

# Chairman's Statement



**LIANG Jin You** *Chairman*

梁金友 主席

## TO ALL SHAREHOLDERS

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to present to shareholders the Annual Report of Artfield Group Limited and its subsidiaries (collectively the "Group") for the year ended 31 March 2004.

## DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2004 (2003: Nil).

## FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK\$229,925,000 (2003: HK\$268,853,000), representing a decrease of about 14.5% as compared with last year. Influenced by the outbreak of severe acute respiratory syndrome ("SARS") epidemic and the Iraq war, the performance of the Group was unavoidably impaired. It recorded the net loss for the year amounted to HK\$16,538,000 (2003 (restated): net profit of HK\$1,577,000).

## 致各位股東

本人謹代表本公司董事會（「董事會」）欣然向各位股東呈報雅域集團有限公司及其附屬公司（統稱「本集團」）截至二零零四年三月三十一日止年度之年報。

## 股息

截至二零零四年三月三十一日止年度，董事會不建議派發任何股息（二零零三年：無）。

## 財務回顧

於回顧年內，本集團營業額錄得約港幣229,925,000元（二零零三年：港幣268,853,000元），較去年約下跌14.5%。由於爆發嚴重急性呼吸系統綜合症（「SARS」）疫潮及受伊拉克戰爭所影響，本集團之表現亦不免受影響。本年度虧損淨值錄得港幣16,538,000元（二零零三年（重列）：溢利淨值港幣1,577,000元）。

## BUSINESS REVIEW

## Clocks and Other Office Related Products

Facing the challenging external environment, in addition to the increasing domestic manufacturers in the PRC trying to compete with other rivals in the clock industry, the market competition becomes more severe. In view of this fact, the Group imposed a number of measures such as diversifying product portfolio, further strengthening cost control and reducing the inventory level so as to counteract and minimize the adverse impacts on the core business. During the year, the turnover of clocks and other office related products amounted to approximately HK\$145,208,000 (2003: HK\$150,792,000).



The Group is committed to strengthening our product research and development over the past decade. During the year, the Group was granted two awards, namely “Innovative Design Award” and “Vendor Recognition Award” by Things Remembered, Inc., one of our largest and best-known personalized gift chain customers in the United States (“US”). This achievement not only awards the diligence and hard work of our experienced in-house product designers and marketing team, but also consolidates our position as a leading player in the clock industry.

Backed by solid fundamentals and extensive market networks, our market presence covers globally. The US and Europe remained our two major export markets. During the year, sales to the US market dropped by about 8.5% which was attributed to the outbreak of the Iraq-US war. While the Group recorded relatively stronger growth in Europe especially the United Kingdom (“UK”) market, where sales increased by about 14.5%. This satisfactory result was mainly derived from the Group’s continuing efforts on product development and market penetration by leveraging with our distribution networks in overseas offices.

## 業務回顧

## 時鐘及其他辦公室相關產品

面對著外圍環境的挑戰，再加上在業內不少中國製造商加入市場競爭，因此令競爭變得更白熱化。有鑑於此，本集團採取了多項措施以務求盡量減低對主要業務之負面影響，其中包括商品組合多元化、加強成本控制及減少庫存量。於本年內，時鐘及其他辦公室相關產品營業額共錄得約為港幣145,208,000元（二零零三年：港幣150,792,000元）。



於過去十年，本集團致力強化本身的產品研究及開發工作。於本年內，本集團獲得由主要客戶之一Things Remembered, Inc.，此為美國其中一間最大及享譽盛名的個人禮品連鎖店所頒發的兩個獎項，即「創意設計大獎」及「認可供應商大獎」。取得此卓越之表現不但對內部產品設計師及市場隊伍在過去共同努力的成果作出嘉許外，亦進一步鞏固了我們在時鐘行業中的領導地位。

憑藉穩健的業務基礎及龐大的市場銷售網絡，我們的市場地位覆蓋世界各國。美國及歐洲市場仍是本集團之主要出口市場。於年內，鑑於美伊戰爭，美國銷售微跌約8.5%。至於歐洲市場的銷售，尤以英國市場，本集團錄得顯著增長，銷售額上升約為14.5%。取得此滿意成績主要是由於本集團持續不斷致力於產品開發，及藉著海外辦事處之分銷網絡的優勢而成功滲入當地市場。

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## Lighting Products

The Group's lighting product segment has attained a remarkable achievement during the year under review. The turnover of the lighting product segment recorded approximately HK\$15,199,000 (2003: HK\$9,903,000), with a growth of about 53.5%.

Leveraging with the Group's market diversification strategy, the Group has sought and appointed sales and distribution agents with high growth potentiality in Europe market in recent years. Meanwhile, overseas sales offices play an important role to liaise with sales agents to promote and distribute our lighting products in Europe market.

In order to satisfy the increasing annual production capacity, the Group has commenced to construct new factory premises in Gao Ming, Foshan City, the PRC, adjacent to the existing production facilities of the Group. The premise is expected to be completed in the third quarter of 2004. The planned annual production capacity of the new facilities will be approximately 6,000,000 units of finished lighting products. Expanding the existing production scale will enhance the long-term vertical integration strategy adopted by the Group.

## Trading

The trading business of the Group suffered the adverse effects brought about by the SARS in the Asian region and China Macro-control. Due to the fact that the customers became very cautious and delayed placing orders, which led to a decrease of approximately 40.8% in turnover.

Following the steady recovery of Asian economy coupled with the strong economic growth of the PRC market, the Management believes that these favorable factors will offer splendid business opportunities and increase demands of metal trading business in the coming future.

## 照明產品

本集團照明產品業務於回顧年內取得十分可觀之表現。照明產品業務的營業額錄得約港幣 15,199,000 元（二零零三年：港幣 9,903,000 元），約達 53.5% 增長。

憑藉本集團採取市場多元化的策略，本集團於近年來積極於歐洲市場尋找及委託具增長潛質的銷售及分銷代理。同時，各海外銷售辦事處亦扮演著非常重要的角色，與各銷售代理共同洽商以助在歐洲市場推廣及分銷本身的照明產品。

為了滿足日益增長的年產量，本集團已位於中國佛山市高明興建新廠房設施，該項設施鄰近本集團現有的生產設施，並將於二零零四年第三季建成。預計新設施所生產的節能燈年產量約 6,000,000 支，據此可擴大現時生產規模並提升本集團沿用的垂直綜合化之長遠策略。

## 貿易

本集團貿易業務表現受到亞洲地區 SARS 疫潮所沖擊及中國宏觀調控所影響。鑑於客戶本著十分審慎態度及延遲發出訂單，因此貿易營業額下跌約 40.8%。

隨著亞洲經濟逐漸復甦，再加上中國市場經濟的迅速發展，管理層相信此有利因素會為未來締造不少商機及增加金屬商品貿易的需求。

## Electroplating Services

Facing the stiff market condition, the turnover of electroplating services recorded approximately HK\$13,308,000 (2003: HK\$13,195,000). In order to increase the market presence, the Management will continue to improve the overall efficiency and allocate resources in upgrading the electroplating techniques and machineries so as to increase its capacity to obtain more orders from reputable customers.

## PROSPECTS

Although faced with the economic slowdown and unforeseeable epidemic in the past year, the Management insists the persistent belief of encountering adversity that opportunity will be sprang from crisis. In order to grasp the emerging opportunities, the Group will continue to adjust its business model, undertake cost control measures and re-evaluate operation structure with the ultimate goal of delivering excellent value to our customers and shareholders.

The Group actively explores possible ways which can boost our sales and improve our profitability by the following aspects:

### Product Enrichment and Market Expansion

By receiving the industry recognition for our product development contributions during the year, the Management continues to emphasize on product development and also market expansion.

Since the customers nowadays are no longer merely satisfied with the conventional timer function of clocks, instead the functionalities are required to be more sophisticated which can be customized to both household and office purposes. In order to differentiate us from the market, the Group plans to exploit new products in order to cater for different market demands. Therefore the Group enhances the functionality of the existing clock products by combining timer and decoration functions. Furthermore the Group endeavors to develop the clock giftware and accessory products such as office and

## 電鍍服務

處於熾熱的市場競爭，電鍍服務之營業額錄得約港幣13,308,000元（二零零三年：港幣13,195,000元）。為了增加市場的佔有率，管理層繼續投入更多資源以改善整體效率、提升電鍍技術及裝設先進的機器及設備，務必增強生產量並贏得更多著名客戶的訂單。

## 展望

縱然要面對去年疲弱的經濟及因不可預測的疫情所帶來的艱巨時刻，管理層仍堅守著「有危必有機」的堅毅信念來面對逆境。為了抓緊陸續呈現的商機，本集團將繼續調整其經營模式、執行成本控制措施及重新評估營運架構，我們以能提供給客戶及股東最佳利益為最終目標。

本集團正積極研究可刺激銷售及改善整體利潤之方法，並落實以下各項目：

### 產品多元化及市場擴展

於年內，我們在產品開發上的貢獻獲得了業界內的肯定，因此管理層會繼續注視產品研發及市場擴展的策略。

由於現今顧客對時鐘產品需求已不是傳統單一計時功能，使時鐘產品功能趨向多元化，以迎合家居及辦公室的多項用途。為求在市場上脫穎而出，本集團期望發展更多嶄新的商品以迎合不同市場的需要。因此，本集團在原有時鐘產品上，進一步強化其產品的功能性，從而結合計時及裝飾功用，其次本集團近年致力發展時鐘禮品及裝飾系列，例如辦公室、家居裝飾及辦公室文具產品系列。其次本集團不斷擴闊木製品產品種類，當中包括木製

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household accessories items and office stationery sets. The Group also broadens the existing wooden products such as wooden music boxes, photo frames, wooden medals and wooden jewellery boxes. The Management believes that enriching our product offering will expand the customer base and diversify our product portfolio of the Group in the near future.

Apart from enriching product mix, leveraging with 20 years of fruitful experience and strong foundations in the clock manufacturing, the Group has gained the corporate reputation within the industry. The Management believes that our extensive networks in our overseas offices in the US, the UK, Germany and the PRC will facilitate to expand our customer base worldwide actively and capture enormous business from the booming China market and recovering overseas markets. The Group also gains the advantages of sharing valuable information on rapid market movement and enhances the distribution and processing networks in promoting our OEM and branded products such as “Wehrle”, “Klik”, “Artex” and “Memolux” in different geographical regions.

## Upgrading of Manufacturing Operation Effectiveness and Strengthening ISO Management

With solid foundations established in the past and proven track records in the clock and lighting industries, the Group will preserve in enhancing our vertical integrated management to maximize the economies of scale.

For long-term development of wood-related products and lighting products, the Group has started the project to expand its production capacity by setting up new factory premises and facilities in the past couple of years. Construction of new factory premises in Gao Ming, Foshan City, the PRC adjacent to the existing production facilities of the Group was commenced and be completed in this year. New factory premises, which are mainly divided to manufacture wood

音樂盒、相架、獎牌及木製首飾盒等。管理層深信增加產品種類將於未來為本集團擴闊客戶基礎，並使產品組合多元化。

除了豐富產品種類外，憑藉本集團過去二十年在時鐘業內累積的豐富經驗及雄厚的根基，在市場上贏得企業信譽的肯定。管理層深信透過在美國、英國、德國及中國各辦事處的網絡，將有助擴展世界性客戶基礎，並從蓬勃的中國市場及逐步復甦的海外市場爭取龐大的商機。本集團既能共享瞬息萬變的市場資訊，並加強橫跨不同地域作出推廣OEM及品牌產品如「Wehrle」、「Klik」、「雅達時」及「Memolux」之分銷及營運網絡。

## 提升生產營運效益並強化ISO管理系統

憑藉以往奠定的堅固基礎，並在時鐘及照明產品製造業內之肯定地位，本集團將堅持提升垂直綜合生產管理，力求達到最佳經濟效益。

對於木製品及照明產品之長遠發展方面，本集團已於過去兩年前開始籌備設立新生產廠房及設施項目，以求擴大生產能力。位於中國佛山市高明之新廠房設施已動工興建，該項設施鄰近本集團之現有生產配套，並於本年內落成。新廠房主要分為製造木製品及節能燈產品兩部份，總面積約佔12,600平方米，木製品的生產廠房及設施已於本年三月份投

products and lighting products, will have a total gross floor area of approximately 12,600 square meters. The production facilities for manufacturing wood product have commenced full operations in March of this year. While it is expected that the new production facilities for lighting products will commence full operations in the third quarter of this year. The total construction costs invested in the new production facilities is estimated at approximately HK\$7,000,000.

In the view that the labor costs in the Pearl River Delta increase gradually in recent years, the Management plans to deploy more resources in investing more equipment and machineries and enhance the production automation in order to minimize the reliance on the existing labor intensive manufacturing process. The Group continues to concentrate on upgrading production technologies and strengthening the ISO management in order to enhance the operation efficiency, to reduce the manufacturing costs and to increase the competitiveness in term of price and quality.

### **Strategic Business Diversification – Development of Pharmaceutical Business in the PRC**

The Management makes every endeavor to seek any opportunity to expand the scope of the existing businesses through merger and acquisition of other businesses or projects with high profitability returns.

As the Group expects high growth in the future development of the pharmaceutical industry in the PRC, the Group successfully acquired 49% equity interest in Success Start Holdings Limited (“Success Start”) on 31 March 2004.

The principal activities of two major subsidiaries of Success Start, namely 福建省安溪制藥有限公司 (Anxi Medicine-Make Co., Ltd Fujian) (“Anxi Medicine”) and 北京壘圍環球生物醫藥技術有限公司 (Beijing Xipu Biotechnology Ltd) (“Beijing Xipu”), are engaged in production, research and development and sales of bio-technological medical products respectively.

產：預算節能燈之新生產設施將於本年第三季全面投產。新生產設施之總投資費用約港幣7,000,000元。

鑑於近年珠江三角洲的勞動生產成本日趨增加，管理層預期將投入更多生產設備，提高生產自動化，積極減低依賴現時勞工密集式生產過程。同時，本集團會繼續提升生產技術及強化ISO管理系統，從而提高營運效率、減少成本費用及增加價格競爭性及產品質素。

### **策略性業務多元化 — 發展中國製藥業務**

管理層竭力考慮任何擴展現有業務的契機，諸如透過合併及收購其他業務或投資一些回報可觀的新項目。

由於本集團預計中國製藥業之未來發展具有高增長潛力，故本集團於二零零四年三月三十一日成功收購了成發控股有限公司（「成發」）之股本權益共49%。

成發轄下的兩間主要附屬公司，分別為福建省安溪制藥有限公司（「安溪制藥」）及北京壘圍環球生物醫藥技術有限公司（「北京壘圍」），其主要業務分別為生產、研發及銷售生物技術醫藥產品。

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In order to ensure the medical product quality and ultimately protect consumers' interests, Anxi Medicine was the first enterprise accredited with the GMP certificate for its large volume parenteral solution in Fujian province in September 2000 by complying with recognized GMP standard. The principal medical products include transfusion, bolus, bracteole, capsule, dry powder, ampoule and 頭孢米諾 ("Tou Bao Mi Nuo") raw material medicine and finished products packaging. All existing production facilities are currently located in the Anxi County of Fujian province and occupy a land area of about 20,000 square meters. In order to cope with the increasing future demand, the Management of Anxi Medicine has commenced to expand the current production facilities by constructing a new factory occupying a land area of 70,000 square meters and a floor area of about 48,000 square meters and investing in five additional production lines.

Beijing Xipu is mainly engaged in research and development, production and sales of bio-technological medical products. One of the major products of Beijing Xipu is 「璽圃牌利唐康膠囊胰島營養素」 ("Xi Pu Gluco Guard Yi Dao Ying Yan Su"), which has been developed for customers with diabetes. Many diabetic users after taking our products stop the usage of chemical pharmaceuticals (or stop the injection of insulin). 「璽圃胰島營養素」 ("Xi Pu Yi Dao Ying Yan Su") was launched to the market in December 2002. During the year, the sale of this product was about HK\$8,000,000. In the coming year, 「璽圃牌利唐康膠囊胰島營養素」 ("Xi Pu Gluco Guard Yi Dao Ying Yan Su") will be launched to Hong Kong market to facilitate estimated 700,000 users to recover their health. Meanwhile, it is expected to launch the said product to the markets in Europe and the US. The Management also expects to launch a new bio-technological medical product which aims to enhance the immune system and prevent tumor spreading of the users. In the meantime, the Management is eager to obtain the medicine manufacturing approval from the respective authority in the PRC this year.

For expanding the PRC market, the Management continues to expand its distribution network by appointing potential distributors covering among 10 major cities and provinces such as Beijing, Shanghai, Tianjin, Hebei, Jiangsu, Guangdong and Fujian etc.

為了保證醫藥產品的質量，並最終保障消費者，安溪制藥根據GMP的認可標準，為福建省首家於二零零零年九月獲授權大容量注射劑GMP認證。主要生產醫藥產品包括大輸液、片劑、膠囊劑、顆粒劑、凍乾粉劑、小針劑及中國第一家生產頭孢米諾原料藥及成品分裝。現時全部生產廠房位於福建省安溪縣，佔地約20,000平方米。鑑於藥品需求日增，安溪制藥之管理層現已透過興建佔地70,000平方米及建築面積約48,000平方米之新廠房及添置額外五條生產線以落實擴大現有生產設施。

北京璽圃主要從事研發、生產及銷售生物技術醫藥產品。其中一項主要產品為「璽圃牌利唐康膠囊胰島營養素」，專為患有糖尿病之顧客研製，已有大量患者服用後停止服用化學藥品（或停止注射胰島素），璽圃胰島營養素於二零零二年十二月投放市場，於本年度，其銷售額為港幣8,000,000元。於來年，璽圃牌利唐康膠囊胰島營養素也將投入香港市場，預計幫助香港70萬患者恢復健康，並打算向歐美國市場推廣。管理層預計推出一種新生物技術醫藥產品，今年內爭取向國家申報批准生產自己的研製，可提高人體免疫力及防止腫瘤擴散的生物技術產品。

為拓展中國市場，管理層將透過委託具潛質的分銷商，其覆蓋範圍包括約十個主要城市及省份，如北京、上海、天津、河北、江蘇、廣東及福建等地區，繼續擴充其於中國市場的分銷網絡。

With the economic development and change in perception towards pharmaceutical products consumption, the purchasing power of the developing countries with large populations will increase in a more rapid pace. In the last two decades, the PRC has maintained its high economic growth, uplifting people's living standard as well as their health consciousness; it will present a trend of strong and rapid growth of the pharmaceutical product market of the PRC.

Therefore the Management believes that the acquisition of a strategic equity interest in Success Start represents an excellent opportunity for the Group to diversify the existing businesses into medical development and manufacturing business in the PRC.

In overall, the corporate objectives of the Group are maximizing profitability and delivering enhanced value to shareholders and services to customers in the long run.

## APPRECIATION

Together with all my fellow directors, I sincerely thank all of our staff for their loyalty, commitment and hard work, and our customers, suppliers and shareholders for their continuing support.

By Order of the Board

**LIANG Jin You**

*Chairman*

Hong Kong, 26 July 2004

人口眾多的發展中國家隨著經濟發展和藥品消費觀念的轉變，購買力將有較快的增長。中國近二十來保持了高速的經濟增長，人民生活水平不斷提高，健康意識亦相繼提高，據此顯示了中國醫藥產品市場的持續快速增長。

故此，管理層深信收購成發之策略性股權乃將本集團現有業務範圍擴展至中國之醫藥開發及製造業務之良機。

總括而言，本集團長遠企業目標乃是擴大本集團整體利潤，並為股東及客戶帶來最佳利潤及服務。

## 致謝

本人謹與董事會就全體職員之忠誠、投入與勤奮，以及各客戶、供應商和股東之不斷支持致以衷心謝意。

承董事會命

**梁金友**

*主席*

香港，二零零四年七月二十六日