



新 醫 藥 控 股 有 限 公 司
NEW CHINESE MEDICINE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)



ANNUAL REPORT 2003 年 報
<http://www.newchinesemedic.com>

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BOARD OF DIRECTORS**EXECUTIVE DIRECTORS**

Wong Cheah Foo (*Chairman*)
Leung Oi Wah (*Vice-chairlady*)
Lau Ka Ho (*Director*)
Gao Junqing (*Director*)
Lin Daquan (*Director*)

董事會**執行董事**

黃齊富 (主席)
梁愛華 (副主席)
劉家豪 (董事)
高俊清 (董事)
林大全 (董事)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wan Choi Ha
Junya Kabeya
Tsoi Chi Yin

獨立非執行董事

溫彩霞
壁谷順也
蔡志賢

COMPANY SECRETARY

Lau Ka Ho (*Qualified Accountant*)

公司秘書

劉家豪 (合資格會計師)

COMPLIANCE OFFICER

Leung Oi Wah

監察主任

梁愛華

AUTHORISED REPRESENTATIVES

Wong Cheah Foo
Lau Ka Ho

法定代表

黃齊富
劉家豪

AUDIT COMMITTEE

Wan Choi Ha
Junya Kabeya
Wong Cheah Foo

審核委員會

溫彩霞
壁谷順也
黃齊富

LEGAL ADVISORS

David Lo & Partners
Philip T.F. Wong & Co.

法律顧問

羅國貴律師事務所
黃德富律師行

SPONSOR

Kingston Corporate Finance Limited

保薦人

金利豐財務顧問有限公司

AUDITORS

Deloitte Touche Tohmatsu

核數師

德勤 • 關黃陳方會計師行

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

主要往來銀行

中國銀行(香港)有限公司

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies

註冊辦事處

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

A portion of the 1st Floor
Wing Fai Mansion
52 Wing Kwong Street
Hungghom, Kowloon
Hong Kong

香港主要營業地點

香港
九龍
紅磡
榮光街52號
榮輝商場1樓部份

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Secretaries Limited
G/F, BEA Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

香港股份過戶登記分處

秘書商業服務有限公司
香港
灣仔告士打道56號
東亞銀行港灣中心地下

GEM STOCK CODE

8085

創業板股份編號

8085

WEBSITE ADDRESS

<http://www.newchinesemedic.com>

網址

<http://www.newchinesemedic.com>

Dear Shareholders,

On behalf of the board of Directors (the "Board") of New Chinese Medicine Holdings Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended March 31, 2003.

RESULT

The Group recorded a turnover of approximately HK\$14 million and net loss attributable to the shareholders of HK\$27.7 million for the year ended March 31, 2003.

BUSINESS REVIEW

During the fiscal year of 2003, the Group faced many challenges. The economic downturn in Japan affected the number of Japanese tourists visiting the Group's retail outlet in Hong Kong, and the death and illness incidents in Japan caused by the use of some imported weight-loss products from China also caused temporary loss of confidence in Chinese medicine related products among some Japanese. With most of the existing business coming from Japanese tourists visiting the Group's retail outlet in Hong Kong, the Group's revenues for the year were significantly affected. While the outbreak of war, the global economic downturn and the recent outbreak of severe acute respiratory syndromes ("SARS"), will inevitably affect Hong Kong tourism industry.

However, the Group has been actively implementing its business plans to reduce the reliance on the Group's retail outlet in Hong Kong and to develop additional income sources. The Group had successfully developed a total 13 health supplement products for the Japanese local and Hong Kong market. These 13 health supplement products are intended for those affected by diabetes, hyperlipidemia, hypertension, obesity, pollinosis, constipation and strengthening the liver and stomach, anti-ageing and intended for regulating menstruation, pelvic inflammation, rheumatic arthritis. In February 2003, the Group launched two of the Saussurea (天山雪蓮) series' products YUKINOBI (雪之美) and YUKIJOBI (雪淨美), all over Hong Kong through Watsons, a large drug store chain. The Hangzhou outlet was soft opened in October 2002. However, the result of Hangzhou outlet was not satisfied and with the outbreak of war, the Hangzhou outlet had been closed in February 2003. The Group's first Japan membership center was opened in Tokyo in September 2002 and the Group is presently assessing the results of the membership center.

PROSPECTS

Although the U.S. government declared that the Iraq war was over on May 1, 2003, it was followed by the outbreak of SARS which has more profound social and economic impact to Hong Kong, especially in the sectors of tourism, air transportation, retailing and catering industries. The Group had made an announcement on

親愛的列位股東，

本人謹代表新醫藥控股有限公司(「本公司」)欣然呈報本公司及其附屬公司(「本集團」)於截至二零零三年三月三十一止年度的業績。

業績

於截至二零零三年三月三十一日止年度，本集團錄得營業額約14,000,000港元，而股東應佔虧損淨額為27,700,000港元。

業務回顧

於二零零三年財政年度內，本集團曾面對萬重挑戰。由於日本經濟衰退，光臨本集團在香港的零售店舖的日本旅客人數因而受到影響，加上日本發生使用若干從中國進口的減肥產品引致死傷，令日本大眾對中藥相關產品暫時失去信心。由於本集團現有業務主要來自光臨本集團在香港的零售店舖的日本旅客，故本集團在本年度的收入受到嚴重影響。爆發戰爭，全球經濟下滑，再加上最近爆發非典型肺炎(「SARS」)將無可避免地影響香港旅遊業。

然而，本集團過去一直積極推行減低對本集團在港零售店舖的依賴程度，並發展其他收入來源。本集團經已成功開發13種保健產品，供日本國內及香港市場銷售。此等13種保健產品擬用於幫助糖尿病、血脂過高、高血壓、肥胖症、花粉症、便秘等患者服用，並可強化肝臟及胃部功能及抗衰老，及擬用於調節月經、盆骨炎、風濕性關節炎。二零零三年二月，本集團推出兩項天山雪蓮系列產品，雪之美及雪淨美，透過一間大型連鎖藥房屈臣氏在全香港發售。杭州分銷店已於二零零二年十月試行開幕。然而，由於杭州分銷店成績未如理想，加上戰爭爆發，本公司已於二零零三年二月關閉杭州分銷店。本集團已於二零零二年九月在東京開設首個日本會員中心，本集團目前正評估該會員中心的成績。

前景

雖然美國政府已於二零零三年五月一日宣佈結束伊拉克的戰事，但隨後爆發SARS對香港社會及經濟所帶來的影響更為深遠，尤其對旅遊業、航運業、零售業及飲食業的打擊更為嚴重。本集團已根據聯交所創業板上市規則第17.10條於二零

the GEM website on June 24, 2003 pursuant to paragraph 17.10 of the GEM Listing Rules of the Stock Exchange to warn the Company's shareholders and public investors to exercise caution when dealing in the Company's shares.

The Board has responded to the abrupt disruption to its business by controlling cost on expenditures such as reducing the staff cost and enhancing the Group's distribution activities on the other, although such measures may not immediately become apparent in the short term.

As the World Health Organization ("WHO") had withdrawn its travel advisory against non-essential travel to Hong Kong. In view that Hong Kong has been removed from the list of areas with local transmission of SARS, the Board expects that the Hong Kong tourism industry will revive soon in the coming months. The Company is also currently exploring new sales channels such as arrangement with Japanese tour groups to distribute our products on their tour buses travelling in Hong Kong and planning to launch new medicine and health supplement products as to stimulate more revenue to the Group in future. However, it is not possible to foresee the development of the outbreak of SARS and how long the outbreak of SARS will disrupt the Company's operations.

OTHER BUSINESS OPPORTUNITIES

The implementation of mandatory registration requirements for proprietary Chinese medicine practitioners by the Hong Kong Government has undoubtedly increase confidence in Chinese medicine practitioner in Hong Kong. As more and more people in Hong Kong are willing to seek medical consultations from Chinese medicine practitioners, we believe this growing trend will offer good market potential for the Group's proprietary Chinese medicine and health supplement products.

The Group is well poised to take advantage of China's entry to the World Trade Organization to expand business. The Group is also planning to explore other potential markets to reduce reliance currently placed on the Hong Kong tourism market. In view of the huge market potential, the Group is currently seeking suitable PRC business partners or investors to develop the PRC domestic Chinese medicine market.

APPRECIATION

I would like to take this opportunity to express my gratitude to our management and staff for their dedication and contribution to the Group, and to thank our fellow business partners and shareholders for their continuing support. We will endeavor to explore every potential opportunity for business growth, creating a promising future and better results in the year ahead.

Wong Cheah Foo
Chairman

Hong Kong, June 30, 2003

零三年六月二十四日發表公佈，告誡本公司股東及公眾投資者買賣本公司股份時務須謹慎行事。

董事會已作出若干措施，雖未能在短期內起立竿見影之效，惟以就對本集團構成嚴重影響的局勢作出回應。該等措施包括控制成本開支，例如削減員工成本及增強本集團在其他方面的分銷業務。

世界衛生組織（「世衛」）經已撤銷有關非必要切勿訪港的旅遊勸喻。鑑於世衛已將香港從SARS疫區名單上除名，董事預期香港旅遊業將可在未來數月迅速復甦。董事會現時亦正探索新的銷售渠道，例如與日本旅行集團安排在他們的香港旅遊巴士上分銷本集團的產品，並計劃推出新藥及保健產品，刺激銷售，為本集團日後帶來更多收入。然而，目前無法估計爆發SARS發展情況，及爆發SARS對本集團運作之影響會歷時多久。

其他商機

香港政府對中醫實施強制性註冊規定，毫無疑問將會提升市民對香港中醫的信心。越來越多香港市民會向中醫求診，預計這種趨勢將會為本集團中成藥及保健產品締造市場潛力。

本集團已準備好捕捉中國加入世界貿易組織所帶來的好處，從而擴展業務。本集團亦計劃探索其他具潛質市場，以減低現時對香港旅遊市場的依賴程度。鑑於市場潛力龐大，本集團現正物色合適的中國業務夥伴或投資者，以發展中國國內中醫藥市場。

致謝

本人謹藉此機會，對管理層及全體員工對本集團努力不懈及全心奉獻衷心致謝，亦感謝眾業務夥伴及列位股東過去一直的支持。我們將竭盡所能，探索每一個有潛質的業務發展機會，創造一個光明遠大的未來並在來年取得更佳的業績。

主席
黃齊富

香港，二零零三年六月三十日

BUSINESS REVIEW

During the year of 2003, the Group faced many challenges. The economic downturn in Japan affected the number of Japanese tourists visiting the Group's retail outlet in Hong Kong, and the death and illness incidents in Japan caused by the use of some imported weight-loss products from China also caused temporary loss of confidence in Chinese medicine related products among some Japanese. With most of the existing business coming from Japanese tourists visiting the Group's retail outlet in Hong Kong, the Group's revenues for the year were significantly affected. While the outbreak of war, the global economic downturn and the recent outbreak of SARS, will inevitably affect Hong Kong tourism industry.

However, the Group continued to follow its business plans to (1) expand its distribution network; (2) enlarge its customer base; (3) enlarge its product lines; and (4) expand its research and development capability.

The Group has been pursuing its plan to establish distribution outlets in Hangzhou, Beijing and Xian in the PRC. The Hangzhou outlet was soft opened in October 2002 but the results of Hangzhou outlet were not satisfied and with the outbreak of war, the Hangzhou outlet had been closed in February 2003. The Group entered into a letter of intent with a research institute in Beijing with respect to the opening of a distribution outlet in Beijing. However, since the outbreak of war and SARS, the opening of the Beijing outlet will be postponed to the forth quarter of 2003. The Group is currently seeking suitable PRC business partners or investors to develop the PRC domestic Chinese medicine market.

For the overseas markets development, the Group continued to seek suitable business partners in different countries during the period under review. In April 2002, the Group entered into a distribution agreement with a Canadian based health food distributor. The Canadian distributor is responsible for marketing and distributing the Group's 8 new health supplement products to professional parties including naturopathic doctors, TCM doctors and specialized health food stores, drug stores and supermarkets in Canada. This move marked a cornerstone in the Group's penetration into the North American market. In 2002, the Group engaged a number of discussions with a U.S. nutritional supplement company with a view to distributing the Group's new health supplement products through this company's sales channels in the United States. Since the outbreak of war and up to the date of this report, no agreement has been reached with this U.S. nutritional supplement company. The Group has now decided to seek another business partners to assist the Group in developing the U.S. market.

Over the years, the Group has successfully build up its brand name, Kanpoyakudo (漢方藥堂), and its customer base in the

業務回顧

於二零零三年度內，本集團曾面對萬重挑戰。由於日本經濟衰退，光臨本集團在香港的零售店舖的日本旅客人數因而受到影響，加上日本發生使用若干從中國進口的減肥產品引致死傷，令日本大眾對中藥相關產品暫時失去信心。由於本集團現有業務主要來自光臨本集團在香港的零售店舖的日本旅客，故本集團在本年度的收入受到嚴重影響。爆發戰爭，全球經濟下滑，再加上最近爆發SARS將無可避免地影響香港旅遊業。

然而，本集團繼續遵循其業務計劃，(1)擴展其分銷網絡；(2)擴闊其客戶基礎；(3)擴闊產品線；及(4)增強研發能力。

本集團繼續推行在杭州、北京及西安開設分銷店的計劃。杭州分銷店已於二零零二年十月試行開幕。然而，由於杭州分銷店未如理想，加上戰爭爆發，本公司已於二零零三年二月關閉杭州分銷店。本集團與北京一間研究所簽訂意向書，以便在北京開設分銷店。然而，由於爆發SARS，北京銷售店將押後至二零零三年第四季開幕。本集團現正物色合適的中國業務夥伴或投資者，以發展中國國內中醫藥市場。

至於開發海外市場方面，本集團在回顧期內繼續在不同國家物色適合的業務夥伴。於二零零二年四月，本集團與加拿大一間保健食品分銷商訂立分銷協議。該加拿大分銷商負責在加拿大進行市場推廣及分銷本集團8種全新保健產品，分銷對象為專業人士包括自然療法醫生、傳統中醫及保健食品專門店、藥房及超級市場等。此舉為本集團滲透北美市場的基石。於二零零二年，本集團現時正與美國一家營養保健產品公司進行磋商，藉以透過該公司在美國的銷售渠道分銷本集團全新保健產品。自戰爭爆發後及直至本報告日期，本集團尚未與該美國營養保健產品公司達成協議。本集團現決定尋求可協助本集團發展美國市場的其他商業夥伴。

過去多年，本集團成功在日本市場建立漢方藥堂品牌及強大的客戶基礎。為了鼓勵現有客戶

Japanese market. In order to encourage repeated purchases via the Group's health portal, www.newchinesemedic.com and solicit referrals from its existing customers, the Group has been actively pursuing its plan to establish a number of membership centres in Japan to strengthen the brand loyalty. The Group's first Japan membership centre was opened in Tokyo in September 2002 and the Group is presently assessing the results of the membership centre. The Group also aims to open one more membership centre in Japan in the third quarter of 2003. With the opening of the membership centres in Japan, it is expected that both the Internet sales and the number of referrals from club members will rise in the years ahead.

In addition to marketing to Japanese club members, the Group also plans to market and distribute its new health supplement product line in Japan through large local Japanese distributors or large local health food chain stores. During the year, the Group successfully developed a total of 8 health supplement products for the Japanese local market. These 8 health supplement products are intended for those affected by diabetes, hyperlipidemia, hypertension, obesity, pollinosis, constipation and strengthening the liver and stomach. These products are now in manufacturing stage and due to the recent outbreak of SARS, we expect to launch these products to Japan local market in the third quarter of 2003 through the membership center in Japan.

In 2002, the Group successfully developed a new health supplement product series for the Hong Kong market using *Saussurea* (天山雪蓮) as major ingredient. The *Saussurea* series is consisted of 4 products which are intended for regulating menstruation, pelvic inflammation, rheumatic arthritis and anti-aging. In February 2003, the Group launched two of the *Saussurea* series' products, YUKINOBI (雪之美) and YUKIJOB (雪淨美), all over Hong Kong through Watsons, a large drug store chains. The Group is presently assessing the results of these two products and aims to launch the other two *Saussurea* series' products in the third quarter of 2003. We believe that with successful introduction of new products to the market, the Group is not only well positioned to satisfy different customer needs and compete against its competitors in the Chinese medicine and health supplement markets, but also to further enhance its income base.

During the year, the Group entered into a number of agreements with Sichuan Research Institute of New Medicine (the "SRI") and the shareholders of SRI with respect to the acquisition of 51% interests in the SRI and amending the terms of a number of existing agreements between the Group and the SRI. The proposed transactions were subsequently terminated in view of the substantial change in the trading price of the shares of the Company. The

透過本集團保健網站 www.newchinesemedic.com 不斷購物及促使他們介紹新客戶，本集團一向積極推動在日本開設多間會員中心的計劃，增強品牌忠誠度。本集團已於二零零二年九月在日本東京開設首個會員中心，本集團目前正評估該會員中心的成績。本集團亦計劃於二零零三年第三季於日本開設多一間會員中心。隨著日本會員中心啟用，我們相信來自互聯網的銷售額及會員介紹人數均會在來年攀升。

除向日本會員進行市場推廣外，本集團亦計劃透過日本國內大型分銷商或當地大型保健食品連鎖店，為其全新保健產品進行市場推廣及分銷。於本年度內，本集團成功開發合共8種保健產品，供日本國內市場銷售。該8種保健產品擬用於幫助糖尿病、血脂過高、高血壓、肥胖症、花粉症、便秘等患者服用，並可強化肝臟及胃部功能。該等產品現正處於製造階段，但由於近期爆發SARS，我們預計可在二零零三年第三季透過日本會員中心在日本國內市場推出上述產品。

於二零零二年，本集團成功推出主要以天山雪蓮為主要成份的全新保健產品系列。天山雪蓮系列由4種產品組成，擬用於調節月經、盆骨炎、風濕性關節炎及有抗衰老之功效。二零零三年二月，本集團推出兩項天山雪蓮系列產品，雪之美及雪淨美，透過一間大型連鎖藥房屈臣氏在全香港發售。本集團現正評估該兩種產品的成績，並打算在二零零三年第三季推出另外兩種天山雪蓮系列產品。我們相信成功在市場推出新產品，本集團不但作好準備，滿足不同客戶需求，與中醫藥及保健產品市場的競爭者抗衡，而且亦可增強日後的收入基礎。

於本年度內，本集團與四川新醫藥研究所及其股東訂立若干協議，以便收購四川新醫藥研究所51%權益及修訂本集團與四川新醫藥研究所現有多項協議之條款。有關建議交易其後因為本集團股份買賣價格出現重大變動而告終。本公司與四川新醫藥研究所之研發安排維持不變，並繼續與訂立建議交易前一樣。四川新醫藥研究所將繼

research and development arrangement between the Company and the SRI remains unchanged and will continue to be the same as before the entering of the proposed transactions. The SRI will continue to provide various services, including research and development services, to the Group in accordance with the terms of a number of existing agreements between the Group and the SRI.

The Company is also currently exploring new sales channels such as arrangement with Japanese tour groups to distribute our products on their tour buses travelling in Hong Kong and planning to launch new medicine and health supplement products as to stimulate more revenue to the Group in future. However, it is not possible to foresee the development of the outbreak of SARS and how long the outbreak of SARS will disrupt the Company's operations.

FINANCIAL REVIEW

For the year of 2003, the Group recorded a turnover of about HK\$14 million. About 93.8% of the turnover was contributed by the Group's retail outlet in Hong Kong. The Group's outlet sales for the period was about HK\$13.2 million representing a decrease of about 45.3% from the last year. In addition, the Group's turnover on e-commerce business also showed a decrease of about 66.3% from last year. The economic downturn in Japan, and the temporary loss of confidence in Chinese medicine related products among some Japanese generated by bad publicity linked to a number of death and illness incidents in Japan caused by the use of some imported weight-loss products from China were the major factors causing both the number of Japanese tourists and the average spending per customer to drop. This was also partly attributed to the declaration of war on Iraq by the U.S. government on March 20, 2003 and partly due to the general concern of the fatal disease – SARS that was first found in Hong Kong on March 10, 2003. Accordingly, Japanese tourists coming to Hong Kong has shrunk significantly since mid-March 2003. The number of Japanese tourists visited the Group's retail outlet in Hong Kong dropped from last year's 80,472 to 49,608 this year. The average spending per customer from the outlet sales also decreased to HK\$265 from last year's HK\$300.

In line with the decrease of the sales turnover, the gross profit of the Group for the year period also decreased to about HK\$6.1 million, representing a decrease of about 60.2% compared to last year. The gross profit margin also decreased to about 43.4% from 57.4% in last year. The decrease of gross profit margin was mainly caused by the structure of the commission arrangements with the Japanese tour agencies. Under the commission arrangements with the Japanese tour agencies, a portion of the commission was paid either on a fixed amount per visitor visiting the outlet or on a percentage of the purchase amount of the visitors visiting the outlet.

續根據本集團與四川新醫藥研究所現有協議之條款，向本集團提供多項服務，包括研發服務。

本公司現時亦探索新銷售渠道，例如與日本旅行集團安排在他的香港旅遊巴士上分銷本集團的產品，並計劃推出新藥及保健產品，刺激銷售，為本集團日後帶來更多收入。然而，目前無法估計爆發SARS發展情況，及爆發SARS對本集團運作之影響會歷時多久。

財務回顧

於二零零三年年度，本集團錄得營業額約14,000,000港元。約93.8%營業額來自本集團香港零售店。於期間內，本集團零售店銷售額約為13,200,000港元，較去年減少約45.3%。此外，本集團電子商貿的營業額亦較去年下降約66.3%。日本經濟放緩，加上近期日本發生服用若干來自中國的減肥產品引致死傷意外，令日本民眾暫時對中醫藥有關產品失去信心，都是造成日本旅客數字及每名客戶平均消費降低之主因。部份原因亦因為美國政府於二零零三年三月二十日向伊拉克宣戰，部份則為香港於二零零三年三月十日首次發現SARS個案。因此，光臨本集團香港零售店之日本旅客人數由去年80,472人次減至49,608人次。從店舖銷售額亦顯示每名客戶平均消費額減少至265港元，去年同期則為300港元。

隨著銷售營業額下降，本集團毛利於本年度內亦下降至約6,100,000港元，較去年同期下降約60.2%。毛利率亦由去年約57.4%減少至約43.4%。毛利率下降主要因為日本旅行社佣金安排架構所致。根據日本旅行社佣金安排，部份佣金計算方式為按每名光臨零售店旅客人數支付固定款項，或以旅客在零售店購買額之若干百分比計算佣金。由於前者安排造成龐大佣金總額，且當

As the former arrangement accounted for a large portion of the total commission and when the sales turnover drops, the gross profit margin will also decrease as the commission paid to the Japanese tour agencies does not change in the same proportion.

Introducing fee payable to inbound Japanese tour operations was the major component of the Group's distribution and marketing expenses. There was first found in introducing fee payable during the year as a result of maintaining a favorable level of Japanese tourists introduced by the Japanese tour operators in the economic downturn period.

The administrative expenses of the Group for the year increased to about HK\$19.6 million, representing an increase of about 76.6% compared to last year. The increase was mainly caused by the increase of business development costs for the establishment of distribution outlets in the PRC, the increase of establishment costs of first Japan membership center in Tokyo and the increase in staff costs.

Loss attributable to the shareholders for the year amounted to approximately HK\$27.7 million.

SEGMENTAL RESULTS

The principal activities of the Group are sale of Chinese Medicine through retail and e-commerce divisions. Both their turnover showed a substantial decrease. The Group's turnover and results are substantially derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

The Group's primary sources of funds were cash provided by the operating activities and balance of cash proceeds from the issue of new shares pursuant to the listing exercise of the Company in March 2002. As at March 31, 2003, the Group had total assets of about HK\$20.4 million (March 31, 2002: HK\$42.3 million) which were financed by current liabilities of HK\$10.3 million (March 31, 2002: HK\$4 million) and shareholders' funds of about HK\$10.1 million (March 31, 2002: HK\$38.2 million). The current assets amounted to about HK\$10.4 million (March 31, 2002: HK\$40 million). As at March 31, 2003, the Group had no bank borrowings and had no long-term debt. The current assets to current liabilities was about 1.

GEARING RATIO

The Group did not have any bank borrowing as at March 31, 2003 except for the short term bank overdraft and the Group had a net cash position. In this regard, the Group's gearing ratio is 0.82% (March 31, 2002: 0.16%), defined as the ratio between total borrowing and shareholders' funds.

銷售營業額下降，而支付予日本旅行社之佣金不會相應改變，從而令毛利率亦隨之下降。

本集團分銷及市場推廣開支大部份為應付日本旅行社的介紹費。由於要求日本旅行社在經濟衰退期內介紹相當數目的日本旅客人數，本年度首次引入應付介紹費。

於本年度內，本集團行政開支增加至約為19,600,000港元，較去年同期增加約76.6%。行政開支增加主要因為在中國成立分銷店之開發業務成本增加、位於東京之首間日本會員中心成立成本及員工成本增加所致。

股東應佔本年度虧損約為27,700,000港元。

分部業績

本集團主要業務為透過零售店及電子商貿部份銷售中成藥，兩者的營業額均錄得大幅下降。本集團營業額及業績主要以香港為基地，故並無呈報按地區分部分析。

流動資金、財政資源及資本架構

於本年度內，本集團主要資金來源乃來自經營業務提供的現金及本公司於二零零二年三月上市發行新股所籌集的現金結存。於二零零三年三月三十一日，本集團總資產約為20,400,000港元（於二零零二年三月三十一日：42,300,000港元）乃由流動負債約10,300,000港元（於二零零二年三月三十一日：4,000,000港元）及股東資金約10,100,000港元（於二零零二年三月三十一日：38,200,000港元）撥資。流動資產合共約10,400,000港元（於二零零二年三月三十一日：40,000,000港元）。於二零零三年三月三十一日，本集團並無銀行貸款，亦無長期債務。流動資產與流動負債之比率為約1。

負債資產比率

於二零零三年三月三十一日，除短期銀行透支外，本集團並無任何銀行借貸，而本集團擁有充足現金淨額。就此而言，若以總借貸除以股東資金計算，本集團之負債資產比率為0.82%（於二零零二年三月三十一日：0.16%）。

FOREIGN CURRENCY RISK

The Group has foreign currency risk as a significant portion of the Group's turnover is denominated in the Japanese Yen. Fluctuation of the exchange rates of Hong Kong dollars against the Japanese Yen could affect the Group's results of operations.

The Group closely monitors its foreign currency exposure by converting the Japanese Yen received from the customers as soon as practicable and does not hold position on Japanese Yen.

FUNDING AND TREASURY POLICY

The Group adopts a prudent funding and treasury policy with regard to its overall business operations and foreign currencies receipts are converted into Hong Kong dollars and banked in at the next banking day to minimize foreign exchange risks.

CHARGES ON GROUP ASSETS

As at March 31, 2003, none of the Group's assets was pledged as security for liabilities (as at March 31, 2002: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year, the Group attempted to acquire 51% interest in the SRI. The proposed acquisition was subsequently terminated in December 2002.

In June 2003, the Group proposed to enter into an agreement with an independent third party to acquire the medicine formulae of five health supplement products for a total consideration of HK\$9,000,000 which will be satisfied by way of allotment and issue of 90,000,000 new shares of the Company at HK\$0.10 each to the vendor. The Group had made an announcement on the GEM website on June 26, 2003 to disclose the status of the proposed acquisition. An announcement will be made shortly to disclose the details of this proposed acquisition.

CONTINGENT LIABILITIES

As at March 31, 2003, the Group had no contingent liabilities (as at March 31, 2002: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2003, the Group employed a total of 21 staff. Remuneration is determined by reference to market terms, the performance, qualifications and experience of each individual employee. Discretionary bonus based on individual performance and the profit of the Group will be paid to employees as recognition of and reward for their contribution. Other benefits include share option scheme for eligible employees.

外匯風險

本集團承受外匯風險，因為本集團大部份營業額均以日圓定值。港元兌日圓率變動會影響本集團經營業績。

本集團在收取客戶的日圓後，即盡可能馬上將之兌換，而不會持有日圓，以密切監視所承受的外匯風險。

資金及庫務政策

本集團對其整體業務運作採納審慎資金及庫務政策，將所收取之外幣換算為港元，並於下一個銀行辦公日存放於銀行，以減低外匯風險。

集團資產抵押

於二零零三年三月三十一日，本集團並無為負債而將資產作抵押（於二零零二年三月三十一日：無）。

附屬公司及聯營公司之重大收購及出售

於本年度，本集團擬收購四川新醫藥研究所51%權益。是項建議收購其後已於二零零二年十二月被終止。

於二零零三年六月，本集團建議與一獨立第三者訂立一項協議，以總代價9,000,000港元收購五種保健產品的藥方。有關代價將以向賣方以每股0.10港元之價格配發及發行90,000,000股本公司新股份之方式支付。本集團已於二零零三年六月二十六日在創業板網頁上發表公佈，披露建議收購事項之進展。本公司將於近日就是項建議收購事項之詳情發表公佈。

或然負債

於二零零三年三月三十一日，本集團並無或然負債（於二零零二年三月三十一日：無）。

僱員及酬金政策

於二零零三年三月三十一日，本集團合共聘用約21名員工。酬金乃參考市場條款、個別員工表現、學歷及經驗而定。酌情花紅乃按照表現及對本集團得益而向個別員工發放，作為對其貢獻之肯定及獎勵。其他福利包括讓合資格僱員參與購股權計劃。

Set out below is a comparison between the Group's actual business progress up to March 31, 2003 and its business objectives as stated in the prospectus of the Company dated February 25, 2002:

以下為本集團截至二零零三年三月三十一日止之實際業務進展與刊載於本公司於二零零二年二月二十五日刊發之售股章程所述之業務目標之比較：

I. TO EXPAND RESEARCH AND DEVELOPMENT CAPABILITY AND PRODUCT LINES ON CHINESE MEDICINE AND HEALTH SUPPLEMENT PRODUCTS

I. 擴充中藥及保健產品之研究及開發實力以及產品系列

Proposed project progress

建議項目進展

Research and development on Chinese medicine products

研究及開發中藥產品

Conduct research and development projects

進行研究及發展項目

Launch new Chinese medicine products

推出全新中藥產品

Research and development on health supplement products

研究及開發保健產品

Conduct research and development projects

進行研究及發展項目

Actual project progress

實際項目進展

Commenced projects to enhance the Group's 14 Chinese medicine products, to develop a Chinese medicine product for menopause. Finished the formulation and literature research of it. Suspended development a Chinese medicine product for allergic rhinitis. 展開增強本集團14種中藥產品及開發一種幫助更年期之中藥產品之計劃。已完成處方及文獻研究工作。暫停開發治療過敏性鼻炎之中藥產品。

Delayed as the research and development has not yet finished.
延期，尚未完成研究及開發。

Research and development on a new health supplement product line, the Saussurea (天山雪蓮) series, has finished. The Saussurea (天山雪蓮) series consists of 4 products which are indicated for regulating menstruation, pelvic inflammation, rheumatic arthritis and anti-ageing. 2 of the Saussurea products had launched over Hong Kong in February, 2003. The remaining 2 products are ready for mass production.

全新保健產品天山雪蓮系列開發項目已完成。天山雪蓮系列將由4種產品組成，擬用於幫助調理月經、盆骨炎、風濕性關節炎及抗衰老。其中兩種天山雪蓮產品已於二零零三年二月在香港推出。其餘兩種產品已準備大量生產。

Proposed project progress
建議項目進展

Launch health supplement products

推出保健產品

Joint research and development
共同研究及發展

Discuss with Hong Kong/overseas research institutes

與香港／海外研究機構商討

Actual project progress
實際項目進展

Research and development of 8 health supplement products for the Japanese local market had finished. These 8 products are intended for those affected by diabetes, hyperlipidemia, hypertension, obesity, pollinosis, constipation and strengthening the liver and stomach. Safety tests on these 8 products have been finished in Japan Food Analysis Center which is approval recommended by Ministry of Health, Labour and Welfare in Japan. These 8 products are ready for mass production.

8種專攻日本市場的保健產品的研發工作經已完成。該8種產品擬用於幫助糖尿病、血脂過高、高血壓、肥胖症、花粉症、便秘的患者及有強化肝胃功能。獲日本厚生勞動省推薦批准的日本食品分析中心已完成該8種產品的安全測試。該8種產品現準備大量生產。

Substantial research and development on a new health supplement product by using natural cordyceps as main ingredient, which is intended for anti-ageing, has finished.

接近完成一種使用天然冬蟲夏草為主要成份之全新抗衰老保健品之研究及開發。

8 health supplement products were launched in the Group's retail outlet in Hong Kong.

8種保健產品已在本集團香港零售店推出。

In February 2003, 2 of the Saussurea (天山雪蓮) series products, YUKINOBI (雪之美) and YUKIJOB (雪淨美), had launched all over Hong Kong through Watsons, a large drug store chains. The advertising campaign is started in February 2003.

於二零零三年二月，兩種天山雪蓮系列產品(雪之美及雪淨美)已透過一間大型連鎖藥房屈臣氏推出，行銷全港。廣告計劃已於二零零三年二月啟動。

Delayed because the Group wanted to focus on finalising its current negotiations with some well established research institute in the PRC before commencing new discussions with Hong Kong/overseas research institutes.

延期，由於本集團希望與香港／海外研究機構展開商討前，集中現時與若干著名中國研究機構進行之商討落實最後定案。

Proposed project progress
建議項目進展

Enter into joint research cooperative arrangement

訂立聯合研究合作安排

Conduct research and development projects

進行研究及開發項目

Actual project progress
實際項目進展

Entered into a joint research agreement with Chengdu University of Traditional Chinese Medicine with a view of forming a research and development platform in Chengdu to research, develop and market modernised Chinese medicine and health supplement products to international markets.

與中國成都中醫藥大學達成聯合研究協議，於成都設立研究及開發平台，以研究、開發及推廣現代化中藥及保健產品，投放國際市場。

The Group is reviewing a proposal of developing a new health supplement product series targeting children and teenagers with Chengdu University of Traditional Chinese Medicine. However, the project had temporary suspended due to the outbreak of war and SARS.

本集團正檢討與中國成都中醫藥大學聯合開發一項以兒童及年青人為對象的全新保健產品系列之建議。然而，該項目因戰爭及SARS爆發已暫停。

II. TO PURSUE GEOGRAPHICAL EXPANSION OF DISTRIBUTION NETWORK IN THE PRC AND OF THE CUSTOMER BASE

Proposed project progress
建議項目進展

PRC distribution outlets

中國分銷店

Establish distribution outlets in Beijing and Hangzhou

在北京及杭州開設分銷店

II. 繼續在中國擴充分銷網絡及增強客戶基礎

Actual project progress
實際項目進展

The Hangzhou outlet was soft opened in October 2002 but closed in February 2003 due to unsatisfactory results and the outbreak of war. Entered into a letter of intent with the Chinese Academy of Traditional Chinese Medicine ("CATCM") in September 2002 with respect to the opening of a distribution outlet in Beijing. However, since the outbreak of war and SARS, the opening of the Beijing outlet will be postponed to the forth quarter of 2003.

杭州分銷店已於二零零二年十月試行開幕，但因業績不理想及戰爭爆發，杭州分店已於二零零三年二月結業。於二零零二年九月，與Chinese Academy of Traditional Chinese Medicine(「CATCM」)就於北京開設分銷店簽訂意向書。然而，由於爆發戰爭及SARS，開設北京分銷店將延期至二零零三年第四季。

Proposed project progress**建議項目進展**

Market the PRC distribution outlets to tour agencies

向旅行社推廣中國分銷店

Identify site location for the outlet in Xian

為西安分銷店選址

E-customer referral programme**網上客戶推薦計劃**

Establish overseas membership centers in Japan

在日本成立海外會員中心

Launch membership promotional campaigns

推出會員推薦計劃

Expansion to overseas markets**開拓海外市場**

Discuss with US distributors, wholesalers and/or large chain stores

與美國分銷商、批發商及／或大型連鎖店商討

Enter into agreements with US distributors, wholesalers and/or large chain stores

與美國分銷商、批發商及／或大型連鎖店訂立協議

Actual project progress**實際項目進展**

Commenced but finally terminated to market the Hangzhou outlet to tour agencies due to unsatisfactory results and outbreak of war. 展開但因業績不理想及爆發戰爭最終終止向旅行社推廣杭州分銷店。

The Group is still evaluating different site options and aims to open the Xian outlet in the forth quarter of 2003.

本集團現正評審多個不同選址，預期西安分銷店於二零零三年第四季開業。

The first Japan membership center was opened in Tokyo in September 2002.

已於二零零二年九月在東京開設首間日本會員中心。

Postponed due to some recent bad publicity linked to a number of death and illness incidents caused by the use of some imported Chinese brands' weight-loss products in Japan and the outbreak of war and SARS.

延期，由於近期日本發生服用若干來自中國的減肥產品引致若干死傷意外，及爆發戰爭及SARS。

Commenced discussions with a large US nutritional supplement company (listed on NASDAQ) regarding distributing the Group's products through this company's sale channel. However, the discussion was temporary suspended due to change of market situation. 開始與一間美國大型營養保健產品公司（於NASDAQ上市）就透過該公司在美國的銷售渠道分銷本集團產品進行商討。然而，商討因市場情況改變而暫停。

Entered into a distribution agreement with a Canadian health food distributor to distribute the Group's health supplement products in Canada. No agreement has been reached with the US distributor due to change of market situation.

與加拿大一健康食品分銷商訂立加拿大分銷本集團保健產品之分銷協議。因市場情況改變，尚未與任何美國分銷商訂立協議。

Proposed project progress**建議項目進展**

Conduct feasibility studies on distributing products to Australia and New Zealand

就分銷產品至澳洲及新西蘭進行可行性研究

Discuss with distributors, wholesalers and/or large chain stores in Australia and New Zealand
Enter into agreements with distributors, wholesalers and/or large chain stores in Australia and New Zealand

與澳洲及新西蘭分銷商、批發商及／或

大型連鎖店進行商討與澳洲及

新西蘭分銷商、批發商及／或

大型連鎖店訂立協議

Actual project progress**實際項目進展**

The feasibility study is finished.

可行性研究已完成。

Commenced discussions with a New Zealand distributor in April 2002 and the Group needed further valuation of the market and continued to look for other suitable business partners in these two countries.

於二零零二年四月與新西蘭一間分銷商展開磋商，而本集團須進一步評估市場且繼續在該兩個國家尋找其他合適業務夥伴。

III. TO EXTEND BUSINESS INTO E-COMMERCE AND TO UTILISE THE INTERNET AS MARKETING MEDIUM**Proposed project progress****建議項目進展****Health Portal****保健入門網站**

Review the software and hardware support and upgrade the computer system and enhance features on the portal

檢討軟件及硬件支援及提升電腦系統以及增加入門網站之特色

Translate the portal content into Korean

將入門網站內容翻譯為韓文

"Medicine Street"

Continue to construct "Medicine Street"

「醫藥街」

繼續建造「醫藥街」

Add new products to "Medicine Street"

將新產品加入「醫藥街」

Promote "Medicine Street" to the PRC pharmaceutical manufacturers through other portals, exhibitions, newsletters and other traditional media

透過其他入門網站、展覽會、簡訊及其他傳統媒介向中國製藥商推廣「醫藥街」

III. 拓展業務至電子商貿及利用互聯網作為市場推廣媒介**Actual project progress****實際項目進展**

Review completed and a backup computer server was built to protect data and images files.

已完成檢討，並建立後備電腦伺服器保護數據及圖像檔案。

Postponed as no qualified translator has been identified to conduct the project.

因尚未物色合資格翻譯師進行有關項目而延期。

Continued to construct Phase II of the "Medicine Street".

繼續建造第二期「醫藥街」。

Delayed because the "Medicine Street" was still under construction. Will resume activities upon completion of the "Medicine Street".
延期，由於「醫藥街」尚在建造階段，待「醫藥街」完成後即會恢復有關工作。

Delayed and will resume activities upon completion of the "Medicine Street".

延期並將於「醫藥街」完成後即會恢復有關工作。

Proposed project progress**建議項目進展**

Promote "Medicine Street" to the international pharmaceutical manufacturers through other portals, exhibitions, newsletters and other traditional media
透過其他入門網站、展覽會、簡訊及其他傳統媒介向國際製藥商推廣「醫藥街」

Continue to identify and enter into on-line distribution agreements with pharmaceutical manufacturers
繼續物色藥品製造商以及與製藥商訂立網上分銷協議

Continue to establish b2b sales and marketing team

繼續建立b2b 銷售及市場推廣隊伍

Provision of information on Chinese medicine and health supplement products

提供有關中藥及保健產品之資料

Continue to update information in the Group's portal

繼續更新本集團入門網站之資料

E-education platform

電子教學平台

Construct of the e-education platform

建造電子教學平台

Finalise course structure and materials

落實課程結構及教學材料

Actual project progress**實際項目進展**

Delayed and will resume activities upon completion of the "Medicine Street".

延期並將於「醫藥街」完成後即會恢復有關工作。

Delayed and will resume activities upon completion of the "Medicine Street".

延期並將於「醫藥街」完成後即會恢復有關工作。

Delayed and will resume activities upon completion of the "Medicine Street".

延期並將於「醫藥街」完成後即會恢復有關工作。

Continued to update information and the number of pages increased from 6,900 to over 9,600.

繼續更新資料，而網頁數目已經由6,900 頁增至超過9,600頁。

Suspended because a local university has just started similar on-line education on Chinese medicine. The Group is currently evaluating the impacts.

暫停，因為本地一間大學開辦類似的網上中醫教學。本集團正評估有關影響。

Suspended because a local university has just started similar on-line education on Chinese medicine. The Group is currently evaluating the impacts.

暫停，因為本地一間大學開辦類似的網上中醫教學。本集團正評估有關影響。

USE OF PROCEEDS FROM PLACING AND PUBLIC OFFER

During the period from March 7, 2002 (date of listing) to March 31, 2003, the Group has incurred the following amounts to achieve the business objectives as set out in the prospectus:

配售及公開發售所得款項用途

於由二零零二年三月七日(上市日期)至二零零三年三月三十一日期間內, 本集團曾動用下列款額達成售股章程刊載業務目標:

		Intended Funding 擬動用資金 HK\$'000 千港元	Actual Funding 實際動用資金 HK\$'000 千港元
Expansion of R&D capability and product lines on Chinese medicine and health supplement products	擴充中藥及保健產品之研究及開發實力以及產品系列	3,580	9,991
Expansion of distribution network in the PRC, and its customer base development of "e-customer referral programme", and development of overseas markets	擴充中國分銷網絡及客戶基礎、發展「電子客戶介紹計劃」及發展海外市場	10,650	4,651
Health portal enhancement, e-commerce development and provision of on-line education	增強保健入門網站、發展電子商貿及提供網上教學	3,000	931
Expansion of Hong Kong office	擴充香港辦事處	–	165
General working capital	一般營運資金	500	3,000
Total	總計	17,730	18,738

REASONS FOR DIFFERENCE USAGE OF PROCEEDS AND FORECAST USAGE

1. The economic downturn in Japan affected the number of Japanese tourists visiting the Group's retail outlet in Hong Kong, and the death and illness incidents in Japan caused by the use of some imported weight-loss products from China also caused temporary loss of confidence in Chinese medicine related products among some Japanese, the Group's revenues for the year were significantly affected. The Group intends to focus on expansion of R&D capability and product lines in order to catch up the recover of Hong Kong tourism industry and the disappearance of the bad publicity of Chinese medicine related products among some Japanese. In addition, the Group intends to increase the number of products as soon as possible to satisfy different market and customer needs in order to enhance the income base.
2. HK\$3 million was budgeted for the opening of the Beijing outlet. Due to the delay in opening the Beijing outlet, this amount has not been spent.
3. Due to the delay in the construction of the "Medicine Street" and suspension of the E-education platform, the budget amount for the promotion of the "Medicine Street" and for the construction of the E-education platform have not been utilised.
4. HK\$0.5 million was budgeted for general working capital. Due to the operating loss of the Group, more funding required to finance the operations.

動用資金與預計用途不同之理由

1. 由於日本經濟衰退, 光臨本集團在香港的零售店舖的日本旅客人數因而受到影響, 加上日本發生使用若干從中國進口的減肥產品引致死傷, 令日本大眾對中藥相關產品暫時失去信心。本集團在本年度的收入受到嚴重影響。本集團擬集中擴展研發能力及產品線, 以配合香港旅遊業復恢及日本大眾消除對中藥相關產品的不良印象。此外, 本集團擬儘快增加產品數量, 以滿足不同市場及客戶的需要, 從而增強收入基礎。
2. 開設北京分銷店預算動用3,000,000 港元。由於北京分銷店延期開幕, 該款項尚未動用。
3. 由於「醫藥街」建築工作延期及暫緩電子教學平台, 推廣「醫藥街」及建造電子教學平台之預算款項尚未動用。
4. 一般營運資金預算為500,000港元。由於本集團錄得經營虧損, 故需要更多資金撥資營運。

DIRECTORS

Executive Directors

Mr. Wong Cheah Foo, aged 54, is the chairman of the Group. He is responsible for overseeing the formulation of corporate strategy and the overall management of the Group's strategic planning and business operations. Mr. Wong joined the Group in October 1994. Mr. Wong was a fellow member of the Association of Chartered Certified Accountants, and has over 10 years of management experience.

Ms. Leung Oi Wah, aged 36, is the vice chairlady and the founder of the Group. Ms. Leung is responsible for the Group's strategic planning and the overall steering of the Group's retail operations and e-customer referral program. Ms. Leung has over 10 years of experience in the tourist-retailing business and is a pioneer in introducing modernised Chinese medicine into Japanese tourist industry in Hong Kong.

Mr. Lau Ka Ho, aged 28, is the company secretary, qualified accountant and the finance director of the Group responsible for the Group's finance and accounting functions. Mr. Lau joined the Group in October 2002. Mr. Lau graduated from the Hong Kong Polytechnic University with a Bachelor of Accountancy. Mr. Lau is both an associate member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. Prior to joining the Company, Mr. Lau worked as an auditor with an international accounting firm for about 5 years.

Mr. Gao Junqing, aged 72, is the co-director of research and development and is responsible for overseeing the Group's research and development, in particular regarding the proprietary Chinese medicine and health supplement products. Prior to joining the Group in October 2000, Mr. Gao has been supportive to the Group thought the collaboration between the Company and SRI. Mr. Gao is also the director of the SRI and has been a committee member of a number of research institutes of Chinese medicine in the PRC. In addition, Mr. Gao has undertaken teaching and senior management roles in various universities such as the West China University of Medical Sciences in the PRC for over 40 years.

Professor Lin Daquan, aged 62, is the co-director of research and development, in particular regarding biotechnology related subject. Professor Lin has been a professor of biomedical engineering at Chengdu University of Science and Technology since 1992 and the vice director of the SRI. Professor Lin graduated from the Sichuan University with a major in biophysics. He is the president of the Sichuan University's research centre for human engineering and medical equipment. Professor Lin joined the Group in October 2000.

董事

執行董事

黃齊富先生，54歲，本集團主席，負責監督企業策略之制定，及本集團策略計劃及業務營運之整體管理。黃先生於一九九四年十月加盟本集團。黃先生為英國特許公認會計師公會資深會員，擁有超過十年管理經驗。

梁愛華女士，36歲，本集團副主席及創辦人，負責本集團之策略計劃，並監督本集團零售業務及電子客戶介紹計劃。梁女士在旅遊零售業方面擁有超過十年經驗，並為向來港日本遊客推介現代中藥之先驅。

劉家豪先生，28歲，本集團公司秘書、合資格會計師及財務總監，負責本集團財務及會計事宜。劉先生於二零零二年十月加入本集團。劉先生持有於香港理工大學會計學學士學位。彼為英國特許公認會計師公會及香港會計師公會資深會員。於加入本公司前，劉先生曾於一間國際會計師行任職核數師工作約五年。

高俊清先生，72歲，研究及開發聯席董事，負責監督本集團之研究及發展，尤其是有關中成藥及保健產品。高先生於二零零零年十月加盟本集團前，透過本公司與四川新醫藥研究所之協作關係協助本集團。高先生亦為四川新醫藥研究所所長，並為中國多間中醫藥研究院委員會委員。高先生四十多年來均在中國多間大學（例如華西醫科大學）擔任教職及高級管理職位。

林大全教授，62歲，研究及開發聯席董事（尤其有關生物科技相關科目）。自一九九二年起，林教授一直為成都科技大學生物醫學工程教授，並為四川新醫藥研究所副所長。林教授畢業於四川大學，主修生物物理學。彼為四川大學人類工程及醫學儀器研究中心總監。林教授於二零零零年十月加盟本集團。

Professor Lin has participated in extensive researches in anthropomorphic radiological phantom, biophysical functional materials and synthesis of artificial radiological equivalent materials. In recognition of his fine work in the field of biophysics, Professor Lin has been awarded the National Invention Award of China and the Scientific and Technological Award of the Ministry of Public Health of China. He is also listed in the "Five Hundred Leaders of Influence" published by the American Biographical Institute.

Independent non-executive Directors

Ms. Wan Choi Ha, aged 35, a qualified solicitor in Hong Kong and is the principal of a solicitor's firm, Messrs. Wan and Leung. She was appointed as an independent non-executive director of Global Food Culture Group Limited in September 2000.

Mr. Junya Kabeya, aged 66, graduated with a degree in political science from the Waseda University in 1959 and is currently the managing director of two trading companies after his retirement from the Japan based international airline group of companies in 1999.

Mr. Tsoi Chi Yin, aged 47, Mr. Tsoi is a member of Hong Kong Institute of Real Estate Administration. Prior to joining the Company in May 2003, Mr. Tsoi has 21 years of experience in building consultancy works. Mr. Tsoi is currently an executive director of a building consultancy firm in Hong Kong.

SENIOR MANAGEMENT

Mr. Wong Kwok Hung, aged 53, is the marketing director of the Group's retail operations and is responsible for maintaining relationship and developing business opportunities with tour operators and agencies as well as expanding the Group's market presence in the tourist industry. Mr. Wong has over 20 years of experience in the tourist industry. Before joining the Group in June 1997 as the general manager of Kanpoyakudo (漢方藥堂), Mr. Wong held various positions with travel agencies and tourist shop operations.

林教授曾經參與擬人放射剖視、生物物理機能物料及人工放射性相等物料之合成等深入研究工作。林教授在生物物理方面造詣深厚，廣受推許，曾榮獲「中國國家發明獎」及中國衛生部所頒發之「科學及技術獎」，更名列 American Biographical Institute 所公佈「五百位最具影響力領袖」之列。

獨立非執行董事

溫彩霞女士，35歲，香港執業律師。彼為律師行 Messrs. Wan and Leung 之主事人，於二零零零年九月獲委任為環球飲食文化集團有限公司獨立非執行董事。

壁谷順也先生，66歲，壁谷先生於一九五九年畢業於早稻田大學，持有政治科學學位。一九九九年自一間日本國際航空集團公司退休之後，壁谷先生目前正擔任兩間貿易公司之董事總經理。

蔡志賢先生，47歲，蔡先生為香港地產行政人員協會會員。彼於二零零三年五月加入本公司之前，於建築顧問業累積21年經驗。蔡先生時現時為香港一間建築顧問公司之執行董事。

高級管理層

王國雄先生，53歲，本集團零售業務之市場總監，負責與旅遊公司及旅行社保持及拓展業務關係，並擴大本集團在旅遊業之市場佔有率。王先生在旅遊業積累逾二十年經驗，於一九九七年六月加盟本集團出任漢方藥堂之總經理前，曾於旅行社及旅遊商店擔任要職。

Mr. Guo Ping, aged 37, is the director of product development and quality control. Mr. Guo is responsible for overseeing the research and development of the Group's proprietary Chinese medicine and health supplement products. He is also in charge of liaising with the SRI regarding all technical and medical issues and supervising the implementation of the quality control procedures of the Group to ensure that all proprietary Chinese medicine and health supplement products of the Group comply with all applicable regulatory standards with regard to quality and safety. Mr. Guo graduated from the Chengdu University of Traditional Chinese Medicine ("CUTCM") with a bachelor degree in medicine and a master degree in Chinese herbology in 1986 and 1989 respectively. Mr. Guo possesses in-depth knowledge in herb identification and quality analysis, herb processing and preparation of commonly used herbal dose forms, and the relations between the quality of herbs and their therapeutic effects. Mr. Guo was sponsored by Sasagawa Medical Fellowship as a visiting scholar in Japan to conduct research program for the investigation of traditional medicines and herbs in the Toyama Medical and Pharmaceutical University during the period from April 1996 to March 1997. Mr. Guo was also a guest professor conducting lectures on foundation of traditional Chinese medicine, Chinese herbology, Chinese herbal formulas and diet therapy in the International College of Traditional Chinese Medicine in Victoria, Canada during the period from September 1997 to September 1998. Since 1999, Mr. Guo has been an associate professor of CUTCM in Chinese herbology and in September 2000, has been admitted as Ph.D candidate of Chinese herbology in CUTCM. MR. Guo is one of the leading interpreters of traditional Chinese medicine in CUTCM. Mr. Guo joined the Group in October 2000.

Ms. Tse Sau Mui, Axity, aged 38, is the general affairs manager and is responsible for the day-to-day administration and personnel functions of the Group. Ms. Tse graduated with a Bachelor of Business Administration degree from the Chinese University of Hong Kong. Ms. Tse has over 10 years of experience in personnel and administration management and joined the Group February 1999.

Mr. Hung Tit Sang, aged 52, is the shop manager and is responsible for supervising the retail operations of Kanpoyakudo (漢方藥堂). Mr. Hung has over 10 years experience in the retailing business targeting at Japanese tourists and joined the Group in October 1994.

郭平先生，37歲，產品開發及品質控制總監。郭先生負責監管本集團中成藥及保健產品之研究及開發，亦負責就所有技術及醫學問題與四川新醫藥研究所聯絡，以及監督本集團品質控制程序之施行，以確保本集團之所有中成藥及保健產品均符合一切有關品質及安全之適用監管標準。郭先生畢業於成都中醫藥大學，分別於一九八六年及一九八九年獲頒醫學學士學位及中國草藥學碩士學位。郭先生對草藥鑑別、品質分析、草藥加工、常用草藥劑型處理，以及草藥品質及治療功效有深入認識。郭先生曾獲笠川醫藥協會贊助，到日本擔任客座講師，由一九九六年四月至一九九七年三月於富山醫科藥科學大學進行傳統藥物調查及研究計劃。由一九九七年九月至一九九八年九月，郭先生於加拿大維多利亞之International College of Traditional Chinese Medicine擔任客座教授，教授傳統中醫藥、中草藥、中草藥藥方及食療。自一九九九年九月起，郭先生一直擔任成都中醫藥大學之中草藥副教授，並於二零零零年九月獲成都中醫藥大學錄取為中草藥博士生。郭先生是成都中醫藥大學傳統中醫藥主要解述員之一。郭先生於二零零零年十月加盟本集團。

謝秀梅女士，38歲，一般事務經理，負責本集團之日常行政管理及人事職務。謝女士畢業於香港中文大學，持有工商管理學士學位。謝女士在人事及行政管理方面擁有超過十年經驗，於一九九九年二月加盟本集團。

孔鐵生先生，52歲，商店經理，負責監督漢方藥堂之零售業務。孔先生在以日本遊客為銷售對象之零售業務擁有超過十年經驗，於一九九四年十月加盟本集團。

The directors present their annual report and the audited financial statements for the year ended March 31, 2003.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the marketing and distribution of proprietary Chinese medicine. The Group is also engaged in research and development and the manufacture of proprietary Chinese medicine.

RESULTS

The results of the Group for the year ended March 31, 2003 are set out in the consolidated income statement on page 33 to the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

DIRECTORS

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

Executive directors:

Mr. Wong Cheah Foo (*Chairman*)
 Ms. Leung Oi Wah (*Vice-Chairlady*)
 Mr. Gao Junqing
 Professor Lin Daquan
 Mr. Lau Ka Ho
 (appointed on February 17, 2003)
 Mr. Chan Wai Ming, Billy
 (resigned on December 31, 2002)

Independent non-executive directors:

Mr. Junya Kabeya
 Ms. Wan Choi Ha
 Mr. Tsoi Chi Yin
 (appointed on May 14, 2003)

In accordance with the provisions of the Company's Articles of Association, Messrs. Gao Junqing and Lin Daquan will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

本公司董事會謹此呈報董事年度報告及截至二零零三年三月三十一日止年度經審核財務報表。

主要業務

本公司乃一間投資控股公司。本集團主要從事市場推廣及分銷中成藥，亦從事研發及製造中成藥。

業績

本集團截至二零零三年三月三十一日止年度之業績載於本年報第33頁綜合收益表內。

物業、廠房及設備

本集團於本年度內之物業、廠房及設備詳情載於財務報表附註14。

董事

本公司於本年度及直至本報告刊發日期之董事如下：

執行董事：

黃齊富先生 (*主席*)
 梁愛華女士 (*副主席*)
 高俊清先生
 林大全教授
 劉家豪先生
 (於二零零三年二月十七日獲委任)
 陳煒明先生
 (於二零零二年十二月三十一日辭任)

獨立非執行董事：

壁谷順也先生
 溫彩霞女士
 蔡志賢先生
 (於二零零三年五月十四日獲委任)

根據本公司之公司組織章程，高俊清先生及林大全教授將於即將舉行之股東週年大會上依章退任，惟符合資格並願意膺選連任。

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors except Mr. Lau Ka Ho has entered into a service agreement with the Company for an initial term of three years commencing from February 1, 2002, which will continue thereafter until terminated by either party giving to the other not less than three months prior written notice.

Each of the non-executive directors except Mr. Tsoi Chi Yin has been appointed for a term of one year and eleven months, and the term of office shall expire on December 31, 2003.

Mr. Lau Ka Ho and Mr. Tsoi Chi Yin are not appointed for specific terms.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the "Directors' service contracts", the continuing connected transactions and note 32 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at March 31, 2003, the interests of the directors and chief executive and their respective associates in the share capital of the Company and its associated corporations as recorded in the register required to be maintained by the Company pursuant to Section 29 of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") were as follows:

Director 董事	Type of interest 權益類別	Interest in the Company's share capital 於本公司股本權益 %	Number of Shares 股份數目
Ms. Leung Oi Wah 梁愛華女士	Corporate (note 1) 企業 (附註1)	42.820	200,800,641
Mr. Gao Junqing 高俊清先生	Other (note 2) 其他 (附註2)	0.554	2,600,000
Professor Lin Daquan 林大全教授	Other (note 2) 其他 (附註2)	0.554	2,600,000

Notes:

- These shares are registered in the name of Great Fair Limited ("Great Fair") and Wealth Way Limited ("Wealth Way"). Great Fair and Wealth Way are wholly owned by Ms. Leung Oi Wah ("Ms. Leung").

董事服務合約

除劉家豪先生外，各執行董事均與本公司訂立服務協議，由二零零二年二月一日起計，初步為期三年，且會繼續生效直至任何一方向另一方發出不少於三個月之預先書面通知終止為止。

除蔡志賢先生外，各非執行董事之任期分別為一年零十一個月，任期將於二零零三年十二月三十一日屆滿。

劉家豪先生及蔡志賢先生並無介定任期。

董事於重大合約之權益

除於「董事於證券之權益」、持續關連交易及財務報表附註32所披露者外，本公司或其任何附屬公司概無參與訂立致使本公司董事可從中直接或間接擁有重大權益且於本年度完結時仍然有效或本年度任何時間有效之重大合約。

董事於證券之權益

於二零零三年三月三十一日，根據香港證券(公開權益)條例(「公開權益條例」)第29條之規定由本公司存置之登記冊所記錄，本公司各董事及行政總裁及彼等之聯繫人士持有之本公司及其聯營公司之股本權益如下：

附註：

- 該等股份以Great Fair Limited(「Great Fair」)及Wealth Way Limited(「Wealth Way」)名稱登記。Great Fair及Wealth Way均由梁愛華女士(「梁女士」)全資擁有。

2. These shares are registered in the name of Sichuan Research Institute of New Medicine ("SRI"). Mr. Gao Junqing and Mr. Lin Daquan each owned 5% interest in SRI respectively.

Save as disclosed above, none of the directors or chief executive nor their associates had any interests in any securities of the Company or any of its associated corporations.

SHARE OPTION SCHEMES

On February 1, 2002, the Company adopted two option schemes, namely, the "Pre-IPO Share Option Scheme" and the "Share Option Scheme". Particulars of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 25 to the financial statements.

Details of specific categories of options granted under the Pre-IPO Share Option Scheme are as follows:

2. 該等股份以四川新醫藥研究所名稱登記。高俊清先生及林大全教授各自擁有四川新醫藥研究所股本5%權益。

除上文所披露者外，各董事及行政總裁及彼等之任何聯繫人士概無擁有本公司或其任何聯營公司之任何證券權益。

購股權計劃

於二零零二年二月一日，本公司採納兩項購股權計劃，分別為「首次公開售股前購股權計劃」及「購股權計劃」。有關首次公開售股前購股權計劃及購股權計劃之詳情，載於財務報表附註25。

根據首次公開售股前購股權計劃授出購股權特定類別之詳情如下：

Date of grant 授出日期	Exercisable period 行使期	Exercise price per share 每股行使價
February 18, 2002 二零零二年二月十八日	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.30
February 18, 2002 二零零二年二月十八日	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.30
February 18, 2002 二零零二年二月十八日	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.30

The following table discloses movement in the Company's share options under the Pre-IPO Share Option Scheme during the year and the options outstanding as at March 31, 2003:

下表披露本公司根據首次公開購股權計劃授出之購股權於本年度內之變動及於二零零三年三月三十一日尚未行使之購股權：

	Date of grant	Exercise price	Outstanding as at April 1, 2002 於二零零二年四月一日 尚未行使	Lapsed during the year 本年度失效	Outstanding as at March 31, 2003 於二零零三年三月三十一日 尚未行使
Director 董事	授出日期	行使價 HK\$ 港元			
Mr. Wong Cheah Foo 黃齊富先生	February 18, 2002 二零零二年二月十八日	0.3	4,500,000	–	4,500,000
Ms. Leung Oi Wah 梁愛華女士	February 18, 2002 二零零二年二月十八日	0.3	4,500,000	–	4,500,000
Mr. Chan Wai Ming, Billy 陳煒明先生	February 18, 2002 二零零二年二月十八日	0.3	4,500,000	(4,500,000)	–
Sub total 小計			13,500,000	(4,500,000)	9,000,000
Senior Management 高級管理人員					
Mr. Chan Kim Leung, Kenneth 陳儉良先生	February 18, 2002 二零零二年二月十八日	0.3	2,400,000	(2,400,000)	–
Mr. Wong Kwok Hung 王國雄先生	February 18, 2002 二零零二年二月十八日	0.3	2,400,000	–	2,400,000
Ms. Tse Sau Mui, Axity 謝秀梅女士	February 18, 2002 二零零二年二月十八日	0.3	2,400,000	–	2,400,000
Mr. Hung Tit Sang 孔鐵生先生	February 18, 2002 二零零二年二月十八日	0.3	2,400,000	–	2,400,000
Sub total 小計			9,600,000	(2,400,000)	7,200,000
Legal advisor to the Group 本集團之法律顧問					
Mr. Wong Tak Fu 黃德富先生	February 18, 2002 二零零二年二月十八日	0.3	2,400,000	–	2,400,000
Total all categories 全部類別總計			25,500,000	(6,900,000)	18,600,000

As of March 31, 2003, the total number of shares available for issue under the Pre-IPO Share Option Scheme and the Share Option Scheme is 46,900,000, representing 10% of the issued share capital at the balance sheet date.

No options have been granted under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in "Directors' and chief executives' interests in securities" and "Share Option Schemes" above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or the chief executive; or their spouses or children under the age 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2003, the register of substantial shareholders required to be maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more of the issued share capital of the Company:

於二零零三年三月三十一日，根據首次公開售股前購股權計劃及購股權計劃可供發行之股份數目總數為46,900,000股，佔於結算日之已發行股本數目10%。

本公司並無根據購股權計劃授出購股權。

董事收購股份及債券之權利

除於「董事於證券之權益」及「購股權計劃」所披露者外，於本年度內，本公司或其任何附屬公司概無參與訂立任何安排致使本公司董事可藉收購本公司或任何法人團體之股份或債務證券（包括債券）而獲利，而各董事或其配偶或十八歲以下之子女概無任何認購本公司證券之權利亦不曾行使任何該等權利。

主要股東

於二零零三年三月三十一日，根據本公司遵照公開權益條例第16(1)條而設存之主要股東名冊所示，以下股東持有佔本公司已發行股本10%或以上之權益：

Name of shareholders	股東名稱	Number of shares held 所持股份數目	
		Direct interest 直接權益	Approximate percentage of shareholding 控股概約百分比
Great Fair (note 1)	Great Fair (附註1)	89,435,440	19.07%
Wealth Way (note 1)	Wealth Way (附註1)	111,365,201	23.75%
SRI (note 2)	四川新醫藥研究所 (附註2)	52,000,000	11.09%
Technique Enterprises Limited ("Technique Enterprises") (note 3)	Technique Enterprises Limited ("Technique Enterprises") (附註3)	49,019,607	10.45%

Notes:

- Great Fair and Wealth Way are wholly owned by Ms. Leung, the Vice-chairlady and the founder of the Group.
- SRI is beneficially owned by Mr. Gao Junqing, Professor Lin Daquan, Mr. Gao Yang, Mr. Yang Cifen, Mr. Wang Yuanping, Mr. Gao Feng, Mr. Qu Yong, Mr. Yan Xiaofeng, Mr. Guo Junying, Mr. Lin Tao and Mr. Wang Li as to about 5%, 5%, 10%, 5%, 5%, 10%, 10%, 10%, 20%, 10% and 10% respectively.
- Technique Enterprises is wholly owned by Mr. Cheung Chui who is an independent third party.

附註：

- Great Fair及Wealth Way均由本集團副主席及創辦人梁女士全資擁有。
- 四川新醫藥研究所由高俊清先生、林大全教授、高揚先生、楊茨芬先生、王遠萍先生、高豐先生、曲勇先生、月小峰先生、郭俊英先生、林濤先生及王莉先生實益擁有，分別約持有5%、5%、10%、5%、5%、10%、10%、10%、20%、10%及10%。
- Technique Enterprises由張聚先生全資擁有，張先生為獨立第三者。

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at March 31, 2003.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$97,805.

CONTINUING CONNECTED TRANSACTIONS

Related party transactions entered into by the Group during the year ended March 31, 2003 are disclosed in note 32 to the financial statements.

During the year, the Group has entered into the following continuing connected transactions under the Rules governing the Listing of Securities on GEM (the "GEM Listing Rules"):

1. Pursuant to a tenancy agreement dated October 10, 2000, entered into between Fairco Investments Limited ("Fairco") as lessor and a subsidiary of the Company as lessee, the Group agreed to lease office premises in Hung Hom, Kowloon from the lessor for a term of two years and four months commencing from October 1, 2000 to January 31, 2003 at a monthly rental HK\$75,000 (inclusive of rates, government rent and management fee). The property is occupied by the Group as office.

Fairco is a subsidiary of Great Fair, which holds 95% of the issue share capital of the lessor. Great Fair is one of the initial management shareholders and for the purpose of the GEM Listing Rules, therefore, a connected person of the Company.

The tenancy agreement was negotiated on an arm's length basis between the Group and Fairco. The Directors are of the opinion that the terms of the agreement are on normal commercial terms, being conducted in the usual and ordinary course of business and are fair and reasonable so far as the shareholders are concerned.

LCH (Asia-Pacific) Surveyors Limited, a firm of independent property valuers, confirmed in the prospectus of the Company issued on February 25, 2002 (the "Prospectus") that the rental payable under the tenancy agreement is fair and reasonable and the terms of the tenancy agreement are at arm's length and on normal commercial terms.

除上文披露者外，本集團未有獲知會有任何人士於二零零三年三月三十一日擁有本公司已發行股本10%或以上之權益。

捐獻

於本年度內，本集團作出之慈善及其他捐獻合共97,805港元。

持續關連交易

本集團於截至二零零三年三月三十一日止年度訂立之有關連人士交易於財務報表附註32作披露。

於本年度內，本集團訂立下列根據創業板證券上市規則（「創業板上市規則」）所述之持續關連交易：

1. 根據暉港投資有限公司（「暉港」）（出租人）及本集團一間附屬公司（承租人）於二零零零年十月十日訂立之租賃協議，本集團同意向出租人承租位於九龍紅磡的辦公室，由二零零零年十月一日起至二零零三年一月三十一日，為期兩年零四個月，月租75,000港元（包括差餉、地稅及管理費）。該物業由本集團佔用作辦公室。

暉港為Great Fair一間附屬公司，Great Fair持有出租人已發行股本95%。Great Fair為其中一名上市時管理層股東，因此就創業板上市規則而言，出租人為本公司之關連人士。

租賃協議乃經本集團及暉港公平磋商後方始訂立。董事會認為該協議條款乃根據一般商業條款並在一般及日常商業過程下訂立，且對列位股東而言，乃公平及合理。

獨立物業估值師利駿行測量師有限公司已於本公司於二零零二年二月二十五日刊發之售股章程（「售股章程」）中確認，根據租賃協議應付的租金乃公平及合理，而租賃協議之條款及經公平磋商及按照一般商業條款訂定。

This transaction is exempted from the reporting, announcement and shareholders' approval requirements under Rules 20.25(3) of the GEM Listing Rules as the annual total consideration of the transaction is less than HK\$1,000,000.

COMPETING INTEREST

During the year ended March 31, 2003 and up to the date of this report, SRI is considered to be a substantial shareholder and has an interest in a business which might potentially compete with the business of the Group.

SRI is a research-oriented organisation located in Sichuan, the People's Republic of China (the "PRC") and is principally engaged in (1) the provision of research and development services on Chinese medicine and health supplement products; and (2) the research and development and distribution of medical equipment. In order to develop the Group's products continuously, the Group has been engaging the SRI to support its research and development projects since October 1994. The provision of research and development services on Chinese medicine and health supplement products by the SRI may compete with the business of the Group. Therefore, pursuant to a research and management agreement dated November 2, 2000 as revised and supplemented by a supplemental agreement dated January 11, 2002 entered into with SRI, SRI agreed to work exclusively for the Group in respect of research and development services for Chinese medicine and health supplement products and SRI will not develop its own Chinese medicine and health supplement products or take up any other external jobs or assignments without obtaining prior approval from the Group. The Group also has the first right of refusal for the purchase of the intellectual property rights of any new Chinese medicine and health supplement products developed by SRI on SRI's own funding. Based on the above, the directors consider that so far as the Group is concerned, competition from SRI is remote and unlikely.

Save as disclosed above, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for approximately 100% of the Group's total purchases and the largest supplier of the Group accounted for approximately 51.2% of the Group's total purchases.

由於該項交易每年的總代價少於1,000,000港元，故獲豁免根據創業板上市規則第20.25(3)條規定作出申報、公佈及取得獨立股東批准。

競爭交易

於截至二零零三年三月三十一日止年度內及截至本報告刊發日期，四川新醫藥研究所被視為重大股東，且於可能與本集團競爭之業務當中擁有權益。

四川新醫藥研究所乃中國四川一間以研究為本的研究所，主要從事(1)提供中藥及保健產品之研究及開發服務；及(2)研發及分銷醫療器材。為了持續發展本集團產品，本集團自一九九四年十月開始即與四川新醫藥研究所合作，支援本集團的研究及發展項目。四川新醫藥研究所提供的中藥及保健產品研發服務，可能與本集團業務競爭。因此，根據於二零零零年十一月二日與四川新醫藥研究所訂立之研究及管理協議（其後經一份於二零零二年一月十一日訂立之補充協議修訂及補充），四川新醫藥研究所同意向本集團提供獨家中藥及保健產品之研究及開發服務，而四川新醫藥研究所在未取得本公司事先同意前，不會開發自己的中藥及保健產品或從事外部工作或任務，本集團亦有優先權購買由四川新醫藥研究所自資開發的任何新中藥及保健產品之知識產權。基於上述理由，董事會認為，對本集團而言，四川新醫藥研究所不太可能與本集團業務競爭，影響極為輕微。

本公司各董事或管理層股東（定義見創業板上市規則）概無於與本集團業務競爭或可能與之競爭之任何業務當中擁有權益。

主要客戶及供應商

於本年度內，本集團前五名供應商佔本集團總購貨額約100%，而本集團最大供應商佔本集團總購貨額約51.2%。

Aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's sales.

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors own more than 5% of the issued capital of the Company) had any interest in Group's major suppliers for the financial year ended March 31, 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

BOARD PRACTICES AND PROCEDURES

The Group has complied with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the financial year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws in the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

An audit committee was established on February 1, 2002 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee comprise non-executive directors, namely, Mr. Junya Kabeya, Ms. Wan Choi Ha and the Chairman of the Group, Mr. Wong Cheah Woo.

During the year, the audit committee held three meetings for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of Directors.

SPONSORS' INTERESTS

Neither Kingston Corporate Finance Limited ("Kingston") nor its directors, employees or associates (as referred to Note 3 of Rule 6.35 of the GEM Listing Rules) had any interest in any class of securities of the Company or any other company in the Group (including options or right to subscribe for such securities) as at March 31, 2003.

綜合本集團應佔銷售額計算，首五名客戶佔本集團銷售額少於30%。

各董事、彼等之聯繫人士及本公司任何股東（就各董事會所知，擁有本公司已發行股本5%以上者）並無於截至二零零三年三月三十一日止財政年度內於上述本集團主要供應商或客戶中擁有任何權益。

買賣或贖回本公司之上市證券

本公司或其任何附屬公司概無買賣或贖回本公司任何上市股份。

董事會守則及程序

於本財政年度內，本集團一直均有遵守創業板上市規則第5.28至5.39條所載之董事會守則及程序。

優先購買權

本公司組織章程及開曼群島法例概無有關優先購買權之規定，本公司無須向現有股東按比例提供新股以供認購。

審核委員會

本公司已於二零零二年二月一日成立審核委員會，並參考創業板上市規則第5.23至5.25條所載規定訂立其書面職權範圍。審核委員會成員包括獨立非執行董事壁谷順也先生、溫彩霞女士及本集團主席黃齊富先生。

於本年度內，審核委員會曾舉行三次會議，審查本公司之報告及賬目，以及向董事會提供建議，發表意見。

保薦人之權益

於二零零三年三月三十一日，金利豐財務顧問有限公司（「金利豐財務顧問」）之董事、僱員或聯繫人士（見創業板上市規則第6.35條附註3之定義）並無持有本公司或本集團任何其他公司之任何類別證券權益（包括可認購該等證券之購股權或權利）。

Pursuant to the agreement dated March 7, 2002 entered into between the Company and Kingston, Kingston acts as the Company's continuing sponsor for the period commencing from March 7, 2002 to March 31, 2004.

POST BALANCE SHEET EVENTS

Subsequent to March 31, 2003, the following significant events have occurred:

- (i) From April, 2003 and up to the date of the financial statements, the Group had temporarily closed its retail outlet in Hong Kong due to the outbreak of SARS. The directors plan to re-open the Hong Kong retail outlet shortly.
- (ii) In June, 2003, one creditor confirmed that it did not intend to demand from the Group the repayment of the outstanding balance of HK\$4,000,000 within twelve months from the balance sheet date.
- (iii) In June, 2003, a substantial shareholder injected funding of HK\$2,000,000 into the Group to meet some of the Group's financial obligations and confirmed not to demand from the Group the repayment of HK\$2,000,000 within twelve months from the balance sheet date.

AUDITORS

A resolution will be submitted to the annual meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LEUNG OI WAH
VICE-CHAIRLADY

Hong Kong, June 30, 2003

根據本公司與金利豐財務顧問於二零零二年三月七日訂立之協議。金利豐財務顧問由二零零二年三月七日至二零零四年三月三十一日連續出任為本公司之保薦人。

結算日後事項

於二零零三年三月三十一日，本集團曾發生下列重大事項：

- (i) 自二零零三年四月起及直至財務報表日期，本集團因為爆發SARS而暫時關閉其於香港之零售店舖。董事計劃該零售店舖於近日重開。
- (ii) 於二零零三年六月，一名債權人確認不擬由結算日後起十二個月內要求本集團償還尚未支付結餘4,000,000港元。
- (iii) 於二零零三年六月，一名主要股東向本集團注資2,000,000港元，以切合本集團若干財務責任所需，而該名主要股東確認由結算日後起十二個月內不會要求本集團償還上述2,000,000港元。

核數師

本公司將於股東週年大會上提呈一項決議案，重新委聘德勤•關黃陳方會計師行為本公司核數師。

承董事會命

副主席
梁愛華

香港，二零零三年六月三十日

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF NEW CHINESE MEDICINE HOLDINGS LIMITED

新醫藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 33 to 71 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, we were unable to carry out audit procedures we considered necessary in respect of an overseas subsidiary, accordingly, we are unable to satisfy ourselves the following amounts included in the consolidated income statement and consolidated balance sheet

致新醫藥控股有限公司各股東
(於開曼群島註冊成立之有限公司)

本核數師行已完成審核載於第33至71頁按照香港普遍採納之會計原則編製的財務報表。

董事及核數師的個別責任

貴公司之董事須負責編製真實與公平的財務報表。在編製該等財務報表時，董事必須貫徹採用合適的會計政策。

本行的責任是根據本行審核工作的結果，對該等財務報表表達獨立的意見，並向股東作出報告。

意見的基礎

本行是按照香港會計師公會頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作的重大估計和判斷，所釐定的會計政策是否適合貴公司及貴集團的具體情況，及是否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必需的資料及解釋為目標，使本行能獲得充份的憑證，就該等財務報表是否存有重要錯誤陳述，作出合理的確定。然而，由於本核數師無法就對海外附屬公司進行本行認為必需之審核程序，因此，本行無法確保下列款額乃公平呈列。下列款額乃根據該海外附屬公司之未經審核

which were prepared based on the unaudited management accounts relating to the overseas subsidiary were fairly stated:

- turnover of approximately HK\$203,000
- cost of sales of approximately HK\$6,000
- distribution and marketing expenses of approximately HK\$502,000
- administrative expenses of approximately HK\$1,633,000
- taxation of approximately HK\$4,000
- loss attributable to minority shareholders of approximately HK\$192,000
- debtors, deposits and prepayments of approximately HK\$224,000
- bank balances and cash of approximately of HK\$259,000
- creditors and accrued charges of approximately of HK\$503,000
- amount due to a director of approximately of HK\$158,000
- taxation payable of approximately HK\$4,000
- minority interest balance of nil

Accordingly, we are also unable to satisfy ourselves whether the amounts included in consolidated statement of changes in equity, consolidated cash flow statement and notes disclosure are fairly stated.

Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains the current operating and liquidity difficulties of the Group. The Group's retail outlet in Hong Kong was closed in April 2003 following the outbreak of Severe Acute Respiratory Syndrome and remains closed as at the date of this report. The directors plan to re-open the Hong Kong retail outlet shortly, although the precise timing of re-opening is subject to the confirmation of Japanese tour

管理賬目編製，並已計入綜合收益表及綜合資產負債表內：

- 約 203,000 港元營業額
- 約 6,000 港元銷售成本
- 約 502,000 港元分銷及市場推廣開支
- 約 1,633,000 港元行政開支
- 約 4,000 港元稅項
- 約 192,000 港元之少數股東應佔虧損
- 約 224,000 港元應收賬項、按金及預付款項
- 約 259,000 港元銀行結存及現金
- 約 503,000 港元應付賬款及應計費用
- 約 158,000 港元應付一名董事款項
- 約 4,000 港元應付稅項
- 並無少數股東權益

因此，本行亦無法確定綜合股權變動表、綜合現金流量表及附註所披露之款額是否公平呈列。

有關持續經營基準之基本不明朗因素

在編製意見時，本行曾考慮本公佈附註2所披露有關現時經營運作與流動資金所面對的困難的資料是否足夠。貴集團在爆發嚴重急性呼吸系統綜合症後已於二零零三年四月關閉在香港的零售店，直至本公佈發表日期亦仍未重開。雖然重開香港零售店須待確定日本旅行團登記光臨，惟董事計劃在短期重開。於二零零三年六月，貴

party bookings. In June 2003, new funding was obtained to address the Group's short term liquidity difficulties. On this basis, the directors consider that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future provided that the Group can proceed with its planned re-opening of its Hong Kong retail outlet. In the event, however, that the re-opening is delayed additional funding will have to be sought. The financial statements have been prepared on a going concern basis, the validity of which depends upon the re-opening of the Group's retail outlet and upon future funding being available. The financial statements do not include any adjustments that would result from the failure to re-open the Group's retail outlet or to obtain such funding. We consider that the fundamental uncertainty has been adequately disclosed in the financial statements and our opinion is not qualified in this respect.

Qualified opinion arising from limitation of audit scope relating to the overseas subsidiary

Except for any adjustment that might have been found to be necessary had we been able to obtain sufficient evidence concerning the amounts relating to the overseas subsidiary in the financial statements described above, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at March 31, 2003 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect of the limitation on our work relating to the overseas subsidiary as set out in the basis of opinion section of this report:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we are unable to determine whether proper books of accounts had been kept.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, June 30, 2003

集團得新資金解決 貴集團所面對的短期流動負債困難。就此基礎而言，董事確認，如果 貴集團能夠如期重開其在香港之零售店，當本集團財務責任在可見將來到期時， 貴集團將可應付有關責任。然而，倘若 貴集團延期重開零售店，

貴集團將需要尋求其他資金。財務報表以持續經營基準編製，其正確程度有賴本集團零售店能重開及日後可取得資金。財務報表內未有計入因為無法重開 貴集團零售店或無法取得有關資金而可能需要作出之任何調整。本行確定財務報表內已足夠披露基本不明朗因素，本行未有就此發表保留意見。

有關海外附屬公司審核範疇限制而引致之保留意見

除本行發現在取得可確定上述有關海外附屬公司財務報表款額的足夠資料，而可能必需作出之任何調整外，本行認為財務報表乃真實及公平反映 貴公司及 貴集團於二零零三年三月三十一日之狀況，而本集團截至該日止年度之虧損及現金流量乃根據香港公司條例之規定而妥善編製。

誠如本報告意見的基礎部份所載，有關本行對該海外附屬公司進行在審核時所面對的限制而言：

- 本行並未取得所有本行認為在審核工作上所必需之資料及解釋；及
- 本行無法確定賬簿是否妥為記賬。

德勤•關黃陳方會計師行
執業會計師

香港，二零零三年六月三十日

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

		Notes 附註	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Turnover	營業額	5	14,021,237	26,595,352
Cost of sales	銷售成本		(7,942,809)	(11,329,901)
Gross profit	毛利		6,078,428	15,265,451
Other operating income	其他經營收入	6	81,051	1,766,982
Distribution and marketing expenses	分銷及市場推廣開支		(4,311,608)	–
Administrative expenses	行政開支		(19,585,550)	(11,090,432)
Allowances for doubtful debts	呆壞賬撥備	7	(4,423,487)	–
Other operating expenses	其他經營開支		(5,654,974)	(2,130,660)
(Loss) profit from operations	經營(虧損)溢利	8	(27,816,140)	3,811,341
Finance costs	財務費用	9	(4,182)	(1,401,250)
Share of results of a jointly controlled entity	分佔一間共同控制個體業績		(14,415)	14,414
(Loss) profit before taxation	稅前(虧損)溢利		(27,834,737)	2,424,505
Taxation	稅項	11	(3,848)	(269,766)
(Loss) profit before minority interest	未計少數股東權益前(虧損)溢利		(27,838,585)	2,154,739
Minority interest	少數股東權益		191,850	–
Net (loss) profit for the year	本年度(虧損)溢利淨額		(27,646,735)	2,154,739
Dividend	股息	12	–	8,586,250
(Loss) earnings per share	每股(虧損)盈利	13		
– Basic	– 基本		(5.89) cents港仙	0.532 cent港仙
– Diluted	– 攤薄		(5.89) cents港仙	0.530 cent港仙

CONSOLIDATED BALANCE SHEET 綜合資產負債表

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At March 31, 2003 於二零零三年三月三十一日

		Notes 附註	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14	711,713	1,020,418
Technical know-how	技術知識	15	9,266,667	–
Interest in a jointly controlled entity	於一共同控制個體權益	17	–	14,415
Deposit for formation of a new company	成立一間新公司之按金		–	1,120,670
Deposit for management contract of retail outlet	零售店管理合約之按金		–	200,000
			9,978,380	2,355,503
Current Assets	流動資產			
Inventories	存貨	18	4,756,263	381,905
Amounts due from directors	應收董事款項	19	95,079	344,431
Debtors, deposits and prepayments	應收賬項、按金及預付款項	20	4,499,980	15,978,240
Taxation recoverable	可收回稅項		329,160	497,231
Bank balances and cash	銀行結存及現金		750,483	22,740,022
			10,430,965	39,941,829
Current Liabilities	流動負債			
Creditors and accrued charges	應付賬項及應計費用	21	8,219,734	3,992,540
Amounts due to directors	應付董事款項	19	842,241	–
Amounts due to related companies	應付關連公司款項	22	1,146,313	–
Taxation payable	應付稅項		3,848	–
Bank overdrafts	銀行透支		83,342	60,742
			10,295,478	4,053,282
Net Current Assets	流動資產淨值		135,487	35,888,547
Total Assets less Current Liabilities	總資產減流動負債		10,113,867	38,244,050
Capital and Reserves	股本及儲備			
Share capital	股本	24	46,900,000	46,900,000
Reserves	儲備		(36,786,133)	(8,655,950)
			10,113,867	38,244,050

The financial statements on pages 33 to 71 were approved and authorised for issue by the Board of Directors on June 30, 2003 and signed on its behalf by:

第33頁至第71頁之財務報表經已於二零零三年六月三十日獲董事會批准及授權發行，並由下列董事簽署：

Lau Ka Ho
劉家豪
Director
董事

Leung Oi Wah
梁愛華
Director
董事

At March 31, 2003 於二零零三年三月三十一日

		Notes 附註	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Non-current Asset	非流動資產			
Investments in subsidiaries	於附屬公司之投資	16	13,000,000	40,000,000
Current Assets	流動資產			
Deposits and prepayments	按金及預付款項	20	152,936	2,222,586
Amounts due from subsidiaries	應收附屬公司款項	16	59,400	10,375,812
Bank balances	銀行結存		3,154	15,920,196
			215,490	28,518,594
Current Liabilities	流動負債			
Accrued charges	應計費用	21	1,005,683	2,019,038
Amount due to a director	應付予一名董事款項	19	18,000	—
Bank overdrafts	銀行透支		61,000	—
			1,084,683	2,019,038
Net Current (Liabilities) Assets	流動(負債)資產淨值		(869,193)	26,499,556
Total Assets less Current Liabilities	總資產減流動負債		12,130,807	66,499,556
Capital and Reserves	股本及儲備			
Share capital	股本	24	46,900,000	46,900,000
Reserves	儲備	26	(34,769,193)	19,599,556
			12,130,807	66,499,556

Lau Ka Ho

劉家豪

Director

董事

Leung Oi Wah

梁愛華

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合股權變動表

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For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

		Share capital	Share premium	Special reserve	Exchange reserve	Accumulated profits (losses)	Total
		股本	股份溢價	股本儲備	匯兌儲備	累計溢利 (虧損)	總計
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
At April 1, 2001	於二零零一年四月一日	32	-	-	-	18,179,028	18,179,060
Issue of new shares upon the Group Reorganisation	集團重組時 發行新股	1,529	-	-	-	-	1,529
Elimination of share capital upon the Group Reorganisation	集團重組時撤銷之 股本	(1,560)	-	-	-	-	(1,560)
Issue of shares upon the Group Reorganisation	集團重組時發行之 股份	39,999,999	-	-	-	-	39,999,999
Special reserve arising from the Group Reorganisation	集團重組時產生 之特別儲備	-	-	(39,998,440)	-	-	(39,998,440)
Issue of shares through placing and public offer	透過配售及公開 發售發行股份	6,000,000	-	-	-	-	6,000,000
Placing of shares to investors through exercise of over-allotment option	透過行使超額配售 購股權向投資者 配售股份	900,000	-	-	-	-	900,000
Premium arising on initial public offer	首次公開發售時 產生之溢價	-	34,500,000	-	-	-	34,500,000
Expenses incurred in connection with the issue of shares	發行股份引致之 開支	-	(15,491,277)	-	-	-	(15,491,277)
Net profit for the year	年度純利	-	-	-	-	2,154,739	2,154,739
Dividend paid	已付股息	-	-	-	-	(8,000,000)	(8,000,000)
At March 31, 2002	於二零零二年三月三十一日	46,900,000	19,008,723	(39,998,440)	-	12,333,767	38,244,050
Exchange differences arising on translation of financial statements of operations outside Hong Kong not recognised in the consolidated income statement	換算在香港以外地區 經營業務之財務報表 所產生之滙兌差額 而未有在綜合 損益賬內確認之 收入	-	-	-	102,802	-	102,802
Net loss for the year	年度虧損淨額	-	-	-	-	(27,646,735)	(27,646,735)
Dividend paid	已付股息	-	-	-	-	(586,250)	(586,250)
At March 31, 2003	於二零零三年三月三十一日	46,900,000	19,008,723	(39,998,440)	102,802	(15,899,218)	10,113,867

The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Group Reorganisation prior to the listing of the Company's shares in 2002.

特別儲備乃本公司股份於二零零二年上市前進行集團重組時，所收購附屬公司股份賬面價值與本公司就收購事項而發行股份之賬面值兩者之差額。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元 (Restated) (重列)
OPERATING ACTIVITIES	經營業務		
(Loss) profit from operations	經營(虧損)溢利	(27,816,140)	3,811,341
Adjustments for:	已就下列各項作調整:		
Interest income	利息收入	(49,467)	(1,766,982)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	603,546	357,464
Amortisation of technical know-how	技術知識之攤銷	4,633,333	—
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	944,285	—
Allowances for doubtful debts	呆壞賬撥備	4,423,487	—
Operating cash flows before movements in working capital	未計經營資本變動前之經營業務現金流量	(17,260,956)	2,401,823
Increase in inventories	存貨之增加	(4,374,358)	(201,830)
Decrease (increase) in debtors, deposits and prepayments	應收賬項、按金及預付款項之減少(增加)	6,809,759	(9,913,148)
Decrease in amounts due from directors	應收董事款項之減少	249,352	29,559,479
Increase (decrease) in creditors and accrued charges	應付賬款及應計費用之增加(減少)	227,194	(922,891)
Cash (used in) from operations	經營業務(所耗)所得現金	(14,349,009)	20,923,433
Interest paid	利息開支	(4,182)	(1,401,250)
Income tax paid	已付利得稅	(329,680)	(4,474,731)
Income tax refunded	獲退還利得稅	497,751	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	經營業務(所耗)所得現金淨額	(14,185,120)	15,047,452
INVESTING ACTIVITIES	投資業務		
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,239,126)	(217,370)
Purchase of technical know-how	購買技術知識	(9,900,000)	—
Investment in a jointly controlled entity	於一間共同控制個體之投資	—	(1)
Decrease in pledged bank deposit	已抵押銀行存款之減少	—	100,000
Decrease (increase) in deposits paid	已付按金之減少(增加)	1,120,670	(1,320,670)
Interest received	已收利息	494,481	1,276,295
NET CASH USED IN INVESTING ACTIVITIES	投資活動所耗現金淨額	(9,523,975)	(161,746)

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

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		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元 (Restated) (重列)
FINANCING ACTIVITIES	融資活動		
Proceeds from issue of shares, net of expenses	發行股份所得款項 (扣除開支)	-	25,908,723
Convertible loan raised	可換股貸款籌得款項	-	5,000,000
Redemption of convertible loans	贖回可換股貸款	-	(15,000,000)
Increase in amounts due to directors	應付董事款項之增加	842,241	-
Increase in amounts due to related companies	應付關連公司款項 之增加	1,146,313	-
Proceeds from minority shareholders	來自少數股東之款項	191,850	-
Dividend paid	已收股息	(586,250)	(8,000,000)
Interest received from subscription monies	來自認購款項之已收利息	-	146,256
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	1,594,154	8,054,979
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價項目之 (減少) 增加淨額	(22,114,941)	22,940,685
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及 現金等價項目	22,679,280	(261,405)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動影響	102,802	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終之現金及 現金等價項目	667,141	22,679,280
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價 項目結存分析		
Bank balances and cash	銀行結存及現金	750,483	22,740,022
Bank overdrafts	銀行透支	(83,342)	(60,742)
		667,141	22,679,280

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 34.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on August 6, 2001. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from March 7, 2002. The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Group.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the going concern status of the Group against the background of its current operating and liquidity difficulties.

Since the year end the Group has continued to incur losses. The Group's retail outlet in Hong Kong was closed in April 2003 following the outbreak of Severe Acute Respiratory Syndrome ("SARS") and remains closed as at the date of this report. The directors plan to re-open the Hong Kong retail outlet shortly, although the precise timing of re-opening is subject to the confirmation of Japanese tour party bookings. The directors are also currently exploring new sales channels and planning to launch new medicine and health products so as to stimulate more revenue for the Group.

In June 2003, new funding was obtained to address the Group's short term liquidity difficulties. Firstly, the Group obtained an advance of HK\$2,000,000 from its substantial shareholder who also confirmed not to demand from the Group the repayment of HK\$2,000,000 within twelve months from the balance sheet date. Secondly, one of the creditors confirmed not to demand repayment of the outstanding amount of HK\$4,000,000 within twelve months from the balance sheet date.

1. 一般事項

本公司根據開曼群島公司法律第22章(一九六一年第3條法例)(經綜合及修訂)於開曼群島註冊成立之受豁免有限公司。

本公司為投資控股公司，其附屬公司之主要業務詳載於附註34。

為籌備將本公司股份在香港聯合交易所有限公司(「聯交所」)創業板市場(「創業板」)上市，本公司及其附屬公司(以下統稱「本集團」)進行重組(「集團重組」)，以整理本集團之架構。本公司於二零零一年八月六日成為本集團之控股公司。本公司股份於二零零二年三月七日起一直在聯交所創業板上市。本集團經過集團重組後被視為持續經營個體。因此，本集團之財務報表乃採用合併會計基準編製，並假設本公司一直為本集團之控股公司。

2. 編製財務報表之基準

於編製財務報表時，董事曾就本集團現時之經營業務及流動資源所面對的困難，審慎考慮本集團之持續經營狀況。

自年結以來，本集團一直錄得虧損。在爆發非典型肺炎(「SARS」)後，本集團已於二零零三年四月關閉香港的零售店，直至本公佈日期，該零售店仍未復業。雖然重開香港零售店須待確定日本旅行團登記光臨，惟董事計劃在短期內重開。董事現時亦探索新銷售渠道，並計劃推出全新醫藥及健康產品，為本集團刺激更多收入。

於二零零三年六月，本集團得新資金解決本集團所面的短期流動負債困難。首先，本集團向其主要股東取得2,000,000港元墊款。其次，其中一名債權人確認不會在結算日後十二個月內要求本集團清還尚未償還之4,000,000港元款項。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

The directors consider that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future provided that the Group can proceed with its planned re-opening of its Hong Kong retail outlet. In the event, however, that the re-opening is delayed, the directors consider that they will also be able to seek additional funding. Accordingly, the financial statements have been prepared on a going concern basis.

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants (the "HKSA"). The adoption of these SSAPs has resulted in the inclusion of the statement of changes in equity. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation. In addition, the adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies, but has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Cash flow statements

Under SSAP 15 (Revised) "Cash flow statements", cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest paid, interest received and dividends paid, which were previously presented under a separate heading, are classified as operating, investing and financing cash flows respectively. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

Employee benefits

SSAP 34 "Employee benefits" introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes and share options schemes, the adoption of SSAP 34 has not had any significant impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

2. 編製財務報表之基準 (續)

董事確認，如果本集團能夠如期重開其在香港之零售店，當本集團財務責任在可見將來到期時，本集團將可應付有關責任。然而，倘若本集團延期重開零售店，董事會確認彼等仍能尋求額外資金。因此，本公司將根據持續經營基準編製財務報表。

3. 採納會計實務準則

於本年度，本集團首次採納香港會計師公會（「香港會計師公會」）所頒佈之若干新訂及經修訂會計實務準則（「會計實務準則」）。此外，採納該等會計實務準則已導致現金流量表之呈列方式出現變動及加入權益變動表。過往年度呈報之比較數字已被重新歸類以達致貫徹呈列。因此，毋須作出過往年度調整。

現金流量表

根據會計實務準則第15號（經修訂），現金流量現時以三個項目歸類——經營、投資及融資，而非過往之五個項目。過往以獨立項目呈列之已付利息、已收利息及已付股息，現時分別歸類為經營、投資及融資現金流量。就收入所支付稅項產生之現金流量歸類為經營業務，惟可獨立歸類為投資及融資業務者例外。

僱員福利

會計實務準則第34號「僱員福利」引入僱員福利（包括退休福利計劃）之計算規則。由於本集團祇參與定額供款退休福利計劃，故採納會計實務準則第34號對財務報表並無任何重大影響。

4. 主要會計政策

本財務報表乃採用歷史成本常規法編製。

本財務報表乃根據香港普遍採納之會計原則而編製，所採納之主要會計政策如下：

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Jointly controlled entity

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interest in a jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entity less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entity is included in the consolidated income statement.

The Company's investment in a jointly controlled entity is stated at cost, as reduced by any identified impairment loss. The results of jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

Turnover

Turnover represents the net amounts received and receivable for goods sold during the year.

Revenue recognition

Sales of goods are recognised when the goods are delivered and title has passed.

Interest income from bank deposits and other receivables is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Property, plant and equipment

Property, plant and, equipment are stated at cost less accumulated depreciation, amortisation and any identified impairment loss.

4. 主要會計政策 (續)**綜合賬項準則**

綜合財務報表包括本公司及其附屬公司截至每年三月三十一日止之財務報表。

年度內所收購或出售附屬公司之業績均自收購生效日期或出售生效日期止 (視乎情況而定) 計入綜合收益表內。

所有本集團內公司間之主要交易及結存在綜合賬目時均予以抵銷。

於附屬公司之投資

於附屬公司之投資乃按成本值減任何可辨認減值虧損列入本公司之資產負債表內。

共同控制個體

合營企業安排涉及成立獨立個體，而各投資者均於合營企業擁有權益，則視為共同控制個體。

本集團於共同控制個體之權益為本集團分佔共同控制個體之資產淨值在扣除任何可辨認減值虧損後，計入綜合資產負債表內。本集團分佔共同控制個體收購後之業績計入綜合收益表內。

本公司於共同控制個體之投資在扣減任何可辨認減值虧損後以成本列賬。共同控制個體業績則以本公司已收及應收股息為入賬基準。

營業額

營業額乃於本年度內售出貨品已收及應收款項淨額。

確認收入

貨品銷售乃於貨品交付而所有權轉讓後確認。

銀行存款之利息收入按時間基準，參考尚未償還之本金及適用之利率計算。

物業、廠房及設備

物業、廠房及設備乃按成本值減折舊及攤銷及累計減值虧損列賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment (continued)**

Depreciation and amortisation are provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, where appropriate, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Computer equipment and system	30%
Furniture, fixture and equipment	20%
Motor vehicles	30%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Technical know-how

Technical know-how represents the medicine related technical know-how acquired. Technical know-how is stated at cost less accumulated amortisation and any identified impairment loss. Amortisation is provided to write off the cost over its estimated useful life of three years on a straight-line basis.

Medicine research and development expenditure

Expenditure incurred on medicine research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from the Group's medicine development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its estimated economic useful life.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Website development costs

Expenditure incurred in the development of new website and enhancement of existing website, including expenditure incurred in the development and enhancement of contents, is recognised as an expense in the year in which it is incurred.

4. 主要會計政策 (續)**物業、廠房及設備 (續)**

物業、廠房及設備之折舊及攤銷乃在計及其估計剩餘價值後按其估計可使用年期以直線法按下列年率撇銷其成本計算：

租賃裝修	按租賃期或5年兩者之較短者
電腦設備及系統	30%
傢俬、裝置及設備	20%
汽車	30%

資產因出售或棄用而產生之收益或虧損乃按有關資產之出售所得款項及賬面值之差額而定值，並於收益表內確認。

技術知識

技術知識乃所需之醫藥相關技術知識。技術知識乃按成本值減累積攤銷及任何已辨認減值虧損。規定攤銷按其估計可使用年期三年以直線法撇減其成本。

醫藥研究及開發成本

研究醫藥所引致之開支於產生期間確認作開支。

因本集團醫藥開發事宜於內部產生之無形資產，只會在預計有關目標明確的開發計劃所產生成本可從日後商業活動得以補償時，方予以確認。有關資產則按其可使用年期以直線法攤銷。

倘並無一般從內部產生之無形資產可獲確認，則開發開支會於產生期間予以確認作開支。

網站開發成本

開發新網站及改善現有網站(包括開發及改善內容所招致之成本)所招致之開支，乃於產生年度在收益表中確認為一項開支。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprise all costs of purchase, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of the business less the estimated costs necessary to make the sale.

Foreign currencies

Transactions in currencies other than Hong Kong dollar are translated into Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollar are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated into Hong Kong dollars at the rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. All exchange differences arising on consolidation are classified as equity and transferred to translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

4. 主要會計政策 (續)**減值**

於各個結算日，本集團審核其有形及無形資產之賬面值，以確定該等資產有否出現任何減值虧損之跡象。倘若估計資產之可收回金額少於其賬面值，則該資產之賬面值將削減至其可收回金額。減值虧損即時確認作開支。

倘若其後撥回減值虧損，則該資產之賬面值乃增加至經修訂之估計可收回金額，惟增加後之賬面值不會超過該項資產倘於過往年度並無確認減值虧損所計算之賬面值。撥回減值虧損會即時確認作收入。

存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本包括所有購買價並按先進先出法計算。可變現淨值乃於日常業務過程中估計售價減進行銷售估計所需成本。

外幣

港幣以外貨幣之交易乃按交易日之匯率換算為港幣。以港幣以外貨幣列值之貨幣資產及負債乃按結算日之匯率再次換算為港幣。因外幣換算而產生之盈虧撥入損益表內處理。

於綜合賬項時，本集團香港以外業務之資產及負債乃按結算日之匯率換算為港幣。收益及開支項目乃按本年度平均匯率換算。於綜合項目時所產生之所有滙兌差額歸類為股本，並轉撥至換算儲備。該等換算差額於業務被出售期間內確認為收益或開支。

稅項

稅項是基於本年度之業績計入調整一些非課稅或非扣減項目。若干收入及支出項目在稅項與財務報表上，被處理於不同會計期內，並因此而引發時差。時差在稅務上的影響如屬在預見之未來會實現之負債或資產，乃按負債法於財務報表中確認為遞延稅項。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued) Operating leases

Leases where substantially all the risks and rewards of ownership remains with the lessors are accounted for as operating leases.

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the relevant lease terms.

Retirement benefits scheme

Payments to the Group's Mandatory Provident Fund Scheme are charged as expenses as they fall due.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The principal activities of the Group are sale of Chinese medicine through retail and E-Commerce divisions. These activities are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

Year ended March 31, 2003

4. 主要會計政策(續)

經營租約

凡將所有業權風險及收益由出租人保留之租約，均列作經營租約。

根據經營租約應支付之租金乃按有關租約年期以直線法從收益報內扣除。

退休福利計劃

本集團強制性公積金計劃之付款於到期應付時作一項開支扣除。

5. 業務及地區分部

業務分部

本集團之主要業務為透過零售及電子商貿銷售中醫藥。該等業務乃本集團匯報主要分部資料之基礎。

該等業務之分部資料呈列如下。

截至二零零三年三月三十一日止年度

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Elimination 抵銷 HK\$ 港元	Consolidated 綜合 HK\$ 港元
REVENUE	收入				
External sales	對外銷售	13,884,571	136,666	–	14,021,237
Inter-segment sales	分部銷售	9,531	–	(9,531)	–
		13,894,102	136,666	(9,531)	14,021,237
RESULT	業務				
Segment loss	分部虧損	(9,481,763)	(1,355,840)		(10,837,603)
Interest and other operating income	利息及其他 經營收入				81,051
Unallocated corporate expenses	未分配企業 開支				(17,059,588)
Loss from operations	經營虧損				(27,816,140)
Finance costs	財務費用				(4,182)
Share of results of a jointly controlled entity	分佔一間共同控制 個體業績				(14,415)
Loss before taxation	稅前溢利				(27,834,737)
Taxation	稅項				(3,848)
Loss before minority interest	未計少數股東權益前 之虧損				(27,838,585)
Minority interest	少數股東權益				191,850
Net loss for the year	年度虧損				(27,646,735)

5. BUSINESS AND GEOGRAPHICAL SEGMENTS
(continued)

Business segments (continued)

At March 31, 2003

BALANCE SHEET

5. 業務及地區分部 (續)

業務分部 (續)

於二零零三年三月三十一日

資產負債表

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Consolidated 綜合 HK\$ 港元
ASSETS	資產			
Segment assets	分部資產	1,739,250	321,146	2,060,396
Unallocated corporate assets	未分配企業資產			18,348,949
Consolidated total assets	綜合總資產			20,409,345
LIABILITIES	負債			
Segment liabilities	分部負債	1,738,808	–	1,738,808
Unallocated corporate liabilities	未分配企業負債			8,556,670
Consolidated total liabilities	綜合總負債			10,295,478

OTHER INFORMATION

其他資料

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Unallocated corporate 未分配企業 HK\$ 港元	Consolidated 綜合 HK\$ 港元
Additions to property, plant and equipment	添置物業、廠房及設備	1,167,419	71,707	–	1,239,126
Additions to technical know-how	添置技術知識	–	–	13,900,000	13,900,000
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	323,190	280,356	–	603,546
Amortisation of technical know-how	技術知識之攤銷	–	–	4,633,333	4,633,333
Allowances for doubtful debts	呆壞賬撥備	2,380,000	–	2,043,487	4,423,487
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	944,285	–	–	944,285

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS
(continued)

Business segments (continued)

Year ended March 31, 2002

5. 業務及地區分部 (續)

業務分部 (續)

於二零零二年三月三十一日

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Elimination 抵銷 HK\$ 港元	Consolidated 綜合 HK\$ 港元
REVENUE	收益				
External sales	對外銷售	26,189,530	405,822	–	26,595,352
Inter-segment sales	分部銷售	26,657	–	(26,657)	–
Total revenue	總收益	26,216,187	405,822	(26,657)	26,595,352

Inter-segment sales are charged at cost.

分部銷售以其成本值扣除。

RESULT	業績				
Segment profit (loss)	分部溢利 (虧損)	10,413,132	(1,000,189)	–	9,412,943
Interest and other operating income	利息及其他 經營收入				1,766,982
Unallocated corporate expenses	未分配企業 開支				(7,368,584)
Profit from operations	經營溢利				3,811,341
Finance costs	財務費用				(1,401,250)
Share of result of a jointly controlled entity	分佔一間共同控制 個體業務				14,414
Profit before taxation	稅前溢利				2,424,505
Taxation	稅項				(269,766)
Net profit for the year	年度純利				2,154,739

5. BUSINESS AND GEOGRAPHICAL SEGMENTS
(continued)

Business segments (continued)

At March 31, 2002

BALANCE SHEET

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Consolidated 綜合 HK\$ 港元
ASSETS	資產			
Segment assets	分部資產	6,685,678	653,225	7,338,903
Interest in a jointly controlled entity	於一間共同控制個體之權益			14,415
Unallocated corporate assets	未分配企業資產			34,944,014
Consolidated total assets	綜合總資產			42,297,332
LIABILITIES	負債			
Segment liabilities	分部負債	1,213,845	–	1,213,845
Unallocated corporate liabilities	未分配企業負債			2,839,437
Consolidated total liabilities	綜合總負債			4,053,282

OTHER INFORMATION

其他資料

		Retail 零售 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Consolidated 綜合 HK\$ 港元
Additions to property, plant and equipment	添置物業、廠房及設備	165,100	52,270	217,370
Depreciation of property, plant and equipment	攤銷物業、廠房及設備之折舊	95,020	262,444	357,464

Certain financial information relating to business segment for the year ended March 31, 2002 had been re-classified to conform with the current year's presentation.

截至二零零二年三月三十一日止年度有關業務分部之若干財務資料經已重新分類以符合本年度之呈報方式。

Geographical segments

No geographical segment information is presented as over 90% of the Group's sales operations, results, assets and liabilities are derived from Hong Kong.

按地區分部

由於本集團有超過90%銷售業務、業績、資產及負債乃來自香港，故並無呈列按地區分部資料。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

6. OTHER OPERATING INCOME

6. 其他經營收入

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Other operating income comprises:	其他經營收入包括：		
Interest earned on bank deposits	銀行存款利息	49,467	5,712
Write back of sundry creditors	其他應付賬款之撥回	30,000	—
Foreign exchange gain, net	外幣兌換收益(淨額)	1,584	—
Interest earned on amount due from a director	應收一位董事款項利息	—	1,170,000
Interest earned on loan receivable	應收貸款利息	—	445,014
Interest earned from subscription monies	認購股份款項利息	—	146,256
		81,051	1,766,982

7. ALLOWANCES FOR DOUBTFUL DEBTS

7. 呆壞賬撥備

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Allowances for doubtful debts comprise:	呆壞賬撥備包括以下各項：		
Amount due from a substantial shareholder (note)	應收一主要股東之款項(附註)	1,529,227	—
Deposit paid to a supplier	已付予一供應商之按金	514,260	—
Deposits paid to travel agencies	已付予一旅遊代理之按金	2,380,000	—
		4,423,487	—

Note: The substantial shareholder referred above is Sichuan Research Institute of New Chinese Medicine ("SRI"). The directors considered that the amount due from SRI could not be recovered. Accordingly, an allowance for bad debt was made for this receivable.

附註：上述之主要股東為四川新醫研究所。董事認為應收四川新醫研究所之款項將無法收回，故已就該應收款項作出呆壞賬撥備。

8. (LOSS) PROFIT FROM OPERATIONS

8. 經營(虧損)溢利

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
(Loss) profit from operations has been arrived at after charging:	經營溢利(虧損)已扣除下列各項：		
Amortisation of technical know-how (included in other operating expenses)	技術知識之攤銷(已計入其他經營開支)	4,633,333	—
Auditors' remuneration	核數師酬金		
– Current	— 本年度	400,000	200,000
– Underprovision in prior year	— 去年撥備不足	209,770	52,759
		609,770	252,759
Business agent introduction fees (note i)	業務代理介紹費(附註i)	3,000,000	—
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	603,546	357,464
Loss on disposals on property, plant and equipment	出售物業、廠房及設備之虧損	944,285	—
Medicine research and development costs	醫藥研發成本	90,566	1,269,783
Operating lease rentals in respect of rented premises	租賃物業之經營租約租金	1,636,055	900,000
Staff costs (note ii):	員工成本(附註ii)：		
Directors' emoluments (note 10)	董事酬金(附註10)	2,318,714	1,971,626
Other staff costs	其他員工成本		
– salaries and other allowances	— 薪酬及其他津貼	6,318,269	6,810,875
– retirement benefit scheme contribution	— 退休福利計劃供款	228,559	278,172
		8,865,542	9,060,673
Website development cost	網站發展成本	931,075	860,877

Notes:

附註：

- i. Pursuant to an agreement entered into between the business agent and the Group in April 2003, the parties concerned have agreed to settle the introduction fees of HK\$3,000,000 by means of a deposit previously paid by the Group to the business agent in the prior year. As the services had been rendered by the business agent before March 31, 2003, the expense has been recognised during the year.
- ii. Staff costs disclosed above included total retirement benefit scheme contribution of HK\$262,988 (2002: HK\$314,172).

- i. 根據本集團與業務代理於二零零三年四月訂立之一項協議，訂約雙方同意以本集團在去年向業務代理支付之按金繳付3,000,000港元介紹費。由於該業務代理於二零零三年三月三十一日前提供有關服務，故有關開支在本年度確認。
- ii. 上文所披露之員工成本已將退休福利計劃供款262,988港元(二零零二年：314,172港元)計算在內。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

9. FINANCE COSTS

9. 財務費用

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Interest on:	下列各項之利息：		
Bank loan and overdrafts wholly repayable within five years	須於五年內悉數償還之銀行貸款及透支	4,182	472,141
Convertible loans repayable within five years	須於五年內償還之可換股貸款	—	929,109
		4,182	1,401,250

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

10. 董事酬金及五名最高薪酬僱員

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Directors	董事		
Fees	袍金	—	—
Other emoluments:	其他酬金：		
Salaries and other benefits (net of amount waived)	薪酬及其他福利 (扣除已放棄款項)	2,192,785	1,935,626
Bonuses	花紅	91,500	—
Retirement benefit scheme contributions	強積金供款 (扣除已放棄款項)	34,429	36,000
		2,318,714	1,971,626

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Analysed into:	分析：		
Director A	董事甲	220,000	357,000
Director B	董事乙	618,000	200,000
Director C	董事丙	1,068,600	935,481
Director D	董事丁	356,400	—
Director E	董事戊	55,714	—
Director F	董事己	—	479,145
Director G	董事庚	—	—
Director H	董事辛	—	—
		2,318,714	1,971,626

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

The amounts disclosed above include other emoluments of HK\$356,400 (2002: Nil) payable to independent non-executive directors. No directors' fees were payable to independent non-executive directors in both years.

During the year, two executive directors had waived part of their emoluments as follows:

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Director A	董事甲	371,000	—
Director B	董事乙	474,000	—
		845,000	—

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Employees

Of the five highest paid individuals of the Group, four (2002: three) were directors of the Company whose emoluments are included above. The emoluments of the remaining one (2002: two) individuals were as follows:

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Salaries and other benefits	薪酬及其他福利	290,500	573,117
Retirement benefit scheme contributions	退休計劃供款	8,000	23,000
		298,500	596,117

10. 董事酬金及五名最高薪酬僱員 (續)

上述披露款項包括應付予獨立非執行董事356,400港元(二零零二年：無)其他酬金。過去兩個年度，本集團並無向獨立非執行董事支付任何董事酬金。

於本年度內，有兩名董事放棄彼等之酬金如下：

於本年度內，本集團並無向該等董事支付任何酬金，作為彼等加盟或於加盟時之誘金或作為離職賠償，而董事亦無放棄任何酬金。

僱員

本集團五名最高薪酬僱員當中有四名(二零零二年：三名)為本公司董事，其酬金已列於上文。其餘一名(二零零二年：兩名)之酬金如下：

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

11. TAXATION

11. 稅項

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
The charge comprises:	稅項支出包括：		
Hong Kong Profits Tax	香港利得稅		
– Current year	– 本年度	–	330,200
– Overprovision in prior year	– 以前年度超額撥備	–	(60,434)
		–	269,766
Taxation in other jurisdiction	其他司法管轄區之稅項	3,848	–
		3,848	269,766

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the year. In prior year, Hong Kong Profits Tax was calculated at 16% of the estimated assessable profit.

由於本集團在本年度內引致稅項虧損，故未有在財務報表內就香港利得稅作撥備。上年度，香港利得稅乃就年度按估計應課稅溢利以稅率16%計算。

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

其他施法管轄區之稅項以有關施法管轄區之現行稅率計算。

Details of unprovided deferred taxation are set out in note 23.

未撥備遞延稅項之詳情載於附註23。

12. DIVIDEND

12. 股息

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Dividend paid by a subsidiary to its then shareholders prior to the Group Reorganisation	一間附屬公司於集團重組前向其當時股東派發之股息	–	8,000,000
Final dividend paid – Nil (2002: HK\$0.125 cent per share)	已付末期股息 – 無 (二零零二年：每股0.125港元)	–	586,250
		–	8,586,250

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

13. 每股(虧損)盈利

每股基本及攤薄(虧損)盈利乃根據下列數據計算：

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
(Loss) earnings for the purpose of basic (loss) earnings per share	計算每股基本及攤薄(虧損)盈利所採用的(虧損)盈利		
– Net (loss) profit for the year	– 年度(虧損)溢利淨額	(27,646,735)	2,154,739
Number of shares 股份數目			
Weighted average number of shares for the purpose of basic (loss) earnings per share	計算每股基本(虧損)盈利所採用的股份加權平均數	469,000,000	404,726,027
Effect of dilutive potential shares in respect of share options	購股權之潛在股份攤薄影響	–	2,193,385
Weighted average number of shares for the purpose of diluted (loss) earnings per share	計算每股攤薄(虧損)盈利所採用的股份加權平均數	469,000,000	406,919,412

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Leasehold improvements 租賃裝修 HK\$ 港元	Computer equipment and system 電腦設備及系統 HK\$ 港元	Furniture, fixture and equipment 傢俬裝置及設備 HK\$ 港元	Motor vehicles 汽車 HK\$ 港元	Total 總數 HK\$ 港元
THE GROUP COST At April 1, 2002	本集團 成本 於二零零二年 四月一日					
Additions	添置	847,626	622,737	66,617	100,331	1,637,311
Disposals	出售	(1,260,053)	245,129	48,709	–	1,239,126
			–	–	–	(1,260,053)
At March 31, 2003	於二零零三年 三月三十一日	532,861	867,866	115,326	100,331	1,616,384
DEPRECIATION AND AMORTISATION At April 1, 2002	折舊及攤銷 於二零零二年 四月一日					
Provided for the year	年度撥備	299,679	247,313	22,244	47,657	616,893
Eliminated on disposals	出售時撇銷	327,007	229,323	17,117	30,099	603,546
		(315,768)	–	–	–	(315,768)
At March 31, 2003	於二零零三年 三月三十一日	310,918	476,636	39,361	77,756	904,671
NET BOOK VALUES At March 31, 2003	賬面淨值 於二零零三年 三月三十一日	221,943	391,230	75,965	22,575	711,713
At March 31, 2002	於二零零二年 三月三十一日	547,947	375,424	44,373	52,674	1,020,418

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

15. TECHNICAL KNOW-HOW

15. 技術知識

		HK\$ 港元
THE GROUP	本集團	
COST	成本	
Addition and at March 31, 2003	添置及於二零零三年三月三十一日	13,900,000
AMORTISATION	攤銷	
Provided for the year and at March 31, 2003	本年撥備及於二零零三年三月三十一日	4,633,333
NET BOOK VALUE	賬面淨值	
At March 31, 2003	於二零零三年三月三十一日	9,266,667

16. INVESTMENTS IN SUBSIDIARIES

16. 於附屬公司之投資

		THE COMPANY 本公司	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Unlisted shares, at cost	非上市股份(成本值)	40,000,000	40,000,000
Less: Impairment loss	減: 減值虧損	(27,000,000)	—
		13,000,000	40,000,000

The allowance for impairment loss in respect of the costs of unlisted shares of subsidiaries is based on the deficiency of the investment costs over the recoverable amount of the relevant subsidiaries attributable to the Group at March 31, 2003.

Particulars of the Company's subsidiaries at March 31, 2003 are set out in note 34.

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

None of the subsidiaries had any debt capital outstanding as at the balance sheet date.

有關附屬公司非上市股份成本之減值抵免乃根據本集團於二零零三年三月三十一日應佔有關附屬公司可收回款項之投資物業成本虧絀而計算。

本公司附屬公司於二零零三年三月三十一日之詳情載於附註34。

附屬公司之欠款為無抵押、免息及需即時償還。

於結算日，各附屬公司概無任何未償還債務資本。

17. INTEREST IN A JOINTLY CONTROLLED ENTITY

17. 於一間共同控制個體之權益

		THE GROUP 本集團	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Share of net assets	分佔資產淨值	-	14,415

At March 31, 2003, the Group had interests in the following jointly controlled entity:

於二零零三年三月三十一日，本集團於下列共同控制個體中擁有權益：

Name of company	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group 本集團所持已發行股本賬面值百分比	Principal activities
公司名稱	商業架構方式	註冊成立地點	主要經營地點	所持股份類別		主要業務
KNCM Biotech Pharma Limited	Incorporated 企業	Hong Kong 香港	Hong Kong 香港	Ordinary 普通股	50	Inactive 暫無營業

The accumulated loss of the Group included an accumulated loss of HK\$1 (2002: accumulated profit of HK\$14,414) attributable by the jointly controlled entity.

本集團累計虧損包括應佔共同控制實體累計虧損1港元（二零零二年：累計溢利14,414港元）。

The financial statements of KNCM Biotech Pharma Limited are not audited by Deloitte Touche Tohmatsu.

KNCM Biotech Pharma Limited財務報表並非由德勤·關黃陳方會計師行審核。

18. INVENTORIES

18. 存貨

		THE GROUP 本集團	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Raw materials	原料	4,196,128	253,985
Finished goods	製成品	560,135	127,920
		4,756,263	381,905

The cost of inventories recognised as an expense amounted to HK\$1,117,343 (2002: HK\$1,588,039).

存貨成本1,117,343港元（二零零二年：1,588,039港元）確認作開支。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

19. AMOUNTS DUE FROM (TO) DIRECTORS

Particulars of the amounts due from (to) directors are as follows:

19. 應收(付)董事款項

應收(付)董事款項之詳情如下:

			THE GROUP 本集團		Maximum amount due from the directors during the year 於本年度 最高結欠 HK\$ 港元
		Notes 附註	Balance at 3.31.2003 於二零零三年 三月三十一日 之結存 HK\$ 港元	Balance at 4.1.2002 於二零零二年 四月一日 之結存 HK\$ 港元	
Directors	董事				
Ms. Leung Oi Wah	梁愛華女士	(i)	(221,241)	—	—
Ms. Leung Oi Wah	梁愛華女士	(iii)	85,079	344,431	670,000
Mr. Junya Kabeya	壁谷順也先生	(ii)	(158,400)	—	—
Mr. Chan Wai Ming	陳煒明先生	(ii)	(241,600)	—	—
Mr. Lau Ka Ho	劉家豪先生	(ii)	(74,000)	—	—
Mr. Wong Cheah Foo	黃齊富先生	(ii)	(147,000)	—	—
Mr. Wong Cheah Foo	黃齊富先生	(iii)	10,000	—	10,000
			(747,162)	344,431	
Represented by:	分析如下：				
Amounts due from directors	應收董事款項		95,079	344,431	
Amounts due to directors	應付董事款項		842,241	—	

			THE COMPANY 本公司		
			Balance at 3.31.2003 於二零零三年 三月三十一日 之結存 HK\$ 港元	Balance at 4.1.2002 二零零二年 於四月一日 之結存 HK\$ 港元	Maximum amount due from the directors during the year 於本年度 最高結欠 HK\$ 港元
Directors	董事	Notes 附註			
Ms. Leung Oi Wah	梁愛華女士	(ii)	(18,000)	—	—

19. AMOUNTS DUE FROM (TO) DIRECTORS (continued)

Notes:

- (i) The amount due to Ms. Leung Oi Wah as at March 31, 2003 is unsecured, interest free and repayable on demand. There was no interest levied on the amount due from Ms. Leung Oi Wah for the year ended March 31, 2003. During the year ended March 31, 2002, the current account was unsecured, interest bearing at 5.45% and repayable on demand.
- (ii) The amounts due to directors at March 31, 2003 represent cash advances from the directors during the year. The directors have confirmed that the amounts are unsecured, interest free and will not be demanded for repayment within twelve months from the balance sheet.
- (iii) For the year ended March 31, 2003, the amount due from directors are unsecured, interest-free and repayable on demand.

19. 應收(付)董事款項(續)

附註:

- (i) 於二零零三年三月三十一日，應付董事梁愛華女士之款項為無抵押、免息及於需要時償還。於截至二零零三年三月三十一日止年度內，應收梁愛華女士之款項為免息。於截至二零零二年三月三十一日止年度，現時之款項為無抵押、以5.45厘計算及於需要時償還。
- (ii) 於二零零三年三月三十一日應付董事款項即本年度董事給予之現金墊款。董事確認有關款項為無抵押、免息及將不會由結算日起計十二個月內要求償還。
- (iii) 於截至二零零三年三月三十一日止年度，應收董事款項為無抵押、免息及於需要時償還。

20. DEBTORS, DEPOSITS AND PREPAYMENTS

The sales to the majority of customers were with terms of cash on delivery. Other trade debtors were given the credit terms for 30 to 90 days.

The following is an aged analysis of debtors, deposits and prepayments as at the balance sheet date:

20. 應收賬項、按金及預付款項

大部份客戶之銷售額以貨到付款為原則，而應收貿易賬項之除賬期一般介乎30日至90日。

應收賬項、按金及預付款項於結算日之賬齡分析如下：

		THE GROUP 本集團		THE COMPANY 本公司	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Trade debtors	應收貿易賬項				
0 – 30 days	0 – 30日	57,323	–	–	–
31 – 60 days	31 – 60日	8,381	–	–	–
		65,704	–	–	–
Prepayment and deposits	預付款項及按金				
– prepayments	– 預付款項	203,481	6,502,854	152,936	2,222,586
– deposits (note i)	– 按金 (附註i)	300,000	5,480,000	–	–
– deposit paid to suppliers	– 向供應商支付之按金	160,694	538,806	–	–
		664,175	12,521,660	152,936	2,222,586
Others (note ii)	其他款項 (附註ii)	3,770,101	3,456,580	–	–
		4,499,980	15,978,240	152,936	2,222,586

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

20. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Notes:

- i. Deposits were paid to business agents for introducing strategic partners and/or customers to the Group.
- ii. Others included an amount of HK\$3,000,000 (2002: HK\$3,000,000) refundable deposit paid to a consultancy company for procuring new businesses to the Group.

21. CREDITORS AND ACCRUED CHARGES

The credit terms of the trade creditors range from 30 to 60 days.

The following is an aged analysis of creditors and accrued charges as at the balance sheet date:

20. 應收賬項、按金及預付款項(續)

附註：

- i. 按金乃向商業代理支付，以便為本集團介紹策略性夥伴及／或客戶。
- ii. 其他款項包括為本集團介紹新業務而向一間顧問公司支付之3,000,000港元(二零零二年：3,000,000港元)可退還按金。

21. 應付賬項及應計費用

應付貿易賬項之賒賬期由30至60日不等。

應付貿易賬項及應計費用於結算日之賬齡分析如下：

		THE GROUP 本集團		THE COMPANY 本公司	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
0 to 30 days	0至30日	47,656	157,868	-	-
31 to 60 days	31至60日	309	-	-	-
61 to 90 days	61至90日	24,533	-	-	-
> 90 days	超過90日	14,558	35,435	-	-
Trade creditors	應付貿易賬項	87,056	193,303	-	-
Other creditors and accrued expenses	其他應付款項及應計費用	8,132,678	3,799,237	1,005,683	2,019,038
		8,219,734	3,992,540	1,005,683	2,019,038

22. AMOUNTS DUE TO RELATED COMPANIES

Particulars of the amounts due to related companies were as follows:

22. 應付關連公司款項

應付關連公司款項之詳情如下：

		THE GROUP 本集團	
Name of related company 關連公司名稱	Directors interested 擁有權益董事	2003 二零零三年 HK\$ 千港元	2002 二零零二年 HK\$ 千港元
Fairco Investments Limited	Mr. Wong Cheah Foo 黃齊富先生	238,066	-
Wealth On Silk Limited	Mr. Wong Cheah Foo 黃齊富先生	908,247	-
		1,146,313	-

The above amounts are unsecured, interest-free and have no fixed repayment terms.

上述款項為無抵押、免息及無固定還款期。

23. UNPROVIDED DEFERRED TAXATION

At the balance sheet date, the major components of unrecognised deferred tax asset (liability) are as follows:

23. 未撥備遞延稅項

於結算日，未撥備遞延稅項資產（負債）之主要部份如下：

		THE GROUP 本集團	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Tax effect of timing difference because of:	時差所產生稅務影響之原因：		
Excess of tax allowances over depreciation	免稅額超過折舊	(55,645)	(53,669)
Tax losses	稅項虧損	2,223,201	53,449
		2,167,556	(220)

The amount of unprovided deferred tax credit (charge) of the Group for the year are as follows:

本集團於年度內未撥備遞延稅項抵免（支出）金額如下：

		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
(Excess) shortfall of tax allowances over depreciation	免稅額（超過）少於折舊	(1,976)	32,356
Tax losses arising (utilised)	所產生（已動用）之稅項虧損	2,169,752	(135,935)
		2,167,776	(103,579)

The Company did not have any significant unprovided deferred taxation at the balance sheet date.

於結算日，本公司並無任何重大未撥備遞延稅項。

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24. SHARE CAPITAL

24. 股本

		2003 二零零三年		2002 二零零二年	
		Number of shares 股份數目	Amount 價值 HK\$ 港元	Number of shares 股份數目	Amount 價值 HK\$ 港元
Shares of HK\$0.1 each	每股面值0.1港元 股份				
Authorised:	法定股本：				
At beginning of year	年初及年終				
and at end of year		2,000,000,000	200,000,000	2,000,000,000	200,000,000
Issued and fully paid:	已發行及繳足股本：				
At beginning of year	於年初 (附註(a))	469,000,000	46,900,000	1	32
Adjustment upon the	於集團重組時				
Group Reorganisation	所作出之調整	-	-	-	(31)
(note (a))	(附註(a))				
Issue of shares upon	於集團重組時				
the Group	發行				
Reorganisation	股份	-	-	399,999,999	39,999,999
(note (b))	(附註(b))				
Issue of shares through	透過配售及公開				
placing and public	發售發行股份	-	-	60,000,000	6,000,000
offer (notes (c) & (d))	(附註(c)&(d))				
Placing of shares to	透過行使超額				
investors through	配股權向投資者				
exercise of	配售股份	-	-	9,000,000	900,000
over-allotment option	(附註(c)&(d))				
(notes (c) & (d))					
At end of year	年終	469,000,000	46,900,000	469,000,000	46,900,000

Notes:

The changes in the share capital of the Company took place during the period ended March 31, 2002 are as follows:

- (a) The Company was incorporated on October 30, 2000 with an authorised share capital of HK\$390,000 dividend into 3,900,000 shares of HK\$0.1 each. One fully paid share was allotted and issued to the subscriber for cash and outstanding as at April 1, 2001. The share capital of the Group as at April, 1, 2001 comprised the aggregate of the outstanding share of the Company and the share capital of NCM (BVI) at that date. Upon Group Reorganisation, the share capital of NCM (BVI) of HK\$31 was fully eliminated.

附註：

於截至二零零二年三月三十一日止期間，本公司股本曾出現下列變動：

- (a) 本公司於二零零零年十月三十日註冊成立，法定股本為390,000港元，分為3,900,000股每股面值0.1港元普通股。本公司向認購人配發及發行一股繳足股份，以換取現金，而於二零零一年四月一日有關款項尚未繳付。本集團於二零零一年四月一日之股本包括本公司未繳股款股份及NCM(BVI)於該日股本之總額。於集團重組時，NCM(BVI)股本31港元已全數撤銷。

24. SHARE CAPITAL (continued)

- (b) Pursuant to the written resolutions of the Directors of the Company on August 6, 2001, 399,999,999 shares were allotted, issued and credited as fully paid at par as consideration for the acquisition by the Company of the entire issued share capital of New Chinese Medicine (BVI) Limited ("NCM (BVI)").
- (c) Pursuant to another written resolution of all shareholders of the Company passed on February 1, 2002, the placing and public offer of an aggregate of 60,000,000 shares (subject to over-allotment option) of HK\$0.1 each were approved and the directors were authorised to allot and issue the new shares pursuant thereto.
- (d) On March 7, 2002, 69,000,000 shares of HK\$0.1 each were issued at HK\$0.6 per ordinary share for cash through an initial public offer by way of placing and public offer. The Group planned to use the net proceeds from the shares issued mainly for expansion and as general working capital of the Group.

25. SHARE OPTION

The Company has the following share option schemes:

(i) Pre-IPO Share Option Scheme

On February 1, 2002, the Company adopted a share option scheme ("the Pre-IPO Share Option Scheme").

The purpose of the Pre-IPO Share Option Scheme is to provide incentives to recognise the contribution of certain directors, employees and advisor of the Company to the growth of the Group and/or to the listing of the Company's share on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM"). The period within which the shares must be taken up under an option of the Pre-IPO Share Option Scheme shall be valid for a period of 10 years commencing on February 1, 2002. There is no minimum period for which an option must be held before it can be exercised. HK\$1 is payable on acceptance of an option within 28 days from the date of grant.

24. 股本 (續)

- (b) 根據本公司董事會於二零零一年八月六日通過之書面決議案，本公司配發、發行及按面值入賬列作繳足399,999,999股普通股，作為收購New Chinese Medicine (BVI) Limited (「NCM(BVI)」) 全部已發行股份之代價。
- (c) 根據本公司全體股東於二零零二年二月一日通過之另一項書面決議案，批准配發及公開發售合共60,000,000股每股面值0.1港元股份（視乎超額配股權而定），並授權董事會據此而配發及發行新股份。
- (d) 於二零零二年三月七日，本公司透過配售及公開發售方式作首次招股，以每股普通股0.6港元發行69,000,000股每股面值0.1港元普通股以獲取現金。

25. 購股權計劃

本公司有以下購股權計劃：

(i) 首次公開招股前購股權計劃

於二零零二年二月一日，本公司採納一項購股權計劃（「首次公開招股前購股權計劃」）。

首次公開招股前購股權計劃之目的旨在表揚對本集團發展及／或將本公司股份在香港聯合交易所有限公司創業板（「創業板」）上市有貢獻之若干董事、僱員及本公司顧問。必須根據首次公開招股前購股權計劃認購之股份可於二零零二年二月一日起計十年期間內有效進行認購。購股權在可予行使之前無須持有最少期間。如接納購股權，則須於授出日期起計二十八日支付1港元。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

25. SHARE OPTION (continued)

(i) Pre-IPO Share Option Scheme (continued)

The total number of shares in respect of which options may be granted under the Pre-IPO Share Option Scheme must not in aggregate exceed 46,900,000 shares, which represent 10% of the share in issue as at March 7, 2002, being the date of listing of the Company's shares on GEM, unless approval from the Company's shareholders has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained.

Options may be exercised at any time from the date of grant of the share option to the ten anniversary of the date of grant. The exercise price is determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares as stated on GEM's daily quotation sheets on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

Details of the movement in share options granted on February 18, 2002 under the Pre-IPO Share Option Scheme during each of the two years ended March 31, 2003 are set out as follows:

25. 購股權 (續)

(i) 首次公開招股前購股權計劃 (續)

除非獲本公司股東批准，則否本公司根據首次公開招股前購股權計劃可發行之股份總數不可超過46,900,000股，佔本公司股份於二零零二年三月七日在創業板上市當日之已發行股本10%。當向個別人士授出購股權時，倘若截至授出日期前十二個月期間任何時間內(包括授出日期內)，該等授出及將予授出之購股權行使會導致超過本公司於該授出日期之已發行股本之1%，除非獲本公司股東批准，否則不得授出購股權予該個別人士。

購股權可由授出購股權日期起至授出日期十週年內隨時行使。本公司股份之價格將由董事會釐定，而將為下列三項之最者：(i)本公司股份於授出購股權日期於創業板每日報價表所示之收市價；(ii)股份於緊接授出日期前五個辦公日之平均收市價；及(iii)本公司股份面值。

根據首次公開招股前購股權計劃於二零零二年二月十八日授出之購股權於截至二零零三年三月三十一日止兩個年度之變動詳情如下：

25. SHARE OPTION (continued)

(i) Pre-IPO Share Option Scheme (continued)

For the year ended March 31, 2003

25. 購股權 (續)

(i) 首次公開招股前購股權計劃 (續)

於截至二零零三年三月三十一日止年度

Exercisable period	Exercise price per share	Number of share options 購股權數目			
		Outstanding at April 1, 2002	Lapsed during the year	Outstanding at March 31, 2003	
		於二零零二年 四月一日 尚未獲行使	本年度 到期	於二零零三年 三月三十一日 尚未獲行使	
行使期間	行使價 HK\$ 港元				
Category: Directors					
類別：董事	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	4,500,000	(1,500,000)	3,000,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	4,500,000	(1,500,000)	3,000,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	4,500,000	(1,500,000)	3,000,000
			13,500,000	(4,500,000)	9,000,000
Category: Employees					
類別：僱員	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	3,200,000	(800,000)	2,400,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	3,200,000	(800,000)	2,400,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	3,200,000	(800,000)	2,400,000
			9,600,000	(2,400,000)	7,200,000
Category: Legal advisor					
類別：法律顧問	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	800,000	–	800,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	800,000	–	800,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	800,000	–	800,000
			2,400,000	–	2,400,000
Total all categories 全有類別總計			25,500,000	(6,900,000)	18,600,000

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

25. SHARE OPTION (continued)

(i) Pre-IPO Share Option Scheme (continued)

For the year ended March 31, 2002

25. 購股權 (續)

(i) 首次公開招股前購股權計劃 (續)

於截至二零零二年三月三十一日止年度

Exercisable period	Exercise price per share	Number of share options			
		Outstanding at April 1, 2001 於二零零一年 四月一日 尚未獲行使	Granted during the year	Outstanding at March 31, 2002 於二零零二年 三月三十一日 尚未獲行使	
			本年度 授出		
行使期間	行使價 HK\$ 港元				
Category: Directors					
類別：董事	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	–	4,500,000	4,500,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	–	4,500,000	4,500,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	–	4,500,000	4,500,000
			–	13,500,000	13,500,000
Category: Employees					
類別：僱員	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	–	3,200,000	3,200,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	–	3,200,000	3,200,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	–	3,200,000	3,200,000
			–	9,600,000	9,600,000
Category: Legal advisor					
類別：法律顧問	September 7, 2002 – February 17, 2005 二零零二年九月七日至二零零五年二月十七日	0.3	–	800,000	800,000
	March 7, 2003 – February 17, 2005 二零零三年三月七日至二零零五年二月十七日	0.3	–	800,000	800,000
	March 7, 2004 – February 17, 2005 二零零四年三月七日至二零零五年二月十七日	0.3	–	800,000	800,000
			–	2,400,000	24,000,000
Total all categories					
全有類別總計			–	25,500,000	25,500,000

25. SHARE OPTION (continued)

(i) Pre-IPO Share Option Scheme (continued)

Total consideration received during the year ended March 31, 2002 from the share option participants for taking up the share options granted amounted to HK\$8. No charge is recognised in the consolidated income statement in respect of the value of options granted in 2002.

(ii) Share Option Scheme

On February 1, 2002, another share option scheme (the "Share Option Scheme") was approved pursuant to a written resolution of the Company.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected individuals to subscribe for shares in the Company as incentives or rewards for their contributions to the Group. The Board may, as its discretion, invite any full-time or part-time employee of the Company or any member of the Group, including any director of any member of the Group and any advisor or consultant (in areas of technical, financial or corporate managerial) of the Company or any of its subsidiaries to take up options to subscribe for the share in the Company for a consideration of HK\$1 each lot of share option granted. The Share Option Scheme will remain valid for a period of 10 years commencing on February 1, 2002. The option period shall not be less than 3 years and not exceed 10 years from the date of acceptance of option. There is no minimum period for which an option must be held before it can be exercised. HK\$1 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 46,900,000 shares, which represent 10% of the share in issue as at March 7, 2002, being the date of listing of the Company's shares on GEM, unless approval from the Company's shareholders has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained.

25. 購股權 (續)

(i) 首次公開招股前購股權計劃 (續)

於截至二零零二年三月三十一日止年度內向接納獲授購股權之購股權參與者收取之總代價合共為8港元。未有於綜合收益表內就有關於二零零二年授出之購股權價值扣除任何款額。

(ii) 購股權計劃

於二零零二年二月一日，本公司根據本公司一項書面決議案之批准採納一項購股權計劃。

購股權計劃之目的旨在使本公司可向經挑選人士授出購股權認購本公司股份，作為對彼等為本集團所作出的貢獻之獎勵或回報。董事會可酌情邀請本公司或本集團任何成員公司之任何全職或兼職僱員（包括本集團任何成員公司之任何董事）及本公司或其任何附屬公司在技術、財務或企業管理範疇之任何諮詢人或顧問，接納購股權以認購本公司股份，而接納購股權之人士須就每份獲授出購股權支付1港元代價。購股權計劃將由二零零二年二月一日起計十年內有效。購股權期間將不少於三年，而不超過由接納購股權日期起計十年。購股權在可予行使之前無須持有最少期間。如接納購股權，則須於授出日期起計二十八日支付1港元。

除非獲本公司股東批准，則否本公司根據首次公開招股前購股權計劃可發行之股份總數不可超過46,900,000股，佔本公司股份於二零零二年三月七日在創業板上市當日之已發行股本10%。當向個別人士授出購股權時，倘若截至授出日期前十二個月期間任何時間內（包括授出日期內），該等授出及將予授出之購股權獲行使會導致超過本公司於該授出日期之已發行股本之1%，除非獲本公司股東批准，否則不得授出購股權予該個別人士。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

25. SHARE OPTION (continued)

(i) Pre-IPO Share Option Scheme (continued)

Options may be exercised at any time from the date of grant of the share option to the ten anniversary of the date of grant. The exercise price shall be determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares as stated on GEM's daily quotation sheets on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

No share options have been granted by the Company under the Share Option Scheme since its adoption.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme, the Share Option Scheme and any other schemes involving the issue or grant of options must not exceed 30% of the Company's shares in issue from time to time.

25. 購股權 (續)

(i) 首次公開招股前購股權計劃 (續)

購股權可由授出購股權日期起至授出日期十週年內隨時行使。本公司股份之價格將由董事會釐定，而將為下列三項之最者：(i)本公司股份於授出購股權日期於創業板每日報價表所示之收市價；(ii)股份於緊接授出日期前五個辦公日之平均收市價；及(iii)本公司股份面值。

自本公司採納購股權計劃以來未有授出購股權。

根據首次公開招股前購股權計劃、購股權計劃及涉及發行或授出購股權之任何其他計劃所授出及可獲行使之所有尚未獲行使購股權獲行使時可予發行之股份數上整體限額不得超逾本公司不時已發行股份30%。

26. RESERVES

26. 儲備

		Share premium 股份溢價 HK\$ 港元	Accumulated profits (losses) 累計溢利 (虧損) HK\$ 港元	Total 總計 HK\$ 港元
THE COMPANY	本公司			
At April 1, 2001	於二零零一年四月一日	-	-	-
Premium arising on initial public offer	首次公開發售產生之溢價	34,500,000	-	34,500,000
Expenses incurred in connection with the issue of shares	發行股份開支	(15,491,277)	-	(15,491,277)
Profit for the year	年度溢利	-	590,833	590,833
At March 31, 2002	二零零二年三月三十一日	19,008,723	590,833	19,599,556
Dividend paid	已付股息	-	(586,250)	(586,250)
Net loss for the year	年度虧損淨額	-	(53,782,499)	(53,782,499)
At March 31, 2003	二零零三年三月三十一日	19,008,723	(53,777,916)	(34,769,193)

26. RESERVES (continued)

The Company's reserves available for distribution represent the share premium and accumulated profits (losses). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands (the "Companies Law"), the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

In the opinion of the directors, as at March 31, 2003, the Company does not have any reserves available for distribution (2002: distributable reserves comprise of share premium and accumulated profits totaling HK\$19,599,556).

27. MAJOR NON-CASH TRANSACTION

During the year, the Group acquired, technical know-how of HK\$13,900,000 and has settled HK\$9,900,000. The creditor had confirmed subsequent to the balance sheet date that the outstanding balance of HK\$4,000,000 would not be demanded for repayment within twelve months from the balance sheet date.

28. WEBSITE DEVELOPMENT COMMITMENT**26. 儲備(續)**

本公司可分派儲備即股份溢價及累計溢利(虧損)。根據開曼群島法律第22章公司法(經修訂)(「公司法」)，本公司股份溢價可向股東分派或支付股息，惟須遵守本公司組織章程或公司細則，且只可在本公司於緊隨分派或支付股息後，仍有能力償還於日常業務過程中到期的債務，方何作出分派或支付股息。根據本公司組織章程，股息只可從本公司已變現或未變現溢利或從溢利轉撥往董事認為不再需要之任何儲備中撥資宣派或支付。在取得普通決議案的同意下，股息亦可自股份溢價賬或公司法授權可作此用途之任何其他資金或賬目中撥資宣派或支付。

董事認為，於二零零三年三月三十一日，本公司並無可供分派之任何儲備(二零零二年：可作分派的儲備包括股份溢價及累計溢利19,599,556港元)。

27. 主要非現金交易

於本年度內，本集團收購13,900,000港元技術知識，並已支付9,900,000港元。債權人已於結算日後確認由結算日起計十二個月將不會要求償還未繳付4,000,000港元餘款。

28. 網站開發承擔

		THE GROUP 本集團	
		2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Commitment in respect of website development contracted for but not provided in the financial statements	就網站開發之已訂約但未於財務報表撥備之承擔	200,000	300,000

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

29. OPERATING LEASE COMMITMENT

THE GROUP

At the balance sheet date, the Group had commitment for future minimum lease payments under non-cancellable operating lease in respect of rented premises which fall due within one year amounting to HK\$29,434 (2002: HK\$750,000).

Operating lease payments represents rentals payable by the Group for its retail and office properties. Leases are negotiated for an average term of approximately one year and rentals are fixed over that period.

30. CAPITAL COMMITMENTS

The Group established a joint venture with a third party during the year ended March 31, 2002 and initially contributed HK\$1 as capital. At the balance sheet date, the Group has committed to inject additional share capital into the joint venture of HK\$499,999 (2002: HK\$499,999).

31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits cost charged to income statement represents contributions payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

At the balance sheet date, there was no forfeited contributions available to reduce future contributions (2002: Nil).

29. 經營租約承擔

本集團

於結算日，本集團根據不可撤銷經營租約租用之租賃物業，在一年內到期之未來最少租金承擔為29,434港元（二零零二年：750,000港元）。

經營租約承擔即本集團零售店及辦公室物業之租金。租約年期平均約為一年，租金在該期間內固定不變。

30. 資本承擔

於截至二零零二年三月三十一日止年度內，本集團與一位第三者成立一間合營企業，並初步投入1港元入作為資本。於結算日，本集團承諾向該合營企業注入額外資金為499,999港元（二零零二年：499,999港元）。

31. 退休福利計劃

本集團為所有僱員參加一項強制性公積金計劃（「強積金計劃」）。強積金計劃乃根據強制性公積金計劃條款於強制性公積金計劃管理局註冊。強積金計劃之資產乃與本集團之資產分開，並由獨立受託人控制。根據強積金計劃，僱主及僱員須按法例所規定之比率向強積金計劃供款。本集團就強積金計劃之唯一責任為根據該計劃作出所須供款。

從收益表扣除之退休福利計劃即本集團根據該計劃規則所規定之比率而應支付之供款。

於結算日，本集團並無可削減日後供款之沒收供款（二零零二年：無）。

32. RELATED PARTY TRANSACTIONS

In addition to transactions and balances with related parties disclosed in notes 6, 7, 19 and 22, the Group has entered into the following transactions with related parties during the year:

Name of related party 有關連人士名稱	Nature of transaction 交易性質	Notes 附註	2003 二零零三年 HK\$ 港元	2002 二零零二年 HK\$ 港元
Fairco Investments Limited 暉港投資有限公司	Rental paid and payable 已付及應付租金	1, 2	900,000	900,000
Ms. Leung Oi Wah 梁愛華女士	Interest income 利息收入	3	—	1,170,000
SRI 四川新醫藥研究所	Medicine research and development costs 醫藥研究及開發成本	1, 4	—	1,019,783

Notes:

- (1) The transaction was determined based on the terms agreed by the companies concerned.
- (2) Mr. Wong Cheah Foo, a director of the Company, has beneficial interest in this company.
- (3) There was no interest levied on the amount due from Ms. Leung Oi Wah, a director of the Company, for the year ended March 31, 2003. Interest income for the year ended March 31, 2002 was determined based on interest rate of 5.45% per annum on outstanding balance of amount due from Ms. Leung.
- (4) SRI is a substantial shareholder of the Company.

附註：

- (1) 交易乃按有關公司所協定之條款而釐定。
- (2) 董事黃齊富先生於該公司擁有實益權益。
- (3) 於截至二零零三年三月三十一日止年度，本公司董事梁愛華女士應付之款項未有計算利息。截至二零零三年三月三十一日止年度之利息收入乃梁女士之結存根據每年5.45%之利率收取。
- (4) 四川新醫藥研究所為本公司主要股東。

33. POST BALANCE SHEET EVENT

Subsequent to March 31, 2003, the Group had incurred the following events:

- (i) From April, 2003 and up to the date of the financial statements, the Group had temporarily closed its retail outlet in Hong Kong due to the outbreak of SARS. The directors expect the retail outlet will resume trading shortly.
- (ii) In June, 2003, one creditor confirmed that it did not intend to demand from the Group the repayment of the outstanding balance of HK\$4,000,000 within twelve months from the balance sheet date.

33. 結算日後事項

於二零零三年三月三十一日，本集團曾發生下列事項：

- (i) 自二零零三年四月起及直至財務報表日期，本集團因為爆發SARS而暫時關閉其於香港之零售店舖。董事計該零售店舖劃於近日重開。
- (ii) 於二零零三年六月，一名債權人確認不擬由結算日後起十二個月內要求本集團支付償還尚未支付結餘4,000,000港元。

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

33. POST BALANCE SHEET EVENT (continued)

(iii) In June, 2003, a substantial shareholder injected funding of HK\$2,000,000 into the Group to meet some of the Group's financial obligations and confirmed not to demand from the Group the repayment of HK\$2,000,000 within twelve months from the balance sheet date.

(iv) In June, 2003, the Group made an announcement that it proposed to enter into an agreement with an independent third party (the "Vendor"), pursuant to which the Group will acquire the formulae of five health supplement products from the Vendor for a total consideration of HK\$9,000,000, which will be satisfied by way of the allotment and issue of 90,000,000 new shares of the Company at HK\$0.10 each to the Vendor.

34. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at March 31, 2003 are as follows:

33. 結算日後事項 (續)

(iii) 於二零零三年六月，一名主要股東向本集團墊款2,000,000港元，以切合本集團若干財務責任所需，而該名主要股東確認由結算日後起十二個月內不會要求本集團償還上述2,000,000港元。

(iv) 於二零零三年六月，本集團公佈建議與一獨立第三者(「賣方」)訂立一項協議。據此，本集團將向賣方收購五種保健產品之藥方，總代價為9,000,000港元，支付方式為將向賣方配發及發行90,000,000股本公司每股面值0.10港元新股。

34. 附屬公司詳情

於二零零三年三月三十一日，本公司各附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立／ 經營地點	Class of share held 所持股份類別	Issued and fully paid up capital 已發行及全面繳足股本	Proportion of nominal value of issued capital held by the Company 本公司持有已發行股本面值百分比		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
NCM Sciences Technology Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	—	100	Inactive 暫無營業
NCM Shoji Co. Limited	Japan 日本	Ordinary 普通股	JYP10,000,000 10,000,000日圓	—	70	Retailing of pharmaceutical products 零售醫藥產品
New Chinese Medicine (BVI) Limited	British Virgin Islands 英屬處女群島	Ordinary 普通股	US\$200 200美元	100	—	Investment holding 投資控股
New Chinese Medicine Limited 新醫藥有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	—	100	Investment holding and distribution of pharmaceutical products 投資控股及分銷醫藥產品
New Chinese Medicine (HK) Limited 新中藥(香港)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	—	100	Internet based medical treatment and retailing of modern Chinese medicines 以互聯網為基礎之醫療及中成藥零售
New Chinese Medicine International Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	—	100	Inactive 暫無營業

34. PARTICULARS OF SUBSIDIARIES (continued)

34. 附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Class of share held 所持股份 類別	Issued and fully paid up capital 已發行 及全面 繳足股本	Proportion of nominal value of issued capital held by the Company 本公司持有 已發行股本 面值百分比		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
New Chinese Medicine (Website) Limited 新中藥(網頁)有限公司	Commonwealth of the Northern Mariana Islands 北馬里亞納 群島共和國	Ordinary 普通股	US\$1,000 1,000美元	–	100	Owner of the registered domain name of www.newchinesemedic.com www.newchinesemedic.com 域名之登記持有人
Wondergold Limited 暉富有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	–	100	Retailing of pharmaceutical products 零售醫藥產品

For the year ended March 31, 2003 截至二零零三年三月三十一日止年度

		Year ended March 31, 截至三月三十一日止年度			2003 二零零三年 HK\$ 港元
		2000 二零零零年 HK\$ 港元	2001 二零零一年 HK\$ 港元	2002 二零零二年 HK\$ 港元	
Results	業績				
Turnover	營業額	37,196,115	34,096,317	26,595,352	14,021,237
Profit (loss) before taxation	稅前溢利(虧損)	16,905,040	6,217,705	2,424,505	(27,834,737)
Taxation	稅項	(2,600,000)	(1,107,734)	(269,766)	(3,848)
Profit (loss) before minority interest	未計少數股東權益前溢利(虧損)	14,305,040	5,109,971	2,154,739	(27,838,585)
Minority interest	少數股東權益	-	-	-	191,850
Profit (loss) for the year attributable to shareholders	股東應佔年度溢利(虧損)	14,305,040	5,109,971	2,154,739	(27,646,735)

		At March 31, 於三月三十一日			2003 二零零三年 HK\$ 港元
		二零零零年 2000 HK\$ 港元	二零零一年 2001 HK\$ 港元	二零零二年 2002 HK\$ 港元	
Assets and liabilities	資產及負債				
Total assets	總資產	27,395,308	44,839,980	42,297,332	20,409,345
Total liabilities and minority interest	總負債及少數股東利息	(14,316,251)	(26,660,921)	(4,053,282)	(10,295,478)
Net assets	淨資產	13,079,057	18,179,059	38,244,050	10,113,867

Note:

Pursuant to a group reorganisation to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares on the Growth Enterprises Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on August 6, 2001. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from March 7, 2002. The Group resulting from the group reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Group. The results for the two years ended March 31, 2000 and 2001 have been extracted from the Company's prospectus dated February 25, 2002.

附註:

為籌備將本公司股份在香港聯合交易所有限公司(「聯交所」)創業板市場(「創業板」)上市,本公司及其附屬公司(以下統稱「本集團」)進行重組(「集團重組」),以整理本集團之架構。本公司於二零零一年八月六日成為本集團之控股公司。本公司股份於二零零二年三月七日起一直在聯交所創業板上市。本集團經過集團重組後被視為持續經營實體。因此,本集團之財務報表乃採用合併會計基準編製,並假設本公司一直為本集團之控股公司。本集團截至二零零零年及二零零一年三月三十一日止兩年度各年之業績摘錄自本公司於二零零二年二月二十五日刊發的招股章程。

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of New Chinese Medicine Holdings Limited (the "Company") will be held at Meeting Room 1/F., Wing Fai Shopping Arcade, 52 Wing Kwong Street, Hunghom, Kowloon, Hong Kong on August 8, 2003 (Friday) at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company and the reports of the directors and auditors for the year ended March 31, 2003.
2. To re-elect the retiring directors and to authorise the Board of Directors to fix the directors' remuneration.
3. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following ordinary resolutions:

A. "THAT

- (a) subject to paragraph A(b) below, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate nominal amount of the shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph A(a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the authority pursuant to paragraph A(a) shall be limited accordingly; and

茲通告新醫藥控股有限公司(「本公司」)謹定於二零零三年八月八日(星期五)上午十時正假座香港九龍紅磡榮光街52號榮輝商場1樓會議室舉行二零零三年股東週年大會，以討論下列事項：

1. 省覽及接納本公司截至二零零三年三月三十一日止年度之經審核財務報告及董事會與核數師報告書。
2. 重選退任董事及授權董事會釐定董事酬金。
3. 重聘核數師及授權董事會釐定其酬金。
4. 作為特別事項，考慮並酌情通過下列普通決議案：

A. 「動議

- (a) 在下文A(b)段之規限下，全面及無條件批准及授權本公司董事會(「董事會」)於有關期間(定義見下文)內，依據一切適用之法例及香港聯合交易所有限公司(「聯交所」)創業板證券上市規則(及其修定本)之規限或任何其他證券交易所之規限，行使本公司之一切權力，以在聯交所創業板或本公司證券可能上市並經證券及期貨事務監察委員會及聯交所就此方面認可之任何其他證券交易所購回本公司之股份；
- (b) 本公司依據上文A(a)段之授權於有關期間內可購回之本公司股份之面值總額，不得超過本公司於本決議案通過當日之已發行股本面值之百分之十，而有關授權亦受此限制；及

(c) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

B. "THAT

- (a) subject to paragraph B(b) below, a general mandate be and is hereby unconditionally given to the Directors to exercise all the powers of the Company during the Relevant Period (as hereinafter defined) to allot, issue and deal with the new shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make and grant offers, agreements and options which would or might require the exercise of such powers, whether during the continuance of the Relevant Period or thereafter;
- (b) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted or dealt with pursuant to the approval in paragraph B(a) above during the Relevant Period, otherwise than pursuant to the following, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly:
 - (i) a rights issue where shares are offered for a period fixed by the Directors to shareholders on the register on a fixed record date in proportion to their then holdings of such

(c) 就本決議案而言，「有關期間」指由本決議案通過之日起至下列最早之日期止之期間：

- (i) 本公司下屆股東週年大會結束時；
- (ii) 按本公司之公司細則或任何適用之法例規定本公司下屆股東週年大會須予召開之期限屆滿之日；或
- (iii) 本決議案在股東大會上經本公司股東以普通決議案撤回或修訂之日。」

B. 「動議

- (a) 在下文B(b)段之規限下，全面及無條件授權董事會於有關期間（定義見下文）內行使本公司之一切權力，以配發、發行及處理本公司股本中之股份或可兌換為股份之證券、或可認購任何股份之購股權、認股權證或類似權利，及訂立及授予將會或可能於有關期間內或其後須行使上述權力之售股建議、協議及購股權；
- (b) 本公司於有關期間內依據上文B(a)段所批准予以配發或有條件或無條件同意配發或處理之股本面值總額，不得超過本公司於本決議案通過當日之已發行股本面值之百分之二十，而上述之批准亦須受此限制，惟依據下述配發者除外：
 - (i) 配售新股，即於董事會指定之期間，向某一指定記錄日期名列股東名冊內之股東，按彼等當時之持股

shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard, as appropriate, to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or stock exchange in, or in any territory applicable to the Company);

(ii) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company and approved by the Stock Exchange;

(iii) any issue of shares in the Company upon the exercise of subscription rights attaching to any warrants of the Company; or

(iv) any scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company; and

(c) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

C. "THAT conditional upon resolutions 4A and 4B being passed, the general mandate granted to the directors of the Company pursuant to resolution 4B to exercise the powers of the Company to allot shares in the

比例配售股份(惟董事會可就零碎配額,或經考慮任何適用於本公司之地區之法例或任何認可監管機構或任何證券交易所之規定後認為必須或權宜之情況下,取消若干股東在此方面之權利或另作安排);

(ii) 根據經聯交所核准之僱員優先認股計劃或其他向本公司及/或其任何附屬公司之行政人員及/或僱員授出之購股權安排所配發之股份;

(iii) 根據本公司認股權證持有人行使其認購權而發行之股份;或

(iv) 根據本公司之公司細則而實施之以股代息計劃或類似安排;及

(c) 就本決議案而言,「有關期間」指由本決議案通過之日至下列最早之日期止之期間:

(i) 本公司下屆股東週年大會結束時;

(ii) 按本公司之公司細則或任何適用之法例規定本公司下屆股東週年大會須予召開之期限屆滿之日;或

(iii) 本決議案在股東大會上經本公司股東以普通決議案撤回或修訂之日。]

C. 「動議待第4A及4B項決議案通過後,將本公司依據第4B項決議案所述給予董事會之授權而購回本公司股本中股份之面值總額,包括在本公司

capital of the Company be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution 4A, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution."

By order of the Board
Wong Cheah Foo
Chairman

Hong Kong, June 30, 2003

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited, Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
2. The register of members of the Company will be closed from Wednesday, August 6, 2003 to Friday, August 8, 2003, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited, Ground Floor, BEA harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, August 5, 2003.
3. An explanatory statement containing further details regarding the proposed Resolution 4 above will be sent to shareholders shortly together with the 2003 annual report.

董事會依據第4A項決議案可行使本公司權力以配發或有條件或無條件同意配發之股本面值之內，惟該數額不得超過本公司於本決議案通過當日之已發行股本面值總額百分之十。」

承董事會命
黃齊富
主席

香港，二零零三年六月三十日

附註：

1. 凡有權出席上述會議並於會上投票之股東，均可委派代表代其出席及投票。受委代表毋須為本公司股東。代表委任表格連同經簽署之授權書或其他授權文件，或經由公證人簽署證明之該等授權書或授權文件副本，須於大會指定舉行時間四十八小時前交回本公司之股份過戶登記秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，方為有效。
2. 本公司將於二零零三年八月六日(星期三)至二零零三年八月八日(星期五)(首尾兩天包括在內)，暫停辦理股份過戶登記手續。所有過戶文件連同有關股票須於二零零三年八月五日(星期二)下午四時正前送交本公司之股份過戶登記香港分處，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，以辦理登記手續。
3. 載有關於上述第4項決議案建議之進一步資料之說明函件將連同二零零三年年報一併寄交股東。