

third quarterly **2001**



上海實業醫藥科技(集團)有限公司

SIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LIMITED

上海實業集團成員 A Member of SIC

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COMPANY INFORMATION

SIIC MedTech • Third Quarterly Report 2001 • SIIC MedTech • Third Quarterly Report 2001 • SIIC MedTech • Third Quarterly Report 2001

Executive Directors

Zhuo Fu Min (*Chairman*)
Feng Gen Sheng (*Vice Chairman*)
Li Wei Da (*Managing Director*)
Chen Shu Zi
(*Deputy Managing Director*)
Ge Wen Yao
Wu Jian Zhuang

Independent Non-Executive Directors

Kwok Chin Kung, Robert
Li Ka Cheung, Eric
Lee Ka Sze, Carmelo

Company Secretary

Wong Mei Ling, Marina
ACS, ACIS, MBA, BA (Hons) AC

Compliance Officer

Li Wei Da

Qualified Accountant

Ho Hon Ming, John
BA (Hons) Econ, FCA (UK)

Audit Committee

Li Ka Cheung, Eric (*Committee Chairman*)
Kwok Chin Kung, Robert
Lee Ka Sze, Carmelo

Authorized Persons to accept services of process and notices

Li Wei Da
Wong Mei Ling, Marina

Registered Office

P.O. Box 309, Uglund House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Head Office and Principal

Place of Business

10/F., Shanghai Industrial Investment
Building
48–62 Hennessy Road
Wanchai, Hong Kong

Auditors

Deloitte Touche Tohmatsu

Sponsor

BNP Paribas Peregrine Capital Limited

Legal Advisers

Woo, Kwan, Lee & Lo
Fangda Partners
Pu Dong Law Office
Maples and Calder Asia

Hong Kong Branch Share Registrar and Transfer Office

Secretaries Limited
5/F., Wing On Centre
111 Connaught Road Central
Hong Kong

Website Address

SIIC MedTech:
<http://www.siicmst.com>
Hangzhou Qingchunbao:
<http://www.cnqcb.com>
Shanghai Jahwa:
<http://www.jahwa.com.cn>
Herborist:
<http://www.herborist.com>
Shanghai Pharmaceutical Network:
<http://www.e135.com>
TCM Port:
<http://www.tcm-port.com.cn>

GEM Stock Code

8018

HIGHLIGHTS

Excellent profit performance

- Profits after tax up 3 times at approximately HK\$223 million.
- Turnover up approximately 40%.

Strong asset base and firm financial foundation

- Net cash on hand over HK\$430 million.
- The ratio of current assets to current liabilities is more than 3.

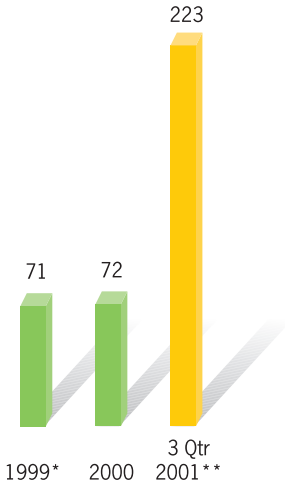
Substantial business improvement

- Sales of Hangzhou Qingchunbao for the first three quarters this year continue to grow steadily, already exceed total turnover in the year 2000.
- The research and development infrastructure will continue to provide the Company with quality products and further business development.

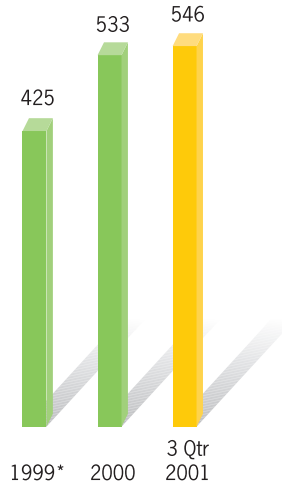
Increased shareholder value

- Earnings per share up 3 times at HK35.9 cents.
- Net asset value up 45% during the period.

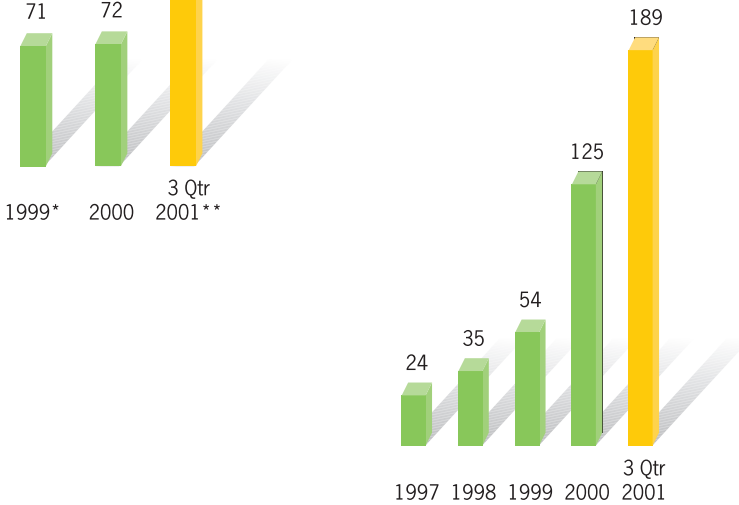
Profit Attributable to Shareholders (HK\$ million)



Turnover (HK\$ million)



“Qingchunbao” Anti-ageing Tablet Turnover (RMB million)



* Pro forma combined

** Excluding results of Shanghai Jahwa for the three months ended 30th September 2001

CONSOLIDATED INCOME STATEMENT

SIIC MedTech • Third Quarterly Report 2001 • SIIC MedTech • Third Quarterly Report 2001 • SIIC MedTech • Third Quarterly Report 2001

The Board of Directors of SIIC Medical Science and Technology (Group) Limited (the “Company”) is pleased to announce that the unaudited consolidated results for the nine months and three months ended 30th September 2001 of the Company and its subsidiaries (the “Group”) and the comparative figures for the corresponding periods last year are set out below:

	Notes	Three months ended 30th September		Nine months ended 30th September	
		2001 Unaudited HK\$'000	2000 Unaudited HK\$'000	2001 Unaudited HK\$'000	2000 Unaudited HK\$'000
Turnover	2	206,601	141,440	546,003	390,855
Cost of sales		(80,171)	(43,671)	(213,334)	(122,887)
Gross profit		126,430	97,769	332,669	267,968
Investment income		1,976	3,937	7,540	11,651
Distribution costs		(55,184)	(53,611)	(147,855)	(136,447)
Administration expenses		(9,929)	(13,881)	(57,196)	(53,478)
Profit from operations	3	63,293	34,214	135,158	89,694
Finance cost		—	(476)	—	(1,583)
Gain on deemed disposal of interests in a jointly controlled entity	4	—	—	155,694	—
Share of profit of an associated company	5	—	7,694	17,933	19,085
Share of (loss) of jointly controlled entities		(90)	—	(117)	—
Profit from ordinary activities before taxation		63,203	41,432	308,668	107,196
Taxation	6	(16,270)	(4,818)	(35,845)	(14,113)
Profit before minority interests		46,933	36,614	272,823	93,083
Minority interests		(23,282)	(13,961)	(50,258)	(37,444)
Profit for the period	1	23,651	22,653	222,565	55,639
Earnings per share — Basic	7	3.8 cents	3.7 cents	35.9 cents	9.0 cents

Notes:

1. Basis of preparation

Shanghai Jahwa United Co., Ltd. (上海家化聯合股份有限公司) (“Shanghai Jahwa”), previously a jointly controlled entity of the Group, was listed on the Shanghai Stock Exchange A Shares Market on 15th March 2001 and became an associate since then. In accordance with Hong Kong Statements of Standard Accounting Practice 10 “Accounting for investments in associates”, the Company should include only published financial information of its listed associate in its financial statements. Shanghai Jahwa only published its financial information for the six months ended 30th June 2001, and did not publish its financial information for the three months ended 30th September 2001. As a result, the income statement of the Group for the nine months and three months ended 30th September 2001 did not include any sharing of results of Shanghai Jahwa for the three months period from 1st July 2001 to 30th September 2001.

2. Turnover

Turnover represented the net amounts received and receivable for goods sold by the Group to outside customers during the period.

3. Profit from operations

During the period, the profit from operations was principally come from Chia Tai Qingchunbao Pharmaceutical Co., Ltd. (正大青春寶藥業有限公司) (“Hangzhou Qingchunbao”).

4. Gain on deemed disposal of interests in a jointly controlled entity

Gain on deemed disposal of interests in a jointly controlled entity represented the exceptional gain on deemed disposal by the Group’s interest in Shanghai Jahwa diluted from 40% to 28.15% after the listing of Shanghai Jahwa’s shares on the Shanghai Stock Exchange A Shares Market.

5. Share of profit of an associated company

Pursuant to basis of preparation in note 1, share of profit of an associated company of the Group for the nine months and three months ended 30th September 2001 did not include the sharing of results of Shanghai Jahwa for the three months period from 1st July 2001 to 30th September 2001.

6. Taxation

	Three months ended 30th September 2001		Nine months ended 30th September 2001	
	Unaudited HK\$'000	2000 Unaudited HK\$'000	Unaudited HK\$'000	2000 Unaudited HK\$'000

The charge comprises:

PRC income tax	16,283	3,657	34,502	11,548
Share of PRC income tax of an associated company	—	1,161	1,279	2,565
Share of PRC income tax of a jointly controlled entity	(13)	—	64	—
	16,270	4,818	35,845	14,113

Pursuant to the relevant laws and regulations in the mainland PRC, the Group's PRC subsidiary and jointly controlled entity are entitled to exemption from PRC income tax for two years commencing from their first profit-making year of operation and thereafter, they are entitled to a 50% relief from PRC income tax for the following three years.

The tax holiday for Hangzhou Qingchunbao has expired in 2000. During the period, Hangzhou Qingchunbao has provided for PRC income tax calculated at 24%. Pursuant to an approval received from local tax authorities on 16th September 1998, Hangzhou Qingchunbao was classified as one of the

approved “High Technology Entities”. Accordingly, Hangzhou Qingchunbao is entitled to a preferential PRC income tax rate of 12% for the three years ended 31st December 2000.

Shanghai Jahwa was in its fifth profitable year in 2000. Its entitlement to a 50% relief from PRC income tax at the applicable tax rate of 27% expired. However, pursuant to an approval received from the relevant government authority on 29th September 2000, Shanghai Jahwa is entitled to a 50% relief from PRC income tax in 2001. Its subsidiaries are, however, subject to PRC income tax calculated at 33%. Pursuant to basis of preparation in note 1, taxation of the Group for the nine months and three months ended 30th September 2001 did not include the sharing of PRC income tax of Shanghai Jahwa for the three months period from 1st July 2001 to 30th September 2001.

The Group had no significant unprovided deferred taxation for the period.

7. Earnings per share

The calculation of the basic earnings per share is based on the profit for the nine months and three months ended 30th September 2001 (excluding results of Shanghai Jahwa for the three months period from 1st July 2001 to 30th September 2001) of HK\$222,565,000 and HK\$23,651,000 respectively (nine months and three months ended 30th September 2000: HK\$55,639,000 and HK\$22,653,000) and the weighted average of 620,000,000 shares (nine months and three months ended 30th September 2000: 620,000,000 shares) in issue for the nine months and three months ended 30th September 2001.

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in existence during the periods.

BUSINESS REVIEW

SIIC Medical Science and Technology (Group) Limited (“SIIC MedTech” or “the Company”) announces unaudited consolidated profit for the nine months ended 30th September 2001 of approximately HK\$223 million, representing an increase of 3 times over the corresponding period last year. Turnover rose by approximately 40% for the period. Profit from principal business operations, excluding exceptional income of HK\$155 million from the listing of Shanghai Jahwa on the Shanghai Stock Exchange A Shares Market in March and the results of Shanghai Jahwa for the three months ended 30th September 2001, showed a 20.2% growth over the corresponding period last year.

As Shanghai Jahwa is subject to the disclosure requirements of the Shanghai Stock Exchange A Shares Market, which are different from those of the Growth Enterprise Market in Hong Kong, it announces half-year and final-year results, but not those for the first and third quarters. Consequently, Group results for the period do not include profits from Shanghai Jahwa for the three months ended 30th September 2001.

The Company holds over HK\$430 million in cash, and the ratio of current assets to current liabilities is over 3, indicating a strong financial position. In addition, the Company’s flexibility and ability to carry out investment and acquisition projects are further enhanced by the steady and substantial cash flow generated from existing businesses.

Raw Material Supply

During the period, the Company actively participated in The International Symposium on Barbary Wolfberry and Anti-aging Chinese Agents, organized by the Government of the Ningxia Muslim Autonomous Region. Many outstanding mainland and overseas scientists attended the symposium and gave positive opinions about the medical effect of the barbary wolfberry, enhancing its status in the international medical industry. The symposium paved the way for the product to be marketed internationally. Furthermore, the Government of the Ningxia Muslim Autonomous Region has announced to designate the development of the barbary wolfberry a key project and to provide funding for further research and production. The symposium was a great success and, furthermore, the Company expects benefit directly from government support.

Production trials and studies of production techniques for freshly-synthesized barbary wolfberry granules are in progress and are proceeding according to schedule. The application to the government for production and sales approval for the granules is proceeding. The Company believes barbary wolfberry granules will meet international requirements and the four premier qualities of “safety, efficacy, manageability and stability”.

Research and Development

The new Category II “Ipriflavone” tablet has been approved by the State Drugs Administration. Hangzhou Qingchunbao is the first domestic company to be granted a production certificate for this product, which is chiefly used for the prevention and treatment of osteoporosis, one of the most common diseases in the world. In the light of this, the Company believes “Ipriflavone” tablets have a promising future in the market.

“Anntiflu” capsule has obtained production approval from the State of Ministry of Health. The Company will let Hangzhou Qingchunbao organize production and sales distribution. The Beijing research and development base has developed its second product, which promotes health and recovery of the liver. Testing of the drug’s quality, formula and production technology has been finalized and experimental results on its medical effects have been encouraging. Its toxicology and hygienics are now being evaluated and it is expected that the product would be submitted for official assessment in December this year.

The two products, gelatin suppository, which reduces phlegm and inhibits asthma, and a bone-strengthening capsule, developed by the Shanghai research and development base, have begun long-virulence tests, which are progressing well. During the period, the Company selected four products from the technology transfer catalogue provided every six months by the Shanghai University of Traditional Chinese Medicine. After careful examination of a product’s features and efficacy, if the Company finds it suitable, it will be accepted for further development. Technology transfer not only allows the Company to share the research experience accumulated over many years by the Shanghai University of Traditional Chinese Medicine, but also speeds up the transformation of scientific projects into valuable corporate assets.

The Company and the China Academy of Traditional Chinese Medicine have finalized studies of the production technology and delivery form for five classic traditional Chinese medicines from the Catalogue of Medicine Covered by State Basic Medical Insurance. The research and development process has been started.

The research and development infrastructure will continue to provide the Company with quality products and further business development.

Production

Sales of “Qingchunbao” anti-aging tablets maintained a substantial growth rate this quarter. To satisfy demand for the tablets that is rising month-on-month, Hangzhou Qingchunbao expanded the health supplement production plant in the first half of this year. Production capacity has doubled.

Following the commencement of the preparation work for approval of production and sales of barbary wolfberry granules, the Company has begun the development work of the production plant. The work, including a feasibility study, and selection and ordering of equipment, will soon be completed.

As other new products are also gradually entering commercial production, to further enhance the production capability of the Company, it has made extensive preparations to acquire a Chinese-medicine processing company. The Company will continue to seek every opportunity to expand by acquiring suitable Chinese-medicine processing companies.

Sales

Sales of Hangzhou Qingchunbao continue to grow steadily. Turnover for the last three quarters amounted to RMB580 million, an increase of more than 39% over the same period in the previous year and higher than total turnover in 2000. The company has pursued every opportunity to increase its share of the healthcare market, and has consequently achieved a steady and rapid growth in product sales. “Qingchunbao” anti-aging tablets once again achieved record sales volume, up 130% on the corresponding period last year. The ratio of sales of Hangzhou Qingchunbao’s pharmaceutical products to those of its healthcare products is currently approximately 65:35. As the list price of healthcare products is not

subject to government control, producers can increase the proportion of healthcare products to reduce potential business risks associated with the State medical reforms.

Shanghai Jahwa will further strengthen monitoring and guidance of its sales subsidiaries to enhance its responsiveness to market changes and challenges from other competitors. It will also strictly control the market price. All these measures will help create favourable conditions to promote product sales. During the period, Shanghai Jahwa achieved an impressive progress in the development of new products. Through an extensive advertising and promotion programme, sales of “Liushen” mosquito repellent florida water exceeded forecasts, confirming its leading position in the florida water market. Another skin-care series, “Maxam” CQ Skin Revitalizing Series, is produced with imported new cosmetic additives. This advanced and effective product is manufactured with state-of-the-art technology and is expected to provide a quantum boost to sales of the “Maxam” series.

Medicare Services

The Company believes that digital medical equipment and digital technology will lead development of the medical equipment market. During the period, the Company acquired an 11% stake in a high-tech company, E-COM Technology Ltd., which develops and provides medical graphics and medical information systems, including DR, PACS and RIS. Both PACS and RIS clinical systems workshops have copyrighted computer software in the mainland. E-COM Technology has been granted funds for its key scientific projects by the Zhuhai Commission of Science and Technology. The development prospects of the company are favourable.

PROSPECTS

It is now clear that we are in a worldwide economic downturn that confronts every industry and sector with challenges. Since the Company’s business infrastructure is rooted in China, we can take advantage of the sustained economic growth on the mainland to exploit opportunities in the international market. However, we would not ignore the impact of the economic downturn. The Company will always be highly responsive to the ever-changing market, and is well prepared to seize every opportunity as the market evolves. After China enters the World Trade Organisation (“WTO”), we expect some other mainland medical companies, with limited marketing and development experience, to be unable to meet these challenges. However, WTO membership will broaden access to advanced

research and development and production technology. In the long run, mainland medical companies can significantly improve their competitive edge, accelerating the modernization and globalization of Chinese medicine. As recognition and understanding of traditional Chinese medicine continue to rise, the Company will use Hong Kong as a stepping stone to exploit the benefits of WTO membership and as a hub to develop internationally.

As interest rate entered its downward cycle, and the overall price-earning ratios reflected in the PRC capital market are decreasing, the Company will take advantage of lower investment costs to make acquisitions and initiate investment projects in the medical industry this year. During the period, the Company negotiated with a well-known pharmaceutical retail chain regarding cooperation and share acquisition. Negotiations are proceeding smoothly and both parties have reached consensus about the form of the cooperation. It is expected the details of the alliance will be finalized by the end of this year. The Company is committed to its development strategy of "Vision, Focus and Growth", embracing the primary mission of enhancing shareholder value.

Finally, on behalf of the Board of Directors, I wish to thank our shareholders for their strong support and all the staff of the Group for their dedicated hard work.

A handwritten signature in black ink, consisting of three stylized Chinese characters: 卓, 福, and 民.

Zhuo Fu Min
Chairman

Hong Kong, 7th November 2001

OTHER INFORMATION

DIVIDEND

In order to ensure sufficient capital for future business development, the Board of Directors has resolved not to pay an interim dividend for the nine months ended 30th September 2001 (2000: Nil). Subject to the approval of the shareholders, the Directors will declare the payment of a final dividend for the year ending 31st December 2001.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September 2001, none of the Directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

- (a) Pursuant to the Company's share option scheme, certain Directors of the Company have personal interests in share options to subscribe for shares in the Company which have been granted to them as follows:

Name of director	Month of grant	Exercise price per share <i>HK\$</i>	Number of share options
Zhuo Fu Min	January 2000	1.69	8,000,000
Feng Gen Sheng	January 2000	1.69	6,000,000
Li Wei Da	January 2000	1.69	6,000,000
Chen Shu Zi	January 2000	1.69	4,000,000
Ge Wen Yao	January 2000	1.69	2,500,000
Wu Jian Zhuang	January 2000	1.69	2,500,000

The aforesaid options can be exercised during the period from 21st January 2003 to 20th January 2006.

- (b) As at 30th September 2001, certain Directors of the Company have personal interests in share options to subscribe for shares in Shanghai Industrial Holdings Limited (“SIHL”), an intermediate holding company of the Company, which have been granted to them pursuant to the share option scheme of SIHL as follows:

Name of director	Month of grant	Exercise price per share HK\$	Outstanding at 1st January 2001	Granted during the period	Expired during the period	Outstanding at 30th September 2001
Zhuo Fu Min	January 1999	9.568	1,400,000	—	—	1,400,000
Li Wei Da	April 1997 January 1999	30.912 9.568	2,000,000 1,200,000	— —	2,000,000 —	— 1,200,000
Chen Shu Zi	July 2001	10.432	—	1,500,000	—	1,500,000
Wu Jian Zhuang	January 1999	9.568	1,000,000	—	—	1,000,000

The aforesaid options can be exercised within three and a half years commencing on the expiry of six months after the date of grant.

Mr. Lee Ka Sze, Carmelo, an Independent Non-Executive Director of the Company, is a partner of Messrs. Woo, Kwan, Lee & Lo, solicitors. The firm rendered professional services to the Group and received normal remuneration of such services.

Save as disclosed above, at no time during the period was the Company or its holding companies or any of its fellow subsidiaries or 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 debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2001, the register kept by the Company under Section 16(1) of the SDI Ordinance showed that the following parties are interested in 10% or more of the nominal value of the issued ordinary shares of the Company:

Name of shareholder	Number of ordinary shares beneficially held
Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”) <i>(note)</i>	399,275,000
Shanghai Industrial Investment Treasury Company Limited (“STC”) <i>(note)</i>	398,618,000
Shanghai Investment Holdings Limited (“SIH”) <i>(note)</i>	398,618,000
Shanghai Industrial Holdings Limited (“SIHL”) <i>(note)</i>	398,618,000
Central Force Investments Limited (“CFI”)	372,000,000

Note: S.I. Infrastructure Holdings Limited (“SIIH”) and SIHL Treasury Limited (“SIHL Treasury”) are the beneficial owners of 4,261,000 and 3,238,000 ordinary shares of the Company respectively. SIH, SIHL Treasury and CFI are wholly owned subsidiaries of SIHL, which is, in turn, a subsidiary of SIH. STC owns 100% of SIH. Accordingly, SIH and STC are deemed by the SDI Ordinance to be interested in the ordinary shares beneficially owned by SIHL, SIIH, SIHL Treasury and CFI as listed above.

Nanyang Enterprises Limited (“NEL”) and Nanyang Enterprises Property Limited (“NEPL”) are the beneficial owners of 479,000 and 178,000 ordinary shares of the Company respectively. SIIC owns 100% of NEL, NEPL and STC. Accordingly, SIIC is deemed by the SDI Ordinance to be interested in the ordinary shares beneficially owned by NEL, NEPL and STC.

Save as disclosed above, as at 30th September 2001, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company.

SPONSOR'S INTERESTS

To the best knowledge of the Company's sponsor, BNP Paribas Peregrine Capital Limited ("BNP Paribas Peregrine"), its directors, employees or associates, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 30th September 2001.

Pursuant to the sponsorship agreement entered into between BNP Paribas Peregrine and the Company dated 23rd November 1999, BNP Paribas Peregrine has been appointed as sponsor of the Company for the period ending 31st December 2001 and the Company shall pay an agreed amount of fee to BNP Paribas Peregrine for its provision of services.

Mr. Leung Pak To, Francis, is an Independent Non-Executive Director of Shanghai Industrial Holdings Limited, an intermediate holding company of the Company and was the Vice Chairman of BNP Paribas Peregrine Group, the parent company of BNP Paribas Peregrine, up until 30th June 2001.

AUDIT COMMITTEE

The audit committee comprises Messrs. Li Ka Cheung, Eric, Kwok Chin Kung, Robert and Lee Ka Sze, Carmelo. The primary duties of the audit committee are to review financial reporting process and internal control systems of the Group and annual report, half-yearly report, quarterly reports and accounts of the Company.

COMPETING INTERESTS

The ultimate holding company of the Company, Shanghai Industrial Investment (Holdings) Co., Ltd. has interest in SIIC Investment (Shanghai) Co., Ltd. ("SIICI") and Shanghai Industrial United Holdings Co., Ltd. ("Shanghai United"). Shanghai Industrial Holdings Limited, an intermediate holding company of the Company, has interest in Shanghai Sunve Pharmaceutical Co., Ltd. ("Sunve Pharmaceutical"), Shanghai Sunway Biotech Co., Ltd. ("Sunway Biotech") and Mergen Limited ("Mergen").

SIIC has interest in Shanghai SIIC SMU Biotech Co., Ltd. (“SMU Biotech”) and Shanghai SIIC Kehau Biopharmaceutical Co., Ltd. (“SIIC Biopharmaceutical”). SMU Biotech is principally engaged in the manufacturing and distribution of recombinant streptokinase for injection, which is used for emergency treatment to dissolve blood clog from myocardial infection. SIIC Biopharmaceutical is principally engaged in research and development of EPO, which has a medical application for increasing erythrocyte.

Shanghai United is a conglomerate engaging in three principal areas of business being high technology, supermarket chain, and textile manufacturing. Shanghai United’s investments in high technology enterprises comprise medical and pharmaceutical related operations. Shanghai United has interest in Shanghai Medical Equipment Co., Ltd. (“Med Equipment”), a medical device company, SIIC Kehua Biology Company Limited (“Kehua Biology”), Zhejiang Zuoli Pharmaceutical Company Ltd. (“Zuoli”) and Shanghai Industrial United Holdings Pharmaceutical Co., Ltd. (“SIUHP”). Med Equipment is engaged in the design, development, manufacturing and distribution of medical apparatus including emergency room, operating room and dental equipment. Kehua Biology is engaged in the development, production and distribution of clinical diagnosis reagent and related products. Its main products include hepatitis B testing agent, hepatitis C antibody diagnosis testing agent and HIV antigen. Zuoli and SIUHP are engaged in the development, manufacturing and sale of Chinese medicine and health maintenance products.

Sunve Pharmaceutical is principally engaged in the development, manufacture and sale of Vitamin C and other Western pharmaceutical products. Sunway Biotech is principally engaged in the research, development, manufacturing and sale of granulocyte colony stimulant and an anti-cancer drug.

Save as disclosed above, as at 30th September 2001, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.