

# STAR BIO-TECH (HOLDINGS) LIMITED

星光生物科技（控股）有限公司

## INTERIM REPORT

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2001

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS REVIEW

For the period under review, the Group has turnover of HK\$16.9 million in which HK\$12.4 million was from the Hi-Tech Division and HK\$4.5 million from the Food and Beverage Division. The total turnover of both Divisions of current period shows an increase of 21.6% when compared to the same period last year. Turnover from Food and Beverage Division has shown a slight improvement with an increase of almost 11.1% whereas Hi-Tech Division also shows an improvement of 26.4% from the last comparative 6-months result. Loss from operation was HK\$28.3 million which is 9% better than the same period of HK\$31.1 million last year. Loss attributable to shareholders has a moderate improvement of HK\$2.1 million to HK\$29.3 million.

#### Food & Beverage Division

Turnover in this operation has recorded a slight improvement with however a net loss of approximately HK\$2.2 million. The loss was contributed by the lower profit margin and increased administrative expenses. Finance cost on the other hand was substantially reduced and in fact this operation was instructed to avoid any expensive finance costs.

#### IT Division

Turnover from this Division consists of sale of pen size electronic dictionary, service provider of real time stock quote and electronic OEM manufacturing. Pen size electronic dictionary has shown a moderate increase in turnover with markets in Hong Kong, Singapore and Taiwan. However, with lower gross profit margin which has decreased approximately 19.5% from HK\$3.4 million to HK\$2.7 million. This operation has contributed operating loss of HK\$0.6 million. The OEM manufacturing plant in Sheng Zheng has suffered the major blow from the global economic downturn and this operation has contributed HK\$5.2 million loss to the Group.

#### Others

Sale of health product which the Group intended to develop and promote was not progressing as expected. The loss being sustained from this line of business was mainly due to advertising and promotion expenses incurred with which this operation contributed operating loss of HK\$1 million. Another bio-technology product the Group has developed, is the water purifying plant for contaminated water for light domestic industry. The Group was reported that research and development were still undergoing and this business unit expects a more concrete result to come from the second half of the year.