

*For the year ended December 31, 2004*

**35. PARTICULARS OF SUBSIDIARIES – continued**

Name of subsidiary	Place of incorporation/ registration and operations	Kind of legal status	Nominal value of issued and fully paid share capital/ registered capital	Percentage of nominal value of issued share capital held by the Company		Principal activity
				Directly %	Indirectly %	
Shijiazhuang Pharma Group Hebei Zhongrun Pharmaceutical Co., Ltd.	PRC	Limited liability cooperative joint venture enterprise	RMB463,490,300	79.04	20.17	Manufacture and sale of pharmaceutical products
M2b.com.hk Limited	British Virgin Islands	Limited liability company	US\$2,500,000	–	90	Inactive
NBP Pharmaceutical Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB120,000,000	100	–	Manufacture and sale of pharmaceutical products
Netcom Resources Limited	British Virgin Islands	Limited liability company	US\$1,000	100	–	Investment holding
Shijiazhuang Pharma Group Zhongrun Pharmaceutical (Neimenggu) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	HK\$130,000,000	100	–	Manufacture and sale of pharmaceutical products
Shijiazhuang Pharma Group Zhonghe Pharmaceutical (Neimenggu) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB135,000,000*	100	–	Manufacture and sale of pharmaceutical products
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 enterprises with limited liability	US\$5,270,000	100	–	Inactive
Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	US\$14,899,000	100	–	Manufacture and sale of pharmaceutical products

*For the year ended December 31, 2004*

**35. PARTICULARS OF SUBSIDIARIES – continued**

Name of subsidiary	Place of incorporation/ registration and operations	Kind of legal status	Nominal value of issued and fully paid share capital/ registered capital	Percentage of nominal value of issued share capital held by the Company		Principal activity
				Directly	Indirectly	
				%	%	
Weitai Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB59,400,000	100	–	Manufacture and sale of pharmaceutical products
Shijiazhuang Pharma Group Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB216,000,000	100	–	Manufacture and sale of pharmaceutical products
Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB18,440,000	100	–	Provision of pharmaceutical research and development services
Zhongqi Pharmaceutical Technology(S) PTE. Ltd.	Singapore	Private company limited by shares	SS2	100	–	Provision of pharmaceutical research and development services
Shijiazhuang Pharma Group Hebei Zhongrun Chemical Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB50,000,000	100	–	Manufacture and sale of pharmaceutical products
Hebei Zhongrun Huanbao Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB5,000,000	–	85	Sewage treatment
Neimenggu Zhongxingyuan Sewage Treatment Co., Ltd.	PRC	Foreign investment enterprises with limited liability	RMB18,000,000*	80.42	–	Sewage treatment

\* The amount has not been fully paid up as at December 31, 2004.

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

---

*For the year ended December 31, 2004*

### 36. POST BALANCE SHEET EVENTS

- (a) Subsequent to December 31, 2004, the Group obtained long-term bank loans with an aggregate amount of approximately HK\$140 million. These bank loans are repayable on maturity in 2006 and 2007.
- (b) Subsequent to December 31, 2004, the Company entered into a mandate with a bank as coordinating arranger and underwriter of a four-year syndicated term loan facility up to a maximum aggregate amount of HK\$600,000,000. Pursuant to the terms of the mandate, the relevant loan facility agreement has to be entered into by April 30, 2005.
- (c) Subsequent to December 31, 2004, the Company has been notified that the Company and an entity with a name similar to that of a member of the Group are named as, among others, defendants in antitrust complaints filed in the United States (the "Antitrust Complaints"). The Antitrust Complaints have alleged that certain manufacturers of vitamin C in the PRC, alleged to include the Company and an entity with a name similar to that of a member of the Group, have since at least December 2001 conspired to control prices and volumes of exports of vitamin C to the United States and elsewhere in the world and that as such have been in violation of the antitrust laws of the United States and California state laws. It is alleged in the Antitrust Complaints that the purchasers of vitamin C in the United States paid more for vitamin C than they would have paid in the absence of the alleged conspiracy and, therefore, suffered losses. The plaintiffs (purportedly as representatives of classes of similar plaintiffs) seek treble unspecified damages and other relief. Up to the date of this report, only one of the Antitrust Complaints has been served on the Company.

The directors of Company are of the view that the allegations in the Antitrust Complaints are without merit and the directors of the Company intend to contest the claims set out in the Antitrust Complaints vigorously. The Group has appointed legal advisors to advise them in the legal proceedings and the outcome of the Antitrust Complaints cannot be estimated with certainty at this stage.

- (d) On December 31, 2004, certain members of the Group entered into ongoing connected transactions with the SPG Group (the "New Transactions"). The New Transactions and their proposed annual caps were disclosed in the Company's circular to shareholders dated January 24, 2005 and were approved by shareholders in an extraordinary general meeting of the Company held on February 21, 2005.