



Chairman's Statement



The financial year ended 31 March 2002 was an exciting year for the Group. After two successive acquisition exercises during the year, we have set foot in the medical and pharmaceutical distant learning sector in the People's Republic of China ("PRC"). It should be noted that the provision of educational services has been recognised as one of the major focus areas of the PRC under the mission "Strengthen the Nation through Scientific and Educational Advancement" officially laid down by the PRC central government as a strategic development for the PRC in the new century.

In July 2001, we entered into an agreement to acquire 20% equity interests in Oriental Express Development Limited, which holds 90% shareholding stake in Beijing Eastern Sapharm Technology Co., Ltd., a sino-foreign equity joint venture engaged in the provision of distant professional educational services for pharmacists in the PRC through satellite and the Internet. Shortly after in November, we made another acquisition concerning 45% equity interests in Independent Islands Limited, which holds 80.65% shareholding stake in Beijing Worthope Sathen Network Technology Company Limited, a sino-foreign equity joint venture participating in the provision of continuing education to medical practitioners in the PRC, by way of distant learning through satellite and computer network.

While both investments are at the incubation stage, they are expected to start generating income in the second half of 2002. Given the vast number of medical practitioners and pharmacists in the PRC and the prevailing regulations requiring all medical practitioners to gain the prescribed credit units through continuing education so as to maintain their qualification, the future prospects of the two investments are very promising.

Both the business segments of freight forwarding and vessel operating common carrier services saw an increase in loss from operations. During the year, competition in the Pearl River Delta remained intense. In order to maintain our competitiveness and develop new sources of income, we started to provide feeder delivery services from Guangzhou to Yantian for shipment heading overseas. Instead of using self-owned vessels, feeders with larger capacity are employed for the provision of delivery services. By shifting the increased burden of insurance premiums to outsiders, we believe such arrangement will be beneficial for the Group in terms of cost reduction.

The operation of our Shanghai depot continued to report encouraging results. The reason behind is the increased trading activities in the city following the PRC's entry into the World Trade Organisation. Multinational companies are shifting their production bases one after another to the country in a bid to cut costs and tap into the huge market offered by the most populous country in the world.

What we achieved during the year has laid a solid foundation for the Group to build a brighter future. I would like to take this opportunity on behalf of the board of directors of the Company to express our gratitude to all members of staff and management for the dedication and support during the past year. Thanks are also extended to our suppliers, customers and other working partners for their trust and support over the years.

Hon Ming Kong

Chairman

Hong Kong, 24 July 2002