

Disclosure of Major Events

1. SIGNIFICANT LITIGATION OR ARBITRATION

The Group had no significant litigation or arbitration during the Reporting Period.

2. SIGNIFICANT DISPOSAL OF ASSETS, OR MERGER AND ACQUISITION

During the Reporting Period, there is no significant disposal of assets, or merger and acquisition activities occurred in the Company, subsidiaries or associated companies.

3. CONNECTED TRANSACTIONS

(1) On 6 February 2004, the Company entered into a share transfer agreement with GPLH. Pursuant to the agreement, the Company acquired 51% equity interest of Guangzhou Yingbang (formerly known as Guangzhou Pharmaceutical Ying Bang Marketing Co., Ltd) at a consideration of RMB3,888,713.99.

(2) On 6 February 2004, the Company and GPLH entered into three agreements in relation to the leasing of offices and other premises. Pursuant to the agreements, the Company leased from GPLH the second floor and the third floor of the rear portion of the office building located at No. 45 Sha Mian North Street, Guangzhou, and renewed the lease of the second floor of the front portion of the office building located at No. 45 Sha Mian North Street, Guangzhou, and other premises.

The announcements of the above connected transactions were published on Shanghai Securities in the PRC, Hong Kong Economic Times and The Standard in Hong Kong on 9 February 2004.

(3) On 26 March 2004, the Company and GPLH entered into an agreement which governs the daily purchases and sales between both parties. The agreement and the transactions contemplated thereunder was considered and approved at the Board meeting held on 26 March 2004 and the 2003 AGM held on 11 June 2004 respectively.

The announcement of the above connected transaction was published on Shanghai Securities in the PRC, Hong Kong Economic Times and The Standard in Hong Kong on 29 March 2004.

(4) on 27 August 2004, the Company and other shareholders of Guangzhou Hanfang, a subsidiary of the Company, entered into a subscription agreement. According to the subscription agreement, the Company subscribed the newly issued shares of Guangzhou Hanfang at a consideration of RMB44,480,000. Upon the completion of the subscription, the shareholding of the Company in Guangzhou Hanfang increased to 70.04%.

The announcement of the above connected transaction was published on Shanghai Securities in the PRC, Hong Kong Economic Times and The Standard in Hong Kong on 29 August 2004.

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- (5) On 8 November 2004, the Company and GPLH entered into a supplemental trademark license agreement. On 3 November 2004, GPLH and Wang Law Ji, a subsidiary of the Company, entered into a trademark license agreement.

The announcement of the above connected transaction was published on Shanghai Securities in the PRC, Hong Kong Economic Times and The Standard in Hong Kong on 9 November 2004.

All of the above connected transactions have been considered and passed at Board meetings of the Company, and the Independent Non-executive Directors of the Company have issued independent opinions thereon. In addition, the connected transactions of (3) to (4) above have been considered and passed at EGM and/or class meetings of H shareholders and domestic shareholders of the Company. All of the connected transaction mentioned above have complied with relevant laws and regulations and relevant procedures have been completed.

Details of the connected transactions were set out on pages 115 to 121.

4. MAJOR CONTRACTS AND THEIR PERFORMANCE

- (1) During the Reporting Period, the Group did not hold on trust, sub-contract or rent assets of other companies or vice versa, which generated profit that accounted for 10% or more of the total profits for the Year.
- (2) The Company did not provide any guarantee in favour of any third parties during the Reporting Period.
- (3) Trusted fund management

During the Reporting Period, the Company has not had any trusted fund management activities.

Save as aforementioned, the Company was not involved in other major contracts.

5. AS AT 31 DECEMBER 2004, THE CONSTRUCTION AND EQUIPMENT COMMITMENTS THAT WERE CONTRACTED BY THE GROUP BUT NOT PROVIDED FOR BY THE COMPANY WAS RMB24,836,000. THE LEASE COMMITMENTS THAT WERE CONTRACTED BUT NOT PROVIDED FOR BY THE COMPANY AMOUNTED TO RMB78,848,000.

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6. DURING THE REPORTING PERIOD, THE COMPANY HAS PAID AUDITORS'S REMUNERATION OF RMB1,050,000 AND RMB2,290,000 TO GUANGDONG YANGCHENG CERTIFIED PUBLIC ACCOUNTANTS CO., LTD. AND PRICEWATERHOUSECOOPERS RESPECTIVELY. OF THE AMOUNT PAID TO GUANGDONG YANGCHENG CERTIFIED PUBLIC ACCOUNTANTS CO., LTD., RMB800,000 WAS FOR 2003 ANNUAL AUDIT, RMB100,000 WAS FOR THE 2004 INTERIM REVIEW, RMB10,000 FOR CAPITAL VERIFICATION AND RMB140,000 WAS FOR SPECIAL AUDITING. AN AMOUNT OF RMB1,930,000 PAID TO PRICEWATERHOUSECOOPERS WAS FOR THE 2003 ANNUAL AUDIT AND RMB360,000 WAS FOR THE 2004 INTERIM REVIEW. BOTH THE DOMESTIC AND INTERNATIONAL AUDITORS HAVE PROVIDED AUDIT SERVICES TO THE COMPANY FOR 8 YEARS.
7. NO PUNISHMENT WAS IMPOSED ON THE COMPANY OR ANY OF ITS DIRECTORS, SUPERVISORS OR SENIOR MANAGEMENT BY THE REGULATORY BODIES DURING THE REPORTING PERIOD.
8. SAVE AS THOSE DISCLOSED ABOVE, THE GROUP DID NOT HAVE ANY OTHER SIGNIFICANT EVENT DURING THE REPORTING PERIOD.