

業務回顧

二零零一年三月，本集團完成收購上海華新生物高技術有限公司（「華新」）57%股權，於收購完成之後，採取一系列措施對華新的研發、生產及銷售各環節進行優化及調整，著重加快新藥品推出以及增加銷售網點，並充實了管理隊伍。上述重整工作的進行使華新的基本因素正在發生質的變化，為企業未來發展打下了堅實的基礎。

按照國家藥品監督管理局的規定，藥廠遷入GMP廠房後，其藥品生產許可證書需重新獲得國家有關部門的批准及確認，這一規定限制了回顧之業績期內華新藥品品種的市場化的速度。

期內本集團繼續積極開發新興市場與把握新商機，致力通過收購具市場領導地位的中國生物高科技制藥項目及藥品零售網絡以盡快完成業務轉型，為股東提供高增長及回報的機會。於本業績期內，按照既定目標而進行的項目收購取得卓越進展。

二零零一年四月，本集團與揚州大學合組轉基因制藥研發中心—揚州揚大港藥基因工程有限公司。其賬目已被合併於期內本集團之中期業績。該中心擁有兩個省級重點實驗室—分子克隆實驗室及動物胚胎實驗室，主要從事轉基因藥物的研發，其科研水平國內領先，達到國際先進水平。本集團管理層確信，此研發中心同華新具良好協同效應，將進一步強化集團於生物制藥科研方面的領先優勢。

二零零一年八月，本集團借助國家西部開發，給予外資試點的契機，宣佈以1,525.44萬港元的代價收購貴州一樹連鎖藥業有限公司（「一樹」）51%權益，率先進入中國尚未向外資開放的藥品流通領域。一樹是國家藥品監督管理局批准擁有跨省經營權的首批41間藥品連鎖零售企業之一，並已通過國家藥品監督管理局GSP驗收，目前在貴州與湖北省連鎖經營61間分店。若成功入股一樹，將使本集團成為其中一間於中港均擁有零售網絡的醫藥企業。本集團計劃於未來三年內將藥品零

BUSINESS REVIEW

In March 2001, the Group completed its acquisition of 57% interest in Shanghai Hua Xin High Biotechnology Inc. ("Hua Xin"). Subsequent to the acquisition, the Group undertook measures to optimize and rationalize the research, production and sales of Hua Xin, while expediting introduction of new medicine and expansion of retail outlets to a fuller extent, and strengthening its management team. The said business rationalization is significantly improving the fundamentals of Hua Xin and had laid a solid foundation for its future development.

Pursuant to the requirements of the State Drug Administration ("SDA"), Hua Xin's drug production permits were required to regain approval and confirmation of the relevant state departments upon relocation to GMP factory premises. This had hindered the pace of commercialization of Hua Xin's new medicine varieties during the Period.

The Group continued its active exploration of new markets and business opportunities, and focused on business transformation by acquiring Chinese high biotechnology medicine projects and pharmaceutical retail networks with market dominance, in order to secure growth and to maximise shareholders' value. During the report period, marked progress was made in respect of project acquisition according to existing schedules.

In April 2001, the Group and Yangzhou University jointly established a transgenic pharmaceutical research and development centre—Yang Zhou Genetic Engineering Ltd., financial results of which have been consolidated into the Group's interim results for the Period. The centre has two high tech research laboratories with recognition by the local provincial government, covering the field of molecular cloning and animal embryo testing, renowned in the province for their pioneering research and development of transgenic drugs comparable to international standards. The management of the Group firmly believes that the co-existence of transgenic pharmaceutical research and development centre and Hua Xin can lead to synergistical benefits, which will, in turn, further enhance the competitive strengths of the Group in production as well as research and development of biomedical products.

In anticipation of the incentive available to foreign investment in the development of western region of China, the Group announced in August 2001 its acquisition of a 51% interest in 貴州一樹連鎖藥業有限公司 Gui Zhou Ensure Chain Pharmacy Company Limited ("Ensure") at a consideration of HK\$15,254,400. The acquisition would represent penetration into the pharmaceutical distribution segments that have previously been inaccessible to foreign companies. Ensure was one of the first 41 pharmaceutical chain retail enterprises that were granted the trans-provincial operating right and approved in

售網絡擴張至1000間分店的規模。本集團管理層確信，中國加入WTO之後，擁有完善零售網絡的醫藥企業將享受極大的發展空間。

展望

隨著主要收購項目的完成，本集團已實現戰略轉型。成為一間以生物高科技藥品研發，生產，銷售業務為核心，兼營中國、香港兩地藥品零售業務的現代化高科技生物製藥企業集團。

下半年，華新在現有國家一類藥白介素-2與國家二類藥干擾素兩個產品的基礎上，又有兩個新的國家二類藥品，GM-CSF及干擾素水針將推出市場。管理層確信，隨著業務整合的完成、新產品的陸續面市以及銷售網點的擴張，華新於中國生物藥品市場的競爭能力將迅速提高，使集團未來的銷售收入及盈利能力大大增加。

在零售網絡的迅速擴張的情況下，一樹於國內的藥品零售業務亦將於未來數年為本集團銷售增長提供動力。

本集團管理層確信，生物製藥是新世紀最具發展潛力的產業之一。本集團將繼續進行有機整合，藉此鞏固及提升其現有投資及資源的質素、本集團將持續並加快鞏固及擴展於中國的生物藥品製造及藥物零售網絡，以及致力開發及引進針對全球主要疾病以藥品專利及技術。本集團認為發展優秀臨床醫學、開發優質產品、並將健康與高質量的生活送到千家萬戶，與本集團於財政上取得成功同等重要。

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

terms of GSP inspection and acceptance by SDA. Currently, Ensure is operating 61 chain stores in Guizhou and Hubei. Upon completion of acquisition of Ensure, the Group would become one of the major pharmaceutical enterprises with retail networks both in Hong Kong and China. The Group aims to expand its distribution outlets to 1000 in the next three years. The management believes that, greater opportunities and rate of growth will ensue following China's imminent accession to the WTO, a pharmaceutical enterprise with structured retail network will be in good stead to take advantage of these opportunities and development potential.

PROSPECTS

Following the completion of major acquisitions, the Group has been successful in its strategic transformation into a modern high biotechnology medicine conglomerates with retail operations both in Hong Kong and China, while focusing on research and development, production, and sales of high biotechnology medicine.

In the second half of the year, Hua Xin will introduce two new national category II drugs, namely GM-CSF and IFN (water injection) to its existing portfolio of national category I drug, Interleukin-2; and national category II drug, Interferon α -2b. The management believes that given the completion of business integration, introduction of new products and expansion of retail networks, Hua Xin will rapidly enhance its competitiveness in the Chinese biomedicine market, which will, in turn, significantly increase its sales revenue and profitability in the future.

Amid the rapid expansion of its drug retail networks in China, Ensure will further provide impetus to the growth in sales of the Group in the coming years.

The management of the Group believes that biomedicine is one of the industries that offer greatest development potential in the new millennium. In the ensuing future, the Group will continue to undergo organic integration to consolidate and upgrade the quality of its existing investments and resources, overcome its weaknesses and build upon its strengths both internally and in the market. We expect to continue and accelerate the consolidation and expansion of its existing biomedicine and drugs retail network in the PRC, and committed to the development and introduction of new owner-patented biomedicine for treating a broad range of the world's most serious diseases. The Group's commitment to excellence in clinical development, developing quality products, delivering healthy and quality lives to the public at large is as important to us as our financial success.

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

財務分析

截至二零零一年九月三十日止六個月，本集團的未經審核營業額約為27,400,000港元，較去年同期高出逾98%。營業額銳升，主要來自擴充門市數目（由二零零零年的10間增加至二零零一年的16間），及加上改善本集團整體及香港之零售網絡業務（每間零售門市的平均銷售額較去年同期上升15%）所致。

儘管香港經濟及經營環境持續惡劣，本集團零售業務的整體毛利仍能維持於40%水平。

香港及中國投資物業的租金收入仍然為本集團的穩定收入來源。租金收入較去年同期減少約13%，出現輕微跌幅的原因為租金因應租金市場狀況下跌所致。

自華新成為本集團的成員公司以來，其營業額於中期期間佔本集團營業額約10%。儘管華新於中期錄得虧損，由於上半年接獲的大量銷售訂單，將於下半年在賬面得到反映，因此集團確信本年後下半年營業額及盈利能力方面會大有改善。

本集團於中期期間所得之虧損，主要由於擴充於香港及中國的零售網絡直接導致分銷成本增加，以及收購及合併新資產及投資的法律及專業費用增加所致。管理層預期本集團的財政表現將於該等開支減少後大大改善，並在零售網絡具有一定規模之後，經濟效益將達至更佳水平。

FINANCIAL ANALYSIS

The unaudited turnover of the Group for the six months ended 30 September 2001 was approximately HK\$27.4 million, representing 98% increase over that of the corresponding period last year. The significant increase in turnover mainly came from the expansion in the number of retail shops, from 10 in 2000 to 16 in 2001 and the reward from the Group's continuing effort in rationalizing and strengthening its existing retail network has led to the overall improvement of sales performance of the Group and of individual retail outlets in Hong Kong, the average sales per retail shop has risen by 15% compared to that of corresponding period last year.

Despite continued adverse economic and trading conditions in Hong Kong, the overall gross profit margin of the Group's retail businesses has been maintained at 40%.

The rental income from the investment properties in Hong Kong and the PRC remains a stable source of income for the Group. It has reduced by approximately 13% compared to the same corresponding period last year, the small decrease is the result of rent reduction in response to the prevailing rental market conditions.

Since becoming a member of the Group, Hua Xin's turnover contribution represents approximately 10% of the Group's turnover for the interim period. Though sustained loss for the interim period, we believe its financial performance for the second half of the year to be significantly improved as the bulk of its sales orders received in the first interim period are to be met and reflected in greater turnover and profitability in the second half of the financial year.

The loss reported by the Group for the interim period is mainly attributable to the increase in distribution costs as a direct result of the rationalization and expansion of its retail networks both in Hong Kong and the PRC, as well as the increased level of legal and professional costs relating to the acquisition and integration of newly acquired assets and investments. The management believes that the financial performance of the Group would be significantly improved when the level of these expenditure is to reduce and reaches a more cost efficient level when the benefits of a structured, expanded and strategic retail distribution networks and economies of scale are achieved.

流動資金及財政資源

於二零零一年四月二十七日，由於本集團一名債權人兌換債權人可換股票據而以每股0.1港元的價格發行130,000,000股新股。轉換股份導致本集團的股本基礎擴大，從而改善本集團的負債比率。

本集團的中期業績已計入其新近收購的附屬公司揚州揚大港藥基因工程有限公司的業績，此導致於非流動資產(包括在建工程項目下的研究實驗室及技術專門知識)增加。非流動資產增加及兌換普通股均令本集團的負債比率(總借貸／總資產)有所改善，由二零零一年三月三十一日的0.47，下跌7%至二零零一年九月三十日的0.44。

資產抵押

截至二零零一年九月三十日，現存價值40,150,000港元之本集團之若干投資物業抵押予一間銀行作為一般銀行貸款及發行予銀行之可換股票據之抵押品。本集團之信託收據貸款乃以截至二零零一年九月三十日現存價值3,000,000港元之本集團之投資物業作抵押。作為本集團債務重組安排一部分而發行予債權人之可換股票據乃以Hennabun Management Inc.截至二零零一年三月三十一日已發行股本4.32%作抵押，其於二零零一年五月獲解除。

僱員及酬金

截至二零零一年九月三十日，本集團僱用約242名全職僱員，其中國內約有109名僱員。僱員之酬金包括薪金及酌情發放之花紅。本集團亦採納購股權計劃以提供獎勵予僱員。

本集團僱員之酬金政策及計劃(包括購股權)乃按市場基準釐定，每年經由管理層進行審核。

LIQUIDITY AND FINANCIAL RESOURCES

On 27 April 2001, the Group issued 130 million new shares at the price of HK\$0.1 per share pursuant to the conversion of the creditor convertible note by a creditor of the Group. The conversion of shares led to the enlargement of the equity base of the Group thus attributable to the improvement of the Group's gearing ratio.

The Group's interim results include those of a newly acquired subsidiary, Yang Zhou Genetic Engineering Ltd., which results in the increase of non-current assets in the form of research laboratories under construction in progress and technical know-how. Both the increase of non-current assets and the conversion of equity shares contribute to the improvement of the Group's gearing ratio (measured as total borrowings/total assets), measured at 0.44 time as at 30 September 2001 compared to 0.47 time as at 31 March 2001, an improvement of 7%.

CHARGE OF ASSETS

As at 30 September 2001, the Group's property investment with an aggregate carrying value of HK\$40,150,000 were charged to a bank to secure general banking facilities and convertible note issued to a bank. The Group's trust receipts loans were secured by one of the Group's investment properties with an aggregate carrying value of HK\$3,000,000 as at 30 September 2001. The convertible note issued to a creditor as part of the Group's debt restructuring arrangement was secured by 4.32% shareholding in Hennabun Management Inc. as at 31 March 2001 which were released in May 2001.

STAFF AND REMUNERATION

As at 30 September 2001, the Group employed approximately 242 full time employees, of which approximately 109 were in the PRC. The remuneration of employees include salary and discretionary bonus. The Group also adopted a share option scheme to provide an incentive to the employees.

The remuneration policy and package, including the share options, of the Group's employees are maintained at market level and reviewed annually by the management.