

**TOWN HEALTH INTERNATIONAL HOLDINGS COMPANY LTD :
LI KA SHING'S MAGIC SHOULD ENSURE ITS SUCCESS**

With Mr Li Ka Shing, Chairman of Cheung Kong (Holdings) Ltd (Code: 1), backing Town Health International Holdings Company Ltd (Code: 8138 -- The GEM: The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd), it is difficult to imagine that this new GEM listing could be anything but a success.

At least, insofar as its market debut is concerned.

Because the Li Ka Shing Empire, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is vast, employing, no doubt, close to 100,000 people, directly or indirectly, thus ensuring the financial success of Town Health in its business endeavours.

That assumes, of course, that Management of Town Health stays on the good side of the Li Ka Shing Camp and its senior Management.

Cheung Kong is the largest, single shareholder of this newly listed company, outside the Founder and his friends, that is, with Cheung Kong, via Topson Ltd, a wholly owned Cheung Kong subsidiary, having 9.90 percent of the Issued and Fully Paid-Up Share Capital of Town Health, as at today's date.

Town Health, whose applications for shares closed on Thursday, October 12, started trading today with, theoretically, 49,624,000 shares, hitting The GEM.

The 10-cent, Par Value shares -- 4,962,000 Public Offer Shares, 39,362,000 Placing Shares, and 5,300,000 Sale Shares -- were Offered at \$HK1.25 each, meaning that the shares were offered at 16.67 times the Prospective Price-Earnings Multiple, Pro Forma Fully Diluted.

The Company is engaged in the provision of private medical and dental practices within the HKSAR.

It operates, directly, 5 dental practices and has, what may be considered, a franchise system whereby it grants licences for the use of the name, *'Town Health Centre'*, to qualified medical and dental sole practitioners, plus the banding of groups of these 2 professionals, forming their own practice.

According to the Prospectus, the Town Health Centre Network comprises 21 medical centres, and 10 dental practices, serving more than 420,000 patients.

And that was before the advent of Mr Li Ka Shing and his companies and their employees.

The history of Town Health goes back to 1989 when Dr Cho Kwai Chee established his first general practice centre in Shatin, the New Territories of the HKSAR.

By September 1991, Dr Cho had expanded and formed alliances with 5 other HKSAR doctors ... and away they all went.

Today, Origin Ltd is the result of those early days, with this private company, owning 49.12 percent of the Issued Share Capital of Town Health (Dr Cho owns 90 percent of Origin's Issued Share Capital).

The gang of doctors appears to have been very successful in their business endeavours, as the following table, taken from Page 152 of the Prospectus, appears to illustrate:

	Financial Year ended March 31	
	1999	2000

	All Figures are Denominated in \$HK'000	
Turnover	58,690	72,889
Cost of Pharmaceutical Supplies	(5,562)	(6,140)
Medical Salaries	(16,879)	(23,572)
Gross Profit	36,249	43,177
Bank Interest Income	Nil	117
Operating Expenses:		
Depreciation on Fixed Assets: ▪		
▪ ■ Owned Assets	(803)	(994)
▪ ■ An Asset held under a Finance Lease	(118)	(27)
Staff Costs	(1,235)	(2,056)
Operating Lease Rentals	(7,561)	(6,202)
Auditors' Remuneration	Nil	(600)
Legal and Professional Fees	(48)	(167)
Loss on Disposal of Fixed Assets	Nil	(82)
Website Development Costs	Nil	(125)
Others	(3,119)	(3,119)
TOTAL	(12,884)	(13,372)
Profit from Operations	23,365	29,922
Finance Costs:		
Interest Expense on:		
--- A Finance Lease	(9)	Nil
--- Installment Loans	(10)	(22)
TOTAL	(19)	(22)
Share of Loss of an Associate	Nil	(509)
Profit before Taxation	23,346	29,391
Taxation	(3,581)	(4,520)
Profit Attributable to Shareholders	19,765	24,871

For the Current Financial Year, ending March 31, 2001, Town Health is forecasting ... [CLICK TO ORDER FULL ARTICLE](#)

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