1. GENERAL

The Company is a public limited company incorporated in Bermuda.

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of manufacturing, trading of data storage media products and related equipment, investing and developing properties and wine producing in the People's Republic of China.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time the following revised Statement of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants:

SSAP 12 (Revised) : Income Taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the current or prior year.

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Society of Accountants. The financial statements are prepared under the historical cost convention.

(A) BASIS OF CONSOLIDATION

(i) The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries made up to 31 March each year with the exception of those excluded from consolidation as disclosed in Note 29.

(ii) The results of subsidiaries which are acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(iii) Where a subsidiary operates under severe restrictions which significantly impair control by the Group over its assets and operations and the restrictions are likely to remain for the foreseeable future, the subsidiary is excluded from the consolidation from the date on which the restrictions come into force. When the relevant restrictions are removed, the results of the relevant subsidiary are included in the consolidation income statement from the effective date of removal of restrictions.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(iv) The results of unconsolidated subsidiaries are accounted for by the Group to the extent of dividend received and receivable during the year. The Group's investments in unconsolidated subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value.

(v) All significant inter-company transactions and balances within the Group are eliminated on consolidation.

(vi) Minority interest represents the interests of outside members in the operating results and net assets of subsidiaries.

(vii) Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

(B) INVESTMENTS IN SUBSIDIARIES

A subsidiary is a company in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries are stated at cost less any identified impairment loss.

(C) JOINT VENTURE

A joint venture is a contractual arrangement where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity of the joint venture.

Jointly controlled entity

Joint venture arrangement which involves the establishment of a separate entity in which each venturer has joint control over the economic activity of the entity is referred to as jointly controlled entity.

The Group's interests in jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entity. The Group's share of post-acquisition results of jointly controlled entity is included in the consolidated income statement.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(D) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation, amortisation and any identified impairment.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following annual rates:

	Per annum
Furniture and fixtures	20%
Computer equipment	33 1/3%
Machinery	10-20%
Moulds	20-33 1/3%
Motor vehicles	20%

Amortisation of leasehold land is calculated to write off its cost over the unexpired period of the lease on a straight line basis.

Depreciation of leasehold buildings/improvements is calculated to write off their costs on the straight line basis over the unexpired periods of the leases or their expected useful lives, whichever is shorter.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(E) IMPAIRMENT

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(F) PROPERTIES UNDER DEVELOPMENT

Properties under development are stated at cost less any identified impairment loss. Cost comprises the cost of the land together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development. Properties under development which are due for completion more than one year from the balance sheet date are shown as non-current assets while properties under development which are due for completion within one year from the balance sheet date are shown as current assets.

(G) OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term.

(H) FINANCE LEASES

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Payments to the lessor are treated as consisting of capital and interest elements. Finance charges are debited to the income statement in proportion to the capital balances outstanding.

(I) SHORT-TERM INVESTMENTS

Short-term investments in listed shares are carried at fair value. At the balance sheet date, the net unrealised gains or losses arising from changes in the fair value of trading securities are recognised in the income statement. Gains or losses on disposal of trading securities, representing the differences between the net sale proceeds and the carrying amounts, are recognised in the income statement as they arise.

(J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is assigned to individual items using the standard costing method, which approximates actual cost and is arrived as follows:

(i) Raw materials – invoiced prices plus procurement costs.

(ii) Work in progress and finished goods – cost of direct materials and where applicable, direct labour and an appropriate proportion of variable and fixed production overheads.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowance for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(K) ACCOUNTS RECEIVABLE

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(L) FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gain and losses arising on translation are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rate prevailing on the balance sheet date. Income and expenses items are translated at the average exchange rates for the year. Translation differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

(M) TAXATION

Income tax for the year comprises current and deferred tax.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences. Deferred tax assets also arise from unused tax losses and are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(N) RETIREMENT BENEFIT COSTS

Contributions are expensed as incurred and, except for the Mandatory Provident Fund, are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(O) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the year in which they are incurred.

(P) REVENUE RECOGNITION

(i) Sale of goods is recognised when goods are delivered and title has passed.

(ii) Interest income is recognised on a time proportion basis.

(iii) Sale of land is recognised when the title has passed or when the sale contract signed become unconditional, whichever is earlier.

(iv) Profit on pre-sales of property under development for sale is recognised over the course of the development. On the basis, profit recognised on properties pre-sold during the accounting period is calculated by reference to the proportion of construction costs incurred up to the accounting date over total estimated construction costs to completion, with due allowance for contingencies.

(Q) LISTED AND UNLISTED INVESTMENTS

Listed investments held for long-term purpose and trading purpose are stated at fair value, which is generally the market value, at the balance sheet date. Changes in fair value of the investments held for long-term purpose are recognised directly in the long-term investment revaluation reserve in the period in which the changes occur, until the investments are sold or otherwise disposed of, or until the value of the investments is determined to be impaired, at which time the cumulative gain or loss is accounted for in the income statement for the year. Gains and losses on listed investments held for trading purpose are included in the income statement in the period in which they arise.

Unlisted investments held for long-term purpose are stated at cost less any identified impairment by reference to the net asset value of the investments, at the balance sheet date. Changes in fair value of the investments are recognised directly in the long-term investment revaluation reserve in the period in which the changes occur, until the investments are sold or otherwise disposed of, or until the value of the investments is determined to be impaired, at which time the cumulative gain or loss is accounted for in the income statement for the year.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(Q) LISTED AND UNLISTED INVESTMENTS (CONTINUED)

Upon disposal of long-term listed and unlisted investments, the gain or loss representing the difference between net sale proceeds and the carrying amount of the relevant investment together with any surplus/deficit transferred from the long-term investment revaluation reserve is dealt with in the income statement. Impairment loss previously transferred from the long-term investment revaluation reserve to the income statement is written back in the income statement when the circumstances and events leading to the impairment cease to exist.

(R) LAND ACQUIRED FOR DEVELOPMENT

Land acquired for development is carried at cost, less any identified impairment loss. Cost includes all development expenditure, interest charges capitalised and other direct cost attributable to such land.

Lease with unexpired period of not less than 50 years is classified as long term lease. Lease with unexpired period of less than 50 years but not less than 10 years is classified as medium term lease.

(S) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which are within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

4. TURNOVER AND REVENUES

The Group engages in the manufacturing and selling of data storage media products, property holding and developing, wine producing, investing and related services. Revenues recognised during the year are as follows:

	2004	2003
	HK$'000	*HK$'000*
Turnover		
Sales of data storage media products	**15,185**	24,208
Sales of property under development	**167,178**	31,774
Sales of wine	**10,487**	4,270
	192,850	60,252
Other revenue		
Interest income	**894**	382
Rental income	**–**	117
Dividend income	**–**	24
Unrealised loss in short-term investments	**–**	(125)
Sundry income	**141**	–
	1,035	398
Total revenues	**193,885**	60,650

5. PROFIT/(LOSS) FROM OPERATIONS

	2004	2003
	HK$'000	*HK$'000*
Profit/(loss) from operations is arrived at after charging:		
Auditors' remuneration		
– Current year	**294**	305
– Under/(over)-provision for prior years	**13**	(2)
	307	303
Depreciation and amortisation	**3,085**	5,883
Impairment loss recognised	**890**	21,371
(Gain)/loss on disposal of property, plant and equipment	**(219)**	178
Operating lease payments	**922**	–
Retirement benefit costs	**259**	(374)
Staff costs (excluding directors' remuneration)	**5,872**	7,758
Net exchange gain	**(362)**	(1,285)

6. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Interest on bank overdraft, bank loans and other loans wholly repayable within five years	**335**	539

7. TAXATION

(a) Taxation in the income statement represents:

	2004	2003
	HK$'000	*HK$'000*
Hong Kong profits tax		
– Underprovided for prior years	**183**	122
China income tax		
– Provision for the year	**4,606**	–
Total tax expenses	**4,789**	122

No provision for Hong Kong profits tax has been made in the financial statements for the current year as the Group did not derive any assessable profits in Hong Kong for the year (2003: Nil).

China income tax has been provided on the estimated taxable income at the applicable rate.

(b) At 31 March 2004, the Group had China income tax payable amounting to HK$1,480,000 (2003: Nil).

(c) Reconciliation between total tax expenses and profit/(loss) before taxation of the Group at the applicable tax rates is as follows:

	2004	2003
	HK$'000	*HK$'000*
Profit/(Loss) before taxation	**15,345**	(33,689)
Tax calculated at the applicable tax rates	**(361)**	(5,058)
Tax effect of non-deductible expenses	**23,339**	6,314
Tax effect of non-taxable income	**(19,721)**	(5,856)
Tax effect of utilisation of tax losses not previously recognised	**(1)**	(1,238)
Tax underprovided for prior years	**183**	122
Loss not recognised as deferred tax assets due to concerns as to their recoverability	**1,350**	5,838
Total tax expenses	**4,789**	122

7. TAXATION (CONTINUED)

(d) No provision for deferred taxation has been accounted for as the Group has net deferred tax assets at the balance sheet date.

At 31 March 2004, the major components of the unprovided/unrecognised deferred tax assets of the Group are as follows:

	2004	2003
	HK$'000	*HK$'000*
Future benefit of tax losses	**8,390**	6,456

The Group has not recognised the tax losses as deferred tax assets due to the unpredictability of future profit streams.

The Group and the Company did not have any material unprovided deferred taxation as at 31 March 2004.

8. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of HK$12,765,000 (2003: loss of HK$33,700,000) attributable to the shareholders of the Company is a loss of HK$26,966,000 (2003: loss of HK$7,520,000), which is dealt with in the Company's own accounts.

9. EARNING/(LOSS) PER SHARE

The calculation of earning/(loss) per share is based on the consolidated profit attributable to shareholders for the year of HK$12,765,000 (2003: loss of HK$33,700,000) and on 330,571,880 (2003: 330,571,880) shares in issue during the year. The Company has no potential dilutive ordinary shares that were outstanding during the two years ended 31 March 2004 and 31 March 2003.

10. PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Land and buildings	Leasehold improvements	Furniture and fixtures	Computer equipment	Machinery and moulds	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
AT COST							
At 1April 2003	52,862	982	2,196	924	73,817	3,934	134,715
Exchange adjustments	–	–	–	–	–	23	23
Additions	356	–	2	6	–	238	602
Disposals	(44,669)	(235)	(2,061)	(719)	(60,845)	(2,443)	(110,972)
At 31March 2004	8,549	747	137	211	12,972	1,752	24,368
ACCUMULATED DEPRECIATION							
At 1April 2003	27,742	285	2,080	765	61,600	2,788	95,260
Exchange adjustments	–	–	–	–	–	(34)	(34)
Charge for the year	551	296	48	50	1,627	513	3,085
Written back on disposals	(27,716)	(235)	(2,012)	(628)	(60,845)	(2,379)	(93,815)
At 31March 2004	577	346	116	187	2,382	888	4,496
NET BOOK VALUE							
At 31March 2004	7,972	401	21	24	10,590	864	19,872
At 31March 2003	25,120	697	116	159	12,217	1,146	39,455

10. PROPERTY, PLANT AND EQUIPMENT (GROUP) (CONTINUED)

(a) All land and buildings of the Group are held for own use. The net book value of land and buildings held by the Group at 31 March 2004 is analysed as follows:

	2004	2003
	HK$'000	*HK$'000*
Land and buildings held in Hong Kong under long term lease	**–**	11,280
Land and buildings held outside Hong Kong under:		
– short term lease	**353**	5,884
– medium term lease	**7,619**	7,956
	7,972	25,120

(b) At 31 March 2004, land and buildings situated in the PRC with net book value of HK$7,619,000 (2003: HK$19,236,000 including land and buildings situated in Hong Kong with net book value of HK$11,280,000) were pledged to a bank to secure bank loans granted to the Group.

11. INTERESTS IN SUBSIDIARIES

	Company	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**52,215**	52,215
Amounts due from subsidiaries	**197,566**	198,581
Less: Provision for permanent diminution in value	**(91,913)**	(61,668)
	157,868	189,128
Amounts due to subsidiaries	**(11,822)**	(5,571)
	146,046	183,557

Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

11. INTERESTS IN SUBSIDIARIES (CONTINUED)

The following is a summary of the principal subsidiaries of the Company that, in the opinion of the directors, were significant to the results of the year or formed a substantial portion of the net assets of the Group as at 31 March 2004:

	Country of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest		Principal activity
			2004	2003	
Direct subsidiaries:					
Benelux Property Development (Shanghai) Limited*	The People's Republic of China	US$5,000,000	**100%**	100%	Property development
Benelux (Far East) Company Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of data storage media products and related equipment
South Perfect International Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Investment in a winery in the People's Republic of China
Sunshine Universal Development Limited	British Virgin Islands/ Hong Kong	US$1	**100%**	100%	Trading of securities
Happy Universal Investment Limited	British Virgin Islands/ Hong Kong	US$1	**100%**	100%	Investment holding
Formula Ten Limited	Hong Kong	Ordinary HK$1,000	**100%**	100%	Property holding

11. INTERESTS IN SUBSIDIARIES (CONTINUED)

	Country of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest		Principal activity
			2004	2003	
Indirect subsidiaries:					
Benelux International Electronics Co. Limited*	The People's Republic of China	US$10,000,000	**100%**	100%	Manufacturing and trading of data storage media products and in the process of voluntary winding up
Qingdao Fushiwang Grape Wine Co. Limited*	The People's Republic of China	US$3,890,000	**55%**	55%	Wine production and distribution
上海佳遠計算機銷售有限公司*	The People's Republic of China	RMB500,000 *(Note)*	**100%**	100%	Trading of data storage media products and computer accessories

* audited by Certified Public Accountants other than BKR Lew & Barr Limited.

None of the subsidiaries had issued any debt securities at 31 March 2004 or at any time during the year.

Note: The capital of the subsidiary company is held by two staff of the subsidiary company for and on behalf of the Company. Declarations of trust have been entered into in respect of the holding of interest of the subsidiary company in favour of the Company.

12. INTEREST IN A JOINT VENTURE

	Group	
	2004	2003
	HK$'000	*HK$'000*
Unlisted investment shares, at cost	**2,482**	–
Advance to the joint venture entity	**26,978**	–
	29,460	–

The joint venture entity engaged in the business of property development in the People's Republic of China. The joint venture agreement was entered into by Benelux Property Development (Shanghai) Limited ("BPD"), a wholly owned subsidiary of the Group, in the form of a jointly controlled entity. The particulars of the joint venture entity are as follows:

Name of Entity	Business structure	Principal place of operation	Place of incorporation	Principal activity	Percentage of interest held
上海英之倫房地產發展有限公司	Incorporated entity	Shanghai, The People's Republic of China	Shanghai, The People's Republic of China	Property development	33%

Pursuant to the joint venture agreement, BPD has agreed to take up a 33% equity interest in this joint venture. The risk and reward shared by BPD in this jointly controlled entity may be varied from the percentage of the equity interest held by BPD and will be determined by the output from the property development project.

13. LONG-TERM INVESTMENT

	Group	
	2004	2003
	HK$'000	*HK$'000*
Unlisted investment shares, at cost	**2,730**	1,170
Provision for impairment loss	**(890)**	–
	1,840	1,170

14. PROPERTY UNDER DEVELOPMENT

	Group	
	2004	2003
	HK$'000	*HK$'000*
The property under development is due for completion:		
Within one year	**34,495**	70,919

The property under development situated in the PRC is held under the following lease term:

	2004	2003
	HK$'000	*HK$'000*
Long-term lease	**34,495**	70,919

At the balance sheet date, the property under development included interest capitalised of approximately HK$372,000 (2003: HK$264,000).

Particulars of property under development are as follows:

Project name	**Approximate site area**	**Approximate Gross Floor Area (GFA)**	**Development status**	**Completed GFA**	**GFA under construction**	**Interest held by group**	**Estimated completion date**
	Sq. m.	*Sq. m.*		*Sq. m.*	*Sq. m.*		
上海浦東 錦華東南苑	32,268	44,956	Under development	41,471	3,485	100%	End of year 2004

15. INVENTORIES

	Group	
	2004	2003
	HK$'000	*HK$'000*
Finished goods	**25,374**	4,084
Raw materials	**7,579**	9,276
Work in progress	**565**	1,738
	33,518	15,098

All inventories were carried at cost.

16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Included in the accounts receivable and prepayments are trade receivables of HK$1,517,000 (2003: HK$2,714,000). The Group maintains a defined credit policy. For sales of data storage media products and wine, the Group allows an average credit period of 30 days to 90 days to its customers. The aged analysis of trade receivable at the balance sheet date is as follows:

	Group	
	2004	2003
	HK$'000	*HK$'000*
Less than 30 days	**484**	833
1 to 3 months	**1,033**	1,614
Over 3 months	**–**	267
	1,517	2,714

17. ACCOUNTS PAYABLE AND ACCRUED CHARGES

Included in the accounts payable and accrued charges are trade payables of HK$5,001,000 (2003: HK$5,412,000). The aged analysis of trade payable at the balance sheet date is as follows:

	Group	
	2004	2003
	HK$'000	*HK$'000*
Less than 30 days	**324**	2,271
1 to 3 months	**998**	1,789
Over 3 months	**3,679**	1,352
	5,001	5,412

18. BANK AND OTHER BORROWINGS

At 31 March 2004, the Group had bank loans outstanding as follows:

	Group	
	2004	2003
	HK$'000	*HK$'000*
Bank loans, secured	**13,865**	42,270

The above bank loans are repayable within one year. Interest is charged on the outstanding bank loans at 4.536% to 6.3375% per annum (2003: 4% to 6.3375% per annum).

19. PLEDGE OF ASSETS

At 31 March 2004, the Group has pledged certain assets as listed below to secure the general banking facilities and bank loans granted to the Group:

	2004	2003
	HK$'000	*HK$'000*
Bank deposits	**14,017**	6,197
Land and buildings at net book value	**7,619**	19,236

20. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2003 and 31 March 2004	4,000,000,000	400,000
Issued and fully paid:		
At 31 March 2003 and 31 March 2004	330,571,880	33,057

21. SHARE OPTION SCHEME

The share option scheme adopted by the Company on 1 July 1991 ("Old Scheme") expired on 30 June 2001. No options granted under the Old Scheme are outstanding. Due to the expiration of the Old Scheme and to comply with Chapter 17 (Equity Securities – Share Option Schemes) of the Listing Rules, the Company adopted a new share option scheme ("New Scheme") as approved by the shareholders at the Special General Meeting on 7 November 2003 as follows:

(A) PURPOSE

The purpose of the New Scheme is to provide incentives or rewards to certain eligible participants for their contribution or potential contribution to the growth and development of the Group.

(B) PARTICIPANTS

Eligible participants of the New Scheme include employees or officers (including executive directors), non-executive directors (including independent non-executive directors), suppliers, customers, consultants or advisors, and securities holders of the Group, as to be determined by the board at its absolute discretion within the categories.

21. SHARE OPTION SCHEME (CONTINUED)

(C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 7 November 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the New Scheme.

(D) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of shares issued and to be issued upon exercise of the share options granted under the New Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates must not exceed 0.1% of the shares of the Company in issue at any time nor with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

(E) OPTION PERIOD

The option period within which the shares must be taken up under an option shall be determined by the board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(F) MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the board in its absolute discretion. The New Scheme itself does not specify any minimum holding period.

(G) PAYMENT ON ACCEPTANCE OF THE OPTION

HK$10 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant.

21. SHARE OPTION SCHEME (CONTINUED)

(H) BASIS OF DETERMINING THE EXERCISE PRICE

The exercise price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares for the 5 business days immediately preceding the date of grant; and (iii) the par value of a share.

(I) REMAINING LIFE OF THE SCHEME

The life of the New Scheme is 10 years commencing on the Adoption Date and will expire on 6 November 2013.

22. RESERVES

	Share Premium	Contributed Surplus Account	Exchange Reserve	Other Reserve (Note)	Accumulated Losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group						
Balance at 1 April 2002	10,000	131,166	(5,030)	–	(18,408)	117,728
Translation difference	–	–	1,275	–	–	1,275
Loss for the year	–	–	–	–	(33,700)	(33,700)
Balance at 31 March 2003	10,000	131,166	(3,755)	–	(52,108)	85,303
Balance at 1 April 2003	10,000	131,166	(3,755)	–	(52,108)	85,303
Realisation on winding up of subsidiaries	–	–	3,965	–	–	3,965
Translation difference	–	–	44	–	–	44
Profit for the year	–	–	–	–	12,765	12,765
Balance at 31 March 2004	10,000	131,166	254	–	(39,343)	102,077
Company						
Balance at 1 April 2002	10,000	131,166	–	26,789	(1,269)	166,686
Loss for the year	–	–	–	–	(7,520)	(7,520)
Balance at 31 March 2003	10,000	131,166	–	26,789	(8,789)	159,166
Balance at 1 April 2003	10,000	131,166	–	26,789	(8,789)	159,166
Loss for the year	–	–	–	–	(26,966)	(26,966)
Balance at 31 March 2004	10,000	131,166	–	26,789	(35,755)	132,200

Note: The other reserve of the company represents the net balance arising from the transfer of the share premium account of the company and the credit balance from the reduction of capital after elimination with the accumulated losses of the company brought forward and transfer to the contributed surplus account pursuant to the Capital Reorganisation Scheme implemented during the year ended 31 March 2002.

23. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments of the directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

	2004	2003
	HK$'000	*HK$'000*
Fees – independent non-executive directors	120	110
Salaries, allowances and benefits in kind	2,392	11,224
Retirement benefit scheme contributions	173	233
	2,685	11,567

The number of directors whose emoluments fall within the following bands are as follows:

	Number of directors	
	2004	2003
HK$0 – HK$1,000,000	4	7
HK$1,500,001 – HK$2,000,000	1	–
HK$8,500,001 – HK$9,000,000	–	1

The five individuals whose emoluments were the highest in the Group for the year include two (2003: four) directors. Their emoluments have already been disclosed in the analysis presented above.

The details of the remuneration of the remaining three (2003: one) non-director, highest paid employee are as follows:

	2004	2003
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	1,053	444
Retirement benefit scheme contribution	49	20
	1,102	464

During the year, no emoluments were paid by the Group to any director or employee as an inducement to join or upon joining the Group.

24. RETIREMENT BENEFIT COSTS

The Group operates two defined contribution schemes in Hong Kong which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance (ORSO) and Mandatory Provident Fund Ordinance (MPF). All the assets under the schemes are held separately from the Group under independently administered fund. Contributions to the MPF Scheme follow the MPF Ordinance while contributions to the ORSO Scheme are at a rate of 5% or 10% of basic salary.

Contributions are charged to the income statement as incurred and are reduced by contributions forfeited from employees under the ORSO scheme who left the Group prior to vesting fully in their contributions.

25. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) ACQUISITION OF SUBSIDIARY

	HK$'000
Net assets acquired:	
Property, plant and equipment	22,604
Accounts receivable, deposits and prepayments	3,171
Inventories	9,907
Cash and bank balances	8,962
Accounts payable and accrued charges	(10,928)
Bank loans	(7,285)
Minority interests	(11,894)
	14,537
Elimination of interest in a joint venture originally held by the Group	8,116
Net assets acquired	6,421
Satisfied by:	
Cash	6,421

(B) ANALYSIS OF THE NET CASH INFLOW ARISING ON ACQUISITION:

Cash consideration	(6,421)
Cash and bank balances acquired	8,962
Net cash inflow in respect of the acquisition	2,541

26. CONTINGENT LIABILITIES

	Group and Company	
	2004	2003
	HK$'000	*HK$'000*
Guarantee in respect of indebtedness of a subsidiary *(Note)*	**38,000**	38,000
Guarantee for securities trading of a subsidiary	**1,000**	1,000
	39,000	39,000

Note: This is the purported guarantee which came to the attention of the directors with respect of the alleged indebtedness of a subsidiary to a sub-contractor as disclosed in Note 28 to the financial statements.

The Company denies any liability to the sub-contractor under the purported guarantee but, out of prudence, the directors of the Company have made a decision to treat the purported guarantee as a contingent liability in the Company's financial statements.

27. COMMITMENTS

(A) CAPITAL COMMITMENTS

	Group	
	2004	2003
	HK$'000	*HK$'000*
Contracted but not provided for		
– Long-term investment	**–**	1,560
– Investment in a joint venture	**36,848**	–

(B) OPERATING LEASE COMMITMENTS

At 31 March 2004, the Group had the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group	
	2004	2003
	HK$'000	*HK$'000*
– not later than one year	**349**	132
– later than one year and not later than five years	**100**	–
	449	132

The Company did not have any outstanding operating lease commitments at the balance sheet date.

28. LITIGATION

(A) An order was made by the Hong Kong court on 16 December 2003 restraining the monies amounting to approximately HK$6,160,000 in an account (the "Account") held by the Company with a bank in Hong Kong. The order was granted upon the ex-parte application of the Hong Kong Secretary of Justice on behalf of the Government of Australia. The application in the Hong Kong courts reflects a restraining order in respect of the Account made by the Supreme Court of New South Wales on application from the Australian Director of Public Prosecutions.

The said monies in the bank account were funds from the sale of a piece of farm land owned by a wholly owned subsidiary Sunshine Worldwide Holdings Limited (deregistered in the year) in Australia. The subsidiary had purchased the piece of land in Australia from a company ("the Connected Party") which was beneficially owned by a connected person of the Company under the Listing Rules. Details of the transaction had been disclosed in the Connected Transaction Announcement from the Company on 19 May 2000.

It is alleged that the Australian authorities are investigating the original sources of funds of the Connected Party in Australia, although there is no allegation by the Australian authorities that the Company is involved in any of the transactions that are under investigation.

On 27 January 2004, the Company indicated to the Hong Kong court that the Company opposes the Hong Kong restraining order, and that the Company intends to issue a summons seeking the removal of the restraining order. The matter has been adjourned until a later date for argument, and will be heard once the proceedings at the Australian court have been concluded.

Based upon the advice from legal counsel, the directors are reasonably confident of ultimately winning the case in Australia and having the Australian court order freezing the Account set aside. Hence, the Hong Kong court restraining order will also be set aside and the Account unfrozen. It is based on the advice of the legal counsel that the directors make no provision in the accounts of the Company in respect of the Account.

28. LITIGATION (CONTINUED)

(B) As noted in previous years' audited financial statements, a claim was brought against a wholly owned subsidiary of the Group, Benelux Manufacturing Limited (In Liquidation) ("BML"), in July 1998 by its sub-contractor ("Sub-contractor"), Shenzhen Benelux Enterprise Co., Limited, alleging that BML is liable for the payment of approximately HK$38 million, comprising charges in connection with the processing and assembling work rendered by the Sub-contractor and the breach of an alleged loan agreement relating to certain alleged letters of credit.

Provisional liquidators were appointed on 25 August 1999 by the High Court following a petition by the Sub-contractor for the winding up of BML. BML was put into compulsory liquidation subsequently on 28 April 2000.

The directors, after seeking legal advice, are of the opinion that the liquidation of BML will not have a material adverse effect on the Group. The investments in BML and the amounts due from BML brought forward had been fully provided for in previous years.

Save as disclosed above, there are no other material litigation or claims known to the directors pending or threatened against the Group.

29. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

As disclosed in Note 28 Benelux Manufacturing Limited (In Liquidation) ("BML") was put into liquidation in 1999. The directors have given due and careful consideration of the impact of the liquidation of BML on the Group's operations and financial position and are of the opinion that it will not have a material adverse effect on the Group. As BML was put under severe restrictions which significantly impair control by the Company over BML's assets and operations, the directors considered it appropriate to exclude BML and the subsidiaries of BML from the consolidated financial statements from the date of appointment of the provisional liquidators.

Investments in BML and its subsidiaries are stated at cost less provision for permanent diminution in value.

	Group	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	–	1
Amounts due from subsidiaries	–	365,868
Less: Provision for permanent diminution in value	–	(365,869)
	–	–

29. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION (CONTINUED)

Details of the subsidiaries excluded from consolidation are as follows:

	Country of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2001	Effective equity interest 2000	Nature of business
Direct subsidiary:					
Benelux Manufacturing Limited *(Note 1)*	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	100%	In Liquidation
Indirect subsidiaries:					
Prime Standard Limited *(Note 2)*	Hong Kong	Ordinary HK$100,000	90%	90%	Ceased operations
P.T. Beneluxindo *(Note 3)*	Indonesia	Ordinary US$10,000,000	100%	100%	Ceased operations

Note 1. Benelux Manufacturing Limited (In Liquidation) ("BML") is excluded from consolidation because severe restrictions which significantly impaired control by the Group over BML's assets and operations.

Note 2. Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.

Note 3. P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

The net losses of subsidiaries not consolidated attributable to the Group are:

	2004 *HK$'000*	**Previous years since acquisition** *HK$'000*
Dealt with in the financial statements of the Group	**Nil**	(46,232)
Not dealt with in the financial statements of the Group	**Nil**	(244,391)

30. SEGMENT INFORMATION

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development, wine producing and other strategic investment projects. Segment information in respect of these activities is as follows:

RESULTS

	2004		2003	
	Turnover	**Contribution to operating profit/(loss)**	Turnover	Contribution to operating profit/(loss)
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
By principal activities:				
– Sales of data storage media products and related equipment	**15,185**	**(5,276)**	23,171	(7,652)
– Sales of property under development	**167,178**	**26,335**	31,774	3,778
– Sales of wine	**10,487**	**(6,414)**	4,270	628
– Others	**–**	**–**	1,037	(29,639)
	192,850	**14,645**	60,252	(32,885)
Other revenue		**1,035**		398
		15,680		(32,487)
By geographical markets:				
– Hong Kong	**190**	**(4,315)**	241	(29,556)
– USA and Canada	**2,302**	**813**	2,518	(1,979)
– People's Republic of China	**189,945**	**17,185**	26,053	(2,806)
– Australia and New Zealand	**–**	**816**	30,329	2,250
– Others	**413**	**146**	1,111	(794)
	192,850	**14,645**	60,252	(32,885)
Other revenue		**1,035**		398
		15,680		(32,487)

30. SEGMENT INFORMATION (CONTINUED)

FINANCIAL POSITIONS

	2004	2003
	HK$'000	*HK$'000*
Assets		
Segment assets:		
– Sales of data storage media products and related equipment	**49,992**	25,740
– Sales of property under development	**85,294**	107,778
– Sales of wine	**32,852**	47,660
– Unallocated corporate assets	**23,054**	21,414
	191,192	202,592
Liabilities		
Segment liabilities:		
– Sales of data storage media products and related equipment	**1,317**	3,910
– Sales of property under development	**33,716**	31,739
– Sales of wine	**10,976**	21,970
– Unallocated corporate liabilities	**299**	6,875
	46,308	64,494
Net Assets	**144,884**	138,098

The financial statements do not include any disclosures of the carrying amount of segment assets and liabilities analysed by geographical area.