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

(incorporated in Bermuda with limited liability)

(Stock code: 673)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors (the "Board") of China HealthCare Holdings Limited (the "Company") would like to present the unaudited consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007. These interim financial statements have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**1,398,213**	378,868
Cost of sales and service		**(1,386,291)**	(374,871)
Gross profit		**11,922**	3,997
Other income		**9,310**	10,125
Distribution costs		**(3,121)**	(2,752)
Administrative expenses		**(19,065)**	(20,227)
Impairment losses for doubtful debts		**(118)**	–
Other operating expenses	*4*	**(17,477)**	(627)
Loss from operations	*4*	**(18,549)**	(9,484)
Finance costs	*5*	**(6,268)**	(5,637)
Share of profits of an associate		**–**	26
Loss before tax		**(24,817)**	(15,095)
Income tax expense	*6*	**(858)**	(202)
Loss for the period		**(25,675)**	(15,297)
Attributable to:			
Equity holders of the Company		**(26,670)**	(15,007)
Minority interests		**995**	(290)
		(25,675)	(15,297)
Loss per share (HK$)	*8*		
– Basic		**(0.11)**	(0.06)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AT 30 SEPTEMBER 2007

	Notes	At 30 September 2007 (Unaudited) HK$'000	At 31 March 2007 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**15,915**	15,894
Goodwill		**30,877**	30,877
Other intangible assets		**1,768**	1,917
Prepayment for acquisition of non-current assets		**6,458**	5,253
Interest in associates		**1**	1
		55,019	53,942
Current assets			
Inventories		**41,946**	23,255
Trade receivables	9	**20,184**	18,638
Prepayments, deposits and other receivables		**26,399**	8,171
Loan receivables		**20,434**	20,434
Financial assets at fair value through profit or loss		**286**	345
Bank balances and cash		**36,693**	74,022
		145,942	144,865
Current liabilities			
Trade payables	10	**1,679**	552
Other payables and accrued liabilities		**34,594**	20,647
Amounts due to directors		**1,783**	5,311
Current tax liabilities		**389**	330
Derivative component of convertible bonds		**4,895**	7,947
Derivative component of redeemable convertible cumulative preference shares	12	**59,972**	42,569
		103,312	77,356
Net current assets		**42,630**	67,509
Total assets less current liabilities		**97,649**	121,451
Non-current liabilities			
Convertible bonds	11	**61,333**	66,643
Redeemable convertible cumulative preference shares	12	**85,788**	81,138
		147,121	147,781
NET LIABILITIES		**(49,472)**	(26,330)

	Notes	At 30 September 2007 (Unaudited) HK$'000	At 31 March 2007 (Audited) HK$'000
Capital and reserves			
Share capital	*13*	**23,437**	23,437
Reserves		**(86,985)**	(62,496)
Equity attributable to equity holders of the Company		**(63,548)**	(39,059)
Minority interests		**14,076**	12,729
TOTAL EQUITY		**(49,472)**	(26,330)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

1. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2007, except as described below.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivates
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

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

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKFRS 8	Operating Segments
HKAS 23 (Revised)	Borrowing Costs
HK(IFRIC)-Int 12	Service Concession Arrangements

3. SEGMENT INFORMATION

For management and group's revenue breakdown purposes, the Group is currently organized into four operating segments – (i) E-commerce distribution of mobile pre-charge and others, (ii) procurement of healthcare services, (iii) producing and trading of biotechnology products and (iv) investment holding. These segments are the basis on which the Group reports its primary segment information.

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

Business segments

	E-commerce distribution of mobile pre-charge and others (Unaudited) *HK$'000*	Procurement of healthcare services (Unaudited) *HK$'000*	Producing and trading of biotechnology products (Unaudited) *HK$'000*	Investment holding (Unaudited) *HK$'000*	Consolidated Total (Unaudited) *HK$'000*
Income statement					
For the six months ended 30 September 2007					
Segment revenue	**1,392,943**	**2,214**	**3,056**	**–**	**1,398,213**
Segment results	**3,969**	**(3,929)**	**(1,419)**	**–**	**(1,379)**
Other operating income					**9,310**
Unallocated corporate expenses					**(26,480)**
Loss from operations					**(18,549)**
Finance costs					**(6,268)**
Loss before tax					**(24,817)**

	E-commerce distribution of mobile pre-charge and others (Unaudited) *HK$'000*	Procurement of healthcare services (Unaudited) *HK$'000*	Producing and trading of biotechnology products (Unaudited) *HK$'000*	Investment holding (Unaudited) *HK$'000*	Consolidated Total (Unaudited) *HK$'000*
Income statement					
For the six months ended 30 September 2006					
Segment revenue	375,525	1,661	1,682	–	378,868
Segment results	1,352	(6,379)	(1,124)	–	(6,151)
Other operating income					10,125
Unallocated corporate expenses					(13,458)
Loss from operations					(9,484)
Share of profits of an associate					26
Finance costs					(5,637)
Loss before tax					(15,095)

Geographical segments

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

4. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging (crediting):

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**3,113**	1,863
Amortisation of intangible assets	**206**	130
Fair value (gain)/loss on derivative component of convertible bonds	**(3,052)**	627
Loss/(Profit) on disposal of property, plant and equipment	**74***	(3)
Interest Income	**(1,103)**	(1,226)
Fair value loss/(gain) on derivative component of redeemable convertible cumulative preference shares	**17,403***	(8,509)
Gain on repurchase of convertible bonds wholly repayable within five years	**(2,958)**	–

* *Included in "Other operating expenses" on the face of the condensed consolidated income statement.*

5. FINANCE COSTS

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on convertible bonds wholly repayable within five years	**1,618**	1,275
Interest on liability component of redeemable convertible cumulative preference shares wholly repayable within five years	**4,650**	1,451
Issue costs on redeemable convertible cumulative preference shares wholly repayable within five years	**–**	2,907
Interest on other loans wholly repayable within five years	**–**	4
	6,268	5,637

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made since the Group did not generate any assessable profits during the period (2006: Nil).

Tax charge on profits assessable in PRC have been calculated at the rates of tax prevailing in the PRC in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – PRC	**858**	202

A deferred tax asset has not been recognised in the financial statements in respect of estimated tax losses due to the unpredictability of future profit streams.

7. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of any interim dividend (2006: Nil).

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share (loss for the period attributable to equity holders of the Company)	**(26,670)**	(15,007)
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	**234,368**	234,368

As the exercise of the Company's outstanding convertible bonds and redeemable convertible cumulative preference shares for both periods would be anti-dilutive, and there was no dilutive potential ordinary shares for the Company's outstanding options, no diluted loss per share was presented in both periods.

9. TRADE RECEIVABLES

The normal credit period granted to customers of the E-commerce distribution of mobile pre-charge is 3 to 7 days. The credit terms granted to other customers generally ranged from 10 to 90 days. The ageing analysis of the trade receivables, based on invoice date, and net of allowance, is as follows:

	At 30 September 2007 (Unaudited) *HK$'000*	At 31 March 2007 (Audited) *HK$'000*
Within 30 days	**19,004**	17,395
31 – 60 days	**60**	79
61 – 90 days	**163**	151
91 – 120 days	**313**	222
Over 120 days	**644**	791
Total	**20,184**	18,638

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

10. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods is as follows:

	At 30 September 2007 (Unaudited) *HK$'000*	At 31 March 2007 (Audited) *HK$'000*
Within 30 days	**263**	444
31 – 60 days	**665**	5
61 – 90 days	**711**	12
91 – 120 days	**10**	23
over 120 Days	**30**	68
Total	**1,679**	552

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

11. CONVERTIBLE BONDS

	Convertible Bonds due on 18 May 2009 (the "CB1") *HK$'000*	Convertible Bonds due on 6 August 2010 (the "CB2") *HK$'000*	Total *HK$'000*
At 1 April 2007	49,904	16,739	66,643
Interest charged during the period	1,168	450	1,618
Interest paid during the period	(772)	–	(772)
Repurchase during the period	(6,156)	–	(6,156)
At 30 September 2007	**44,144**	**17,189**	**61,333**

CB1 carry interest at 3% per annum payable semi-annually in arrears with the first interest payment due on 18 November 2005 and the last interest payment due on 18 May 2009. Each CB1 entitles the holder to convert the bonds into new shares of the Company at a conversion price, subject to adjustment, of HK$2.525 per share during the period from 19 May 2005 to 18 May 2009. In addition, if CB1 remain outstanding on the maturity date, the Company will redeem the principal of CB1 at 100% of their face value.

CB2 carry interest at 2% per annum payable semi-annually in arrears with the first interest payment due on 6 February 2007 and the last interest payment due on 6 August 2010. During the period from 7 August 2006 to 6 August 2010, each CB2 entitles the holder to convert the bonds into new ordinary shares of the Company at the lower of the following:

(i) the initial conversion price, subject to adjustment, of HK$1.16; and

(ii) the volume-weighted average price of the ordinary shares of the Company, subject to adjustment, for the twenty trading days ending on the day immediately preceding the date of a relevant conversion notice.

In addition, if CB2 remain outstanding on the maturity date, the Company will redeem the principal of CB2 at 100% of their face value. Details are disclosed in the Company's circular dated 16 June 2006.

During the period, CBI of nominal value of US$820,000 (equivalent to HK$6,396,000) was transfered to the wholly owned subsidiary of the Company at a total cash consideration of US$410,000 (equivalent to HK$3,198,000). A gain on repurchase of CBI of HK$2,958,000 was recognised during the period.

The directors consider that the carrying amount of the liability component of the convertible bonds approximates their fair value.

12. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

On 28 July 2006, the Company issued 15,000 redeemable convertible cumulative preference shares of US$0.01 each ("PS") for a total cash consideration of US$15,000,000 (equivalent to HK$117,000,000). The PS carry dividend at 2% per annum, subject to adjustment to 5% on certain special events payable semi-annually in arrears. The maturity date of the PS is falling on the fifth anniversary of 28 July 2006 or such later date, not being later than the seventh anniversary of 28 July 2006, as may be agreed in writing between the Company and the holders of the PS. At any time from 28 July 2006 to maturity date, each PS entitles the holder to convert the preference shares into new ordinary shares of the Company at the lower of the following:

(a) the initial conversion price, subject to adjustment, of HK$1.16; and

(b) the volume-weighted average price of the ordinary shares of the Company, subject to adjustment, for the twenty trading days ending on the day immediately preceding the date of a relevant conversion notice.

In addition, the holder of the PS shall have the right at any time to require the Company to redeem all or any of the then outstanding PS held by it at the early redemption amount of such number of PS so redeemed, provided that the holder of the PS may not exercise such right prior to the maturity date if and for so long as any of certain special events shall not have occurred. Details are disclosed in the Company's circular dated 16 June 2006.

The net proceeds received from the issue of PS have been split between the liability and derivative component, as follows:

	At 30 September 2007 (Unaudited) ***HK$'000***	At 31 March 2007 (Audited) *HK$'000*
Nominal value of PS	**117,000**	117,000
Transaction cost related to liability component	**(9,561)**	(9,561)
Derivative component at the date of issue	**(32,258)**	(32,258)
Liability component at the date of issue	**75,181**	75,181
Interest charged	**10,607**	5,957
Liability component at 30 September 2007/31 March 2007	**85,788**	81,138
Derivative component at 1 April 2007/the date of issue	**42,569**	32,258
Fair value loss recognised in current period/year	**17,403**	10,311
Derivative component at 30 September 2007/31 March 2007	**59,972**	42,569

13. SHARE CAPITAL

	Number of shares	Nominal value *HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each	5,000,000,000	500,000
Redeemable convertible cumulative preference shares of US$0.01 each	15,000	1
At 31 March 2007 and 30 September 2007		**500,001**
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 31 March 2007 and 30 September 2007	**234,367,577**	**23,437**

14. RELATED PARTY TRANSACTIONS

No significant related party transaction was entered into by the Group during the period ended 30 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results and Dividends

During the six months ended 30 September 2007, the revenue of the Group was HK$1,398 million, representing an increase of 2.69 times as compared to HK$379 million for the previous period and a net loss attributable to shareholders of HK$26.7 million (2006: HK$15.0 million). The basic loss per share for the period was HK11.4 cents (2006: 6.4 cents).

The Directors do not recommend the payment of any interim dividend to the shareholders (2006: Nil).

Business Review and Analysis

During the past six months, the Group has continued to strengthen and expand its healthcare and consumer services business in mainland China by leveraging its unique access to healthcare resources, communications infrastructure and consumer distribution channels. The Group has made steady and substantial progress and has begun to operate a strategic healthcare and consumer services platform which enables the procurement of better access, better communication and better connectivity in China. This strategic healthcare and consumer services platform, a key component of the integrated value-chain of bundled health/wellness service procurement and delivery in China, substantially raises the efficiency, effectiveness and convenience in accessing, obtaining and effecting settlement of such services and differentiates the Group's capability in a rapidly growing healthcare and consumer services market in

China. In tandem with the key strategic direction above, the Group has been principally focusing on: (1) e-commerce via B-to-C consumer channels; (2) procurement of healthcare services via health advocate & connectivity platform, and (3) integrating e-commerce with healthcare services.

e-Commerce via B-to-C Consumer Channels

The Group, via its subsidiary, Shanghai Harvest Network Technology Co. Ltd. ("Harvest"), a profitable and proven B-to-C e-commerce platform, has continued its leading market share of over 22% in the mobile prepayment market in Shanghai. In addition to the growing and profitable Shanghai market, Harvest has expanded its business into Guangdong, the largest provincial mobile prepayment market in China. The Directors are pleased to report that the Group's e-commerce business has had an increase of over 21% in terms of net profit as compared with the same period in 2006.

In Shanghai, Harvest's e-commerce platform has its own proprietary e-distribution and e-payment solution enabled POS terminals placed in about 3,500 retail outlets, including almost all major convenience stores and other e-linkages with approximately another 1,500 retail outlets throughout the city, and individual consumers transacted on such POS terminals are estimated to exceed two million annually. The Harvest platform's access to and linkages with the retail outlets above serve as the cornerstone for the Group's B-to-C consumer distribution channels, and in particular, for the Group to integrate e-commerce with consumer oriented healthcare services.

Procurement of Healthcare Services via Health Advocate & Connectivity Platform

As of the date of this report, the Group has reorganized its resources in healthcare services and integrated all its related operations, namely, Shanghai Medical and Health Services Ltd. (the "Shanghai Clinic"), Beijing Universal Medical Assistance Co., Ltd ("BUMA") and Beijing WeiChang Clinic Ltd. (the "Beijing Clinic"), under the Group umbrella platform called Health Advocate & Connectivity ("HA&C"). In addition, and very importantly, the Group has taken key steps to assemble a new team of proven and experienced managerial, sales/marketing and operational human resources in order to drive and implement an integrated HA&C service platform. The Group's HA&C service is a web and call center enabled and enhanced procurement service entailing preventive medicine, health education and consulting, wellness, procurement of emergency and general medical assistance and related services, and various other tailor-made packages of HA&C service which are focused on direct sales to institutions such as multi-national employers for their health and medical assistance plans to their employees in China, and also B-to-B channels such as insurance companies as a value added service that can be bundled with their range of insurance products.

The Group, via its subsidiary, BUMA, has steadily expanded its customer base in recent months through its Emergency Assistance Medical Services ("EAMS") program, a type of HA&C service package of procuring nationwide 24-hour emergency medical assistance service. As of the date of this report, the Group, via BUMA, has entered and are entering into contractual agreements for intra-China EAMS with leading Chinese insurance companies such as China Ping An and the Directors are confident that the values and volumes of such contracts will grow significantly in the near future. Additionally, the Group, via BUMA, has been invited to sign a Cooperation Agreement with the International Assistance Group

("IAG"), which is a global alliance of independent assistance companies specializing in the provision of worldwide medical and travel assistance to business and leisure travelers, expatriate workers and multinational companies. With anticipated full membership in IAG, the Group, via BUMA, will be positioned to offer medical assistance services to a significantly enlarged and growing number of in-bound international travelers and outbound Chinese travelers in accordance with the codes and standards of international practice.

The Directors are pleased to report that as of September 30, 2007, the Group, via BUMA, has accumulated more than 460,000 ongoing registered members for its EAMS program as compared with 187,000 members in early December 2006, and that at present BUMA's call center has doubled the handling of cases of monthly EAMS related calls and requests for assistance as compared to those of the 2006 monthly average. The Directors are also pleased to report that the Group, via Shanghai Clinic, has secured multi-national companies, such as Delphi,. as its institutional clients for HA&C service.

Integration of e-Commerce with Healthcare Services

Under joint effort by the Group's HA&C platform and e-commerce platform involving Harvest, the Group has been integrating e-commerce with healthcare services by continuing to develop an e-payment service for consumer oriented healthcare ("Health Debit Card"). The e-payment service, an electronically enabled stored value payment card for procurement of an array of medical/health/wellness assistance services and products, will be initially bundled with other consumer-oriented packages and offered in Shanghai, and then expanded to other parts of China.

Liquidity and Financial Resources

As at 30 September 2007, the total assets of the Group is approximately HK$201 million and net current assets of approximately HK$43 million, representing a current ratio of 1.41 (31 March 2007: 1.87). At the balance sheet date, the total borrowings of the Group amounted to HK$147 million, represented by convertible bonds and redeemable convertible cumulative preference shares. The gearing ratio of the Group as at 30 September 2007 is (2.32) (31 March 2007: (3.78)), which was calculated on an amount of total equity of HK$(63,548,000) (31 March 2007: HK$(39,059,000)).

Contingent Liabilities

As at 30 September 2007, there was no contingent liability of the Group.

Charge on Group's assets

As at 30 September 2007, there was no charge on the Group's assets.

Human Resources

As at 30 September 2007, the Group employed 148 (31 March 2007: 149) employees.

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 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.

Purchase, Sale or Redemption of Listed Securities

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six-month period ended 30 September 2007, except for the following:–

Under the A.4.1 of the Code, the independent non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the three independent non-executive directors is appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws.

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

Audit Committee

The Company's audit committee comprises three independent non-executive directors. Its terms of reference have been modified to incorporate certain provisions with reference to the Appendix 14 of the Listing Rules. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 September 2007.

On behalf of the Board
Dr. Li Zhong Yuan
Chairman

Hong Kong, 21 December 2007

* *for identification purpose only*

As at the date of this announcement, the board of directors of the Company comprises Dr. Li Zhong Yuan, Mr. Lee Jong Dae and Mr. Zhou Bao Yi, all of whom are executive directors; Mr. Martin Treffer who is non-executive director; and Mr. Mu Xiang Ming, Mr. Jiang Bo and Dr. Yan Shi Yun, all of whom are independent non-executive directors.