

管理層討論及分析

Management Discussion and Analysis

財務業績分析

本集團截至二零零三年三月三十一日止年度之營業額為108,300,000港元，較去年之71,100,000港元增加約52.3%。營業額增加，乃由於貴州一樹連鎖藥業有限公司及其附屬公司貴州一樹醫葯有限公司於去年三月成為本集團成員公司後，其財務業績包括於本集團財務業績中，並佔本集團本年度營業額約43%。此外，儘管目前香港經濟下滑及市場競爭激烈，憑藉持續努力推行業務精簡及整合措施，本集團仍能維持香港業務之穩定收益。香港業務之營業額（包括銷售參茸產品、提供中醫診療服務及投資物業之租金收入）達56,600,000港元，較去年之57,900,000港元微跌約2%。香港業務之銷售額持續穩定，而於貴州新收購之附屬公司更為集團帶來可觀之銷售額，從而紓緩中國生物科技及轉基因制品業務營業額下降對本集團營業額之影響。

本集團之經營虧損由去年之17,200,000港元增加至本回顧年度之72,200,000港元，股東應佔日常業務虧損淨額約為59,300,000港元，去年則為19,600,000港元。虧損增加，主要由於中國之生物科技及轉基因制品業務之經營虧損大幅加至約38,600,000港元所致，該項經營虧損佔本集團本年度經營虧損總額約53%。

雖然管理層已經周詳考慮各項計劃、銷售策略及成本減省措施後始行實施，但畢竟貿易環境惡劣及市場競爭激烈，加上新葯之生產及市場推廣出現意外延誤，導致貿易及財務表現顯著下滑。因此，生物科技及轉基因制品業務呈現經營虧損。此外，鑑於目前表現及為未來貿易及財務發展成功奠下穩固平台，本集團管理層已採納審慎策略，考慮適度撇減其若干資產價值以反映其經濟價值。這導致若干無形資產須作出大幅減值達約16,000,000港元。就此，本集團亦已撇銷因收購生物科技附屬公司上海華新生物高技術有限公司（「華新」）而產生之商譽餘額5,100,000港元。此等重大

ANALYSIS OF FINANCIAL RESULTS

The Group recorded a turnover of HK\$108.3 million for the year ended 31 March 2003, representing an increase of approximately 52.3% as compared to HK\$71.1 million of last year. The increase has been attributable to the inclusion of the financial results of Guizhou Ensure Chain Pharmacy Co., Ltd. and its subsidiary company, 貴州一樹醫葯有限公司 Guizhou Ensure Medical Co. Ltd., after becoming members of the Group in March last year, contributing approximately 43% to this year's turnover of the Group. Also, despite prevailing economic downturn and competitive market conditions in the Hong Kong market, the Group has been able to sustain its revenue level of the Hong Kong business segment as a direct result from its continuing effort in rationalizing and consolidation of its operations. Turnover from the Hong Kong segment, which includes sales of sum yung products, provision of Chinese clinical services and rental income from investment properties, amounted to HK\$56.6 million, a slight reduction of approximately 2% compared to that of last year at HK\$57.9 million. The sustained level of sales from the Hong Kong business segment together with the outstanding sales contribution from the newly acquired subsidiaries in Guizhou have helped to mitigate the impact of the reduction in turnover of the biotechnological and transgenic products segment in the PRC on the turnover of the Group.

For the year under review, the loss from operating activities for the Group increased from HK\$17.2 million last year to HK\$72.2 million this year, and with net loss from ordinary activities attributable to shareholders amounted to approximately HK\$59.3 million compared to that of last year at HK\$19.6 million. The increase in the losses have been mainly attributable to the substantial increase in the operating loss in the business segment of biotechnological and transgenic products in the PRC, which amounted to approximately HK\$38.6 million, and constitute approximately 53% of the total loss from operating activities of the Group for the year.

In spite of careful planning, sales strategies and cost cutting measures implemented by the management, difficult trading conditions, intense market competition and unexpected delays in the production and marketing of new drugs were the responsible factors for the significant decline in the trading and financial performance and hence the resultant level of operating loss in the biotechnological and transgenic products segment. In addition, in the light of its current performance and in order to prepare a platform for future trading and financial success, the management of the Group has adopted a prudent approach and considered appropriate to write down the values of certain of its assets to reflect their economic value to the Group. This entailed substantial impairment losses being made against some of its intangible assets to the tune of approximately HK\$16 million. In connection to

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減值虧損不僅為國內生物科技及轉基因製品業務增加經營虧損之主因，且亦進一步打擊年內本集團之整體財務表現。

此外，本集團亦於本年度就香港業務多項資產進行大幅減值及撥備，包括因預期未來回報欠佳而就投資作出為數3,000,000港元之撥備，以及有關投資物業之重估虧絀2,000,000港元。年內，此等撥備及減值虧損進一步為香港業務增加壓力及推高經營虧損，並導致本集團之整體經營業務虧損增加。

年內之大幅減值虧損及撥備，直接引致本集團其他經營開支同步上升，如損益表中顯示，此數額由去年約6,300,000港元增至本年度約45,800,000港元，從而亦導致年內股東應佔虧損淨額由去年19,600,000港元增至本年度59,300,000港元。

於本年度，本集團管理層繼續在經營上致力推行節約、精簡及整固；尤其自本財政年度初納入貴州一樹連鎖藥業有限公司後，更著力推行於參茸及藥物產品業務上，以擴展本集團之零售網絡至覆蓋中港兩地。儘管相對去年之7,300,000港元虧損，年內仍繼續出現8,900,000港元虧損，但此業務零售網絡之營運效率及競爭力卻已見加強，而本集團在精簡營運及網絡之努力上亦開始取得實際利益成果，並於年內此業務之經營虧損相對輕微上升約1,600,000港元中充份反映。

透過不斷精簡現有業務、於生物科技及轉基因製品業務尋求新產品及市場發展，以及審慎推行集團參茸及藥物產品之地域性市場拓展策略，管理層相信來年本集團在流動資金及盈利能力上之財務表現將見回升及呈現顯著改善。

this, the Group has also written off the remaining amount of the goodwill arose on the acquisition of the biotechnology subsidiary, namely, Shanghai Hua Xin High Biotechnology Inc. (“Hua Xin”), amounted to HK\$5.1 million. These significant impairment losses were key factors in the increase in operating loss of the biotechnological and transgenic products segment in the PRC and further deteriorated the overall financial performance of the Group for the year.

Besides the fore-mentioned, the Group has also made significant impairment losses and provisions on various assets of the Hong Kong business segment this year. These included provision being made against an investment, to the tune of HK\$3 million, on the grounds of lack prospect for future return, and revaluation deficit on investment properties of HK\$2 million. Collectively, these provisions and impairment losses made further added pressure and increased substantially the operating loss in the Hong Kong business segment, and hence the overall increase in the loss from operating activities of the Group this year.

The significant impairment losses and provisions made this year has directly led to the corresponding increase in the level of other operating expenses of the Group, from approximately HK\$6.3 million last year to approximately HK\$45.8 million this year, as shown on the face of the profit and loss account, and consequently, the net loss attributable to shareholders for the year increased from HK\$19.6 million last year to this year's HK\$59.3 million.

During the year, the management of the Group continues to devote its effort in the implementation of retrenchment, rationalization and consolidation of the Group's operations, particularly, in the sum yung and pharmaceutical products segment of the Group since the joining of Guizhou Ensure Chain Pharmacy Co., Ltd. from the start of the financial year, expanding the Group's retail networks covering both Hong Kong and the PRC. Despite sustaining loss for the year of HK\$8.9 million compared to HK\$7.3 million last year, the operational efficiency and competitiveness of the retail networks of this business segment have been enhanced and the benefit of the Group's efforts in rationalizing their operations and networks began to pay dividends and this has been reflected through this year's relatively small increase of approximately HK\$1.6 million in the operating loss of the segment.

Through persistent effort of rationalizing existing operations, pursuit of both new product and market developments in the business segment of biotechnological and transgenic products, together with the cautious geographical market expansion strategies for the sum yung and pharmaceutical products segment of the Group, management believes that the financial performance, both liquidity and profitability, of the Group will be revived and significantly improved in the ensuing year.

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流動資金、財務資源及資本結構

於二零零三年三月三十一日，本集團之銀行及其他借款總額為157,100,000港元（二零零二年：154,700,000港元），較去年增加1.5%。年內，欠其中一間債權銀行之大部份銀行借款成為即時到期及應付。銀行及其他借款總額約137,600,000港元（二零零二年：68,500,000港元）須於一年內償還及約87,500,000港元（二零零二年：85,200,000港元）為已抵押。為改善財務狀況及流動資金狀況，本集團現正與其中一間債權銀行磋商一項債務重組計劃。此外，本集團正與若干潛在投資者商討向本集團作出投資之事宜。若成功與該債權銀行完成債務重組安排及投資者作出之新投資，將有助紓緩本集團現時之流動資金壓力，以及應付未來業務擴展計劃之資金需要。

本集團之流動比率由去年之1倍降至本年度之0.48倍，主要原因如上文所述，於年結日後銀行借款到期須予償還，以及出售短期投資導致流動資產減少及現金及銀行存款減少所致。

負債比率（總貸款除以總資產）由去年之0.49倍增加至本年度之0.63倍。負債比率增加，主要由於年內產生大筆日常業務虧損淨額59,300,000港元，以致總資產減少所致。

借款總額中約64,700,000港元（二零零二年：57,100,000港元）乃以人民幣結算，並於結算日以適用匯率換算。借款之結餘則以港幣結算。

鑒於人民幣之穩定性，本集團管理層並不認為需要對沖以減輕外匯風險。年內，本集團並無使用任何其他金融工具以作對沖之用。於二零零三年三月三十一日並無未償還之對沖工具。

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2003, the Group's total bank and other borrowings amounted to HK\$157.1 million (2002: HK\$154.7 million), representing an increase of 1.5% as compared to that of last year. During the year, substantial part of the bank borrowings owing to one of the creditor banks became immediately due and payable. Approximately HK\$137.6 million (2002: HK\$68.5 million) of the total bank and other borrowings are due within one year and of which, approximately HK\$87.5 million (2002: HK\$85.2 million) are secured. In order to improve the financial position and liquidity, the Group is currently in negotiation with one of its creditor banks in relation to a debt restructuring plan. In addition, the Group is in discussions with certain potential investors with regard to making investments in the Group. The successful completion of a debt restructuring arrangement with the creditor bank and new fundings from investors will help alleviate current liquidity pressure and necessary for future expansion plans.

The current ratio of the Group decreased from 1 time last year to 0.48 time this year. This is mainly attributable to the bank borrowings becoming repayable subsequent to the year end as referred to above and the decrease in current assets resulting from disposal of short term investment and decrease in cash and bank balances.

The gearing ratio (total borrowings over total assets) rose from 0.49 time last year to 0.63 time this year. The increase in gearing ratio has been mainly attributable to the decrease of total assets as a result of the significant net loss from ordinary activities of HK\$59.3 million incurred for the year.

Approximately HK\$64.7 million (2002: HK\$57.1 million) of the total borrowings are denominated in Renminbi and re-translated accordingly at the appropriate exchange rate at the balance sheet date. The balance of the borrowings are denominated in Hong Kong dollars.

In view of the stability of Renminbi, management of the Group did not consider necessary to hedge against foreign exchange exposure. During the year, the Group did not engage in the use of any other financial instruments for hedging purposes and there is no hedging instrument outstanding at 31 March 2003.

重大收購及出售

於二零零二年三月三十日本集團完成收購一樹51%股權後，一樹之經營業績已於本集團之該年度經營業績入賬。除此之外，本集團於年內並無任何重大收購。如前文所討論，本集團已於二零零三年十一月二十六日年結日後訂約出售揚州揚大港葯基因工程有限公司之34.43%股權。出售有助本集團達成改善未來財務表現之目標，亦有助保留資源作本集團其他業務範疇之用。

資產抵押

於二零零三年三月三十一日，現存價值38,550,000港元之本集團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，而現存價值約45,868,000港元之一項本集團房產已抵押，以作為本集團所獲授銀行貸款之抵押品。本集團之信託收據貸款乃以於二零零三年三月三十一日現存價值2,400,000港元之本集團投資物業作抵押。進一步詳情於財務報表附註內作出披露。

僱員及酬金

截至二零零三年三月三十一日，本集團僱用約603名全職僱員，其中國內約有493名僱員。本年度涉及之總員工成本約23,000,000港元。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(包括認股權)乃按市場基準釐定，每年經由管理層進行審核。

或然負債

除財務報表中披露者外，本集團於二零零三年三月三十一日並無任何顯著之或然負債。

MATERIAL ACQUISITIONS AND DISPOSALS

After the completion of acquisition of 51% interest in Ensure on 30 March 2002, the operating results of which had been included in the Group's operating results for the year. Apart from this, the Group did not have any material acquisitions during the year. As discussed earlier, the Group has contracted to dispose of its 34.43% equity interest in Yangzhou Genetic Engineering Ltd. subsequent to the year end on 26 November 2003. The disposal is conducive to the Group's objective of improving future financial performance and to preserve resources for other areas of operations of the Group.

CHARGE OF ASSETS

As at 31 March 2003, certain of the Group's investment properties with an aggregate carrying value of HK\$38,550,000 were charged to a bank to secure general banking facilities and convertible note issued to a bank, and a building of the Group with a carrying value of approximately HK\$45,868,000 was pledged to secure banking facilities granted to the Group. The Group's trust receipts loans were secured by one of the Group's investment properties with an aggregate carrying value of HK\$2,400,000 as at 31 March 2003. Further details are disclosed in the notes to financial statements.

STAFF AND REMUNERATION

As at 31 March 2003, the Group employed approximately 603 full time employees, of which approximately 493 were in the PRC. Total staff costs incurred during the year amounted to approximately HK\$23 million. 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.

CONTINGENT LIABILITIES

Save as disclosed in the notes to financial statements, the Group did not have any significant contingent liabilities as at 31 March 2003.