

## RESULTS

The Group has been able to achieve remarkable growth during the financial year ended 31 March 2004. During the year under review, the Group was able to overcome the market challenges and continued to do well with its property business in the PRC. The Group's consolidated turnover increased by more than threefold to HK\$192,850,000 (2003: HK\$60,252,000). The Group accomplished fruitful returns from the PRC property business. Net profit attributable to shareholders was approximately HK\$12,765,000, reversing a loss of approximately HK\$33,700,000 in the previous year.

## BUSINESS REVIEW

The Group's strategy to actively develop and explore the China markets proved to be a success. Percentage sales for the PRC market have increased substantially by approximately 55% to 98% during the year, which has contributed to the improvement in the overall results of the Group.

The division of property development and investment represented the largest business segment generating most of the Group's revenue and profitability. It represented approximately 87% of the Group's total turnover, while sales of data storage media products and wine products accounted for approximately 8% and 5% respectively.

The residential property development project in Pudong, Shanghai was the dominant revenue and profit contributor over the year under review. The project was 94% completed during the year, generating a profit of approximately HK\$26,300,000. As at 31 March 2004, approximately 90% of the residential units and all commercial units were sold, most of them to local residents in Shanghai. The remaining 10% of the residential units were launched in the market in March 2004. Sales and profits attributed from such portion of the project would be recognised in subsequent years.

As the property project in Pudong is near its completion, the Group has taken on a new development project in another premium area in Shanghai. In October 2003, the Group contracted to acquire an equity interest of 33% in a real estate company established in Shanghai with an ultimate goal of participating in a residential development project in the Song Jiang area. The 33% owned real estate company won the public tender for the target land in February 2004 at a final price of approximately HK\$36,848,000 that was higher than originally intended. Because of the recent restrictive measures of some local governments in the Yangtze River Delta, for example, contract tax imposed on pre-sales of unfinished properties and banning of mortgages to pre-sale housing, coupled with price increases of building materials, the Group would take a more cautious approach when planning the development project in Song Jiang. The overall development schedule of this property project will inevitably be affected.

Continuous efforts have been made to reform the product mix and to establish brand awareness of the data storage media products. In response to the contracting business of magnetic media products among the data storage media products, the Group terminated the operation of its plant in Changzhou, the PRC in December 2003. The negative contribution of this business segment for the year under review has been attributed to the impact sustained as a result of SARS outbreak in the early period of the year.

After a year of consolidation and reform, the operation of the 55% owned winery in Qingdao became smoother and thus closer to the market needs. Intensified marketing initiatives have been taken to broaden the customer base in the PRC market. These include setting up a sales office in Shanghai for entering the local supermarkets, hotels and restaurants. The Company recorded sales of wine products amounting to HK\$10,487,000 in the year under review. However, loss incurred mainly due to increases in (i) selling expenses attributed to higher marketing and promotion costs in response to the intensified market competition and (ii) general and administration expenses representing mainly the redundancy pay resulted from streamlining the operation.

## PROSPECTS

It is believed that the real estate market in the PRC can offer a good return given the robust macroeconomic growth and strong demand for properties, despite the policies recently taken by the central government to avoid overheating of economy. Measures to curb speculative housing investments may cause short-term market fluctuations, however, with the improvement of the financing market and opening of land transactions, the healthy development of the real estate sector will result in the long run.

Seeing the event of the World Expo 2010 in Shanghai as an opportunity, the Group will continue to focus on the property development and investment business in Shanghai, which is also known for its wealth, while searching for other opportunities in the country's real estate sector.

Witnessed the growing popularity of the data storage media products, like USB flash chips and flash cards, in the PRC market, the Group will also focus on growing this business segment with the addition of new items that have rapid demand growth and hence better profit margin. Leveraging on our extensive sales and distribution network, logistics support as well as knowledge of the PRC market, this business may offer good growth potential.

While striving to achieve balanced performance between the property business and the data storage media products business, the Group plans to develop strategies like improving market responsiveness, magnifying sales activity, forming strategic alliance with business partners and strengthening cost control.

## 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, 16 July 2004