

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

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

At 30 September 2004, the interests or short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and convertible bonds 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 of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director/ chief executive	Company/ associated corporation	Capacity/ nature of interests	Interests in shares (other than pursuant to equity derivatives)	Interests in underlying shares pursuant to equity derivatives <i>(Note 2)</i>	Total interests in shares/ underlying shares	Percentage of shares and underlying shares to issued shares at 30 September 2004
Dr. Li Zhong Yuan	The Company	Corporate <i>(Note 1)</i>	11,147,000	–	11,147,000	5.14%
		Personal	4,635,000	1,525,000	6,160,000	2.84%
Dr. Ni Aimin	The Company	Personal	750,000	1,500,000	2,250,000	1.04%
Mr. Lee Jong Dae	The Company	Personal	3,026,500	1,500,000	4,526,500	2.09%
Mr. Li Xiao Ru	The Company	Personal	–	1,002,000	1,002,000	0.46%
Mr. Deng Ku Hon	The Company	Personal	432,000	1,500,000	1,932,000	0.89%
Mr. Robin Willi	The Company	Personal	912,000	–	912,000	0.42%

Notes:

- (1) These shares are held by Pacific Annex Capital Limited which is wholly-owned by Dr. Li Zhong Yuan.
- (2) The underlying shares of equity derivatives represent the shares issuable upon the exercise of share options granted to the directors/chief executives by the Company. Details of share options are set out under the heading of "Share Option Schemes" on page 23. All interests in shares and underlying shares of equity derivatives stated above represent long positions.

Save as disclosed above, as at 30 September 2004, none of the directors and chief executives, of the Company nor their associates, had any interests or short positions in the shares, underlying shares and convertible bonds of the Company or any of its associated corporations.

Substantial Shareholders' Interests in Shares

At 30 September 2004, other than the interests disclosed above in respect of directors and chief executives of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of interests or short positions in the shares and underlying shares of the Company:

Name of substantial shareholders	Capacity	Interests in shares (other than pursuant to equity derivatives)	Interests in underlying shares pursuant to equity derivatives	Total interests in shares/ underlying shares	Percentage of shares and underlying shares to issued shares at 30 September 2004
swissfirst (Lie) Opportunities Anlagegesellschaft AG	Investment manager	34,274,000	–	34,274,000	15.79%
swissfirst Structured Bonds AG	Beneficial owner	1,236,000	17,300,000 <i>(Note)</i>	18,536,000	8.54%
Guo Kang Pharmaceutical & Medical Supplies Ltd.	Beneficial owner	17,000,000	–	17,000,000	7.83%
Pacific Annex Capital Limited	Beneficial owner	11,147,000	–	11,147,000	5.14%
Dr. Li Zhong Yuan	Corporate Beneficial owner	11,147,000 4,635,000	– 1,525,000	11,147,000 6,160,000	5.14% 2.84%

Note:

The underlying shares of equity derivatives held by swissfirst Structured Bonds AG represent the shares issuable upon conversion of HK\$17,300,000 3% unlisted convertible bonds of the Company.

Other than as disclosed above, the Company has not been notified by any person (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 30 September 2004 as required pursuant to Section 336 of the SFO.

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 8 April 2002, and will expire on 7 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 continue 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 highest 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 1 April 2004	Granted	Exercised	Lapsed	Reclassification upon appointment	Outstanding at 30 September 2004
<i>Directors</i>							
Li Zhong Yuan	A	25,000	-	-	-	-	25,000
	B	1,500,000	-	-	-	-	1,500,000
Ni Aimin	B	1,500,000	-	-	-	-	1,500,000
Li Xiao Ru	B	1,002,000	-	-	-	-	1,002,000
Deng Ku Hon	B	-	-	-	-	1,500,000	1,500,000
<i>Total Directors</i>		4,027,000	-	-	-	1,500,000	5,527,000
<i>Chief Executive</i>							
Lee Jong Dae	B	1,500,000	-	-	-	-	1,500,000
<i>Employees</i>		469,000	-	-	-	-	469,000
Others	A	1,075,000	-	-	(1,075,000)	-	-
	B	10,546,000	-	-	-	(1,500,000)	9,046,000
<i>Total Others</i>		11,621,000	-	-	(1,075,000)	(1,500,000)	9,046,000
<i>Total</i>		17,617,000	-	-	(1,075,000)	-	16,542,000

Option type	Date of grant	Exercisable period		Exercise price the HK\$	Closing price
		From	To		immediately before date of grant HK\$
A	31 August 2001	31 August 2001	15 May 2011	8.60*	12.00*
B	2 February 2004	2 February 2004	7 April 2012	3.40	3.80

* The price has been adjusted for consolidation of the Company's shares

There were no options granted and exercised during the six months period ended 30 September 2004.

At the balance sheet date, the Company had 16,542,000 share options outstanding under the share option 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 16,542,000 additional ordinary shares of the Company and an additional share capital of HK\$1,654,200 and share premium of HK\$54,718,600 (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 convertible bonds 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.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors. The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee.

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 30 September 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

Disclosure under Chapter 13 of the Listing Rules

As at 30 September 2004, the Group had an outstanding 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 15.83% of the net assets value of the Group. Details of which are disclosed in note 11 to the condensed financial statements.

Board of Directors

As at the date of this report, the Board of the Company comprises nine directors, of which Dr. Li Zhong Yuan, Mr. Lee Jong Dae, Dr. Ni Aimin, Mr. Deng Ku Hon, all of whom are executive directors; Mr. Robin Willi, Mr. Martin Treffer, all of whom are non-executive directors; and Dr. Ma Yin Ming, Mr. Li Xiao Ru and Mr. Mu Xiangming, all of whom are independent non-executive directors.

On behalf of the Board

Dr. Li Zhong Yuan

Chairman

Hong Kong, 23 December 2004