

Since the balance sheet date, the Company has successfully brought in two new substantial shareholders, Swiss Fund and Guo Kang. Swiss Fund, a Liechtenstein regulated fund beneficially owned by long-term Swiss and European institutional investors with more than CHF 1 billion (equivalent to HK\$5.8 million) assets under management, will enhance the Company's capital raising capabilities in international capital market. Guo Kang is a Hong Kong incorporated company whose equity interest is being held by two individuals in trust of the International Health Cooperation and Exchange Center (衛生部國際交流與合作中心) of the MOH and also the representative office of the MOH in Hong Kong, will bring to the Company enormous strategic value in assisting the Company to secure medical, pharmaceutical and healthcare projects in the PRC. The Directors believe that the Group is ready to take full advantage of the substantial growth opportunities in the PRC's medical, pharmaceutical and healthcare sectors as living standards and health consciousness in the PRC in general continue to rise.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' and Chief Executives' Interests in Shares and Share Options

At 30th September, 2003, the interests of the directors and chief executives of the Company and their associates in the shares and shares options of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

(a) Ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of shares held	Percentage of
			the issued share capital of the Company
Dr. Li Zhong Yuan	Corporate (<i>Note (a)</i>)	13,147,000	11.80%
	Beneficial owner	4,635,000	4.16%
		17,782,000	15.96%
Mr. Wong Chong Kwong, Derek	Corporate (<i>Note (a)</i>)	13,147,000	11.80%
	Beneficial owner	1,245,000	1.12%
	Held by spouse (<i>Note (b)</i>)	450,000	0.40%
		14,842,000	13.32%
Mr. Lam Yat Keung	Beneficial owner	16,000	0.01%
	Held by spouse (<i>Note (c)</i>)	2,062,500	1.85%
		2,078,500	1.86%

(b) Share options

Name of Director	Capacity	Number of options held
Dr. Li Zhong Yuan	Beneficial owner	25,000
Mr. Wong Chong Kwong, Derek	Beneficial owner	475,000
	Held by spouse (<i>Note (b)</i>)	350,000
		825,000
Dr. Ni Aimin	Beneficial owner	750,000
Dr. Ma Yin Ming	Beneficial owner	150,000

Notes:

- (a) These shares are held by Pacific Annex Capital Limited which is beneficially owned by Dr. Li Zhong Yuan and Mr. Wong Chong Kwong, Derek, as to 66.7% and 33.3% respectively.
- (b) These shares are held by Ms. Wong Kit Wai, Peggy, the wife of Mr. Wong Chong Kwong, Derek.
- (c) These shares are held by Ms. Lam Pik Wah, the wife of Mr. Lam Yat Keung, personally and a company controlled by her.

Save as disclosed above, as at 30th September, 2003, none of the directors and executives, of the Company nor their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

At 30th September, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital of the Company
Pacific Annex Capital Limited	Beneficial owner	13,147,000	11.80%
Dr. Li Zhong Yuan	Corporate (note (a))	13,147,000	11.80%
	Beneficial owner	4,635,000	4.16%
		17,782,000	15.96%
Mr. Wong Chong Kwong, Derek	Corporate (note (a))	13,147,000	11.80%
	Beneficial owner	1,245,000	1.12%
	Held by spouse (note (b))	450,000	0.40%
		14,842,000	13.32%

Remarks:

- Notes (a) and (b) are same as disclosed in above section under the heading "Directors' and Chief Executives' Interests in Shares and Share Options".
- As at 30th September, 2003, swissfirst Structured Bonds AG and swissfirst Bank AG held HK\$30,000,000 and HK\$12,000,000 3% unlisted convertible bonds of the Company. Upon the conversion of these convertible bonds, 30,000,000 shares and 12,000,000 shares of par value HK\$0.10 in the Company would be issued to them respectively.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th September, 2003.

Substantial Shareholders as of date of this report

Subsequent to the balance sheet date, the number of issued ordinary shares of the Company has increased to 182,181,577 and there was a significant change in substantial shareholders of the Company. The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO as of date of this report, were as follows:

Name of shareholder	Capacity	Number of shares held	Percentage of capital of the Company
Swiss Fund	Beneficial owner	32,000,000	17.56%
Guo Kang	Beneficial owner	17,000,000	9.33%
Pacific Annex Capital Limited	Beneficial owner	13,147,000	7.22%
Dr. Li Zhong Yuan	Corporate (<i>note (a)</i>)	13,147,000	7.22%
	Beneficial owner	4,635,000	2.54%
		17,782,000	9.76%
Mr. Wong Chong Kwong, Derek	Corporate (<i>note (a)</i>)	13,147,000	7.22%
	Beneficial owner	1,245,000	0.68%
	Held by spouse (<i>note (b)</i>)	450,000	0.25%
		14,842,000	8.15%

Remarks:

1. Notes (a) and (b) are same as disclosed in above section under the heading "Directors' and Chief Executives' Interests in Shares and Share Options".
2. As at date of this report, swissfirst Structured Bonds AG still held HK\$20,000,000 convertible bonds of the Company. Upon the conversion of these convertible bonds, 20,000,000 shares of par value HK\$0.10 each in the Company will be issued.

Share Option Schemes

Pursuant to the share option scheme adopted by the Company in 2001 (the "Old Scheme"), the Company may grant options to any directors or full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a subscription price which is the higher of 80% of the average closing price of the Company's shares for the five trading days immediately preceding the date of grant or the nominal value of the Company's shares. The Old Scheme was replaced by the Company's existing share option scheme (the "New Scheme") which was adopted pursuant to a resolution passed on 8th April, 2002, and will expire on 7th April, 2012. All outstanding options continue to be valid and exercisable in accordance with the terms of the Old Scheme.

Under the New Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties who (i) have previously been and continued to be retained by the Group to provide business, legal or tax consultancy services or other professional services, whose expertise is valuable to the business development of the Group; or (ii) introduce investment opportunities to the Group; or (iii) contribute by way of introduction of new business to the Group.

The maximum number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at the adoption date, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive

directors in excess of 0.1% of the Company's share capital in issue or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within the period as specified in the offer letter and no consideration of grant needs to be paid. Options may be exercised at any time from the date of grant to the expiry date of the New Scheme. The exercise price is determined by the directors of the Company, and shall be the higher of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

The following table discloses details of options outstanding under the Company's share option schemes and movements during the period:

	Option type	Outstanding at 1st April, 2003	Granted	Exercised	Lapsed	Outstanding at 30th September, 2003
<i>Directors</i>						
Dr. Li Zhong Yuan	A	25,000	-	-	-	25,000
Mr. Wong Chong Kwong, Derek	A	825,000	-	-	-	825,000
Dr. Ni Aimin	B	750,000	-	-	-	750,000
Dr. Ma Yin Ming	B	150,000	-	-	-	150,000
Total Directors		1,750,000	-	-	-	1,750,000
<i>Employees</i>						
	A	250,000	-	-	-	250,000
	B	850,000	-	-	-	850,000
Total Employees		1,100,000	-	-	-	1,100,000
<i>Others</i>	B	5,750,000	-	(750,000)	-	5,000,000
Total Others		5,750,000	-	(750,000)	-	5,000,000
Total		8,600,000	-	(750,000)	-	7,850,000

Option type	Date of grant	Exercisable period		Exercise price before consolidation of shares HK\$	Exercise price as adjusted for consolidation of shares HK\$	Closing price immediately before the date of grant as adjusted for consolidation of shares HK\$
		From	To			
A	31st August, 2001	31st August, 2001	15th May, 2011	0.043	8.6	12.00
B	27th November, 2002	27th November, 2002	7th April, 2012	N/A	1.0	0.75

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.97 for options with an exercise price of HK\$1.00.

There were no options granted during the six months ended 30th September, 2003.

At the balance sheet date, the Company had 7,850,000 share options outstanding under the options schemes of the Company. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 7,850,000 additional ordinary shares of the Company and an additional share capital of HK\$785,000 and share premium of HK\$15,425,000 (before issue expenses).

Directors' Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and neither the directors nor chief executive, nor any of their spouse or children under the age 18, had any right to subscribe for securities of the Company, or exercised any such right.

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.

Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th September, 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Disclosure under Practice Note 19 of the Listing Rules

1. As at 30th September, 2003, the Group had an advance of US\$2.7 million (equivalent to HK\$21,026,000) made to Multi-line Digital Co. Ltd., an independent third party, which represents approximately 50.6% of the net assets value of the Group. Details of which are disclosed in note 10 to the condensed financial statements.
2. As at 30th September, 2003, Pacific Annex Capital Limited, Dr. Li Zhong Yuan and Mr. Wong Chong Kwong, Derek pledged an aggregate of 8,330,000, 1,910,000 and 1,625,000 ordinary shares (as adjusted for consolidation of shares) to independent third parties for short-term financing. The pledged shares represent approximately 7.48%, 1.71% and 1.46% of the of total issued share capital of the Company as at 30th September, 2003 respectively.

Publication of Interim Results on the Stock Exchange's Website

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) 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, 23rd December, 2003