

For the year ended December 31, 2002

37. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES – continued

(II) RELATED PARTIES, OTHER THAN CONNECTED PARTIES – continued

Notes:

- (m) The service fee paid in relation to the provision of utilities were based on the actual costs of the utilities incurred by Huarong.
- (n) Dividend income from the jointly controlled entity of an amount of HK\$4,911,000 for the year ended December 31, 2001 was capitalised by the Group as additional investment in the jointly controlled entity.
- (o) The amounts are unsecured, interest-free and repayable on demand.

38. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries at December 31, 2002 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Kind of legal status	Nominal value of issued/ registered capital	Percentage of nominal value of issued share capital held by the Company		Principal activity
				Directly %	Indirectly %	
China Nutraceuticals Limited	Hong Kong	Limited liability company	HK\$1,000	–	80	Manufacture and sale of nutraceutical products
Golden Wing Limited	Hong Kong	Limited liability company	HK\$3	100	–	Trading of chemical products
Hebei Fenghua Pharmaceutical Co., Ltd.	PRC	Limited liability cooperative joint venture enterprise	US\$3,000,000	99	–	Manufacture and sale of pharmaceutical products
Hebei Zhongkang Pharmaceutical Co., Ltd.	PRC	Limited liability cooperative joint venture enterprise	RMB180,000,000	26	73	Manufacture and sale of pharmaceutical products
Hebei Zhongrun Pharmaceutical Co., Ltd.	PRC	Limited liability cooperative joint venture enterprise	RMB269,880,000	99.36	–	Manufacture and sale of pharmaceutical products
M2b.com.hk Limited	British Virgin Islands	Limited liability company	US\$2,500,000	–	90	Inactive
Netcom Resources Limited	British Virgin Islands	Limited liability company	US\$1,000	100	–	Investment holding
Shijiazhuang Jiali Pharmaceutical Co., Ltd.	PRC	Limited liability cooperative joint venture enterprise	RMB20,000,000	99	–	Manufacture and sale of pharmaceutical products

For the year ended December 31, 2002

38. PARTICULARS OF SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ registration and operations	Kind of legal status	Nominal value of issued/ registered capital	Percentage of nominal value of issued share capital held by the Company		Principal activity
				Directly %	Indirectly %	
Tin Lon Investment Limited	Hong Kong	Limited liability company	HK\$2	100	–	Investment holding
Unity Pacific Limited	British Virgin Islands	Limited liability company	US\$1	100	–	Investment holding
Vitam Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprise with limited liability	US\$5,270,000	100	–	Inactive
Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprise with limited liability	US\$14,899,000	100	–	Manufacture and sale of pharmaceutical products
Weitai Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprise with limited liability	RMB18,000,000	100	–	Inactive
Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprise with limited liability	RMB214,476,229	100	–	Manufacture and sale of pharmaceutical products

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

39. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Company entered into an agreement with the SPG Group for the acquisition of the entire equity interest of Shijiazhuang Pharmaceutical Group Pharmaceutical Technology Development Company Limited, a wholly-owned subsidiary of SPG (“SPG Pharmaceutical Technology Co.”) at a consideration of RMB18,450,000 (equivalent to approximately HK\$17,400,000) which would be satisfied by the Group’s internal resources. SPG Pharmaceutical Technology Co. is principally engaged in the research and development of pharmaceutical products and manufacturing technology, and provision of technical services and consulting services in connection with the manufacture of pharmaceutical products. Details of these connected transaction was disclosed in a press announcement dated February 19, 2003.