



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

ANNUAL REPORT **2005** 年報

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This report, for which the directors (the “Directors”) of New Chinese Medicine Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to New Chinese Medicine Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板乃為帶有高投資風險之公司提供一個上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富投資者。

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香港聯合交易所有限公司對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照香港聯合交易所有限公司創業板上市規則之規定提供有關新醫藥控股有限公司之資料。新醫藥控股有限公司各董事就本報告所載資料之準確性共同及個別承擔全部責任，且在作出一切合理查詢後確認，就彼等所知及所信：(1)本報告所載資料各主要內容均準確完備，且並無誤導；(2)本報告並無遺漏任何其他事實，致使本報告之內容有所誤導；及(3)本報告所表達之意見已經審慎周詳考慮後始行發表，並以公平合理之基準或假設為基礎。

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CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Wong Cheah Foo (*Chairman*)
Leung Oi Wah (*Vice-chairlady*)
Kam Yiu Ming, Wilfred (*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)
甘耀明 (董事)
高俊清 (董事)
林大全 (董事)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chu Kar Wing
Loke Yu (alias Loke Hoi Lam)
Junya Kabeya

獨立非執行董事

朱嘉榮
陸海林
壁谷順也

COMPANY SECRETARY

Kam Yiu Ming, Wilfred

公司秘書

甘耀明

COMPLIANCE OFFICER

Leung Oi Wah

監察主任

梁愛華

QUALIFIED ACCOUNTANT

Wong Cheah Foo

合資格會計師

黃齊富

AUTHORISED REPRESENTATIVES

Leung Oi Wah
Kam Yiu Ming, Wilfred

法定代表

梁愛華
甘耀明

AUDIT COMMITTEE

Chu Kar Wing
Loke Yu (alias Loke Hoi Lam)
Junya Kabeya

審核委員會

朱嘉榮
陸海林
壁谷順也

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

主要往來銀行

中國銀行(香港)有限公司

CORPORATE INFORMATION 公司資料

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

Rm 802, Tower 1
Harbour Centre
1 Hok Cheung Street
Hung Hom, Kowloon
Hong Kong

香港主要營業地點

香港
九龍
紅磡
鶴翔街一號
海港中心一期802室

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

標準證券登記有限公司
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>

CHAIRMAN'S STATEMENT 主席報告書

On behalf of the board of Directors, I am pleased to present the annual results of New Chinese Medicine Holdings Limited ("the Company") and its subsidiaries (the "Group") for the year ended 31 March, 2005.

The Group had taken its time to review on business strategies and managed to ride on the increase in PRC visitors to Hong Kong for the benefits of its retail outlet. The business activities started to revive in the second half of the financial year under review. The Group continued to maintain tight control over its management expenses throughout the year.

I would like to report that subject to shareholders approval at an extraordinary general meeting to be convened in July, 2005, the Group may probably have a change in the controlling shareholder and management. This is an important step for the Group in its corporate development process.

Looking ahead, in view of the gradual economic recovery in the regions of Hong Kong, Japan and the PRC, and the possible change in management, the Group anticipates growth in its existing businesses and development of similar businesses.

APPRECIATION

On behalf of the board of Directors, I would like to take this opportunity to express our sincere appreciation to all our clients, investors, business partners and staff for their continued support and confidence. We shall continue to explore on ways to improve on the business results and investment returns of the Group in the year ahead.

Wong Cheah Foo
Chairman

Hong Kong, 30 June, 2005

本人謹代表董事會欣然呈報新醫藥控股有限公司(「本公司」)及其附屬公司(「本集團」)於截至二零零五年三月三十一日止年度的年度業績。

本集團利用過往一段時間檢討其商業策略，亦把握內地來港旅客增加之形勢，使到旗下之零售店舖業務得益不淺。於回顧財政年度下半年，業務活動漸見起色。年內，本集團仍繼續嚴控管理開支。

本人亦謹此報告，待二零零五年七月舉行之股東特別大會上獲得股東通過後，本集團之控股股東及管理層可能有變。這將會是本集團企業發展過程中的重要一步。

展望將來，鑑於香港、日本及中國三地之經濟逐漸復甦以及管理層可能之變動，本集團預計現有業務將可取得增長，集團亦會發展類似業務。

致謝

本人謹藉此機會，代表董事會對所有客戶、投資者、業務夥伴及全體員工對本集團一直的支持及信心衷心致謝。我們將繼續探索機會，改善本集團來年的經營業績及投資回報。

主席
黃齊富

香港，二零零五年六月三十日

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

BUSINESS REVIEW AND OUTLOOK

Retail business

The Group's core business in tourist trade revived in the second half of the financial year to 31 March, 2005. The volume of business in the retail outlet benefited from the increase in PRC visitors. The diversity in merchandise selection proved to be successful in sustaining market share and business activities while the Group was reviewing its strategic business direction.

In view of the gradual economic recovery in the regions of Hong Kong, Japan and the PRC, it is anticipated that the growth in the number of visitors will continue and their spending is likely to increase.

Distributorship

The Group continued to explore on overseas distributors for its key products and third party licensed products in the past year. The development was considered satisfactory and more effort will be made towards expansion of distribution network with a view to strengthening the Group's position in the Asia Pacific region.

Prospects

The Group will continue to review the retail outlet operation and its product distribution in terms of market sector and product range.

As disclosed in the circular dated 20 June, 2005 to shareholders, subject to shareholders approval at an extraordinary general meeting to be convened in July 2005, the Group may probably have a change in the controlling shareholder and management. This will provide the Group with additional financial and management resources to pursue its existing businesses and to explore potential investment in similar business. The Group will also consider other strategic development plans to extend its core businesses.

FINANCIAL REVIEW

For the year ended 31 March, 2005, the Group recorded a turnover of approximately HK\$8,011,000 (2004: approximately HK\$637,000) and a net loss attributable to the shareholders of approximately HK\$3,421,000 (2004: approximately HK\$23,887,000).

There was a gross loss in the retail business, after deducting the cost of goods and direct marketing expenses, at around HK\$180,000. The retail price structure was revised to suit the extended market sector. The direct marketing cost was higher than expected as well.

The net loss attributable to shareholders for the year ended 31 March 2005 was lower than last year because of the Group's efforts in controlling administration cost. There were also one-off provisions and impairment in value of intangible assets in last year's accounts which were of a non-recurring nature.

業務回顧及展望

零售業務

本集團核心業務旅客貿易於截至二零零五年三月三十一日止財政年度下半年復甦。零售店之營業額受惠於內地旅客人數上升。集團致力提供多樣產品供顧客選購之策略收效，使到集團得以鞏固市場佔有率及商業活動，同步，本集團正檢討業務之策略方向。

鑑於香港、日本及中國三地之經濟逐漸復甦，預期旅客人數將持續增長，旅客的消費亦可望上升。

分銷

本集團繼續去年之工作，積極尋求海外分銷商分銷本身主要產品及第三者授權產品。進展令人滿意而本集團亦會加大拓展分銷網絡之力度，務求鞏固本集團在亞太區之地位。

前景

本集團將繼續從市場界別及產品種類之角度，檢討零售店舖之營運及產品分銷工作。

誠如二零零五年六月二十日刊發致股東之通函所述，待二零零五年七月舉行之股東特別大會上取得股東批准後，本集團之控股股東及管理層可能有變。此將會讓本集團取得更多財務及管理資源來主理現有業務及發掘相近業務之潛在投資機會。本集團亦會考慮其他策略發展計劃，拓展其核心業務。

財務回顧

截至二零零五年三月三十一日止年度，本集團錄得營業額約8,011,000港元(二零零四年：約637,000港元)及股東應佔虧損淨額約3,421,000港元(二零零四年：約23,887,000港元)。

扣除貨品成本及直接市場推廣開支後，零售業務錄得毛虧約180,000港元。零售定價結構已予修訂，以符合拓闊後的市場界別。直接市場推廣開支亦較預期高。

截至二零零五年三月三十一日止年度之股東應佔虧損淨額亦因為本集團致力控制行政開支而較去年低。去年賬目內的一次過無形資產撥備及減值亦並無於今年內再現。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

As at 31 March, 2005, the Group had cash and bank balances of approximately HK\$216,000 (2004: approximately HK\$215,000).

The Group obtained a long-term loan of up to HK\$10,000,000 on 5 March, 2004 to satisfy the working capital requirements of the Group. The loan was replaced by another long-term loan of up to HK\$15,000,000 on 17 January, 2005. Repayment is due after one year and interest on outstanding amount is 5.25% per annum. Besides the above and except for short-term bank overdraft, the Group did not have any bank borrowing as at 31 March, 2005.

The Group recorded total current assets of approximately HK\$1.5 million as at 31 March 2005 (2004: HK\$2.2 million) and total current liabilities of approximately HK\$ 6.7 million as at 31 March 2005 (2004: HK\$9.8 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 0.22 as at 31 March 2005 (2004: 0.22).

The Group recorded an increase in net liabilities in shareholders' funds of approximately HK\$3.5 million which was mainly attributable to the net loss from operation in the year to 31 March, 2005.

FOREIGN CURRENCY RISK

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

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

CHARGES ON GROUP ASSETS

As at 31 March, 2005, none of the Group's assets was pledged as security for liabilities (2004: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year, the Group did not have any material acquisitions or disposal of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31 March, 2005, the Group had no contingent liabilities (2004: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March, 2005, the Group employed a total of 5 full-time staff (2004: 8). Remuneration is determined by reference to market terms, the performance, qualifications and experience of each individual employee. Discretionary bonus based on individual performance and profit of the Group will be paid to employees as recognition of and reward for their contributions. Other benefits include Share Option Scheme for eligible employees. Some directors waived their remuneration for the year to 31 March 2005.

流動資金、財政資及資本架構

於二零零五年三月三十一日，本集團現金及銀行結存約為216,000港元（二零零四年：約215,000港元）。

於二零零四年三月五日，本集團獲取最多合共10,000,000港元之長期貸款，以滿足本集團營運金所需。該筆貸款已於二零零五年一月十七日由另一筆最多達15,000,000港元之長期貸款所取代。貸款須多於一年後才償還，年息為尚未償還款額之5.25%。於二零零五年三月三十一日，除上述貸款及短期銀行透支外，本集團並無任何銀行借貸。

本集團於二零零五年三月三十一日之流動資產總值約為1,500,000港元（二零零四年：2,200,000港元），流動負債總額約為6,700,000港元（二零零四年：9,800,000港元）。本集團於二零零五年三月三十一日之流動比率（即流動資產除以流動負債）約為0.22（二零零四年：0.22）。

本集團之股東資金錄得約3,500,000港元之淨負債增加，主要來自截至二零零五年三月三十一日止年度之經營虧損淨額。

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外幣定值。港元兌外幣之匯率變動會影響本集團經營業績。

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

集團資產抵押

於二零零五年三月三十一日，本集團並無為負債而將資產作抵押（二零零四年：無）。

附屬公司及聯營公司之重大收購及出售

於本年度，本集團並無任何重大收購或出售附屬公司及聯屬公司。

或然負債

於二零零五年三月三十一日，本集團並無或然負債（二零零四年：無）。

僱員及酬金政策

於二零零五年三月三十一日，本集團合共聘用約5名（二零零四年：8名）全職員工。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「認購股權計劃」。部份董事於截至二零零五年三月三十一日止年度免收酬金。

PROFILE OF DIRECTORS 董事簡介

DIRECTORS

Executive Directors

Mr. Wong Cheah Foo, aged 56, is the chairman of the Group. Mr. Wong is responsible for overseeing the formulation of corporate strategy of the Group. Mr. Wong joined the Group in October, 1994. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and has over 10 years of management experience.

Mr. Kam Yiu Ming, Wilfred aged 44, is the Chief Executive Officer of the Group. Mr. Kam is responsible for the overall management and business operation of the group. Mr. Kam joined the Group in March, 2004. Mr. Kam is an associate member of the Institute of Chartered Accountants England and Wales and the Hong Kong Society of Accountants. He has over 20 years of business and professional management experiences in Hong Kong and abroad.

Ms. Leung Oi Wah, aged 38, is the vice chairlady and founder of the Group. Ms. Leung is responsible for the Group's strategic planning, retail operations and e-customer referral programme. 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. Gao Junqing, aged 74, 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 had been supportive to the Group through the collaboration between the Company and SRI. Mr. Gao is also the director of the SRI and 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 64, is the co-director of research and development, in particular regarding bio-technology 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, majored in bio-physics. 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，56歲，本集團主席，負責監督企業策略之制定。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。

甘耀明先生，44歲，本集團行政總裁。甘先生負責本集團的整體管理及業務經營。甘先生於二零零四年三月加盟本集團。甘先生為英國特許會計師公會及香港會計師公會的會員。彼擁有逾二十年香港及國外業務及專業管理經驗。

梁愛華女士，38歲，本集團副主席及創辦人，負責本集團之策略計劃，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。

高俊清先生，74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，已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，64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。

PROFILE OF DIRECTORS 董事簡介

Professor Lin has participated in extensive researches in anthropomorphic radiological phantom, bio-physical functional materials and synthesis of artificial radiological equivalent materials. In recognition of his fine work in the field of bio-physics, 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

Mr. Chu Kar Wing, aged 48, was appointed as independent non-executive director on 6 October, 2004. Mr. Chu graduated from the Chinese University of Hong Kong with a degree in Social Science in 1979. He has over 20 years of experience in the banking industry and commerce.

Mr. Loke Yu (alias Loke Hoi Lam), aged 55, was appointed to the board as an independent non-executive director and chairman of the audit committee of the Company on 6 October, 2004. Mr. Loke has over 30 years of experience in accounting and auditing for private and public companies, consultancy and corporate management. Mr. Loke holds a MBA degree from Universiti Teknologi Malaysia. He is a Fellow of The Institute of Chartered Accountants in England and Wales; Hong Kong Institute of Certified Public Accountants; and the Hong Kong Institute of Directors. He is also an Associate member of the Institute of Chartered Secretaries & Administrators and a member of the Malaysian Institute of Accountants. He is the Chairman of MHL Consultanting Limited (formerly known as Master Holdings (HK) Ltd). He also serves as an independent non-executive director of Shandong Molong Petroleum Machinery Company Limited, United Metals Holdings Limited and Matrix Holdings Limited companies listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Junya Kabeya, aged 68, 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.

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

朱嘉榮先生，48歲，於二零零四年十月六日獲委任為獨立非執行董事。朱先生於一九七九年於香港中文大學畢業，取得社會科學系學士學位，於銀行及工商界等方面擁有逾二十年經驗。

陸海林先生，55歲，於二零零四年十月六日獲委任加入董事會，出任獨立非執行董事及本公司審核委員會主席。陸先生於私人及上市公司之會計及審計工作、顧問及企業管理等方面擁有逾三十年經驗，取得馬來西亞科技大學工商管理碩士學位。彼為英國皇家特許會計師公會、香港會計師公會及香港董事學會之資深會員，亦是英國皇家特許秘書及行政人員公會及馬來西亞特許會計師公會之會員。彼現為 MHL Consultanting Limited (前稱萬豪集團(香港)有限公司)主席，亦為三家於香港聯合交易所有限公司(「聯交所」)上市之公司山東墨龍石油機械股份有限公司、科鑄技術集團有限公司及美力時集團有限公司之獨立非執行董事。

壁谷順也先生，68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。

DIRECTORS' REPORT 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31 March, 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its Shares Listed on the Growth Enterprise Market ("GEM") of the Stock Exchange Hong Kong Limited (the "Stock Exchange"). The activities of its principal subsidiaries are set out in note 29 to the financial statements.

RESULTS

The results of the Group for the year ended 31 March, 2005 are set out in the consolidated income statement on page 17.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 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. Kam Yiu Ming Wilfred
 Mr. Gao Junqing
 Professor Lin Daquan

Independent non-executive directors:

Mr. Junya Kabeya
 Mr. Tsoi Chi Yin
 (resigned on 16 October, 2004)
 Mr. Chu Kar Wing
 (appointed on 6 October, 2004)
 Mr. Loke Yu (alias Loke Hoi Lam)
 (appointed on 6 October, 2004)

In accordance with the provisions of the Company's Articles of Association, Messrs. Chu Kar Wing and Loke Yu (alias Loke Hoi Lam) 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二零零五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，其股份於香港聯合交易所有限公司（「聯交所」）之創業板（「創業板」）上市。其主要業務活動載於財務報表附註29。

業績

本集團截至二零零五年三月三十一日止年度之業績載於第17頁綜合損益表內。

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13。

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）
 甘耀明先生
 高俊清先生
 林大全教授

獨立非執行董事：

壁谷順也先生
 蔡志賢先生
 （於二零零四年十月十六日辭任）
 朱嘉榮先生
 （於二零零四年十月六日獲委任）
 陸海林先生
 （於二零零四年十月六日獲委任）

本公司之公司組織章程，朱嘉榮先生及陸海林先生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' REPORT 董事會報告書

DIRECTORS' SERVICE CONTRACTS

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

Mr. Jun Ya Kabeya's term of office expired on 31 December, 2003 and was renewed for two years to 31 December, 2005.

Mr. Chu Kar Wing and Mr. Loke Yu (alias Loke Hoi Lam) are not appointed for specific terms.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the "Directors' service contracts" and the continuing connected transactions, 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 31 March, 2005, 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)	42.82%	200,800,641
Mr. Gao Junqing 高俊清先生	Other (note 2) 其他 (附註2)	0.342%	1,600,000
Professor Lin Daquan 林大全教授	Other (note 2) 其他 (附註2)	0.342%	1,600,000

董事服務合約

除甘耀明先生外，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。

壁谷順也先生之任期已於二零零三年十二月三十一日屆滿，並已延期至二零零五年十二月三十一日。

朱嘉榮先生及陸海林先生之委任並無指定任期。

董事於重大合約之權益

除於「董事於證券之權益」及持續關連交易所披露者外，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。

董事及行政總裁於證券之權益

於二零零五年三月三十一日，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：

DIRECTORS' REPORT 董事會報告書

Notes:

1. 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").
2. These shares are registered in the name of Sichuan Research Institute of New Medicine ("SRI"). Mr. Gao Junqing and Prof. Lin Daquan each owning 5% interest in SRI.

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 1 February, 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 23 to the financial statements.

No options have been granted under the Pre-IPO Share Option Scheme and the Share Option Scheme during the year.

The Pre-IPO Share Option Scheme expired on 17 February, 2005.

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.

附註：

1. 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. 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23。

在年中，本公司並無根據「首次公開售股前購股權計劃」及「購股權計劃」授出購股權。

首次公開售股前購股權計劃已於二零零五年二月十七日屆滿。

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。

DIRECTORS' REPORT 董事會報告書

SUBSTANTIAL SHAREHOLDERS

As at 31 March, 2005, 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:

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 i)	Great Fair (附註i)	89,435,440	19.07%
Wealth Way (note i)	Wealth Way (附註i)	111,365,201	23.75%
Technique Enterprises Limited ("Technique Enterprises") (note ii)	Technique Enterprises Limited ("Technique Enterprises") (附註ii)	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.
- Technique Enterprises is wholly owned by Mr. Cheung Chui who is an independent third party.

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 31 March, 2005.

DONATIONS

The Group did not make any charitable and other donations during the year.

CONTINUING CONNECTED TRANSACTIONS

There was no related or connected party transaction under the Rules governing the Listing of Securities on GEM (the "GEM Listing Rules") entered into by the Group during the year ended 31 March, 2005.

COMPETING INTEREST

None of the directors or the management shareholders of the Company or their respective associates had an interest in any business which competes or may compete with the business of the Group.

主要股東

於二零零五年三月三十一日，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 i)	Great Fair (附註i)	89,435,440	19.07%
Wealth Way (note i)	Wealth Way (附註i)	111,365,201	23.75%
Technique Enterprises Limited ("Technique Enterprises") (note ii)	Technique Enterprises Limited ("Technique Enterprises") (附註ii)	49,019,607	10.45%

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。
- Technique Enterprises由張聚先生全資擁有，張先生為獨立第三者。

除上文披露者外，本集團未有獲知會有任何人士於二零零五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

本集團於本年度內並無作出慈善及其他捐獻。

持續關連交易

本集團於截至二零零五年三月三十一日止年度內並無訂立有關連人士或關連交易(定義見創業板證券上市規則(「創業板上市規則」))。

競爭交易

本公司各董事或管理層股東或彼等之聯繫人士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。

DIRECTORS' REPORT 董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for approximately 60% of the Group's total purchases and the largest supplier of the Group accounted for approximately 20% of the Group's total purchases.

Aggregate sales attributable to the Group's five largest customers were less than 7% 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 31 March, 2005.

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

For the year ended 31 March, 2005, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report on 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 March 2006.

AUDIT COMMITTEE

An audit committee was established on 1 February, 2002 with written terms of reference in compliance with the relevant GEM Listing Rules. The audit committee comprises of three independent non-executive directors, Mr. Chu Kar Wing, Mr. Loke Yu (alias Loke Hoi Lam) and Mr. Junya Kabeya. Mr. Loke chairs the audit committee.

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

The Board comprises of (i) five executive Directors, namely Messrs. Wong Cheah Foo, Leung Oi Wah, Kam Yiu Ming Wilfred, Gao Junqing and Lin Daquan; and (ii) three independent non-executive Directors, namely Messrs. Chu Kar Wing, Loke Yu (alias Loke Hoi Lam) and Junya Kabeya.

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60%，而本集團最大供應商佔本集團總購貨額約20%。

綜合本集團應佔銷售額計算，前五名客戶佔本集團銷售額少於7%。

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）並無於截至二零零五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

截至二零零五年三月三十一日止年度內，本集團一直均有遵守創業板上市規則（於二零零五年一月一日修訂創業板上市規則有關公司管治慣例守則及公司管治報告規則前適用）第5.34至5.45條所載之董事會守則及程序的規定。本公司將根據創業板上市規則第18.44條編製截至二零零六年三月三十一日止財政年度的公司管治報告。

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，並參考有關創業板上市規則所載規定訂立其書面職權範圍。審核委員會成員包括三位獨立非執行董事朱嘉榮先生、陸海林先生及壁谷順也先生。陸海林先生任審核委員會之主席。

於本年度內，審核委員會曾舉行兩次會議，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。

董事會成員包括(i)五位執行董事，即黃齊富先生、梁愛華女士、甘耀明先生、高俊清先生及林大全教授；及(ii)三位獨立非執行董事，即朱嘉榮先生、陸海林先生及壁谷順也先生。

DIRECTORS' REPORT 董事會報告書

AUDITORS

T.K. Choi and Company and P. Tse & Company resigned as joint auditors of the Company on 18 April, 2005. At an extraordinary general meeting held on 23 May, 2005, an ordinary resolution was passed to appoint Messrs. HLB Hodgson Impey Cheng, to fill the casual vacancy. A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. HLB Hodgson Impey Cheng as the auditors of the Company.

On behalf of the Board

LEUNG OI WAH

VICE-CHAIRLADY

Hong Kong, 30 June, 2005

核數師

傑德信會計師事務所及謝平廣會計師事務所已於二零零五年四月十八日辭去本公司聯席核數師職務。於二零零五年五月二十三日舉行之股東特別大會上，一項委聘國衛會計師事務所之決議案獲通過，以填補臨時空缺。本公司將於股東週年大會上提呈一項決議案，重新委聘國衛會計師事務所為本公司核數師。

承董事會命

副主席

梁愛華

香港，二零零五年六月三十日

AUDITORS' REPORT 核數師報告



Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF NEW CHINESE MEDICINE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 17 to 59 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 financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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17至59頁按照香港公認會計原則編製之財務報表。

董事及核數師各自之責任

貴公司之董事須負責編製真實與公平之財務報表。在編製該等真實與公平之財務報表時，董事必須貫徹採用合適之會計政策。

本核數師之責任乃根據本核數師審核工作之結果，對該等財務報表作出獨立意見，並只向全體股東報告，除此以外本報告別無其他目的。我們不接受任何其他人士因使用本報告內容而引起之責任而索償。

意見之基礎

本核數師乃按照香港會計師公會頒佈之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之數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計及判斷，所採用之會計政策是否適用於貴集團及貴公司之具體情況及有否貫徹採用並足夠披露該等會計政策。

本核數師在策劃及進行審核工作時，均以取得所有本核數師認為必須之資料及解釋為目標，使本核數師能獲得充份憑證，就該等財務報表是否存在重大錯誤陳述作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報表所載資料在整體上是否足夠。本核數師相信，本核數師之審核工作已為下列意見提供合理之基礎。

AUDITORS' REPORT 核數師報告

FUNDAMENTAL UNCERTAINTIES IN RESPECT OF GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the adoption of the going concern basis for the preparation of the financial statements. As explained in note 3 to the financial statements, the Group sustained a net loss and operated under a negative cash flow for the year. The Group also had net current liabilities of HK\$5,216,461 as at the balance sheet date.

Also explained in note 3 to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to return to normal and profitable operational activity, the continuing financial support from the Group's lender and the successful conclusion to secure the new source of funding. The financial statements do not include any adjustments that might be necessary should the future operations could not generate adequate working capital and/ or the financial support mentioned above would be withdrawn. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005 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.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 30 June, 2005

有關持續經營基準之基本不明朗因素

本核數師在建立意見時，已考慮財務報表附註3有關財務報表採用持續經營基準編製時所披露之資料是否足夠。誠如財務報表附註3解釋，貴集團在本年度內承受虧損淨額並於負數現金流量情況下經營。貴集團於結算日亦錄得流動負債淨額5,216,461港元。

誠如附註3所解釋，財務報表以持續經營基準編製，其有效性乃依賴貴集團能否恢復正常盈利之業務經營、貴集團之貸方在財務上持續支持以及達成籌措新資金來源之計劃。財務報表並未載有倘日後運作未能產生足夠營運資金及／或上述財務支持遭撤走時可能須作出之任何調整。本核數師認為賬目已作出合適披露，本核數師於此方面之意見為無保留。

意見

本核數師認為，財務報表均真實及公平地反映貴集團及貴公司於二零零五年三月三十一日之財務狀況及貴集團於截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定妥善編製。

國衛會計師事務所

英國特許會計師

香港執業會計師

香港，二零零五年六月三十日

CONSOLIDATED INCOME STATEMENT 綜合損益表

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

		Notes 附註	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Turnover	營業額	5	8,011,404	636,406
Cost of sales	銷售成本		(8,191,058)	(357,730)
Gross (loss)/ profit	(虧損)/毛利		(179,654)	278,676
Other operating income	其他經營收入	5	4,799,087	1,815,781
Administrative expenses	行政開支		(7,693,722)	(8,398,175)
Allowances for doubtful debts	呆壞賬撥備	6	(772)	(3,601,792)
Allowances for inventory obsolescence	過時存貨撥備		-	(4,709,165)
Other operating expenses	其他經營開支		-	(9,266,667)
Loss from operations	經營虧損	7	(3,075,061)	(23,881,342)
Finance costs	財務費用	8	(350,599)	(749)
Loss from ordinary activities before taxation	除稅前經常業務虧損		(3,425,660)	(23,882,091)
Income tax	利得稅	10	-	(5,166)
Loss after taxation	除稅後虧損		(3,425,660)	(23,887,257)
Minority interest	少數股東權益		4,900	-
Loss attributable to shareholders	股東應佔虧損	11	(3,420,760)	(23,887,257)
Loss per share	每股虧損	12		
- Basic	- 基本		(0.73) cents港仙	(5.09) cents港仙
- Diluted	- 攤薄	12	N/A不適用	N/A不適用

All of the Group's operations are classed as continuing.

本集團之所有業務經營均為持續經營性質。

The accompanying notes form an integral part of these financial statements.

附註乃屬該等財務報表之組成部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

		Share capital 股本 HK\$ 港元	Share premium 股份溢價 HK\$ 港元	Special reserve 股本儲備 HK\$ 港元	Exchange reserve 匯兌儲備 HK\$ 港元	Accumulated losses 累計虧損 HK\$ 港元	Total 總計 HK\$ 港元
As at 1 April, 2003	於二零零三年四月一日	46,900,000	19,008,723	(39,998,440)	102,802	(15,899,218)	10,113,867
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匯兌差額而未有在綜合損益表內確認	-	-	-	238,517	-	238,517
Net loss for the year	年度虧損淨額	-	-	-	-	(23,887,257)	(23,887,257)
As at 31 March, 2004 and 1 April, 2004	於二零零四年三月三十一日及二零零四年四月一日	46,900,000	19,008,723	(39,998,440)	341,319	(39,786,475)	(13,534,873)
Adjustments arising from the Capital Reduction (Note 22(i))	削減股本產生之調整(附註22(i))	(42,210,000)	-	-	-	42,210,000	-
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匯兌差額而未有在綜合損益表內確認	-	-	-	(145,360)	-	(145,360)
Net loss for the year	年度虧損淨額	-	-	-	-	(3,420,760)	(3,420,760)
As at 31 March, 2005	於二零零五年三月三十一日	4,690,000	19,008,723	(39,998,440)	195,959	(997,235)	(17,100,993)

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.

本集團之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。

The accompanying notes form an integral part of these financial statements.

附註乃屬該等財務報表之組成部份。

CONSOLIDATED BALANCE SHEET 綜合資產負債表

As at 31 March, 2005 二零零五年三月三十一日

		Notes 附註	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	266,615	332,816
Technical know-how	技術知識	14	-	-
			266,615	332,816
Current assets	流動資產			
Inventories	存貨	16	762,313	-
Deposits and prepayments	按金及預付款項	18	522,717	1,612,461
Amounts due from directors	應收董事款項	17	-	34,615
Tax recoverable	可收回稅項		-	329,160
Cash and bank balances	現金及銀行結存		216,340	214,627
			1,501,370	2,190,863
Less: Current liabilities	減：流動負債			
Other creditors and accrued charges	其他應付賬項及應計費用		6,680,873	7,431,925
Amounts due to directors	應付董事款項	17	36,540	2,016,513
Amounts due to related companies	應付關連公司款項	19	-	261,930
Tax payable	應付稅項		418	5,166
Bank overdrafts	銀行透支		-	43,018
			6,717,831	9,758,552
Net current liabilities	流動負債淨額		(5,216,461)	(7,567,689)
Total assets less current liabilities	總資產減流動負債		(4,949,846)	(7,234,873)
Less: Non-current liabilities	減：非流動負債			
Long-term borrowings	長期借貸	21	12,151,147	6,300,000
Net liabilities	負債淨額		(17,100,993)	(13,534,873)
Representing:	代表：			
Share capital	股本	22	4,690,000	46,900,000
Reserves	儲備	24	(21,790,993)	(60,434,873)
Shareholders' equity	股東權益		(17,100,993)	(13,534,873)

The financial statements on pages 17 to 59 were approved and authorised for issue by the Board of Directors on 30 June, 2005 and signed on its behalf by:

Kam Yiu Ming, Wilfred
甘耀明
Director
董事

Leung Oi Wah
梁愛華
Director
董事

第17頁至第59頁之財務報表經已於二零零五年六月三十日獲董事會批准及授權發行，並由下列董事代表簽署：

The accompanying notes form an integral part of these financial statements.

附註乃屬該等財務報表之組成部份。

BALANCE SHEET 資產負債表

As at 31 March, 2005 於二零零五年三月三十一日

		Notes 附註	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	15	5,100	-
Current assets	流動資產			
Deposits and prepayments	按金及預付款項	18	140,063	1,308,501
Cash and bank balances	現金及銀行結存		3,438	3,438
			143,501	1,311,939
Less: Current liabilities	減：流動負債			
Other creditors and accrued charges	其他應付賬項及應計費用		812,619	1,378,553
Amount due to subsidiary	應付附屬公司款項	15	5,100	-
Amounts due to directors	應付董事款項	17	25,500	75,500
			843,219	1,454,053
Net current liabilities	流動負債淨額		(699,718)	(142,114)
Total assets less current liabilities	總資產減流動負債		(694,618)	(142,114)
Less: Non-current liabilities	減：非流動負債			
Long-term borrowings	長期借貸	21	12,151,147	6,300,000
Net liabilities	負債淨額		(12,845,765)	(6,442,114)
Representing:	代表：			
Share capital	股本	22	4,690,000	46,900,000
Reserves	儲備	24	(17,535,765)	(53,342,114)
Shareholders' equity	股東權益		(12,845,765)	(6,442,114)

The financial statements on pages 17 to 59 were approved and authorised for issue by the Board of Directors on 30 June, 2005 and signed on its behalf by:

Kam Yiu Ming, Wilfred

甘耀明

Director

董事

Leung Oi Wah

梁愛華

Director

董事

第17頁至第59頁之財務報表經已於二零零五年六月三十日獲董事會批准及授權發行，並由下列董事代表簽署：

The accompanying notes form an integral part of these financial statements.

附註乃屬該等財務報表之組成部份。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Cash flows from operating activities	經營業務之現金流量		
Loss from operations	經營虧損	(3,075,061)	(23,881,342)
Adjustments for:	已就下列各項作調整：		
Share of losses by minority interest	少數股東權益應佔虧損	4,900	-
Interest income	利息收入	(4)	(11)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	274,056	377,744
Amortisation of technical know-how	技術知識之攤銷	-	9,266,667
Loss on disposals on property, plant and equipment	出售物業、廠房及設備之虧損	-	2,443
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	74,597	-
Allowances for doubtful debts	呆壞賬撥備	772	3,601,792
Allowances for inventory obsolescence	過時存貨撥備	-	4,709,165
Operating loss before changes in working capital	營運資金變動前之經營虧損	(2,720,740)	(5,923,542)
Changes in working capital:	營運資金變動：		
Inventories	存貨	(762,313)	47,098
Deposits and prepayments	按金及預付款項	1,088,972	(714,273)
Amounts due from directors	應收董事款項	34,615	60,464
Other creditors and accrued charges	其他應付賬項及應計費用	(751,052)	562,344
Amounts due to directors	應付董事款項	(1,979,973)	1,415,872
Amounts due to related companies	應付關連公司款項	(261,930)	23,864
Net cash used in operations	經營業務所耗現金淨額	(5,352,421)	(4,528,173)
Interest paid	已付利息	(350,599)	(749)
Income tax refunded	獲退還利得稅	329,160	-
Income tax paid	已付利得稅	(4,748)	(3,848)
Net cash used in operating activities	經營業務所耗現金淨額	(5,378,608)	(4,532,770)
Cash flows from investing activities	投資活動之現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	(282,452)	(1,290)
Interest received	已收利息	4	11
Net cash used in investing activities	投資活動所耗現金淨額	(282,448)	(1,279)

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Cash flows from financing activities	融資活動之現金流量		
New long-term borrowings raised	新造長期借貸	8,351,147	3,800,000
Repayment of long-term borrowings	償還長期借貸	(2,500,000)	-
Net cash generated from financing activities	融資活動所得現金淨額	5,851,147	3,800,000
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物之增加/(減少)淨額	190,091	(734,049)
Cash and cash equivalents at beginning of the year	年初之現金及現金等值物	171,609	667,141
Effect of foreign exchange rate changes	匯率變動影響	(145,360)	238,517
Cash and cash equivalents at end of the year	年終之現金及現金等值物	216,340	171,609
Analysis of balances of cash and cash equivalents	現金及現金等值物結存分析		
Cash and bank balances	現金及銀行結存	216,340	214,627
Bank overdrafts	銀行透支	-	(43,018)
		216,340	171,609

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

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 and other particulars of its subsidiaries are set out in note 29 to the financial statements.

The consolidated financial statements have been prepared using the merger basis of accounting at the time of the Group Reorganisation prior to the listing of the Company's shares in 2002. Under this basis, the Company has been treated as the holding company of all subsidiaries for the financial years presented and the Group has been regarded as a continuing entity.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (the "new HKFRSs"), which are effective for accounting periods beginning on or after 1 January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March, 2005. The new HKFRSs may result in changes in the future as to how the Group's financial performance and financial position are prepared and presented.

3. BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The financial statements have been prepared under the historical cost convention.

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及其他詳情載於財務報表附註29。

於二零零二年上市前進行集團重組時，綜合財務報表採用合併會計基準編製。按此基準，在所有財政年度，本公司一直是本集團之控股公司，而本集團亦被視為持續經營個體。

2. 新頒佈之香港財務報告準則之影響

香港會計師公會頒佈多項新訂及經修訂香港財務報告準則及香港會計實務準則(「新香港財務報告準則」)，並於二零零五年一月一日或之後開始之會計期間生效。本集團在截至二零零五年三月三十一日止之財務報表中並未提早採納該等新香港財務報告準則。新香港財務報告準則可導致日後本集團的財務業績及財務狀況之編製及呈列方法出現變動。

3. 編製基準及基本不明朗因素

本財務報表乃根據香港會計師公會頒佈之香港財務報告準則(亦包括會計實務準則及詮釋)、香港公認會計原則、香港公司條例之披露規定及香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)適用之披露規定而編製。本財務報表乃採用歷史成本常規法編製。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

3. BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES (continued)

The Group sustained a consolidated net loss from ordinary activities attributable to shareholders of HK\$3,420,760 for the year ended 31 March 2005 and had consolidated net current liabilities of HK\$5,216,461 and consolidated net liabilities of HK\$17,100,993 as at 31 March 2005. During the year ended 31 March 2005 and subsequently, the directors have taken active measures to improve the liquidity and financial position of the Group. The directors have prepared the financial statements on a going concern basis, having regard to the following:

- (a) During the year, the Company extended a loan agreement with an independent third party to extend the total limit of a loan to be advanced to the Company from HK\$10,000,000 to HK\$15,000,000 and also extend the repayment date to 30 June 2006. The loan was principally granted for providing working capital to the Group. As at 31 March 2005, the draw-down by the Group amounted to approximately HK\$10.6 million. The loan and interest thereon would be due for repayment in full by 30 June 2006. The directors of the Company believed that such arrangement would relieve the Group's liquidity difficulty.
- (b) On 27 May 2005, the Company entered into a subscription agreement with a subscriber which is an independent third party. Subject to the passing of the ordinary resolutions at an extraordinary general meeting to be held on 6 July 2005 to approve the share consolidation (please refer to note 22 for details of the share consolidation) and the subscription agreement, the Company will allot and issue 450,000,000 shares to the subscriber upon the completion of the share consolidation, at a subscription price of HK\$0.04 per subscription share. The net proceeds of the subscription of shares amounted to approximately HK\$17,000,000 would be used principally as the general working capital of the Group or for making future investments.

The directors are of the view that the above measures will enable the Group to continue as a going concern and that the Group will have sufficient working capital for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. However, if these measures were not to be successful or insufficient, or if the going concern basis were not to be appropriate, adjustments would have to be made to the financial statements to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. 編製基準及基本不明朗因素(續)

本集團於截至二零零五年三月三十一日止年度錄得股東應佔日常業務綜合虧損淨額為3,420,760港元，並於二零零五年三月三十一日錄得綜合流動負債淨額5,216,461港元及綜合負債淨額17,100,993港元。於截至二零零五年三月三十一日止年度及其後，董事採取積極行動，務求改善本集團之流動資金水平及財務狀況。考慮到下文所述之情況後，董事以持續經營基準編製財務報表：

- (a) 於本年度，本公司擴大了與一獨立第三者訂立之借貸協議，使本公司獲提供之貸款總額由10,000,000港元提高至15,000,000港元，還款日亦延至二零零六年六月三十日。該筆款項主要用作本集團之營運資金。於二零零五年三月三十一日，本集團已提取其中約10,600,000港元。該貸款及相關利息須於二零零六年六月三十日悉數償還。本公司董事相信，有關安排可舒緩本集團的資金緊絀問題。
- (b) 於二零零五年五月二十七日，本公司與一獨立第三者之認購人訂立認購協議。本公司將於二零零五年七月六日舉行股東特別大會，以批准股份合併(股份合併詳見附註22)及認購協議。待有關決議在股東特別大會通過後，本公司將於股份合併完成時按每股認購股份0.04港元之認購價向認購人配發及發行450,000,000股股份。認購股份之所得款項淨額約為17,000,000港元，將主要用作本集團之日常營運資金或未來投資資金。

董事認為上述措施可讓本集團繼續以持續基準經營，而本集團在可見將來亦會具備足夠之營運資金。因此，董事相信以持續經營基準編製財務報表為合適之做法。惟此等措施未能成功或並不足夠，又或持續經營基準並不合適，屆時將須對財務報表作出調整，將本集團資產以可收回之金額重新列值，就可能產生之任何負債作出撥備，以及將非流動資產及負債分別重新列作流動資產及負債。

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4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended made up to 31 March, 2005.

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.

(b) Investments in subsidiaries

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

(c) Turnover

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

(d) Revenue recognition

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

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

(e) Property, plant and equipment

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

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%

4. 主要會計政策

(a) 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二零零五年三月三十一日止年度之財務報表。

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)計入綜合損益表內。

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。

(b) 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。

(c) 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。

(d) 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。

(e) 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。

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%

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For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

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.

(f) 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.

(g) 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 assets 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.

(h) 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.

(i) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments.

4. 主要會計政策 (續)

(e) 物業、廠房及設備 (續)

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，並於損益表內確認。

(f) 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。

(g) 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為開支。

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為開支。

(h) 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，乃於產生年度確認為一項開支。

(i) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供產品或服務(業務分部)，或在一個特定的經濟環境中提供產品或服務(地區分部)。每個分部所承擔的風險和所獲享的回報，均與其他分部有別。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Segment reporting (continued)

In accordance with the Group's internal financing reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(j) 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.

(k) 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.

4. 主要會計政策 (續)

(i) 分部報告 (續)

按照本集團的內部財務報告模式，本集團選擇以業務分部為報告分部信息的主要形式，而地區分部則是次要的分部報告方式。

分部收入、支出、業績、資產及負債包含直接歸屬某一分部，以及可按合理的基準分配至該分部的項目的數額。

分部資本開支是指在期內購入預計可於超過一段期間使用的分部資產(包括有形和無形資產)所產生的成本總額。

(j) 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。

(k) 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。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 same rates. All exchange differences arising on consolidation are classified as equity and transferred to exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

(m) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for in full, using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

4. 主要會計政策 (續)

(l) 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相同匯率換算。於綜合賬項時所產生之所有匯兌差額歸類為股本權益，並轉撥至匯兌儲備。該等換算差額於業務被出售期間內確認為收益或開支。

(m) 利得稅

利得稅指現時應付稅項及遞延稅項之總和。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與損益表中所報溢利淨額不同，乃由於前者不包括在其他年度應課稅收入及開支，並且不包括損益表內從未課稅及扣稅之項目。本集團之現年稅項乃按於結算日前制定或實際制定之稅率釐定。

遞延稅項為就財務報表資產及負債賬面值及計算應課稅溢利相應稅基差額而須支付或收回之稅項，並以負債法悉數提撥處理。遞延稅項負債通常會就所有應課稅臨時差額確認，而遞延稅項資產在可能出現可利用臨時差額扣減之應課稅溢利時確認。

遞延稅項資產之賬面值於每個結算日作檢討，並於不再有足夠應課稅溢利變現全部或部份資產價值時作出相應調減。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(n) 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 income statement on a straight-line basis over the relevant lease terms.

(o) Retirement benefits scheme

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

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4. 主要會計政策 (續)

(m) 利得稅 (續)

遞延稅項乃按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項於損益表中扣除或計入損益表。惟倘遞延稅項直接在股本權益中扣除或計入股本權益之情況項目，則亦會於股本權益中處理。

(n) 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損益表內扣除。

(o) 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開支扣除。

(p) 現金及現金等值物

現金及現金等值物包括銀行及庫存現金、活期存款及短期存款，以及可隨時兌換為已知數額之現金且價值變動風險不大之短期及高流動性投資。

(q) 撥備

當本集團及因過往事件所致而引起現時擁有合法或法律構定之債務，且清償該債務時或會產生資源流出以及及可就該債務作出可靠評估時，即須確認為撥備。撥備會於每個結算日進行審核並作出調整以反映當前最確切之估值。倘貨幣之時間影響乃屬重大，則撥備之數額為清償該債務預期所需開支之現值。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, a provision is recognised.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4. 主要會計政策 (續)

(r) 或然負債及或然資產

或然負債指因過往事項而可能引起之債務，而其存在與否只由本集團無法全面控制之一項或多項不確定未來事件之或會不會發生而確認。或然負債亦可為過往事項引致之當前債務，但因可能不引致經濟資源流出或不能可靠計算債務數額而未予確認。或然負債未予確認，但在財務報表附註內披露。當可能引起經濟資源流出之情況發生而使資源流出頗為可能時，即確認為撥備。

或然資產乃指因過往事項而可能引起之資產，而其存在與否只由本集團無法全面控制之一項或多項不確定未來事件之或會或不會發生而確認。財務報表附註未予確認或然資產，惟當其可能帶來經濟利益時方予以披露。當該項經濟利益真正明確時方確認為資產。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

5. 營業額、收益、其他經營收入及分部資料

年內確認之收益如下：

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Turnover:	營業額：		
Retail sale	零售銷售	8,011,404	581,535
E-commerce sale	電子商貿銷售	-	54,871
		8,011,404	636,406
Other operating income:	其他經營收入：		
Interest earned on bank deposits	銀行存款利息	4	11
Written back of creditors	應付賬款之撥回	-	1,279,090
Foreign exchange gain, net	外幣兌換收益(淨額)	72,121	658
Service income	服務收入	268,397	533,530
Sub-lease rental income (Note)	分租租金收入(附註)	1,047,881	-
Recovery of bad debts previously written off	收回先前已撇銷之壞賬	2,500,000	-
Other income	其他收入	910,684	2,492
		4,799,087	1,815,781

Note: The aggregate future minimum lease payments receivable under non-cancellable operating leases as at the balance sheet date are as follows:

附註：於結算日，本集團擁有不可撤銷經營租約之未來最少可收取租金總額如下：

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within one year	一年內	108,871	900,000
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	-	108,871
		108,871	1,008,871

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION (continued)

Business segments

During the year ended 31 March 2004, the principal activities of the Group are sale of Chinese medicine through retail and E-Commerce divisions. During the year ended 31 March 2005, two new business segments had arisen, namely retail sale of healthcare/ skincare products and digital electronic products. For internal financial reporting purposes, management had changed certain segment reporting presentations. The major change was combining two similar segments, Chinese medicine and healthcare/ skincare products into one category namely "healthcare products". Comparative figures have not been restated as the Group had no sale of healthcare and skincare products and digital electronic products during the year ended 31 March 2004. In addition, during the year ended 31 March 2005, the Group did not conduct any sale through its E-Commerce division.

During the year ended 31 March 2005, there were no sales or other transactions between the business segments. Segment information about these businesses is presented below.

Year ended 31 March, 2005

5. 營業額、收益、其他經營收入及分部資料 (續)

業務分部

於截至二零零四年三月三十一日止年度，本集團之主要業務為透過零售及電子商貿銷售中醫藥。在截至二零零五年三月三十一日止年度出現兩個新業務分部，分別為保健／護膚產品以及數碼電子產品之零售銷售。就內部財務申報用途而言，管理層已改變部份分部報告之呈列方式。主要的更改在於將兩個相近的分部(中醫藥及保健／護膚產品)合而為一，成為「保健產品」分部。由於本集團於截至二零零四年三月三十一日止年度內並無銷售保健及護膚產品以及數碼電子產品，故並無重列比較數字。此外，於截至二零零五年三月三十一日止年度內，本集團並無透過電子商貿分部進行任何銷售。

於截至二零零五年三月三十一日止年度內，業務分部之間並無任何銷售或其他交易。有關該等業務之分部資料呈列如下。

截至二零零五年三月三十一日止年度

		Healthcare products 保健產品 HK\$ 港元	Digital electronic products 數碼電子產品 HK\$ 港元	Total Retail 零售總額 HK\$ 港元	E-Commerce 電子商貿 HK\$ 港元	Consolidated 綜合 HK\$ 港元
REVENUE	收益					
External sales	對外銷售	1,453,072	6,558,332	8,011,404	-	8,011,404
Inter-segment sales	分部銷售	-	-	-	-	-
Total revenue	總收益	1,453,072	6,558,332	8,011,404	-	8,011,404
RESULT	業績					
Segment loss	分部虧損			(255,023)	-	(255,023)
Unallocated corporate income and expenses	未分配企業收入及開支					(2,820,038)
Loss from operations	經營虧損					(3,075,061)
Finance costs	財務費用					(350,599)
Loss from ordinary activities before taxation	經常業務稅前虧損					(3,425,660)
Income tax	利得稅					-
Minority interest	少數股東權益					4,900
Net loss for the year	年度虧損淨額					(3,420,760)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION (continued)

Business segments (continued)

As at 31 March, 2005

5. 營業額、收益、其他經營收入及分部資料(續)

業務分部(續)

於二零零五年三月三十一日

BALANCE SHEET

資產負債表

		Healthcare products 保健產品 HK\$ 港元	Digital electronic products 數碼電子產品 HK\$ 港元	Total Retail 零售總額 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	212,447	549,866	762,313	–	762,313
Unallocated corporate assets	未分配企業資產					1,005,672
Consolidated total assets	綜合總資產					1,767,985
LIABILITIES	負債					
Segment liabilities	分部負債			–	–	–
Unallocated corporate liabilities	未分配企業負債					18,868,978
Consolidated total liabilities	綜合總負債					18,868,978

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	282,452	–	–	282,452
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	274,056	–	–	274,056
Amortisation of technical know-how	技術知識之攤銷	–	–	–	–
Allowances for doubtful debts	呆壞賬撥備	772	–	–	772
Allowances for inventory obsolescence	過時存貨撥備	–	–	–	–
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	74,597	–	–	74,597
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION (continued)

Business segments (continued)

Year ended 31 March, 2004

5. 營業額、收益、其他經營收入及分部資料 (續)

業務分部 (續)

截至二零零四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	收益				
External sales	對外銷售	581,535	54,871	–	636,406
Inter-segment sales	分部銷售	3,242	–	(3,242)	–
Total revenue	總收益	584,777	54,871	(3,242)	636,406
RESULT	業績				
Segment loss	分部虧損	(4,912,597)	(2,051,590)		(6,964,187)
Unallocated corporate income and expenses	未分配企業 開支				(16,917,155)
Loss from operations	經營虧損				(23,881,342)
Finance costs	財務費用				(749)
Loss from ordinary activities before taxation	經常業務 稅前虧損				(23,882,091)
Income tax	利得稅				(5,166)
Net loss for the year	年度虧損				(23,887,257)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION (continued)

Business segments (continued)

As at 31 March, 2004

5. 營業額、收益、其他經營收入及分部資料(續)

業務分部(續)

於二零零四年三月三十一日

BALANCE SHEET

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	321,546	121,158	442,704
Unallocated corporate assets	未分配企業資產			2,080,975
Consolidated total assets	綜合總資產			2,523,679
LIABILITIES	負債			
Segment liabilities	分部負債	2,264,225	–	2,264,225
Unallocated corporate liabilities	未分配企業負債			13,794,327
Consolidated total liabilities	綜合總負債			16,058,552

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	1,290	–	–	1,290
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	239,261	138,483	–	377,744
Amortisation of technical know-how	技術知識之攤銷	–	–	9,266,667	9,266,667
Allowances for doubtful debts	呆壞賬撥備	300,000	–	3,301,792	3,601,792
Allowances for inventory obsolescence	過時存貨撥備	659,165	–	4,050,000	4,709,165
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	–	–	2,443	2,443

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

5. TURNOVER, REVENUE, OTHER OPERATING INCOME AND SEGMENT INFORMATION (continued)

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.

6. ALLOWANCES FOR DOUBTFUL DEBTS

5. 營業額、收益、其他經營收入及分部資料 (續)

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。

6. 呆壞賬撥備

	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Allowances for doubtful debts comprise: 呆壞賬撥備包括以下各項：		
Deposits paid to supplier/ consultant (note) 已付予供應商／顧問之按金 (附註)	-	2,536,500
Deposits paid to travel agencies 已付予旅遊代理之按金	-	300,000
Others 其他	772	765,292
	772	3,601,792

Note: During the year ended 31 March, 2004, the balance of deposit to a consultant for procuring new businesses remained outstanding as at 31 March, 2004. The directors of the Company considered that the allowances for doubtful debts provided as at 31 March, 2004 were adequate but not excessive.

附註：於截至二零零四年三月三十一日止年度，付予顧問開拓新業務之按金於二零零四年三月三十一日仍未收回，本公司董事認為於二零零四年三月三十一日所提呆壞賬撥備足夠而不過多。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

7. LOSS FROM OPERATIONS

7. 經營虧損

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Loss from operations has been arrived at after charging:	經營虧損已扣除下列各項：		
Amortisation of technical know-how (note i) (included in other operating expenses)	技術知識之攤銷 (附註i) (已計入其他經營開支)	-	9,266,667
Auditors' remuneration	核數師酬金		
- Current	- 本年度	250,000	160,000
- Underprovision in prior year	- 去年撥備不足	-	25,288
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	274,056	377,744
Loss on disposals on property, plant and equipment	出售物業、廠房及設備之虧損	-	2,443
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	74,597	-
Operating lease rentals in respect of rented premises	租賃物業之經營租約租金	1,176,000	1,054,601
Staff costs (note ii):	員工成本 (附註ii) :		
Directors' emoluments (note 9)	董事酬金 (附註9)	568,800	1,601,226
Other staff costs	其他員工成本		
- salaries and other allowances	- 薪酬及其他津貼	486,044	2,014,416
- retirement benefit scheme contribution	- 退休福利計劃供款	27,502	51,655

Notes:

- (i) During the year ended 31 March 2004, amortisation was provided to write off the cost of medicine related technical know-how over its estimated useful life of three years on a straight-line basis. The annual provision amounted to HK\$4,633,333. Upon reviewing the current market conditions and the low business volume arising therefrom, the directors of the Company, accounted for the impairment of such asset by providing additional amortisation thereon amounting to HK\$4,633,334, making the total sum charged in the consolidated income statement for the year ended 31 March 2004 to HK\$9,266,667.
- (ii) Staff costs disclosed above included total retirement benefit scheme contribution of HK\$44,302 (2004: HK\$63,575).

附註：

- (i) 於截至二零零四年三月三十一日止年度，醫藥相關技術知識成本按其估計可使用年期三年以直線法攤銷。每年撥備為4,633,333港元。在考慮當時市場狀況及所引致低業務流量，本公司董事將攤銷數再增加4,633,334港元，作為該等資產減值處理，於截至二零零四年三月三十一日止年度綜合損益表支出總額因而達致9,266,667港元。
- (ii) 上文所披露之員工成本已將退休福利計劃供款44,302港元(二零零四年：63,575港元)計算在內。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

8. FINANCE COSTS

8. 財務費用

	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Interest on:		
Bank overdrafts and other borrowings wholly repayable within five years	350,599	749

下列各項之利息：
須於五年內悉數償還之
銀行貸款及透支

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

9. 董事及高級管理層之酬金

(a) Directors' remuneration

Details of directors' remuneration disclosed pursuant to the requirements of the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

a. 董事酬金

根據創業板上市規則及香港公司條例第161條之規定披露之董事酬金詳情如下：

	Number of directors 董事人數	
	2005 二零零五年	2004 二零零四年
Executive directors 執行董事	5	6
Independent non-executive directors 獨立非執行董事	4	3
	9	9

The aggregate amounts of emoluments payable to the directors during the year are as follows:

年內應向董事支付之酬金總額如下：

	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Fees 袍金	-	-
Other emoluments: 其他酬金：		
Basic salaries, housing allowances, other allowances and retirement benefit contributions 基本薪金、房屋津貼、其他津貼及退休福利計劃供款	568,800	1,601,226
	568,800	1,601,226

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (continued)

(a) Directors' remuneration (continued)

The emoluments of each of the directors of the Company were within the band of nil to HK\$1,000,000. No emoluments were paid to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended 31 March, 2005, amongst the five executive directors, one executive director received individual emoluments (including retirement benefit contribution) of approximately HK\$468,000 (2004: Nil). The remaining four executive directors agreed to waive their emoluments during the year ended 31 March, 2005. During the year ended 31 March, 2004, three executive directors received individual emoluments (including retirement benefit contribution) of approximately HK\$492,000, HK\$660,000 and HK\$349,226. The remaining three executive directors did not receive any emoluments during the year ended 31 March, 2004.

During the year ended 31 March, 2005, amongst the four independent non-executive directors, two independent non-executive directors received individual emoluments (including retirement benefit contribution) of approximately HK\$50,400 (2004: Nil) and HK\$50,400 (2004: Nil). There was an independent non-executive director, whose director's emolument was HK\$100,000, resigned during the year ended 31 March, 2004.

9. 董事及高級管理層之酬金 (續)

(a) 董事酬金 (續)

本公司各董事之酬金介乎零至1,000,000港元。並無向本公司董事支付任何酬金，作為彼等加盟本集團或於加盟時之誘金或作為離職賠償。

五名執行董事中一名執行董事於截至二零零五年三月三十一日止年度收取之個人酬金(包括退休福利計劃供款)約為468,000港元(二零零四年：零)。除一名執行董事外，其餘四名執行董事均同意免收截至二零零五年三月三十一日止年度之酬金。截至二零零四年三月三十一日止年度，三名執行董事收取個人酬金(包括退休福利計劃供款)約492,000港元、660,000港元及349,226港元。其餘三名執行董事並無收取截至二零零四年三月三十一日止年度之酬金。

於截至二零零五年三月三十一日止年度四名獨立非執行董事其中兩名非執行董事收取之個人酬金(包括退休福利計劃供款)約為50,400港元(二零零四年：零)及50,400港元(二零零四年：零)。截至二零零四年三月三十一日止年度內有一名獨立非執行董事辭任，其董事酬金為100,000港元。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (continued)

(b) Five highest paid individual

The five individuals whose emoluments were the highest in the Group for the year included three (2004: three) directors and their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2004: two) individuals during the year are as follows:

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Basic salaries, housing allowances and other allowances	基本薪金、房屋津貼及其他津貼	195,493	372,574
Retirement benefit contributions	退休福利計劃供款	9,790	10,868
		205,283	383,442

No emoluments were paid by the Group to the respective five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

9. 董事及高級管理層之酬金 (續)

(b) 五名最高薪人士

年內本集團五名最高薪酬僱員當中有三名(二零零四年：三名)為董事，彼等之酬金已列於上文。年內應向其餘兩名(二零零四年：兩名)僱員支付之酬金如下：

本集團並無向五名最高薪人士(包括董事)支付任何酬金，作為彼等加盟本集團或於加盟時之誘金或作為離職賠償。

10. INCOME TAX

The amount of taxation charged to consolidated income statement represents:

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Company and subsidiaries	本公司及附屬公司		
Hong Kong profits tax	香港利得稅	-	-
Income tax in other jurisdiction	其他司法權區之所得稅	-	5,166
		-	5,166

10. 利得稅

綜合損益表內扣除之稅項金額如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

10. INCOME TAX (continued)

The following is a reconciliation of income taxes calculated at the applicable tax rate with income tax expenses:

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Loss from ordinary activities before taxation	除稅前經常業務虧損	(3,425,660)	(23,882,091)
Income tax calculated at applicable tax rate	按適用稅率計算之利得稅	(599,491)	(4,184,532)
Net tax effect of non-taxable items	非課稅項目之稅務影響淨額	599,491	4,189,698
Income tax charge	利得稅支出	-	5,166

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit arising in Hong Kong for the year (2004: Nil).

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

Details of unprovided deferred tax are set out in the note 20 to the financial statements.

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders includes a loss of \$6,403,651 (2004: \$18,572,921) which has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to shareholders of \$3,420,760 (2004: \$23,887,257) and the weighted average number of 469,000,000 ordinary shares (2004: 469,000,000 ordinary shares) in issue during the year.

No diluted loss per share for each of the years ended 31 March 2004 and 31 March 2005 have been presented as the share options outstanding had an anti-dilutive effect on the respective basic loss per share for the years ended 31 March 2004 and 31 March 2005.

10. 利得稅 (續)

按適用稅率計算之利得稅與利得稅開支之對賬如下：

由於本集團於年內在香港並無應課稅溢利故並無於財務報表中就香港利得稅作出撥備(二零零四年：無)。

其他司法管轄區之稅項以有關司法管轄區之現行稅率計算。

未撥備遞延稅項之詳情載於財務報表附註20。

11. 股東應佔虧損

股東應佔虧損包括6,403,651港元(二零零四年：18,572,921港元)之虧損，已撥入本公司之財務報表中處理。

12. 每股虧損

每股虧損乃根據年內股東應佔虧損3,420,760港元(二零零四年：23,887,257港元)及已發行普通股之加權平均數469,000,000股普通股(二零零四年：469,000,000股普通股)計算。

由於尚未行使之購股權對截至二零零四年三月三十一日及二零零五年三月三十一日止年度之每股基本虧損均具反攤薄效應，故並無呈列截至二零零四年三月三十一日及二零零五年三月三十一日止年度各年之每股攤薄虧損。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT

13. 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	本集團					
At cost:	成本：					
As at 1 April, 2004	於二零零四年四月一日	532,861	867,866	103,468	100,331	1,604,526
Additions	添置	203,000	19,368	60,084	-	282,452
As at 31 March, 2005	於二零零五年三月三十一日	735,861	887,234	163,552	100,331	1,886,978
Accumulated depreciation and amortisation:	累計折舊及 攤銷：					
As at 1 April, 2004	於二零零四年四月一日	420,933	702,148	48,298	100,331	1,271,710
Charge for the year	年度撥備	143,878	70,127	60,051	-	274,056
Impairment loss	減值虧損	2,249	60,160	12,188	-	74,597
As at 31 March, 2005	於二零零五年三月三十一日	567,060	832,435	120,537	100,331	1,620,363
Net book value:	賬面淨值：					
As at 31 March, 2005	於二零零五年三月三十一日	168,801	54,799	43,015	-	266,615
As at 31 March, 2004	於二零零四年三月三十一日	111,928	165,718	55,170	-	332,816

14. TECHNICAL KNOW-HOW

14. 技術知識

		HK\$ 港元
THE GROUP	本集團	
At cost:	成本：	
As at 1 April, 2004 and as at 31 March, 2005	於二零零四年四月一日及 於二零零五年三月三十一日	13,900,000
Accumulated amortisation:	累計攤銷：	
As at 1 April, 2004 and as at 31 March, 2005	於二零零四年四月一日及 於二零零五年三月三十一日	13,900,000
Net book value:	賬面淨值：	
As at 31 March, 2005	於二零零五年三月三十一日	-
As at 31 March, 2004	於二零零四年三月三十一日	-

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

15. INVESTMENTS IN SUBSIDIARIES

15. 於附屬公司之投資

		THE COMPANY 本公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Unlisted shares, at cost	非上市股份(成本值)	40,005,100	40,000,000
Less: Impairment loss	減: 減值虧損	(40,000,000)	(40,000,000)
		5,100	-

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 as at 31 March, 2004 and 2005.

Particulars of the Company's subsidiaries as at 31 March, 2005 are set out in note 29 to the financial statements.

The amount due is unsecured, interest free and repayable on demand.

有關附屬公司非上市股份成本之減值虧損抵免乃根據本集團於二零零四年及二零零五年三月三十一日應佔有關附屬公司可收回款項低於投資成本之虧絀而計算。

本公司附屬公司於二零零五年三月三十一日之詳情載於財務報表附註29。

有關款項為無抵押、免息及須於要求時償還。

16. INVENTORIES

16. 存貨

		THE GROUP 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Raw materials	原料	-	4,507,686
Finished goods	製成品	762,313	201,479
		762,313	4,709,165
Less: Allowances for obsolescence	減: 過時存貨撥備	-	(4,709,165)
Total inventories, net of provision	存貨總額(扣除撥備)	762,313	-

The cost of inventories recognised as an expense amounted to \$8,191,058 (2004: HK\$121,768).

存貨成本8,191,058港元(二零零四年: 121,768港元)確認為開支。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

17. AMOUNTS DUE FROM/ (TO) DIRECTORS

Particulars of the amounts due are as follows:

THE GROUP

本集團

17. 應收／(付)董事款項

應收／(付)董事款項之詳情如下：

		Balance as at 31 March, 2005 於二零零五年 三月三十一日 之結存 HK\$ 港元	Balance as at 1 April, 2004 於二零零四年 四月一日 之結存 HK\$ 港元	Maximum amount due from the directors during the year 於本年度 應收董事款項 之最高結欠 HK\$ 港元
Ms. Leung Oi Wah	梁愛華女士	(36,540)	(902,321)	-
Ms. Leung Oi Wah	梁愛華女士	-	34,615	34,615
Ms. Wan Choi Ha	溫彩霞女士	-	(50,000)	-
Mr. Junya Kabeya	壁谷順也先生	-	(158,400)	-
Mr. Lau Ka Ho	劉家豪先生	-	(52,600)	-
Mr. Wong Cheah Foo	黃齊富先生	-	(853,192)	-
		(36,540)	(1,981,898)	34,615

Represented by: 分析如下：

Amounts due from directors	應收董事款項	-	34,615
Amounts due to directors	應付董事款項	(36,540)	(2,016,513)

THE COMPANY

本公司

		Balance as at 31 March, 2005 於二零零五年 三月三十一日 之結存 HK\$ 港元	Balance as at 1 April, 2004 於二零零四年 四月一日 之結存 HK\$ 港元	Maximum amount due from the directors during the year 於本年度 應收董事款項 之最高結欠 HK\$ 港元
Ms. Leung Oi Wah	梁愛華女士	(25,500)	(25,500)	-
Ms. Wan Choi Ha	溫彩霞女士	-	(50,000)	-
		(25,500)	(75,500)	-

The amounts due are unsecured, interest free and repayable on demand.

有關款項為無抵押、免息及於需要時償還。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

18. DEPOSITS AND PREPAYMENTS

18. 按金及預付款項

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Prepayment and deposits	預付款項及按金				
– prepayments	– 預付款項	188,981	–	140,063	10,126
– deposits (note i)	– 按金 (附註i)	299,000	439,000	–	–
Others (note ii)	其他 (附註ii)	35,508	4,775,253	–	1,298,375
Less: Allowances for doubtful debts	減：呆壞賬撥備	(772)	(3,601,792)	–	–
		522,717	1,612,461	140,063	1,308,501

Notes:

- (i) Deposits were paid to business agents for introducing strategic partners and/ or customers to the Group.
- (ii) During the year ended 31 March, 2004, others included an amount of HK\$2,536,500 deposit paid to a consultancy company for procuring new businesses to the Group. No such deposit was paid during the year ended 31 March, 2005.

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) 於截至二零零四年三月三十一日止年度，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2,536,500港元按金。截至二零零五年三月三十一日止年度內並無支付此等按金。

19. AMOUNTS DUE TO RELATED COMPANIES

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

19. 應付關連公司款項

應付款項為無抵押、免息及無固定還款期。

20. UNPROVIDED DEFERRED TAX

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

20. 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	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Tax effect of temporary difference because of:	臨時差異所產生稅務影響之原因：		
Shortfall/ (excess) of tax allowances over depreciation	免稅額少於／(超過)折舊	92,389	(23,315)
Tax losses	稅項虧損	2,982,741	3,171,771
		3,075,130	3,148,456

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

20. UNPROVIDED DEFERRED TAX (continued)

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

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Shortfall of tax allowances over depreciation	免稅額少於折舊	116,635	32,330
Tax losses (utilised)/ arising	(已動用)/ 所產生之稅項虧損	(309,825)	948,570
		(193,190)	980,900

The Group and the Company did not have any significant unprovided deferred tax as at the balance sheet date (2004: Nil).

20. 未撥備遞延稅項 (續)

本集團於年度內未撥備遞延稅項抵免(支出)金額如下:

於結算日, 本集團與公司並無任何重大未撥備遞延稅項(二零零四年: 無)。

21. LONG-TERM BORROWINGS

21. 長期借貸

THE GROUP AND THE COMPANY 本集團及本公司

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
The loan is unsecured and will not be demanded for repayment within twelve months from the balance sheet date:	此貸款為無抵押及將不會由結算日起計十二個月內要求償還:		
- interest bearing at 5.25% per annum (note)	- 有息(年息5.25%) (附註)	10,613,312	3,800,000
- interest free	- 免息	1,537,835	2,500,000
		12,151,147	6,300,000

Note: As at 31 March, 2005, the loan is due for repayment on 30 June, 2006.

附註: 於二零零五年三月三十一日, 貸款須於二零零六年六月三十日償還。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

22. SHARE CAPITAL

22. 股本

		Number of shares 股份數目	Amount 價值 HK\$ 港元
Authorised:	法定：		
Ordinary shares of HK\$0.01 each (2004: HK\$0.1 each)	每股面值0.01港元(二零零四年： 每股0.1港元)之普通股		
As at 31 March, 2003 and 1 April, 2004	於二零零三年三月三十一日及 二零零四年四月一日	2,000,000,000	200,000,000
Capital Reduction (note i)	削減股本(附註i)	-	(180,000,000)
Capital Reorganisation (note ii)	股本重組(附註ii)	18,000,000,000	180,000,000
As at 31 March, 2005	於二零零五年三月三十一日	20,000,000,000	200,000,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.01 each (2004: HK\$0.1 each)	每股面值0.01港元(二零零四年： 每股0.1港元)之普通股		
As at 31 March, 2003 and 1 April, 2004	於二零零三年三月三十一日及 二零零四年四月一日	469,000,000	46,900,000
Capital Reduction (note i)	削減股本(附註i)	-	(42,210,000)
As at 31 March, 2005	於二零零五年三月三十一日	469,000,000	4,690,000

Changes in share capital

Pursuant to the special resolution passed by the shareholders of the Company at an extraordinary general meeting held on 10 May, 2004, it was resolved that:

- (i) The nominal value of all each of the then issued shares of the Company was reduced by HK\$0.09 from HK\$0.1 each to HK\$0.01 (the "Capital Reduction"). The credit in the sum of HK\$42,210,000 arising from the Capital Reduction was credited to set off against the accumulated losses of the Company, with the balance credited to the special reserve of the Company as permitted by the laws of Cayman Islands and the Company's Bye-laws; and
- (ii) Immediately upon completion of the Capital Reduction, all of the then authorised but unissued shares including the authorised but unissued shares arising from the Capital Reduction will be cancelled and the authorised share capital of the Company will immediately thereafter be increased by the subsequent creation of such number of new shares of HK\$0.01 each as shall be sufficient to increase the authorised share capital to HK\$200,000,000 divided into 20,000,000,000 shares (the "Capital Reorganisation").

股本變動

根據本公司股東於二零零四年五月十日舉行之股東特別大會上通過之特別決議案，茲議決：

- (i) 本公司當時全部已發行股份每股之面值由0.1港元削減0.09港元至0.01港元(「削減股本」)。削減股本產生之42,210,000港元進賬乃用以抵銷本公司之累計虧損，餘數則在開曼群島法例及本公司之公司細則批准下計入本公司之特別儲備；及
- (ii) 於削減股本完成後，本公司當時全部法定但未發行股份，包括削減股本產生之法定但未發行股份將予註銷，而本公司之法定股本將隨即加上其後增設之每股面值0.01港元之新股份，有關新股份將足以使到法定股本增至200,000,000港元(分為20,000,000,000股股份)(「股本重組」)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

23. SHARE OPTION

The Company has the following share option schemes:

(i) Pre-IPO Share Option Scheme

On 1 February, 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 shares 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 3 years commencing on 1 February, 2002. Save for the legal advisor, the grantees have to hold one-third of the options granted for a period of six months after listing, another one-third for a period of twelve months after listing and the remaining one-third for a period of twenty four months after listing. 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 granted under the Pre-IPO Share Option Scheme was 25,500,000 shares. The exercise price for shares under Pre-IPO Share Option Scheme was 50% of the issued price when the shares of the Company were offered to the public.

No option has been exercised up to the expiry of the Pre-IPO Share Option Scheme in February 2005. Details of the movement in share options granted on 18 February, 2002 under the Pre-IPO Share Option Scheme during each of the two years ended 31 March, 2005 are set out as follows:

23. 認購股權計劃

本公司有以下認購股權計劃：

(i) 首次公開招股前認購股權計劃

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

首次公開招股前認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、僱員及顧問。首次公開招股前認購股權計劃由二零零二年二月一日開始為期三年生效，須在此期間認購股份。除法律顧問外，認購人須持有1/3認購權六個月（由上市時開始），1/3認購權十二個月（由上市時開始），餘下1/3認購權二十四個月（由上市時開始）。如接納認購股權，則須於授出日期起計二十八日支付1港元。

根據首次公開招股前認購股權計劃可發行之股份總數為25,500,000股。首次公開招股前認購股權計劃的認購股份價格為公司股份向公眾招股價格的50%。

截至首次公開招股前認購股權計劃於二零零五年二月屆滿前概無任何購股權獲行使。根據首次公開招股前認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二零零五年三月三十一日止兩個年度之變動詳情如下：

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For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

23. SHARE OPTION (continued)

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

For the year ended 31 March, 2005

23. 認購股權計劃 (續)

(i) 首次公開招股前認購股權計劃 (續)

於截至二零零五年三月三十一日止年度

	Exercisable period 行使期間	Exercise price per share 每股 行使價 HK\$ 港元	Number of share options 購股權數目		
			Outstanding as at 1 April, 2004 於二零零四年 四月一日 尚未獲行使	Lapsed during the year 本年度 失效	Outstanding as at 31 March, 2005 於二零零五年 三月三十一日 尚未獲行使
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	3,000,000	(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	3,000,000	(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	3,000,000	(3,000,000)	-
			9,000,000	(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	-	-	-
	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	-	-	-
	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	-	-	-
			-	-	-
Category: Legal advisor 類別：法律顧問					
	March 7, 2002 – February 17, 2005 二零零二年三月七日至二零零五年二月十七日	0.3	2,400,000	(2,400,000)	-
			2,400,000	(2,400,000)	-
Total all categories 全有類別總計					
			11,400,000	(11,400,000)	-

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23. SHARE OPTION (continued)

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

For the year ended 31 March, 2004

23. 認購股權計劃 (續)

(i) 首次公開招股前認購股權計劃 (續)

於截至二零零四年三月三十一日止年度

	Exercisable period	Exercise price per share	Number of share options		
			Outstanding as at 1 April, 2003	Lapsed during the year	Outstanding as at 31 March, 2004
	行使期間	每股行使價 HK\$ 港元	於二零零三年 四月一日 尚未獲行使	本年度 失效	於二零零四年 三月三十一日 尚未獲行使
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	3,000,000	-	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	3,000,000	-	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	3,000,000	-	3,000,000
			9,000,000	-	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	2,400,000	(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	2,400,000	(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	2,400,000	(2,400,000)	-
			7,200,000	(7,200,000)	-
Category: Legal advisor					
類別：法律顧問	March 7, 2002 – February 17, 2005 二零零二年三月七日至二零零五年二月十七日	0.3	2,400,000	-	2,400,000
			2,400,000	-	2,400,000
Total all categories 全有類別總計			18,600,000	(7,200,000)	11,400,000

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23. SHARE OPTION (continued)

(ii) Share Option Scheme

On 1 February, 2002, another share option scheme (the "Share Option Scheme") was approved pursuant to a resolution of the shareholders 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, at 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 shares 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 1 February, 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 acceptable 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 shares in issue as at 7 March, 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 during the specified option period. 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 Company's shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

23. 認購股權計劃 (續)

(ii) 認購股權計劃

於二零零二年二月一日，本公司根據本公司一項股東決議案之批准採納一項認購股權計劃。

認購股權計劃之目的旨在使本公司可向經挑選人士授出認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，接納認購股權以認購本公司股份，而接納認購股權之人士須就每份獲授出認購股權支付1港元代價。認購股權計劃將由二零零二年二月一日起計十年內有效。認購股權期間將不少於三年，而不超過由接納認購股權日期起計十年。認購股權在可予行使之前無須持有最少期間。如接納認購股權，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認購股權計劃可發行之股份總數不可超逾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%。當向個別人士授出認購股權時，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認購股權獲行使會導致超逾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，否則不得授出認購股權予該個別人士。

認購股權可於指定授出認購股權期間行使。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)本公司股份於授出認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。

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23. SHARE OPTION (continued)

(ii) Share Option Scheme (continued)

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.

23. 認購股權計劃 (續)

(ii) 認購股權計劃 (續)

自本公司採納認購股權計劃以來未有授出認購股權。

根據首次公開招股前認購股權計劃、認購股權計劃及涉及發行或授出認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認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%。

24. RESERVES

24. 儲備

		Share premium 股份溢價 HK\$ 港元	Special reserve 特殊儲備 HK\$ 港元	Exchange reserve 匯兌儲備 HK\$ 港元	Accumulated losses 累計虧損 HK\$ 港元	Total 總計 HK\$ 港元
The Group	本集團					
As at 1 April, 2003	二零零三年四月一日	19,008,723	(39,998,440)	102,802	(15,899,218)	(36,786,133)
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匯兌差額而未有在綜合損益表內確認	-	-	238,517	-	238,517
Net loss for the year	年度虧損淨額	-	-	-	(23,887,257)	(23,887,257)
As at 31 March, 2004 and 1 April, 2004	二零零四年三月三十一日及二零零四年四月一日	19,008,723	(39,998,440)	341,319	(39,786,475)	(60,434,873)
Adjustments arising from the Capital Reduction (note 22(i))	削減股本產生之調整 (附註22(i))	-	-	-	42,210,000	42,210,000
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匯兌差額而未有在綜合損益表內確認	-	-	(145,360)	-	(145,360)
Net loss for the year	年度虧損淨額	-	-	-	(3,420,760)	(3,420,760)
As at 31 March, 2005	二零零五年三月三十一日	19,008,723	(39,998,440)	195,959	(997,235)	(21,790,993)

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For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

24. RESERVES (continued)

24. 儲備 (續)

		Share premium 股份溢價 HK\$ 港元	Accumulated losses 累計虧損 HK\$ 港元	Total 總計 HK\$ 港元
The Company	本公司			
As at 1 April, 2003	二零零三年三月三十一日	19,008,723	(53,777,916)	(34,769,193)
Net loss for the year	年度虧損淨額	-	(18,572,921)	(18,572,921)
As at 31 March, 2004 and 1 April, 2004	二零零四年三月三十一日 及二零零四年四月一日	19,008,723	(72,350,837)	(53,342,114)
Adjustments arising from the Capital Reduction (note 22(i))	因股本削減而調整 (附註22(i))	-	42,210,000	42,210,000
Net loss for the year	年度虧損淨額	-	(6,403,651)	(6,403,651)
As at 31 March, 2005	二零零五年三月三十一日	19,008,723	(36,544,488)	(17,535,765)

The Company's reserves available for distribution include the share premium and accumulated 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 31 March, 2005, the Company does not have any reserves available for distribution (2004: Nil).

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，於二零零五年三月三十一日，本公司並無可供分派之任何儲備(二零零四年：無)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

25. OPERATING LEASE COMMITMENT

As at the balance sheet date, the Group had commitment for future minimum lease payments under non-cancellable operating lease which fall due as follows:

Within one year	一年內
In the second to fifth years inclusive	第二年至第五年

25. 經營租約承擔

於結算日，本集團根據不可撤銷經營租約之未來最少到期租金承擔如下：

		THE GROUP 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within one year	一年內	202,415	980,000
In the second to fifth years inclusive	第二年至第五年	-	929,946
		202,415	1,909,946

26. 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 the income statement represents contributions payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

As at the balance sheet date, there was no forfeited contribution available to reduce future contributions (2004: Nil).

26. 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。

從損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（二零零四年：無）。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

27. LITIGATIONS

(a) A writ of summons was filed by New Chinese Medicine Limited, a subsidiary of the Company, and the Company, as plaintiffs, against a company ("Defendant") on 15 October, 2004 regarding, inter alia, a claim for breach of the agreements entered into between the plaintiffs and the Defendant in which the Defendant would provide internet computer software design and set up for the business operations of the plaintiffs. The plaintiffs are claiming the refund of HK\$1,100,000 as a result of breach of contract and damages. The plaintiffs also sought an interim order that the Defendant shall not pursue or withhold pursuing any winding up proceedings against any of the plaintiffs. The Defendant filed a defence on 9 December, 2004 and there is no further action taken since the hearing of the summons for directors filed on 21 February, 2005 up to the balance sheet date. There has not been any development since the filing of the defence by the Defendant and the Group's appointed legal advisor on this litigation advised that the estimated liability arising out of the contractual dispute amounted to approximately HK\$200,000 should counter-claim is filed by the Defendant. There has not been any counter-claim filed by the Defendant as at the balance sheet date and after taking into consideration of the legal opinion issued by the Group's appointed legal advisor on this litigation, the directors of the Company consider that no material provision was necessary.

(b) A writ of summons was filed by two plaintiffs against, among others, Wondergold Limited ("Wondergold"), a non-major operating subsidiary of the Company as at the balance sheet date, on 4 January, 2005 regarding, inter alia, a claim for breach of an agreement by Wondergold and other losses and damages (including but not limited to the damages for breach of trust by Wondergold, damages for detainee and/or conversion and the net proceeds for sale of goods and the repayment of HK\$1,500,000 which was already repaid by Wondergold) alleged to be suffered by the plaintiffs. The plaintiffs also sought an injunction against Wondergold to restrain Wondergold from selling or disposing of or in any way deal with the said goods. The plaintiffs applied for summary judgments by summons filed on 3 May, 2005. Upon the hearing of the summons on 14 June, 2005, the case was adjourned for the plaintiffs to file affirmation in reply. The legal advisor appointed by Wondergold advised that the plaintiffs' claim for loss and damages arising out of the alleged unlawful detention of goods is approximately HK\$544,000 but Wondergold may have to pay the costs of the action if judgement is obtained by the plaintiff. As the other claims of the plaintiff are not quantified, legal advisor of Wondergold is unable to estimate the total claims and the related legal costs to be incurred by Wondergold. Since the outcome of the litigation could not be determined with reasonable certainty at this stage, the directors of the Company considered that no provision is necessary to be made in the financial statements.

27. 訴訟

(a) 本公司之附屬公司新醫藥有限公司與本公司以原告人身份於二零零四年十月十五日對一間公司(「被告人」)發出傳訊令狀，內容有關(其中包括)就原告人與被告人訂立之協議被違反而提出申索，根據有關協議，被告人應為原告人之業務提供互聯網電腦軟件設計及設置。原告人要求因合約遭違反而獲退還1,100,000港元為損失賠償。原告人亦要求頒佈臨時命令以使到被告人不得對任何原告人進行清盤程序或暫緩對任何原告人之清盤程序。被告人於二零零四年十二月九日提交抗辯書存檔，而自二零零五年二月二十一日舉行指示傳訊聆訊至結算日止期間內再無採取進一步行動。被告人提交抗辯書存檔後，至今並無任何進展，而本集團就該訴訟而委聘之律師認為，倘被告人提交反申索存檔，估計該合約糾紛所產生之責任約為200,000港元。截至結算日，被告人並無提交反申索存檔，而在考慮到本集團就該訴訟所委聘律師之法律意見後，本公司董事認為毋須作出重大撥備。

(b) 兩名原告人對(其中包括)暉富有限公司(「暉富」)，於結算日為本公司之非主要營運附屬公司，於二零零五年一月四日發出傳訊令狀，就(其中包括)暉富違反協議及原告人聲稱所蒙受之其他損失及損害(包括但不限於暉富違反信託之損害、非法扣留及/或侵佔之損害以及出售貨品之所得款項淨額以及償還暉富已償還之1,500,000港元)提出申索。原告人亦尋求對暉富頒佈禁制令，禁止暉富出售或處置或以任何形式買賣上述貨品。原告人於二零零五年五月三日存檔申請簡易判決之傳票。於二零零五年六月十四日之傳票聆訊後，案件押後以待原告人將回覆誓章存檔。暉富所委任之法律顧問表示，原告人就聲稱非法扣留貨品所蒙受之損失及損害所提出申索約為544,000港元，惟暉富或須支付原告人所取得裁判之訴訟費。由於原告人之其他申索未有量化，故暉富之法律顧問未能估計對暉富之總申索額及將須承擔之相關法律費用。由於在現階段難以合理論斷該訴訟之後果，本公司董事認為毋須於財務報表上就此作出撥備。

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27. LITIGATIONS (continued)

- (c) A number of writ of summons were filed by Brilliant Wealth Limited ("the Landlord") against Wondergold from 18 September, 2004 up to 25 May, 2005 regarding, inter alia, claim for breach of contract by Wondergold and outstanding rental payment and other related costs of approximately HK\$1,500,000 in aggregate. The rental agreement between Wondergold and the Landlord expired in May 2005. As at 31 March, 2005, Wondergold has settled rental amount of approximately HK\$882,000 and the outstanding rental payment between 1 January, 2005 and 31 March, 2005 as stated in the rental agreement of approximately HK\$294,000 has been provided for in the financial statements for the year ended 31 March, 2005. Since the outcome of the litigation could not be determined with reasonable certainty at this stage and provision for outstanding rental payment up to 31 March, 2005 has been provided for in the financial statements, the directors of the Company considered that no further provision is necessary in the financial statements.

28. POST BALANCE SHEET EVENT

Pursuant to the Company's announcement dated 30 May, 2005 and the circular issued by the Company on 20 June, 2005, the capital reorganisation will become effective upon completion of certain conditions as set out in the circular. An extraordinary general meeting will be held on 6 July, 2005 to approve the capital reorganisation which involved the following:

Share consolidation

- (a) The Company proposed to consolidate every four issued shares of HK\$0.01 each of the Company into one new share of HK\$0.04 each (the "New Share"). Immediately upon completion of the share consolidation, the authorised share capital of the Company will remain to be HK\$200,000,000, comprising 5,000,000,000 New Shares of HK\$0.04 each, of which approximately 117,250,000 New Shares will be in issue. The New Shares will rank pari passu in all respects with the then existing shares of the Company.

27. 訴訟(續)

- (c) Brilliant Wealth Limited(「業主」)於二零零四年九月十八日至二零零五年五月二十五日期間，就(其中包括)暉富違反合約及拖欠共約1,500,000港元之租金及其他有關費用向暉富申索發出多份傳訊令狀。暉富與業主之間之租約已於二零零五年五月屆滿。於二零零五年三月三十一日，暉富已償還租金約882,000港元，而租約所述於二零零五年一月一日至二零零五年三月三十一日期間之未繳租金約294,000港元已於截至二零零五年三月三十一日止年度之財務報表中撥備。由於在現階段難以合理論斷該訴訟之後果，加上已於財務報表中就截至二零零五年三月三十一日未繳租金撥備，故本公司董事認為毋須於財務報表中就此作出進一步撥備。

28. 結算日後事項

根據本公司於二零零五年五月三十日刊發之公佈及於二零零五年六月二十日刊發之通函，股本重組將於通函所載若干條件達成後生效。股東特別大會將於二零零五年七月六日舉行，以批准股本重組，而股本重組則涉及下列各項：

股份合併

- (a) 本公司計劃將每四股每股面值0.01港元之股份合併為一股每股面值0.04港元之新股份。緊隨股份合併後，本公司之法定股本將仍然為200,000,000港元(分為5,000,000,000股每股面值0.04港元之新股份)，其中約117,250,000股新股份將為已發行。每股新股份於各方面均與本公司當時之現有股份享有同等地位。

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28. POST BALANCE SHEET EVENT (continued)

Change in board lot size

- (b) The Company proposed to change the board lot size from 4,000 shares to 20,000 New Shares upon completion of the share consolidation such that the value of each board lot will be increased from HK\$120 (before the share consolidation) to HK\$2,400 (after the share consolidation) based on the closing price of HK\$0.03 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 April, 2005, being the last trading day prior to the date of the announcement.

Share subscription

- (c) The Company entered into a subscription agreement on 27 May, 2005 with Excel Point Holdings Limited (the "Subscriber") which is wholly and beneficially owned by Mr. Wong Chun Keung, and Mr. Wong Chun Keung (the "Subscriber's Guarantor"), both are independent third parties which were independent of and not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules).

Pursuant to the subscription agreement, the Company will allot and issue 450,000,000 New Shares of HK\$0.04 each to the Subscriber at a subscription price of HK\$0.04 per subscription share. The subscription price represented (i) a discount of approximately 66.67% to the closing price of HK\$0.03 per share as quoted on the Stock Exchange on 26 April, 2005, being the last trading day in the shares on the Stock Exchange prior to the publication of the announcement; and (ii) a discount of approximately 66.67% to the average closing price of HK\$0.03 per share as quoted on the Stock Exchange over the last ten trading days up to and including 26 April, 2005.

The net proceeds of approximately HK\$17,000,000 to be received by the Company upon completion of the share subscription will be used as the general working capital of the Group or for making future investments should there be appropriate investment opportunity identified by the Group.

Details of the above capital reorganisation were set out in the circular dated 20 June, 2005.

28. 結算日後事項 (續)

更改每手買賣單位

- (b) 本公司建議在股份合併完成後，將每手買賣單位由4,000股股份改為20,000股新股份，從而使每手股份價值(按香港聯合交易所有限公司(「聯交所」)於二零零五年四月二十六日(即於發出公佈前之最後交易日)所報之每股股份收市價0.03港元計算)由股份合併前之120港元上升至股份合併後之2,400港元。

認購股份

- (c) 於二零零五年五月二十七日，本公司與 Excel Point Holdings Limited (「認購人」，由黃進強先生全資實益擁有)及黃進強先生(「認購人之擔保人」)訂立認購協議。認購人及認購人之擔保人均為本公司之第三者人士，與本公司或其任何附屬公司之董事、行政總裁或公司主要股東或彼等各自之聯繫人士(定義見創業板上市規則)並無關連。

根據認購協議，本公司將以認購價每股認購股份0.04港元，向認購人配發及發行450,000,000股每股面值0.04港元之新股份。認購價(i)較股份於二零零五年四月二十六日(即股份於公佈發表前在聯交所之最後交易日)在聯交所之收市報價每股0.03港元折讓約66.67%；及(ii)較股份於直至及包括二零零五年四月二十六日止最近十個交易日在聯交所之平均收市報價每股0.03港元折讓約66.67%。

完成股份認購後，本公司之所得款項淨額將約為17,000,000港元，將用作本集團之一般營運資金或於本集團物色到合適之投資機會時進行投資。

上述股本重組之詳情已載於日期為二零零五年六月二十日之通函。

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For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

29. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March, 2005 are as follows:

29. 附屬公司詳情

於二零零五年三月三十一日，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 shares 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 Life 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

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

29. PARTICULARS OF SUBSIDIARIES (continued)

29. 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 shares 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 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
Harvest Rich Limited (Note) 勤億有限公司(註)	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	–	51	Retailing of healthcare/skincare and digital electronics products 零售保健/護膚及數碼電子產品

Note: Harvest Rich Limited was newly incorporated during the year.

註：勤億有限公司為本年度新成立之公司。

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June, 2005.

30. 批准財務報表

財務報表已於二零零五年六月三十日獲董事會批准及授權刊發。

FINANCIAL SUMMARY 財務概要

For the year ended 31 March, 2005 截至二零零五年三月三十一日止年度

		Year ended 31 March, 截至三月三十一日止年度				2005
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元
Results	業績					
Turnover	營業額	34,096,317	26,595,352	14,021,237	636,406	8,011,404
Profit (loss) before taxation	稅前溢利(虧損)	6,217,705	2,424,505	(27,834,737)	(23,882,091)	(3,425,660)
Taxation	稅項	(1,107,734)	(269,766)	(3,848)	(5,166)	-
Profit (loss) before minority interest	未計少數股東權益前溢利(虧損)	5,109,971	2,154,739	(27,838,585)	(23,887,257)	(3,425,660)
Minority interest	少數股東權益	-	-	191,850	-	4,900
Profit (loss) for the year attributable to shareholders	股東應佔年度溢利(虧損)	5,109,971	2,154,739	(27,646,735)	(23,887,257)	(3,420,760)

		At 31 March, 於三月三十一日				2005
		2001	2002	2003	2004	2005
		二零零一年	二零零二年	二零零三年	二零零四年	二零零五年
		HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元
Assets and liabilities	資產及負債					
Total assets	總資產	44,839,980	42,297,332	20,409,345	2,523,679	1,767,985
Total liabilities and minority interest	總負債及少數股東利息	(26,660,921)	(4,053,282)	(10,295,478)	(16,058,552)	(18,868,978)
Net assets (liabilities)	淨資產(負債)	18,179,059	38,244,050	10,113,867	(13,534,873)	(17,100,993)

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 6 August, 2001. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from 7 March, 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 year ended 31 March, 2001 has been extracted from the Company's prospectus dated 25 February, 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。本集團截至二零零一年三月三十一日止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。