

## ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

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

As at 30 September 2006, 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	Total interests in shares/ underlying shares	Percentage of shares and underlying shares to issued shares at 30 Sept 2006
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. 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 held through Pacific Annex Capital Limited and 8,661,000 shares 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.

Save as disclosed above, none of the directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or pursuant to section 352 of the SFO, to be recorded in the register referred therein; or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

### Substantial Shareholders' Interests in Shares

As at 30 September 2006, so far as is known to Directors, those persons other than Directors and chief executive of the Company, who had the interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

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
China Healthcare Services Ltd	Beneficial owner	20,993,000		20,993,000	8.96%
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%
OZ management, L.L.C.	Beneficial owner	-	95,066,688	95,066,688	40.56%
OZ Asia Master Fund Ltd. (Note 1)	Beneficial owner	-	46,586,758	46,586,758	19.88%
OZ Master Fund Ltd. (Note 1)	Beneficial owner	-	47,356,068	47,356,068	20.21%
Mr. Hou Shu Ming (Note 2)	Beneficial owner	-	15,862,068	15,862,068	6.77%

*Note 1:* Assuming that upon full conversion of the Preference Shares of the holders, the Company will issue 46,586,758 and 47,356,068 Conversion Shares to the Preference Shares holders, OZ Asia Master Fund Ltd. and OZ Master Fund Ltd, respectively, as stated in the Company's announcement of 28 April 2006 and the Company's circular of 16 June 2006.

*Note 2:* Assuming that upon full conversion of the Convertible Notes, the Company will issue 15,862,068 CN Conversion Shares to the CN holder, Mr. Hou Shu Ming, as stated in the Company's announcement of 28 April 2006 and the Company's circular of 16 June 2006.

## 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 2006. The detailed terms of the share option schemes were disclosed in the Company's 2006 annual report.

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

Directors	Option type	Outstanding at 1 April 2006	Granted	Exercised	Lapsed	Outstanding at 30 September 2006
<b>Director</b>						
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
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 Director		14,497,000	-	-	-	14,497,000
<b>Management and staffs</b>						
	B	150,000	-	-	-	150,000
	C	390,000	-	-	120,000 (Note 1)	270,000
Total Management and staffs		540,000	-	-	120,000	420,000
<b>Advisors and consultants</b>						
	B	9,046,000	-	-	-	9,046,000
	C	9,522,000 (Note 2)	-	-	-	9,522,000
	D	99,000	-	-	-	99,000
Total advisors and consultants		18,667,000	-	-	-	18,667,000
<b>Total</b>		<b>33,704,000</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	<b>33,584,000</b>

Note 1: a staff resigned during the period.

Note 2: Mr. Robin Willi resigned as director of the Company on 15 August 2006, but he remains as advisor within the Group. Therefore, according to the Share Option Scheme, Mr. Willi is eligible to entitle as holder of the 900,000 options.

<b>Option type</b>	<b>Date of grant</b>	<b>Exercisable Period</b>	<b>Exercise price HK\$</b>	<b>Closing price immediately before the date of grant HK\$</b>
A	31 Aug 2001	31/8/2001- 15/5/2011	8.60*	12.000*
B	2 February 2004	2/2/2004- 7/4/2012	3.40	3.800
C	3 March 2005	3/3/2005- 7/4/2012	2.325	2.325
D	20 June 2005	20/6/2005- 7/4/2012	2.330	2.300

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

### **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 2006, except for the following:-

Under the A.4.1 of the Code, the independent non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the three independent non-executive directors 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.

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

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. 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 2006.

On behalf of the Board

**Dr. Li Zhong Yuan**

*Chairman*

Hong Kong, 22 December 2006