

Comparison of Use of Proceeds Raised from the Company's Initial Public Offering with Actual Application

The Company raised net proceeds of approximately HK\$60 million from its initial public offering. The following table sets forth the intended use of the net proceeds as stated in the Listing Document and the actual application up to 31 December, 2004.

		Amount to be used up to 31 December, 2004 as disclosed in the Listing Document	Actual amount used up to 31 December, 2004
	<i>Notes</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
For R&D activities including the establishment of a R&D center in Beijing		15.0	15.0
For the establishment of business alliances with pharmaceutical enterprises in the fields of biopharmaceuticals, Chinese medicine and/or natural herbal products		20.0	20.0
For the expansion of the distribution networks of the Group	1	10.0	–
For the establishment of the Group's website and commencement of e-commerce	2	3.0	1.2
General working capital		12.0	12.0
Total		60.0	48.2

Notes:

1. The Company is in the process of negotiation with potential cooperative partners and no binding agreement has been reached.
2. As at 31 December, 2004, the Group has not yet commenced its e-commerce business as the relevant PRC laws and regulations governing e-commerce business relating to pharmaceuticals in the PRC have not yet been published. Currently, the Company's principal subsidiaries have established their own websites for the purpose of advertising and promoting their pharmaceutical products. The Directors intend to use the remaining funds for the commencement of e-commerce.

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