



RESULTS

For the year ended 31 December 2006, the Group's consolidated turnover was HK\$342 million, up 32% from HK\$260 million of last year. Profit after tax was HK\$84 million, representing an increase of 27% over last year. Gross profit margin was approximately 40% (2005: 40%). The healthcare products generated a sales of approximately HK\$56 million, accounted for 16% of the Group's total sales. Sales of parenteral solution amounted to approximately HK\$286 million, up about 20% as compared to HK\$239 million in 2005. Basic earnings per share of the Group for 2006 were HK\$20.98 cents (2005: HK\$16.5 cents).

SALE OF PRODUCTS

As at 31 December 2006, the Group offered 73 types of products in different package, which were all sold in the PRC and denominated in Renminbi. Customers of the Group mainly comprised licensed pharmaceutical distributors, hospitals and clinics in the PRC.

Major Districts in the PRC For the Year ended 31 December										
	2002		2003		2004		2005		2006	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Eastern region (Shanghai, Zhejiang Province, Jiangxi Province and Fujian Province)	79,675	55	119,756	59	134,153	57	158,081	61	225,172	66
Southwestern Region (Yunnan Province, Guizhou Province and Chongqing)	23,450	16	34,223	17	37,084	16	33,646	13	47,694	14
Southern Region (Guangdong Province and Guangxi Autonomous Region)	28,055	19	31,533	15	44,094	19	49,159	19	57,379	16
Northern Region (Beijing and Henan Province)	9,384	6	12,671	6	14,761	6	14,340	5	5,665	2
Central Region (Anhui Province and Hunan Province)	6,179	4	5,337	3	3,805	2	4,606	2	6,322	2
Total	146,743	100	203,520	100	233,897	100	259,832	100	342,232	100

Type of Customers For the Year ended 31 December										
	2002		2003		2004		2005		2006	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Distributors	134,638	92	178,164	88	185,896	79	197,246	76	234,941	69
Hospitals and Clinics	12,105	8	25,356	12	48,001	21	62,586	24	107,291	31
Total	146,743	100	203,520	100	233,897	100	259,832	100	342,232	100



Management Discussion and Analysis

FINANCIAL INFORMATION

The Group had cash and bank balances totalling HK\$156 million as at 31 December 2006. As the Group had no outstanding bank loan, the gearing ratio was zero (2005: zero). The current and quick ratios in 2006 were 4.63 and 4.43 respectively (2005: 4.73 and 4.56). As at 31 December 2006, the debtors turnover, inventory turnover and creditors turnover were 79 days, 12 days and 42 days respectively (2005: 98 days, 17 days and 42 days respectively). Overall, the Group has a sound financial position to support its future development.

CAPITAL EXPENDITURE

During the year ended 31 December 2006, the Group acquired new plant equipment and facilities totalling HK\$59 million, which was financed by internal cash resources.

CONTINGENT LIABILITIES

As at 31 December 2006, the Group and the Company did not have any significant contingent liability (2005: Nil).

INTEREST RATE AND CURRENCY EXPOSURE

The Group has no material currency and interest rate exposure.

CHANGES IN THE ORGANISATION OF THE GROUP

Since its listing and up to 31 December 2006, the Group did not acquire or dispose of any subsidiary.



AUDIT COMMITTEE

The audit committee has three members, including the Company's three independent non-executive Directors, namely Mr. Pei Renjiu, Mr. Li Kai Ming and Mr. Cheung Chuen. The duties of the audit committee are to review the Company's annual report and accounts, interim reports and to provide advice and comments thereon to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be reflected in such reports and accounts and must give due consideration to any matter that has been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the internal control system of the Group. Four meetings were held during the current financial year to review the unaudited interim financial statements for the year ended 31 December 2006 and the audited financial statements for the year ended 31 December 2006.

EMPLOYEES AND REMUNERATION POLICY

During the year, the Group's labour force in respect of packaging was reduced due to the introduction of equipments upgrade and a change in employment terms . As at 31 December 2006, the Group had a total of 127 employees (December 2005: 260). The Group regularly reviews the 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.