

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

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

At 30 September 2005, 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	Interests in shares (other than pursuant to equity derivatives)	Interests in underlying shares pursuant to equity derivatives) (Note 3)	Total interests in shares/ underlying shares	Percentage of
						shares and underlying shares to issued shares at 30 September 2005
Dr. Li Zhong Yuan	The Company	Corporate (Note 1)	19,808,000	–	19,808,000	8.45%
		Personal	4,635,000	3,625,000	8,260,000	3.52%
Dr. Ni Aimin	The Company	Personal	750,000	2,400,000	3,150,000	1.34%
Mr. Lee Jong Dae	The Company	Personal	3,026,500	3,600,000	6,626,500	2.83%
Mr. Deng Ku Hon	The Company	Personal	432,000	2,400,000	2,832,000	1.21%
Mr. Robin Willi	The Company	Personal	912,000	900,000	1,812,000	0.77%
Mr. Martin Treffer	The Company	Corporate (Note 2)	1,295,000	–	1,295,000	0.55%
		Personal	250,000	900,000	1,150,000	0.49%
Mr. Li Xiao Ru	The Company	Personal	–	1,212,000	1,212,000	0.52%
Dr. Ma Yin Ming	The Company	Personal	–	150,000	150,000	0.06%
Mr. Mu Xiang Ming	The Company	Personal	–	210,000	210,000	0.09%

Notes:

- (1) These shares included 11,147,000 Shares of which are held through Pacific Annex Capital Limited and 8,661,000 Shares of which are held through Timenew Limited, both companies are wholly owned by Dr. Li Zhong Yuan.
- (2) These shares are held by 2Trade Group Limited which is beneficially owned by Mr. Martin Treffer as to 35%.
- (3) 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 26. All interests in shares and underlying shares of equity derivatives stated above represent long positions.

Save as disclosed above, as at 30 September 2005, none of the directors and executives, of the Company nor their associates, had any interests or short positions in any shares, underlying shares and convertible bonds of the Company or any of its associated corporations.

Substantial Shareholders’ Interests in Shares

At 30 September 2005, 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 shareholder	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 2005
swissfirst (Lie) Opportunities Anlagegesellschaft AG	Investment manager	26,276,000	–	26,276,000	11.21%
Guo Kang Pharmaceutical & Medical Supplies Ltd.	Beneficial owner	17,000,000	–	17,000,000	7.25%
Orient Access International Inc.	Beneficial owner	17,300,000	–	17,300,000	7.38%

Save 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 2005 as required pursuant to Section 336 of the SFO.

Share Option Schemes

There is no change in any terms of the share option schemes of the Company during the six months ended 30 September 2005. The detailed terms of the share option schemes were disclosed in the Company’s 2005 annual report.

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 2005	Granted	Exercised	Lapsed	Outstanding at 30 September 2005
Directors						
Li Zhong Yuan	A	25,000	-	-	-	25,000
	B	1,500,000	-	-	-	1,500,000
	C	2,100,000	-	-	-	2,100,000
Lee Jong Dae	B	1,500,000	-	-	-	1,500,000
	C	2,100,000	-	-	-	2,100,000
Ni Aimin	B	1,500,000	-	-	-	1,500,000
	C	900,000	-	-	-	900,000
Deng Ku Hon	B	1,500,000	-	-	-	1,500,000
	C	900,000	-	-	-	900,000
Robin Willi	C	900,000	-	-	-	900,000
Martin Treffer	C	900,000	-	-	-	900,000
Li Xiao Ru	B	1,002,000	-	-	-	1,002,000
	C	210,000	-	-	-	210,000
Ma Yin Ming	C	150,000	-	-	-	150,000
Mu Xiang Ming	C	210,000	-	-	-	210,000
Total Directors		15,397,000	-	-	-	15,397,000
Management and staffs						
	B	469,000	-	-	(57,000)	412,000
	C	840,000	-	-	(60,000)	780,000
Total management and staffs		1,309,000	-	-	(117,000)	1,192,000
Advisors and consultants						
	B	9,046,000	-	-	-	9,046,000
	C	8,622,000	-	-	-	8,622,000
	D	-	99,000	-	-	99,000
Total advisors and consultants		17,668,000	99,000	-	-	17,767,000
Total		34,374,000	99,000	-	(117,000)	34,356,000

Option type	Date of grant	Exercisable period		Exercise price HK\$	Closing price
		From	To		immediately before the 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
C	3 March 2005	3 March 2005	7 April 2012	2.325	2.325
D	20 June 2005	20 June 2005	7 April 2012	2.330	2.300

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

The fair value of the options granted on 20 June 2005, measured on the same date and based on the following assumptions and valuation model, is amounted to HK\$148,000.

The following assumptions were used to calculate the fair values of share options using the Black-Scholes option pricing model:

20 June 2005

Expected life of options	6.81 years
Expected volatility	70.11%
Expected dividend yield	Nil
Hong Kong Exchange Fund Notes rate	3.44%

For the purposes of calculating of fair value, no adjustment has been made in respect of options expected to be forfeited, due to lack of historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

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 2005, except for the following:

(a) *Code Provision A.4.1*

None of the non-executive directors and independent non-executive directors of the Company 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. As such, the directors consider that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than exacting than those in the Code.

(b) *Code Provision B.1.1*

Under this code provision, the Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Company is in the process of establishing a remuneration committee with appropriate composition and terms of reference.

(c) *Code Provision C.3.3*

On 20 December 2005, the terms of reference of the Company's audit committee were revised to include the duties set out in this Code provision.

(d) *Code Provision E.1.2*

For the annual general meeting of the Company held on 26 August 2005, the directors elected Mr. Lee Jong Dae, one of the Company's directors, to chair the meeting in accordance with the Bye-laws of the Company.

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, Dr. Ma Yin Ming, Mr. Li Xiao Ru and Mr. Mu Xiang Ming, and 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 2005.

Disclosure under Chapter 13 of the Listing Rules

As at 30 September 2005, 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 11.62% of the total assets value of the Group. Details of which are disclosed in note 11 to the condensed financial statements.

On behalf of the Board

Dr. Li Zhong Yuan

Chairman

Hong Kong, 23 December 2005

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.