HONG KONG HEALTH CHECK AND LABORATORY HOLDINGS COMPANY LIMITED

香港體檢及醫學診斷控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 397)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

FINANCIAL HIGHLIGHT

For the six months ended 30 September 2008:

– The Group recorded a revenue of approximately HK$50,572,000, representing an increase of 71.2% as compared with the corresponding period in 2007.

– As a result of the substantial loss with reference to the valuation of the convertible bonds issued by Core Healthcare Investment Holdings Limited (Stock Code: 8250), a subsidiary of the Company, and the holding of such convertible bonds by a jointly-controlled entity of the Company, the Group recorded a loss attributable to the equity holders of the Group of approximately HK$154,582,000 (2007: Profit of approximately HK$46,861,000).

– The Board does not recommend the payment of any dividend for the six months ended 30 September 2008 (2007: Nil).

RESULTS

The board of directors (the "Board") of Hong Kong Health Check and Laboratory Holdings Company Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with comparative figures for the previous period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2008	2007
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**50,572**	29,538
Other income		**2,893**	2,571
Changes in inventories and clinical supplies consumed		**(17,425)**	(7,097)
Employee benefits expense		**(29,255)**	(23,310)
Depreciation expense		**(7,684)**	(6,083)
(Loss)/gain on fair value changes on held-for-trading investments		**(5,247)**	55,791
Gain on disposal of subsidiaries		**–**	37,250
Finance costs	*4*	**(10,877)**	(21,449)
Share of result of a jointly controlled entity		**(83,252)**	–
Loss on fair value changes of conversion options and early redemption options embedded in convertible bonds		**(27,751)**	–
Other operating expenses		**(26,672)**	(20,713)
(Loss)/profit before tax		**(154,698)**	46,498
Income tax	*5*	**–**	–
(Loss)/profit for the period	*6*	**(154,698)**	46,498
Attributable to:			
Equity holders of the Company		**(154,582)**	46,861
Minority interests		**(116)**	(363)
		(154,698)	46,498
Dividends	*7*	**–**	–
(Loss)/earnings per share	*8*		
Basic (HK cents per share)		**(2.52)**	1.35
Diluted (HK cents per share)		**(2.52)**	1.07

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2008 (unaudited) *HK$'000*	As at 31 March 2008 (audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**116,995**	118,239
Goodwill		**550,921**	22,121
Interest in a jointly controlled entity		**150,008**	233,510
Available-for-sale investments		**23,785**	31,210
		841,709	405,080
Current assets			
Inventories of clinical supplies, at cost		**1,055**	763
Trade and other receivables	*9*	**46,374**	14,239
Amount due from a related party		**–**	50,120
Amount due from a jointly controlled entity		**34,031**	33,706
Tax recoverable		**510**	510
Held-for-trading investments		**79,350**	200,981
Conversion options embedded in convertible bonds		**–**	33,994
Early redemption options embedded in convertible bonds		**–**	14,554
Pledged bank deposits		**10,000**	12,000
Bank balances and cash		**268,348**	118,700
		439,668	479,567
Current liabilities			
Trade and other payables	*10*	**16,295**	13,546
Bank and other borrowings – due within one year		**240**	10,240
Tax liabilities		**1,541**	–
		18,076	23,786
Net current assets		**421,592**	455,781
Total assets less current liabilities		**1,263,301**	860,861
Non-current liabilities			
Deferred tax liabilities		**10,385**	19,527
Convertible bonds		**431,245**	282,203
		441,630	301,730
Net assets		**821,671**	559,131

	As at 30 September 2008 (unaudited) *HK$'000*	As at 31 March 2008 (audited) *HK$'000*
Capital and reserves		
Share capital	**133,721**	45,596
Reserves	**687,950**	513,054
Equity attributable to the equity holders of the Company	**821,671**	558,650
Minority interests	**–**	481
Total equity	**821,671**	559,131

Notes:

1. **BASIS OF PREPARATION**

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

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2008.

HKAS 39 & HKFRS 7	Reclassification of Financial Assets (Amendments)
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [2]
HKAS 39 (Amendments)	Eligible Hedged Items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entities or Associates [2]
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate [2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation [5]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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 segments as the secondary reporting format.

Business segments

	Provision of healthcare and medical checks services		Trading of securities		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Segment revenue	**50,572**	29,538	**–**	–	**50,572**	29,538
RESULTS						
Segment results	**(19,008)**	(16,466)	**(5,708)**	55,349	**(24,716)**	38,883
Unallocated income					**1,957**	2,571
Unallocated corporate expenses					**(10,059)**	(10,757)
Gain on disposal of subsidiaries					**–**	37,250
Finance costs					**(10,877)**	(21,449)
Share of result of a jointly controlled entity					**(83,252)**	–
Loss on fair value changes of conversion options and early redemption options embedded in convertible bonds					**(27,751)**	–
(Loss)/profit before tax					**(154,698)**	46,498
Income tax					**–**	–
(Loss)/profit for the period					**(154,698)**	46,498

Geographical segments

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers in Hong Kong and over 90% of the Group's assets are located in Hong Kong.

4. FINANCE COSTS

	For the six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Interest on:		
– Bank borrowings wholly repayable within five years	**52**	900
– Bank overdrafts	**40**	56
– Convertible bonds	**9,817**	6,493
Loss on early redemption of convertible bonds	**968**	14,000
	10,877	21,449

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for both periods.

No People's Republic of China ("PRC") income tax has been provided in respect of the Group's PRC subsidiary since it incurred tax losses for both periods.

6. (LOSS)/PROFIT FOR THE PERIOD

	For the six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
(Loss)/profit for the period has been arrived after charging:		
Cost of inventories recognized as an expense	**17,425**	7,097
Depreciation of property, plant and equipment	**7,684**	6,083

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 September 2008 (2007: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to the equity holders of the Company are based on the following data:

	For the six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
(Loss)/Earnings:		
(Loss)/profit for the period attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share	**(154,582)**	46,861
Effect of dilutive potential ordinary shares:		
Interest on outstanding convertible bonds	**–**	4,910
(Loss)/profit for the period attributable to the equity holders of the Company for the purpose of diluted (loss)/earnings per share	**(154,582)**	51,771

	For the six months ended 30 September	
	2008	2007
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**6,140,764**	3,478,728
Effect of dilutive potential ordinary shares from convertible bonds	**–**	1,369,053
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**6,140,764**	4,847,781

For the period ended 30 September 2008, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible bonds since their exercises would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2008	As at 31 March 2008
	HK$'000	*HK$'000*
Trade receivables, with aged analysis *(Note)*		
0-60 days	**5,599**	3,364
61-90 days	**939**	817
Over 90 days	**1,058**	1,479
Total trade receivables	**7,596**	5,660
Other receivables	**38,778**	8,579
Trade and other receivables	**46,374**	14,239

Note: Most of the patients of the medical check centers settle in cash. The Group allows an average credit period of 30 to 90 days to its trade customers.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2008	As at 31 March 2008
	HK$'000	*HK$'000*
Trade payables, with aged analysis		
0-60 days	**2,054**	1,429
61-90 days	**113**	22
Over 90 days	**347**	266
Total trade payables	**2,514**	1,717
Other payables	**13,781**	11,829
Trade and other payables	**16,295**	13,546

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

In the past six months of 2008-09 financial year, worldwide economies have been going through a very tough time. The financial tsunami has engulfed the world including Hong Kong. Nonetheless, Hong Kong Health Check and Laboratory Holdings Company Limited ("Hong Kong Health Check" or the "Company") continues to record steady operating performance in the midst of these turbulences.

For the six months ended 30 September 2008, the Group's turnover was approximately HK$50,572,000 (2007: HK$29,538,000), representing an increase of 71.2% as compared with the corresponding period of last year. The increase in turnover was mainly attributable to the steadily growing of the core health check and medical diagnosis and imaging business. As a result of the substantial loss with reference to the valuation of the convertible bonds issued by Core Healthcare Investment Holdings Limited ("Core Healthcare") (Stock Code: 8250), a subsidiary of the Company, and the holding of such convertible bonds by a jointly-controlled entity of the Company, the Group recorded a loss attributable to the equity holders of the Group of approximately HK$154,582,000 (2007: Profit of approximately HK$46,861,000).

The Board does not recommend the payment of any dividend for the six months ended 30 September 2008 (2007: Nil).

Rapid Expansion of Clientele

During the period under review, the Group's revenue enjoyed steady growth as driven by the increasing branding effect and economies of scale. This is the result of the Group's commitment to providing high quality diagnosis services to an ever enlarging pool of customers in Hong Kong. The Group has now become a leading player in the health check and medical diagnosis industry. The business recorded a turnover of approximately HK$50,572,000 compared with HK$29,538,000 in the corresponding period of last year.

The health consciousness among the public in Hong Kong is increasing, and this highlights the importance of health check services in the community. Given the increasing demand for high quality, comprehensive health check and medical diagnosis and imaging services in the community, the Group has been putting much effort in building its brand image through a series of marketing and advertising campaigns. The provisions of high quality services, together with a reputable brand name, have attracted customers from all sectors, including the government and non-referral walk-in customers. The Group's clientele has been enlarging continuously since its inception.

The Group has also expanded its facilities and service scope to meet the growing needs of our customers. During the period under review, Hong Kong Health Check has established up to nine diagnosis centres, providing high quality services to citizens in densely populated districts such as Jordon, Kwun Tong, Causeway Bay, Shatin and Tuen Mun. In addition, the Group has successfully executed a strategic plan to increase its penetration, providing unrivalled services to customers. That helped to generate steady revenue growth. The Group is dedicated to improving its operating efficiency and integrating its services so as to enhance the economies of scale.

In the 2008/09 Policy Address, the Chief Executive reiterated the importance of healthcare reform. The public-private interface initiatives are vital in outsourcing medical services provided by public hospitals to private medical institutions. The advanced facilities and the professional team of the Group complement well the medical services of local hospitals, individual doctors or medical groups and other healthcare providers.

Solid Business Development in China with Promising Outlook

Despite the weakening global economy, China's healthcare industry is experiencing rapid changes. This provides excellent business opportunities for our group than any other markets.

Building on its strength and experience in the medical diagnostic services industry, the Group has been expanding its presence in China this year. The first-of-its-kind health check centre – "Zhongshanyi Town Health Health Check Centre" located in the Tianhe District in Guangzhou, is currently under construction and making good progress. The Centre will commence operation in 2009. This marks a significant milestone for the Group's development in China. The facility is equipped with cutting-edge medical diagnosis facilities and technology and will strive to become one of the largest health check and medical diagnostic centers in Guangzhou.

PROSPECT

Establish Leading Role in the Local Community

In the past three years, with our professional team and state-of-the-art technology, the Group has been providing comprehensive quality health check and medical diagnosis and imaging services to its customers. The brand image continues to be well received by the market. We are now at the leading position in the fast-growing health check and medical diagnosis market.

The financial tsunami has doubtlessly dealt a severe blow to Hong Kong's economy. The business environments have turned from bad to worse. It is hoped that the healthcare industry, which involves the daily necessity of general population and thus is regarded as defensive at times of economic turmoil, will be less affected. The Group will strive to enhance its operating efficiency so as to minimize the external economic impact.

Despite the adverse economic environment, Hong Kong Health Check will continue to quicken its expansion pace. The Group plans to establish five to ten satellite health check centers so as to perpetuate its leading position and expand its coverage in Hong Kong. The Group will also strive to further integrate the Group's services and operation, so as to improve its operational efficiency and boost its competitiveness.

Introduce Revolutionary Health Check Concept in China

According to the China Market Intelligence Centre, there are approximately 5,000 health check centers in China. Nearly 90% of health check services are provided by hospitals. To date, the turnover of China's health check market is approximately RMB15 billion, with an annual growth rate of 30 – 40%.

The China health check and medical diagnosis market will be boosted by the booming health-conscious middle class citizens, and demand for high quality health-related services will increase in tandem. The Group is devoted to providing world-class health check and medical diagnosis and imaging services in China, and enhancing the public awareness of the importance of preventive healthcare and regular check-ups. By replicating the successful model in Hong Kong, Hong Kong Health Check will continue to pursue the strategy of developing a well-branded health check chain in Guangdong province in the coming months.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2008, the Group held cash and bank balances of approximately HK$268,348,000 (31 March 2008: HK$118,700,000). Net current assets amounted to approximately HK$421,592,000 (31 March 2008: HK$455,781,000). Current ratio (defined as total current assets divided by total current liabilities) was 24.3 (31 March 2008: 20.2 times).

As at 30 September 2008, the Group had outstanding bank and other borrowings of approximately HK$431,485,000 (31 March 2008: HK$292,443,000). The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements. The Group's bank balances and borrowings were denominated in Hong Kong dollars, risk in exchange rate fluctuation would not be material.

CAPITAL STRUCTURE

As at 30 September 2008, the Group had shareholders' equity of approximately HK$821,671,000 (31 March 2008: HK$558,650,000).

As from 9 September 2008, the final closing date of a voluntary conditional securities exchange offer made by Hong Kong Health Check to acquire all the issued shares of the Core Healthcare (other than those already held by Hong Kong Health Check and parties acting in concert with it), Core Healthcare became the subsidiary of the Hong Kong Health Check. Hong Kong Health Check issued 8,482,507,980 consideration shares in connection with the voluntary conditional securities exchange offer.

The Company has exercised its right to redeem the Convertible Bond II with principal amounts of HK$80,000,000 and HK$220,000,000 in June and September 2008 respectively.

In October 2008, the Company has exercised its right to redeem the Convertible Note I with a principal amount of HK$40,000,000.

On 27 November 2008, the Placing Agent and the Company entered into the Placing Agreement pursuant to which, the Company agreed to place, through the Placing Agent, 2,600,000,000 Placing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be third parties independent of the Company and its connected persons and not connected persons (as defined in the Listing Rules) of the Company at a price of HK$0.011 per Placing Share. The Placing was completed on 12 December 2008.

CORPORATE GOVERNANCE

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2008, except for the following deviation:

Code Provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, all the non-executive directors of the Company have not been appointed for specific terms but are subject to rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive directors, Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Group for the six months ended 30 September 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

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

During the six months ended 30 September 2008, the Company repurchased its own shares as follows:

		Price per share		
Month of repurchase	**Number of shares repurchased**	**Highest**	**Lowest**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
September 2008	110,000,000	0.053	0.045	5,590,000

The issued share capital of the Company was reduced by the par value of the repurchased shares which amounted to HK$1,100,000. Apart from the repurchase of the shares as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2008.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 September 2008, the Group employed approximately 160 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. In addition, the Group provides provident fund to its employees in accordance with the statutory requirements of the respective jurisdictions in where the employees reside.

CHARGES ON GROUP ASSETS

As at 30 September 2008, certain property, plant and equipment of the Group with carrying value of approximately HK$44,753,000 and bank deposits of HK$10,000,000 were pledged to secure general bank facilities granted to the Group.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board
Hong Kong Health Check and Laboratory Holdings Company Limited
Fung Yiu Tong, Bennet
Chairman

Hong Kong, 24 December 2008

At the date of this announcement, the Board comprises seven executive directors, namely Dr. Fung Yiu Tong, Bennet, Mr. Lee Chik Yuet, Dr. Cho Kwai Chee, Miss Choi Ka Yee, Crystal, Dr. Hui Ka Wah Ronnie, JP, Mr. Cho Kwai Yee, Kevin, and Mr. Siu Kam Chau and three independent non-executive directors namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man.

* *For identification purposes only*