

PROSPECTS

With the bright prospect in the Groups' investments in the pharmaceutical business, the steady income generated by the Group's commercial properties management business and the Group's strong liquidity and financial strength, the Board is optimistic about the Group's future and that shareholders will eventually benefit from the Group's growth.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2001, the interests of the directors and their associates in the issued share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares beneficially held and their nature of interest				
	Personal	Corporate	Family	Other	Total
Tang Ching Ho ("Mr. Tang")	9,927,645	36,314,000 (Note 1)	9,927,645 (Note 2)	117,847,827 (Note 3 and 5)	174,017,117
Yau Yuk Yin ("Ms. Yau")	9,927,645	–	46,241,645 (Note 4)	117,847,827 (Note 4)	174,017,117
Siu Yim Kwan, Sidney	100,000	–	–	–	100,000

Note 1: Mr. Tang was interested in these shares through Caister Limited, a company which is wholly and beneficially owned by Mr. Tang.

Note 2: Mr. Tang was taken to be interested under the SDI Ordinance in those shares in which his spouse, Ms. Yau, was interested.

Note 3: Agreements were entered into between Middlemore Limited, a company wholly and beneficially owned by Mr. Tang, and (i) Ms. Tang Mui Fong; (ii) Ms. Tang Mui Fun and (iii) Mr. Yau Yuk Tong, all being relatives of Mr. Tang, as a result of which, for the purpose of Sections 9 and 10 of the SDI Ordinance, Mr. Tang was taken (for purpose of the duty of disclosure only) to be interested in those shares owned by them.

Note 4: Ms. Yau was taken to be interested under the SDI Ordinance in those shares in which her spouse, Mr. Tang, was interested.

DIRECTORS' INTERESTS IN SHARES (continued)

Note 5: Pursuant to (i) a placing agreement dated 25 September 2001 made between Kingsway SW Securities Limited, the Company, Tang Mui Fong, Yau Yuk Tong, Tang Mui Fun; and (ii) a subscription agreement dated 25 September 2001 made between the Company and Tang Mui Fong, Yau Yuk Tong and Tang Mui Fun, Kingsway has agreed to place 43,500,000 shares of the Company to independent investors and Tang Mui Fong, Yau Yuk Tong and Tang Mui Fun have agreed to subscribe for, in aggregate, 116,500,000 shares of the Company as announced by the Company on 25 September 2001. Each of Tang Mui Fong, Yau Yuk Tong and Tang Mui Fun is a party to the agreements referred to in note 3 above.

Apart from the 56,169,290 issued shares in the capital of the Company held by Mr. Tang and Ms. Yau pursuant to Sections 4 and 8 of the SDI Ordinance, they were also taken (for purposes of disclosure) to be interested in all the issued shares in the capital of the Company referred to in Notes 3 and 5 above pursuant to Sections 9 and 10 of the SDI Ordinance.

Save as disclosed above, none of the directors or their respective associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30 September 2001.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

As at 30 September 2001, certain directors had the following personal interests in share options to subscribe for shares in the Company granted under the share option scheme of the Company:

Name of director	Number of share options outstanding
Tang Ching Ho	10,900,000
Yau Yuk Yin	10,900,000

All the share options were granted on 6 March 2001 and are exercisable in the period from 6 March 2001 to 5 February 2005 at an exercise price of HK\$0.13 per share. No share options were exercised by the directors of the Company during the period under review.

Save as disclosed herein, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouses, or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of ordinary shares held	Percentage held
Caister Limited	36,314,000	3.18
Mr. Tang Ching Ho	9,927,645	0.87
Ms. Yau Yuk Yin	9,927,645	0.87
Tang Mui Fong	53,704,095	4.70
Yau Yuk Tong	33,806,825	2.96
Tang Mui Fun	30,336,907	2.66
	<u>174,017,117</u>	<u>15.24</u>

Note: Pursuant to a (i) a placing agreement dated 25 September 2001 made between Kingsway SW Securities Limited, the Company, Tang Mui Fong, Yau Yuk Tong, Tang Mui Fun; and (ii) a subscription agreement dated 25 September 2001 made between the Company and Tang Mui Fong, Yau Yuk Tong and Tang Mui Fun, Kingsway has agreed to place 43,500,000 shares of the Company to independent investors and Tang Mui Fong, Yau Yuk Tong and Tang Mui Fun have agreed to subscribe for 53,300,000 shares, 33,300,000 shares and 29,900,000 shares of the Company, respectively, as announced by the Company on 25 September 2001. Completion of the subscription and the placing for shares took place on 6 and 8 October 2001 respectively.

The shareholdings of Caister Limited, Ms. Tang Mui Fong, Mr. Yau Yuk Tong and Ms. Tang Mui Fun in the capital of the Company are also disclosed above as the corporate and other interests of Mr. Tang under the heading "Directors' interests in shares."

Pursuant to Sections 9 and 10 of the SDI Ordinance, Caister Limited, Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Ms. Tang Mui Fong, Mr. Yau Yuk Tong and Ms. Tang Mui Fun are taken (for purposes of the duty of disclosure) to be interested in a total of 174,017,117 shares.

Save as disclosed above, no persons had registered an interest in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance as at 30 September 2001.

AUDIT COMMITTEE

The Company has set up an audit committee with written terms of reference since December 1999 which comprises two independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited condensed interim financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2001, there was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries.

CODE OF BEST PRACTICE

Save that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws, none of the directors 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 2001, 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. In addition, the Company has established an audit committee for reviewing and supervising of the Group's financial reporting process and internal controls.

By Order of the Board
Tang Ching Ho
Chairman and Managing Director

Hong Kong, 14 December 2001