



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)

Interim Report
2009/2010



*For identification purpose only

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 GEM (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 Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of publication and on the website of the Company at <http://www.corehealth.com.hk>.

CONTENTS

Corporate Information	2
Financial Highlights	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	17
Other Information	19

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. U Man long (*Chairman*)

Mr. Wu Kai

Mr. Chow Kai Wah, Gary

Mr. Li Wai Hung

Dr. Hui Ka Wah, Ronnie, JP

(resigned on 11 November 2009)

Non-executive Directors

Mr. Lui Chi Wah, Johnny

(resigned on 30 September 2009)

Mr. Lau Kam Shan

(resigned on 30 September 2009)

Independent Non-executive Directors

Mr. Chan Yip Man, Norman

Mr. Hui Sin Kwong

Mr. Leung Chi Kin

Mr. Kwok Shun Tim

(resigned on 30 September 2009)

Mr. Lam Yan Wing

(retired on 2 November 2009)

Mr. Chan Po Kwong

(resigned on 27 November 2009)

AUDIT COMMITTEE

Mr. Chan Yip Man, Norman (*Chairman*)

Mr. Hui Sin Kwong

Mr. Leung Chi Kin

COMPANY SECRETARY

Ms. Chan Lai Yee

COMPLIANCE OFFICER

Mr. Chow Kai Wah, Gary

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,

Hilton Plaza Commercial Centre

3-9 Shatin Centre Street

Shatin, New Territories

Hong Kong

AUDITORS

RSM Nelson Wheeler

Certified Public Accountants

PRINCIPAL BANKERS

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 2009:

- The Group recorded turnover of approximately HK\$1,887,000, representing an increase of 21.77% as compared with the corresponding period in 2008.
- Profit attributable to equity holders of the Company amounted to approximately HK\$9,379,000 (2008: HK\$172,589,000).

As at 31 December 2009:

- The Group had cash and bank balances of approximately HK\$40,305,000 (30 June 2009: HK\$52,926,000). Net current assets amounted to approximately HK\$122,721,000 (30 June 2009: HK\$87,947,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 69.13 times (30 June 2009: 47.69 times).

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2009 (2008: Nil).

INTERIM RESULTS

The board of Directors (the "Board") is pleased to announce 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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2009

	Notes	Three months ended 31 December		Six months ended 31 December	
		2009 (Unaudited) HK\$	2008 (Unaudited) HK\$	2009 (Unaudited) HK\$	2008 (Unaudited) HK\$
Turnover	4	1,018,423	1,062,653	1,886,937	1,549,558
Cost of sales and services		(423,401)	(591,647)	(928,772)	(771,700)
Gross profit		595,022	471,006	958,165	777,858
Other income	6	100,296	1,319,387	151,375	2,281,504
Selling and distribution expenses		-	(22,900)	-	(45,286)
Administrative expenses		(3,376,483)	(3,601,690)	(8,457,264)	(5,405,783)
Other operating expenses		(973,779)	(1,402,888)	(12,485,270)	(2,320,305)
Net gain/(loss) of financial assets at fair value through profit or loss (held for trading)		29,925,827	(1,798,030)	29,212,130	(9,719,048)
Fair value gain of convertible bonds		-	120,268,828	-	187,145,440
Profit before tax	7	26,270,883	115,233,713	9,379,136	172,714,380
Income tax expense	8	-	(125,001)	-	(125,001)
Profit for the period and total comprehensive income for the period attributable to equity holders of the Company		26,270,883	115,108,712	9,379,136	172,589,379
Dividends	9	-	-	-	-
Earnings per share	10		(Restated)		(Restated)
- Basic		0.126	0.780	0.048	1.169
- Diluted		N/A	0.419	0.048	0.623

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	<i>Notes</i>	As at 31 December 2009 (Unaudited) HK\$	As at 30 June 2009 (Audited) HK\$
Non-current assets			
Investment properties		17,200,000	–
Property, plant and equipment		1,584,825	1,907,730
		18,784,825	1,907,730
Current assets			
Trade and other receivables	11	8,381,352	11,467,771
Financial assets at fair value through profit or loss		75,836,476	25,436,887
Cash and bank balances		40,304,590	52,926,051
		124,522,418	89,830,709
Current liabilities			
Trade and other payables	12	1,801,311	1,883,786
		1,801,311	1,883,786
Net current assets		122,721,107	87,946,923
NET ASSETS		141,505,932	89,854,653
Capital and reserves			
Share capital		11,111,745	8,836,745
Reserves		130,394,187	81,017,908
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		141,505,932	89,854,653

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2009*

	Reserves					Total HK\$
	Share capital HK\$	Share premium HK\$	Share options reserves HK\$	Accumulated profit/ (losses) HK\$	Sub-total of reserves HK\$	
Balance at 1 July 2009 (Audited)	8,836,745	143,110,423	837,295	(62,929,810)	81,017,908	89,854,653
Issue of new shares upon placement	1,850,000	21,548,750	-	-	21,548,750	23,398,750
Issue of shares upon exercise of share options	425,000	9,350,000	-	-	9,350,000	9,775,000
Recognition of share-based payments	-	-	9,098,393	-	9,098,393	9,098,393
Transfer of reserve upon exercise of share options	-	3,543,645	(3,543,645)	-	-	-
Profit for the period	-	-	-	9,379,136	9,379,136	9,379,136
Balance at 31 December 2009 (Unaudited)	11,111,745	177,552,818	6,392,043	(53,550,674)	130,394,187	141,505,932

For the six months ended 31 December 2008

	Reserves					Total HK\$
	Share capital HK\$	Share premium HK\$	Share options reserves HK\$	Accumulated profit/ (losses) HK\$	Sub-total of reserves 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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2009***Six months ended
31 December**

	2009 (Unaudited) HK\$	2008 (Unaudited) HK\$
Net cash (used in)/generated from operating activities	(2,139,433)	3,400,723
Net cash (used in)/generated from investing activities	(43,655,778)	5,595,601
Net cash generated from financing activities	33,173,750	–
	(12,621,461)	8,996,324
Net (decrease)/increase in cash and cash equivalents	52,926,051	179,459,840
Cash and cash equivalents at beginning of period		
	40,304,590	188,456,164
Cash and cash equivalents at end of period		
	40,304,590	188,456,164
Analysis of the balances of cash and cash equivalents		
Cash and bank balances		

NOTES TO THE 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 and investment holding.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 GEM and by the Hong Kong Companies Ordinance.

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

The unaudited condensed consolidated results have been prepared under the historical cost convention, as modified by the valuation of investments and investment properties which are measured at their fair values.

Except as set out below, 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 2009.

In the current interim period, the Group has adopted, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA, which are relevant to the Group's operations and effective for the Group's financial year beginning on 1 July 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

Except as described below, the adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 5).

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of the other new and revised HKFRSs would have no material impact on its results of operations and financial positions.

4. TURNOVER

The Group's turnover represents turnover arising on provision of diagnostic testing and sale of pharmaceutical products, advertising and public relationship services and property investment. An analysis of the Group's turnover for the period is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Provision of diagnostic testing and sale of pharmaceutical products	573,343	852,638	1,088,247	1,339,543
Provision of advertising and public relationship services	266,464	210,015	620,074	210,015
Property investment	178,616	–	178,616	–
	1,018,423	1,062,653	1,886,937	1,549,558

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach. In the past, the Group's primary reporting format was business segments that were organized into four divisions, namely, provision of diagnostic testing and healthcare services, provision of advertising and public relationship services, sales of health food and pharmaceutical products, and research and development.

The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. For the purpose of financial reporting, the results of provision of diagnostic testing and healthcare services, and sales of health food and pharmaceutical products were grouped into a single segment. The Group has identified the following four operating and reportable segments under HKFRS 8:

- Provision of diagnostic testing and sale of pharmaceutical products
- Provision of advertising and public relationship services
- Property investment
- Research and development

Information regarding these reporting segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8. There was no inter-segment sale and transfer during the current and prior period.

The following is an analysis of the Group's turnover and results by reporting segment for the six months ended 31 December 2009.

	Provision of diagnostic testing and sale of pharmaceutical products HK\$	Provision of advertising and public relationship services HK\$	Property investment HK\$	Research and development HK\$	Total HK\$
TURNOVER	<u>1,088,247</u>	<u>620,074</u>	<u>178,616</u>	<u>-</u>	<u>1,886,937</u>
SEGMENT RESULTS	<u>(15,703,440)</u>	<u>(281,117)</u>	<u>(506,535)</u>	<u>(1,277,316)</u>	<u>(17,768,408)</u>
Unallocated corporate income					151,375
Unallocated corporate expenses					(2,215,961)
Net gain of financial assets at fair value through profit or loss (held for trading)					<u>29,212,130</u>
Profit before tax					9,379,136
Income tax expense					<u>-</u>
Profit for the period					<u>9,379,136</u>

The following is an analysis of the Group's turnover and results by reporting segment for the six months ended 31 December 2008.

	(Restated) Provision of diagnostic testing and sale of pharmaceutical products HK\$	Provision of advertising and public relationship services HK\$	Property investment HK\$	Research and development HK\$	Total HK\$
TURNOVER	<u>1,339,543</u>	<u>210,015</u>	<u>-</u>	<u>-</u>	<u>1,549,558</u>
SEGMENT RESULTS	<u>(5,408,479)</u>	<u>(67,918)</u>	<u>-</u>	<u>(26,677)</u>	<u>(5,503,074)</u>
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					<u>187,145,440</u>
Profit before tax					172,714,380
Income tax expense					<u>(125,001)</u>
Profit for the period					<u>172,589,379</u>

6. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Interest income	77,703	1,145,227	108,189	2,032,019
Dividend income from listed investments	22,000	171,037	22,000	246,362
Sundry income	593	3,123	21,186	3,123
	100,296	1,319,387	151,375	2,281,504

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Three months ended 31 December		Six months ended 31 December	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Depreciation of property, plant and equipment	181,612	187,091	371,505	384,276
Cost of inventories sold	-	22,470	-	47,689
Share-based payment expenses	-	-	9,098,393	-

8. INCOME TAX EXPENSE

	Three months ended 31 December		Six months ended 31 December	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Current tax – Hong Kong Profits				
Tax Under-provision in prior years	–	125,001	–	125,001

No provision for Hong Kong profits tax has been made for the three months and six months ended 31 December 2009 as the companies in the Group either have no assessable profits or have available tax losses brought forward from prior years to offset against current year's estimated assessable profits. (2008: Nil).

There was no material unprovided deferred taxation for the three months and six months ended 31 December 2009 (2008: Nil).

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2009 (2008: Nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 December 2009 was based on the unaudited profit attributable to equity holders of the Company of HK\$26,270,883 (2008: HK\$115,108,712) and the weighted average number of 208,158,805 (2008: 147,634,892, as restated) shares in issue.

The calculation of the basic earnings per share for the six months ended 31 December 2009 was based on the unaudited profit attributable to equity holders of the Company of HK\$9,379,136 (2008: HK\$172,589,379) and the weighted average number of 196,077,827 (2008: 147,634,892, as restated) shares in issue.

The effects of all potential ordinary shares are anti-dilutive for the three months ended 31 December 2009.

The calculation of the diluted earnings per share for the six months ended 31 December 2009 was based on the unaudited profit attributable to equity holders of the Company of HK\$9,379,136 and 196,082,501 shares, being the weighted average number of shares outstanding during the period after adjusting for the effects of all potential dilutive shares.

The calculations of diluted earnings per shares for the three months and six months ended 31 December 2008 were based on the unaudited profit attributable to equity holders of the Company, adjusted to eliminate the interest expense less tax effect, to arrive at the adjusted earnings of HK\$115,421,837 and HK\$173,215,629 respectively and the weighted average number of 275,547,265 shares (restated) and 278,108,814 shares (restated) outstanding during the period after adjusting for the effects of all potential shares issued upon conversion of the convertible bonds.

The weighted average numbers of ordinary shares for the purpose of the basic and diluted earnings per share for the periods ended 31 December 2008 and 31 December 2009 have been adjusted for the Company's share consolidation with effect from 21 January 2010.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December 2009 HK\$	As at 30 June 2009 HK\$
Trade receivables	672,250	1,375,132
Payment for shares in initial public offerings	–	9,616,057
Receivables arising from dealing in listed securities	253,402	46,215
Deposits paid	38,828	42,428
Prepayments	270,052	236,173
Other receivables	7,146,820	151,766
	8,381,352	11,467,771

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 2009 HK\$	As at 30 June 2009 HK\$
0 – 30 days	445,324	950,008
31 – 60 days	35,867	174,060
61 – 90 days	21,765	106,560
Over 90 days	169,294	144,504
	<hr/> 672,250 <hr/>	<hr/> 1,375,132 <hr/>

As at 31 December 2009, trade receivables of HK\$226,926 (30 June 2009: HK\$425,124) 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 2009 HK\$	As at 30 June 2009 HK\$
Up to 3 months	57,632	281,120
3 to 6 months	3,650	24,240
Over 6 months	165,644	119,764
	<hr/> 226,926 <hr/>	<hr/> 425,124 <hr/>

12. TRADE AND OTHER PAYABLES

	As at 31 December 2009 HK\$	As at 30 June 2009 HK\$
Trade payables	171,547	1,077,182
Other payables and accrued charges	1,629,764	806,604
	1,801,311	1,883,786

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

	As at 31 December 2009 HK\$	As at 30 June 2009 HK\$
0 – 30 days	65,898	777,900
31 – 60 days	15,438	179,400
61 – 90 days	2,328	35,670
Over 90 days	87,883	84,212
	171,547	1,077,182

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of interim reporting period, the Company proposed to implement the share consolidation on the basis that every five issued and unissued shares of HK\$0.01 each in the share capital of the Company would be consolidated into one consolidated share of HK\$0.05 each ("Share Consolidation"). The ordinary resolution approving the Share Consolidation was duly passed by the shareholders of the Company at the extraordinary general meeting held on 20 January 2010 and the Share Consolidation became effective on 21 January 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 31 December 2009, the Group reported an increase in turnover of 21.77% to approximately HK\$1,887,000 as compared with the corresponding period in 2008. Our diagnostic testing services recorded a decrease by 18.76% in turnover to approximately HK\$1,088,000.

In the third quarter of 2009, the Group purchased several properties. The rental income generated from such properties during the period under review was approximately HK\$179,000. We believe that property investment will generate reasonable and steady income to the Group.

With the recovering economy and increasing upward investment momentum in the securities market, investments held for trading recorded a gain of approximately HK\$29,212,000 for the six months ended 31 December 2009. The Group will continue to prudently and effectively manage its financial resources to bring more value to its shareholders.

In November 2009, the Board proposed to change the name of the Company from “Core Healthcare Investment Holdings Limited” to “China Natural Investment Company Limited 中國天然投資有限公司” (the “Change of Company Name”), and the existing Chinese name of the Company “確思醫藥投資控股有限公司” (which was adopted for identification purpose only) will no longer be used.

The Board considers that the Change of Company Name could better reflect the diversification of the business development of the Group and provide the Company with a new corporate identity and image. The Change of Company Name has been approved by the shareholders of the Company at the extraordinary general meeting held on 11 January 2010. The Company has completed the filing procedures with the Registrar of Companies in the Cayman Islands and is now carrying out the necessary filing procedures with the Registrar of Companies in Hong Kong. Further announcement(s) will be made by the Company as and when appropriate to inform its shareholders of the effective date of the Change of Company Name.

Future Prospects

The economy of China is projected to continue to grow steadily due to the Chinese central government’s macro-economic policies to boost up its domestic economy. The Group will continue to focus on seeking acquisition targets in healthcare and pharmaceutical markets both in Hong Kong and China as the pharmaceutical markets present substantial opportunities for the Group’s future development.

The Group plans to speed up the development of a new line of business in China which will provide consultancy services for assisting other pharmaceutical manufacturers in their application for new drug licenses in China in the coming one year.

On 23 October 2009, Kingston Securities Limited (the "Placing Agent") and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 185,000,000 new shares of the Company (the "Placing Share(s)") to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) at a price of HK\$0.13 per Placing Share (the "Placing"). The Placing was completed on 5 November 2009. Details were disclosed in the announcements of the Company dated 23 October 2009 and 5 November 2009 respectively.

The net proceeds of approximately HK\$23.3 million from the Placing are intended to be used for future business development and general working capital of the Group.

Financial Review

For the six months ended 31 December 2009, the Group recorded a turnover from operations of approximately HK\$1,887,000 (2008: HK\$1,550,000), representing an increase of 21.77% as compared with that of the corresponding period in 2008.

Gross profit from operations for the period under review was approximately HK\$958,000 (2008: HK\$778,000), representing an increase of 23.18% as compared with that of the prior corresponding period.

Profit attributable to equity holders of the Company for the six months ended 31 December 2009 was approximately HK\$9,379,000 (2008: HK\$172,589,000).

Liquidity and Financial Resources

As at 31 December 2009, the Group held cash and bank balances of approximately HK\$40,305,000 (30 June 2009: HK\$52,926,000). Net current assets amounted to approximately HK\$122,721,000 (30 June 2009: HK\$87,947,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 69.13 times (30 June 2009: 47.69 times).

The Group had no bank borrowing as at 31 December 2009 (2008: Nil).

Capital Structure

As at 31 December 2009, the Group had shareholders' equity of approximately HK\$141,506,000. (30 June 2009: HK\$89,855,000).

On 23 October 2009, a placing agent and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, a maximum of 185,000,000 placing shares to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) at a price of HK\$0.13 per placing share. Such placing was completed on 5 November 2009. Details were disclosed in the announcements of the Company dated 23 October 2009 and 5 November 2009 respectively.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 December 2009, the Group had no significant exposure to foreign exchange and interest rate risks.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests of the Directors and the chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings in securities by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Interests in shares, underlying shares and debentures of the Company

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

Name of Director	Capacity	Number of issued/ underlying ordinary shares held	Approximate % of the Company's issued share capital as at 31 December 2009
Mr. U Man long (<i>Note a</i>)	Beneficial owner	300,000,000	27.00%
Mr. Chow Kai Wah, Gary	Beneficial owner	90,000	0.01%

Notes:

- a. Mr. U Man long is deemed to have a long position over 3,000,000,000 shares of the Company to be allotted and issued pursuant to the referral agreement as disclosed in the circular of the Company dated 13 March 2008 (the "Referral Agreement"). The number of shares of the Company to be allotted and issued to Mr. U Man long under the Referral Agreement has been adjusted to 300,000,000 shares according to the share consolidation on the basis that every ten issued and unissued shares of HK\$0.001 each in the share capital of the Company were consolidated into one consolidated share of HK\$0.01 each with effect from 6 August 2009.
- b. Subsequent to the end of interim reporting period, the Company proposed to implement the share consolidation on the basis that every five issued and unissued shares of HK\$0.01 each in the share capital of the Company will be consolidated into one consolidated share of HK\$0.05 each (the "Share Consolidation"). The ordinary resolution approving the Share Consolidation was duly passed by the shareholders of the Company at the extraordinary general meeting held on 20 January 2010 and the Share Consolidation became effective on 21 January 2010.

Save as disclosed above, as at 31 December 2009, 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 or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, the Company has not been notified by any person (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register 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.

Details of the movements in the share options granted under the Share Option Scheme during the six months ended 31 December 2009 are as follows:

Date of grant	Exercise period	Exercise price per share HK\$	Outstanding at 1 July 2009	Granted during the period	Exercised during the period	Outstanding at 31 December 2009
9 July 2009 (Notes a & b)	9 July 2009 to 8 July 2010	0.230	–	42,500,000	42,500,000	–
14 August 2009 (Note c)	14 August 2009 to 13 August 2010	0.181	–	92,600,000	–	92,600,000
			–	135,100,000	42,500,000	92,600,000

Notes:

- The exercise price and the number of share options granted and exercised were retrospectively adjusted for the share consolidation which became effective on 6 August 2009.
- The fair value of 42,500,000 share options granted on 9 July 2009 was determined by the Directors to be approximately HK\$3,544,000 with reference to a valuation performed by an independent firm of professional valuer using a Binomial model. The inputs into the model included the share price of HK\$0.220 per share on the date of grant, exercise price of HK\$0.230 per share, historical volatility of 120.504%, expected option life of 1 year, no expected dividend and estimated annualized risk free interest rate of 0.080%. The 42,500,000 share options exercised during the six months ended 31 December 2009 resulted in the issue of 42,500,000 ordinary shares of the Company. The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$0.240.
- The fair value of 92,600,000 share options granted on 14 August 2009 was determined by the Directors to be approximately HK\$5,555,000 with reference to a valuation performed by an independent firm of professional valuer using a Binomial model. The inputs into the model included the share price of HK\$0.168 per share on the date of grant, exercise price of HK\$0.181 per share, historical volatility of 121.821%, expected option life of 1 year, no expected dividend and estimated annualized risk free interest rate of 0.230%.

No share option was cancelled or lapsed under the Share Option Scheme during the six months ended 31 December 2009.

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 or such persons as it might direct over the period of the term of such agreements of four years commencing from 18 June 2004.

Details of the movements in the share options granted to the person directed by the Chinese University during the six months ended 31 December 2009 are as follows:

Date of grant	Exercise period	Exercise price per share HK\$	Outstanding at 1 July 2009	Granted during the period	Exercised/ Cancelled/ Lapsed during the period	Outstanding at 31 December 2009
27 June 2008 (Note)	27 December 2008 to 26 June 2013	1.22	1,065,573	—	—	1,065,573

Note: The exercise price and outstanding number of options as at 1 July 2009 were retrospectively adjusted for the share consolidation which became effective on 6 August 2009.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interests in shares, underlying shares and debentures" and "Share options" in this report, at no time during the six months ended 31 December 2009 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debenture of the Company or of any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the management shareholders or substantial shareholders or controlling shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in any business which competes or may compete with the business of the Group during the six months ended 31 December 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had 5 employees.

Employees' remuneration includes basic salary, year-end bonus and other allowances. The Group remunerates its employees mainly based on industry practices and individual educational background, position, performance and working experience. There are annual performance appraisal. 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, the Group provides mandatory provident fund, medical allowance and other fringe benefits to the employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2009.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the 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 as a code of conduct of the Company for the Directors' securities transactions. The Company has made specific enquiry to all Directors, and the Directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors throughout the six months ended 31 December 2009.

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 is also 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. Chan Yip Man, Norman, Mr. Hui Sin Kwong and Mr. Leung Chi Kin. Mr. Chan Yip Man, Norman is the chairman of the committee since his appointment on 30 September 2009.

This report, including the Group's unaudited financial statements for the six months ended 31 December 2009, has been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endeavours in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules during the six months ended 31 December 2009.

By Order of the Board

Core Healthcare Investment Holdings Limited
(to be renamed as "China Natural Investment Company Limited")

Chow Kai Wah, Gary

Executive Director

Hong Kong, 8 February 2010

As at the date of this report, the executive Directors are Mr. U Man long, Mr. Wu Kai, Mr. Li Wai Hung and Mr. Chow Kai Wah, Gary; and the independent non-executive Directors are Mr. Chan Yip Man, Norman, Mr. Hui Sin Kwong and Mr. Leung Chi Kin.