China HealthCare Holdings Limited
(中國衛生控股有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock code: 673)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The board of directors ("**Directors**") of China HealthCare Holdings Limited (the "**Company**") announced the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2006 together with the comparative figures for the corresponding year ended 31 March 2005 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2006

	Note	**2006** HK$'000	(Restated) 2005 HK$'000
Continuing operations			
Turnover	2	**6,834**	7,446
Other operating income	2	**1,337**	92
Change in inventories of finished goods		**(659)**	659
Raw material and consumables used		**(1,665)**	(3,955)
Staff costs		**(16,319)**	(15,105)
Consultancy fees		**(5,020)**	(1,997)
Operating lease payments		**(3,748)**	(1,347)
Depreciation and amortisation		**(2,816)**	(4,680)
Impairment losses for doubtful debts		**(21,217)**	(792)
Impairment losses of available-for-sale investments		**(22,588)**	(695)
Impairment losses of goodwill		**(15,500)**	(7,192)
Other operating expenses		**(17,735)**	(13,101)
Loss from operations		**(99,096)**	(40,667)
Finance costs	3	**(2,767)**	(704)
Loss before taxation		**(101,863)**	(41,371)
Taxation	4	**–**	–
Loss for the year from continuing operations		**(101,863)**	(41,371)
Discontinued operations			
Loss for the year from discontinued operations		**–**	(12,390)
Loss for the year		**(101,863)**	(53,761)
Attributable to:			
Equity holders of the Company		**(96,773)**	(51,914)
Minority interests		**(5,090)**	(1,847)
		(101,863)	(53,761)
Loss per share (HK$)	5		
From continuing and discontinued operations:			
– Basic		**(0.42)**	(0.24)
– Diluted		**N/A**	N/A
From continuing operations:			
– Basic		**(0.42)**	(0.18)
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2006

	Note	2006 HK$'000	(Restated) 2005 HK$'000
Non-current assets			
Property, plant and equipment		**11,968**	6,890
Goodwill		**23,886**	33,673
Other intangible assets		**1,111**	1,274
Interest in an associate		**1**	4,501
Available-for-sale investments		**–**	22,588
		36,966	68,926
Current assets			
Inventories		**2,646**	3,356
Trade receivables	6	**3,289**	3,748
Prepayments, deposits and other receivables		**8,049**	3,603
Loan receivables		**7,806**	21,026
Bank balances and cash		**47,894**	47,318
		69,684	79,051
Current liabilities			
Trade payables	7	**1,409**	960
Other payables and accrued liabilities		**12,221**	8,769
Amounts due to directors		**6,942**	5,714
Convertible bonds		**–**	14,917
		20,572	30,360
Net current assets		**49,112**	48,691
Total assets less current liabilities		**86,078**	117,617
Non-current liabilities			
Convertible bonds		**48,992**	–
NET ASSETS		**37,086**	117,617
Capital and reserves			
Share capital		**23,437**	21,707
Reserves		**8,036**	87,239
Equity attributable to equity holders of the Company		**31,473**	108,946
Minority interests		**5,613**	8,671
TOTAL EQUITY		**37,086**	117,617

Notes:

1. **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 2005. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years except as stated below.

   (a) **Presentation of financial statements**

   HKAS 1 "Presentation of Financial Statements" affects the presentation of minority interests, share of profits of associates and other disclosures. The change in accounting policy has been applied retrospectively.

(b) Minority interests

In previous years, minority interests were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to the equity holders of the Company.

With effect from 1 January 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and equity holders of the Company. This change in accounting policy has been applied retrospectively.

(c) Financial instruments

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the classification of available-for-sale investments. It has also resulted to analyse the compound financial instruments into debt and equity components based on the circumstances at the inception of the instrument. The comparative in respect of the convertible bonds has been restated whereby the equity conversion option is now presented as a component reserves. The related interest expense on the convertible bonds has been restated by applying the effective interest methods to the liability component.

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for Investments in Securities" to investments in securities for the 2005 comparative information. The adjustments required for the accounting differences between previous SSAP 24 and HKAS 39 are determined and recognised at 1 April 2005.

The adoption of HKASs 32 and 39 resulted in an increase in accumulated losses at 1 April 2005 by HK$2,084,000 and the details of other changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Increase in available-for-sale investments	**–**	22,588
Decrease in investments in securities	**–**	22,588
Decrease in convertible bonds	**2,488**	299
Increase in convertible bonds reserve	**3,592**	2,195
Increase in finance costs	**1,063**	–
Increase in basic loss per share (cents)	**0.462**	–

(d) Share-based payment

The adoption of HKFRS 2 "Share-based Payment" has resulted in change in the accounting policy for share options granted to employee and third party. Prior to this, the grant of share options to employees and third parties did not result in a charge to the consolidated income statement. Upon the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods and expensed to the consolidated income statement. This change in accounting policy has been applied retrospectively.

The adoption of HKFRS 2 resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Increase in share options reserve	**148**	–
Increase in consultancy fees	**148**	–
Increase in basic loss per share (cents)	**0.064**	–

(e) Business combinations

The adoption of HKFRS 3 "Business Combinations" resulted in a change in the accounting policy for goodwill. Until 31 March 2005, goodwill was:

– Amortised on a straight-line basis over 5 to 19 years; and
– Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

– The Group ceased amortisation of goodwill from 1 April 2005;
– Accumulated amortisation as at 31 March 2005 has been eliminated with a corresponding decrease in the cost of goodwill; and
– From the year ended 31 March 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

HKFRS 3 has been applied prospectively from 1 April 2005.

The adoption of HKFRS 3 resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Decrease in amortisation of goodwill	**2,921**	–
Decrease in basic loss per share (cents)	**1.269**	–

At the date of authorisation of these financial statements, HKICPA has issued certain new and revised standards and interpretations that are not yet effective to the financial statements. The directors anticipate that the adoption of these new and revised standards and interpretations in future periods will have no material impact on the financial statements of the Group.

2. TURNOVER AND SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into three operating divisions - producing and trading of biotechnology products, provision for healthcare services and investment holding. In prior years, the Group was also involved in sourcing and distribution of electronic parts and components. This operation was discontinued with effect from 31 October 2004. These divisions are the basis on which the Group reports its primary segment information.

The Group's operations are principally located in Hong Kong and other regions of the People's Republic of China ("PRC").

An analysis of the Group's revenue and results by business segments and geographical segments is as follows:

Business Segments
For the year ended 31 March

	Producing and trading of biotechnology products		**Provision for healthcare services**		**Investment holding**		**Total for continuing operations**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**3,683**	7,081	**3,151**	365	**–**	–	**6,834**	7,446
Segment results	**(9,220)**	(2,650)	**(18,623)**	(5,595)	**(48,806)**	(9,482)	**(76,649)**	(17,727)
Other operating income							**1,337**	92
Unallocated corporate expenses							**(23,784)**	(23,032)
Loss from operations							**(99,096)**	(40,667)
Finance costs							**(2,767)**	(704)
Loss before taxation							**(101,863)**	(41,371)
Taxation							**–**	–
Loss for the year							**(101,863)**	(41,371)

Geographical Segments

	Revenue					
	Continuing operations		**Discontinued operations**		**Total**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and PRC	**6,834**	7,446	**–**	26,737	**6,834**	34,183
Other Asian countries	**–**	–	**–**	580	**–**	580
	6,834	7,446	**–**	27,317	**6,834**	34,763

3. FINANCE COSTS

	2006 *HK$'000*	2005 *HK$'000*
Interest on		
Bank loans and overdrafts	**–**	73
Convertible bonds wholly repayable within five years	**2,767**	630
Obligations under finance leases	**–**	1
	2,767	704

4. TAXATION

(a) No provision for Hong Kong Profits Tax and overseas tax has been made in the financial statements as the Group has no assessable profit for the year.

(b) The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Group as follows:

	2006 *HK$'000*	2005 *HK$'000*
Loss before taxation	**(101,863)**	(53,761)
Tax at the Hong Kong Profits Tax rate of 17.5%	**(17,826)**	(9,408)
Tax effect of income that is not taxable in determining taxable profit	**(193)**	(12)
Tax effect of expenses that are not deductible in determining taxable profit	**15,193**	6,369
Tax effect of tax losses not recognised due to uncertainty on future profit streams	**4,606**	3,688
Tax effect of difference on depreciation between tax and accounting purposes	**129**	66
Effect of different tax rates operating in other jurisdiction	**(1,909)**	(703)
Taxation charge	**–**	–

5. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	2006 *HK$'000*	2005 *HK$'000*
Loss for the purposes of basic loss per share (loss for the year attributable to equity holders of the Company)	**(96,773)**	(51,914)
Weighted average number of ordinary shares for the purpose of basic loss per share	**230,244,015**	215,523,741

As the exercise of the Company's outstanding convertible bonds and options for both years would be anti-dilutive, no diluted loss per share was presented in both years.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the Company is based on the following data:

	2006 *HK$'000*	2005 *HK$'000*
Loss for the year attributable to equity holders of the Company	**(96,773)**	(51,914)
Less:		
Loss for the year from discontinued operations	**–**	(12,390)
Loss for the purposes of basic loss per share from continuing operations	**(96,773)**	(39,524)

The denominators used are the same as those detailed above for basic loss per share.

As the exercise of the Company's outstanding convertible bonds and options for both years would be anti-dilutive, no diluted loss per share was presented in both years.

From discontinued operations

No basic loss per share for the discontinued operations was presented for the year (2005: HK$0.06 per share) as there was no loss for the year from the discontinued operations (2005: HK$12,390,000 based on the denominator detailed above for basic loss per share).

As the exercise of the Company's outstanding convertible bonds and options for both years would be anti-dilutive, no diluted loss per share was presented in both years.

Impact of changes in accounting polices

Changes in the Group's accounting policies during the year are described in detail in note 1. To the extent that those changes have had an impact on results reported for 2006 and 2005, they have had an impact on the amounts reported for loss per share. The following table summarises that impact on basic loss per share:

	2006	2005
	HK$	*HK$*
Figures before adjustments	**(0.43)**	(0.24)
Adjustments arising from changes in accounting policies	**0.01**	–
As reported/restated	**(0.42)**	(0.24)

As the exercise of the Company's outstanding convertible bonds and options for both years would be anti-dilutive, no diluted loss per share was presented in both years.

6. TRADE RECEIVABLES

The Group allows a credit period of 10 to 90 days to its customers. The aging analysis of the trade receivables is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**280**	1,595
31 to 60 days	**273**	392
61 to 90 days	**156**	638
91 to 120 days	**165**	167
Over 120 days	**2,415**	956
Total	**3,289**	3,748

The directors consider that the carrying amount of trade receivables approximates their fair value.

7. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**42**	555
31 – 60 days	**–**	13
61 – 90 days	**4**	7
91 – 120 days	**494**	385
Over 120 days	**869**	–
Total	**1,409**	960

The directors consider that the carrying amount of trade payables approximates their fair value.

FINAL DIVIDEND

The Group's Directors do not recommend the payment of a final dividend for the year ended 31 March 2006.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 15 August 2006 to 18 August 2006 (both days inclusive) during which period no transfer of shares will be registered. For administrative purposes, all transfers and relevant share certificates must be lodged with the Company's Share Registrars, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 14 August 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2006, the Group reported a turnover of approximately HK$6.8 million, representing a decrease of 80.5% as compared to HK$34.8 million for the previous financial year. The Group's net loss from ordinary activities attributable to shareholders for the year was approximately HK$96.8 million as compared to approximately HK$51.9 million for the previous financial year. Basic loss per share for the year was HK$0.42 (2005: HK$0.24).

BUSINESS OPERATION

During the past year, the Group was principally engaged in investment holding and provision of healthcare services in the PRC. The Group devoted most of its resources to create a platform to develop interrelated healthcare services and consumer marketing targeted foreign visitors to China, expatriates living in China and, most importantly, the burgeoning affluent consumer segment in the PRC. The Group, working in an expansive public-private partnership with the Chinese Ministry of Health (the "MOH") and leading public hospitals in China, and via other strategic partnerships with leading international healthcare institutions, continues to build up and fine tune its delivery platform for interrelated and complementary healthcare and wellness businesses. In order to build up an integrated value chain of health/wellness service provision in China, the Group has been searching for ways and means to have its own direct B-to-C access/settlement platform to distribute its health and wellness products efficiently, effectively and conveniently. The Directors secured an opportunity to acquire 70% equity interest in Shanghai Harvest Network Technology Co. Limited ("Shanghai Harvest"), a profitable B-to-C e-commerce platform with an annual revenue in excess of US$250 million and with a substantial customer reach and flow in Shanghai. The developments during the past financial year served to strengthen the management's confidence in the Group's general business prospect.

While the business lines of the Group in healthcare are still in development stage and undergoing generic growth, substantial progress has been made during the financial year.

Emergency Assistance Medical Services ("EAMS") is a centralized and highly scalable healthcare procurement program under the Group, which is an integrated call center providing post-pay, 24-hour emergency medical assistance nationwide, targeting offshore travelers to China and onshore travelers within China, via a nationwide network of 914 hospitals (the "Network Hospitals") pre-selected by the MOH. The Group through its subsidiary Beijing Universal Medical Assistance Co. Ltd ("BUMA") is the only designated entity with the right to utilize the Network Hospitals. During the fiscal year, BUMA has been fine tuning and upgrading its operational protocols and working with the Network Hospitals closely to improve the infrastructure for delivering EAMS to target customers.

The Group has been devoting bulk of its resources in establishing its marketing infrastructure for distributing EAMS through a model of membership based program. The core component of such an infrastructure is to systematically establish and manage contractual relationships with insurance companies, financial institutions or travel agencies and related institutions for distributing EAMS to their customers respectively.

During the fiscal year, among the key contracts following are noteworthy; an agreement with Central Insurance, a major Taiwanese insurance company, via Bank of Communications (HK) Insurance, to distribute EAMS to Taiwanese travelers to mainland China through a program of membership plus charge per service; a comprehensive framework agreement with Sunshine Property and Casualty Insurance ("Sunshine"), a PRC insurance company as the provider of value added medical assistance and health management services to Sunshine customers, and in particular, an agreement with Sunshine to provide EAMS to its policy holders of compulsory car insurance on a basis of membership plus charge per service; and most significantly, BUMA has made very substantial progress, with assistance from the MOH, towards securing the status of the emergency medical assistance provider among a range of different products, to the dominant Chinese insurance company which has a huge customer nationwide based on similar business model.

During the fiscal year, BUMA has also entered into alliances with entities such as Evercare Inc., a leading Korean healthcare service provider with over 300,000 members, to provide EAMS services to each members who are traveling to China and Ctrip, a NASDAQ listed Chinese travel company, and other travel agencies to distribute EAMS. In addition, BUMA has collaborated with the International Assistance Group ("IAG"), a global medical assistance organization with 25 member companies in the field around the world, to position BUMA as a service provider for procuring EAMS to ever growing outbound Chinese travelers to Europe, North America and other parts of the world in partnership with Chinese insurance companies.

In order to have direct and effective interface with health and wellness consumers, the Group has also been engaging in Health Asset Management Services ("HAMS") which is designed to provide health care and wellness services on both onsite and outsourcing basis and established Premium Specialty Centers (the "PSCs") providing premium services with international knowledge transfer partners in areas of obstetrics/gynecology and cosmetic surgery. Utilizing BUMA's unique access to the Network Hospitals and two HAMS clinics that the Group established in Beijing and Shanghai under medical licenses of its subsidiaries BUMA and CHC (Shanghai) Medical & Healthcare Services Ltd., HAMS offers customized health care management membership programs for both individuals and institutional clients, ranging from health check-ups to 24 hours private medical services. During the financial year, the Group's marketing strategy for HAMS was focused on targeting institutional clients, where institutional HAMS clients in Beijing include such companies as CITIC Industrial Bank, PetroChina-Hutchison IT Co., Guangdong Development Bank, and Beijing Mobile. Shanghai HAMS clinic targeted principally corporate customers and as of May 2006, the Shanghai HAMS clinic generated a customer flow of around 8,000 health check-ups, where institutional HAMS clients in Shanghai include such companies as Bank of Shanghai, Shanghai Bar Association, Shenzhen Development Bank, Price Waterhouse Coopers and Intel. The PSCs is targeting affluent domestic residents as consumers and as of May 2006, the PSC in obstetrics and gynecology in Shanghai has over 1,200 outpatients and inpatients since early 2006 and the cosmetic surgery clinic in Beijing has completed over 200 procedures since May 2005.

LIQUIDITY AND CAPITAL RESOURCES

During the year under review, the Company completed a fund raising activity from the issue of convertible bonds in aggregate principal amount of US$6.6 million (approximately HK$51.5 million). This fund raising exercise improved the financial position of the Group, and partially offset significant cash outlays related to the development of businesses. The Group's cash and cash equivalents amounted to approximately HK$47.9 million as at 31 March 2006.

The Group's total borrowings as at 31 March 2006 amounted to HK$49 million, all of which as represented by convertible bonds,

On this basis, the gearing ratio is calculated at 1.56 (2005: 0.14 (restated)), based on an amount of shareholders' equity of HK$31,473,000 (2005: HK$108,946,000 (restated)).

After the balance sheet date, the Company entered into the Subscription Agreement with certain institutional investors in relation to the subscription of 15,000 redeemable convertible cumulative preference shares of the Company at a total subscription price of US$15 million (approximately HK$117 million) on 5 April 2006, which has been approved by the shareholders of the Company at a special general meeting of the Company on 10 July 2006.

CONTINGENT LIABILITIES

At 31 March 2006, there were no contingent liabilities of the Group.

CHARGE ON GROUP'S ASSETS

At the balance sheet date, there was no charge on the Group's assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2006, the Group employed 149 (2005: 89) staff members. Total staff cost including Directors' emoluments was HK$16.3 million as compared to HK$15.1 million for the previous year.

The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the Mandatory Provident Fund Schemes and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. A share option scheme has also been established for employees of the Group.

FUTURE PROSPECTS

On 5 April 2006, the Group entered into a subscription agreement with Och-Ziff Capital Management Group ("OZ Capital"), which will subscribe convertible preference shares of CHC for a total consideration of US$15 million (approximately HK$117 million). OZ Capital is a global institutional asset management firm having in excess of US$18 billion of assets under management. The subscription will provide new funding to the Group for expansion of the existing business and new business development and OZ capital will also provide the Group access to its portfolio companies that have synergistic businesses with the Group, which in turn should significantly further increase shareholder value as well as enhance the financial position of the Group.

The acquisition of Shanghai Harvest represents an excellent start for the Group to expand not just based on generic growth but through value enhancing acquisitions as well. Besides its synergy as an e-commerce platform in distributing health and wellness services to consumers, Shanghai Harvest in its own right enjoys a market share about 25% in Shanghai mobile prepayment market of about RMB10 billion and is well poised to quickly capture 50% market share there through rapidly expanding e-commerce terminals in partnership with UnionPay and retail networks in addition to convenience stores. As such and in addition to its vast consumer reach of almost 4,000 e-commerce terminals of its own in convenient stores throughout Shanghai, the acquisition also substantially enhances the Group's overall business performance and strengthens its revenue base.

With substantial progress made in forming marketing infrastructures in EAMS as elaborated earlier, the Directors believe the prospect for the Group to achieve the dominant position in medical assistance industry in the PRC as a value added service provider is now within sight and reach. In an effort to upgrade and improve business models; product offerings; operational protocols and marketing channels, the Directors have also initiated regular exchanges with the America's leading travel insurance provider which is a subsidiary of one of the largest US insurance companies to explore knowledge transfer and joint venture. With huge and ever growing Chinese travelers in line with Chinese economy growth; unique resources that the Group is able to access in offering medical assistance; and highly capital efficient and scalable business operation, we are confident of very significant value creation there.

With the Group on sound financial footing and with continuing support from the Group's investors and business partners, the Group is well-positioned for the coming fiscal year. We look forward to building and growing the Group's businesses; creating substantial values to consumers of our services; generating significant shareholders' value; and reporting back to shareholders as we take strides toward our goals.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following significant events took place:

(a) The Group entered into an agreement with two third parties to acquire 70% equity interest in Shanghai Harvest at a total consideration of HK$36.4 million, of which HK$18 million shall be satisfied in cash and HK$18.4 million shall be satisfied by the issue of convertible notes from the Company. Shanghai Harvest is a domestic company incorporated in PRC and is principally engaged in sales of mobile phone usage fees by e-commerce in PRC and investment holding. Details are disclosed in the Company's circular dated 16 June 2006.

(b) The Group entered into a subscription agreement with third parties in relation to the subscription of 15,000 redeemable convertible cumulative preference shares to be issued by the Company at a total subscription price of US$15 million (approximately HK$117 million). Details are disclosed in the Company's circular dated 16 June 2006.

(c) The Group acquired 100% equity interest in Shanghai New Everstep Investment Management & Consultancy Limited ("SNEI"), a company providing maternal and fetal care services in PRC from a third party, for a cash consideration of HK$4,680,000. Details of the net assets of the subsidiary acquired were as follows:

	Acquiree's carrying amount and fair value
	HK$'000
Net assets acquired:	
Property, plant and equipment	898
Bank balances and cash	2,968
Prepayments, deposits and other receivables	532
Other payables and accrued liabilities	(1,460)
Net assets acquired	2,938
Goodwill on acquisition	1,742
Total consideration, satisfied by offsetting amount advanced to the third party during the year	4,680

The goodwill is attributable to SNEI's strong position and profitability in providing maternal and fetal care services in PRC.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2006.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rule throughout the year, except for the deviations disclosed in the Company's latest interim report for the six months ended 30 September 2005. Detailed information is set out in the Corporate Governance Report included in the Company's Annual Report to be despatched to the shareholders in due course.

The Company has adopted the Model Code (Appendix 10 to the Listing Rules) as its own code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors declared that they have complied with the Model Code throughout the year.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including the review of the Group's audited results for the year ended 31 March 2006.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

On Behalf of the Board
Dr. Li Zhong Yuan
Chairman

Hong Kong, 14 July 2006

* *For identification purpose only*

As at the date of this announcement, the Board comprises four executive Directors, namely, Dr. Li Zhong Yuan, Mr. Lee Jong Dae, Dr. Ni Aimin and Mr. Deng Ku Hon, two non-executive Directors, namely, Mr. Robin Willi and Mr. Martin Treffer, and three independent non-executive Directors, namely, Dr. Ma Yin Ming, Mr. Li Xiao Ru and Mr. Mu Xiangming.

Please also refer to the published version of this announcement in The Standard.