

主席報告

Chairman's Statement

本人僅代表集團董事局向各股東提呈本集團截至二零零三年三月三十一日止年度之年報。

業務回顧及展望

業務回顧

二零零三年度期間，本集團之管理層繼續專注於現有業務整合，並積極為發展中國藥品流通業務進行進一步的策劃和實施。

本集團成功入股貴州一樹連鎖藥業有限公司（「一樹」）後，成為第一間在中國經營藥品流通業務的外資公司。一樹是貴州省最大的藥品零售企業，原擁有75間連鎖藥店，藥店營業面積介乎80至100平方米之間。本集團入股後，對其原有經營模式進行了調整，將發展的重點放在增加營業收入，擴大市場佔有率上。於年度內，增開3間營業面積達300-800平方米的藥品大賣場，在處方藥、非處方藥的基礎上增加了日用品、化妝品與健康產品在商品組合中的比重。有效增加了銷售額，鞏固了一樹在貴州省藥品零售領域的主導地位。一樹藥品大賣場將是一樹未來自主擴張的主要模式。

本年度年結之後，本集團於二零零三年六月十二日與以色列的Super-Pharm (Israel) Limited就其於中國發展藥品連鎖零售業務之策略性夥伴安排簽訂條款概覽。Super-Pharm (Israel) Limited 是世界著名藥品零售企業，本集團希望引進該企業為策略合作夥伴，引進其在藥品零售領域先進的經營模式和管理理念，提昇集團重點發展的國內藥品流通業務的經營管理水平與競爭實力。

由於揚州揚大港藥基因工程有限公司（「揚州基因」）將需一段長時間會出現盈利及出售有助於專著藥品流通業務，本集團於二零零三年十一月二十六日簽訂協議將所持揚州基因的34.43%股權以現金代價人民幣7,000,000元出售予江蘇聯環藥業股份有限公司。

On behalf of the Board, I hereby present to shareholders the annual report of the Group for the year ended 31 March 2003.

BUSINESS REVIEW AND PROSPECTS

Business Review

During the year 2003, the management of the Group continued to focus on the rationalisation of existing operations, and actively conducted the market research and formulation of business plan for the development of its pharmaceutical distribution business in the PRC.

Following its successful acquisition of Guizhou Ensure Chain Pharmacy Co., Ltd. ("Ensure"), the Group became the first foreign company engaged in pharmaceutical distribution in China. Being the largest pharmaceutical retail enterprise in Guizhou, Ensure has 75 pharmacy chain stores each with a retailing area ranging from 80 sq. m. to 100 sq. m. before the acquisition. Since becoming member of the Group, Ensure has reshaped its vision and business strategies, focusing and re-formulate its model with the objectives of maximising revenue and increase of market share. During the year, three pharmaceutical mega-stores with a retailing area of 300-800 sq. m. were added to the chain. On top of prescription and non-prescription drugs, more daily necessities, cosmetics and healthcare products were put on shelf. This has effectively boosted the turnover of Ensure and consolidated its leading position in the pharmaceutical retail market in Guizhou. The opening of mega stores will be Ensure's major means of organic expansion in the short term.

Subsequent to the end of this financial year, the Group signed a term sheet with Super-Pharm (Israel) Limited of Israel on 12 June 2003 in relation to the proposed strategic partnership arrangement for the development of chain pharmacy business in China. The Group allied with Super-Pharm (Israel) Limited, a prestigious pharmacy retail enterprise in the world, in order that its business management and competitiveness in the focused sector of pharmaceutical distribution could be enhanced by the introduction of advanced business models and management concepts into pharmaceutical retailing industry in China.

As Yangzhou Genetic Engineering Ltd. ("Yangzhou Genetic") would take a long time to generate profits and the disposal of interest in this company could help the Group focus on its pharmaceutical distribution business, the Group signed an agreement in relation to the disposal of 34.43% shareholding interest in Yangzhou Genetic to Jiangsu Lianhuan Pharmaceutical Co., Ltd. at a cash consideration of RMB7 million on 26 November 2003.

展望

充份利用領先進入市場的優勢，借助中國政府積極促進藥品流通企業整合的契機，擴張藥品流通業務是本集團重點戰略部署。本集團積極致力於引入國際藥品流通領域著名企業成為戰略合作夥伴，引進先進的管理理念、成功的管理模式及科學的管理手段，提昇管理水平及競爭實力。通過收購華南、華東及西南地區具備領導優勢的藥品流通項目、增開大型藥品賣場及吸納具實力的特許加盟者等措施，快速於全國範圍內擴張藥品流通業務，成為中國藥品流通領域領導企業之一。隨著零售網絡的迅速擴張，本集團於國內的藥品流通業務亦將於未來業績期內成為銷售增長的動力。

在大力發展國內藥品流通業務的同時，適當擴張集團旗下南北行於香港的中藥及健康食品零售網絡。集團將加強南北行本港零售網絡與國內零售網絡在產品、管理等方面的合作，增強協同效應。

生物科技藥品研發、生產與銷售業務方面，附屬公司上海華新生物高技術有限公司將進一步加強現有藥品白介素-2、干擾素、GM-CSF及干擾素水針四個藥品的銷售。同時，積極開展同美歐等地區著名生物科技企業在技術、產品、市場等方面的合作，尋求開拓南美、印度、東南亞等發展中國家生物科技藥品市場。

本集團管理層確信，醫藥行業是中國最具前途的產業之一。本集團將竭力擴大及完善藥品流通網絡的覆蓋及規模，不斷推出高科技生物藥品，將健康與高質量的生活送到千家萬戶，為股東帶來最佳回報。

本人謹代表董事局向所有股東及客戶在年內對本集團的理解、支持以及各員工為集團所作貢獻，表示忠心感謝。

主席
孫曉路

Prospects

Leveraging on its early entry to the market, the Group is expanding the pharmaceutical distribution, as one of its key strategies, with the support from the PRC government's active rationalisation and integration of pharmaceutical enterprises. The Group focuses its efforts on seeking strategic collaborations with internationally renowned enterprises in the pharmaceutical distribution industry, as well as introduction of advanced management concepts and business models in order to enhance its management standards and competitive strengths. Through acquisitions of leading pharmaceutical distribution projects in Southern, Eastern and South-western China, increase of the number of pharmacy mega-stores, and selectively recruitment of promising franchisees, the Group aims to quickly expand its pharmaceutical distribution business across the country in a bid to become one of China's leading enterprises in the pharmaceutical industry. Supported and fuelled by the rapid developments of its retail networks, the Group's pharmaceutical distribution business in China will provide significant impetus to the sales growth in the future financial period.

While boosting the development of our pharmaceutical distribution in China, the effort will be continuously made to expand the retail network of Chinese drugs and health food for Nam Pei Hong of the Group in Hong Kong. The Group will strengthen the cooperation in product and management between the distribution networks of Nam Pei Hong in Hong Kong and China to enhance the synergy effect.

For the research and development, production and sale of biotech drugs, Shanghai Hua Xin High Biotechnology Inc., the subsidiary, will further boost the marketing of four existing pharmaceutical products, namely Interlukin-2, IFN, GM-CSF and IFN (water injection). In the meantime, the Group will devote to collaboration in the fields of technology as well as products and market development with renowned biotech enterprises from Europe and the US; meanwhile explore opportunities for geographical expansion in the biotech drug markets in developing countries in South America, India and South-east Asia.

The management of the Group firmly believes that the pharmaceutical industry is one of the most promising industries in China. The Group will strive to expand and enhance the scale and management of its distribution network, and continuously launch advanced-biotech drugs, thus bringing good health and quality living to the public and bestow best return to our shareholders.

On behalf of the Board of Directors, I express my utmost gratitude to all our shareholders and customers for their understanding, support and to our staff for their contribution during the year.

SUN Hiu Lu
Chairman