

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover for the period under review was HK\$5.6 million, representing a decrease of 84% over the corresponding period. The loss attributable to shareholders for the period was HK\$10.60 million (2003: HK\$2.8 million loss).

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK\$5.6 million for the six months ended 30th September, 2004 (2003: HK\$5.8 million), representing an decrease of 3% as compared to the corresponding period last year. Total gross profit/(loss) was HK\$1.2 million profit, (2003: HK\$0.1 million loss), an increase of HK\$1.3 million comparing with last corresponding period.

The Group's freight forwarding business was stabilized after continuous encountering a severe setback in the previous periods. Though international freight forwarding business is still a very thin margin competition, the strategic action taken by the management for strategic repositioning sees its effect and there is a turnaround. Operating profit on freight forwarding business has substantially increased. Meanwhile, the Group is highly selective in its customers; it is actively seeking business opportunity with strategic partner in freight forwarding business in China.

Securities Investment

Contribution on investment securities amounted to HK\$5.2 million for the six months ended 30th September, 2003 and there is no activity and unrealised holding gain during the current period. (2003: Unrealised holding gain HK\$6.9 million).

Bio-medical Business

After series of acquisitions and capital re-structuring, our investment, Nanjing E-life develops a platform for the future growth of different bio-medical projects independently. There is no need for further substantial investment in the bio-medical venture.

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained at zero and the current ratio increased from 2.87 to 2.97. The calculation of gearing ratio is based on interest bearing borrowings of Nil (31st March, 2004: Nil) and the shareholders' equity of HK\$76,970,000 (31st March, 2004: HK\$87,610,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK\$21,829,000 (31st March, 2004: HK\$31,226,000) and the current liabilities of HK\$7,350,000 (31st March, 2004: HK\$10,889,000) at the balance sheet date.

PLEDGE OF ASSETS

At the balance sheet date, the Group's bank deposits of HK\$200,000 (31st March, 2004: HK\$200,000) were pledged to banks to secure general banking facilities granted to the Group.

On 2nd December, 2004, the Group had mortgaged its long term investment in securities of the Promoters' Shares of Beijing Beida Jade Bird Universal Sci-Technology Company Limited in amount of HK\$16,800,000 as the security of the redeemable convertible bonds.

CHANGE OF DIRECTORSHIP

On 16th September 2004, Mr. Wang Da Yong and Mr. Lee Yuen Kwong were appointed as executive director and independent non-executive director respectively while Mr. Lee Yuen Kwong also appointed as a member of the audit committee of the Company.

EMPLOYEES AND HUMAN RESOURCES POLICY

The Group had approximately 26 staff at the period end. Staff cost amounted to HK\$2,624,000 (2003: HK\$2,764,000). The Group is well acquainted with the importance of the maintaining high calibre and competent employees by implementing a strict recruitment policy accordingly. It offers benefit like share options to staff in order to instill a place of loyalty of the Company.

BUSINESS PROSPECT

The Group is principally engaged in international air and sea freight forwarding and the provision of logistics services, research and development and marketing of gene technology products. The Group is also actively looking for investment opportunities in relating to the coking industry in the PRC.

On 13th July, 2004, the Group entered into a non-legally binding memorandum of understanding for the acquisition of a controlling interest in a coking venture, Gu Jiao Yi Yi Mei Jiao Company Limited. The Board confirms that such project is still in the negotiation stage and no formal agreement has been entered into by the Company in respect thereof.

On 2nd December, 2004, the Group entered into a subscription agreement for issue up to US\$10,000,000 redeemable convertible bonds with Asset Managers (China) Fund Co., Ltd. We believe the issue of the bonds can strengthen our financial position enabling the Company to have sufficient and readily available financial resources for the proposed investment in the coking industry in the PRC so as to further diversify its business into the growing coke related production industry in the PRC.

INTERIM DIVIDEND

The Board of Directors has resolved not to recommend the payment of any interim dividend for the six months ended 30th September, 2004 (2003: Nil).

DIRECTORS' INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th September, 2004, the interests and short positions of the directors and their associates in the shares and underlying shares of the Company and its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the Securities and Futures Ordinance ("SFO") (including interests and short positions which they were taken or deemed to have under such provision of the SFO), or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the