

- (a) Pursuant to the Trademark License Agreement entered into by the Company and Guangzhou Pharmaceutical Holdings Limited (“GZPHL”), its ultimate holding company, on 1 September 1997, GZPHL has granted the Company and its subsidiaries, an exclusive right to use 38 trademarks owned by GZPHL for a term of 10 years. The Company agreed to pay a license fee for the use of the trademarks at 0.1% of the aggregate net sales of the Company and its subsidiaries. Effective February 2005, trademark licence fee of WLJ has been changed to 2.1% of its net sales.
- (b) Pursuant to the Accommodation Services Agreement entered into by the Company and GZPHL on 1 September 1997 and supplemented by a notice dated 31 December 1997, GZPHL has agreed to continue to provide staff quarters to the employees of the Group. The Company agreed to pay a service fee equal to 6% per annum on the net book value of the relevant staff quarters. The Accommodation Services Agreement will expire on 31 December 2007.
- (c) Pursuant to the Composite Services Agreement entered into by the Company and GZPHL on 1 September 1997, GZPHL agreed to provide certain welfare facilities to the Group. The Group agreed to be responsible for the operation, management and maintenance of the facilities and pay a welfare facilities fee equal to GZPHL’s total depreciation charges of the welfare facilities in the year ended 31 December 1997 plus a 10% annual increment based on the welfare facilities for the previous year. The Composite Services Agreement will expire on 31 December 2007.
- (d) Pursuant to the Tenancy Agreement and the Office Tenancy Agreement both entered into by the Company and GZPHL on 6 February 2004, GZPHL has granted to the Group the right to use certain premises such as warehouses and offices for a term of three and a half years at a fixed annual rent and is subject to the adjustment of standard rent as prescribed from time to time by Guangzhou Real Estate Administration Bureau, plus utilities and other outgoings which are payable based on actual consumption. The agreement will expire on 31 August 2007.
- (e) The sales and purchases transactions with a jointly controlled entity, associates, fellow subsidiaries and other state-owned entities were at terms similar to those transactions with other third parties.
- (f) Service fee charged by other state-controlled entities are mainly in relation to advertising and promotion activities, commercial insurance and transportation. These transactions were entered into at open market terms.
- (g) The directors of the Company have tried their best efforts in identifying the related party transactions entered into with other state-controlled entities. Normal transactions entered into with financial institutions, public utilities providers and governmental departments and agencies have been excluded.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

1. The original copy of the interim report signed by the Company’s legal representative;
2. The original copy of the financial reports signed and stamped by the legal representative, person in charge of the accounting function of the Company and the person in charge of an accounting firm;
3. The original company documents and announcements published in Shanghai Securities of Mainland China, and Hong Kong Economic Times and The Standard during the Reporting Period;
4. The Company’s Articles of Association;
5. Other relevant documents.

**The documents listed above are available at the Secretariat to the Board of Directors of the Company.**

Guangzhou Pharmaceutical Company Limited  
**Yang Rongming**  
*Chairman*

Guangzhou, the PRC, 12 August 2005