

Business Review and Prospects

The Group's turnover for the year was HK\$250,295,000, representing an increase of approximately 15% when compared to HK\$217,720,000 of last year.

The consolidated net profit attributable to shareholders was HK\$20,183,000 for the year, representing a decrease of approximately 61% when compared to HK\$52,358,000 of last year.

The Group's consolidated profit mainly came from the operating activities of the Group's cement subsidiary in Vietnam, the Saigon Trade Center in Vietnam and other investment properties situated in the PRC and HK. On the other hand, the Group's investment activities and health care products' operation, principally through Vigconic (International) Ltd. ("Vigconic") that has its focus presently on research and development of traditional chinese medicine, recorded losses for the year.

業務回顧及展望

本集團本年度之營業額為港幣250,295,000元，與去年同期之港幣217,720,000元對比增加約15%。

本年度股東應佔綜合淨溢利為港幣20,183,000元，與去年同期錄得之港幣52,358,000元比較下跌約61%。

本集團綜合溢利主要來自包括本集團水泥附屬公司之營運收益，位於越南之西貢貿易中心及位於中國及香港之投資物業之租務收入。惟本集團之投資活動及健康產品之營運於年內錄得虧損，健康產品之營運主要來自目前仍以集中研究及開發中成藥為主之維康力(國際)有限公司(「維康力」)。

Cement business

The Group's sales of cement and clinker have reached 666,000 tonnes in 2003, representing an increase of approximately 13% as compared to last year. However, the total output of cement has been short of the original expectation, which was mainly attributed to the unstable performance and sporadic technical problems encountered in the initial stage of running of the modified production lines. The Group has dedicated to the fine-tuning and further modifications on the production lines in order to maximize the production capacity.

Although the market demand for cement has been strong, selling prices have only remained stable. As prices of imported steel and other construction materials have kept surging, the Vietnamese government is unwilling to see a rising cement price that would further hit the already devastated construction activities. Yet, some materials, such as coal, oil, packing sacks and some spare parts for the production of cement have increased dramatically which as a result has driven up the cement production cost. Fortunately, the Group's cement plant has improved skills and efficiency in the production process that could offset the cost increase from the inflated material prices.

The Group concentrates its cement selling in the central region of Vietnam where the cement plant has a location advantage. Besides for distributing among the central region, the cement plant has also supplied its cement to some huge national projects, such as Ho Chi Minh Highway, Hai Van Pass Tunnel, Lang Co Bridge and Dung Quat Oil Refinery. From which, the Group's cement product has firmly established its brand name and reputation for good quality in the market.

The management is optimistic to the sales performance of the cement plant for 2004, especially seeing a persistent strong market demand for cement and clinker. Yet, the selling price of cement is expected to be stable as a result of the government regulating measures.

水泥業務

於二零零三年，本集團之水泥及熟料銷售量達666,000噸，與去年同期比較上升約13%。水泥全年總生產量比原先估計略低，主要原因由於改造後之水泥生產線在初步運作中並未十分穩定，間中亦遇到一些技術問題。本集團正積極調試及進一步改良目前生產線以達致最高之生產量。

雖然越南本地市場水泥需求強勁，但銷售價格卻只能保持穩定。由於入口鋼材及其他建築材料價格急升，越南政府採取措施以穩定水泥市場價格，避免對其本土建築活動造成進一步打擊。但另一方面，部份用於生產水泥之原材料，如煤、燃油、包裝袋及部份備件等之價格上漲，均對水泥生產成本構成上升壓力。惟可幸的是本集團水泥廠生產技術及效能於年內有所改善，足以抵消因材料價格上漲而令生產成本上升之影響。

乘著位置上之優勢，本集團水泥銷售主要集中在越南中部地區。除於中部地區分銷外，水泥廠亦向部份主要國家級工程供應水泥，其中包括胡志明市公路、海雲嶺隧道、蚬港陵哥大橋及容橘煉油廠等。本集團水泥廠之產品亦藉此鞏固了其於市場上品牌之地位及質素優良之聲譽。

管理層對水泥廠於二零零四年之銷售表示樂觀，特別是水泥及熟料之市場需求持續強勁。然而，水泥售價方面將受到政府調控措施影響下表現平穩。

Saigon Trade Center and other investment properties

Following the improvement of the Vietnam's economy in 2003, the Group's Saigon Trade Center ("STC") in Ho Chi Minh City has shown a better performance. The occupancy rate has increased to 58% as at year-end 2003 and the rental rate has recorded a 16% growth year-on-year basis. According to government's statistics, a GDP growth rate of 7.24% was recorded for 2003, which is the highest figure recorded since 1995. FDI and industrial production and export sectors showed especially significant growth.

Foreseeing 2004, the momentum of the economy has persistently strong and thus the demand for office spaces has seen rising. The Group's STC shall, therefore, be able to enjoy from the growth and its occupancy rate is expected to increase in a more notable rate in 2004. Yet, the increasing demand has also attracted some developers to invest in new office projects and thus a gradually increase in supply of office spaces is also expected in the coming years.

For the Group's other investment properties in the PRC and HK, all of them, except for a few apartments in the PRC, have been fully leased out which thus providing the Group with consistent cash inflow per annum.

西貢貿易中心及其他投資物業

隨著越南經濟於二零零三年起開始改善，本集團位於胡志明市之西貢貿易中心出租情況亦有較好表現。於二零零三年十二月三十一日之出租率上升至58%及按年計算之租值亦錄得16%之增長。根據越南政府統計數字，二零零三年越南國民生產總值錄得7.24%之增長，為一九九五年以來最高。尤以外國直接投資、工業生產及出口等項目錄得較大之升幅。

展望二零零四年，越南經濟增長動力持續強勁，亦令寫字樓需求上升。本集團之西貢貿易中心因此而受惠，預計其出租率於二零零四年將會錄得較顯著之升幅。然而，需求之上升亦吸引部份發展商投資興建新的商業大廈，預計寫字樓之供應亦於來年續漸增加。

至於集團位於中國及香港之其他投資物業，除少數位於中國之住宅物業外，已全部租出，並為本集團提供每年穩定之現金流入。

Vigconic business

The Group's 75% owned Vigconic was still putting priority on research and development rather than on sales in the year 2003/2004, and as a result, sales turnover was not significant in 2003.

The development strategy of Vigconic has been to concentrate on Traditional Chinese Medicine ("TCM") products with adjuvant functions, supplemented by therapeutic TCM products and health care TCM products. Since the second half of last year, Vigconic has done large quantity of animal studies and pilot clinical trials so as to accumulate test data. With sufficient pilot data large-scale clinical trials can be arranged in reputable universities with teaching hospitals in Hong Kong to confirm the efficacy of the products, and to further enhance the value of the products.

TCM products that have been put into pilot clinical trials since the second half of 2003 are,

1. Adjuvant TCM product for patients with Alzheimer's Disease and patients with Parkinson's Disease.
2. TCM product for patients with persistent bones and joints pains.
3. TCM products for patients with thyroid diseases.
4. Adjuvant TCM products for patients with AIDS.

維康力業務

集團持有75%股權的維康力，在二零零三年至二零零四年仍以研究開發為主，銷售為次，因此二零零三年的銷售額並不多。

維康力堅持研發具有輔助治療功效的中成藥為主，具治療功效的中成藥及健康食品為副的發展方針。因此繼去年下半年至今將進行大量的動物試驗及初步臨床試驗，以便積累資源，積累個案，交給本港有醫學院的大學進行臨床，以確定成效，提升價值。

二零零三年下半年至二零零四年分期進行初步臨床的藥物有：

- 一、輔助治療柏金遜及老人痴呆症的中成藥。
- 二、治療骨痛的中成藥。
- 三、治療甲狀腺的中成藥。
- 四、輔助治療愛滋病的中成藥。

Clinical trials that have been started in 2004 in a Hong Kong university with teaching hospital are,

1. A TCM product that will reduce the impacts of chemotherapy induced side effects on the Quality of Life of cancer patients.
2. A TCM product to treat patients with cirrhosis.

The Group considers that investing in pharmaceutical industry is a correct and pro-active approach in view of development of the 21st century economic and social conditions in Hong Kong and worldwide.

Dividend

In view of achieving stable income and cashflow, the board of directors recommended to distribute a final dividend of HK6 cents per share to the shareholders and together with the interim dividend of HK 4 cents per share already distributed, the total dividend for the full year of 2003 will be HK10 cents, which is same as that of 2002.

At last, on behalf of the board of directors, I would like to thank you for the effort and support of the management and staff of the Group.

二零零四年進入本港大學醫學院臨床的有：

- 一、輔助癌病患者在化療及電療期間保持生活質素，減除副作用的中成藥。
- 二、治療肝硬化的中成藥。

集團研究了本港及二十一世紀世界經濟環境及社會之發展，認為投資生物醫藥是一個正確的，進取的方向。

股息

因應集團擁有較平穩之收入及現金流入，董事會建議派發末期股息每股港幣6仙予各股東，連同本年度之中期股息每股港幣4仙，令本年度全年之股息共每股港幣10仙，與去年度相若。

最後，本人僅代表董事會對本集團之管理層及各員工對本集團之貢獻及支持表示謝意。