

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment property and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2002, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has no material effect on the results for the current or prior accounting periods. Accordingly, no prior adjustment is required.

In addition, the adoption of the revisions to SSAP 1 "Presentation of financial statements" and SSAP 15 "Cash flow statements" has resulted in a change in the format of presentation of the statement of changes in equity and the cash flow statement, respectively.

### 3. SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into the following divisions. The following divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

#### Business segments

For the six months ended 30th September, 2002

	International air and sea freight forwarding <i>HK\$'000</i>	Investment securities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover			
External	5,178	2,700	7,878
Results			
Segment results	(1,133)	(8,037)	(9,170)
Unallocated corporate expenses			(8,045)
Interest income			691
Loss from operations			(16,524)
Finance costs			(2)
Share of results of an associate			(615)
Loss before taxation			(17,141)

### 3. SEGMENTAL INFORMATION (Con't)

For the six months ended 30th September, 2001

	<b>International air and sea freight forwarding</b>	<b>Investment securities</b>	<b>Consolidated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
External	38,614	–	38,614
Results			
Segment results	(7,097)	–	(7,097)
Unallocated corporate expenses			(7,150)
Loss from operations			(14,247)
Share of results of an associate			(134)
Loss before taxation			(14,381)

### 4. LOSS FROM OPERATIONS

	<b>Six months ended 30th September,</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss from operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	350	301
Loss on disposal of property, plant and equipment	21	–
Unrealised holding loss on investments in securities	7,784	–
Loss on disposal of investments in securities	304	–
Interest income	(691)	–

### 5. TAXATION (CREDIT) CHARGE

	<b>Six months ended 30th September,</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The (credit) charge comprises:		
Taxation in other jurisdictions	–	27
Overprovision in prior years	(48)	–
Taxation attributable to the Company and its subsidiaries	(48)	27
Share of tax attributable to a jointly controlled entity	–	(5)
Tax (credit) charge for the period	(48)	22

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as there were available tax losses brought forward to offset the estimated assessable profits arising in Hong Kong.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$17,093,000 (2001: HK\$14,771,000 for the six months ended 30th September, 2001) and on the weighted average of 4,357,894,786 (1,025,992,600 ordinary shares for the six months ended 30th September, 2001) in issue during the period.

The diluted loss per share is not shown as the exercise of the share options and warrants would result in a decrease in the loss per share for both periods.

## 7. MOVEMENTS IN INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2002, the Group incurred expenditure of approximately HK\$2.3 million on its property, plant and equipment.

The directors have considered the carrying amount of the Group's investment property carried at revalued amount at 30th September, 2002 and have estimated that there is no material difference between the carrying amount and the market value at the balance sheet date.

## 8. INVESTMENTS IN SECURITIES

During the period, the Group acquired certain investments at a consideration of approximately HK\$2.3 million and certain investments with the carrying value of approximately HK\$2.9 million were disposed of. In addition, an unrealised holding loss on investment in securities of approximately HK\$7.8 million has been charged to the condensed consolidated income statement during the period.

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows its trade customers with credit period normally ranging from 30 days to 60 days. Included in debtors, deposits and prepayments are trade debtors with the following aged analysis:

	<b>30.9.2002</b>	31.3.2002
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>645</b>	1,275
31-60 days	<b>412</b>	159
61-90 days	<b>45</b>	125
Over 90 days	<b>814</b>	1,458
	<b>1,916</b>	3,017
Add: Deposits and prepayments	<b>2,416</b>	14,723
	<b>4,332</b>	17,740

## 10. SHORT TERM RECEIVABLES

The amounts are unsecured, carry interest at prevailing market rate and are fully settled subsequent to 30th September, 2002.

## 11. CREDITORS, ACCRUED CHARGES AND OTHER PAYABLES

Included in creditors, accrued charges and other payables are trade creditors with the following aged analysis:

	30.9.2002 HK\$'000	31.3.2002 HK\$'000
0-30 days	570	1,112
31-60 days	48	74
61-90 days	4	54
Over 90 days	1,795	1,610
	<b>2,417</b>	2,850
Add: Accrued charges and other payables	<b>3,649</b>	20,585
	<b>6,066</b>	23,435

## 12. SHARE CAPITAL

	Number of shares '000	Value HK\$'000
Ordinary shares of HK\$0.05 each		
<i>Authorised:</i>		
At 1st April, 2002 and 30th September, 2002	12,000,000	600,000
<i>Issued and fully paid:</i>		
At 1st April, 2002	4,032,375	201,619
Issue of shares	370,000	18,500
<b>At 30th September, 2002</b>	<b>4,402,375</b>	<b>220,119</b>

On 23rd April, 2002, the Company placed 370,000,000 ordinary shares of HK\$0.05 each in the Company to the institutional investors for cash at HK\$0.05 per share. These shares were issued under the general mandate granted to the directors on 10th September, 2001 and rank pari passu with the then existing shares in issue in all respects.

## 13. POST BALANCE SHEET EVENTS

Subsequent to 30th September, 2002, the Group had the following significant subsequent events:

- (1) On 23rd October, 2002, the Company entered into a letter of intent with an independent third party to establish a sino-foreign equity joint venture enterprise in Beijing in which the Company would hold 49% interest. The joint venture will principally engage in the business of publishing and distribution of academic and tutorial books and magazines in the People's Republic of China. The Company intended to contribute approximately RMB73.5 million to the joint venture.
- (2) On 27th November, 2002, the Group entered into a conditional sales and purchase agreement with a shareholder of its associate, Nanjing E-Life Gene Technology Company ("E-Life Gene") to acquire additional 33% interest in E-Life Gene at cash consideration of approximately HK\$14 million.

The above transactions have not been completed up to the date of this report.