



Results

For the year ended 31 March 2002, the Group's turnover was HK\$37,055,000, a decrease of 32% from last year of HK\$54,251,000. Net loss attributable to shareholders was approximately HK\$18.5 million as compared to HK\$18 million of the previous year. The reported loss was mainly due to the net loss of approximately HK\$3.7 million related to disposal of assets in the relocation of production facilities explained below and the provisions of approximately HK\$1.5 million for loss in value of investment in the U.S. securities. However, the loss was reduced by the inclusion of a net exchange gain of approximately HK\$2.5 million in the operating results.

Business Review

As divided by business segments, the Group is principally engaged in manufacturing and trading of magnetic media products, property development and investment and other strategic investment projects. During the year under review, sales of magnetic media products accounted for approximately 98% of the total turnover of the Group.

The magnetic media products continued as the major source of income for the Group while other investment projects were making some headway on the whole. To rationalize its industrial operations, the Group consolidated its production facilities in Yingde, Guangdong to the manufacturing plant in Changzhou, Jiangsu in the first quarter of 2002. This gave rise to redundant assets which were disposed of accordingly. Relocation of production of magnetic media products to the Changzhou plant, in the vicinity of Shanghai, capitalized on the convenience provided by the transportation infrastructure there. Such operational restructuring placed the Group on a stronger foundation to focus on its magnetic media business, to consolidate and strengthen its niche service by offering consistent quality and flexibility.

The Group has a nation-wide distribution network covering around 23 provinces, autonomous regions and cities in the People's Republic of China (the "PRC"). The comprehensive sales network is commensurate with the idea of tapping business opportunities in the PRC market.

The residential development project in Pudong, Shanghai just resumed in the latter half of the financial year under review after the Group was compensated for the deficient land size by the vendor. The development aims at providing affordable housing to the rising middle class. It is planned to construct 12 residential blocks with an aggregate gross floor area of around 40,550 square metres. Construction of the residential development is expected to commence in the latter half of this year.

During the year, the Group carried out ongoing property market research as well as evaluated feasible plans for developing the residential property in Sydney, included inviting tender from interested contractors. To capitalize on the current property market situation in Australia and realize an immediate profit, the residential property project in Sydney was sold on 15 July 2002. The transaction is expected to complete on 20 August 2002.



Disposal of approximately 550 ha of the Group's farming properties in Western Australia ("WA") was completed in June 2001 and realized a net profit of approximately HK\$536,000. After such disposal, the Group still has a remaining area of approximately 1,548 ha in the locality for farming purpose.

The Group's equity interest in the joint venture winery in Qingdao was increased to approximately 44% after additional brand new production machinery and equipment were delivered in the first half of 2002. According to the joint venture agreement, the Group's investment in the winery should be 55% of its total registered capital. The Group will discuss with its joint venture partner about their needs so as to orderly inject capital into the winery up to the 55% level.

Capital Reorganisation and Share Consolidation

On 24 October 2001, the Company pursued a capital reorganisation and share consolidation exercise, which involved, inter alia, (i) capital reduction from HK\$330,571,880 to HK\$33,057,188 by cancelling HK\$0.09 of its paid up capital on each of the then issued shares of nominal value of HK\$0.10 and (ii) consolidation of every ten issued and unissued shares of HK\$0.01 each into one new share of nominal value of HK\$0.10.

It is believed that the exercise is in the interests of the Company and its shareholders in view of facilitating the elimination of the accumulated losses of the Group and any capital raising when suitable opportunities arise in the future.

Prospects

To stay ahead of market competition, the Group will continue to streamline its industrial operations. It will also employ stringent cost control measures in order to sharpen competitive edge to cope with the ever-intensifying business environment.

In the wake of the PRC's full accession to the World Trade Organization and its continuous positive economic growth, the Group will continue to enhance its presence in the market through its well-established sales network.

After realization of part of the farming properties in WA in June 2001 and of the property for residential development in Sydney in July 2002, the Group's portfolio of properties consists of the development project in Pudong, Shanghai and the remaining part of the farming properties in WA. To capitalize on the fast developing residential property market in Shanghai, the Group will focus on its residential development project in Pudong by directing more resources to accelerate its pace of development. The residential development project in Pudong is expected to provide steady stream of income for the Group starting from 2003.

With the experience gained in property trading in Australia, the Group will prudently consider future business opportunities from this new line of business.

Chairperson's Statement



Appreciation

On behalf of the board of directors, I would like to thank our loyal staff, valuable suppliers and customers, as well as shareholders, for their continued support.

By order of the Board

CHEONG Swee Kheng

Chairperson

Hong Kong, 25 July 2002