



**Core Healthcare Investment Holdings Ltd**

**確思醫藥投資控股有限公司\***

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 8250)

A large, circular collage of medical-related images. It includes a stethoscope, a glass of amber liquid, various pills (red, white, yellow, green), a wooden gavel, and a metal grate. The word "Core" is faintly visible in the background of the collage.

**2007/2008**  
Interim Report

For the six months ended 31 December 2007

\*For identification purpose only

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

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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 six months ended 31 December 2007:

- Turnover for the six months ended 31 December 2007 amounted to approximately HK\$740,000, representing an increase of approximately 21.87% as compared to that of the corresponding period in 2006.
- Loss attributable to shareholders of the Company amounted to approximately HK\$441,000 for the six months ended 31 December 2007, while a profit of approximately HK\$11,096,000 was recorded for the corresponding period in 2006.
- The board of Directors does not recommend the payment of a dividend for the six months ended 31 December 2007 (2006: Nil).

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 December 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 December 2007

	Notes	Three months ended 31 December		Six months ended 31 December	
		2007 (Unaudited) HK\$	2006 (Unaudited) HK\$	2007 (Unaudited) HK\$	2006 (Unaudited) HK\$
Turnover	3	<b>414,372</b>	293,993	<b>739,783</b>	607,034
Cost of sales		<b>(287,269)</b>	(215,328)	<b>(542,626)</b>	(437,428)
Gross profit		<b>127,103</b>	78,665	<b>197,157</b>	169,606
Other income		<b>1,180,485</b>	167,433	<b>1,427,024</b>	505,868
Gain/(Loss) on fair value changes on held for trading investments		<b>(11,002,174)</b>	13,707,460	<b>1,361,626</b>	13,819,883
		<b>(9,694,586)</b>	13,953,558	<b>2,985,807</b>	14,495,357
Selling and distribution expenses		<b>(3,552)</b>	(92,080)	<b>(9,726)</b>	(126,608)
Administration expenses		<b>(1,998,337)</b>	(2,161,093)	<b>(3,223,601)</b>	(3,039,093)
Other operating expenses		<b>(149,661)</b>	(107,869)	<b>(193,535)</b>	(233,631)
Profit/(Loss) before tax		<b>(11,846,136)</b>	11,592,516	<b>(441,055)</b>	11,096,025
Income tax expense	5	-	-	-	-
Profit/(Loss) attributable to equity holders of the Company		<b>(11,846,136)</b>	11,592,516	<b>(441,055)</b>	11,096,025
Earnings/(Loss) per share					
- basic	6	<b>(0.168 cents)</b>	0.310 cents	<b>(0.007 cents)</b>	0.297 cents
- diluted	6	<b>(0.168 cents)</b>	0.309 cents	<b>(0.007 cents)</b>	0.296 cents

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 December 2007 and 30 June 2007

	Notes	<b>31 December 2007 (Unaudited) HK\$</b>	30 June 2007 (Audited) HK\$
<b>Non-current assets</b>			
Plant and equipment		<u><b>3,051,162</b></u>	<u>3,256,023</u>
<b>Current assets</b>			
Inventories		<b>91,196</b>	100,527
Trade and other receivables	7	<b>2,519,945</b>	18,051,965
Financial assets at fair value through profit or loss – Listed equity securities in Hong Kong		<b>31,726,295</b>	15,262,864
Cash and bank balances		<u><b>60,506,730</b></u>	<u>4,122,164</u>
		<b>94,844,166</b>	37,537,520
<b>Current liabilities</b>			
Trade and other payables	8	<b>1,016,202</b>	1,347,165
Tax payable		<u><b>1,391,000</b></u>	<u>1,391,000</u>
		<b>2,407,202</b>	2,738,165
<b>Net current assets</b>		<u><b>92,436,964</b></u>	<u>34,799,355</u>
		<u><b>95,488,126</b></u>	<u>38,055,378</u>
<b>Capital and reserves</b>			
Share capital		<b>7,341,067</b>	3,825,920
Reserves		<u><b>88,147,059</b></u>	<u>34,229,458</u>
<b>Total equity</b>		<u><b>95,488,126</b></u>	<u>38,055,378</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY***For the six months ended 31 December 2007*

	Reserves					Total HK\$
	Issued capital HK\$	Share premium HK\$	Share option reserve HK\$	Accumulated losses HK\$	Sub-total of reserves HK\$	
Balance at 1 July 2007 (Audited)	<b>3,825,920</b>	<b>46,952,988</b>	<b>1,700,386</b>	<b>(14,423,916)</b>	<b>34,229,458</b>	<b>38,055,378</b>
Issue of new shares upon placement	<b>3,343,880</b>	<b>51,958,231</b>	-	-	<b>51,958,231</b>	<b>55,302,111</b>
Issue of shares upon exercise of share option	<b>171,267</b>	<b>2,400,425</b>	-	-	<b>2,400,425</b>	<b>2,571,692</b>
Transfer of reserves upon exercise of share option	-	<b>915,089</b>	<b>(915,089)</b>	-	-	-
Loss for the period	-	-	-	<b>(441,055)</b>	<b>(441,055)</b>	<b>(441,055)</b>
Balance at 31 December 2007 (Unaudited)	<b><u>7,341,067</u></b>	<b><u>102,226,733</u></b>	<b><u>785,297</u></b>	<b><u>(14,864,971)</u></b>	<b><u>88,147,059</u></b>	<b><u>95,488,126</u></b>

*For the six months ended 31 December 2006*

	Reserves					Total HK\$
	Issued capital HK\$	Share premium HK\$	Share option reserve HK\$	Accumulated losses HK\$	Sub-total of reserves HK\$	
Balance at 1 July 2006 (Audited)	3,735,920	45,244,638	1,919,326	(23,036,088)	24,127,876	27,863,796
Issue of shares upon exercise of share option	6,000	57,000	-	-	57,000	63,000
Transfer of reserves upon exercise of share option	-	57,128	(57,128)	-	-	-
Profit for the period	-	-	-	<b>11,096,025</b>	<b>11,096,025</b>	<b>11,096,025</b>
Balance at 31 December 2006 (Unaudited)	<b><u>3,741,920</u></b>	<b><u>45,358,766</u></b>	<b><u>1,862,198</u></b>	<b><u>(11,940,063)</u></b>	<b><u>35,280,901</u></b>	<b><u>39,022,821</u></b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 31 December 2007

	<b>Six months ended 31 December</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Net cash from/(used in) operating activities	<b>12,932,422</b>	(3,361,598)
Net cash used in investing activities	<b>(14,421,659)</b>	(3,725,888)
Net cash from financing activities	<b>57,873,803</b>	63,000
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>56,384,566</b>	(7,024,486)
Cash and cash equivalents at beginning of period	<b>4,122,164</b>	18,038,807
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>60,506,730</b>	11,014,321
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>60,506,730</b>	11,014,321
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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 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 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. An analysis of the Group’s turnover for the period is as follows:

	<b>Three months ended 31 December</b>		<b>Six months ended 31 December</b>	
	<b>2007 HK\$</b>	2006 HK\$	<b>2007 HK\$</b>	2006 HK\$
Sales of diagnostic testing services and products	<b>352,535</b>	273,125	<b>630,157</b>	586,166
Sales of health food and pharmaceutical products	<b>61,837</b>	20,868	<b>109,626</b>	20,868
	<b>414,372</b>	293,993	<b>739,783</b>	607,034



#### 4. SEGMENT INFORMATION

For management purposes, the Group is currently organized into three operating segments:

- Sales of diagnostic testing services      The use of blood test and Fibroskan test in the diagnosis of cancerous and certain liver and other diseases.
- Sales of health food and pharmaceutical products      Retail business on sales of health food and pharmaceutical products was commenced in December 2006.
- Research and development      Research and development relating to diagnosis of cancer and certain other illnesses.

#### Business Segments

	Sale of diagnostic testing services		Sale of health food and pharmaceutical products		Research and development		Total	
	For the six months ended 31 December							
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
TURNOVER	<b>630,157</b>	586,166	<b>109,626</b>	20,868	-	-	<b>739,783</b>	607,034
RESULTS								
Segment results	<b>(881,591)</b>	(1,017,289)	<b>(294,957)</b>	(449,299)	<b>222,567</b>	(86,465)	<b>(953,981)</b>	(1,553,053)
Other income							<b>2,205,032</b>	14,322,211
Unallocated corporate expenses							<b>(1,692,106)</b>	(1,673,133)
Profit/(Loss) before taxation							<b>(441,055)</b>	11,096,025
Income tax expense							-	-
PROFIT/(LOSS) FOR THE PERIOD							<b>(441,055)</b>	11,096,025
OTHER INFORMATION								
Capital expenditure	<b>12,211</b>	279,000	<b>455,960</b>	157,280	-	-	<b>468,171</b>	436,280
Depreciation of plant and equipment	<b>187,601</b>	67,150	<b>71,134</b>	4,207	-	-	<b>258,735</b>	71,357
Write-off of inventories	-	-	<b>3,552</b>	-	-	-	<b>3,552</b>	-
Loss on disposal of plant and equipment	-	-	<b>84,297</b>	-	-	-	<b>84,297</b>	-

#### Geographical segments

The revenue and results of the Group for the six months ended 31 December 2006 and 2007 are derived wholly from customers located in one geographical market, namely Hong Kong.

## 5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for the six months ended 31 December 2007 (2006: Nil).

There was no material unprovided deferred taxation for the three months ended six months ended 31 December 2007 (2006: Nil).

## 6. EARNINGS/(LOSS) PER SHARE

On 18 January 2008, the ordinary resolution to approve the subdivision of every issued or unissued existing ordinary share of the nominal value of HK\$0.01 each in the share capital of the Company into 10 ordinary shares of the nominal value of HK\$0.001 each in the share capital of the Company (the "Subdivided Shares") (referred to as the "Share Subdivision") was duly passed by the Shareholders.

The calculation of the basic earnings/(loss) per share for the three months ended 31 December 2007 is based on the unaudited loss for the corresponding period attributable to the equity holders of the Company of HK\$11,846,136 (2006: profit of HK\$11,592,516) and the weighted average number of Subdivided Shares of 7,032,595,240 (2006: 3,740,680,870) in issue during the period after adjusting for the effect on the Share Subdivision.

The calculation of the basic earnings/(loss) per share for the six months ended 31 December 2007 is based on the unaudited loss for the corresponding period attributable to the equity holders of the Company of HK\$441,055 (2006: profit of HK\$11,096,025) and the weighted average number of Subdivided Shares of 6,103,931,920 (2006: 3,738,300,430) in issue during the period after adjusting for the effect on the Share Subdivision.

The calculation of diluted earnings/(loss) per share for the three months ended 31 December 2007 is based on the unaudited loss for the corresponding period attributable to equity holder of the Company of HK\$11,846,136 (2006: profit of HK\$11,592,516) and 7,065,667,550 (2006: 3,750,490,680) Subdivided Shares, being the weighted average number of Subdivided Shares outstanding during the period, adjusted for the effects on the Share Subdivision and potential shares issued upon exercise of share options.

The calculation of diluted earnings/(loss) per share for the six months ended 31 December 2007 is based on the unaudited loss for the corresponding period attributable to equity holder of the Company of HK\$441,055 (2006: profit of HK\$11,096,025) and 6,149,574,900 (2006: 3,748,390,290) Subdivided Shares, being the weighted average number of Subdivided Shares outstanding during the period, adjusted for the effects on the Share Subdivision and potential shares issued upon exercise of share options.

## 7. TRADE AND OTHER RECEIVABLES

	<b>31 December 2007 HK\$</b>	30 June 2007 HK\$
Trade receivables	<b>278,949</b>	160,678
Payment for shares of initial public offering application	-	7,267,395
Receivable arising from dealing in listed securities	<b>1,699,781</b>	10,329,660
Prepayments, deposits and other receivables	<b>541,215</b>	294,232
	<b><u>2,519,945</u></b>	<u>18,051,965</u>

The Group allows its customers with an average credit period of 30 days. The aging analysis of the trade receivables at the balance sheet date based on invoice date is as follows:

	<b>31 December 2007 HK\$</b>	30 June 2007 HK\$
0 – 30 days	<b>181,230</b>	78,805
31 – 60 days	<b>47,465</b>	18,870
61 – 90 days	<b>2,100</b>	19,100
Over 90 days	<b>48,154</b>	43,903
	<b><u>278,949</u></b>	<u>160,678</u>

**8. TRADE AND OTHER PAYABLES**

	<b>31 December 2007 HK\$</b>	30 June 2007 HK\$
Trade payables	<b>268,545</b>	13,703
Accruals and other payables	<b>747,657</b>	1,333,462
	<b><u>1,016,202</u></b>	<u>1,347,165</u>

The following is an aged analysis of trade payables at the balance sheet date:

	<b>31 December 2007 HK\$</b>	30 June 2007 HK\$
0 – 30 days	<b>93,372</b>	9,087
31 – 60 days	<b>340</b>	2,051
61 – 90 days	<b>336</b>	386
Over 90 days	<b>174,497</b>	2,179
	<b><u>268,545</u></b>	<u>13,703</u>

**9. DIVIDEND**

The Board does not recommend the payment of dividend for the six months ended 31 December 2007 (2006: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

For the six months ended 31 December 2007, the Group recorded a turnover of approximately HK\$740,000, representing an increase of 21.87% comparing with the same period last year. Loss attributable to shareholders for the period was approximately HK\$441,000, compared with profit of approximately HK\$11.10 million for the same period last year.

The increase in turnover during the period was mainly attributable to retail sales of health care product. Turnover contributions from the carcinoma diagnosis and testing service also increased by 21.87% comparing with the same period last year as a result of strengthened cooperation with other health check centers and laboratories. Gross profit also increased 16% to HK\$197,000.

The Hong Kong stock market was extremely volatile during the last quarter (October to December) of 2007 under the impact of various factors, with the Hang Seng Index fluctuating between 31,000 and 26,000. While the Group had made appropriate adjustments to its investment portfolio in close tandem with market changes, profit for the period was inevitably affected. For the six months ended 31 December 2007, the Group recorded a modest investment profit of HK\$1.36 million, decreasing by 90.15% as compared to the same period last year.

In November 2007, the Group successfully placed 30 million new shares to institutional investors to raise net proceeds of approximately HK\$5.10 million. In addition, bonds convertible into 789 million shares were issued to a jointly controlled entity between Town Health International Holdings Company Limited (stock code: 8138) and Hong Kong Health Check and Laboratory Holdings Company Limited (stock code: 397). The full exercise of such convertible bonds would raise approximately HK\$150 million in net proceeds, which will be utilised principally for the acquisition of Class I new Drugs and PRC Drugs Distribution network.

### **Future outlook**

The global financial market has continued to be extremely volatile since the beginning of 2008. A lackluster first quarter is expected for the Wall Street market as investors' confidence has been hit by the U.S. sub-prime crisis which is far more serious than it has seemed, coupled with uncertain prospects of U.S. economic growth. For Hong Kong stocks, short-term volatility looks inevitable although outlook should be optimistic in the long run given robust economic growth in China and Hong Kong and negative interest rates for Hong Kong dollar deposits following a series of rate cuts which favor the value of assets denominated in Hong Kong dollar. The Group will adopt a prudent investment strategy to minimize the impact of market volatility.

The business performance of the Group's existing operations in Hong Kong has been stable, while the Group continues to identify business development opportunities in China's pharmaceutical market. The Board believes that groundbreaking development for the Group's operations will be round the corner after its business development in China has materialized.

## Financial Review

The Group's turnover for the six months ended 31 December 2007 amounted to HK\$739,783, while a turnover of HK\$607,034 was recorded for the corresponding period in 2006. The gross profit margin for this six months period amounted to 26.65%, which showed a slight decrease of 1.29% as compared to that of the corresponding period in 2006.

For the six months ended 31 December 2007, the Group recorded a loss attributable to shareholders of the Company of approximately HK\$441,000, as compared to the profit of approximately HK\$11,096,000 for the corresponding period in 2006.

## Liquidity, Financial Resources and Capital Structure

As at 31 December 2007, the Group's shareholders' equity amounted to approximately HK\$95,488,000 (30 June 2007: HK\$38,055,000). The Group's current assets as at 31 December 2007 mainly comprised cash and bank balances of approximately HK\$60,507,000 (30 June 2007: HK\$4,122,000) and financial assets at fair value of approximately HK\$31,726,000 (30 June 2007: HK\$15,262,864). Increases in the Group's shareholders' equity and the current assets stemmed primarily from the issue of new shares upon placement during the period.

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

As at 31 December 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 Subdivided Shares of HK\$0.001 each:

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of issued Subdivided Shares held</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Lui Chi Wah, Johnny	Beneficial owner	187,160,000	2.55%
Mr. Chan Po Kwong	Beneficial owner	2,000,000	0.03%
Mr. Lau Kam Shan	Beneficial owner	600,000	0.01%

Saved as disclosed above and share options granted to the Directors as disclosed under the paragraph headed "Share options" in this announcement, 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 31 December 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

As at 31 December 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests or short position in the shares or underlying shares of the Company:

Long positions in Subdivided Shares of HK\$0.001 each of the Company:

Name of shareholders	Notes	Number of shares held, capacity and nature of interests				Total	Percentage of the Company's enlarged share capital upon full conversion of the Convertible Bonds or upon the issue of the Consideration Shares
		Beneficially owned	Beneficially owned through holding of Convertible Bonds	Beneficially owned through holding of Consideration Shares	Through a jointly controlled entity/a controlled corporation		
Precious Success Group Limited ("Previous Success")	1	-	7,894,736,840	-	-	7,894,736,840	51.82%
Classictime Investments Limited	1&2	-	-	-	7,894,736,840	7,894,736,840	51.82%
Charm Advance Limited	2	-	-	-	7,894,736,840	7,894,736,840	51.82%
Hong Kong Health Check and Laboratory Holdings Company Limited ("HK Health Check")	2	-	-	-	7,894,736,840	7,894,736,840	51.82%
Town Health (BVI) Limited	2	-	-	-	7,894,736,840	7,894,736,840	51.82%
Top Act Group Limited	2	-	-	-	7,894,736,840	7,894,736,840	51.82%
Spring Biotech Limited	1&3	328,955,240	-	-	7,894,736,840	8,223,692,080	52.84%
Town Health Bio-Medical Technology Limited	3	-	-	-	8,223,692,080	8,223,692,080	52.84%
Town Health International Holdings Company Limited ("Town Health")	2,3&4	-	-	-	8,223,692,080	8,223,692,080	52.84%
Broad Idea International Limited	4	-	-	-	8,223,692,080	8,223,692,080	52.84%
Dr. Cho Kwai Chee	4	-	-	-	8,223,692,080	8,223,692,080	52.84%
Dr. Francis Choi Chee Ming J.P.	4	-	-	-	8,223,692,080	8,223,692,080	52.84%
U Man long	5	-	-	3,000,000,000	-	3,000,000,000	29.01%

Notes:

1. On 6 November 2007, the Company has entered into a conditional subscription agreement with Precious Success, a jointly controlled entity which is owned as to 50% by Classictime Investments Limited and as to 50% by Spring Biotech Limited, in connection with the subscription of the convertible bonds by Previous Success (the "Convertible Bonds") with an aggregate principal amount of HK\$150 million which can be exercised and converted into 7,894,736,840 conversion shares at an initial conversion price of HK\$0.019 per conversion share after adjusting for the effect on the Share Subdivision. Details of this issue of Convertible Bonds are disclosed in the circular of the Company dated 6 December 2007.
2. Classictime Investments Limited is wholly owned by HK Health Check through its wholly owned subsidiary, Charm Advance Limited. HK Health Check is a company with its shares listed on the main board of The Stock Exchange. Top Act Group Limited holds approximately 58.35% interest in HK Health Check through its holding of issued ordinary shares and shares to be issued upon the conversion of convertible notes in HK Health Check. Top Act Group is a wholly owned subsidiary of Town Health (BVI) Limited which in turn wholly owned by Town Health.
3. Spring Biotech Limited is wholly owned by Town Health Bio-Medical Technology Limited which in turn wholly owned by Town Health.
4. Town Health is a company with its shares listed on GEM. As at the date of this report, Town Health is beneficially owned as to approximately 47.07% by Broad Idea International Limited. Broad Idea International Limited is beneficially owned as to 50.1% by Dr. Cho Kwai Chee and as to 49.9% by Dr. Francis Choi Chee Ming JP.
5. On 6 November 2007, the Company has entered into a referral agreement (the "Referral Agreement") with Mr. U Man long (the "Referral Agent"), whereby, the Referral Agent has agreed to identify for the Company (i) potential Class 1 New Drugs acquisition targets in the PRC; and (ii) potential PRC Drugs Distribution Network acquisition targets. Upon completion of the aforesaid acquisitions (i) and (ii), the Company agreed to allot 2,000,000,000 and 1,000,000,000 consideration shares (the "Consideration Shares") respectively to the Referral Agent (after adjusting the effect on Share Subdivision). Details of this possible issue of new shares under the Referral Agreement are disclosed in the circular of the Company dated 6 December 2007.

Saved as disclosed above, the Company has not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company as at 31 December 2007 as recorded in the register required to be kept by the Company under 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 six months ended 31 December 2007 are as follows:

Name of Director	Date of grant	Exercisable period	Exercise price per Subdivided 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 31/12/2007
Mr. Lau Kam Shan	20/06/2005	20/06/2005 – 19/6/2008	0.0225	11,111,110	-	11,111,110	-
	19/06/2006	19/06/2006 – 18/06/2008	0.0105	5,000,000	-	5,000,000	-
Mr. Chan Po Kwong	19/06/2006	19/06/2006 – 18/06/2016	0.0105	9,484,930	-	9,484,930	-
Total				<u>25,596,040</u>	<u>-</u>	<u>25,596,040</u>	<u>-</u>



Movements of share options granted to eligible participants other than Directors under the Share Option Scheme for the six months ended 31 December 2007 are as follows:

Name of Director	Date of grant	Exercisable period	Exercise price per Subdivided 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 31/12/2007
Employees	26/06/2006	26/06/2006 – 25/06/2016	0.0116	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>

2. 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 six months ended 31 December 2007 are as follows:

Date of grant	Exercisable period	Exercise price per Subdivided 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 31/12/2007
28/06/2005	28/12/2005 – 27/06/2010	0.0223	44,843,050	-	44,843,050	-
26/06/2006	26/12/2006 – 25/06/2011	0.0116	94,827,580	-	94,827,580	-
22/06/2007	22/12/2007 – 21/06/2012	0.0295	<u>40,677,960</u>	<u>-</u>	<u>-</u>	<u>40,677,960</u>
			<u>180,348,590</u>	<u>-</u>	<u>139,670,630</u>	<u>40,677,960</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 announcement, at no time during the six months ended 31 December 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 six months ended 31 December 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 six months ended 31 December 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 announcement, including the Group's unaudited consolidated results for the six months ended 31 December 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, 5 February 2008

*As at the date of this report, the executive Directors are Mr. Lui Chi Wah, Johnny, Dr. Hui Ka Wah, Ronnie, JP 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.*