



CORE HEALTHCARE INVESTMENT HOLDINGS LTD.



INTERIM REPORT
2008/2009



Core Healthcare Investment Holdings Limited
確思醫藥投資控股有限公司*

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

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

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

This report will remain on the “Latest Company Reports” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.corehealth.com.hk>.



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. Hui Ka Wah, Ronnie, *JP*
Mr. Wu Kai

NON-EXECUTIVE DIRECTOR

Mr. Lui Chi Wah, Johnny
Mr. Lau Kam Shan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Shun Tim
Mr. Chan Po Kwong
Mr. Lam Yan Wing

AUDIT COMMITTEE

Mr. Kwok Shun Tim
Mr. Chan Po Kwong
Mr. Lam Yan Wing

COMPANY SECRETARY

Ms. Chan Lai Yee (*CPA, ACCA*)

REGISTERED OFFICE

Ugland House, PO Box 309GT
South Church Street, Grand Cayman
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shop 1A-C, Level 1,
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3-9 Shatin Centre Street
Shatin, New Territories
Hong Kong

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Dah Sing Bank Limited
Wing Hang Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

M&C Corporate Services Limited
Ugland House, PO Box 309GT
South Church Street, Grand Cayman
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
Hong Kong



FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2008:

- Turnover for the six months ended 31 December 2008 amounted to approximately HK\$1,550,000, representing an increase of 109.46% as compared to that of the corresponding period in 2007.
- Profit attributable to the equity holders of the Company for the six months ended 31 December 2008 amounted to approximately HK\$172,589,000 (2007: loss of approximately HK\$441,000). The profit is mainly due to a fair value gain of convertible bonds issued by the Company of approximately HK\$187,145,000 as recorded in 2008 but not in 2007.
- The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2008 (2007: 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 2008, together with the comparative unaudited figures for the corresponding periods in 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 December 2008

	Notes	Three months ended		Six months ended	
		31 December		31 December	
		2008 (Unaudited) HK\$	2007 (Unaudited) HK\$	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Turnover	4	1,062,653	414,372	1,549,558	739,783
Cost of sales and services		(591,647)	(287,269)	(771,700)	(542,626)
Gross profit		471,006	127,103	777,858	197,157
Other income	6	1,319,387	1,180,485	2,281,504	1,427,024
Selling and distribution expenses		(22,900)	(3,552)	(45,286)	(9,726)
Administrative expenses		(3,601,690)	(1,998,337)	(5,405,783)	(3,223,601)
Other operating expenses		(1,402,888)	(149,661)	(2,320,305)	(193,535)
Net (loss)/gain of financial assets at fair value through profit or loss (held for trading)		(1,798,030)	(11,002,174)	(9,719,048)	1,361,626
Fair value gain of convertible bonds		120,268,828	-	187,145,440	-
Profit/(loss) before tax		115,233,713	(11,846,136)	172,714,380	(441,055)
Income tax expense	7	(125,001)	-	(125,001)	-
Profit/(loss) for the period attributable to the equity holders of the Company		115,108,712	(11,846,136)	172,589,379	(441,055)
Dividends	8	-	-	-	-
Earnings/(loss) per share					
- basic	9	1.559 cents	(0.168 cents)	2.338 cents	(0.007 cents)
- diluted	9	0.838 cents	(0.168 cents)	1.246 cents	(0.007 cents)



CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008 and 30 June 2008

	Notes	31 December 2008 (Unaudited) HK\$	30 June 2008 (Audited) HK\$
Non-current assets			
Property, plant and equipment		2,318,715	2,529,766
Goodwill		50,800	–
		2,369,515	2,529,766
Current assets			
Inventories		48,232	51,580
Trade and other receivables	10	14,501,756	23,759,566
Financial assets at fair value through profit or loss		10,779,363	24,390,311
Cash and bank balances		188,456,164	179,459,840
		213,785,515	227,661,297
Current liabilities			
Trade and other payables	11	3,120,778	1,059,750
Convertible bonds		303,403,247	490,548,687
Current tax liabilities		–	1,541,000
		306,524,025	493,149,437
Net current liabilities		(92,738,510)	(265,488,140)
Net liabilities		(90,368,995)	(262,958,374)
Capital and reserves			
Share capital		7,381,745	7,381,745
Reserves		(97,750,740)	(270,340,119)
Capital deficiency		(90,368,995)	(262,958,374)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008

	Reserves					
	Share capital HK\$	Share premium HK\$	Share options reserves HK\$	Accumulated profit/ (losses) HK\$	Sub-total of reserves HK\$	Total HK\$
Balance at 1 July 2008 (Audited)	7,381,745	104,171,352	837,295	(375,348,766)	(270,340,119)	(262,958,374)
Profit for the period	-	-	-	172,589,379	172,589,379	172,589,379
Balance at 31 December 2008 (Unaudited)	7,381,745	104,171,352	837,295	(202,759,387)	(97,750,740)	(90,368,995)

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For the six months ended 31 December 2007

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



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2008

	Six months ended 31 December	
	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Net cash generated from operating activities	3,400,723	12,932,422
Net cash generated from/(used in) investing activities	5,595,601	(14,421,659)
Net cash generated from financing activities	–	57,873,803
Net increase in cash and cash equivalents	8,996,324	56,384,566
Cash and cash equivalents at beginning of period	179,459,840	4,122,164
Cash and cash equivalents at end of period	188,456,164	60,506,730
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	188,456,164	60,506,730



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's 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 and healthcare services, related research and development, advertising and public relationship services, investment holding and sales of health food and pharmaceutical products.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 condensed consolidated results have been prepared under the historical cost convention, as modified by the valuation of investments and convertible bonds which are carried at their fair values.

The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those adopted in preparing the Group's audited financial statements for the year ended 30 June 2008.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments and new interpretations ("new HKFRSs") issued by the HKICPA.

HKAS 39 & HKFRS 7	Reclassification of financial assets (Amendments)
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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



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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendments)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of investment in a subsidiary, jointly controlled entities or associates ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 8	Operating segments ²
HK(IFRIC) – INT 15	Agreements for the construction of real estate ²
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁴
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ³

¹ Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for accounting periods beginning on or after 1 January 2009

³ Effective for accounting periods beginning on or after 1 July 2009

⁴ Effective for accounting periods beginning on or after 1 October 2008

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

4. TURNOVER

The Group's turnover represents the aggregate of the net amounts received and receivable from the third parties for the period. An analysis of the Group's turnover for the period is as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Provision of diagnostic testing and healthcare services	819,078	352,535	1,275,045	630,157
Provision of advertising and public relationship services	210,015	–	210,015	–
Sales of health food and pharmaceutical products	33,560	61,837	64,498	109,626
	1,062,653	414,372	1,549,558	739,783



5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

The following table shows the turnover, profit/(loss) information for the Group's business segments for the six months ended 31 December 2008.

	Provision of diagnosis testing and healthcare services <i>HK\$</i>	Provision of advertising and public relationship services <i>HK\$</i>	Sales of health food and pharmaceutical products <i>HK\$</i>	Research and development <i>HK\$</i>	Total <i>HK\$</i>
TURNOVER	1,275,045	210,015	64,498	–	1,549,558
RESULTS					
Segment results	(4,456,977)	(67,918)	(951,502)	(26,677)	(5,503,074)
Unallocated corporate income					2,278,381
Unallocated corporate expenses					(1,487,319)
Net loss of financial assets at fair value through profit or loss (held for trading)					(9,719,048)
Fair value gain of convertible bonds					187,145,440
Profit before tax					172,714,380



The following table shows the turnover, profit/(loss) information for the Group's business segments for the six months ended 31 December 2007.

	Provision of diagnosis testing and healthcare services <i>HK\$</i>	Provision of advertising and public relationship services <i>HK\$</i>	Sales of health food and pharmaceutical products <i>HK\$</i>	Research and development <i>HK\$</i>	Total <i>HK\$</i>
TURNOVER	630,157	–	109,626	–	739,783
RESULTS					
Segment results	(881,591)	–	(294,957)	222,567	(953,981)
Unallocated corporate income					843,406
Unallocated corporate expenses					(1,692,106)
Net gain of financial assets at fair value through profit or loss (held for trading)					1,361,626
Loss before tax					(441,055)

(b) Geographical segments

The turnover and results of the Group for the six months ended 31 December 2007 and 2008 are derived wholly from customers located in one geographical market, namely Hong Kong.



6. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Interest income	1,145,227	522,860	2,032,019	694,560
Dividend income from listed investments	171,037	55,077	246,362	123,756
Sundry income	3,123	602,548	3,123	608,708
	1,319,387	1,180,485	2,281,504	1,427,024

7. INCOME TAX EXPENSE

	Three months ended 31 December		Six months ended 31 December	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Current tax – Hong Kong Profits Tax				
Under-provision in prior years	125,001	–	125,001	–

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 31 December 2008 (2007: Nil).

There was no material unprovided deferred taxation for the three months and six months ended 31 December 2008 (2007: Nil).

8. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2008 (2007: Nil).



9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share for the three months ended 31 December 2008 is based on the unaudited profit attributable to the equity holders of the Company of HK\$115,108,712 (2007: loss of HK\$11,846,136) and the weighted average number of 7,381,744,630 (2007: 7,032,595,240) shares in issue during the period.

The calculation of the basic earnings/(loss) per share for the six months ended 31 December 2008 is based on the unaudited profit attributable to the equity holders of the Company of HK\$172,589,379 (2007: loss of HK\$441,055) and the weighted average number of 7,381,744,630 (2007: 6,103,931,920) shares in issue during the period.

The calculation of the diluted earnings/(loss) per share for the three months ended 31 December 2008 is based on the unaudited profit attributable to the equity holder of the Company, adjusted to eliminate the interest expense less tax effect, to arrive at the adjusted earnings of HK\$115,421,837 (2007: loss of HK\$11,846,136) and the weighted average number of 13,777,363,306 (2007: 7,065,667,550) shares outstanding during the period after adjusting for the effects of all potential shares issued upon conversion of the convertible bonds.

The calculation of the diluted earnings/(loss) per share for the six months ended 31 December 2008 is based on the unaudited profit attributable to the equity holder of the Company, adjusted to eliminate the interest expense less tax effect, to arrive at the adjusted earnings of HK\$173,215,629 (2007: loss of HK\$441,055) and the weighted average number of 13,905,440,748 (2007: 6,149,574,900) shares outstanding during the period after adjusting for the effects of all potential shares issued upon conversion of the convertible bonds.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December 2008 HK\$	As at 30 June 2008 HK\$
Trade receivables	632,630	414,353
Receivables arising from dealing in listed securities	1,484,487	988,006
Deposits paid	11,512,038	22,063,958
Prepayments	282,604	143,750
Other receivables	589,997	149,499
	14,501,756	23,759,566



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

	As at 31 December 2008 HK\$	As at 30 June 2008 HK\$
0 – 30 days	476,233	244,675
31 – 60 days	37,813	70,450
61 – 90 days	10,040	25,690
Over 90 days	108,544	73,538
	632,630	414,353

As at 31 December 2008, trade receivables of HK\$156,397 (30 June 2008: HK\$169,678) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An aging analysis of these trade receivables is as follows:

	As at 31 December 2008 HK\$	As at 30 June 2008 HK\$
Up to 3 months	47,854	101,030
3 to 6 months	12,765	17,780
Over 6 months	95,778	50,868
	156,397	169,678



11. TRADE AND OTHER PAYABLES

	As at 31 December 2008 HK\$	As at 30 June 2008 HK\$
Trade payables	465,206	198,568
Other payables and accrued charges	2,655,572	861,182
	3,120,778	1,059,750

An aging analysis of these trade payables at the balance sheet date is as follows:

	As at 31 December 2008 HK\$	As at 30 June 2008 HK\$
0 – 30 days	361,455	35,837
31 – 60 days	249	–
61 – 90 days	401	–
Over 90 days	103,101	162,731
	465,206	198,568



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 31 December 2008, the Group recorded a turnover of approximately HK\$1,550,000, representing an increase of 109.46% compared with that of the corresponding period in 2007. The increase in turnover was mainly attributable to the increased sales of diagnostic testing and healthcare services.

The Group's gross profit for the six months ended 31 December 2008 was approximately HK\$778,000, representing an increase of 294.54% compared with that of the prior corresponding period.

Profit attributable to the equity holders of the Company for the six months ended 31 December 2008 was approximately HK\$172,589,000 (2007: loss of approximately HK\$441,000).

BUSINESS REVIEW

For the six months ended 31 December 2008, the Group reported an increase in turnover of 109.46% to approximately HK\$1,550,000 as compared with the corresponding period in the previous financial year. The performance of our health food retail business weakened with a 41.17% drop in turnover as the recessionary pressure of Hong Kong's economy ran deeper in the last quarter of 2008. Nevertheless, our carcinoma diagnostic and testing services – relatively immune to the economic downturn – continued to grow by 43.71% in turnover, which more than offset the decline in retail sales.

Gross profit for the period under review increased to approximately HK\$778,000 compared with the prior corresponding period as diagnostic and testing services commanded a much higher profit margin. Operating expenses increased 126.78% to approximately HK\$7,771,000. Thanks to the interest income from bank deposits of approximately HK\$2,032,000, other income jumped about 1.6 times to approximately HK\$2,282,000. Investments held for trading recorded a loss of approximately HK\$9,719,000, compared with a gain of approximately HK\$1,362,000 in the prior corresponding period. Nevertheless, a fair value gain of approximately HK\$187,145,000 on the revaluation of the convertible bonds was recorded, resulting in a net profit of approximately HK\$172,589,000.



FUTURE PROSPECTS

The US economy ended the year of 2008 with a deeper recession and with no sign of abating, Europe and Japan have also followed suit. Economists have kept on delaying their forecasts of the timing of an economic recovery, with the most optimistic falling in the last quarter of 2009.

Although Hong Kong and China have struggled to avoid one, the stock markets in Hong Kong and China tested their recent lows in the last quarter 2008. Hang Seng Index once tumbled below 11,000 in October 2008. Nevertheless, the Hong Kong stock market seemed to have stabilized while a significant recovery looks remote. The Board will continue to watch for some good timing to streamline and improve the investment portfolio so as to earn a reasonable investment result. On the other hand, we will also evaluate our retail business as competition, economic climate and its economy of scale may not justify the continuity of the business. With the difficulties of the economy we envisage it looks appropriate for us to redirect our liquidity resources into the health care and pharmaceutical businesses.

As reported in our first quarterly report, the Company managed to enter into a termination agreement with Xizang Rhodiola Pharmaceutical Co., Ltd. in November 2008 as an important condition precedent was not met. The related deposit of RMB20 million was finally received in the same month. Despite the pessimistic global economic environment, the Group remains prudently optimistic about China's healthcare and pharmaceutical markets in the long run. It is the management's belief that it is an opportunistic time to leverage on our strong cash position for value investments in Hong Kong's and China's healthcare sectors. And in order to deleverage and decrease the debt gearing ratio, so as to lower the financial stress and risk, and to maintain high degree of flexibility, we would consider gradually lowering our exposure in convertible bonds.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group held cash and bank balances of approximately HK\$188,456,000 (30 June 2008: approximately HK\$179,460,000). Net current liabilities amounted to approximately HK\$92,739,000 (30 June 2008: approximately HK\$265,488,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 0.70 times (30 June 2008: approximately 0.46 times).

The Group had no bank borrowing as at 31 December 2008 (30 June 2008: Nil).



CAPITAL STRUCTURE

As at 31 December 2008, capital deficiency attributable to the equity holders of the Company was approximately HK\$90,369,000 (30 June 2008: approximately HK\$262,958,000).

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 December 2008, the Group had no significant exposure to foreign exchange and interest rate risks.

OTHER INFORMATION

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

As at 31 December 2008, 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, were as follows:

THE COMPANY

Long positions in ordinary shares of HK\$0.001 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	187,160,000	2.54%

Save as disclosed above, 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 2008 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 2008, 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 ordinary shares of HK\$0.001 each:

Name of shareholders	Notes	Number of shares held, capacity and			Percentage of the Company's issued share capital
		Directly beneficially owned	nature of interest Through a controlled corporation	Total	
Dr. Choi Chee Ming, JP	2	-	13,212,447,671	13,212,447,671	178.99%
Dr. Cho Kwai Chee	2	-	13,212,447,671	13,212,447,671	178.99%
Broad Idea International Limited ("Broad Idea")	3	-	13,212,447,671	13,212,447,671	178.99%
Town Health International Holdings Company Limited ("Town Health")	4	-	13,212,447,671	13,212,447,671	178.99%
Town Health Bio-Medical Technology Limited ("Town Health Bio")	4	-	8,248,376,291	8,248,376,291	111.74%
Spring Biotech Limited ("Spring Biotech")	1, 4	1,406,271,029	6,842,105,262	8,248,376,291	111.74%
Hong Kong Health Check and Laboratory Holdings Company Limited ("HK Health Check")	5	4,437,755,591	7,368,421,051	11,806,176,642	159.94%
Charm Advance Limited	5	-	7,368,421,051	7,368,421,051	99.82%
Classictime Investments Limited ("Classictime Investments")	1, 5	526,315,789	6,842,105,262	7,368,421,051	99.82%
Precious Success Group Limited ("Precious Success")	1	6,842,105,262	-	6,842,105,262	92.69%
Mr. U Man long ("Mr. U")	6	3,000,000,000	-	3,000,000,000	40.64%



Notes:

1. Pursuant to the convertible bonds subscription agreement dated 6 November 2007, Precious Success, together with Spring Biotech and Classictime Investments, have long positions in 7,894,736,840 shares of the Company to be allotted and issue upon the exercise in full of the convertible bonds to be issued pursuant to the convertible bonds subscription agreement (the "Conversion Shares"). As at the date of this report, each of Precious Success, Spring Biotech and Classictime Investments holds convertible bonds with principal amounts of HK\$130 million, HK\$10 million and HK\$10 million respectively.
2. Dr. Cho Kwai Chee and Dr. Choi Chee Ming, *JP* are interested in 50.1% and 49.9% of the issued share capital of Broad Idea respectively and each of them is deemed, pursuant to the SFO, to have a long position in the Conversion Shares and an interest in the same block of 879,955,240 shares of the Company held by Spring Biotech and 4,437,755,591 shares of the Company held by HK Health Check that Broad Idea is deemed to be interested in.
3. Broad Idea is interested in 35.64% of the issued share capital of Town Health and pursuant to the SFO, is deemed to have a long position in the Conversion Shares and an interest in the same block of 879,955,240 shares of the Company held by Spring Biotech and 4,437,755,591 shares of the Company held by HK Health Check that Town Health is deemed to be interested in.
4. Spring Biotech owns 50% of Precious Success and is deemed under the SFO to have a long position over the Conversion Shares. Spring Biotech also owns 879,955,240 shares of the Company. Town Health owns 100% of Town Health Bio which in turn owns 100% of Spring Biotech. Pursuant to the SFO, each of Town Health Bio and Town Health is deemed to have a long position over the Conversion Shares and an interest in the same block of 879,955,240 shares of the Company held by Spring Biotech.
5. HK Health Check owns 100% of Classictime Investments through its wholly-owned subsidiary Charm Advance Limited. Classictime Investments owns 50% of Precious Success. Pursuant to the SFO, each of Classictime Investments, Charm Advance Limited and HK Health Check is deemed to have a long position in the Conversion Shares. HK Health Check also owns 4,437,755,591 shares of the Company.
6. Mr. U is deemed to have a long position over 3,000,000,000 shares of the Company which may be allotted and issue pursuant to the referral agreement as disclosed in the circular of the Company dated 13 March 2008.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2008.



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.

No share options were granted under the Share Option Scheme during the six months ended 31 December 2008.

2. Pursuant to an agreement entered into between the Company and 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, 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 during the six months ended 31 December 2008 are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding	Granted	Exercised/ Cancelled/ Lapsed	Outstanding
			at 01/07/2008		at 31/12/2008	
27/06/2008	27/12/2008 – 26/06/2013	0.1220	10,655,738	-	-	10,655,738



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executive's interests in shares and underlying shares" and "Share options" in this report, at no time during the six months ended 31 December 2008 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 during the six months ended 31 December 2008.

EMPLOYEE INFORMATION

As at 31 December 2008, the Group had approximately 15 employees.

An employee's remuneration includes basic salary, year-end bonus and other allowances. Employees are remunerated based on their respective educational background, position and working experience. There are annual performance appraisal for promotion and salary increase. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. In addition, each employee enjoys mandatory provident fund, medical allowance and other fringe benefit.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 31 December 2008.



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 period. 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 the 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 financial statements for the six months ended 31 December 2008, had been reviewed by the audit committee of the Company.

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 2008, except for the following deviation:



CODE PROVISION A.2.1

This code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Dr. Hui Ka Wah, Ronnie JP (“Dr. Hui”) was appointed as chairman and chief executive officer of the Company on 16 January 2009. Taking into account the size of operation of the Group, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the participation of experienced and high caliber members of the Board which meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Dr. Hui and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Group. Nevertheless, the Board will continually review the function of the Board and its relationship with the management, especially the necessity and the benefits of separating the roles of chairman and chief executive officer.

By order of the Board

Core Healthcare Investment Holdings Limited

Hui Ka Wah, Ronnie

Chairman

Hong Kong, 10 February 2009

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