

CHAIRMAN'S MESSAGE

In the year ended 31st March, 2004, the Group continued to consolidate its operations and the overall business performance was stabilized throughout the year. The Group was able to earn a gross profit about HK\$12.2 million versus a gross loss about HK\$12.9 million of previous year, a provision resulted from revaluation of proprietary technology of its associate during the year had adversely affected the Group overall performance and suffered a net loss of about HK\$46.8 million.

The freight forwarding business closed to breakeven in the year 2003/04 as a result of the Group's strategic restructuring and repositioning of its forwarding and logistics services. During the year under review, the freight forwarding business reported an insignificant loss of HK\$62,000 compared to loss over HK\$2.3 million of previous year.

Together with China Peking University Weming Biotech Group ("Weming"), the Group made additional investment in bio-medical business during the year. The investment was made through the injection of proprietary technology by the Group and Weming into Nanjing E-Life Gene Technology Company.

The strengthened collaboration with Weming, which is a pioneer in gene technology in China, will speed up the Group's future development in gene technology products. The directors believe the scope of application of the proprietary technology has been broadening and there will be a substantial economic benefit generated by it.

To achieve better capital utilization, the Group invested in certain securities during the year. Gross profit contributed from investment securities amounted to HK\$9.4 million which was all realized gain compared to unrealized holding loss HK\$14.5 million of previous year.

The Group announced, in July 2004, entered into a memorandum of understanding ("MOU") for the acquisition of a controlling interest in a coke processing venture. The proposed acquisition is currently in an advanced stage of negotiation, and we will have further announcement on the progress of this transaction as quick as possible after the date of MOU.

The Group is committed to realise its business expansion in a prudent manner, to ensure the maximisation of shareholders' value. The Group is sincerely grateful to all of its customers, agents, carriers, employees and shareholders for their invaluable support and continued loyalty.

Wang Jian Hua

Chairman

Hong Kong 26th July, 2004