

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

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") 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, 2003, except for the adoption of the SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary 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, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effects on the results for the current or prior accounting periods. The balances on the Group's deferred taxation liability attributable to the other asset arising from the acquisition of a subsidiary during the period, as at 30th September, 2003 have been increased by HK\$5,550,000 (31.3.2003: Nil).

3. SEGMENTAL INFORMATION

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

Business segments

For the six months ended 30th September, 2003

	Investment securities HK\$'000	International air and sea freight forwarding HK\$'000	Consolidated HK\$'000
Turnover			
External	<u>29,458</u>	<u>5,827</u>	<u>35,285</u>
Results			
Segment results	<u>5,206</u>	<u>(13)</u>	5,193
Unallocated corporate expenses			(5,999)
Interest income			<u>576</u>
Loss from operations			(230)
Finance costs			(25)
Share of results of an associate			<u>(2,428)</u>
Loss before taxation			<u>(2,683)</u>

For the six months ended 30th September, 2002

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

8. OTHER ASSET

The amount represents the contractual rights to acquire the technology of the recombinant human Stem Cell Factor ("rhSCF") for developing human cord blood related pharmaceutical products. The Group acquired such contractual rights through an acquisition of a wholly owned subsidiary, Honest Talents Limited ("Honest Talents"), during the period. Honest Talents has not commenced its operation up to 30th September, 2003. The rhSCF technology is planned to be commercialised in the People's Republic of China.

9. INVESTMENTS IN SECURITIES

During the six months ended 30th September, 2003, the Group acquired certain investments at a consideration of approximately HK\$15.3 million and disposed of certain investments with the carrying value of approximately HK\$24.1 million. In addition, a net unrealised holding gain on investments in securities of approximately HK\$7.0 million (net unrealised holding loss on investments in securities of approximately HK\$7.8 million for the six months ended 30th September, 2002) has been recognised in the condensed consolidated income statement during the period.

10. 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:

	30.9.2003 <i>HK\$'000</i>	31.3.2003 <i>HK\$'000</i>
0-30 days	591	724
31-60 days	336	406
61-90 days	115	179
Over 90 days	255	64
	<hr/> 1,297	1,373
Add: Deposits and prepayments	1,308	1,303
	<hr/> 2,605	<hr/> 2,676

11. SHORT TERM RECEIVABLES

At 30th September, 2003, the amount is unsecured and carries interest at prevailing market value.

At 31st March, 2003, the amounts were unsecured, carried interest at prevailing market rate and were fully settled during the period ended 30th September, 2003.

12. CREDITORS, ACCRUED CHARGES AND OTHER PAYABLES

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

	30.9.2003 <i>HK\$'000</i>	31.3.2003 <i>HK\$'000</i>
0-30 days	607	595
31-60 days	47	83
61-90 days	26	18
Over 90 days	1,796	1,820
	2,476	2,516
Add: Accrued charges and other payable	5,422	4,203
	7,898	6,719

At 31st March, 2003, included in accrued charges and other payables was an amount of HK\$1,185,000 which represented the margin loan facilities utilised by the Group. The amount was unsecured, bore interest at prime rate plus 3% and was repayable on demand.

13. SHARE CAPITAL

	Number of shares <i>'000</i>	Value <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each		
<i>Authorised:</i>		
At 1st April, 2003 and 30th September, 2003	<u>12,000,000</u>	<u>600,000</u>
<i>Issued and fully paid:</i>		
At 1st April, 2003 and 30th September, 2003	<u>4,402,381</u>	<u>220,119</u>

14. ACQUISITION OF A SUBSIDIARY

On 3rd April, 2003, the Group entered into a sale and purchase agreement to acquire the entire interest in Honest Talents, a company incorporated in the British Virgin Islands with limited liability, at a cash consideration of HK\$42,000,000. The acquisition was completed on 9th May, 2003 and this acquisition has been accounted for using the purchase method of accounting.

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.