



Core Healthcare Investment Holdings Ltd

確思醫藥投資控股有限公司*

(formerly known as Plasmagene Biosciences Limited*)
(Incorporated in the Cayman Islands with limited liability) (Stock Code: 8250)

A large circular graphic containing various medical and pharmaceutical items: a stethoscope, a glass of amber liquid, several colorful pills (red, green, yellow), and a piece of dried root. The word "Core" is faintly visible in the background of the circle.

2007/2008

First Quarterly Report

For the three months ended 30 September 2007

* For identification purpose only

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This report, for which the directors (the “Directors”) of Core Healthcare Investment 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, (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

For the three months ended 30 September 2007:

- Turnover for the three months ended 30 September 2007 amounted to approximately HK\$325,000, representing an increase of approximately 4.0% as compared to that of the corresponding period in 2006.
- Profit attributable to shareholders of the Company amounted to approximately HK\$11,405,000 for the three months ended 30 September 2007, while a loss of approximately HK\$496,000 was recorded for the corresponding period in 2006.
- The board of Directors does not recommend the payment of dividend for the three months ended 30 September 2007 (2006: Nil).

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 September 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

		Three months ended 30 September	
	Notes	2007 HK\$	2006 HK\$
Turnover	3	325,411	313,041
Cost of sales		(255,357)	(222,100)
Gross profit		70,054	90,941
Other income		246,539	450,858
Gain on fair value changes on held for trading investments		12,363,800	–
		12,680,393	541,799
Selling and distribution expenses		(6,174)	(34,528)
Administration expenses		(1,225,264)	(878,000)
Other operating expenses		(43,874)	(125,762)
Profit/(Loss) before tax		11,405,081	(496,491)
Income tax expense	4	–	–
Profit/(Loss) attributable to equity holders of the Company		11,405,081	(496,491)
Earnings/(Loss) per share			
– basic	5	2.20 cents	(0.13 cents)
– diluted		2.17 cents	N/A

Notes:

1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. Its principal subsidiaries are principally engaged in the provision of diagnostic testing services and products and related research and development, investment holding, and sales of health food and pharmaceutical products.

2. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The unaudited consolidated results have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The accounting policies and method of computation used in the preparation of the unaudited consolidated results are consistent with those adopted in preparing the Group’s annual financial statements for the year ended 30 June 2007.

3. TURNOVER

The Group’s turnover represents turnover arising on sales of diagnostic testing services and products and sales of health food and pharmaceutical products. During the period, all of the Group’s businesses were carried out in Hong Kong. An analysis of the Group’s turnover for the period is as follows:

	Three months ended 30 September	
	2007	2006
	HK\$	HK\$
Sales of diagnostic testing services and products	277,622	313,041
Sales of health food and pharmaceutical products	47,789	–
	<u>325,411</u>	<u>313,041</u>

4. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for the three months ended 30 September 2007. (2006: Nil)

There was no material unprovided deferred taxation for the three months ended 30 September 2007 (2006: Nil).

5. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the unaudited profit for the three months ended 30 September 2007 attributable to the equity holders of the Company of HK\$11,405,081 (2006: loss of HK\$496,491) and the weighted average number of ordinary shares of 517,526,860 (2006: 373,592,000) in issue during the period.

The calculation of diluted earnings per share for the three months ended 30 September 2007 is based on the profit attributable to equity holder of the Company of HK\$11,405,081 and the weighted average number of 525,655,351 shares, being the weighted average number of ordinary shares outstanding during the period, adjusted for the effects on assumed exercise of share options.

The computation of diluted loss per share for the three months ended 30 September 2006 has not been presented because the assumed exercises of share options, which were outstanding during the period, had anti-dilutive effects on the basic loss per share.

6. RESERVES

The movement in reserves for the three months ended 30 September 2007 is as follows:

	Share capital HK\$	Share premium HK\$	Share option reserve HK\$	Accumulated profit/(losses) HK\$	Total HK\$
Balance at 1 July 2007	3,825,920	46,952,988	1,700,386	(14,423,916)	38,055,378
Issue of shares upon placements	3,043,880	47,158,231	-	-	50,202,111
Issue of shares upon exercise of share options	105,828	1,116,272	-	-	1,222,100
Transfer of reserve upon exercise of share options	-	824,779	(824,779)	-	-
Profit for the three months ended 30 September 2007	-	-	-	11,405,081	11,405,081
Balance at 30 September 2007	<u>6,975,628</u>	<u>96,052,270</u>	<u>875,607</u>	<u>(3,018,835)</u>	<u>100,884,670</u>

The movement in reserves for the three months ended 30 September 2006 is as follows:

Group	Share premium HK\$	Share option reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance at 1 July 2006	45,244,638	1,919,326	(23,036,088)	24,127,876
Loss for the three months ended 30 September 2006	—	—	(496,491)	(496,491)
Balance at 30 September 2006	<u>45,244,638</u>	<u>1,919,326</u>	<u>(23,532,579)</u>	<u>23,631,385</u>

7. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 September 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the three months ended 30 September 2007 the Group recorded turnover of approximately HK\$325,000, up 4% from the corresponding period of the previous financial year. Profit attributable to shareholders was around HK\$11.4 million, comparing with net loss of HK\$496,000 in the same period of the previous financial year.

Cancer diagnostic testing services remain the key operating income for the Group. In view of the fierce competitions from contenders in the market, the Group has enhanced its collaboration with other physical health check and laboratory centres. Nevertheless, turnover dropped by 10% comparing with the same period last year. On the front of health product retails, the store at Cheung Kwan-o performed stably while the one in Shatin has just opened and has therefore not been able to provide significant contribution to the operating income.

The Group continued to perform outstandingly in its investment income. During the quarter under review, Hang Seng Index surged from 21,772 points to 27,142 points, representing an increase of 24.66%. The composite of the Group's investment portfolio was heavily weighted towards H shares and was therefore benefited from the bullish sentiments in both the Hong Kong and China stock markets. Investment profit exceeded 12.36 million that represents 79.2% of the profit earned on investments in the whole financial year last year.

The EGM held during the quarter approved the second phase of the placement proposal and the placement plan therefore got through smoothly. An aggregate of HK\$50 million was raised in the two phases of placement. After the placements and after the exercising of stock options granted, the Group's issued shares increased to 382,592,000 shares as at 30 September 2007.

Future outlook

The Group's cancer diagnostic testing services will continue to operate with an eye on strengthening its collaboration with other physical health check centres in order to remain competitive. On health product sales, although our retail network has slowed down its pace of development we will endeavour to improve our health product development capacity with a goal to increase operating revenue.

The equity market in the universe looks to continue to stay bullish. The downward trend of US\$ interest rate has expedited the flow of global capital funds. This together with those from mainland China has fuelled the turnover of Hong Kong's stock market and boosted its investment sentiment. In addition enterprises in China in general have never stopped their high growth momentum that has supported higher equity prices. As a result, the Board remains bullish about the performance of Hong Kong stocks in the fourth quarter and therefore advocates extending investments in the stock market.

The healthcare and drug markets in the mainland provide a tremendous potential for development. Thus, the Group has via various channels sought after related business opportunities. In this regard, we plan to recruit talents that are familiar with the markets to make all necessary cultivations. And it is indeed a good opportunity for us to go after those markets with the good cash position we have already had.

Financial Review

The Group's turnover for the three months ended 30 September 2007 amounted to HK\$325,411, while a turnover of HK\$313,041 was recorded for the corresponding period in 2006. The gross profit margin for this three months period amounted to 21.53%, which showed a slight decrease of 7.52% as compared to that of the corresponding period in 2006.

For the three months ended 30 September 2007, the Group recorded a profit attributable to shareholders of the Company of approximately HK\$11,405,000, reflecting a significant improvement when compared to the loss of approximately HK\$496,000 for the corresponding period in 2006. The improvement was mainly attributed to the gain on fair value changes on held for trading investments of approximately HK\$12,364,000 for the period under review.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2007, the interests of the Directors and the chief executives of the Company and their associates in the shares, underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code"), were as follows:

The Company

Long positions in ordinary shares of HK\$0.01 each:

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the Company's issued share capital
Mr. Lui Chi Wah, Johnny	Beneficial owner	18,716,000	2.68%

Saved as disclosed above and share options granted to the Directors as disclosed under the paragraph headed "Share options" in this report, none of the Directors, the chief executives of the Company, nor their associates had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations as at 30 September 2007 as recorded in the register required to be kept by the Company under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

The Company has not been notified by any person who had an interest or short positions in the shares or underlying shares of the Company as at 30 September 2007 as recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

1. A share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company on 20 April 2004 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Board may, at its discretion, invite any employee, Directors, advisor, consultant, licensors, distributors, suppliers, agents, customers, joint venture partners, strategic partners and services providers of and/or to any member of the Group whom the Board considers in its sole discretion, to have contributed to the Group from time to time to take up options to subscribe for shares of the Company.

Movements of share options granted to the Directors under the Share Option Scheme for the three months ended 30 September 2007 are as follows:

Name of Director	Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
				Outstanding at 01/07/2007	Granted	Exercised/Cancelled/Lapsed	Outstanding at 30/09/2007
Mr. Lau Kam Shan	20/06/2005	20/06/2005 – 19/6/2008	0.225	1,111,111	-	-	1,111,111
	19/06/2006	19/06/2006 – 18/06/2008	0.105	500,000	-	500,000	-
Mr. Chan Po Kwong	19/06/2006	19/06/2006 – 18/06/2016	0.105	948,493	-	-	948,493
Total				<u>2,559,604</u>	<u>-</u>	<u>500,000</u>	<u>2,059,604</u>

Movements of share options granted to eligible participants other than Directors under the Share Option Scheme for the three months ended 30 September 2007 are as follows:

	Date of grant	Exercisable period	Exercise price HK\$	Number of underlying shares in respect of which share options were granted			
				Outstanding at 01/07/2007	Granted	Exercised/Cancelled/Lapsed	Outstanding at 30/09/2007
Employees	26/06/2006	26/06/2006 – 25/06/2016	0.116	600,000	-	600,000	-

- Pursuant to an agreement entered into by the Company with The Chinese University of Hong Kong (the “Chinese University”) on 8 August 2002 relating to the grant of a right of first refusal to the Company by the Chinese University in respect of certain technology and inventions, as amended and supplemented by agreements dated 31 October 2003 and 16 April 2004 (the “Right of First Refusal Agreement”), share options would be granted to the Chinese University over the period of the term of such agreements of four years commencing from 18 June 2004.

Movements of share options granted to the Chinese University for the three months ended 30 September 2007 are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
			Outstanding at 01/07/2007	Granted	Exercised/Cancelled/Lapsed	Outstanding at 30/09/2007
28/06/2005	28/12/2005 – 27/06/2010	0.223	4,484,305	-	-	4,484,305
26/06/2006	26/12/2006 – 25/06/2011	0.116	9,482,758	-	9,482,758	-
22/06/2007	22/12/2007 – 21/06/2012	0.295	4,067,796	-	-	4,067,796
			<u>18,034,859</u>	<u>-</u>	<u>9,482,758</u>	<u>8,552,101</u>

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the paragraph headed "Directors' and chief executive's interests in shares and underlying shares" and "Share option" in this report, at no time during the three months ended 30 September 2007 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

COMPETING INTERESTS

None of the Directors or the management shareholders or controlling shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the three months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares (2006: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the three months ended 30 September 2007, except that: (i) the roles of the chairman and chief executive officer are not separate and are performed by the same individual, and (ii) no nomination committee of the Board is established.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealing and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the Group's financial reporting and internal control procedures.

The audit committee comprises three independent non-executive directors, namely Mr. Kwok Shun Tim, Mr. Chan Po Kwong and Mr. Lam Yan Wing. Mr. Kwok Shun Tim is the chairman of the committee since his appointment on 13 September 2006.

This report, including the Group's unaudited consolidated results for the three months ended 30 September 2007, had been reviewed by the audit committee of the Company.

By order of the Board
Core Healthcare Investment Holdings Limited
Mr. Lui Chi Wah, Johnny
Chairman

Hong Kong, 8 November 2007

As at the date of this report, the executive Directors are Mr. Lui Chi Wah, Johnny and Mr. Wu Kai; the non-executive Director is Mr. Lau Kam Shan; and the independent non-executive Directors are Mr. Kwok Shun Tim, Mr. Chan Po Kwong and Mr. Lam Yan Wing.