

BUSINESS REVIEW

For the six months ended 30 September 2002, the Group's core business of magnetic media products was augmented by the property development and investment business, with the former business accounting for 30% of total turnover and the latter 70%. This was a critical development for the Group in its business strategy; given the property development and investment projects could bring forth a better return to the Group.

During the period under review, the Group sold its residential property project in Sydney and part of the farming properties in Western Australia. The Group further concluded a deal for the disposal of the remaining farming properties in Western Australia, with the completion to take place in March 2003.

In the People's Republic of China (the "PRC"), the pace of development of real estate projects in Pudong, Shanghai was accelerated during the period under review. The Group's development project in Shanghai consists of 39,546 square metres of residential area and 3,000 square metres of commercial area. Pre-sale of the units in the buildings of these development projects is scheduled for the second quarter of 2003.

The Group has established a niche market for its magnetic media products business. The PRC remained the Group's largest market for this business division. The Group's expertise and nationwide distribution network in this market provides a competitive edge.

For the Group's investment in the joint venture winery in Qingdao, the Group attained an equity interest of 55% in the registered capital after the final stage of cash injection completed in December 2002. The cash injection was intended for use in product promotion and the expansion of the distribution network of grape wine in the PRC.