

董事會報告書

Report of the Directors

董事會現提呈香港藥業集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零三年三月三十一日止年度之董事會報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股。各主要附屬公司之主要業務詳情載於財務報表附註17內。本集團之主要業務於本年度並無重大變動。

業績及股息

本集團於二零零三年三月三十一日止年度之虧損及本公司與本集團於該日之業務狀況載於第23至99頁之財務報表。

董事不建議於年內派發任何股息。

財務資料摘要

摘錄自經審核財務報表，並已適當地分類之過去五個財務年度本集團之業績公佈及資產與負債摘要載於第102及103頁。該摘要並非經審核財務報表之一部份。

固定資產及投資物業

於年內本公司及本集團之固定資產及投資物業之變動詳情載於財務報表附註14。本集團投資物業之詳情載於第100及101頁。

股本及購股權

本公司於年內之股本及購股權變動詳情及其原因載於財務報表附註31及32。

優先認股權

本公司之公司細則及百慕達法例中均無有關優先認股權之條款、規定本公司須按比例向現有股東發行新股。

The directors present their report and the audited financial statements of Hong Kong Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 23 to 99.

The directors do not recommend the payment of any dividend for the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on pages 102 and 103. This summary does not form part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Company and the Group during the year are set out in note 14 to the financial statements. Further details of the Group's investment properties are set out on pages 100 and 101.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 31 and 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

購買、贖回或出售本公司上市證券

除按銀行（「該銀行」）行使銀行可換股票據而於二零零二年十二月以每股0.10港元發行20,000,000股新股及按購股權持有人於二零零二年六月及七月行使購股權而以每股0.88港元發行合共400,000股新股外，本公司或其附屬公司並無於年內購買、贖回或出售本公司任何上市證券。

儲備

本公司及本集團於年內之儲備變動詳情載於財務報表附註33。

可分派儲備

於二零零三年三月三十一日，本公司並無儲備可供分派。然而，本公司之股份溢價賬約為140,694,000港元，可以繳足紅股之方式作分派。

主要客戶及供應商

於回顧年度，本集團五大客戶之營業額佔年內總營業額少於30%。

本集團五大供應商之採購額佔年內總採購額23%，其中最大供應商佔8%。

本公司各董事，彼等之聯繫人士或任何股東（根據董事所知擁有本公司已發行股本5%以上者）概無擁有本集團五大客戶及供應商任何實益權益。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Other than the issue of 20,000,000 new shares at the price of HK\$0.10 per share in December 2002 pursuant to the conversion of a bank convertible note by a bank (the "Bank") and the issue of an aggregate of 400,000 new shares at the price of HK\$0.88 per share pursuant to the exercise of share options by option holders in June and July 2002, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2003, the Company had no reserves available for distribution. However, the Company's share premium account, in the amount of approximately HK\$140,694,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

Purchases from the Group's five largest suppliers accounted for 23% of the total purchases for the year and purchases from the largest supplier included therein amounted to 8%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

董事會報告書

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董事

本公司於年內及至本報告書提呈當日之董事如下：

執行董事

孫曉路先生
黃淑云女士
朱均先生
趙大可先生
張珂先生

(於二零零三年三月二十二日獲委任)

獨立非執行董事

吳永鏗先生
彭澤棠先生

(於二零零三年三月二十二日辭職)

黃錦樂博士

(於二零零三年三月二十二日獲委任)

朱幼麟先生，太平紳士

(於二零零三年七月十四日獲委任)

根據本公司之公司細則第86(2)條，張珂先生、黃錦樂博士及朱幼麟先生於即將舉行之股東週年大會退任，惟彼願膺選連任。

根據本公司之公司細則第87條，朱均先生於即將舉行之股東週年大會輪值退任，惟彼願膺選連任。

獨立非執行董事並無固定任期，惟跟執行董事一樣須根據本公司之公司細則規定退任。

董事、高級管理人員及顧問履歷

本公司之董事、本集團之高級管理人員及顧問之履歷載於年報第8至11頁。

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. SUN Hiu Lu
Ms. HUANG Shuyun
Mr. CHU Kwan
Mr. ZHAO Dake
Mr. ZHANG Ke, Winston

(appointed on 22 March 2003)

Independent non-executive directors

Mr. NG Wing Hang
Mr. PANG Chak Tong, Laurence
Dr. Melvin WONG
Mr. CHU Yu Lin, David, JP

(resigned on 22 March 2003)

(appointed on 22 March 2003)

(appointed on 14 July 2003)

In accordance with article 86(2) of the Company's bye-laws, Mr. ZHANG Ke, Winston, Dr. Melvin WONG and Mr. CHU Yu Lin, David will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 87 of the Company's bye-laws, Mr. CHU Kwan will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

The independent non-executive directors do not have specific terms of appointment but are subject to retirement on the same basis as the executive directors as required by the Company's bye-laws.

DIRECTORS', SENIOR MANAGEMENT'S AND CONSULTANTS' BIOGRAPHIES

Biographical details of the directors of the Company, the senior management and consultants of the Group are set out on pages 8 to 11 of the annual report.

董事服務合約

張珂先生與本公司一附屬公司訂立於二零零一年七月九日開始並可由雙方給予對方三個月書面通知而終止之服務合約。除此之外，擬在即將舉行之股東週年大會膺選連任之董事，概無與本公司訂立本公司須作補償(法定賠償除外)方可於一年內終止之服務合約。

董事於合約之權益

除財務報表附註39所披露外，於年內，各董事並無在本公司、其控股公司、或其任何附屬公司訂立，且與本集團業務有關之重大合約中，擁有任何重大權益。

董事於股份之權益

於二零零三年三月三十一日，根據證券(披露權益)條例(「披露權益條例」)第29條存置之登記名冊，董事於本公司或其聯營公司股本中擁有之權益如下：

本公司之普通股

董事姓名	Name of director		權益性質 Nature of interest	所持股份數目 Number of shares held
孫曉路先生	Mr. SUN Hiu Lu	附註 Note	公司 Corporate	943,400,000
朱均先生	Mr. CHU Kwan	附註 Note	公司 Corporate	943,400,000

附註：Hong Tau Investment Ltd. (「Hong Tau」) 透過其全資附屬公司Victory Hunter Holdings Limited (「Victory Hunter」) (其持有23,400,000股股份)、Wai Fat International Limited (「Wai Fat」) (其持有130,000,000股股份) 及 Tin Ming Management Limited (「Tin Ming」) (其持有790,000,000股股份) 合共持有943,400,000股本公司股份。

Hong Tau的51%權益由Welcome Success Worldwide Ltd. (「Welcome Success」) (本公司二位董事，孫曉路先生及朱均先生分別持有其50%權益) 持有，49%權益由濱港財務有限公司(「濱港」) 持有。黑龍江中盟集團有限公司(前稱「黑龍江經濟開發集團公司」) (「黑龍江中盟」) 持有濱港80%權益。

DIRECTORS' SERVICE CONTRACTS

Mr. ZHANG Ke, Winston has a service contract with a subsidiary of the Company commencing on 9 July 2001 which is subject to termination by either party giving not less than 3 months' written notice. Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 39 to the financial statements, no director had a material interest in any contract of significance to the business of the Group to which the Company or any of its holding companies and subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2003, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Ordinary shares of the Company

Note: Hong Tau Investment Ltd. ("Hong Tau"), through its wholly-owned subsidiaries, Victory Hunter Holdings Limited ("Victory Hunter") (which holds 23,400,000 shares), Wai Fat International Limited ("Wai Fat") (which holds 130,000,000 shares) and Tin Ming Management Limited ("Tin Ming") (which holds 790,000,000 shares) holds an aggregate number of 943,400,000 shares of the Company.

Hong Tau is owned as to 51% by Welcome Success Worldwide Ltd. ("Welcome Success") (which is owned equally as to 50% by each of the two directors of the Company, Mr. SUN Hiu Lu and Mr. CHU Kwan), and as to 49% by H.H.K. Finance Company Limited ("HHK"). 黑龍江中盟集團有限公司 Heilongjiang China United Group Company Limited (Formerly known as Heilongjiang Economic Development Corp.) ("Heilongjiang China") owns 80% interest in HHK.

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董事於股份之權益 (續)

因此，Hong Tau、Welcome Success、孫曉路先生、朱均先生、濱港及黑龍江中盟分別被視為擁有Victory Hunter、Wai Fat及Tin Ming合共所持之943,400,000股本公司股份。

董事於本公司購股權之權益另外載於財務報表附註32。

除上文所披露者外，各董事或其聯繫人士於本公司或其任何聯營公司(定義見披露權益條例)之股本或債券中並無擁有任何個人、家族、公司或其他權益。

董事購買股份或債券之權利

除載於財務報表附註32之購股權計劃所披露者外，於年內任何時間，概無向任何董事或彼等各自之配偶或未滿18歲之子女授出權利，可藉購買本公司股份或債券而獲益，彼等亦無行使任何該等權利；而本公司、其控股公司、或其任何附屬公司亦概無訂立任何安排使董事於任何其他法人團體中取得該等權利。

購股權計劃

由於年內採納會計實務準則第34號「僱員福利」，因此有關本公司購股權計劃之大部份詳情已轉載於財務報表附註32。

DIRECTORS' INTERESTS IN SHARES (continued)

Accordingly, each of Hong Tau, Welcome Success, Mr. SUN Hiu Lu, Mr. CHU Kwan, HHK and Heilongjiang China is deemed to be interested in the aggregate number of 943,400,000 shares of the Company held by Victory Hunter, Wai Fat and Tin Ming.

The interests of the directors in the share options of the Company are separately disclosed in note 32 to the financial statements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 32 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

Due to the adoption of Statement of Standard Accounting Practice No. 34 "Employee benefits" during the year, most of the detailed disclosures relating to the Company's share option schemes have been moved to note 32 to the financial statements.

主要股東

於二零零三年三月三十一日，根據披露權益條例第16(1)條本公司須予存置之權益登記冊所記錄，下列股東持有本公司10%或以上之已發行股本：

股東名稱 Name of shareholder	所持股份數目 Number of shares held		佔本公司已發行 股本之百分比 Percentage of the Company's issued share capital	
	直接權益 Direct interest	認算權益 Deemed interest		
	黑龍江中盟 Heilongjiang China	附註 Note		—
濱港 HHK	附註 Note	—	943,400,000	67.20
Welcome Success	附註 Note	—	943,400,000	67.20
Hong Tau	附註 Note	—	943,400,000	67.20
Tin Ming	附註 Note	790,000,000	—	56.28

附註：Hong Tau透過其全資附屬公司Victory Hunter (其持有23,400,000股股份)，Wai Fat (其持有130,000,000股股份)及Tin Ming (其持有790,000,000股股份)合共持有943,400,000股本公司股份。

Hong Tau的51%權益由Welcome Success (本公司二位董事，孫曉路先生及朱均先生分別持有其50%權益)持有，49%權益由濱港持有。黑龍江中盟持有濱港80%權益。

因此，Hong Tau、Welcome Success、孫曉路先生、朱均先生、濱港及黑龍江中盟分別被視為持有Victory Hunter、Wai Fat及Tin Ming合共所持之943,400,000股本公司股份。

除本文披露者外，並無任何人士於本公司股本中持有須根據公開權益條例第16(1)條之規定予以登記之權益。

SUBSTANTIAL SHAREHOLDERS

At 31 March 2003, the following interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

股東名稱 Name of shareholder	所持股份數目 Number of shares held		佔本公司已發行 股本之百分比 Percentage of the Company's issued share capital	
	直接權益 Direct interest	認算權益 Deemed interest		
	黑龍江中盟 Heilongjiang China	附註 Note		—
濱港 HHK	附註 Note	—	943,400,000	67.20
Welcome Success	附註 Note	—	943,400,000	67.20
Hong Tau	附註 Note	—	943,400,000	67.20
Tin Ming	附註 Note	790,000,000	—	56.28

Note: Hong Tau, through its wholly-owned subsidiaries, Victory Hunter (which holds 23,400,000 shares), Wai Fat (which holds 130,000,000 shares) and Tin Ming (which holds 790,000,000 shares) holds an aggregate number of 943,400,000 shares of the Company.

Hong Tau is owned as to 51% by Welcome Success (which is owned equally as to 50% by each of the two directors of the Company, Mr. SUN Hiu Lu and Mr. CHU Kwan), and as to 49% by HHK. Heilongjiang China owns 80% interest in HHK.

Accordingly, each of Hong Tau, Welcome Success, Mr. SUN Hiu Lu, Mr. CHU Kwan, HHK and Heilongjiang China is deemed to be interested in the aggregate number of 943,400,000 shares of the Company held by Victory Hunter, Wai Fat and Tin Ming.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

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給予公司之貸款

於二零零三年三月三十一日，本集團借予華財集團(控股)有限公司某些附屬公司(「債務人」)之貸款合共約為77,600,000港元連同其應計利息約6,262,000港元。該項貸款並無抵押，按年息12厘或港元最優惠利率加3厘計算，並從一九九八年十二月／一九九九年一月逾期未還。本集團已於二零零零年十月向債務人發出傳訊令狀，於二零零零年十一月債務人被判敗訴，據此，債務人被頒令需支付合共約103,034,000港元連同利息予本集團，本集團已就全部貸款及其應收利息於一九九九年三月三十一日作全數撥備。截至批准本財務報表當日止，債務人尚未償還欠款。

控股股東抵押之本公司股份

於二零零零年二月二十九日，該銀行與本公司訂立重組協議，據此，(其中包括)該銀行同意授予本集團一筆定期貸款額，本金總額約為46,000,000港元。作為債務重組安排之一部分，該銀行於二零零零年三月二十九日與Tin Ming訂立貸款協議(「貸款協議」)。該貸款協議另外規定，倘Tin Ming於本公司之持股量(根據貸款協議抵押予該銀行作為抵押品)降至低於本公司已發行股份總數之51%，則將視為已發生違約事件。在此情況下，該銀行可宣佈根據本公司與該銀行簽訂之任何重組文件(「重組文件」)之任何應付款項已即時到期並須予支付，而該等款項須根據此即時到期支付。根據重組文件，於二零零零年四月二十七日之貸款總額約為46,000,000港元。根據重組文件，貸款年期最長為六年。

結算日後之事項

本集團於結算日以後之重大事項詳情載於財務報告附註40。

ADVANCE TO ENTITIES

As at 31 March 2003, the Group advanced an aggregate sum of approximately HK\$77,600,000 plus accrued interest thereon of approximately HK\$6,262,000 to certain subsidiaries of Golden Sino (Holdings) Limited (the "Debtors"). The advances are unsecured, and bear interest at 12% per annum or at Hong Kong dollar prime rate plus 3% per annum and have been overdue since December 1998/January 1999. The Group had issued writs of summons to the Debtors in October 2000 and in November 2000, judgements were delivered against the Debtors under which the Debtors were ordered to pay to the Group the sum of approximately HK\$103,034,000 plus interest thereon. The Group made full provision against the entire loan and interest receivable thereon in the year ended 31 March 1999. As at the date of the approval of the financial statements, the amounts due from the Debtors remained outstanding.

PLEDGE OF SHARES OF THE COMPANY BY THE CONTROLLING SHAREHOLDER

On 29 February 2000, the Bank entered into a restructuring agreement with the Company under which, among other things, the Bank agreed to grant a term loan facility of an aggregate principal amount of approximately HK\$46,000,000 to the Group. As part and parcel of the debt restructuring arrangement, the Bank entered into a loan agreement with Tin Ming on 29 March 2000 (the "Loan Agreement"). The restructuring agreement further provides that if Tin Ming's shareholdings in the Company that are charged to the Bank as security under the Loan Agreement fall below 51% of the total issued shares of the Company, an event of default will be deemed to have arisen. In such an event, the Bank may declare any sums payable under any of the restructuring documents between the Company and the Bank (the "Restructuring Documents") to have become immediately due and payable, whereupon the same shall become immediately due and payable. The aggregate level of facilities under the Restructuring Documents as at 27 April 2000 is approximately HK\$46,000,000. The maximum tenure of the facilities under the Restructuring Documents is 6 years.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 40 to the financial statements.

最佳應用守則

董事認為，本公司年報所述會計年度一直遵守香港聯合交易所有限公司上市規則附錄14所載之最佳應用守則（「守則」）。惟本公司之獨立非執行董事並無根據守則第7段之規定訂立指定任期，而須根據本公司之公司細則於本公司之股東週年大會上輪值告退及重選。

審核委員會

本公司已按守則之規定成立審核委員會，目的為審查及監察本集團之財務匯報程序及內部監控運作。該審核委員會由本公司兩名獨立非執行董事組成。

核數師

安永會計師事務所任滿告退，因此，於即將舉行之股東週年大會上將提呈決議案，續聘其為本公司之核數師。

承董事會命

主席
孫曉路

香港
二零零三年十二月十二日

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company’s bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises two independent non-executive directors of the Company.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Sun Hiu Lu
Chairman

Hong Kong
12 December 2003