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If you are in any doubt as to any aspect of this circular, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Core Healthcare Investment Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(I) MAJOR TRANSACTION
IN RELATION TO INVESTMENT IN A JOINT VENTURE;
(II) ADVANCE TO AN ENTITY;
AND
(III) RE-ELECTION OF DIRECTOR**

Financial adviser to Core Healthcare Investment Holdings Limited



CIMB-GK Securities (HK) Limited

A notice convening the EGM of the Company to be held at Rooms 609–610, 6/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong on Monday, 31 March 2008 at 10:00 a.m. is set out on pages 71 to 72 of this circular. The form of proxy for use at the EGM is enclosed. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION ON THE GROUP	12
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP	57
APPENDIX III – DETAILS OF DIRECTOR PROPOSED FOR RE-ELECTION	61
APPENDIX IV – GENERAL INFORMATION	62
NOTICE OF EGM	71

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the meanings set out below:

“Announcement”	the announcement of the Company dated 21 February 2008 in relation to the Co-operation Agreement and the transactions contemplated thereunder including the making of the Deposit
“Articles of Association”	the articles of association of the PRC Company to be adopted by its shareholders upon its conversion into a joint venture company owned as to 51% and 49% by the Company and Xizang Medicine respectively
“Board”	the board of Directors
“Capital Injection”	injection of approximately RMB200 million (equivalent to approximately HK\$217.4 million) by the Company to the PRC Company pursuant to the terms of the Co-operation Agreement and the Investment Agreement
“Class 1 New Drug”	Natriuretic Peptide (凍干重組人腦利納肽) and all rights and obligations in relation thereto
“Class 1 New Drug Business”	the development, manufacture and sale of the Class 1 New Drug in the PRC
“Company”	Core Healthcare Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person”	has the meaning ascribed to that term under the GEM Listing Rules
“Co-operation Agreement”	an unconditional legally binding agreement entered into between the Company and Xizang Medicine on 18 February 2008 in respect of the Capital Injection
“Deposit”	RMB20 million (equivalent to approximately HK\$21.7 million) to be paid by the Company into the Joint Account by 18 March 2008 pursuant to the terms of the Co-operation Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group after completion of the Capital Injection

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve the Co-operation Agreement and the transactions contemplated thereunder and the re-election of a Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries as at the Latest Practicable Date
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Agreement”	an agreement to be entered into among the Company, Xizang Medicine and the PRC Company in respect of the Capital Injection
“Joint Account”	an account to be set up and jointly held by the Company and Xizang Medicine
“Joint Venture Agreement”	a joint venture agreement to be entered into among the Company, Xizang Medicine and the PRC Company in respect of the governance of the PRC Company upon its conversion into a joint venture owned as to 51% and 49% by the Company and Xizang Medicine respectively
“Latest Practicable Date”	11 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the Peoples’ Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Company”	a domestic company to be established in the PRC by, and as a wholly-owned subsidiary of, Xizang Medicine, which will be converted into a sino-foreign equity joint venture to be owned as to 49% and 51% by Xizang Medicine and the Company respectively upon the completion of the Capital Injection
“RMB”	Reminbi, the lawful currency of the PRC

DEFINITIONS

“Share(s)”	ordinary share(s) of the nominal value of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Xizang Medicine”	西藏諾迪康藥業股份有限公司 (Xizang Rhodiola Pharmaceutical Co., Ltd.), a company established in the PRC whose shares are listed on the Shanghai stock exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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)

Executive Director:

Mr. Lui Chi Wah, Johnny
Mr. Wu Kai

Non-executive Director:

Mr. Lau Kam Shan

Independent non-executive Director:

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

Registered office:

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

*Head office and principal place of
business in Hong Kong:*

Room 609-610, 6/F Nan Fung Tower
173 Des Voeux Road
Central
Hong Kong

13 March 2008

*To the Shareholders, and for information only,
holders of the Share Options of the Company*

Dear Sir or Madam,

**(I) MAJOR TRANSACTION
IN RELATION TO INVESTMENT IN A JOINT VENTURE;
(II) ADVANCE TO AN ENTITY;
AND
(III) RE-ELECTION OF DIRECTOR**

INTRODUCTION

As stated in the Announcement, on 18 February 2008, the Company entered into the Co-operation Agreement with Xizang Medicine, pursuant to which the Company agreed in principle to co-operate with Xizang Medicine to undertake the Class 1 New Drug Business through the PRC Company, a joint venture to be established and owned as to 51% and 49% by the Company and Xizang Medicine respectively. The Company agreed to invest an aggregate of approximately RMB200 million (equivalent to approximately HK\$217.4 million), in the form of registered capital, in the PRC Company and to pay the Deposit into the Joint Account by 18 March 2008 pursuant to the terms of the Co-operation Agreement.

* for identification purpose only

LETTER FROM THE BOARD

The Company will enter into the Investment Agreement in respect of the detailed terms of the Capital Injection with Xizang Medicine and the PRC Company. Upon completion of the Capital Injection, the Company will own 51% interest in the registered capital of the PRC Company.

Pursuant to Rule 19.06 of the GEM Listing Rules, the Co-operation Agreement and the transactions contemplated thereunder as a whole constitute a major transaction for the Company and are subject to the approval of the Shareholders.

The payment of the Deposit, which is expected to occur by 18 March 2008, will constitute an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules and relevant details were set out in the Announcement.

The purpose of this circular is to provide you with, among other things, further details of the Co-operation Agreement and a notice convening the EGM. A resolution will also be proposed at the EGM for the re-election of a Director.

CO-OPERATION AGREEMENT

Date

18 February 2008

Parties

- (i) the Company; and
- (ii) Xizang Medicine.

Xizang Medicine is a company established in the PRC whose shares are listed on the Shanghai stock exchange. The principal business activities of Xizang Medicine are the manufacture and sale of pharmaceutical products in the PRC.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries:

- (a) Xizang Medicine and its ultimate beneficial owners are third parties independent of the Group and connected persons of the Company;
- (b) Xizang Medicine and its ultimate beneficial owners have no relationship with, and are not parties acting in concert (as defined in the Takeovers Code) with each of the Company, Precious Success Group Limited ("Precious Success"), Hong Kong Health Check and Laboratory Holdings Company Limited ("HK Health Check") and Town Health International Holdings Company Limited ("Town Health"); and

LETTER FROM THE BOARD

- (c) there was no previous transaction between Xizang Medicine and each of the Company, Precious Success, HK Health Check, Town Health and their respective concert parties, and the Placee and the Referral Agent (“Referral Agent”) (both as defined in the Company’s announcement dated 15 November 2007).

Subject Matter

Pursuant to the terms of the Co-operation Agreement, the Company has agreed in principle to co-operate with Xizang Medicine to undertake the Class 1 New Drug Business through a joint venture to be established and owned as to 51% and 49% by the Company and Xizang Medicine respectively.

Pursuant to the terms of the Co-operation Agreement, the Company will pay the Deposit into the Joint Account by 18 March 2008 and Xizang Medicine has agreed to undertake the following arrangements within the time period indicated:

Proposed action	Indicative timing
1. Establish the PRC Company as a wholly-owned subsidiary of Xizang Medicine with a registered capital of approximately RMB192 million (equivalent to approximately HK\$208.7 million) to be satisfied by the injection of the Class 1 New Drug by Xizang Medicine (the “First Milestone”).	31 March 2008
2. Arrange for an increase of the registered capital of the PRC Company to approximately RMB392 million (equivalent to approximately HK\$426.1 million).	Within two months after the establishment of the PRC Company
3. Enter into the Investment Agreement and other related agreements with the Company and the PRC Company to effect the Company’s investment in the 51% equity interest of the PRC Company.	Within two months after the establishment of the PRC Company
4. Enter into a rental and management agreement with the PRC Company in respect of the rental and management of the production lines and facilities in respect of the Class 1 New Drug Business. Separate announcement(s) will be made by the Company, as and when necessary, pursuant to the requirements under the GEM Listing Rules.	31 March 2008

LETTER FROM THE BOARD

Proposed action

Indicative timing

- | | |
|---|--------------|
| 5. Obtain all necessary approvals from the relevant PRC authorities in respect of the Capital Injection and the conversion of the PRC Company from a PRC domestic company into a sino-foreign equity joint venture. | 31 July 2008 |
| 6. Register the Capital Injection and the conversion of the PRC Company into a sino-foreign equity joint venture with the relevant PRC governmental authorities. | |

Class 1 New Drug

Natriuretic Peptide is a genetic engineering product of human brain and a newly discovered drug which is a potent cardiac drug, and has proven clinical value in heart failure patient. Its relatively safe profile makes it a good treatment modality for many heart diseases.

Based on the valuation report prepared by Grant Sherman Appraisal Limited (“Grant Sherman”), an independent valuer, the fair market value of the Class 1 New Drug as of 31 January 2008 was approximately RMB201.2 million. One of the officers responsible for the valuation is an Accredited Senior Appraiser of the American Society of Appraisers (Business Valuation). In arriving at the fair market value of the Class 1 New Drug, Grant Sherman has applied the relief from royalty approach under the Uniform Standard of Professional Appraisal Practice, a standard generally adopted in the United States of America, which takes into account the future trading prospects and level of turnover likely to be achieved by the PRC Company. To this estimation, an appropriate annual present value discount rate has been applied to arrive at the indicated fair market value. In arriving at the fair market value, Grant Sherman has made certain key assumptions, including (i) the political, legal and economic stability in the PRC; (ii) no major and material changes in the current taxation law, exchange rates and interest rates; and (iii) no major changes in the industry trends and market conditions for related industries in the PRC; and (iv) no significant deviation in the actual results from the business plan prepared by the Company.

Grant Sherman considers that, in general, there are three commonly used approaches to value intellectual properties, namely the relief from royalty method, the excess earnings method, and premium profits method. After Grant Sherman’s detailed analyses, they are of the view that the most appropriate approach is the relief from royalty approach since there is insufficient data to employ the other two valuation methods.

Deposit and Termination

The Company will pay the Deposit in the amount of RMB20 million (equivalent to approximately HK\$21.7 million) into the Joint Account by 18 March 2008 pursuant to the terms of the Co-operation Agreement. The Deposit will be funded by the internal resources of the Group. The Deposit is interest-free, unsecured, and has no fixed term of repayment

LETTER FROM THE BOARD

save for the Company's right to request for a refund under the circumstances mentioned below.

The Company has the right to terminate the Co-operation Agreement and request for a refund of the Deposit upon the occurrence of any of the following circumstances:

- (i) Xizang Medicine fails to establish the PRC Company in accordance with the First Milestone;
- (ii) the relevant drug certificate(s) and production approval(s) for the Class 1 New Drug cannot be obtained or the relevant certificate(s) and/or approval(s) has (have) been revoked for whatsoever reason;
- (iii) the Class 1 New Drug fails to be produced due to technical reason;
- (iv) the Class 1 New Drug loses its medical effect or clinical evidence shows that it has major side effect(s);
- (v) the Class 1 New Drug fails to be manufactured and sold for whatsoever reason; and
- (vi) the Class 1 New Drug fails to be injected into the PRC Company for whatsoever reason.

Upon completion of the Investment Agreement, the Deposit will be released from the Joint Account and will be used to satisfy part of the Company's investment commitment to the PRC Company.

Capital Injection

The Capital Injection is subject to the fulfillment of, among other things, the following conditions:

- (i) the obtaining of all necessary corporate approval and the approval of all necessary authorities by the Company and Xizang Medicine in respect of the signing of the Co-operation Agreement and the performance of their obligations thereunder;
- (ii) a legal and financial due diligence on the PRC Company does not reveal that (a) the PRC Company is involved in any material litigation or claim; or (b) any or all documents in relation to the Class 1 New Drug contain any material misstatement;
- (iii) the entering into of the Investment Agreement, the Joint Venture Agreement and the Articles of Association by the Company, Xizang Medicine and the PRC Company, pursuant to the terms of the Co-operation Agreement;

LETTER FROM THE BOARD

- (iv) the passing of an ordinary resolution by the Shareholders at the EGM approving the Co-operation Agreement and the transactions contemplated thereunder;
- (v) Xizang Medicine has paid up its share of investment into the PRC Company as verified by a PRC registered accountant;
- (vi) the assignment of the Class 1 New Drug to the PRC Company in compliance with applicable PRC laws; and
- (vii) the obtaining of all necessary PRC authorities approval in respect of the amount and the mode of the Company's investment in the PRC Company.

Pursuant to the Investment Agreement, the total capital commitment of the Company shall be approximately RMB200 million (equivalent to approximately HK\$217.4 million). Subject to the fulfillment of all the above conditions, the Deposit of RMB20 million (equivalent to approximately HK\$21.7 million) will be released from the Joint Account and be used to satisfy part of the Company's investment in the PRC Company. In addition, the Company will contribute an additional amount of approximately RMB180 million (equivalent to approximately HK\$195.7 million), which will be funded by the internal resources of the Group, in cash into the PRC Company in the following manner:

Payment	Indicative timing
RMB80 million (equivalent to approximately HK\$87.0 million)	Within 10 days after the approval of the Investment Agreement, Joint Venture Agreement and the Articles of Association by the relevant PRC authorities (the "First Payment Date")
RMB50 million (equivalent to approximately HK\$54.3 million)	Subject to the registration of the Capital Injection and the conversion of the PRC Company into a sino-foreign equity joint venture with the relevant PRC authorities, within 6 months after the First Payment Date (the "Second Payment Date")
Approximately RMB50 million (equivalent to approximately HK\$54.3 million)	Within 6 months after the Second Payment Date

The Company will enter into the Investment Agreement, the Joint Venture Agreement and the Articles of Association with Xizang Medicine and the PRC Company in respect of the detailed terms of the Capital Injection and the operation of the PRC Company as a joint venture between the Company and Xizang Medicine.

LETTER FROM THE BOARD

PRINCIPAL BUSINESS OF THE GROUP

The Group is principally engaged in the provision of diagnostic testing services and products and related research and development, investment holding, and sales of health food and pharmaceutical products.

FINANCIAL EFFECT OF THE CO-OPERATION AGREEMENT

The Directors currently expect that, after the completion of the Capital Injection, the PRC Company would be held as to 51% by the Company and would be accounted for as a subsidiary of the Company. Please refer to Appendix II: Unaudited Pro Forma Financial Information on the Enlarged Group for details of the financial effect on the total assets and the total liabilities of the Group immediately after the completion of the Capital Injection.

The Company expects no material effect on the Enlarged Group's earnings immediately after the completion of the Capital Injection.

REASONS FOR THE CO-OPERATION AGREEMENT

Reference is made to the joint announcement dated 15 November 2007 issued by the Company, HK Health Check and Town Health in relation to, among other things, the fund raising exercises of the Group and its potential investment in Class 1 New Drug. The Directors intend to apply part of the proceeds from such fund raising exercise to finance the Capital Injection. The Directors are of the view that through the entering into of the Co-operation Agreement and the Investment Agreement with Xizang Medicine, which was referred to the Company by the Referral Agent under the Referral Agreement referred to in the above-mentioned joint announcement, the Company will, through the PRC Company which would become its 51% owned subsidiary, be able to participate in the Class 1 New Drug Business, and tap into the pharmaceutical industry in the PRC, which the Directors believe will offer good financial return to the Group.

RE-ELECTION OF DIRECTOR

The Board currently comprises six Directors, namely Mr. Lui Chi Wah, Johnny, Mr. Wu Kai, Mr. Lau Kam Shan, Mr. Kwok Shun Tim, Mr. Chan Po Kwong and Mr. Lam Yan Wing.

Pursuant to Article 115 of the articles of association of the Company, Dr. Hui Ka Wah Ronnie *JP* who was appointed by the Board during the current year shall hold office only until the next following general meeting of the Company, and being eligible, he has offered himself for re-election.

Details of Dr. Hui Ka Wah Ronnie *JP*, the Director proposed for re-election at the EGM, are set out in Appendix III of this circular.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19.38 of the GEM Listing Rules, the Co-operation Agreement and the transactions contemplated as a whole constitute a major transaction for the Company and are required to be approved by the Shareholders at the EGM.

The payment of the Deposit, which is expected to occur by 18 March 2008, will also constitute an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules and relevant details were set out in the Announcement.

EGM

The Company will convene the EGM at Rooms 609–610, 6/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong on Monday, 31 March 2008, at 10:00 a.m. at which ordinary resolutions will be proposed for the purpose of considering and, if thought fit, approving the major transaction in relation to the Co-operation Agreement and the transactions contemplated thereunder and the re-election of a Director. No Shareholder is required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM, or any adjourned meeting, should you so wish.

RECOMMENDATION

The terms of the Co-operation Agreement were arrived at after arm's length negotiations between the Company and Xizang Medicine with reference to the capital to be contributed to the PRC Company (by the transfer of the Class 1 New Drug) by Xizang Medicine. The Directors consider the terms of the Co-operation Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote for the resolution to approve the Co-operation Agreement and the transactions contemplated thereunder and the re-election of a Director at the EGM.

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

I. SUMMARY OF FINANCIAL INFORMATION FOR EACH OF THE THREE YEARS ENDED 30 JUNE 2007 AND THE SIX MONTHS ENDED 31 DECEMBER 2007

The following is a summary of the financial results of the Group for each of the three years ended 30 June 2007 and the six months ended 31 December 2007 as extracted from the annual reports of the Company for the three years ended 30 June 2007 and the interim report of the Company for the six months ended 31 December 2007.

	For the year ended 30 June			For the six months ended 31 December
	2005	2006	2007	2007
	HK\$	HK\$	HK\$	HK\$
	(audited)	(audited)	(audited)	(unaudited)
Turnover	1,133,297	1,368,404	1,297,939	739,783
Cost of sales	<u>(1,048,689)</u>	<u>(1,308,230)</u>	<u>(1,087,647)</u>	<u>(542,626)</u>
Gross profit	84,608	60,174	210,292	197,157
Other income	<u>596,679</u>	<u>1,182,374</u>	<u>16,417,159</u>	<u>2,788,650</u>
	681,287	1,242,548	16,627,451	2,985,807
Selling and distribution expenses	(556,026)	(510,437)	(137,676)	(9,726)
Administration expenses	(4,097,754)	(4,737,887)	(5,264,743)	(3,223,601)
Other operating expenses	<u>(1,618,180)</u>	<u>(5,564,684)</u>	<u>(1,437,646)</u>	<u>(193,535)</u>
Profit/(Loss) before tax	(5,590,673)	(9,570,460)	9,787,386	(441,055)
Income tax expense	<u>–</u>	<u>–</u>	<u>(1,391,000)</u>	<u>–</u>
Profit/(Loss) for the period attributable to equity holders of the Company	<u><u>(5,590,673)</u></u>	<u><u>(9,570,460)</u></u>	<u><u>8,396,386</u></u>	<u><u>(441,055)</u></u>
Earning/(loss) per share				
– basic (note 3)	(1.62 cents)	(2.55 cents)	2.23 cents	(0.007 cents)
– diluted (note 4)	N/A	N/A	2.22 cents	(0.007 cents)
Dividend per share	Nil	Nil	Nil	Nil

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

	Assets and liabilities of the Group			For the six months ended 31 December
	As at 30 June			2007
	2005	2006	2007	2007
	HK\$	HK\$	HK\$	HK\$
	(audited)	(audited)	(audited)	(unaudited)
Non-current assets	4,110,820	2,421,980	3,256,023	3,051,162
Current assets	33,429,118	26,094,751	37,537,520	94,844,166
Total assets	<u>37,539,938</u>	<u>28,516,731</u>	<u>40,793,543</u>	<u>97,895,328</u>
Current liabilities	546,602	652,935	2,738,165	2,407,202
Non-current liabilities	—	—	—	—
Total liabilities	<u>546,602</u>	<u>652,935</u>	<u>2,738,165</u>	<u>2,407,202</u>
Net assets	<u>36,993,336</u>	<u>27,863,796</u>	<u>38,055,378</u>	<u>95,488,126</u>

Notes:

- (1) The reports of the auditors in respect of the financial statements of the Group for each of the three years ended 30 June 2007 issued by RSM Nelson Wheeler did not contain any qualification.
- (2) There was no profit or loss attributable to minority interest and no extraordinary or exceptional item during the three years ended 30 June 2007 and the six months ended 31 December 2007.
- (3) The calculation of the basic earnings/loss per share for each of three years ended 30 June 2007 is based on (i) the loss attributable to the equity holders of the Company of HK\$5,590,673 for the year ended 30 June 2005; (ii) the loss attributable to the equity holders of the Company of HK\$9,570,460 for the year ended 30 June 2006; and (iii) the profit attributable to the equity holders of the Company of HK\$8,396,386 for the year ended 30 June 2007 and on the weighted average number of (i) 345,897,501 ordinary shares in issue during the year ended 30 June 2005; (ii) 375,982,170 ordinary shares in issue during the year ended 30 June 2006; and (iii) 375,883,507 ordinary shares in issue during the year ended 30 June 2007. The calculation of the basic loss per share for the six months ended 31 December 2007 is based on the unaudited loss for the six months ended 31 December 2007 attributable to the equity holders of the Company of HK\$441,055 and the weighted average number of Subdivided Shares of 6,103,931,920 in issue during the period after adjusting for the effect on the Share Subdivision.
- (4) The computation of diluted loss per share for the years ended 30 June 2005 and 2006 has not been presented because the assumed exercises of share options, which were outstanding during the years, had anti-dilutive effects on the basic loss per share. The calculation of the diluted earnings per share for the year ended 30 June 2007 is based on the profit attributable to equity holders of the Company of HK\$8,396,386 and the weighted average number of 379,036,662 shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects on assumed exercise of share options. The calculation of diluted loss per share for the six months ended 31 December 2007 is based on the unaudited loss for the corresponding period attributable to equity holder of the Company of HK\$441,055 and 6,149,574,900 Subdivided Shares, being the weighted average number of Subdivided Shares outstanding during the period, adjusted for the effects on the Share Subdivision and potential shares issued upon exercise of share options.

II. AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The following is the audited financial statements of the Group for the year ended 30 June 2007 as extracted from the annual report of the Company for the year ended 30 June 2007.

Consolidated Income Statement

For the year ended 30 June 2007

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Turnover	6	1,297,939	1,368,404
Cost of sales		<u>(1,087,647)</u>	<u>(1,308,230)</u>
Gross profit		210,292	60,174
Other income	7	<u>16,417,159</u>	<u>1,182,374</u>
		16,627,451	1,242,548
Selling and distribution expenses		(137,676)	(510,437)
Administration expenses		(5,264,743)	(4,737,887)
Other operating expenses		<u>(1,437,646)</u>	<u>(5,564,684)</u>
Profit/(Loss) before tax		9,787,386	(9,570,460)
Income tax expense	9	<u>(1,391,000)</u>	<u>–</u>
Profit/(Loss) for the year attributable to equity holders of the Company	10	<u><u>8,396,386</u></u>	<u><u>(9,570,460)</u></u>
Earnings/(Loss) per share			
– basic	14	<u><u>2.23 cents</u></u>	<u><u>(2.55 cents)</u></u>
– diluted		<u><u>2.22 cents</u></u>	<u><u>N/A</u></u>

Consolidated Balance Sheet*As at 30 June 2007*

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Non-current assets			
Intangible assets	15	–	–
Property, plant and equipment	16	3,256,023	2,421,980
		<u>3,256,023</u>	<u>2,421,980</u>
Current assets			
Inventories	17	100,527	44,846
Trade and other receivables	18	18,051,965	612,568
Financial assets at fair value through profit or loss	19	15,262,864	7,398,530
Cash and bank balances	20	4,122,164	18,038,807
		<u>37,537,520</u>	<u>26,094,751</u>
Current liabilities			
Trade and other payables	21	1,347,165	652,935
Current tax liabilities		1,391,000	–
		<u>2,738,165</u>	<u>652,935</u>
Net current assets		<u>34,799,355</u>	<u>25,441,816</u>
Net assets		<u><u>38,055,378</u></u>	<u><u>27,863,796</u></u>
Capital and reserves			
Share capital	23	3,825,920	3,735,920
Reserves		34,229,458	24,127,876
Total equity		<u><u>38,055,378</u></u>	<u><u>27,863,796</u></u>

Consolidated Statement of Changes in Equity*For the year ended 30 June 2007*

	Reserves					Total HK\$
	Share capital HK\$	Share premium HK\$	Share options reserve HK\$	Accumulated losses HK\$	Sub-total of reserves HK\$	
Balance at 1 July 2005	3,830,760	46,628,204	–	(13,465,628)	33,162,576	36,993,336
Shares repurchase	(94,840)	(1,383,566)	–	–	(1,383,566)	(1,478,406)
Recognition of share-based payments	–	–	1,919,326	–	1,919,326	1,919,326
Loss for the year	–	–	–	(9,570,460)	(9,570,460)	(9,570,460)
Balance at 30 June 2006 and 1 July 2006	3,735,920	45,244,638	1,919,326	(23,036,088)	24,127,876	27,863,796
Issue of shares upon exercise of share options	90,000	919,900	–	–	919,900	1,009,900
Transfer of reserve upon exercise of share options	–	788,450	(788,450)	–	–	–
Transfer of reserve upon lapse of share options	–	–	(215,786)	215,786	–	–
Recognition of share-based payments	–	–	785,296	–	785,296	785,296
Profit for the year	–	–	–	8,396,386	8,396,386	8,396,386
Balance at 30 June 2007	<u>3,825,920</u>	<u>46,952,988</u>	<u>1,700,386</u>	<u>(14,423,916)</u>	<u>34,229,458</u>	<u>38,055,378</u>

Nature and purpose of reserves*(i) Share premium*

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they all due in the ordinary course of business.

(ii) Share options reserve

The Group has a share option scheme under which options to subscribe for the Company's shares have been granted to certain directors, employees, other eligible participants and Chinese University as set out in note 24.

Consolidated Cash Flow Statement*For the year ended 30 June 2007*

	2007 HK\$	2006 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	9,787,386	(9,570,460)
Adjustments for:		
Interest income	(677,887)	(1,061,081)
Dividend income from listed investments	(85,383)	–
Depreciation	317,689	679,082
Loss/(Gain) on disposal of property, plant and equipment	270,717	(108,000)
Amortisation of intangible assets	–	459,757
Impairment losses of intangible assets	–	3,158,397
Share-based payments expenses	785,296	1,919,326
Fair value (gain)/loss of financial assets at fair value through profit or loss	(4,236,610)	332,459
Gain on disposal of financial assets at fair value through profit or loss	(11,362,631)	–
Write-off of inventories	77,328	–
Write-off of property, plant and equipment	–	133,127
Operating loss before working capital changes	(5,124,095)	(4,057,393)
Increase in inventories	(133,009)	(11,332)
(Increase)/Decrease in trade and other receivables	(17,439,397)	189,328
Increase in trade and other payables	694,230	106,333
Net cash used in operating activities	(22,002,271)	(3,773,064)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,422,449)	(2,628,080)
Payments for licences and patents	–	(113,443)
Proceeds from disposal of property, plant and equipment	–	108,000
Purchases of financial assets at fair value through profit or loss	(51,650,514)	–
Proceeds from disposals of financial assets at fair value through profit or loss	59,385,421	–
Dividend received from listed investments	85,383	–
Interest received	677,887	1,061,081
Net cash from/(used) in investing activities	7,075,728	(1,572,442)

	2007 HK\$	2006 HK\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares upon exercise of share options	1,009,900	–
Shares repurchase	–	(1,478,406)
Net cash from/(used in) financing activities	1,009,900	(1,478,406)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,916,643)	(6,823,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,038,807	24,862,719
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,122,164	18,038,807
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,122,164	18,038,807

Notes to the Financial Statements

For the year ended 30 June 2007

1. GENERAL

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" of this annual report.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 31 to the financial statements.

2. ADOPTION OF NEW AND REVISED HKFRSS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006, 1 May 2006 and 1 June 2006. 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.

The Group has not applied the new HKFRSs that have been issued but not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Laboratory equipment	5 years
Leasehold improvements	5 years
Office equipment, furniture and fixtures	2 ¹ / ₂ – 5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(d) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(e) Intangible assets*(i) Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefit; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives which generally do not exceed twenty years. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

(ii) Patents and licences

Patents and licences are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives of the relevant testing services of 7 to 15 years.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

In previous years, cost of inventories was determined using first-in, first-out basis. With the new operation of the Group's retail business on 1 December 2006, cost of inventories is to be determined using weighted average method. Such change in accounting policy had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

(g) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(i) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(j) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of diagnostic testing services is recognised when the services are rendered.

Revenue from the sales of diagnostic testing products is recognised on the transfer of risks and rewards of ownership which generally coincide with the time when goods are delivered and title has passed.

Sales of health food and pharmaceutical products are recognised when goods are delivered and title has passed.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Interest income is recognised as it accrues using the effective interest method.

(m) Employee benefits*(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(n) Share-based payments

The Group issues equity-settled share-based payments to certain grantees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(o) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(r) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, except investments, inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(t) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In the process of applying the Group's accounting policies described in note 3 to the financial statements, management has made estimates and assumptions concerning the future. The estimates and assumptions that have significant impact on changes in value of carrying amounts of the most significant amounts of assets/liabilities are discussed below:

(a) Licences, patents and development costs

Determining whether licences and patents and development costs are impaired requires an estimation of the recoverable amount through future commercial activity which requires the Group to estimate the future cash flows expected to arise from the developed services and products. Impairment losses may arise when actual cash flows are less than expected.

Impairment losses of licences and patents and development costs amounted to HK\$1,156,672 and HK\$2,001,725 respectively have been charged to the consolidated income statement for the year ended 30 June 2006.

(b) Share-based payment expenses

The fair value of the share options granted to the directors, employees and other eligible participants determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payment reserve. In assessing the fair value of the share options, the Black-Scholes option pricing model (the "Black-Scholes Model") was used. The Black-Scholes Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Black-Scholes Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose itself to different kinds of financial risk. The management has been monitoring these risk exposures to ensure appropriate measures are implemented on a timely and effective manner so as to mitigate or reduce such risks.

(a) Currency risk

The Group has certain assets, liabilities and transactions denominated in foreign currency and is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

The Group's exposure to change in interest rates is mainly attributable to its bank balances. Bank balances expose the Group to cash flow interest-rate risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(c) Credit risk

The Group's maximum exposure to credit risk in the event of counterparties failure to perform their obligations as at 30 June 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(d) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Group is exposed to debt security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

(e) Fair values

The carrying amounts of the Group's financial assets as reflected in the consolidated balance sheet approximate their respective fair values.

(f) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

6. TURNOVER

The Group's turnover represents turnover arising on sales of diagnostic testing services and products, and sales of health food and pharmaceutical products. An analysis of the Group's turnover for the year is as follows:

	2007 HK\$	2006 HK\$
Sales of diagnostic testing services and products	1,148,009	1,368,404
Sales of health food and pharmaceutical products	149,930	—
	<u>1,297,939</u>	<u>1,368,404</u>

7. OTHER INCOME

	2007 HK\$	2006 HK\$
Interest income	677,887	1,061,081
Dividend income from listed investments	85,383	—
Fair value gain on financial assets at fair value through profit or loss	4,236,610	—
Gain on disposal of financial assets at fair value through profit or loss	11,362,631	—
Gain on disposal of property, plant and equipment	—	108,000
Handling charges received	3,990	12,650
Sundry income	50,658	643
	<u>16,417,159</u>	<u>1,182,374</u>

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

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

- Sales of diagnostic testing services The use of blood test and Fibrosan test in the diagnosis of cancerous and certain liver and other diseases.
- Sales of health food and pharmaceutical products Retail business on sales of health food and pharmaceutical products was commenced in December 2006. Accordingly no information about this business segment was presented for the year ended 30 June 2006.
- Research and development Research and development relating to diagnosis of cancer and certain other illnesses.

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

	Sales of diagnosis testing services HK\$	Sales of health food and pharmaceutical products HK\$	Research and development HK\$	Total HK\$
<i>Year ended 30 June 2007</i>				
TURNOVER	<u>1,148,009</u>	<u>149,930</u>	<u>–</u>	<u>1,297,939</u>
RESULTS				
Segment results	<u>(2,698,802)</u>	<u>(322,796)</u>	<u>(808,685)</u>	<u>(3,830,283)</u>
Other income				16,373,215
Unallocated corporate expenses				<u>(2,755,546)</u>
Profit before tax				9,787,386
Income tax expense				<u>(1,391,000)</u>
Profit for the year				<u><u>8,396,386</u></u>
<i>As at 30 June 2007</i>				
ASSETS				
Segment assets	23,021,812	392,216	1,359	23,415,387
Unallocated assets				<u>17,378,156</u>
Total assets				<u><u>40,793,543</u></u>
LIABILITIES				
Segment liabilities	1,077,669	51,200	16,021	1,144,890
Unallocated liabilities				<u>1,593,275</u>
Total liabilities				<u><u>2,738,165</u></u>
OTHER INFORMATION				
Capital expenditure	1,214,889	207,560	–	1,422,449
Depreciation of property, plant and equipment	286,980	30,709	–	317,689
Write-off of inventories	70,878	6,450	–	77,328
Loss on disposal of property, plant and equipment	<u>270,717</u>	<u>–</u>	<u>–</u>	<u><u>270,717</u></u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

	Sales of diagnosis testing services HK\$	Research and development HK\$	Total HK\$
<i>Year ended 30 June 2006</i>			
TURNOVER	<u>1,368,404</u>	<u>–</u>	<u>1,368,404</u>
RESULTS			
Segment results	<u>(5,914,161)</u>	<u>(4,384,921)</u>	(10,299,082)
Other income			1,061,081
Unallocated corporate expenses			<u>(332,459)</u>
Loss for the year			<u>(9,570,460)</u>
<i>As at 30 June 2006</i>			
ASSETS			
Segment assets	20,834,321	283,880	21,118,201
Unallocated assets			<u>7,398,530</u>
Total assets			<u>28,516,731</u>
LIABILITIES			
Segment liabilities	633,695	19,240	<u>652,935</u>
OTHER INFORMATION			
Capital expenditure	2,655,016	86,507	2,741,523
Depreciation and amortisation	1,138,839	–	1,138,839
Impairment losses of intangible assets	–	3,158,397	3,158,397
Fair value loss of financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>332,459</u>

Geographical segments

The revenue and results, assets and liabilities of the Group for the years ended 30 June 2006 and 2007 are derived wholly from customers located in one geographical market, namely Hong Kong.

9. INCOME TAX EXPENSE

	2007 HK\$	2006 HK\$
Current tax – Hong Kong Profits Tax	<u>1,391,000</u>	<u>–</u>

Hong Kong Profits Tax has been provided at a rate of 17.5% on the estimated assessable profit for the year ended 30 June 2007. No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2006 as the Group did not generate any assessable profits arising in Hong Kong during that year.

The income tax expense can be reconciled to the profit/(loss) before tax per the consolidated income statement as follows:

	2007 HK\$	2006 HK\$
Profit/(Loss) before tax	<u>9,787,386</u>	<u>(9,570,460)</u>
Tax calculated at the tax rate of 17.5% (2006: 17.5%)	1,712,790	(1,674,830)
Tax effect of expenses not deductible in determining taxable profits	176,434	483,784
Tax effect of income not taxable in determining taxable profits	(129,989)	(185,690)
Tax effect of temporary differences not recognised	(105,184)	438,906
Tax effect of utilisation of tax losses not previously recognised	(65,718)	–
Tax effect of loss not recognised	102,667	937,830
Underprovision in current year	<u>(300,000)</u>	<u>–</u>
Income tax expense	<u>1,391,000</u>	<u>–</u>

10. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been arrived at after charging/(crediting):

	2007 HK\$	2006 HK\$
Amortisation of intangible assets	–	773,845
Less: Amounts capitalised as development costs	–	(314,088)
Amortisation included in other operating expenses	–	459,757
Auditor's remuneration	292,500	175,000
Cost of inventories sold	263,111	108,372
Depreciation	317,689	679,082
Exchange losses	88,412	8,171
Fair value (gain)/loss of financial assets at fair value through profit or loss	(4,236,610)	332,459
Gain on disposal of financial assets at fair value through profit or loss	(11,362,631)	–
Impairment losses of intangible assets included in other operating expenses	–	3,158,397
Operating leases in respect of		
Office premises	257,909	183,300
Retail shop	119,840	–
Directors' quarters	136,000	816,000
Research and development expenditure other than amortisation, staff costs and share-based payment expenses	–	52,444
Staff costs		
Directors' emoluments including directors' quarters (note 11)	2,341,084	1,607,805
Other staff's retirement scheme contributions	57,584	60,440
Other staff's salaries and wages	1,353,355	1,330,746
Other staff's share-based payments expenses	–	795,099
Other welfares	21,146	18,277
	3,773,169	3,812,367
Share-based payment expenses not included in staff costs	785,296	734,076
Loss on disposal of property, plant and equipment	270,717	–
Write-off of inventories included in cost of inventories sold	77,328	–
Write-off of property, plant and equipment included in other operating expenses	–	133,127

11. DIRECTORS' EMOLUMENTS

During the year ended 30 June 2007 and 2006, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the years.

Details of emoluments of individual executive, non-executive and independent non-executive directors are set out below:

	Directors' fees HK\$	Salaries, allowances and other benefits HK\$	Retirement scheme contributions HK\$	2007 Total HK\$
For the year ended 30 June 2007				
Executive directors				
Mr. Lui Chi Wah, Johnny (a)	–	1,971,371	27,500	1,998,871
Mr. Wu Kai (b)	120,000	–	–	120,000
Dr. Yeung Wah Hin, Alex (c)	–	194,000	2,000	196,000
Mr. Cheng Yan Tak, Angus Ronald (d)	–	–	–	–
Mr. Cho Kam Luk (c)	–	–	–	–
Ms. Yeung Tsui Mai Ling, Margaret (c)	–	–	–	–
	<u>120,000</u>	<u>2,165,371</u>	<u>29,500</u>	<u>2,314,871</u>
Non-executive directors				
Mr. Lau Kam Shan	–	–	–	–
Independent non-executive directors				
Mr. Chan Po Kwong	–	–	–	–
Mr. Kwok Shun Tim (h)	–	–	–	–
Mr. Lam Yan Wing (i)	–	–	–	–
Mr. Chan Siu Wing, Raymond (d)	25,500	–	713	26,213
Mr. Wong Kin Fung (g)	–	–	–	–
	<u>25,500</u>	<u>–</u>	<u>713</u>	<u>26,213</u>
	<u>145,500</u>	<u>2,165,371</u>	<u>30,213</u>	<u>2,341,084</u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

	Directors' fees HK\$	Salaries, allowances and other benefits HK\$	Retirement scheme contributions HK\$	Share-based payments HK\$	2006 Total HK\$
For the year ended 30 June 2006					
Executive directors					
Dr. Yeung Wah Hin, Alex (c)	–	1,176,000	12,000	66,453	1,254,453
Mr. Cheng Yan Tak, Angus Ronald (d)	–	–	–	33,226	33,226
Mr. Cho Kam Luk (c)	–	–	–	33,226	33,226
Ms. Yeung Tsui Mai Ling, Margaret (c)	–	–	–	33,226	33,226
	–	1,176,000	12,000	166,131	1,354,131
Non-executive directors					
Mr. Lau Kam Shan	–	–	–	33,226	33,226
Independent non-executive directors					
Dr. Ngan Man Wong, Matthew (e)	–	–	–	43,355	43,355
Dr. Loh Kai Tsu, Kevin (f)	–	–	–	–	–
Mr. Chan Siu Wing, Raymond (d)	28,242	–	1,412	57,129	86,783
Mr. Chan Po Kwong	–	–	–	90,310	90,310
Mr. Wong Kin Fung (g)	–	–	–	–	–
	28,242	–	1,412	190,794	220,448
	28,242	1,176,000	13,412	390,151	1,607,805

Notes:

- (a) Appointed on 2 August 2006
- (b) Appointed on 22 August 2006
- (c) Resigned on 2 August 2006
- (d) Resigned on 22 August 2006
- (e) Resigned on 22 March 2006
- (f) Resigned on 24 October 2005
- (g) Retired on 2 November 2006
- (h) Appointed on 13 September 2006
- (i) Appointed on 30 January 2007

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group included two (2006: one) executive directors of the Company, whose emoluments are included in note 11 above. The emoluments of the remaining three (2006: four) individuals are as follows:

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Salaries and allowances	645,122	978,983
Retirement scheme contributions	26,900	43,725
Share-based payments	–	287,385
	<u>672,022</u>	<u>1,310,093</u>

The emoluments of the remaining three (2006: four) highest paid individuals were within the following band:

	Number of individuals	
	2007	2006
HK\$Nil – HK\$1,000,000	<u>3</u>	<u>4</u>

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

No dividend has been paid or declared by the Company for the year (2006: Nil).

14. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit for the year attributable to the equity holders of the Company of HK\$8,396,386 (2006: loss of HK\$9,570,460) and on the weighted average number of ordinary shares of 375,883,507 (2006: 375,982,170) in issue during the year.

The calculation of the diluted earnings per share for the year ended 30 June 2007 is based on the profit attributable to equity holders of the Company of HK\$8,396,386 and the weighted average number of 379,036,662 shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects on assumed exercise of share options.

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

15. INTANGIBLE ASSETS

The Group carried out reviews of the recoverable amount of its intangible assets in 2006 and 2007, having regard to the market conditions of the Group's services. These assets were used in the Group's research and development segment. The review led to the recognition of impairment losses of HK\$2,001,725 for development costs and HK\$1,156,672 for licences and patents, which had been recognised in the prior year income statement. The recoverable amount had been determined on the basis of their value in use. In the opinion of the management, no future cash inflow would be generated from the relevant assets. Impairment losses had been fully provided for the year ended 30 June 2006.

Details of the intangible assets of the Group at the balance sheet date are set out below:

	Development costs HK\$	Licences and patents HK\$	Total HK\$
Cost			
At 1 July 2005	3,612,637	2,490,731	6,103,368
Additions	314,088	113,443	427,531
At 30 June 2006 and 30 June 2007	3,926,725	2,604,174	6,530,899
Accumulated amortisation and impairment losses			
At 1 July 2005	1,505,000	1,093,657	2,598,657
Charge to consolidated income statement	420,000	39,757	459,757
Amount capitalised as development costs	—	314,088	314,088
	420,000	353,845	773,845
Impairment losses	2,001,725	1,156,672	3,158,397
At 30 June 2006 and 30 June 2007	3,926,725	2,604,174	6,530,899
Carrying amount			
At 30 June 2006 and 30 June 2007	—	—	—

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

16. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK\$	Laboratory equipment HK\$	Leasehold improvements HK\$	Office equipment, furniture and fixtures HK\$	Motor vehicles HK\$	Total HK\$
Cost						
At 1 July 2005	–	1,041,434	269,492	659,660	94,206	2,064,792
Additions	1,500,000	670,400	–	18,680	439,000	2,628,080
Disposals/Write-off	–	–	(269,492)	(385,897)	(94,206)	(749,595)
At 30 June 2006 and 1 July 2006	1,500,000	1,711,834	–	292,443	439,000	3,943,277
Additions	–	1,021,886	337,580	62,983	–	1,422,449
Disposals/Write-off	–	–	–	–	(439,000)	(439,000)
At 30 June 2007	1,500,000	2,733,720	337,580	355,426	–	4,926,726
Accumulated depreciation and impairment						
At 1 July 2005	–	742,000	127,384	495,093	94,206	1,458,683
Charge for the year	–	400,674	53,898	136,710	87,800	679,082
Disposals/Write-off	–	–	(181,282)	(340,980)	(94,206)	(616,468)
At 30 June 2006 and 1 July 2006	–	1,142,674	–	290,823	87,800	1,521,297
Charge for the year	–	191,136	41,550	4,520	80,483	317,689
Disposals/Write-off	–	–	–	–	(168,283)	(168,283)
At 30 June 2007	–	1,333,810	41,550	295,343	–	1,670,703
Carrying amount						
At 30 June 2007	<u>1,500,000</u>	<u>1,399,910</u>	<u>296,030</u>	<u>60,083</u>	<u>–</u>	<u>3,256,023</u>
At 30 June 2006	<u>1,500,000</u>	<u>569,160</u>	<u>–</u>	<u>1,620</u>	<u>351,200</u>	<u>2,421,980</u>

Construction in progress represents work in progress of designs and renovation in respect of a molecular testing laboratory workshop in a body-check centre which is still under construction.

17. INVENTORIES

	2007 HK\$	2006 HK\$
Pharmaceutical supplies	–	44,846
Health food and pharmaceutical products	100,527	–
	<u>100,527</u>	<u>44,846</u>

18. TRADE AND OTHER RECEIVABLES

	2007 HK\$	2006 HK\$
Trade receivables	160,678	144,829
Payment for shares of initial public offering application	7,267,395	–
Receivable arising from dealing in listed securities	10,329,660	–
Deposits	141,858	330,335
Prepayments	130,938	115,695
Other receivables	21,436	21,709
	<u>18,051,965</u>	<u>612,568</u>

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

	2007 HK\$	2006 HK\$
0 – 30 days	78,805	104,883
31 – 60 days	18,870	29,935
61 – 90 days	19,100	9,281
> 90 days	43,903	730
	<u>160,678</u>	<u>144,829</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007 HK\$	2006 HK\$
Held for trading and at fair value		
Listed equity securities in Hong Kong	15,262,864	–
Unlisted debt securities (<i>note</i>)	–	7,398,530
	<u>15,262,864</u>	<u>7,398,530</u>

Note: The above unlisted debt securities represented five-year treasury notes of the United States with interest rate of 4% per annum. Their fair values were determined based on the market price provided by the relevant financial institution. The Group had disposed of the treasury notes in the current year.

20. CASH AND BANK BALANCES

Cash and bank balances comprises cash held by the Group and bank balances that bear interest at prevailing market rates of 2.75% (2006: 4.98%) per annum and have original maturity of one month or less (2006: one month or less).

21. TRADE AND OTHER PAYABLES

	2007 HK\$	2006 HK\$
Trade payables	13,703	–
Other payables and accrued charges	1,333,462	652,709
Amount due to a related company (<i>see note 28d</i>)	–	226
	<u>1,347,165</u>	<u>652,935</u>

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

	2007 HK\$	2006 HK\$
0 – 30 days	9,087	–
31 – 60 days	2,051	–
61 – 90 days	386	–
> 90 days	2,179	–
	<u>13,703</u>	<u>–</u>

22. DEFERRED TAXATION

At the balance sheet date, the major components of the unprovided deferred taxation of the Group are as follows:

	2007 HK\$	2006 HK\$
Accelerated depreciation allowance	(180,108)	(74,924)
Future benefits of tax losses	4,610,587	4,083,602
	<u>4,430,479</u>	<u>4,008,678</u>

No deferred tax assets has been recognised as the generation of future taxable profits against which the assets can be utilised is uncertain. The tax losses can be carried forward indefinitely.

23. SHARE CAPITAL

	Number of shares	Nominal value HK\$
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 July 2005, 30 June 2006 and 2007	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid		
At 1 July 2005	383,076,000	3,830,760
Shares repurchase (<i>note a</i>)	<u>(9,484,000)</u>	<u>(94,840)</u>
At 30 June 2006 and 1 July 2006	373,592,000	3,735,920
Exercise of share options (<i>note b</i>)	<u>9,000,000</u>	<u>90,000</u>
At 30 June 2007	<u>382,592,000</u>	<u>3,825,920</u>

Notes:

- (a) During the year ended 30 June 2006, the Company repurchased its own shares on GEM as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	
July 2005	3,500,000	0.207	0.178	655,796
November 2005	5,984,000	0.145	0.126	822,610
Total	<u>9,484,000</u>			<u>1,478,406</u>

The above shares were cancelled upon repurchases and accordingly the issued share capital of the Company was reduced by the par value of these shares which amounted to HK\$94,840. An aggregate amount of HK\$1,383,566 representing the premium portion and brokerage expenses payable on the repurchases was charged against the share premium account.

- (b) During the year ended 30 June 2007, the Company had issued a total of 9,000,000 ordinary shares of HK\$0.01 each upon the exercise of share options as follows:

Exercise price per share	Number of shares issued upon exercise	Amounts of share exercised HK\$	Share capital increased upon exercise	Share premium increased upon exercise
			HK\$	HK\$
HK\$0.105	3,100,000	325,500	31,000	294,500
HK\$0.116	5,900,000	684,400	59,000	625,400
	<u>9,000,000</u>	<u>1,009,900</u>	<u>90,000</u>	<u>919,900</u>

24. SHARE OPTIONS

- (a) 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 of Directors (the "Board") may, at its discretion, invite any employees, Directors, advisors, consultants, 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 (together "Participants") to take up options to subscribe for shares of the Company ("Options").

Options granted should be accepted within 14 days from the date of grant. Upon acceptance of the Options, the eligible person shall pay HK\$1 to the Company by way of consideration for the grant. The Options may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period after the Options has been granted by the Board. An option period is a period to be determined by the Board in its absolute discretion and notified by the Board to each eligible person as being the period during which any Options may be exercised, such period to expire not later than 10 years after the date of grant of the Options.

The subscription price will be determined by the Board of the Company at its absolute discretion and shall be no less than the highest of: (a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day; and (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

The total number of shares which may be issued upon exercise of all outstanding options granted or to be granted under the Share Option Scheme is 10% of the issued share capital of the Company as at the listing date of the Company on GEM (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders of the Company's approval.

No Participants shall be granted an option which, if exercised in full, would result in such Participants becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued under all the options previously granted to him or her which have been exercised, and, issuable under all the outstanding options previously granted to him or her which are for the time being subsisting and unexercised, would exceed 1% of the total number of shares in issue in any 12-month period up to the date of grant of the Options.

Unless early terminated in accordance with the terms therein, the Share Option Scheme will remain valid and effective for a period of 10 years commencing on 18 June 2004.

Share options do not confer rights on the holder to dividends or to vote at the shareholders' meeting.

Details of the movements in share options granted under the Share Option Scheme during the year ended 30 June 2007 are set out as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
			Outstanding at 01/07/2006	Granted	Exercised/ Cancelled/ Lapsed	Outstanding at 30/06/2007
Directors						
20/06/2005	20/06/2005 – 19/06/2008	0.225	6,225,266	–	5,114,155	1,111,111
20/06/2005	20/06/2005 – 19/06/2015	0.225	3,999,999	–	3,999,999	–
19/06/2006	19/06/2006 – 18/06/2009	0.105	3,000,000	–	2,500,000	500,000
19/06/2006	19/06/2006 – 18/06/2016	0.105	2,003,835	–	1,055,342	948,493
Employees						
26/06/2006	26/06/2006 – 25/06/2016	0.116	4,700,000	–	4,100,000	600,000
Other eligible participants						
26/06/2006	26/06/2006 – 25/06/2016	0.116	3,600,000	–	3,600,000	–
Total			23,529,100	–	20,369,496	3,159,604
Weighted average exercise price (HK\$)			0.1610	–	0.1629	0.1493

Details of the movements in share options granted under the Share Option Scheme during the year ended 30 June 2006 are set out as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
			Outstanding at 01/07/2005	Granted	Exercised/ Cancelled/ Lapsed	Outstanding at 30/06/2006
Directors						
20/06/2005	20/06/2005 – 19/06/2008	0.225	6,225,266	–	–	6,225,266
20/06/2005	20/06/2005 – 19/06/2015	0.225	3,999,999	–	–	3,999,999
19/06/2006	19/06/2006 – 18/06/2009	0.105	–	3,000,000	–	3,000,000
19/06/2006	19/06/2006 – 18/06/2016	0.105	–	2,003,835	–	2,003,835
Employees						
26/06/2006	26/06/2006 – 25/06/2016	0.116	–	4,700,000	–	4,700,000
Other eligible participants						
26/06/2006	26/06/2006 – 25/06/2016	0.116	–	3,600,000	–	3,600,000
Total			10,225,265	13,303,835	–	23,529,100
Weighted average exercise price (HK\$)			0.2250	0.1120	–	0.1610

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 6.16 years (2006: approximately 6.82 years).

Total consideration received during the year ended 30 June 2006 from directors, employees and other eligible participants for accepting the options granted amounted to HK\$17.

- (b) Under an agreement entered into between the Chinese University and the Company on 8 August, 2002 relating to the grant of a right of first refusal to the Company by the Chinese University in respect of certain technology and inventions, as amended and supplemented by agreements dated 31 October, 2003 and 16 April, 2004 (the “Right of First Refusal Agreement”), the Company will be offered a right of first refusal for the grant by the Chinese University of a royalty-bearing exclusive licence to use and commercially develop certain technologies and inventions and other non-invasive diagnostic technologies for detecting cancer and foetal diseases developed by Professor Lo Yuk Ming, Dennis in future.

In return, the Company agreed to grant to the Chinese University or such person as the Chinese University may direct (including trustees of any funds) options to subscribe for shares or to pay cash up to a maximum amount of HK\$4,600,000 over the period of the term of such agreement of four years commencing from 18 June, 2004. Such grant of options will be granted to the Chinese University at intervals of twelve months. Such options are not intended to be granted under the share option scheme adopted by the Company on 20 April 2004.

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

Details of the movements in share options granted to Chinese University during the year ended 30 June 2007 are set out as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
			Outstanding at 01/07/2006	Granted	Exercised/ Cancelled/ Lapsed	Outstanding at 30/06/2007
28/06/2005	28/12/2005 – 27/06/2010	0.223	4,484,305	–	–	4,484,305
26/06/2006	26/12/2006 – 25/06/2011	0.116	9,482,758	–	–	9,482,758
22/06/2007	22/12/2007 – 21/06/2012	0.295	–	4,067,796	–	4,067,796
Total			13,967,063	4,067,796	–	18,034,859
Weighted average exercise price (HK\$)			0.1504	0.2950	–	0.1830

Details of the movements in share options granted to Chinese University during the year ended 30 June 2006 are set out as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of underlying shares in respect of which share options were granted			
			Outstanding at 01/07/2005	Granted	Exercised/ Cancelled/ Lapsed	Outstanding at 30/06/2006
28/06/2005	28/12/2005 – 27/06/2010	0.223	4,484,305	–	–	4,484,305
26/06/2006	26/12/2006 – 25/06/2011	0.116	–	9,482,758	–	9,482,758
Total			4,484,305	9,482,758	–	13,967,063
Weighted average exercise price (HK\$)			0.223	0.116	–	0.1504

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 3.97 years (2006: approximately 4.18 years).

For share options granted and vested before 1 July 2005 did not result in a charge to the income statement. When the grantees chose to exercise the options, the nominal amounts of share capital and share premium were credited only to the extent of the option's exercise price receivable.

The fair value of share option of the 4,067,796 shares granted to Chinese University during the year ended 30 June 2007 amounted to approximately HK\$785,296 which was credited to share option reserves.

- (c) The fair values of share option granted were determined using the Black-Scholes valuation model. The significant inputs into the model were as follows:

	Share options grant date		
	22/06/2007	19/06/2006	26/06/2006
Share price at the grant date	0.295	0.105	0.115
Exercise price (HK\$)	0.295	0.105	0.116
Expected volatility based on historical volatility of share prices (%)	76.88	98.41	98.41
Expected annual dividend yield, based on historical dividend (%)	0	0	0
Expected life of option (years)	5	5.8	5.5
Hong Kong Exchange Fund Notes rate for corresponding estimated expected life indicated at the date of grant (%)	4.665	4.81 – 4.92	4.62 – 4.83

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1,267 days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

25. RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% or relevant payroll costs to the scheme, which contribution is matched by employees.

The total cost charged to consolidated income statement of HK\$87,797 (2006: HK\$73,853) represents contributions payable to the scheme by the Group during the year.

26. OPERATING LEASES COMMITMENTS

At the balance sheet dates, the Group had commitments for future minimum leases payment under non-cancellable operating leases which fall due as follows:

	2007 HK\$	2006 HK\$
Within one year	519,600	252,600
In the second to fifth years inclusive	437,600	–
	<u>957,200</u>	<u>252,600</u>

Operating lease payments represent rentals payable by the Group for its office premises, retail shop and director's quarter. Leases are negotiated and rentals are fixed for a term ranging from two to three years.

27. CAPITAL COMMITMENTS

As at 30 June 2007, the Group had no significant capital commitment. (2006: nil)

28. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) The Group had no significant transactions with related parties during the year or significant balances with them at the end of the year.
- (b) The compensation to the Group's key management personnel is disclosed in note 11 to the financial statements.
- (c) In prior year sales of diagnostic testing services amounted to HK\$12,185 were made to Spring Biotech Limited, a shareholder of the Company. The Group had no trade receivables due from Spring Biotech Limited as at 30 June 2006. Mr. Cho Kam Luk, an executive Director (resigned on 2 August 2006), was interested in the transactions as a beneficial shareholder of Spring Biotech Limited. The maximum outstanding balance for the year ended 30 June 2006 was HK\$2,765.
- (d) Pursuant to sub-lease agreements dated 29 August 2003 and 26 July 2004, the Group sub-leased part of its office premises to Wellchamp Capital Limited ("Wellchamp") for the period from 26 May 2003 to 12 February 2005 at a monthly rental of HK\$25,000. A renewal agreement was entered into by the Company with Wellchamp on 25 April 2005 to extend sub-leasing period to 12 February 2007 at a monthly rental of HK\$29,500 (other terms remained the same). A net amount of HK\$365,685 was paid by Wellchamp to the Group as rental and utility charges during the year ended 30 June 2006. Mr. Cheng Yan Tak, Angus Ronald, an executive Director (resigned on 22 August 2006), was interested in the transactions as a shareholder of Wellchamp. The Group had other payable of HK\$226 due to Wellchamp as at 30 June 2006 which was unsecured, interest free and repayable on demand. The above sub-lease agreement was early terminated in February 2007.

29. EVENTS AFTER BALANCE SHEET DATE

On 12 June 2007, the Company entered into two conditional placing agreements with an independent placing agent for the placing of up to 304,388,000 new shares to the independent subscribers at the placing price of HK\$0.17 per placing share. The two placements were completed on 11 July 2007 and 6 September 2007 respectively.

Details of these two placements are disclosed in announcements of the Company dated 12 June 2007, 18 July 2007 and 7 September 2007.

30. BALANCE SHEET OF THE COMPANY

	2007 HK\$	2006 HK\$
Non-current assets		
Investments in subsidiaries	795,107	795,107
Current assets		
Amounts due from subsidiaries	27,647,749	48,747
Financial assets at fair value through profit or loss	7,268	7,398,530
Other receivables and prepayments	50,000	387,988
Cash and bank balances	493,088	17,670,533
	28,198,105	25,505,798
Current liabilities		
Amounts due to subsidiaries	1,527,018	–
Other payables and accrued charges	363,708	241,045
	1,890,726	241,045
Net current assets	26,307,379	25,264,753
Net assets	27,102,486	26,059,860
Capital and reserves		
Share capital	3,825,920	3,735,920
Reserves (<i>note</i>)	23,276,566	22,323,940
Total equity	27,102,486	26,059,860

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

Note:

Reserve

	Share premium HK\$	Share options reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance at 1 July 2005	46,628,204	–	(1,893,729)	44,734,475
Shares repurchase	(1,383,566)	–	–	(1,383,566)
Recognition of share-based payments	–	1,919,326	–	1,919,326
Loss for the year	–	–	(22,946,295)	(22,946,295)
Balance at 30 June 2006 and 1 July 2006	45,244,638	1,919,326	(24,840,024)	22,323,940
Issue of shares upon exercise of share options	919,900	–	–	919,900
Transfer of reserve upon exercise of share options	788,450	(788,450)	–	–
Transfer of reserve upon lapse of share options	–	(215,786)	215,786	–
Recognition of share-based payments	–	785,296	–	785,296
Loss for the year	–	–	(752,570)	(752,570)
Balance at 30 June 2007	<u>46,952,988</u>	<u>1,700,386</u>	<u>(25,376,808)</u>	<u>23,276,566</u>

31. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2007 are as follows:

Company	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital	Attributable equity interest		Principal activities
			Direct	Indirect	
China Universal Limited	Hong Kong, Limited liability company	Ordinary shares HK\$1	–	100%	Investment in listed securities
Core Healthcare Products Limited	Hong Kong, Limited liability company	Ordinary shares HK\$2	–	100%	Sales of health food and pharmaceutical products
Core Medical Technology Limited (formerly known as Plasmagene Limited)	Hong Kong, Limited liability company	Ordinary shares HK\$12,000,000	–	100%	Diagnostic testing services and products, and related research and development
Hong Kong Hepatitis Diagnostic Centre Limited	Hong Kong, Limited liability company	Ordinary shares HK\$100	–	100%	Diagnostic testing services relating to certain liver diseases

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 13 September 2007.

III. UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

The following is the unaudited financial statements of the Group for the six months ended 31 December 2007 as extracted from the interim report of the Company for the six months ended 31 December 2007.

Condensed Consolidated Income Statement

For the six months ended 31 December 2007

		Six months ended 31 December	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$	HK\$
Turnover	3	739,783	607,034
Cost of sales		(542,626)	(437,428)
Gross profit		197,157	169,606
Other income		1,427,024	505,868
Gain on fair value changes on held for trading investments		1,361,626	13,819,883
		2,985,807	14,495,357
Selling and distribution expenses		(9,726)	(126,608)
Administration expenses		(3,223,601)	(3,039,093)
Other operating expenses		(193,535)	(233,631)
Profit/(Loss) before tax		(441,055)	11,096,025
Income tax expense	5	–	–
Profit/(Loss) attributable to equity holders of the Company		<u>(441,055)</u>	<u>11,096,025</u>
Earnings/(Loss) per share			
– basic	6	<u>(0.007 cents)</u>	<u>0.297 cents</u>
– diluted	6	<u>(0.007 cents)</u>	<u>0.296 cents</u>

Condensed Consolidated Balance Sheet*As at 31 December 2007 and 30 June 2007*

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

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP
Condensed Consolidated Statement of Change in Equity
For the six months ended 31 December 2007

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

For the six months ended 31 December 2006

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

Condensed Consolidated Cash Flow Statement*For the six months ended 31 December 2007*

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

Notes to the Financial Statements

For the six months ended 31 December 2007

Notes:

1. GENERAL

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

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

2. BASIS OF PREPARATION

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

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

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

3. TURNOVER

The Group’s turnover represents turnover arising on sales of diagnostic testing services and products and sales of health food and pharmaceutical products. An analysis of the Group’s turnover for the period is as follows:

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

4. SEGMENT INFORMATION

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

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

Business Segments

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

5. INCOME TAX EXPENSE

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

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

6. EARNINGS/(LOSS) PER SHARE

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

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

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

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

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

7. TRADE AND OTHER RECEIVABLES

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

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

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

8. TRADE AND OTHER PAYABLES

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

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

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

9. DIVIDEND

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

IV. FUTURE OUTLOOK

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

The business performance of the Group's existing operations in Hong Kong has been stable, while the Group continues to identify business development opportunities in China's pharmaceutical market.

V. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any known material change in the financial trading prospect of the Group since 30 June 2007, the date to which the latest audited consolidated financial statements of the Company were made up and up to the Latest Practicable Date.

VI. INDEBTEDNESS

At the close of business on 31 January 2008, being the latest practicable date for this statement of indebtedness prior to the printing of the circular, the Group had the convertible bonds with a principal amount of HK\$150 million (the "Convertible Bonds") issued by the Company on 31 January 2008 to Precious Success. The Convertible Bonds bear interest at 1% per annum. The maturity date of the Convertible Bonds is the date falling on the fourth anniversary of the date of issue of the Convertible Bonds.

Save as disclosed above, the Group did not have outstanding bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

VII. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances and based on the expected cash flows and the internal resources of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

**A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF
THE ENLARGED GROUP**

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group (the “Statement”) has been prepared to illustrate the effect of the acquisition of Class 1 New Drug Business through cooperation with Xizang Medicine (the “Acquisition”), assuming the transaction had been completed as at 31 December 2007, might have affected the financial position of the Group.

The Statement is prepared based on the unaudited consolidated balance sheet of the Group as at 31 December 2007 as extracted from the interim report of the Group for the six months ended 31 December 2007 after making certain pro forma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition actually occurred on 31 December 2007. Furthermore, the Statement does not purport to predict the Enlarged Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I of this circular and other financial information included elsewhere in this circular.

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE ENLARGED GROUP**

	The Group <i>(Unaudited)</i> HK\$'000	Pro forma adjustments HK\$'000	<i>Notes</i>	The Enlarged Group HK\$'000
Non-current assets				
Intangible assets	–	208,700	(1)	418,700
		210,000	(2)	
Plant and equipment	3,051			3,051
	<u>3,051</u>			<u>421,751</u>
Current assets				
Inventories	91			91
Trade and other receivables	2,520			2,520
Financial assets at fair value through profit and loss	31,726			31,726
Cash and bank balances	60,507			60,507
	<u>94,844</u>			<u>94,844</u>
Current liabilities				
Trade and other payables	1,016			1,016
Tax payable	1,391			1,391
	<u>2,407</u>			<u>2,407</u>
Net current assets	<u>92,437</u>			<u>92,437</u>
Net assets	<u><u>95,488</u></u>			<u><u>514,188</u></u>

Notes:

- (1) Pursuant to the Co-operation Agreement dated 18 February 2008 between the Company and Xizang Medicine, the Company agreed to cooperate with Xizang Medicine to undertake the Class 1 New Drug Business through the PRC Company, a joint venture to be established and owned as to 51% and 49% by the Company and Xizang Medicine respectively. As capital contribution to the PRC Company, the Company and Xizang Medicine agreed to inject an aggregate amount of RMB200,000,000 (equivalent to approximately HK\$217,400,000) and the Class 1 New Drug Business valued at RMB192,157,000 (equivalent to approximately HK\$208,700,000) to the PRC Company respectively. Upon completion of the capital contribution, the PRC Company will become a subsidiary of the Company and the Class 1 New Drug Business will be owned by the Group. The adjustment represents the Class 1 New Drug Business of RMB192,157,000 (equivalent to approximately HK\$208,700,000) acquired by the Group through the cooperation with Xizang Medicine and the capital contribution to the PRC Company.
- (2) Pursuant to the referral agreement dated 6 November 2007 between the Company and Mr. U Man Iong, the Company agreed to pay a referral fee of HK\$34,000,000, which will be settled by the issue of 2,000,000,000 new shares of the Company ("Consideration Shares"), in connection with the acquisition of Class 1 New Drug Business by the Group and the referral fee will be capitalised as acquisition cost of Class 1 New Drug Business by the Group upon the completion of the acquisition. With reference to the closing market price of the Company's share of HK\$0.105 at 31 December 2007, the adjustment represents the fair value of the Consideration Shares of HK\$210,000,000 for satisfying the payment of the referral fee by the Company.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler

羅 申 美 會 計 師 行

Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

13 March 2008

The Board of Directors
Core Healthcare Investment Holdings Limited
Room 609-610, 6/F., Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of assets and liabilities (the "Statement") of Core Healthcare Investment Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the acquisition of the Class 1 New Drug Business might have affected the assets and liabilities of the Group presented, for inclusion in Appendix II to the circular of the Company dated 13 March 2008 (the "Circular"). The basis of preparation of the Statement is set out on page 57 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Statement in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Statement with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Statement has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Statement as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

The Statement is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2007 or at any future date.

Opinion

In our opinion:

- (a) the Statement has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Statement as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

The biographical details of the Director eligible for re-election at the EGM are set out below:

EXECUTIVE DIRECTOR

Dr. Hui Ka Wah Ronnie, JP, ("Dr. Hui"), aged 44, graduated from The University of Hong Kong and holds the qualifications of MBBS (HK), MRCP (UK), DCH (Ireland), DCH (Glasgow), FHKAM (Paed), FHKC Paed, MBA and CFA charterholders. Dr. Hui is a specialist in Paediatrics and is the principal of a private medical clinic in Hong Kong since 1991. Dr. Hui is also an independent non-executive director of CASH Financial Services Group Limited (stock code: 8122) (listed on GEM), SunCorp Technologies Limited (stock code: 1063), E2-Capital (Holdings) Limited (stock code: 378) and Winbox International (Holdings) Limited (stock code: 474) (all of which are listed on main board of the Stock Exchange). Dr. Hui is also an executive director of Town Health and HK Health Check, the issued shares of which are listed on the GEM and the main board of the Stock Exchange respectively. Dr. Hui had once been an independent non-executive director of Oriental Ginza Holdings Limited (formerly CASH Retail Management Group Limited) (stock code: 996) the issued shares are listed on the main board of the Stock Exchange.

Saved as disclosed above, Dr. Hui did not hold any directorship in any other public listed company or any other position with the Company and its subsidiaries in the past three years.

There is no service contract entered into between the Company and Dr. Hui. He has no fixed term of service with the Company and he is subject to retirement by rotation and re-election by the Shareholders pursuant to the articles of association of the Company. Dr. Hui is entitled to receive from the Company an emolument of HK\$20,000 per month which is determined by the remuneration committee of the Company with reference to his duties and level of responsibilities and the prevailing market conditions.

Dr. Hui is not connected to any directors, senior management, management shareholders, substantial or controlling shareholders of the Company or any of their respective associates. Dr. Hui is the director of a subsidiary of the Group. Save as the above. He does not hold any other position with the Company's subsidiaries. As at the date of this announcement, Dr. Hui does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the Directors consider that there is no information required to be disclosed pursuant to the requirements of Rule 17.50(2) of the GEM Listing Rules and that there are no other matters in relation to the re-election of the Director at the EGM which need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular 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 circular misleading; and
3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position in the shares or underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken 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 referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange:

Name of Director	Capacity	Number of shares in the Company <i>Long Position</i>	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
Mr. Lui Chi Wah, Johnny	Beneficial owner	187,160,000	2.54%
Mr. Chan Po Kwong	Beneficial owner	2,000,000	0.03%

(b) Substantial Shareholders

So far as is known to the Directors, save as disclosed below, there was no other person (other than the Directors and the chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Nature of Interest	Interest in the Shares or underlying Shares (including interest in options)	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
Dr. Francis Choi Chee Ming JP	Interest by attribution ⁵	8,223,692,080	111.41%
Dr. Cho Kwai Chee	Interest by attribution ⁵	8,223,692,080	111.41%
Broad Idea International Limited	Interest by attribution ⁴	8,223,692,080	111.41%
Town Health International Holdings Company Limited ("Town Health")	Interest by attribution ³	8,223,692,080	111.41%
Town Health Bio-Medical Technology Limited	Interest by attribution ³	8,223,692,080	111.41%
Spring Biotech Limited ("Spring Biotech")	Interest by attribution ³	8,223,692,080	111.41%
HK Health Check and Laboratory Holdings Company Limited ("HK Health Check")	Interest by attribution ²	7,894,736,840	106.95%
Charm Advance Limited	Interest by attribution ²	7,894,736,840	106.95%

Name of Shareholder	Nature of Interest	Interest in the Shares or underlying Shares (including interest in options)	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
Classictime Investments Limited ("Classictime")	Interest by attribution ²	7,894,736,840	106.95%
Precious Success Group Limited 珍成集團有限公司 ("Precious Success")	Beneficial owner ¹	7,894,736,840	106.95%
U Man Iong	Beneficial owner ⁶	3,000,000,000	40.64%
Chu Yuet Wah	Beneficial owner	504,440,000	6.83%

Notes:

- Pursuant to the CB subscription agreement dated 6 November 2007, Precious Success has a long position in 7,894,736,840 shares of the Company to be allotted and issue upon the exercise in full of the convertible bonds to be issued pursuant to the CB subscription agreement (the "**Conversion Shares**").
- HK Health Check owns 100% of Classictime Investments through its wholly-owned subsidiary Charm Advance Limited. Classictime Investments owns 50% of Precious Success. Pursuant to the SFO, each of Classictime Investments, Charm Advance Limited and HK Health Check is deemed to have a long position in the Conversion Shares.
- Spring Biotech owns 50% of Precious Success and is deemed under the SFO to have a long position over the Conversion Shares. Spring Biotech also owns 328,955,240 Shares.

Town Health owns 100% of Town Health Bio-Medical Technology Limited ("**Town Health Bio**") which in turn owns 100% of Spring Biotech. Pursuant to the SFO, each of Town Health Bio and Town Health is deemed to have a long position over the Conversion Shares and an interest in the same block of 328,955,240 Shares held by Spring Biotech.
- Broad Idea International Limited ("**Broad Idea**") is interested in 47.11% of the issued share capital of Town Health and pursuant to the SFO, is deemed to have a long position in the Conversion Shares and an interest in the same block of 328,955,240 Shares Town Health is deemed to be interested in.
- Dr. Cho Kwai Chee and Dr. Francis Choi Chee Ming, JP are interested in 50.1% and 49.9% of the issued share capital of Broad Idea respectively and each of them is deemed, pursuant to the SFO, to have a long position in the Conversion Shares and an interest in the same block of 328,955,240 Shares that Broad Idea is deemed to be interested in.
- Mr. U Man Iong is deemed to have a long position over 3,000,000,000 shares of the Company which may be allotted and issue pursuant to the Referral Agreement.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (save for contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular:

1. a conditional placing agreement dated 12 June 2007 with Kingston Securities Limited ("**Kingston Securities**") pursuant to which Kingston Securities agreed, on a fully underwritten basis, procure purchasers to subscribe for 74,836,000 new Shares at the placing price of HK\$0.17 per Share, which was completed on 11 July 2007; and
2. a conditional placing agreement dated 12 June 2007 with Kingston Securities pursuant to which Kingston Securities agreed, on a fully underwritten basis, procure purchasers to subscribe for 229,552,000 new Shares at the placing price of HK\$0.17 per Share, which was completed on 6 September 2007.
3. a conditional placing agreement dated 6 November 2007 with Atlantis Investment Management Limited pursuant to which Atlantis Investment Management Limited agreed, on a fully underwritten basis, procure purchasers to subscribe for 30,000,000 new Shares at the placing price of HK\$0.17 per Share, which was completed on 31 December 2007;
4. a conditional convertible bonds subscription agreement entered into with Precious Success dated 6 November 2007 in relation to the subscription by Precious Success of convertible bonds to be issued by the Company in the principal amount of HK\$150,000,000, which can be exercised and converted into 7,894,736,840 conversion shares at an initial conversion price of HK\$0.019 per conversion share;
5. a referral agreement entered into between a third party independent referral agent and the Company dated 6 November 2007 in relation to the issue and allotment of a maximum consideration shares of 3,000,000,000 to the referral agent, which shall be issued and credited as fully paid up at HK\$0.017 per consideration share;

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 30 June 2007, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

7. EXPERTS AND CONSENTS

Name	Qualification
RSM Nelson Wheeler	certified public accountants
Grant Sherman Appraisal Limited	independent valuer

Each of RSM Nelson Wheeler and Grant Sherman Appraisal Limited has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of RSM Nelson Wheeler and Grant Sherman Appraisal Limited was not interested in any Share or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, each of RSM Nelson Wheeler and Grant Sherman Appraisal Limited did not have any direct or indirect interest in any asset which had been, since 30 June 2007, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. POLL PROCEDURE

Pursuant to Article 76 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the GEM Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded by:

- (a) the chairman of such meeting; or
- (b) at least five Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the GEM Listing Rules, the chairman of the meeting and/or any Director holding the proxies shall demand a poll, if such aggregate proxies held individually or collectively by (i) the Chairman of a particular meeting, and/or (ii) the Directors, account for 5% or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

9. GENERAL

- (a) So far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or management shareholders (as defined in the GEM Listing Rules) had any business or any interest which competed or may compete with the business of the Group or had or may have any other conflicts of interest with the Group.
- (b) The registered office of the Company is situated at Ugland House, P.O. Box 309 GT, South Church Street, Grand Cayman, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Rooms 609–610, 6/F Nan Fung Tower, 173 Des Voeux Road, Central, Hong Kong.

- (c) The compliance officer of the Company is Mr. Lui Chi Wah, Johnny. Mr. Lui, aged 47, is a prominent and seasoned financial professional. He has been financial analyst for major brokerage firms, and stock commentator and columnist for public media. With more than fifteen years experience in Hong Kong's financial sector, Mr. Lui has gained strong rapport with entrepreneurs and has developed close ties with many enterprises, especially those in the medical and healthcare industry in Hong Kong and China. He was appointed as compliance officer of the Company on 22 August 2006.
- (d) The company secretary and qualified accountant of the Company is Ms. Chan Lai Yee, an associate member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duty of the audit committee is 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. Kwok Shun Tim, Mr. Chan Po Kwong and Mr. Lam Yan Wing. Mr. Kwok Shun Tim is the chairman of the committee since his appointment on 13 September 2006.

Mr. Kwok Shun Tim, aged 33, graduated from Hong Kong University of Science and Technology (bachelor of business administration), and obtained his master degree from Hong Kong Polytechnic University (China business studies). Mr. Kwok is chief financial officer of Tianjin Tianlian Public Utilities Company Limited (stock code: 8290). He is also a non-executive director of China Leason Investment Group Co., Ltd (stock code: 8270). Mr. Kwok is member of The Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Kwok is experienced in the field of corporate finance, financial management and audit. Mr. Kwok was appointed as independent non-executive Director, chairman and a member of audit committee and a member of remuneration committee of the Company on 13 September 2006.

Mr. Chan Po Kwong, aged 52, is a merchant for the past twenty years. He has been engaging in real estates business in Hong Kong and overseas. He has worked in key executive positions in different trades, services including retail and wholesale of importing products for Hong Kong, Asian countries and Mainland China. Mr. Chan is a director of various companies with extensive experience in business restructuring, corporate financing and investments. Mr. Chan was appointed as an independent non-executive Director on 1 December 2004.

Mr. Lam Yan Wing, aged 56, graduated from the Chinese University of Hong Kong with a bachelor degree in business administration. Mr. Lam is also a full member of the Hong Kong Securities Institute. He is a seasoned banker and an all-round financial veteran with more than 30 years experience in banking and investment. He is currently running his own private company, Brilliance GC Limited, which provides corporate and financial advisory services. Prior to setting up his own company, Mr. Lam had held senior positions with Chase Manhattan Bank, The Industrial Bank of Japan and Elec & Eltek. Mr. Lam was appointed as independent non-executive Director and a member of audit committee and a member of remuneration committee of the Company on 30 January 2007.

- (g) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company at Rooms 609–610, 6/F, Nan Fung Tower, 173 Des Voeux Road, Central, Hong Kong during normal business hours from 9:00 a.m. to 6:00 p.m. from Monday to Friday (except for public holidays), from the date of this circular to the date of the EGM (both days inclusive):

- (a) the memorandum and articles of association of the Company;
- (b) the contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the written consents referred to under the section headed “Experts and Consents” in this appendix;
- (d) the annual reports of the Company for two years ended 30 June 2007, and the interim report of the Company for the six months ended 31 December 2007;
- (e) the letter on unaudited pro forma financial information on the Enlarged Group, the text of which is set out in Appendix II to this circular;

- (f) the valuation report in respect of the value of the Class 1 New Drug prepared by Grant Sherman Appraisal Limited;
- (g) the circular of the Company dated 6 December 2007 relating to the (i) placing of new shares; (ii) issue of convertible bonds and whitewash waiver; (iii) possible issue of new shares under the referral agreement; and (iv) increase in authorized share capital.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Core Healthcare Investment Holdings Limited (the "Company") will be held at Rooms 609–610, 6/F, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong on Monday, 31 March 2008 at 10:00 a.m. for the following purposes:

- (1) To consider and approve the re-election of Dr. Hui Ka Wah Ronnie, JP as director of the Company; and
- (2) To consider and, if thought fit, passing with or without notification, the following resolution as an ordinary resolution:

"THAT: the agreement dated 18 February 2008 entered into between the Company and 西藏諾迪康藥業股份有限公司 (Xizang Rhodiola Pharmaceutical Co. Ltd.) (**"Xizang Medicine"**), pursuant to which the Company has agreed to co-operate with Xizhang Medicine to develop, manufacture and sell Natriuretic Peptide (凍干重組人腦利納肽) in the People's Republic of China through a joint venture to be established and owned as to 51% and 49% by the Company and Xizang Medicine respectively (the **"Co-operation Agreement"**) (a copy of which is tabled at this meeting and marked "A" and initialed by the chairman of this meeting for the purpose of identification) and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one director of the Company, or any two directors of the Company if affixation of the common seal of the Company is required, be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deed, and do all such acts, matters and things as he/she/they may in his/her/their absolute discretion consider necessary or desirable for the purpose of and in connection with the

* for identification purpose only

NOTICE OF EGM

implementation of the Co-operation Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Co-operation Agreement as he/she/they may in his/her/their absolute discretion consider necessary or desirable.”

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

Hong Kong, 13 March 2008

Registered office:
Ugland House
P.O. Box 309GT
South Church Street
Grand Cayman
Cayman Islands

*Principal Place of
Business in Hong Kong:*
Rooms 609–610,
6/F, Nan Fung Tower
173 Des Voeux Road
Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, at 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. As at the date of this notice, the executive Directors are Mr. Lui Chi Wah, Johnny and Mr. Wu Kai; the non-executive Director is Mr. Lau Kam Shan; and the independent non-executive Directors are Mr. Kwok Shun Tim, Mr. Chan Po Kwong and Mr. Lam Yan Wing.