

Results

For the year ended 31 December 2003, consolidated turnover of the Group was HK\$204 million, up 39% from the HK\$147 million from last year. Profit after tax was HK\$62.4 million, representing an increase of 35% over the last year. Gross profit margin improved from 38% last year to 40%. The increase in consolidated turnover of the Group was primarily attributable to the large-scale production of large volume parenteral solution in September 2003 subsequent to the renewal of the relevant GMP certification in August 2003. The sales of large volume parenteral solution for the year 2003 was HK\$19 million.

Sales of products

The Group had 26 products for sell in 2003. All such products were sold in the PRC and denominated in Renminbi. Customers of the Group mainly comprised licensed pharmaceutical distributors, hospitals and clinics in the PRC. The seven major products of the Group in aggregate accounted for 88% of the total turnover.

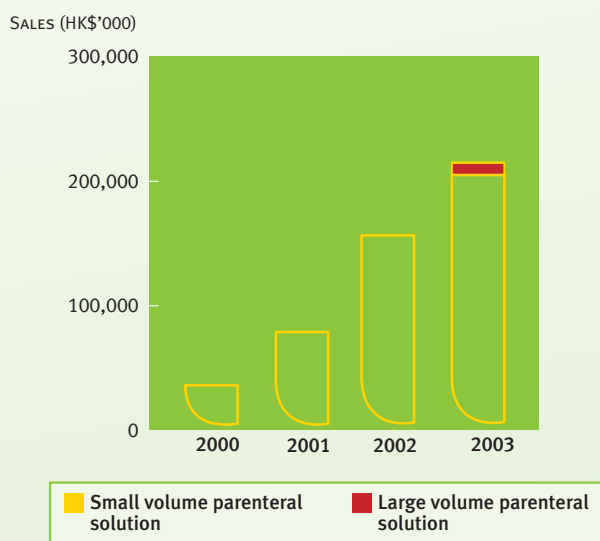
Major districts in the PRC	Year ended 31st December,							
	2000		2001		2002		2003	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Eastern region (Shanghai, Zhejiang province, Jiangxi province and Fujian province)	21,920	66	40,198	54	79,675	55	119,756	59
Southwestern region (Yunan province, Guizhou province and Chongqing)	2,302	7	10,770	15	23,450	16	34,223	17
Southern region (Guangdong province and Guangxi autonomous region)	5,768	17	14,808	20	28,055	19	31,533	15
Northern region (Beijing and Henan province)	1,438	4	5,890	8	9,384	6	12,671	6
Central region (Anhui province and Hunan province)	1,810	6	2,012	3	6,179	4	5,337	3
Total	33,238	100	73,678	100	146,743	100	203,520	100



Type of customers	Year ended 31 December							
	2000		2001		2002		2003	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Distributors	29,959	90	66,827	91	134,638	92	178,164	88
Hospitals and clinic	3,279	10	6,851	9	12,105	8	25,356	12
Total	33,238	100	73,678	100	146,743	100	203,520	100

Sales of small volume parenteral solution improved by approximately 25.6% from 2002 to HK\$184 million. Presented below is an analysis of the sales of large and small volume parenteral solutions over the past few years:

Sales Analysis of Large and Small Volume Parenteral Solutions



Financial information

The Group had cash and bank balances totaling HK\$134 million as at 31 December 2003. As the Group has no outstanding bank loan, there is no gearing ratio (2002: 6%). Current ratio and quick ratio both improved from 2.13 and 2.03 in 2002 respectively to 6.44 and 6.24 in 2003 respectively. As at 31 December 2003, debtors turnover period, inventory turnover period and creditors turnover period was 96 days, 11 days and 26 days respectively (2002: 66 days, 16 days and 28 days). The increase in debtors turnover period was primary attributable to the fact that sales in November and December 2003 amounted for 23% of the total sales for the year.

Generally speaking, the Group has a sound financial position providing strong support for its future development.

Interest Rate and Currency Exposure

The Group has no material currency and interest rate exposure.

Changes in Group Composition

During the year ended 31 December 2003, the Group has not acquired or sold any subsidiaries subsequent to its listing.

Dividends

In pursuit of the best interest for its shareholders, the Company embarked on certain plans in 2004 to expand the existing production lines and acquire new production lines, land and plants. These plans were funded by proceeds from the listing and internal resources of the Company. As such, the board of directors does not recommend the distribution of any final dividend for the year ended 31 December 2003.

Use of proceeds from IPO

The proceeds from the issue of new shares as part of the listing of the Company on the Stock Exchange on 24 November 2003 was approximately HK\$68 million, net of the relevant expenses. Such will be applied as set out in the prospectus. To the extent any proceeds were not applied, they are placed in banks in Hong Kong and commercial banks in the PRC as short term deposits.

Employees and remuneration policy

As at 31 December 2003, the Group has a total of 243 employees (2002: 167). The increase in headcount was to cater for operating needs. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including staff provident fund scheme and discretionary bonus scheme.

Publication of Annual Results on the Website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

The 2003 Annual Report containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in the due course.