



**HUA XIA HEALTHCARE HOLDINGS LIMITED**

**華夏醫療集團有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8143)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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*This announcement, for which the directors (the “directors”) of Hua Xia Healthcare Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

**HIGHLIGHTS**

- The Group has recorded a total turnover of approximately HK\$990.800 million for the six months ended 30 September 2012 as compared to a total turnover of approximately HK\$829.160 million recorded in the corresponding period in year 2011, representing a significant increase of about 19.49%.
- Profit attributable to owners of the Company was approximately HK\$21.142 million for the period under review (2011: approximately HK\$17.462 million), representing an increase of about 21.07% as compared to the same period last year.
- The basic and diluted earnings per share were approximately HK1.788 cents and HK1.646 cents respectively (2011: approximately HK1.477 cents and HK1.434 cents for the basic and the diluted earnings per share).
- The directors do not recommend the payment of an interim dividend (2011: Nil).

## INTERIM RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 September 2012, together with the unaudited comparative figures for the corresponding periods in 2011 as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2012

	Notes	Three months ended		Six months ended	
		30 September	30 September	30 September	30 September
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Turnover</b>	3 & 4	<b>507,438</b>	439,328	<b>990,800</b>	829,160
Cost of sales		<b>(446,649)</b>	(387,085)	<b>(874,110)</b>	(722,839)
Gross profit		<b>60,789</b>	52,243	<b>116,690</b>	106,321
Other income		<b>3,220</b>	1,267	<b>7,623</b>	2,655
Selling and distribution costs		<b>(24,708)</b>	(20,458)	<b>(47,544)</b>	(39,883)
Administrative expenses		<b>(19,847)</b>	(14,860)	<b>(35,450)</b>	(29,474)
<b>Profit from operations</b>	5	<b>19,454</b>	18,192	<b>41,319</b>	39,619
Finance costs	6	<b>(3,198)</b>	(2,958)	<b>(6,381)</b>	(7,026)
<b>Profit before taxation</b>		<b>16,256</b>	15,234	<b>34,938</b>	32,593
Taxation	7	<b>(5,066)</b>	(6,363)	<b>(10,444)</b>	(11,632)
<b>Profit for the period</b>		<b>11,190</b>	8,871	<b>24,494</b>	20,961
<b>Other comprehensive (loss)/income, net of tax:</b>					
Exchange differences on translating foreign operations		<b>(882)</b>	4,580	<b>(1,220)</b>	6,754
Other comprehensive (loss)/income for the period, net of tax		<b>(882)</b>	4,580	<b>(1,220)</b>	6,754
<b>Total comprehensive income for the period</b>		<b>10,308</b>	13,451	<b>23,274</b>	27,715

## Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2012

		Three months ended 30 September		Six months ended 30 September	
		2012	2011	2012	2011
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit attributable to:</b>					
Owners of the Company		9,472	7,085	21,142	17,462
Non-controlling interests		1,718	1,786	3,352	3,499
		<u>11,190</u>	<u>8,871</u>	<u>24,494</u>	<u>20,961</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,710	11,082	20,066	23,223
Non-controlling interests		1,598	2,369	3,208	4,492
		<u>10,308</u>	<u>13,451</u>	<u>23,274</u>	<u>27,715</u>
<b>Dividends</b>	14	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Earnings per share</b>					
- Basic ( <i>cents</i> )	8	<u>0.801</u>	<u>0.599</u>	<u>1.788</u>	<u>1.477</u>
- Diluted ( <i>cents</i> )	8	<u>0.738</u>	<u>0.584</u>	<u>1.646</u>	<u>1.434</u>

**Condensed Consolidated Statement of Financial Position**  
*At 30 September 2012*

	<i>Notes</i>	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		34,960	37,809
Prepaid lease payments		32,285	32,986
Investment properties		7,835	7,611
Goodwill		788,418	788,418
		<u>863,498</u>	<u>866,824</u>
<b>Current assets</b>			
Inventories		108,494	110,553
Trade and other receivables and deposits	9	435,298	379,595
Amount due from a non-controlling shareholder		426	1,841
Held-to-maturity investment		122	123
Derivative financial instruments		161	161
Pledged bank deposits	10	6,635	22,847
Cash and bank balances		101,615	109,212
		<u>652,751</u>	<u>624,332</u>
<b>Total assets</b>		<u><b>1,516,249</b></u>	<u><b>1,491,156</b></u>
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital	11	11,824	11,824
Reserves		907,698	887,059
<b>Equity attributable to the owners of the Company</b>		<u>919,522</u>	898,883
<b>Non-controlling interests</b>		<u>38,280</u>	41,161
<b>Total equity</b>		<u><b>957,802</b></u>	<u>940,044</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	295,806	302,450
Bank borrowings		59,741	36,582
Amounts due to non-controlling shareholders		551	551
Tax payable		7,490	8,965
		<u>363,588</u>	<u>348,548</u>
<b>Non-current liabilities</b>			
Promissory note		189,885	197,735
Convertible note		4,427	4,282
Deferred taxation		547	547
		<u>194,859</u>	<u>202,564</u>
<b>Total liabilities</b>		<u>558,447</u>	<u>551,112</u>
<b>Total equity and liabilities</b>		<u><b>1,516,249</b></u>	<u><b>1,491,156</b></u>
<b>Net current assets</b>		<u><b>289,163</b></u>	<u><b>275,784</b></u>
<b>Total assets less current liabilities</b>		<u><b>1,152,661</b></u>	<u><b>1,142,608</b></u>

## Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital HK\$'000 (Note (a))	Share premium HK\$'000	Capital reserve HK\$'000 (Note (d))	Special reserve HK\$'000 (Note (b))	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Convertible note reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (c))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2011	591,219	190,250	-	(6,735)	15,111	11,801	2,537	7,158	25,651	836,992	39,706	876,698
Issue of share options	-	-	-	-	-	1,343	-	-	-	1,343	-	1,343
Profit for the period	-	-	-	-	-	-	-	-	17,462	17,462	3,499	20,961
Other comprehensive income, net of tax:												
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	5,761	-	-	-	-	5,761	993	6,754
At 30 September 2011	<u>591,219</u>	<u>190,250</u>	<u>-</u>	<u>(6,735)</u>	<u>20,872</u>	<u>13,144</u>	<u>2,537</u>	<u>7,158</u>	<u>43,113</u>	<u>861,558</u>	<u>44,198</u>	<u>905,756</u>
	Share capital HK\$'000 (Note (a))	Share premium HK\$'000	Capital reserve HK\$'000 (Note (d))	Special reserve HK\$'000 (Note (b))	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Convertible note reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (c))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012	11,824	190,250	579,395	(6,735)	24,146	14,862	2,537	17,465	65,139	898,883	41,161	940,044
Issue of share options	-	-	-	-	-	573	-	-	-	573	-	573
Profit for the period	-	-	-	-	-	-	-	-	21,142	21,142	3,352	24,494
Other comprehensive income, net of tax:												
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	(1,076)	-	-	-	-	(1,076)	(144)	(1,220)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,089)	(6,089)
Transfer to statutory reserve	-	-	-	-	-	-	-	3,588	(3,588)	-	-	-
At 30 September 2012	<u>11,824</u>	<u>190,250</u>	<u>579,395</u>	<u>(6,735)</u>	<u>23,070</u>	<u>15,435</u>	<u>2,537</u>	<u>21,053</u>	<u>82,693</u>	<u>919,522</u>	<u>38,280</u>	<u>957,802</u>

### Notes:

(a) As at 30 September 2012, the total issued share capital of the Company was approximately HK\$11.824 million (2011: approximately HK\$591.219 million) divided into 1,083,938,264 ordinary shares and 98,500,000 non-voting convertible preference shares (2011: 672,438,264 ordinary shares and 510,000,000 non-voting convertible preference shares) of HK\$0.01 each (2011: HK\$0.5 each).

(b) Included in the special reserve amounting to approximately HK\$2,935,000 of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2001.

The decrease in special reserve amounting to approximately HK\$41,580,000 of the Group represents the difference between the fair value and the contracted value of the consideration shares paid for acquisition of subsidiaries during the year ended 31 March 2007.

The increase in special reserve amounting to approximately HK\$31,910,000 of the Group represents the difference between the fair value and the contracted value of consideration shares paid for acquisition of subsidiaries during the year ended 31 March 2008.

(c) As stipulated by the relevant PRC laws and regulations, the subsidiaries of the Company established in the PRC shall set aside 10% of its profit after taxation for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the subsidiaries' paid-up capital). The reserve fund can only be used, upon approval by the Board and by the relevant authority, to offset accumulated losses or increase capital.

(d) The capital reserve is resulted from the capital reorganisation taken by the Company during the year ended 31 March 2012.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Six months ended	
	30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(28,761)	17,880
Net cash generated from/(used in) investing activities	753	(3,095)
Net cash generated from/(used in) financing activities	<u>20,411</u>	<u>(6,101)</u>
Net (decrease)/increase in cash and cash equivalents	(7,597)	8,684
Cash and cash equivalents at 1 April	<u>109,212</u>	<u>77,228</u>
Cash and cash equivalents at 30 September	<u><u>101,615</u></u>	<u><u>85,912</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 September 2012*

## **1. Corporate information**

The Company was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on the GEM of the Stock Exchange. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 GT George Town, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at 19/F, New Wing, 101 King's Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses and the provision of general hospital services in the People's Republic of China (the "PRC").

## **2. Basis of preparation and principal accounting policies**

The condensed consolidated financial results for the six months ended 30 September 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (the "Interpretations") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules of the Stock Exchange (the "GEM Listing Rules"). The unaudited condensed consolidated financial results have been prepared under the historical cost except for certain financial instruments, which are measured at fair value.

The accounting policies adopted in preparing the unaudited condensed consolidated results for the six months ended 30 September 2012 are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2012 (the "2011/2012 Financial Statements"), except for the amendments and interpretations of HKFRSs ("New HKFRSs") issued by HKICPA which have become effective in this period as detailed in notes to the 2011/2012 Financial Statements. The directors of the Company believe that the application of the other new and revised standards, amendments or interpretations has no material impact on the condensed consolidated financial results for the period.

Certain comparative amounts have been reclassified to conform with the current period's presentation and accounting treatment.

## **3. Turnover**

Turnover represents the aggregate of net amounts received and receivable from third parties in connection with the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses and the provision of general hospital services.



#### 4. Segment Information

Information reported internally to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group organised into two operating divisions: (a) provision of general hospital services and (b) pharmaceutical wholesale, distribution and pharmaceutical retail chain business. These divisions are the basis on which the Group reports its segment information.

##### *Segment revenue and results*

	Three months ended 30 September		Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Turnover				
– Pharmaceutical wholesale, distribution and pharmaceutical retail chain business	<b>471,778</b>	407,199	<b>921,638</b>	764,240
– Provision of general hospital services	<b>35,660</b>	32,129	<b>69,162</b>	64,920
	<b>507,438</b>	439,328	<b>990,800</b>	829,160
Results				
– Pharmaceutical wholesale, distribution and pharmaceutical retail chain business	<b>18,124</b>	18,124	<b>37,857</b>	37,293
– Provision of general hospital services	<b>5,157</b>	3,901	<b>9,654</b>	8,572
	<b>23,281</b>	22,025	<b>47,511</b>	45,865
Unallocated other income	<b>32</b>	–	<b>32</b>	–
Unallocated corporate expenses	<b>(3,859)</b>	(3,833)	<b>(6,224)</b>	(6,246)
Profit from operations	<b>19,454</b>	18,192	<b>41,319</b>	39,619
Finance costs	<b>(3,198)</b>	(2,958)	<b>(6,381)</b>	(7,026)
Profit before taxation	<b>16,256</b>	15,234	<b>34,938</b>	32,593
Taxation	<b>(5,066)</b>	(6,363)	<b>(10,444)</b>	(11,632)
Profit for the period	<b>11,190</b>	8,871	<b>24,494</b>	20,961

##### *Note:*

Inter-segment sales under pharmaceutical wholesales, distribution and pharmaceutical retail chain business for three months ended 30 September 2012 amounted to approximately HK\$2.458 million (2011: approximately HK\$2.034 million) and for six months ended 30 September 2012 approximately HK\$4.740 (2011: approximately HK\$4.335 million). Inter-segment sales are charged at arm's length and fully eliminated under consolidation.

**Segment assets and liabilities****As at 30 September 2012**

	<b>Provision of general hospital services <i>HK\$'000</i> (Unaudited)</b>	<b>Pharmaceutical wholesale, distribution and pharmaceutical retail chain business <i>HK\$'000</i> (Unaudited)</b>	<b>Consolidated <i>HK\$'000</i> (Unaudited)</b>
<b>Assets</b>			
Segment assets	178,906	1,314,386	1,493,292
Unallocated corporate assets			<u>22,957</u>
Consolidated total assets			<u><u>1,516,249</u></u>
<b>Liabilities</b>			
Segment liabilities	26,357	332,053	358,410
Promissory note			189,885
Convertible note			4,427
Deferred taxation			547
Unallocated corporate liabilities			<u>5,178</u>
Consolidated total liabilities			<u><u>558,447</u></u>

**As at 31 March 2012**

<b>Assets</b>			
Segment assets	174,651	1,290,279	1,464,930
Unallocated corporate assets			<u>26,226</u>
Consolidated total assets			<u><u>1,491,156</u></u>
<b>Liabilities</b>			
Segment liabilities	22,880	321,178	344,058
Promissory note			197,735
Convertible note			4,282
Deferred taxation			547
Unallocated corporate liabilities			<u>4,490</u>
Consolidated total liabilities			<u><u>551,112</u></u>

## 5. Profit from operations

	Three months ended		Six months ended	
	30 September		30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit from operations has been arrived at after charging:				
Depreciation of property, plant and equipment	<b>1,780</b>	2,138	<b>3,640</b>	4,007
Operating lease rentals in respect of buildings	<b>4,569</b>	3,195	<b>8,908</b>	7,789
Staff costs (including directors' remuneration)	<b>23,224</b>	14,449	<b>45,115</b>	28,202

## 6. Finance costs

	Three months ended		Six months ended	
	30 September		30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
– Interest expenses on convertible note and promissory note	<b>1,755</b>	1,755	<b>3,510</b>	3,510
– Interest expenses on bank borrowings wholly repayable within five years	<b>1,443</b>	1,203	<b>2,871</b>	3,516
	<b>3,198</b>	2,958	<b>6,381</b>	7,026

## 7. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits derived from Hong Kong's operations during the period (2011: Nil).

Corporate income tax of approximately 30% has been provided for the profit generated from the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses and general hospital services in the PRC (2011: approximately 31%).

## 8. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2012 was based on the net profit of approximately HK\$9.472 million (2011: approximately HK\$7.085 million) and on the weighted average number of 1,182,438,264 shares (2011: 1,182,438,264 shares).

The calculation of basic earnings per share for the six months ended 30 September 2012 was based on the net profit of approximately HK\$21.142 million (2011: approximately HK\$17.462 million) and on the weighted average number of 1,182,438,264 shares (2011: 1,182,438,264 shares).

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the three months and six months ended 30 September 2012, the Company had two categories of dilutive potential ordinary shares: convertible note and share options.

The convertible note is assumed to have been converted into ordinary shares and the profit attributable to owners is adjusted to eliminate the interest expense of the convertible note less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Three months ended 30 September 2012 <i>HK\$'000</i> (Unaudited)</b>	<b>Six months ended 30 September 2012 <i>HK\$'000</i> (Unaudited)</b>
Profit attributable to owners of the Company	9,472	21,142
Interest expense on convertible note (net of tax)	<u>105</u>	<u>210</u>
Profit for the purpose of diluted earnings per share	<u><u>9,577</u></u>	<u><u>21,352</u></u>
Weighted average number of ordinary shares in issue	1,182,438,264	1,182,438,264
Adjustments for assumed conversion of convertible note	3,421,053	3,421,053
Adjustments for assumed exercise of share options	<u>111,672,598</u>	<u>111,672,598</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><u>1,297,531,915</u></u>	<u><u>1,297,531,915</u></u>
	<b>Three months ended 30 September 2012</b>	<b>Six months ended 30 September 2012</b>
Diluted earnings per share	<u><u>HK0.738 cents</u></u>	<u><u>HK1.646 cents</u></u>

## 9. Trade and other receivables and deposits

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Trade receivables	268,603	249,101
Bill receivables	2,728	3,206
Prepayments and deposits paid	73,260	60,351
Prepaid lease payments	1,220	1,223
Other receivables	<u>95,756</u>	<u>71,983</u>
	<b>441,567</b>	385,864
<i>Less: Impairment loss in respect of other receivables</i>	<u>(6,269)</u>	<u>(6,269)</u>
	<b><u>435,298</u></b>	<b><u>379,595</u></b>

As at 30 September 2012, included in other receivables are the loan of approximately HK\$46.448 million (31 March 2012: HK\$37.493 million) advanced to Zhuhai Jiulong Hospital Limited. The loan receivable carries interest at 5% (31 March 2012: 5%) per annum and it is recoverable on demand. The loan receivable is secured by the entire issued share capital of Zhuhai Jiulong Hospital Limited.

Payment terms with customers from the pharmaceutical wholesale, distribution business, pharmaceutical retail chain business are mainly on credit. Invoices are normally payable from 30 to 90 days of issuance. Payment terms with customers from general hospital services are normally payable from 0 to 30 days. The following is an aged analysis of trade receivables at the end of the reporting period:

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
0 to 90 days	212,637	215,558
91 to 180 days	30,952	24,729
181 to 365 days	17,286	8,382
Over 365 days	<u>9,103</u>	<u>1,807</u>
	<b>269,978</b>	250,476
<i>Less: Allowance for doubtful debts</i>	<u>(1,375)</u>	<u>(1,375)</u>
	<b><u>268,603</u></b>	<b><u>249,101</u></b>

## 10. Pledged bank deposits

The Group had pledged bank deposits for the six months ended 30 September 2012 of approximately HK\$6.635 million to secure banking facilities granted to the Group (31 March 2012: approximately HK\$22.847 million).

## 11. Share capital

	Number of shares	Amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each at 30 September 2012	110,000,000,000	1,100,000
Convertible preference shares of HK\$0.01 each at 30 September 2012	<u>40,000,000,000</u>	<u>400,000</u>
	<u><b>150,000,000,000</b></u>	<u><b>1,500,000</b></u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each at 30 September 2012	1,083,938,264	10,839
Convertible preference shares of HK\$0.01 each at 30 September 2012	<u>98,500,000</u>	<u>985</u>
	<u><b>1,182,438,264</b></u>	<u><b>11,824</b></u>

## 12. Trade and other payables

	30 September 2012 <i>HK\$'000</i> (Unaudited)	31 March 2012 <i>HK\$'000</i> (Audited)
Trade payables	213,507	221,719
Bill payables	6,635	45,693
Trade deposit received	16,841	3,823
Accruals and other payables	<u>58,823</u>	<u>31,215</u>
	<u><b>295,806</b></u>	<u><b>302,450</b></u>

Bill payables were secured by certain pledged bank deposits.

The average credit period on purchases of certain goods is 90 days. The following is an aged analysis of trade payables at the end of the reporting period:

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 to 90 days	<b>112,720</b>	153,372
91 to 180 days	<b>82,219</b>	40,623
181 to 365 days	<b>9,545</b>	18,602
Over 365 days	<b>9,023</b>	9,122
	<u><b>213,507</b></u>	<u>221,719</u>

### 13. Comparative amounts

During the period, the presentation of certain items in the financial statements has been revised. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

### 14. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

### 15. Related party transactions

During the reporting period, other than those transactions and balances detailed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties which, in the opinion of the directors, were carried out in the ordinary courses of the Group's business:

#### a) *Key management personnel*

Remuneration for key personnel management, including amount paid to the Company's directors and other members of key management during the period were as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short-term employee benefits	<b>1,474</b>	1,461
Share-based payment expenses	<b>192</b>	179
	<u><b>1,666</b></u>	<u>1,640</u>

**b) Personal guarantee**

Mr. Yung Kwok Leong has entered into a personal guarantee agreement on 30 November 2011 with Shanghai Pudong Development Bank to secure short-term banking facilities and bill payables on behalf of the Group in an aggregate amount of approximately RMB50 million for the period from 14 November 2011 to 14 November 2012.

**c) Transaction**

During the reporting period, the Group had the following connected transactions with related parties:

Name of related parties	Nature of transactions	Six months ended	
		30 September	2011
		2012	2011
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Non-controlling shareholder of Edward Hospital Company Limited	Management fee paid	544	399
		<u><u>544</u></u>	<u><u>399</u></u>



# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

For the six months ended 30 September 2012 (the “period under review”), the Group recorded a turnover on business operations of approximately HK\$990.800 million (2011: approximately HK\$829.160 million), representing an increase of about 19.49% as compared to the same period last year. The rise in turnover was mainly driven by the sales from the pharmaceutical wholesale, distribution and pharmaceutical retail chain business in the PRC.

Selling and distribution expenses for the period under review amounted to approximately HK\$47.544 million (2011: approximately HK\$39.883 million), rising about 19.21%. The increase was related to rise in staff costs and advertising and promotion expenses incurred for the growth of the Group’s business.

Administrative expenses for the period under review amounted to approximately HK\$35.450 million (2011: approximately HK\$29.474 million), rising about 20.28%. The increase was mainly related to the expenses of the Group’s Spun-off project.

The Group recorded a profit attributable to owners of the Company of approximately HK\$21.142 million for the period under review (2011: approximately HK\$17.462 million), representing an increase of about 21.07% as compared to the same period last year.

## Business Review and Outlook

### *General hospital services*

During the six months ended 30 September 2012, the Group operates two general hospitals in Chongqing and Jiaxing and manages one general hospital in Zhuhai city, principally engaged in the provision of general hospital services including but not limited to medical wards, surgical wards, cosmetic surgery, dermatology and medical checkup and examination. The total turnover contributed by these general hospitals for the six months ended 30 September 2012 was approximately HK\$69.162 million (2011: approximately HK\$64.920 million).

## ***Pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses***

The Group engages in the wholesale, distribution of a broad range of pharmaceutical products to hospitals, clinics and pharmacies in Fujian Province, the PRC. The Group's pharmaceutical retail chain operation has maintained the leading position in both retail drug store numbers and comprehensive competitiveness within Fujian Province. The Group continues to allocate resources to look for business opportunities to expand the pharmaceutical wholesale, distribution and retail chain businesses. The turnover contributed by the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses for the six months ended 30 September 2012 was approximately HK\$921.638 million (2011: approximately HK\$764.240 million).

### ***Future Prospects***

The management of the Group continues to adapt to the changing business environments through effective and efficient measures and relies on its innovative two core businesses model (i.e. general hospital operations and pharmaceutical products businesses) for growth potential. The Group will actively look for further development opportunities made available by the continued healthcare reform and the second year of the 12th Five Year Plan. The management is optimistic towards the fast expanded market of healthcare supported by the continued favourable policy and business environments of the central and local governments in PRC.

The management continue to look for growth opportunities and decided to explore the potential growth of hemodialysis services through cooperation in the coming future.

For the new fiscal year, the Group's pharmaceutical wholesale, distribution divisions will continue to grow rapidly by taking the advantages of the favorable regional healthcare policies which supports the consolidation of the present scattering market. Cost controls and optimization will help us obtain much better margins while the close alliance with large pharmaceutical manufacturers for better brands will facilitate the market share increase. The Group's management is optimistic about the new fiscal year and we will continue to grow as long as we have firmly adhered to the strategies designed for the upswing in the healthcare business in the PRC.

## **Liquidity and Financial Resources**

The Group had total cash and bank balances of approximately HK\$101.615 million as at 30 September 2012 (31 March 2012: approximately HK\$109.212 million).

The Group recorded total current assets of approximately HK\$652.751 million as at 30 September 2012 (31 March 2012: approximately HK\$624.332 million) and total current liabilities of approximately HK\$363.588 million as at 30 September 2012 (31 March 2012: approximately HK\$348.548 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.80 as at 30 September 2012 (31 March 2012: approximately 1.79).

Gearing ratio (total borrowings (comprises bill payables, bank borrowings, convertible note and promissory note), net of cash and cash equivalent, over shareholders' equity) as at 30 September 2012 was 17% (31 March 2012: 17%).

## **Contingent Liabilities**

As at 30 September 2012, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group. (31 March 2012: Nil).

## **Financing and Treasury Policies**

The Group continues to adopt prudent financing and treasury policies. All the Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

## **Foreign Exchange Risk**

Almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk. As the fiscal policy of the Central Government of the PRC in relation to Renminbi is stable throughout the period, the Directors believe that the potential foreign exchange exposure to the Group is limited. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the six months ended 30 September 2012.

## **Charges on the Group's Assets**

The Group pledged its certain prepaid lease payments and investment properties of the Group with the carrying value of approximately HK\$4.290 million (31 March 2012: approximately HK\$4.390 million) and approximately HK\$7.835 million (31 March 2012: approximately HK\$7.611 million) respectively and bank deposits of approximately HK\$6.635 million (31 March 2012: approximately HK\$22.847 million) was pledged to secure general banking facilities granted to the Group and credit facilities granted to independent third party.

## **Employee Information**

As at 30 September 2012, the Group had 1,778 (31 March 2012: 1,626) full time employees. During the six months ended 30 September 2012, the staff costs, including Directors' remuneration, totalled approximately HK\$45.115 million (31 March 2012: approximately HK\$79.350 million). Share options and bonuses are also available to the Group's employees at the discretion of the Board and depending upon the financial performance of the Group. The Group's employment and remuneration policies remained the same as detailed in its annual report for the year ended 31 March 2012.

## **Significant Events After the Reporting Period**

On 16 July 2012, the Board announced that the Company is considering the proposed spin-off (the "Proposed Spin-off") of the pharmaceutical wholesale, distribution business and pharmaceutical retail chain business of the Group (the "Spun-off Group") on the Main Board of the Stock Exchange by way of introduction pursuant to Practice Note 3 to the GEM Listing Rules in relation to the Proposed Spin-off on the same date. The Company was considering a proposal to declare and pay the shareholders of the Company a special dividend in connection with the Proposed Spin-off and such special dividend to be satisfied by way of distribution in specie by transferring certain amount of shares in listed holding company (the "Newco") of the Spun-off Group to the qualifying shareholders of the Company whose name appear on the register of members of the Company at the record date of the distribution.

On 17 September 2012, the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

Up to the date of this announcement, the Proposed Spin-off is in progress and the Proposed Spin-off is subjected to, among others, the approvals from the shareholders of the Company and the Stock Exchange, and may or may not proceed. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

### Disclosure of Interests

#### (a) *Directors' interests and short positions in the securities of the Company and its associated corporations*

As at 30 September 2012, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

##### (i) *Interests in shares:*

Name of director	Nature of interest	Number of shares	Position	Approximate percentage of the total issued shares
Mr. Yung Kwok Leong	Corporate interest (Note 1)	120,960,500	Long	11.12%
	Personal interest (Note 2)	235,046,875	Long	21.68%
Mr. Weng Jiaxing	Personal interest	1,406,250	Long	0.13%
Mr. Zheng Gang	Personal interest	2,000,000	Long	0.18%

*Note 1:* These shares are held through Easeglory Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is held by Marshal International Investments Limited which is in turn wholly and beneficially owned by Mr. Yung Kwok Leong.

*Note 2:* The 235,046,875 shares represent (i) the 136,546,875 shares beneficially owned by Mr. Yung Kwok Leong, and (ii) the 98,500,000 convertible preference shares.

(ii) *Interests in share options under Post-IPO share option schemes:*

<b>Name of director</b>	<b>Exercise period</b>	<b>Exercise price</b>	<b>Number of share options granted</b>	<b>Position</b>
Mr. Yung Kwok Leong	30 September 2009 to 29 March 2019	HK\$0.50	1,700,000	Long
Dr. Jiang Tao	30 September 2009 to 29 March 2019	HK\$0.50	800,000	Long
	23 March 2010 to 22 March 2015	HK\$1.12	1,563,380	Long
	1 January 2012 to 31 December 2013	HK\$0.16	2,000,000	Long
Mr. Weng Jiaying	23 March 2010 to 22 March 2015	HK\$1.12	1,980,282	Long
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000	Long
Mr. Zheng Gang	30 September 2009 to 29 March 2019	HK\$0.50	800,000	Long
	23 March 2010 to 22 March 2015	HK\$1.12	2,814,084	Long
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000	Long
Dr. Huang Jiaqing	30 September 2009 to 29 March 2019	HK\$0.50	1,000,000	Long
	23 March 2010 to 22 March 2015	HK\$1.12	312,676	Long
	1 January 2012 to 31 December 2013	HK\$0.16	1,000,000	Long
Mr. Chen Jin Shan	30 September 2009 to 29 March 2019	HK\$0.50	1,700,000	Long
	23 March 2010 to 22 March 2015	HK\$1.12	2,084,507	Long
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000	Long
Dr. Wong Yu Man, James	1 January 2012 to 31 December 2013	HK\$0.16	1,000,000	Long

Save as disclosed above, as at 30 September 2012, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Substantial shareholders' interests and short positions in shares and underlying shares**

As at 30 September 2012, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Position</b>	<b>Capacity</b>	<b>Approximate percentage of the total issued shares</b>
Easeglory Holdings Limited <i>(Note 1)</i>	120,960,500	Long	Beneficial owner	11.12%
Marshal International Investments Limited <i>(Note 1)</i>	120,960,500	Long	Beneficial owner	11.12%
Mrs. Yung Muk Ying <i>(Note 1)</i>	357,707,375	Long	Interest of spouse	33.00%
Mr. Zhan Guo Tuan <i>(Note 2)</i>	60,000,000	Long	Beneficial owner	5.54%
Mrs. Lin Zhen Jin <i>(Note 2)</i>	60,000,000	Long	Interest of spouse	5.54%
Rubyland Investments Limited <i>(Note 3)</i>	60,000,000	Long	Beneficial owner	5.54%
Mr. Lau Kim Hung, Jack <i>(Note 4)</i>	66,900,000	Long	Beneficial owner	6.17%
Mrs. Chan Yiu Kan, Katie <i>(Note 4)</i>	66,900,000	Long	Interest of spouse	6.17%

*Note 1:* The issued share capital of Easeglory Holdings Limited is 100% beneficially owned by Marshal International Investments Limited which is in turn beneficially owned by Mr. Yung Kwok Leong, an executive director and the Chairman of the Board and Chief Executive Officer of the Company. By virtue of her being the spouse of Mr. Yung Kwok Leong, Mrs. Yung Muk Ying is deemed to be interested in 120,960,500 shares held by Easeglory Holdings Limited, 136,546,875 shares, 1,700,000 share options and 98,500,000 convertible preference shares beneficially held by Mr. Yung Kwok Leong in personal capacity.

*Note 2:* Mr. Zhan Guo Tuan is interested in 60,000,000 shares of the Company. Mrs. Lin Zhen Jin is deemed to be interested in 60,000,000 shares by virtue of her being the spouse of Mr. Zhan Guo Tuan.

*Note 3:* The issued share capital of Rubyland Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is 100% beneficially owned by Mr. Lau Kim Hung, Jack.

*Note 4:* The 66,900,000 shares represents (i) 60,000,000 shares are held through Rubyland Investments Limited, which is beneficially owned by Mr. Lau Kim Hung, Jack and (ii) 6,900,000 shares are held through Bountiful Resources Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Lau Kim Hung, Jack.

By virtue of her being the spouse of Mr. Lau Kim Hung, Jack, Mrs. Chan Yiu Kan, Katie is deemed to be interested in 60,000,000 shares held by Rubyland Investments Limited and 6,900,000 shares held by Bountiful Resources Limited.

Save as disclosed above, as at 30 September 2012, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **DIRECTORS' RIGHTS TO ACQUIRE SECURITIES**

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.



## SHARE OPTION SCHEMES

As at 30 September 2012, there were 110,951,287 outstanding share options, of which, were granted pursuant to the Post-IPO share option schemes adopted on 20 April 2002 and 10 August 2011. A breakdown setting out the number of outstanding share options, their respective exercise prices and respective exercise periods under the Post-IPO schemes were as follows:

### Post-IPO share option schemes

Categories of grantees	Exercise period	Exercise price	Number of share options outstanding
<b>Directors</b>			
Mr. Yung Kwok Leong	30 September 2009 to 29 March 2019	HK\$0.50	1,700,000
Dr. Jiang Tao	30 September 2009 to 29 March 2019	HK\$0.50	800,000
	23 March 2010 to 22 March 2015	HK\$1.12	1,563,380
	1 January 2012 to 31 December 2013	HK\$0.16	2,000,000
Mr. Weng Jiaying	23 March 2010 to 22 March 2015	HK\$1.12	1,980,282
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000
Mr. Zheng Gang	30 September 2009 to 29 March 2019	HK\$0.50	800,000
	23 March 2010 to 22 March 2015	HK\$1.12	2,814,084
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000
Dr. Huang Jiaqing	30 September 2009 to 29 March 2019	HK\$0.50	1,000,000
	23 March 2010 to 22 March 2015	HK\$1.12	312,676
	1 January 2012 to 31 December 2013	HK\$0.16	1,000,000
Mr. Chen Jin Shan	30 September 2009 to 29 March 2019	HK\$0.50	1,700,000
	23 March 2010 to 22 March 2015	HK\$1.12	2,084,507
	1 January 2012 to 31 December 2013	HK\$0.16	6,700,000
Dr. Wong Yu Man, James	1 January 2012 to 31 December 2013	HK\$0.16	1,000,000
Employees and consultants of the Group	13 July 2006 to 12 July 2016	HK\$3.61	459,739
	21 March 2007 to 20 March 2017	HK\$2.94	1,042,253
	30 September 2009 to 29 March 2019	HK\$0.50	8,200,000
	23 March 2010 to 22 March 2015	HK\$1.12	19,594,366
	1 January 2012 to 31 December 2013	HK\$0.16	42,800,000
Total			<u>110,951,287</u>

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

During the six months ended 30 September 2012, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for the pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding directors securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the directors throughout the six months ended 30 September 2012.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2012 except for the following deviation:

- (i) The code provision A.2.1 of the Code prescribed, among others, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the six months ended 30 September 2012, the roles of chairman and chief executive officer of the Company are not segregated and are exercised by the same individual. Mr. Yung Kwok Leong serves as the chairman and chief executive officer. The Board believes that vesting the roles of the Chairman and the chief executive officer in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

## **REMUNERATION COMMITTEE**

The remuneration committee was established on 3 June 2005 in compliance with the code provision. The remuneration committee consists of Mr. Zheng Gang, an executive director of the Company and three independent non-executive directors, namely Prof. Hu Shanlian, Prof. Lu Chuanzhen and Ms. Wong Ka Wai, Jeanne. Ms. Wong Ka Wai, Jeanne is the Chairlady of the remuneration committee.

The role and function of the remuneration committee include the determination of the specific remuneration package of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive directors. The remuneration committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

## **NOMINATION COMMITTEE**

The nomination committee was established on 27 March 2012 in compliance with the code provision. The nomination committee consists of Mr. Yung Kwok Leong, an executive director and three independent non-executive directors, namely Prof. Hu Shanlian, Prof. Lu Chuanzhen and Ms. Wong Ka Wai, Jeanne. Mr. Yung Kwok Leong is the chairman of the nomination committee.

The primary duties of the nomination committee are to make recommendations to the Board on the appointment of directors and management of the Board's succession, and to ensure that the candidates to be nominated as directors are experienced, high caliber individuals.

## **AUDIT COMMITTEE**

The Company established an audit committee on 2 November 2001, with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are: (i) to ensure the adequacy and effectiveness of the accounting and financial controls of the Group; (ii) oversee the performance of internal control systems and financial reporting process; and (iii) monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors. The audit committee comprises three members including Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen. All of them are the independent non-executive directors. The chairlady of the audit committee is Ms. Wong Ka Wai, Jeanne.

The Group's unaudited condensed consolidated results for the six months ended 30 September 2012 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

By order of the Board  
**Hua Xia Healthcare Holdings Limited**  
**Yung Kwok Leong**  
*Chairman*

Hong Kong, 12 November 2012

*As at the date of this announcement, the executive Directors of the Company are Mr. Yung Kwok Leong, Dr. Jiang Tao, Mr. Weng Jiaying, Mr. Zheng Gang, Dr. Huang Jiaqing and Mr. Chen Jin Shan, the non-executive Director is Dr. Wong Yu Man, James, and the independent non-executive Directors are Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.huaxia-healthcare.com](http://www.huaxia-healthcare.com).*