



2010

Half-Year Report



CHINA PUBLIC HEALTHCARE (HOLDING) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8116)

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 of China Public Healthcare (Holding) 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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 HIGHLIGHT

- Recorded an unaudited turnover of approximately HK\$279 million for the six months ended 30 June 2010, representing an approximately 100% and 211% increase over the six months period ended of the previous year and the three months period ended first quarter of this year;
- Recorded an unaudited profit attributable to the equity holders of the Company of approximately HK\$123 million, for the six months ended 30 June 2010;
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010.

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2010, together with the unaudited comparative figures for the corresponding period in 2009, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2010 (Unaudited)

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Continuing Operations					
Turnover	2	189,242	–	279,060	–
Cost of sales and services		(97,749)	–	(102,339)	–
Gross profit		91,493	–	176,721	–
Other income	2	245	56	2,912	466
Distribution expenses		(222)	(607)	(3,265)	(1,503)
Administrative expenses		(19,603)	(5,014)	(50,371)	(11,080)
Realised loss on disposal of financial assets held for trading		(799)	(1,351)	(4,102)	(1,349)
Unrealised gain/(loss) on financial assets held for trading		(1,088)	3,850	3,894	1,945
Profit/(Loss) from operations		70,026	(3,066)	125,789	(11,521)
Finance costs		(1,760)	(2,229)	(3,505)	(5,997)
Profit/(loss) before tax	4	68,266	(5,295)	122,284	(17,518)
Income tax expenses	5	(5)	–	(5)	–
Profit/(loss) for the period from continuing operations		68,261	(5,295)	122,279	(17,518)
Discontinued operations	6				
(Loss)/profit for the period from discontinued operations		(297)	3,333	(535)	1,190
Profit/(loss) for the period		67,964	(1,962)	121,744	(16,328)
Other comprehensive (expenses)/income:					
Exchange differences on translation of:					
– financial statements of foreign operations		1,245	92	1,969	164
Other comprehensive income for the period, net of tax		1,245	92	1,969	164
Total comprehensive income/ (expenses) for the period		69,209	(1,870)	123,713	(16,164)

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit/(loss) attributable to:					
Owner of the Company		68,740	(1,962)	123,468	(16,328)
Non-controlling interests		(776)	–	(1,724)	–
		67,964	(1,962)	121,744	(16,328)
Total comprehensive income/ (expenses) attributable to:					
Owner of the Company		69,985	(1,870)	125,437	(16,164)
Non-controlling interests		(776)	–	(1,724)	–
		69,209	(1,870)	123,713	(16,164)
Earning/(loss) per share	8				
From continuing and discontinued operations					
Basic (HK cents per share)		0.64	(0.07)	1.15	(0.61)
Diluted (HK cents per share)		0.48	N/A	0.82	N/A
From continuing operations					
Basic (HK cents per share)		0.64	(0.2)	1.15	(0.66)
Diluted (HK cents per share)		0.48	N/A	0.82	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		(Unaudited) As at 30 June 2010 HK\$'000	(Audited) As at 31 December 2009 HK\$'000
	NOTES		
Non-current assets			
Property, plant and equipment	9	9,895	4,495
Mining right		236,364	236,364
Goodwill		487,695	487,695
Available-for-sales investments		20,000	20,000
		<u>753,954</u>	<u>748,554</u>
Current assets			
Inventories		20,840	3,330
Trade receivables	10	274,715	11,737
Other receivables, deposits and prepayments		79,432	28,130
Financial assets held for trading		5,553	14,657
Tax recoverable		3	3
Cash and bank balances		81,068	121,739
		<u>461,611</u>	<u>179,596</u>
Assets classified as held for sale	7	242,297	276,531
		<u>703,908</u>	<u>456,127</u>
Current liabilities			
Trade payables	11	98,336	313
Accruals and other payables		81,367	34,384
Amounts due to related companies		–	13,708
Tax payable		40	143
		<u>179,743</u>	<u>48,548</u>
Liabilities directly associated with assets classified as held for sale	7	189,431	223,737
		<u>369,174</u>	<u>272,285</u>
Net current assets		<u>334,734</u>	<u>183,842</u>
Total assets less current liabilities		<u>1,088,688</u>	<u>932,396</u>

		(Unaudited) As at 30 June 2010 HK\$'000	(Audited) As at 31 December 2009 HK\$'000
	NOTES		
Capital and reserves			
Share capital	13	107,384	107,384
Reserves		<u>770,055</u>	<u>615,544</u>
Equity attributable to owners of the Company		877,439	722,928
Non-controlling interests		<u>2,785</u>	<u>4,509</u>
Total equity		880,224	727,437
Non-current liabilities			
Convertible bonds	12	<u>208,464</u>	<u>204,959</u>
		1,088,688	932,396

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2010 (Unaudited)

	Six months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	(32,638)	61,772
Net cash outflow from investing activities	(9,964)	(34,677)
Net cash (outflow)/inflow from financing activities	–	(37,698)
Decrease in cash and cash equivalents	(42,602)	(10,603)
Effect of foreign exchange rate changes	1,931	–
Cash and cash equivalents at beginning of period	121,739	50,741
Cash and cash equivalents at end of period	81,068	40,138
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	81,068	84,309
Less: pledged bank deposits	–	(44,171)
Cash and cash equivalents at end of period	81,068	40,138

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 (Unaudited)

	Share capital	Share premium	Merger reserve	General reserve	Convertible bonds Equity Reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000 (Note (ii))	HK\$'000 (Note (ii))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	11,682	212,802	(46,815)	1,852	-	30,082	5,813	(9,253)	206,163	-	206,163
Issuing convertible bonds	-	-	-	-	52,898	-	-	-	52,898	-	52,898
Conversion of convertible bonds	54,860	166,632	-	-	(24,963)	-	-	-	196,529	-	196,529
Total comprehensive income attributable to shareholders	-	-	-	1,942	-	-	164	(16,270)	(16,164)	-	(16,164)
At 30 June 2009	66,542	379,434	(46,815)	3,794	27,935	30,082	5,977	(27,523)	439,426	-	439,426
At 1 January 2010	107,384	966,082	(46,815)	1,852	25,432	30,082	2,449	(363,538)	722,928	4,509	727,437
Recognition of equity-settled share-based payments	-	-	-	-	-	29,074	-	-	29,074	-	29,074
Total comprehensive income attributable to shareholders	-	-	-	-	-	-	1,969	123,468	125,457	(1,724)	123,713
At 30 June 2010	107,384	966,082	(46,815)	1,852	25,432	59,156	4,418	(240,070)	877,439	2,785	880,224

- (i) The general reserve and enterprise expansion fund are set up by, subsidiaries established and operated in the People's Republic of China ("PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.
- (ii) Merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the reorganisation.

NOTES:

1. Basis of preparation and principal accounting policies

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Accounting Standards and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair value.

The accounting policies and method of computation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2009. The condensed consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

In the current year, the Company has applied the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 32 (Amendments)	Classification of Rights Issues ⁴
HKAS 39 (Amendments)	Eligible Hedged Items ¹
HKFRS 1 (Amendments)	Additional Exemptions of First-time Adopters ³
HKFRS 2 (Revised)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) ⁷
HK(IFRIC) – Int 14 (Amendments)	Prepayments of Minimum Funding Requirement ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfer of Assets from Customers ¹
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 July 2010

⁶ Effective for annual periods beginning on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 January 2013

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

The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Company.

2. Turnover and other revenue

The Group is principally engaged in provision of healthcare information technology ("HIT") services in PRC. Revenues recognized are as follows:

	(Unaudited) Three months ended 30 June 2010		(Unaudited) Six months ended 30 June 2010	
	HK\$'000	2009 HK\$'000	HK\$'000	2009 HK\$'000
Turnover				
Provision of HIT Services				
Electronic Medical Records System (EMR)	104,951	—	179,866	—
Regional Public Health Medical System	84,291	—	84,291	—
Hospital Pre-evaluation Service	—	—	14,903	—
	<u>189,242</u>	<u>—</u>	<u>279,060</u>	<u>—</u>
Mining	—	—	—	—
Sales of radio trunking systems integration	—	—	—	—
	<u>189,242</u>	<u>—</u>	<u>279,060</u>	<u>—</u>
Other revenues				
Interest income	137	1	141	107
Others	108	55	2,771	359
	<u>245</u>	<u>56</u>	<u>2,912</u>	<u>466</u>
Total revenues	<u>189,487</u>	<u>56</u>	<u>281,972</u>	<u>466</u>

3. Segment information

All of the segment revenue reported below is from external customers.

No geographical segment information is presented as secondary segment information as substantially all the Group's turnover and contribution to operating results were carried out in the PRC. An analysis of the Group's segment revenue and result by principal activities for the period is as follows:

For the three months ended 30 June 2010 (Unaudited):

	Continuing operations						Consolidated			
	Provision of HIT Services		Mining of mineral resources		Sales of radio trunking systems integration		Continuing		Discontinued	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
Revenue	189,242	-	-	-	-	-	189,242	-	129,816	4,653
RESULTS										
Segment results	90,178	-	(514)	(495)	(632)	(522)	89,032	(1,017)	(5,041)	(792)
Other income							245	56	4,890	4,594
Unallocated corporate expenses							(19,251)	(2,105)	-	-
Profit/(loss) from operations							70,026	(3,066)	(151)	3,802
Finance costs							(1,760)	(2,229)	(145)	(259)
Profit/(loss) before tax							68,266	(5,295)	(296)	3,543
Income tax expenses							(5)	-	(1)	(210)
Net profit/(loss) for the period							68,261	(5,295)	(297)	3,333

For the six months ended 30 June 2010 (Unaudited):

	Continuing operations						Consolidated			
	Provision of HIT Services		Mining of mineral resources		Sales of radio trunking systems integration		Continuing		Discontinued	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
Revenue	279,060	-	-	-	-	-	279,060	-	321,341	174,743
RESULTS										
Segment results	165,201	-	(763)	(754)	(1,013)	(6,607)	163,425	(7,361)	(12,297)	(3,548)
Other income							2,912	466	11,979	5,992
Unallocated corporate expenses							(40,548)	(4,625)	-	-
Profit/(loss) from operations							125,789	(11,520)	(318)	2,444
Finance costs							(3,505)	(5,998)	(159)	(1,044)
Profit/(loss) before tax							122,284	(17,518)	(477)	1,400
Income tax expenses							(5)	-	(58)	(210)
Profit/(loss) after tax							122,279	(17,518)	(535)	1,190

4. Profit/(Loss) before tax from continuing operations

	Three months ended 30 June		Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit/(loss) before tax from continuing operations has been arrived after charging/(crediting):				
Cost of sales and services	97,749	-	102,339	-
Depreciation of property, plant and equipment	289	389	1,442	1,702
Research and development costs	119	901	1,246	1,160
Operating lease rental in respect of rented premises	485	431	1,861	610
Staff costs, including directors' emoluments:				
- Basic salaries and other benefits	1,527	2,775	4,430	5,762
- Equity-settled share-based payments from continuing operations	8,465	-	29,074	-

5. Income tax expense

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Continuing operations:					
Hong Kong profits tax	(i)	-	-	-	-
Overseas taxation	(ii)	(5)	-	(5)	-
		(5)	-	(5)	-

- (i) No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the relevant periods.
- (ii) Overseas taxation represents tax charges on the assessable profits of certain subsidiaries operating in the PRC calculated at the applicable rates.

6. Discontinued operations

Disposal of the automobile stamping and welding parts business

On 5 March 2010, the board of directors announced that the Group is going to dispose the Group's automobile stamping and welding parts business at an aggregated consideration of RMB47 millions. This disposal is consistent with the Group's long-term policy to focus its activities in the sale and maintenance of healthcare system business, the radio trunking systems integration business, and mining of mineral resources in the PRC. The Group has not recognised any impairment losses in respect of the automobile stamping and welding parts business, neither when the operation was reclassified as held for sales nor at the end of the reporting period.

Analysis of profit for the period from discontinued operations

The results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative expenses and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Profit/(loss) for the period from discontinued operations		
Turnover	321,341	174,743
Cost of sales and services	(325,715)	(170,889)
Gross (loss)/profit	(4,374)	3,854
Other revenue	11,979	5,991
Expenses	(8,082)	(8,445)
Attributable income tax expenses	(58)	(210)
(Loss)/profit for the period from discontinued operations (attributable to the owners of the Company)	(535)	1,190
Profit/(loss) for the period from discontinued operation include the following:		
Auditor's remuneration	192	–
Depreciation of property, plant and equipment	4,872	7,436
Cash flows from discontinued operations		
Net cash (outflow) inflow from operating activities	(12,697)	71,701
Net cash outflow from investing activities	(3)	(1,304)
Net cash inflow (outflow) from financing activities	–	(30,351)
Net cash (outflow) inflow	(12,700)	40,046

The automobile stamping and welding parts business has been classified and accounted for as disposal group held for sale at 30 June 2010 and 31 December 2009 (see note 7).

7. Assets classified as held for sale

	As at 30 June 2010 <i>HK\$'000</i>	As at 31 December 2009 <i>HK\$'000</i>
Assets related to automobile stamping and welding parts business	<u>242,297</u>	<u>276,531</u>
Liabilities directly associated with assets classified as held for sale	<u>189,431</u>	<u>223,737</u>
	<i>2010 HK\$'000</i>	<i>2009 HK\$'000</i>
Property, plant and equipment	44,121	45,039
Inventories	71,736	93,180
Trade receivables	41,345	18,649
Bills receivables	5,092	38,059
Other receivables, deposit and prepayments	32,566	21,467
Cash and bank balances	<u>47,437</u>	<u>60,137</u>
Assets classified as held for sale	<u>242,297</u>	<u>276,531</u>
Trade payables	85,379	91,593
Bills payables	44,776	51,294
Accruals and other payables	23,653	24,740
Deposit received	2,522	2,458
Amounts due to a shareholder	33,099	52,350
Income tax payable	<u>–</u>	<u>1,302</u>
Liabilities directly associated with asset classified as held for sale	<u>189,429</u>	<u>223,737</u>
Net assets of automobile stamping and welding parts business	<u>52,868</u>	<u>52,794</u>

8. Profit/(loss) per share

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	(Unaudited)	
	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit/(loss) for the period		
Profit/(loss) for the period attributable to owners of the Company	123,468	(16,328)
Effect of dilutive potential ordinary share: Interest on convertible bonds (net of tax)	10,073	7,507
Profit/(loss) for the purpose of diluted earnings/(loss) per share	133,541	(8,821)
	(Unaudited)	
	As at 30 June	
	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	10,738,445,814	2,667,124,189
Effect of dilutive potential ordinary share: Convertible bonds and share options	5,589,148,148	6,139,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	16,327,593,962	8,806,124,189

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Profit/(loss) figures are calculated as follows:

	(Unaudited) For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to owners of the Company	123,468	(16,328)
(Loss)/profit for the period from discontinued operations	(535)	1,190
Profit/(loss) for the purpose of basic earnings/(loss) per share from continuing operations	124,003	(17,518)
Effect of dilutive potential ordinary share: Interest on convertible bonds (net of tax)	10,073	7,507
Profit/(loss) for the purpose of diluted earnings/(loss) per share from continuing operations	134,076	(10,011)

The denominators used are the same as those detailed above for both basic and diluted profit/(loss) per share.

No diluted profit/(loss) per share from continuing operations has been presented as the potential ordinary shares in respect of outstanding share options and convertible bonds are anti-dilutive for both years.

From discontinued operations

Basic loss per share for the discontinued operation is HK0.005 cents (2009: profit per share of HK0.04 cents) based on the loss for the period from the discontinued operations of approximately HK\$0.5 million (2009: profit for the period of HK\$1.2 million) and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share from discontinued operations has been presented as the potential ordinary shares in respect of outstanding share options and convertible bonds are anti-dilutive for both period.

9. Property, plant and equipment

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Net book value, beginning of the period/year	4,495	52,625
Additions	6,805	17,000
Depreciation	(1,442)	(16,119)
Elimination upon disposal	–	(5,886)
Acquisition through business combinations	–	1,914
Reclassification as held for sale	–	(45,039)
Exchange rate adjustment	37	–
Net book value, end of the period/year	<u>9,895</u>	<u>4,495</u>

10. Trade receivables

The Group has a policy of allowing its trade customers with credit period normally ranging from 45 days to 180 days or according to the terms of the sales contracts. The ageing analysis of trade receivables of the Group is as follows:

	0 to 30 days HK\$'000	31 to 60 days HK\$'000	61 to 90 days HK\$'000	91 to 120 days HK\$'000	Over 120 days HK\$'000	Total HK\$'000
As at 30 June 2010	<u>187,507</u>	<u>1,735</u>	<u>–</u>	<u>80,786</u>	<u>4,687</u>	<u>274,715</u>
As at 31 December 2009	<u>–</u>	<u>568</u>	<u>11,067</u>	<u>–</u>	<u>102</u>	<u>11,737</u>

11. Trade payables

The ageing analysis of trade payables of the Group is as follows:

	0 to 30 days HK\$'000	31 to 60 days HK\$'000	61 to 90 days HK\$'000	91 to 120 days HK\$'000	Over 120 days HK\$'000	Total HK\$'000
As at 30 June 2010	<u>97,664</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>672</u>	<u>98,336</u>
As at 31 December 2009	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>313</u>	<u>313</u>

12. Convertible bonds

On 8 January 2009, the Group issued convertible bonds with an aggregate principal amount of HK\$465 million (the "CB I") due in 2014 with conversion price of HK\$0.04 per share to acquire 100% equity interests in Super Surplus Trading Limited.

The Group may redeem the CB I at 105% of the principal outstanding amount at any time from the date of issue to the maturity date. Any CB I outstanding on the maturity date shall be redeemed by the Group at 105% of the outstanding principal amount.

In the year 2009, the CB I were converted into ordinary shares with aggregate principal amounts of HK\$241,440,000 at a conversion price of HK\$0.04 per conversion share. There are no conversion during the six months ended 30 June 2010.

The CB I do not bear any interest. The effective interest rate of liability is 3.44%. The maturity date is on the fifth anniversary of the date of issue of the CB I.

On 23 October 2009, the Group issued convertible bonds with an aggregate principal amount of HK\$498 million ("CB II") due in 2014 with conversion price of HK\$0.168 per share to acquire 100% equity interest of Wealthy China Group Limited.

The company may redeem the CB II at 105% of the principal outstanding amount at any time from the date of issue to the maturity date. Any CB II outstanding on the maturity date shall be redeemed by the Company at 105% of the outstanding principal amount.

At 31 December 2009, the CB II were totally converted into ordinary shares with aggregate principal amounts of HK\$498 million at a conversion price of HK\$0.168 per conversion share.

The CB II do not bear any interest. The effective interest rate of liability is 82.1%. The maturity dates are on the fifth anniversary of the date of issue of the CB II.

The movement of liabilities component of the Convertible Bonds for the year is set out below:

	THE GROUP AND THE COMPANY CB I <i>HK\$'000</i>
Proceeds of issue	465,000
Equity component	(52,898)
Liability component at date of issue	412,102
Interest charged	9,319
Converted into ordinary shares	(216,462)
Non-current liability component at 31 December 2009 and 1 June 2010	204,959
Imputed finance cost	3,505
Non-current liabilities component as at 30 June 2010	<u>208,464</u>

13. Share capital

	The Company			
	30 June 2010		31 December 2009	
	Number of share of HK\$0.01 each	Nominal Value HK\$	Number of share of HK\$0.01 each	Nominal Value HK\$
Authorised:				
Ordinary shares	<u>5,000,000,000</u>	<u>50,000,000</u>	50,000,000,000	<u>5,000,000,000</u>
Issued and fully paid:				
Beginning of period/year	<u>10,738,445,814</u>	<u>107,384,458</u>	10,738,445,814	<u>107,384,458</u>
End of period/year	<u>10,738,445,814</u>	<u>107,384,458</u>	10,738,445,814	<u>107,384,458</u>

14. Dividend

The Board of the Company does not recommend the payment of an interim dividend throughout the six months ended 30 June 2010.

15. Charge on group's assets

No group assets were charged or pledged to secure any loans or borrowings as at 30 June 2010 (at 31 December 2009: Nil).

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

BUSINESS REVIEW AND OUTLOOK

Healthcare information technology in the PRC

On 23 October 2009, the Company completed the acquisition of the entire equity interest of Wealthy China Group Limited (“Wealthy China”), which holds a 100% interest in Beijing Upway Science & Technology Development Co., Ltd (“Upway”) and 60% interest in China Chief Medical Standards Database Co., Ltd. (“CCMSD”). The total investment by the Company amounted to approximately HK\$498 million provides entry into China’s hospital information technology market. The total acquisition was transacted by the issuance of convertible bonds with the conversion price of HK\$0.168 per share.

In the year of 2009, the consideration of convertible bonds in the amount of HK\$498 million had been fully converted into 2,964,285,714 ordinary shares.

The National Institute of Hospital Administration (“NIHA”) of China and the China National Institute of Standardization were partners in development of the services. It would accelerate its positioning in Healthcare Information Technology (“HIT”) demanded by Chinese hospital system through the products and service provided by the subsidiaries Upway and CCMSD. The followings are their principal products:

I) Electronic Medical Records (EMR) Systems

The Company has applied its proprietary software and technology to develop the professional medical record templates which are easy to input medical data with high efficiency. The medical records can be directly converted into database format for quick storage. The EMR systems is compatible and integrated with all sorts of HIS systems. The data transfer is barrier-free. All medical data is scalable to be extracted for multiple search applications. In the opinion of the Board, the technology employed in the Company products are in leading positions and ahead of the rivals.

The Company is currently working with 2,688 Chinese medical hospitals through the association with various medical science academies, and, is working with several specialty clinics, i.e. 800 Hepatic (Liver) Outpatient Clinics and 800 Nephrology (Kidney) Outpatient Clinics.

As at 30 June 2010, the Company have completed the installation of the EMR systems on 40 Chinese medical hospitals, and about 140 general hospitals.

II) Regional Public Health Medical System

A) Urban Regional Health Platform

The Company will use its proprietary software and technology to work with the local regional healthcare government agencies to establish the regional residents' health archives according to the Ministry of Health in China ("MOHC") requirements and standards. The information will be shared among various local and national health agencies. All the project fees will be borne by the local government. Normally, it will take three years to complete the whole project from designing phase to full scale operation.

The Company is currently proposing to work with the following local government:

- 1) District of WanBaiLin, City of Tai Yuan, Shanxi Province
- 2) City of Langfang, Hebei Province
- 3) City of Yantai, Shandong Province
- 4) City of Suzhou, Jiangsu Province
- 5) City of Kaifeng, Henan Province
- 6) Xizhang, Tibet

B) Rural Regional Health Platform

The Company is also applying its proprietary systems and products to establish the Rural Regional Health Platform. These projects are developed by subsidiaries which working closely with City Health Bureaus for 20 years terms by using tele-medical technology to provide medical and healthcare services to rural residents. Each tele-medical center will be connected with multiple remote health clinics to provide simple medical diagnoses, personal health checks and medical referrals to city hospitals if necessary. These services will also simultaneously help to establish the rural EMR on each individual for local government health agencies. The tele-medical center will cost about RMB 40 million to build. But the Company is licensed and entitled to collect all the fees from the patients and 80% of all medical expenses is subsidized by government health agencies. The Company has been working with the following:

- 1) City of Fuxing, Liaoning Province (Operation in July 2010)
- 2) City of Tongliao, Inner Mongolia
- 3) The Xinjiang Production and Construction Corps
- 4) Yanbian Korean Autonomous Prefecture, Jilin Province
- 5) City of Baoji, Shannxi Province
- 6) City of Danzhou, Hainan Province (Started in July 2010)

III) Hospital Pre-evaluation Service

The Company proprietary Hospital Pre-evaluation software is authorized by NIHA and Chinese Hospital Association. The primary function of the said software is to analyze the hospital management operation deficiencies in conjunction with national renowned hospital management consultants for improvement.

The above mentioned products are aimed at digitizing patients' medical records, matching historical symptoms to suggested diagnosis and prescriptions, whereas the hospital pre-evaluation service is able to aggregate all medical data into standardized and categorized medical analysis for evaluation of cost-benefit efficiency. These products target at better identification and medication of various diseases, more accurate matching of diagnoses and prescriptions, more optimal use and production of medicines, more economical allocation of hospital resources, and more effective public hygiene management. The business coverage includes Beijing, Hebei Province, Liaoning Province, Jilin Province, Shanxi Province, Inner Mongolia, Gansu Province, Xinjiang Province, Tibet, Hainan Province and Jiangsu Province.

For the six months ended 30 June 2010, sales recorded by the domestic company from Healthcare Information Technology business of this project amounted to approximately HK\$279 million.

1. Electronic Medical Records (EMR) System

Total sales recorded for the six months ended 30 June 2010 by the domestic company from EMR Systems amounted to HK\$180 million, in which sales from Chinese Medicine Electronic Health Records by Single Disease Category business amounted to HK\$36 million.

In the second half of year 2010, the domestic company would continue to explore sales opportunities of EMR Systems in the scope of electronic health record by single disease category. It is expected to join hands with Wujieping Fund (吳階平基金會) to complete the sale of the EMR Systems by Single Disease Category specifically for liver diseases.

2. Regional Public Health Medical System

For the urban area network development of Regional Public Health Medical System, intentions of cooperation had been reached between municipal governments of Langfang of Hebei Province, Taiyuan of Shanxi Province and Suzhou of Jiangsu Province. For the second quarter, deliver of hardware of the system contribute HK\$84 million revenue in this segment.

For the rural area long distance medical system within the Regional Public Health Medical System, hardware installation had commenced in Fuxin, Liaoning Province, with operating income to be duly recognised from second half of 2010. The domestic company had signed framework agreements with municipals of Danzhou of Hainan Province and Yanbian Autonomous Prefecture of Jilin Province, and formal agreements would be signed in June 2010 to duly commence rural area long distance medical cooperation. In the third quarter of 2010, the domestic company and the municipals of Hetian of Xinjiang Production and Construction Corps and Baoji of Shaanxi Province would also enter into framework agreements to commence rural area long distance medical projects there.

3. Hospital Pre-evaluation Service

For the six months ended 30 June 2010, Hospital Pre-evaluation Service generated HK\$15 million.

Mining Business

The Directors are of the view that the mineral resource prices remain bullish in the long term due to the continued demand from developing countries such as the PRC, India and Russia. Thus the outlook for the mining industry in the PRC is promising. The Acquisition represents a good opportunity for the Group to tap into the mining industry.

The mining business has not started contributing revenues during the period. It is still subject to revision of production plans.

As at 30 June 2010, the Convertible Bonds of HK\$241 million issued were converted into 6,036 million shares and the outstanding principal amounted to HK\$224 million may convert into 5,589 million ordinary shares.

Automobile stamping and welding

On 4 March 2010, the Group announced that its wholly owned subsidiary, Hong Kong Chang Kang (Holdings) Limited, entered into an agreement on 26 February 2010 with Chongqing Changan Jinling Automobile Parts Co., Ltd., pursuant to which the subsidiary has agreed to sell all of its equity interest, which accounts for 49% in the JV Company at the consideration of RMB47 million in cash that will be used as general working capital, allowing the Group to focus its resources on its HIT related business which the Group considers should provide better return to the Group.

For the year ended 31 December 2009 and afterward, the JV company's assets and liabilities were classified as held for sale on the consolidated statement of financial position and its operation results were classified as discontinued operations in the consolidated statement of comprehensive income in the year 2009 and thereafter.

The loss after tax from discontinued operations for the six months ended 30 June 2010 was HK\$535 thousands. For the period, the JV Company has sold 483 thousands (same period in 2009: 323 thousands) ancillary stamping and welding parts for automobiles, and recorded sales of approximately HK\$656 million (same period in 2009: HK\$357 million). The Group has accounted for the sales on proportion and recorded turnover under discontinued operation of HK\$321 million and 175 million for the period in 2010 and 2009 respectively. Its major customers include ChangAn Auto Co Ltd, ChangAn Ford Mazda, and ChangAn Ford Nanjing Corp etc.

Radio Trunking System Integration

For the half year ended 30 June 2010, the radio trunking business did not record any turnover. There was no change in turnover as compared to the turnover in 2009. The zero turnover of the business was mainly due to the fact that most customers will place their orders in the second half of the year, so there is still yet to finalise the terms of software services and the business with customers in coming year.

The Group has actively promoted its own digital trunking communication system based on the software technology FDMA system. This facilitated new, existing and potential users to have better understanding towards the features of this technical product while pushed further in market development.

Group development

In 2010, the Group continues to stick with its operation strategy to integrate its resources and make adjustment to its business, the non-performing business will be gradually peeled off through disposal or other means to the same effect, so as to optimize the Group's asset and allocate the limited resources to explore business with brighter prospect, thus pursue the rapid development and healthy growth of the Group's business.

FINANCIAL REVIEW

For the six months period ended 30 June 2010, the unaudited consolidated turnover of the Group from continuing operations was approximately HK\$279 million and none for the corresponding period in 2009. The unaudited profit attributable to shareholders for the six months ended 30 June 2010 amounted to approximately HK\$123 million.

The turnover approximately of HK\$279 million was generated from the business of healthcare information technology ("HIT") that is a new business and was introduced into the Group since October 2009, thus there is no comparative figure for the corresponding period in 2009. No turnover of continuing operations from the business of radio trunking systems integration for the corresponding period in the current year and year 2009 because the purchasing orders from customers are still yet to finalised the terms of software services.

During the period, the Group obtained approximately HK\$2.9 million in other income on continuing operations. The Group generated interest income from bank deposit of approximately HK\$141 thousand during the period. The increase in other income by approximately HK\$2.4 million was due to the refund of business tax from HIT business of approximately HK\$2.6 million and decrease in value added tax refund of approximately HK\$0.2 million.

An increase in distribution expenses by approximately HK\$1.7 million to HK\$3.2 million was mainly represented marketing and promotions expenses from HIT business of approximately HK\$3 million for the period in the year 2010 and minor distribution cost incurred from inactive business of radio trunking systems software integration for the corresponding period in the current year.

Administrative expenses increase by approximately HK\$39.2 million to HK\$50.3 million was due to share based payment of approximately HK\$29 million from granted 250 million new share options to certain consultants and employees for services rendered with fair value equivalent, the extra administrative expenses brought from the new HIT business of approximately HK\$10.9 million and decrease in wages and other operating expenses from radio trunking system integrations business of approximately HK\$0.7 million.

Finance cost for the period of approximately HK\$3.5 million was convertible bonds imputed interest. The remaining convertible bonds were issued as consideration for acquisition of mining business located in Jiangxi in the year 2009 with imputed compound interest rate of 3.4% per annum.

As a result, the Group recorded the profit attributable to shareholder of approximately HK\$123.4 million for the first quarter in the year 2010, but recorded the loss of approximately HK\$16.3 million for the corresponding period in last year.

LIQUIDITY AND FINANCIAL RESOURCE

The Group generally financed its operations with its internally generated cash flow. The Group has established a long term relationship with financial institutions in the People's Republic of China ("PRC"). The banking facilities arranged by the Group reflected our strategy to fund the Group's operations in local trading currency. All borrowings were settled in the year 2009 and no borrowings as at 30 June 2010. As at 8 January and 23 October 2009 the Company has issued HK\$465 million with conversion price of HK\$0.04 per share, in which of principal amounted to HK\$223,560,000 have not been converted at 30 June 2010, and HK\$498 million with conversion price of HK\$0.168 per share which was all converted into ordinary shares in 2009, with 5 year zero coupon convertible bonds. The finance costs of the Group for the period were approximately HK\$3.5 million, which is convertible bonds imputed interest.

As at 30 June 2010, the Group's gearing ratio is 23.7% (31 December 2009: 28.35%), calculated on the basis of the Group's non-current liabilities over equity attributable to owners of the Company. Total bank and cash balances were approximately HK\$81 million. The currencies of the cash and cash equivalents held by the Group are mainly RMB and Hong Kong dollars. Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

CAPITAL STRUCTURE

In the year 2009, the Group issued HK\$465 million ("CB I") and HK\$498 million ("CB II") zero coupon convertible bonds both due 2014 with conversion price of HK\$0.04 and HK\$0.168 per Shares respectively. The CB II was fully converted into shares in 2009 and outstanding amount of HK\$223,560,000 of CB I may converted into 5,589 million shares.

Save as disclosed above, there was no change to the Group's capital structure during the six months ended 30 June 2010.

CHARGE ON GROUP ASSETS

For the six months ended 30 June 2010, no group assets were charged or pledged to secure any loans or borrowings.

FOREIGN CURRENCY EXPOSURE

Since the Group's sales, purchases and loans were substantially denominated in either RMB or Hong Kong dollars, the Board considers that the potential foreign exchange exposure of the Group is limited.

CONTINGENT LIABILITIES

As at 30 June 2010, the Board was not aware of any material contingent liabilities.

STAFF AND REMUNERATION POLICIES

As at 30 June 2010, the Group employed a workforce of approximately 250, the majority of whom were employed in the PRC. Staff cost of basic salaries and other benefits for continuing operations, including directors' remuneration, amounted to approximately HK\$4.4 million for the six months ended 30 June 2010. The Group's remuneration policy has been in line with the prevailing market practice including discretionary bonus and remunerates its employees based on their performance and contribution. Other benefits include contributions to pension scheme and medical insurance.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Directors are of the view that as a result of the medical reform plan, the prospects of providing information technology services to PRC hospitals and medical institutions in relation to the standardization of medical information and services, electronic medical records and hospital management are extremely promising. The Company planned to invest approximately HK\$300,000,000 in the development of Regional Public Health Medical System within the next three years in order to capture the growth in the healthcare IT industry.

Save as disclosed herein, the Group did not have any details of future plan for material investments or capital assets as at 30 June 2010.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the above, the Group had no acquisitions or disposals of subsidiaries and affiliated companies of during the period.

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

As at 30 June 2010, the interests of the Directors and the Chief Executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

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

Name of the Shareholders	Type of interest	Number of shares	Number of underlying shares (Note 5)	Total Number of shares and underlying shares	Approximate percentage of issued share capital
Mr. Lu Chuming (Note 1)	Beneficial	830,000	–	830,000	0.01%

Notes:

1. Mr. Lu Chunming, an Executive Director of the Company, has interest in the Company directly.

Long positions in the underlying shares

On 31 March 2010, share options of 10,000,000 shares at exercise price of HK\$0.168 were granted to a director of the Company, Mr. Stephen William Frostick, under the Share Option Scheme. These share options are exercisable for a period of 3 years from the date of granted unconditionally. Details are set out in "Share Option Schemes" on page 32 and 33.

Save as disclosed above, as at 30 June 2010, none of the Directors or Chief Executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associates corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2010, so far as is known to the Directors of the Company, the following persons (other than a Director and the Chief Executive of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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

Name of the Shareholders	Type of interest	Number of shares	Number of underlying shares (Note 5)	Total Number of shares and underlying shares	Approximate percentage of issued share capital
Absolute Power International Limited ("Absolute Power") (Note 1)	Beneficial	533,000,000	2,727,000,000	3,260,000,000	30.36%
Wide Treasure Investment Limited ("Wide Treasure") (Note 2)	Beneficial	616,000,000	2,862,000,000	3,478,000,000	32.39%
Way Capital Investments Limited ("Way Capital") (Note 3)	Beneficial	1,482,142,857	–	1,482,142,857	13.80%
Glorywide Group Limited ("Glorywide Group") (Note 4)	Beneficial	1,482,142,857	–	1,482,142,857	13.80%

Notes:

1. Absolute Power is wholly owned by Hu Chao who is deemed to be interested in the shares.
2. Wide Treasure is wholly owned by She Zhangshu who is deemed to be interested in the shares.
3. Way Capital is wholly owned by Lau Wang Tai who is deemed to be interested in the shares.
4. Glorywide is wholly owned by Zhang Jie who is deemed to be interested in the shares.
5. The underlying shares of Absolute Power and Wide Treasure are in respect of the convertible bonds issued by the Company on 9 January 2009. The convertible bonds issued by the Company to Way Capital and Glorywide Group on 23 October 2009 were converted to 1,482,142,857 shares and 1,482,142,857 shares respectively on 4 December 2009.

Save as disclosed above, as at 30 June 2010, the Company had not been notified of any other person or company (other than a director or chief executive of the Company) who had registered an interests or short positions in the Shares and underlying Shares of the Company that was required to be recorded under Section 336 of the SFO.

SHARE OPTION SCHEME

The old share option scheme adopted in 2003 was terminated on 14 January 2007. All outstanding options granted under the old share option scheme were cancelled upon termination thereof.

The Company adopted a new share option scheme on 30 July 2007 (“the Scheme”), which became effective for a period of 10 years commencing on 10 August 2007. Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible person to subscribe for the shares of the Company (“Share”) at the higher of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The offer of a grant of option shall remain open for acceptance within 21 days from the date of offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of the option. The exercise period of the option must not be more than 10 years from the date of grant of the option.

The Company operates the Scheme for the purpose of advancing the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward any eligible persons which include any director of the Group, any employee of the Group, any consultant, adviser, agent, supplier, customer, business partner or shareholder of the Group for their contribution or potential contribution to the Group.

Pursuant to the Scheme, as at 30 June 2010, the employees and consultants were granted share options to subscribe for shares of the Company, details of which were as follows:

Name or category of participant	As at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2010	Date of granted share options	Exercise period of share options	Exercise price of share options
Directors									
Stephen William Frostick	-	10,000,000	-	-	-	10,000,000	31 March 2010	31 March 2010 – 30 March 2013	HK\$0.168
	-	10,000,000	-	-	-	10,000,000			
Employees	29,220,000	-	-	-	-	29,220,000	10 August 2007	10 August 2007 – 9 August 2012	HK\$0.380
Employees	-	52,000,000	-	-	-	52,000,000	31 March 2010	31 March 2010 – 30 March 2013	HK\$0.168
	29,220,000	52,000,000	-	-	-	81,220,000			
Consultants	58,439,900	-	-	-	-	58,439,900	10 August 2007	10 August 2007 – 9 August 2012	HK\$0.380
Consultants	-	138,000,000	-	-	-	138,000,000	31 March 2010	31 March 2010 – 30 March 2013	HK\$0.168
Consultants	-	50,000,000	-	-	-	50,000,000	3 May 2010	3 May 2010 – 2 May 2013	HK\$0.186
	58,439,900	188,000,000	-	-	-	246,439,900			
	87,659,900	250,000,000	-	-	-	337,659,900			

None of the employees and consultants of the Group had exercised their share options during the period ended 30 June 2010.

The total number of Shares available for issue under the Scheme as at the date thereof was 337,659,900 representing approximately 3% of the issued share capital of the Company.

COMPETING INTERESTS

The directors of the Company are not aware of, as at 30 June 2010, any business or interests of each directors of the Company, management shareholders and the respective associates (as defined in the GEM Listing Rules) of each that competes or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2010.

AUDIT COMMITTEE

The audit committee has been established since July 2000 with defined terms of reference, which are of no less exacting terms than those set out in the Code on Corporate Governance Practices of the GEM Listing Rules, to review the Group's financial reporting, internal controls, and corporate governance and risk management matters and to make relevant recommendations to the Board.

The audit committee comprises three Independent Non-executive Directors of the Company, namely Mr. Lee Chi Hwa, Joshua (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Chang Jun. The Group's unaudited results for the six months ended 30 June 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

On behalf of the Board
China Public Healthcare (Holding) Limited
Stephen William Frostick
Chairman

Hong Kong, 12 August 2010

As at the date hereof, the Board of directors of the Company comprises three executive directors, being Mr. Stephen William Frostick, Mr. Lu Chunming and Mr. Shao Heng; and three independent non-executive directors being, Mr. Chang Jun, Mr. Tso Hon Sai, Bosco and Mr. Lee Chi Hwa, Joshua.