

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK\$5.8 million for the six months ended 30th September, 2003, representing an increase of 13% as compared to the corresponding period last year. Total gross loss was HK\$13,000, a decrease of 99% over last corresponding period.

The Group's freight forwarding business was stabilized after continuous encountering a very severe setback in the previous periods. Though international freight forwarding business is still a very thin margin competition, the deceive action by the management for strategic repositioning sees its effect. Operating loss on freight forwarding business has substantially reduced. Meanwhile, the Group is highly selective in its customers, it is actively seeking business opportunity with strategic partners in freight forwarding business in the People's Republic of China (the "PRC").

Securities Investment

Contribution on investment securities amounted to HK\$5.2 million (2002: Deficit HK\$8.0 million) of which the unrealised holding gain is approximately HK\$7.0 million (2002: Unrealised holding loss HK\$7.8 million).

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained at zero and the current ratio decreased from 10.60 to 3.91. The calculation of gearing ratio is based on interest bearing borrowings of Nil (31st March, 2003: Nil) and the shareholders' equity of HK\$131,687,000 (31st March, 2003: HK\$134,468,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK\$31,214,000 (31st March, 2003: HK\$72,205,000) and the current liabilities of HK\$7,991,000 (31st March, 2003: HK\$6,811,000) at the balance sheet date.

The acquisition of Honest Talents during the period has resulted in a net cash outflow of approximately HK\$40,000,000 on the Group's cash flows.

PLEDGE OF ASSETS

At the balance sheet date, the Group's bank deposits of HK\$200,000 (31st March, 2003: HK\$200,000) were pledged to banks to secure general banking facilities granted to the Group.

CHANGE OF DIRECTORSHIP

On 29th August, 2003, Ms. Ma Jun Li and Ms. Cheung Hoi Ping were appointed as executive directors of the Company.

On 30th November, 2003, Mr. Heng Kwoo Seng resigned as independent non-executive director of the Company. On 11th December, 2003, Mr. Sun Yeung Yeung was appointed as an independent non-executive director of the Company.

EMPLOYEES AND HUMAN RESOURCES POLICY

The Group had approximately 20 staff at the period end. Staff cost amounted to HK\$2,764,000 (2002: HK\$2,867,000). The Group is well acquainted with the importance of maintaining high calibre and competent employees by implementing a strict recruitment policy accordingly. It offers benefit like shares options to staff in order to instil a place of loyalty of the Company.

PROSPECT

Biomedical Investment

Through an acquisition of a wholly owned subsidiary, Honest Talents, during the period, the Group has invested in the contractual rights to acquire the technology of the recombinant human Stem Cell Factor ("rhSCF") for developing human cord blood related pharmaceutical products. Honest Talents has not commenced its operation up to 30th September, 2003. The rhSCF technology is planned to be commercialised in the PRC. The management is confident that with the satisfactory progress of the gene-technology and biomedical technology, the investment will see a very bright future and will bring along encouraging return to the Group.

Education Investment

The development in the PRC education sector will remain as the focus of the Group's future growth. The Group is now actively seeking for the appropriate investments.

INTERIM DIVIDEND

The Board of Directors has resolved not to recommend the payment of any interim dividend for the six months ended 30th September, 2003 (2002: Nil).

CONTINGENT LIABILITIES

At the balance sheet date, the Group does not have any contingent liabilities (31st March, 2003: Nil).