</b>	
	<i>Notes</i>	<b>2009 (Unaudited) HK\$'000</b>	2008 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>70,889</b>	50,572
<b>Other income</b>		<b>2,285</b>	2,893
<b>Changes in inventories and clinical supplies consumed</b>		<b>(20,735)</b>	(17,425)
<b>Employee benefits expense</b>		<b>(33,809)</b>	(29,255)
<b>Depreciation expense</b>		<b>(8,964)</b>	(7,684)
<b>Gain/(Loss) on fair value changes on held-for-trading investments</b>		<b>27,482</b>	(5,247)
<b>Gain on deemed disposal of subsidiaries</b>	4	<b>11,572</b>	-
<b>Gain on disposal of subsidiaries</b>	4	<b>4,756</b>	-
<b>Gain on disposal of associates</b>	4	<b>78,065</b>	-
<b>Finance costs</b>	5	<b>(36)</b>	(10,877)
<b>Share of result of an associate</b>		<b>350</b>	-
<b>Share of result of a jointly controlled entity</b>		<b>-</b>	(83,252)
<b>Loss on fair value changes of conversion options and early redemption options embedded in convertible bonds</b>		<b>-</b>	(27,751)
<b>Other operating expenses</b>		<b>(30,107)</b>	(26,672)
<b>Profit/(Loss) before tax</b>		<b>101,748</b>	(154,698)
<b>Income tax</b>	6	<b>-</b>	-
<b>Profit/(Loss) for the period</b>	7	<b>101,748</b>	(154,698)
<b>Attributable to:</b>			
Equity holders of the Company		<b>101,991</b>	(154,582)
Minority interests		<b>(243)</b>	(116)
		<b>101,748</b>	(154,698)
<b>Dividends</b>	8	<b>-</b>	-
<b>Earnings/(Loss) per share</b>	9		(Restated)
Basic and diluted (HK dollars per share)		<b>0.26</b>	(1.26)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Profit/(Loss) for the period</b>	<b>101,748</b>	(154,698)
<b>Other comprehensive income</b>		
Share of investment revaluation reserve of a jointly controlled entity	-	(635)
<b>Total comprehensive income for the period</b>	<b>101,748</b>	(155,333)
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b>101,991</b>	(155,217)
Minority interests	<b>(243)</b>	(116)
	<b>101,748</b>	(155,333)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	As at 30 September 2009 (unaudited) HK\$'000	As at 31 March 2009 (audited) HK\$'000
<b>Non-current assets</b>		
	24,000	–
	132,267	119,164
	12,826	–
	26,488	–
	879	–
	–	23,785
	<b>196,460</b>	<b>142,949</b>
<b>Current assets</b>		
	1,847	891
10	35,462	34,625
	1,181	–
	418	–
	85,974	35,437
	10,000	10,000
	309,301	152,472
	<b>444,183</b>	<b>233,425</b>
<b>Current liabilities</b>		
11	13,168	15,364
	1,450	–
12	384	–
	<b>15,002</b>	<b>15,364</b>
<b>Net current assets</b>		
	<b>429,181</b>	<b>218,061</b>
<b>Total assets less current liabilities</b>		
	<b>625,641</b>	<b>361,010</b>
<b>Non-current liabilities</b>		
	9,325	9,514
12	5,265	–
	<b>14,590</b>	<b>9,514</b>
<b>Net assets</b>		
	<b>611,051</b>	<b>351,496</b>
<b>Capital and reserves</b>		
	7,365	169,571
	600,901	158,370
<b>Equity attributable to equity holders of the Company</b>		
	<b>608,266</b>	<b>327,941</b>
	2,785	23,555
<b>Total equity</b>		
	<b>611,051</b>	<b>351,496</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Share-based payments reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
As at 1 April 2008	45,596	395,852	861	29,390	270	115,739	11,290	(2,132)	(38,216)	558,650	481	559,131
Share of investment revaluation reserve of a jointly controlled entity recognized directly in equity	-	-	-	-	-	-	-	(635)	-	(635)	-	(635)
Loss for the period	-	-	-	-	-	-	-	-	(154,582)	(154,582)	(116)	(154,698)
Total recognized income and expenses for the period	-	-	-	-	-	-	-	(635)	(154,582)	(155,217)	(116)	(155,333)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(365)	(365)
Early redemption of convertible bonds	-	-	-	-	-	(105,031)	-	-	53,669	(51,362)	-	(51,362)
Issue of new shares	84,825	347,783	-	-	-	-	-	-	-	432,608	-	432,608
Transaction costs attributable to issue of new shares	-	(8,018)	-	-	-	-	-	-	-	(8,018)	-	(8,018)
Repurchase of shares	(1,100)	(4,490)	-	-	-	-	-	-	-	(5,590)	-	(5,590)
Issue of shares upon exercise of share options	4,400	46,200	-	-	-	-	-	-	-	50,600	-	50,600
As at 30 September 2008	133,721	777,327	861	29,390	270	10,708	11,290	(2,767)	(139,129)	821,671	-	821,671
As at 1 April 2009	169,571	791,071	861	29,390	270	-	12,038	-	(675,260)	327,941	23,555	351,496
Profit for the period	-	-	-	-	-	-	-	-	101,991	101,991	(243)	101,748
Recognition of equity settled share-based payments	-	-	-	-	-	-	3,217	-	-	3,217	-	3,217
Capital reduction upon completion of capital reorganization	(166,180)	(777,327)	-	-	-	-	-	-	943,507	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,580	2,580
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	18,292	18,292
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(41,399)	(41,399)
Issue of new shares	3,669	156,531	-	-	-	-	-	-	-	160,200	-	160,200
Transaction costs attributable to issue of new shares	-	(4,304)	-	-	-	-	-	-	-	(4,304)	-	(4,304)
Issue of shares upon exercise of share options	305	21,811	-	-	-	-	(2,895)	-	-	19,221	-	19,221
As at 30 September 2009	7,365	187,782	861	29,390	270	-	12,360	-	370,238	608,266	2,785	611,051



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>For the six months ended 30 September</b>	
	<b>2009 (Unaudited) HK\$'000</b>	2008 (Unaudited) HK\$'000
Net cash (used in)/from operating activities	<b>(58,506)</b>	216,082
Net cash from investing activities	<b>11,255</b>	228,501
Net cash from/(used in) financing activities	<b>204,080</b>	(294,935)
Increase in cash and cash equivalents	<b>156,829</b>	149,648
Cash and cash equivalents at the beginning of period	<b>152,472</b>	118,700
Cash and cash equivalents at the end of period	<b>309,301</b>	268,348

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values.

Other than as set out below, accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfer of Assets from Customers

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The adoption of these new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRS 5 as part of improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Financial Instruments: Presentation <sup>4</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adoptions <sup>5</sup>
HKFRS 2 (Amendment)	Group Cash-Settled Share Based Payments Transactions <sup>5</sup>
HKFRS 3 (Revised 2008)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement <sup>3</sup>
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>7</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>7</sup> Effective for annual periods beginning on or after 1 July 2010

The adoption of HKFRS 3 (Revised 2008) "Business Combinations" may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

### Business segments

	Provision of health check and medical diagnosis services		Trading of securities		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
<b>REVENUE</b>						
Segment revenue	70,889	50,572	–	–	70,889	50,572
<b>RESULTS</b>						
Segment results	(4,463)	(19,008)	26,525	(5,708)	22,062	(24,716)
Unallocated income					319	1,957
Unallocated corporate expenses					(15,340)	(10,059)
Gain on deemed disposal of subsidiaries					11,572	–
Gain on disposal of subsidiaries					4,756	–
Gain on disposal of associates					78,065	–
Finance costs					(36)	(10,877)
Share of result of an associate					350	–
Share of result of a jointly controlled entity					–	(83,252)
Loss on fair value changes of conversion options and early redemption options embedded in convertible bonds					–	(27,751)
Profit/(Loss) before tax					101,748	(154,698)
Income tax					–	–
Profit/(Loss) for the period					101,748	(154,698)

### Geographical Segments

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers in Hong Kong and over 90% of the Group's assets are located in Hong Kong.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES/DISPOSAL OF ASSOCIATES

On 29 April 2009, the Company entered into a top-up placing and subscription agreement (the "Placing and Subscription Agreement") with a placing agent and Core Healthcare Investment Holdings Limited ("Core Healthcare"). Pursuant to the Placing and Subscription Agreement, the Company agreed to place, through the placing agent, an aggregate of 1,200,000,000 existing shares of Core Healthcare (the "Shares"), on a best effort basis, to not fewer than six placees at a price of HK\$0.025 per top-up placing Share. Pursuant to the Placing and Subscription Agreement, the Company conditionally agreed to subscribe for an aggregate of up to 1,200,000,000 top-up subscription Shares at a price of HK\$0.025 per top-up subscription Share. Upon completion of the top-up placing and subscription, the shareholding of the Company in Core Healthcare was reduced from approximately 60.12% to 51.71%. There was a gain of approximately HK\$11,572,000 by the Group as a result of the deemed disposal of the net approximately 8.41% interest in the issued share capital of Core Healthcare.

On 18 May 2009, the Company disposed of an aggregate of 180,000,000 Shares on the market. Immediately following such disposal, the shareholding of the Company in Core Healthcare was reduced from approximately 51.71% to 49.61%. Core Healthcare and its subsidiaries have ceased to be subsidiaries of the Company and has become an associate of the Group.

In June 2009, the Group disposed of its entire interest in Fair Jade Group Limited to Town Health (BVI) Limited (a wholly-owned subsidiary of Town Health International Holdings Company Limited). Fair Jade Group Limited holds 20% interest in Profit Sources Limited. The sole business of Profit Sources Limited relates to acquisition and management of a property located in Shatin, New Territories.

The Group recorded a gain of approximately HK\$4,756,000 in connection with the disposal of subsidiaries. The disposal did not contribute significantly to the Group's operating results for the current period.

The remaining interest in Core Healthcare was disposed of during the period ended 30 September 2009 and the Group recorded a gain of approximately HK\$78,065,000 in connection with such disposals. Details of the disposals were disclosed in the Company's announcements dated 27 May 2009 and 4 June 2009 respectively, and the Company's circular dated 15 June 2009.

## 5. FINANCE COSTS

	For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	36	52
– Bank overdrafts	–	40
– Convertible bonds	–	9,817
Loss on early redemption of convertible bonds	–	968
	<b>36</b>	<b>10,877</b>

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for both periods.

No People's Republic of China ("PRC") enterprise income tax has been provided in respect of the Group's PRC subsidiary since it incurred tax losses for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7. PROFIT/(LOSS) FOR THE PERIOD

	For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Profit/(Loss) for the period has been arrived at after charging:		
Cost of inventories recognized as an expense	20,735	17,425
Depreciation of property, plant and equipment	8,964	7,684

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company for the six months ended 30 September 2009 was based on the profit for the period attributable to the equity holders of the Company of approximately HK\$101,991,000 (2008: loss of approximately HK\$154,582,000) and on the weighted average number of ordinary shares of approximately 392,057,000 (2008: approximately 122,815,000 as retrospectively adjusted for the share consolidation which became effective on 6 April 2009).

For the six months ended 30 September 2009, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options since their exercises would result in an increase in earnings per share.

For the six months ended 30 September 2008, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and the conversion of the convertible bonds since their exercises would result in a decrease in loss per share.

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Trade receivables, with aged analysis ( <i>Note</i> )		
0-60 days	9,098	6,205
61-90 days	1,423	752
Over 90 days	1,633	1,547
Total trade receivables	12,154	8,504
Other receivables	23,308	26,121
Trade and other receivables	35,462	34,625

*Note:* Most of the patients of the medical check centers settle in cash. The Group allows an average credit period of 30 to 90 days to its trade customers

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. TRADE AND OTHER PAYABLES

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Trade payables, with aged analysis		
0-60 days	3,886	3,191
61-90 days	1,029	8
Over 90 days	1,093	136
Total trade payables	6,008	3,335
Other payables	7,160	12,029
Trade and other payables	<b>13,168</b>	<b>15,364</b>

## 12. BANK BORROWINGS

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Bank loan, secured ( <i>Note</i> )	5,649	-
Carrying amount repayable:		
On demand or within one year	384	-
More than one year, but not exceeding two years	394	-
More than two years, but not more than five years	1,242	-
More than five years	3,629	-
	5,649	-
Less: Amounts due within one year shown under current liabilities	(384)	-
	<b>5,265</b>	<b>-</b>

*Note:* The bank loan is secured by a mortgage over the Group's certain buildings and prepaid lease payments and bearing interest at 2.5% below the lender's Hong Kong dollars best lending rate per annum.

## REVIEW OF OPERATIONS

“Consolidation, Diversification and Growth” are the three themes of the successful business strategy implemented by the Group in the first six months of the financial year 2009. They also serve as the guidepost the Group will follow in the remaining of the financial year and beyond.

For the six months ended 30 September 2009, the Group continued to record steady operating performance, which was the result of the popularity of its services as well as the Group’s commitment and capability in creating shareholder value. In view of the stability in the health check and medical diagnosis services business, the Group has broadened its business by venturing into the investment business, which further expands its sources of income.

During the period under review, the Group’s revenue was approximately HK\$70,889,000 (2008: approximately HK\$50,572,000), representing an increase of 40.17% compared with the corresponding period last year. The increase was mainly attributable to the gain in value in the investment made by the Group. Profit attributable to the equity holders of the Company for the period was approximately HK\$101,991,000 (2008: loss of approximately HK\$154,582,000).

### Health Check And Medical Diagnosis Services Business Recorded Steady Growth

During the period under review, the Group achieved a profit of approximately HK\$101,748,000, compared with a loss of approximately HK\$154,698,000 in the same period last year. Revenue of the Group’s health check and medical diagnosis services business enjoyed steady growth, driven by the branding effect and economies of scale. The Group continues to maintain strong ties and partnerships with private clinics and the Hospital Authority, to leverage its market-leading position and increase the volume of non-referral customers.

The Group has also made a strategic investment to further enhance the health check and medical diagnosis services business. In June 2009, the Group raised its interest in Group Benefit Development Limited, a local company that specializes in the provision of medical diagnostic scanning and laboratory services, to 98.53%. The strategic move brought four more health check centers under the Group’s control. This further increased the Group’s market share and customer base in the local health check and medical diagnosis services industry, further strengthening its market-leading position.

### Strategic Investments Provided Sound Growth

The Group has put its emphasis on prudent cash resources management and seized the opportunity to diversify into the investment business. The Group’s financial strength allows it to identify and explore possible investment opportunities that offer strong growth potential and stable returns.

The Group has efficiently utilized its resources to invest in listed and unlisted securities and quality properties in Hong Kong. The investments provided the Group with attractive investment returns. The success of the diversified business model was reflected in the solid revenue growth in the Group’s interim results. The investment business became one of the major sources of income during the period under review.

## PROSPECTS

Despite the financial turmoil, the Group is very positive about its business mix. The Group believes diversification is the way ahead and will benefit its overall performance.

To implement the diversification plans, besides keeping the health check and medical diagnosis services business on the right track, the Group will strive to better utilize its resources for acquisition of properties, and diversifying the Group’s business into areas other than the business involving the health check and health care related services.

On 14 October 2009, Guangdong Town Health Hospital Management Co. Ltd. (“Guangdong Town Health”), the Group’s wholly owned subsidiary which established 中山醫康健醫療中心 (unofficial English translation being Zhongshanyi Town Health Medical Centre) (the “Zhongshanyi TH Health Check Centre”), entered into a transfer agreement with Guangzhou Yikang Medical Investment and Management Limited (“Yikang”), an associated company of Town Health International Holdings Company Limited. Under the deal, all benefits, interests, rights, liabilities and obligations of Guangdong Town Health under the management agreement dated 20 February 2008 relating to operation and management of Zhongshanyi TH Health Check Centre would be transferred to and taken up by Yikang. The consideration payable by Yikang to Guangdong Town Health is approximately RMB5.54 million (equivalent to HK\$6.32 million) in cash.

The Group is proactively moving forward. The Group’s strategic moves will help it adapt to the changing market conditions and position it for continued growth and improved profitability.



# MANAGEMENT DISCUSSION AND ANALYSIS

On 2 December 2009, China Gogreen Energy Limited ("China Gogreen"), an indirect wholly-owned subsidiary of the Company, entered into the legally binding cooperative agreement pursuant to which China Gogreen and the joint venture partner, 鄭州高科技創業投資有限公司 (unofficial English translation being Zhengzhou High-Tech Start-up Investment Co., Ltd.) ("Zhengzhou High-Tech"), have conditionally agreed to establish a joint venture company, which will be principally engaged in the development, production and sale of amorphous silicon thin-film solar photovoltaic cells and modules, in the Zhengzhou High and New Technology Industries Development Zone at Zhengzhou, Henan Province, the PRC. The total investment amount is expected to be RMB3.25 billion (equivalent to HK\$3.705 billion). Zhengzhou High-Tech is a state-owned enterprise established in Zhengzhou by the Administration Committee of Zhengzhou High and New Technology Industries Development Zone which is controlled by the Zhengzhou Municipal People's Government, Henan Province, the PRC. The collaboration signifies the close Government relationship the Group has established in the PRC and it is believed that the joint venture formation provides the Group with a golden opportunity to venture into new and promising renewable energy-related businesses within the PRC.

In order to better reflect the Group's plan to diversify its business into asset management and green energy businesses, the Company proposes to change its name from "Hong Kong Health Check and Laboratory Holdings Company Limited" to "China Gogreen Assets Investment Limited" and register a secondary name "中國保綠資產投資有限公司".

Moving into the remaining of the financial year, the Group will reallocate its talent and resources to those areas which we see having the best potential for growth. The Group will also continue to pursue development strategies that enhance value and generate significant returns.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group held cash and bank balances of approximately HK\$309,301,000 (31 March 2009: approximately HK\$152,472,000). Net current assets amounted to approximately HK\$429,181,000 (31 March 2009: approximately HK\$218,061,000). Current ratio (defined as total current assets divided by total current liabilities) was 29.6 times (31 March 2009: 15.2 times).

As at 30 September 2009, the Group had outstanding bank borrowings of approximately HK\$5,649,000 (31 March 2009: Nil). Gearing ratio as at 30 September 2009 (defined as total bank borrowings to total equity) was 0.9%. The Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi. Risk in exchange rate fluctuation would not be considered material. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

## CAPITAL STRUCTURE

As at 30 September 2009, the Group had shareholders' equity of approximately HK\$608,266,000 (31 March 2009: approximately HK\$327,941,000).

On 3 March 2009, the Group announced to implement the capital reorganisation that every 50 existing shares were consolidated into one consolidated share and the issued share capital of the Company was reduced through a cancellation of the paid up capital of the Company to the extent of HK\$0.49 on each of the issued consolidated shares such that the nominal value of each issued consolidated share was reduced from HK\$0.50 to HK\$0.01. The capital reorganization was effective on 6 April 2009. Details were disclosed in an announcement of the Company dated 3 March 2009.

On 30 July 2009, the Company and two placing agents entered into a placing agreement pursuant to which the placing agents have conditionally agreed, as agents for the Company, to place and procure the placing of, a total of 232,500,000 placing shares of the Company, on a several and fully underwritten basis, to four institutional or professional investors who and whose ultimate beneficial owners were third parties independent of the Company and its connected persons and not connected persons (as defined in the Listing Rules) of the Company at a price of HK\$0.40 per placing share. Details were also disclosed in an announcement of the Company dated 30 July 2009. The placing was completed on 3 September 2009.

On 30 July 2009, such placing agents and the Company entered into another placing agreement pursuant to which, the Company agreed to place, through the placing agents, 134,400,000 placing shares, on a best effort basis, to not fewer than six placees who and whose ultimate beneficial owners were third parties independent of the Company and its connected persons and not connected persons (as defined in the Listing Rules) of the Company at a price of HK\$0.50 per placing share. Details were also disclosed in such announcement of the Company dated 30 July 2009. The placing was completed on 16 September 2009.

## SHARE OPTIONS

The Company adopted a share option scheme on 17 November 2003 (the "Scheme"), for the primary purpose of providing incentives to directors and employees. Under the Scheme, the Company may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of the share options granted by the Company under the Scheme to the employees of the Company and the movements in such holdings during the six months ended 30 September 2009 were as follows:

Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				Outstanding as at 30 September 2009
			Outstanding as at 1 April 2009	Granted during the period	Exercised during the period	Lapsed during the period	
9 October 2007 (Note a)	9 October 2007 to 8 October 2017	9.90	5,698,000	-	-	-	5,698,000
18 April 2008 (Note a)	18 April 2008 to 17 April 2018	5.75	300,000	-	-	-	300,000
23 July 2009 (Note b)	23 July 2009 to 22 July 2010	0.63	-	33,900,000	(30,510,000)	-	3,390,000
			5,998,000	33,900,000	(30,510,000)	-	9,388,000

### Notes:

- The exercise price and outstanding number of share options as at 1 April 2009 were retrospectively adjusted for the share consolidation which became effective on 6 April 2009.
- The fair value of 33,900,000 share options granted on 23 July 2009 was determined by the directors to be approximately HK\$3,217,000 with reference to a valuation performed by an independent firm of professional valuer using a Binomial model. The inputs into the model included grant date share price of HK\$0.60 per share, exercise price of HK\$0.63 per share, historical volatility of 107.532%, expected option life of 1 year, no expected dividend and estimated annualized risk-free interest rate of 0.110%. The 30,510,000 share options exercised during the six months ended 30 September 2009 resulted in the issue of 30,510,000 ordinary shares of the Company. The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$0.64.

No share option was cancelled under the Scheme during the six months ended 30 September 2009.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

### Interests in shares, underlying shares and debentures of the Company

*Long position in the ordinary shares of HK\$0.01 each of the Company*

Name of director	Nature of interest	Number of ordinary shares held	Approximate % of the Company's issued share capital (note b)
Miss Choi Ka Yee, Crystal ("Miss Choi") (Note a)	Interest of controlled corporation	2,000,000	0.27%

### Notes:

- Miss Choi is taken to be interested in those shares in which Central View International Limited, a company which is wholly and beneficially owned by her, is interested. Miss Choi resigned as an executive director of the Company on 22 October 2009.
- Approximate percentage calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2009 (i.e. 736,552,486 ordinary shares).

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2009, none of the directors nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL

As at 30 September 2009, the register maintained by the Company pursuant to section 336 of the SFO recorded that, the following shareholders had interests or short positions in the shares or underlying shares of the Company representing 5% or more of the voting power at any general meeting of the Company:

*Long positions in the ordinary shares of HK\$0.01 each of the Company*

Name of shareholder	Nature of interest	Number of ordinary shares held	Approximate % of the Company's issued share capital (note 6)
China Alpha Focus Fund Limited	Beneficial owner (Note 1)	42,500,000	5.77%
China Alpha II Fund Limited	Beneficial owner (Note 1)	107,500,000	14.59%
China Alpha Fund Management Limited	Investment manager (Note 1)	150,000,000	20.36%
CITIC Securities International Investment Management (HK) Limited	Investment manager (Note 1)	150,000,000	20.36%
Mr. Wang Jun Yan	Investment manager (Note 1)	150,000,000	20.36%
Kingsway Lion Spur Technology Limited	Beneficial owner (Note 2)	62,500,000	8.48%
Festival Developments Limited	Interest of controlled corporations (Note 2)	62,500,000	8.48%
SW Kingsway Capital Holdings Limited	Interest of controlled corporations (Note 2)	62,500,000	8.48%
World Developments Limited	Interest of controlled corporations (Note 2)	62,500,000	8.48%
Innovation Assets Limited	Interest of controlled corporations (Note 2)	62,500,000	8.48%
Kingsway International Holdings Limited	Interest of controlled corporations (Note 2)	62,500,000	8.48%
Mr. Choi Koon Shum Jonathan	Interest of controlled corporations (Note 3)	62,500,000	8.48%
Ms. Kwan Wing Kam, Janice	Interest of spouse (Note 4)	62,500,000	8.48%
Mrs. Lam Wong Yuk Sin Mary	Interest of controlled corporations (Note 5)	62,500,000	8.48%

### Notes:

1. China Alpha Fund Management Limited is the fund manager of China Alpha Focus Fund Limited and China Alpha II Fund Limited. CITIC Securities International Investment Management (HK) Limited is the investment adviser of China Alpha Focus Fund Limited and China Alpha II Fund Limited. Mr. Wang Jun Yan is the sole owner of China Alpha Fund Management Limited.
2. These 62,500,000 shares of the Company are held by Kingsway Lion Spur Technology Limited, a company wholly owned by Festival Developments Limited which is, in turn, wholly owned by SW Kingsway Capital Holdings Limited. SW Kingsway Capital Holdings Limited is a company owned as to 74% by World Developments Limited. World Developments Limited is a company wholly owned by Innovation Assets Limited which is, in turn, wholly owned by Kingsway International Holdings Limited.
3. Mr. Choi Koon Shum Jonathan holds 47% interest of Kingsway International Holdings Limited, and is deemed to be interested in 62,500,000 shares of the Company.
4. Ms. Kwan Wing Kam, Janice is the spouse of Mr. Choi Koon Shum Jonathan. Accordingly, Ms. Kwan Wing Kam, Janice is deemed to be interested in 62,500,000 shares of the Company.
5. Mrs. Lam Wong Yuk Sin Mary holds 40% interest of Kingsway International Holdings Limited, and is deemed to be interested in 62,500,000 shares of the Company.
6. Approximate percentages calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2009 (i.e. 736,552,486 ordinary shares).

Other than as disclosed above, as at 30 September 2009, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the six months ended 30 September 2009.

### CORPORATE GOVERNANCE

The Company endeavours in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2009, except for the following deviation:

Code Provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, all the non-executive directors of the Company (including independent non-executive directors) have not been appointed for specific terms but are subject to rotation and re-election at the general meetings and annual general meeting in accordance with the bye-laws of the Company.

### AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive directors, namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Group for the six months ended 30 September 2009.

## OTHER INFORMATION

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2009.

### **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 September 2009, the Group employed approximately 210 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and each individual's performance and experience. On top of regular remuneration, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as each individual's performance. In addition, the Group provides provident funds to its employees in accordance with the statutory requirements of the respective jurisdictions where the employees reside.

### **CHARGES ON GROUP ASSETS**

As at 30 September 2009, certain property, plant and equipment of the Group with carrying value of approximately HK\$47,240,000 and bank deposits of HK\$10,000,000 were pledged to secure general bank facilities granted to the Group.

### **DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Pursuant to Rule 13.51B(1) of the Listing Rules, set out below are the change in details of a director of the Company since the date of the 2009 Annual Report of the Company:

1. Mr. Chan Chi Yuen ("Mr. Chan"), an independent non-executive director of the Company, appointed as an independent non-executive director of each of China Grand Forestry Green Resources Group Limited (stock code: 910), Rojam Entertainment Holdings Limited (stock code: 8075) and The Hong Kong Building and Loan Agency Limited (stock code: 145) on 18 September 2009, 30 September 2009 and 2 October 2009 respectively.
2. Mr. Chan resigned as an executive director of Kong Sun Holdings Limited (stock code: 295) on 30 November 2009.

On behalf of the Board  
**Hong Kong Health Check and Laboratory  
Holdings Company Limited**  
**Fung Yiu Tong, Bennet**  
*Chairman*

Hong Kong, 29 December 2009