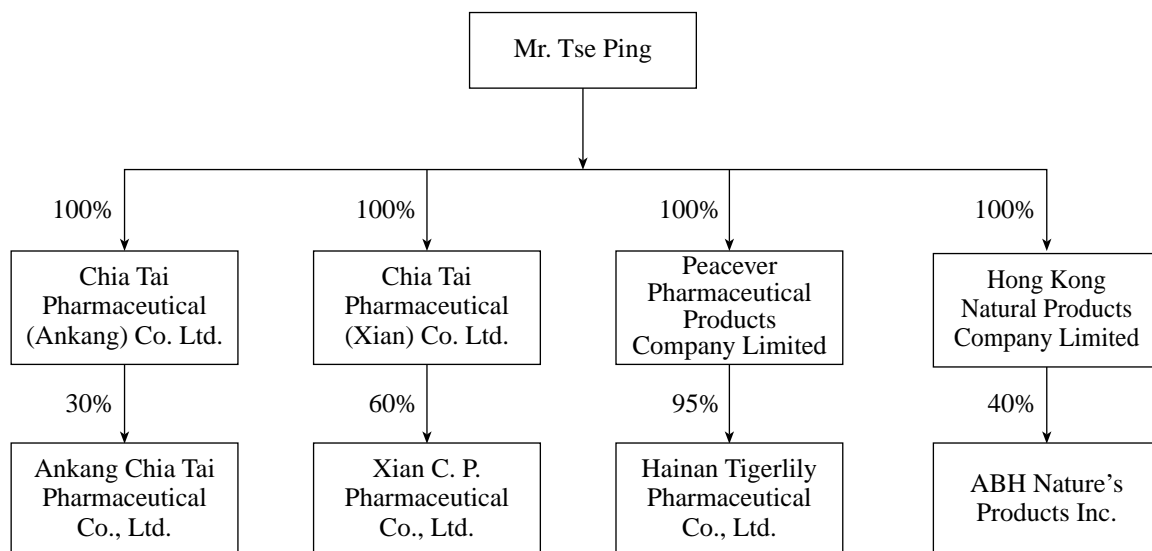


COMPETING BUSINESSES OF THE INITIAL MANAGEMENT SHAREHOLDERS AND NON-COMPETITION UNDERTAKING

COMPETING BUSINESSES



Mr. Tse Ping owns controlling equity interests or investment interests in the following pharmaceutical companies. A brief introduction of such companies are as follows:—

Xian C.P. Pharmaceutical Co., Ltd. (西安正大製藥有限公司) (“CT Xian”)

CT Xian, a sino-foreign equity joint venture established in the PRC, is a medicine producing enterprise principally engaged in the production and distribution of anti-cancer medicines, gastrointestinal medicines (腸胃藥), gynaecological medicines (婦科藥) and dermatitis medicine for psoriasis (牛皮癬). Mr. Tse Ping owns an indirect interest of 60 per cent. in CT Xian through Chia Tai Pharmaceutical (Xian) Co., Ltd. (正大製藥(西安)有限公司) whose sole asset and business is holding shares of CT Xian.

Ankang Chia Tai Pharmaceutical Co., Ltd. (安康正大製藥有限公司) (“CT Ankang”)

CT Ankang, a sino-foreign equity joint venture established in the PRC, is principally engaged in the production and distribution of medicine reducing blood-fat level, gynaecomastia medicines (乳腺病藥) and other chemical medicine. Mr. Tse Ping owns an indirect interest of 30 per cent. CT Ankang through Chia Tai Pharmaceutical (Ankang) Co., Ltd. (正大製藥(安康)有限公司) whose sole asset and business is its holding of shares in CT Ankang.

Hainan Tigerlily Pharmaceutical Co., Ltd. (海南萱華藥業有限公司) (“HTPC”)

HTPC, a sino-foreign equity joint venture established in the PRC, is a trading company engaged in the import and export of medicines, including vitamins, anti-biotics and gastro medicines from Europe, the United States, Korea and other countries. Mr. Tse Ping owns an indirect interest of 95 per cent. in HTPC through Peacever Pharmaceutical Products Company Limited. (天福藥業有限公司) whose sole asset and business is its holding of shares in HTPC.

COMPETING BUSINESSES OF THE INITIAL MANAGEMENT SHAREHOLDERS AND NON-COMPETITION UNDERTAKING

ABH Nature's Products Inc. (ABH天然產品公司) (“ABH”)

ABH is principally engaged in the re-processing of natural medicines and vitamins in the U.S.. Mr. Tse Ping owns an indirect interest of 40 per cent. in ABH through Hong Kong Natural Products Company Limited whose sole business is the holding of shares in ABH.

There is no law or regulation or agreement which prohibits or restricts the entry of the above enterprises into the businesses which compete directly or indirectly with the Group. Currently, the above enterprises do not have any business which constitute competition, whether directly or indirectly, with the Group's business.

NON-COMPETITION UNDERTAKING

Mr. Tse Ping has signed a deed of non-competition undertaking to the Company dated 19 September, 2000 and has undertaken that, for so long as Mr. Tse Ping, together with his associates, shall remain beneficially interested, directly or indirectly, in shares with at least 35 per cent. of the voting rights of the Company, neither Mr. Tse Ping nor any of the companies or other entities of which more than 50 per cent. of the issued shares or equity of other nature carrying voting rights are directly or indirectly owned by Mr. Tse Ping or regarding which companies or entities Mr. Tse Ping is entitled to control the board of directors or management body of similar nature (the “Mr. Tse Ping's Companies”) (excluding for this purpose the Group) will:—

- (a) within the areas of Hong Kong, Shandong Province and Jiangsu Province of the PRC, carry on, become engaged or otherwise become interested (save through Mr. Tse Ping's interest in the Company), directly or indirectly, in any business activities involving the business of the Company, and
- (b) in the PRC, other than within the areas of Hong Kong, Shandong Province and Jiangsu Province of the PRC, (save through Mr. Tse Ping's interest in the Company) become engaged or otherwise become interested, directly or indirectly, in or otherwise commence any business activities involving the business of the Company if to do so will result in competition or likely to compete with any part of the business of the Company already carried on by the Group in such territory at the time Mr. Tse Ping and/or Mr. Tse Ping's Companies (excluding for this purpose the Group) propose to invest in such business activities.