

## RESULTS

The Group's consolidated turnover for the year ended 31 March 2003 recorded a 63% growth to approximately HK\$60.3 million as compared with the previous year of approximately HK\$37 million. The growth was primarily attributable to the property business, which accounted for more than 50% of the consolidated turnover. Net loss attributable to shareholders was approximately HK\$33.7 million as compared to approximately HK\$18.5 million of last year. The loss sustained by the Group during the year under review was mainly due to (i) a one-off provision of approximately HK\$22 million arising from realization of a property for use by the Group as its principal place of business in Hong Kong and (ii) termination payments to certain former directors amounted to approximately HK\$7 million.

## BUSINESS REVIEW

The year under review was a transitional period for the Group. It has successfully diverted its core business to property development and investment with primary focus on the China market. Realization of property projects in Australia ended up with an aggregated gain of approximately HK\$3.5 million was consistent with this business strategy.

The construction work in the property development project in Pudong, Shanghai proceeded satisfactorily. Banking facilities had been obtained to finance the construction work and a sum of approximately HK\$28 million had been drawn down up to the year end date. Pre-sale of units in the buildings of this project started in March 2003. The market reaction was very encouraging. Up to 30 June 2003, 182 units were sold out of the 204 units launched to the market. Contributions from the project will be reflected in the next financial year.

The overall market for the traditional magnetic media products manufactured by the Group was dwindling in the year under review. China remained the largest market for these products of the Group, although the sales decreased by 35% in terms of geographical segment. Following the termination of production facilities in Yingde, Guangdong Province, which merged into the Changzhou plant in Jiangsu Province, the Group continued to consolidate the operations while remaining our strong emphasis on quality. In view of the contracting floppy disk market, the Group will explore new products to be distributed through its extensive sales network in China. The Group launched its own-branded "BFE" USB flash memory storage media in April 2003 to meet market demand for high volume portable storage.

The Group acquired 55% stake in the joint venture winery in Qingdao after the last stage of capital injection was completed in December 2002. Accordingly, the Group secured closer control over the management of the winery. New ways to more effectively and efficiently manage the operations as well as the marketing and promotional activities have been implemented.

## PROSPECTS

The management expects that property development and investment will become the core turnover and profit driver for the Group in the near future. The Group's business strategies will continue to focus on developing of the China markets. To fortify the presence in China, the Group will expand its product mix at contained cost.

Along with the efforts put in the existing business in China, the Group will continually look into the business development opportunity there. In particular, the management will actively pursue business opportunities that may arise from the entering into the Closer Economic Partnership Arrangement.

In terms of internal management, the Group will keep on focusing on enhancement of operational efficiency and effectiveness and increase cost control over all business segments with an aim of turning around to profitability. The management will consider investment projects carefully and prudently and will only accept those suitable for the capabilities of the Group. It will also continue effective cash flow management to ensure a sound financial position.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our customers and shareholders for their continuing support. I would also like to thank the management and staff for their hard work and dedication towards the Group.

By Order of the Board  
**Budiman RAHARDJA**  
*Chairman*

Hong Kong, 21 July 2003