

Management and employees

As at 30th September 2005, there were 19 employees in the Group. In addition to salaries, the Group also provides staff benefits such as medical insurance and mandatory provident fund. The Group also implements a discretionary performance-linked bonus scheme for staff to grant year end bonus or share options to them as an incentive in accordance with the performance of the Group and individual employees.

The share option scheme (the "Scheme") was approved by the shareholders on 26 August 2003 to grant share options to eligible employees and Directors to subscribe for newly issued shares of the Company in accordance with the requirements of Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rule") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the period ended 30th September 2005, no option was granted by the Company to any eligible employees or Directors pursuant to the Scheme.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2005, the interests of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions in ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of shares	Approximate percentage shareholdings
Kwok Wing Leung Andy	Interest of a controlled corporation (<i>Note</i>)	386,533,775	71.02

Note: These shares are held by Billion Pacific Ventures Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Kwok Wing Leung Andy.

Save as disclosed above, none of the Directors, chief executives 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 as at 30th September, 2005, which were required to be recorded pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

Other than as disclosed in the section "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES", as at 30th September, 2005, the following persons (other than the directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in ordinary shares of HK\$0.10 each of the Company (unissued)

Name	Capacity	Number of shares	Approximate percentage shareholdings
Honeylink Agents Limited (<i>Notes 1 and 4</i>)	Interest of a controlled corporation	108,840,000	20.00
Get Nice Holdings Limited (<i>Notes 2 and 4</i>)	Interest of a controlled corporation	108,840,000	20.00
Get Nice Incorporated (<i>Notes 3 and 4</i>)	Interest of a controlled corporation	108,840,000	20.00
Get Nice Investment Limited (<i>Note 4</i>)	Other	108,840,000	20.00

Notes:

- Honeylink Agents Limited was deemed to be interested in 108,840,000 shares through its controlling interest of 30.36% in Get Nice Holdings Limited.
- Get Nice Holdings Limited was deemed to be interested in 108,840,000 shares through its controlling interest of 100% in Get Nice Incorporated.

3. Get Nice Incorporated was deemed to be interested in 108,840,000 shares through its controlling interest of 100% in Get Nice Investment Limited.
4. The 108,840,000 shares held by each of Honeylink Agents Limited, Get Nice Holdings Limited, Get Nice Incorporated and Get Nice Investment Limited refer to the same parcel of shares which are the placing shares Get Nice Investment Limited has underwritten pursuant to a placing agreement entered into between the Company as issuer and Get Nice Investment Limited as placing agent dated 28th September 2005.

Save as disclosed above, no other person (other than the directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

There have been no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"). The Company, having made specific enquiry of all Directors, confirms that the directors have complied with the required standards set out in the Model Code during the period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Appendix 14 "Code of Corporate Governance Practices" to the Listing Rules (the "Code") throughout the six months ended 30th September 2005 except for the deviations as mentioned below.

Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kwok Wing Leung, Andy currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in Mr. Kwok provides the Company with stronger and more consistent leadership. However, the Board will review in the current year the roles of chairman and chief executive and, if considered appropriate, separate the two roles to ensure compliance with Code Provision A.2.1.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. Some of the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

Under Code Provision A.4.2, all directors should be subject to retirement by rotation at least once every three years. Under the bye-laws of the Company, the Chairman of the Board and the managing director are not subject to retirement by rotation. A special resolution will be proposed to amend the bye-laws of the Company at the annual general meeting to be held in 2006 so that every director (including the Chairman of the Board and the managing director) shall be subject to retirement by rotation at least once every three years.

Under Code Provision B.1.1, a remuneration committee with specific terms of reference should be established. The Company is in the process of establishing a remuneration committee with appropriate compositions and terms of reference.

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AUDIT COMMITTEE

The Group has an audit committee comprising three non-executive directors, two of whom are independent non-executive directors. The primary duties are to review and supervise the Group's financial reporting process and internal control system, monitor external auditors and provide advice and comments to the Board. The audit committee has reviewed the unaudited interim financial statements with the Board.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2005 interim report containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of the Board
Wanji Pharmaceutical Holdings Limited
Kwok Wing Leung, Andy
Chairman

Hong Kong, 28th December 2005