

## RESULTS

The Group's turnover for the year ended 31 March 2005 was HK\$65,862,000, compared to HK\$192,850,000 reported in the preceding year. Because of the reduced activities of all business segments, especially the property development projects in the People's Republic of China (the "PRC"), the Group's total turnover was affected as a result. The Group reported a loss attributed to shareholders of HK\$50,475,000, representing a drop of HK\$63,240,000 as compared with last year. The loss included the provision for impairment loss against the data storage media products business and the wine business amounting to HK\$25,821,000 and HK\$3,000,000 respectively.

## BUSINESS REVIEW

Following the gradual shift of business strategy over the past few years, the Group's main business focus is now on property development and investment with branches of manufacturing and trading of data storage media products and manufacturing and trading of wine.

During the year ended 31 March 2005, the property development and investment business contributed to approximately 76.7% of the Group's total turnover, amounting to approximately HK\$50,507,000. This was mainly attributable to the sales of the remaining units of residential property in Pudong. As at 31 March 2005, 99% of the residential units in this project were sold, while all shops for commercial use were sold and accounted for in the previous years. Apart from the above, the business activities of the Group's property projects during the year mainly involved work done for adjusting the direction of development to cope with the challenges of the PRC property market. A loss of HK\$4,766,000 was recorded for this business segment.

In August 2004, the Group completed the acquisition of an interest in a piece of land of about 34,947 square meters in Songjiang area in Shanghai at a consideration of RMB41,200,000. Through a wholly owned subsidiary of the Company, the acquisition was by way of investing into a 33% equity interest in a company incorporated in the PRC for carrying on business in property development in Shanghai. Save as the reasons as noted in the Company's announcement dated 8 September 2004 and interim report 2004, the development of this project has experienced further delay under the influence of the central government's macro-economic measures to regulate the overheated property market.

In February 2005, the Group completed the acquisition of a piece of land of about 44,327 square meters in Zouping County, Shangdong Province, the PRC for property development for the consideration of RMB15,292,700. Details of the transaction were set out in the Company's announcements dated 6 January 2005 and 24 February 2005 respectively. The Group incorporated a wholly owned subsidiary in Zouping County in March 2005 for this property development project. The certificate of land use right comprising approximately 34,100 square meters for residential properties and approximately 10,200 square meters for commercial properties has been granted. The project is currently in the early and preparatory stage.

## CHAIRMAN'S STATEMENT

The Group's data storage media products trading business recorded a turnover of approximately HK\$7,631,000, which accounted for 11.6% of the total turnover. The major trading products of this business segment are micro-cassettes, 3.5" micro floppy disks, USB flash chips and other related products. The proportion of costs component accounted by plastic materials in the production of micro-cassettes and 3.5" micro floppy disks are relatively high. Revenue and profitability in this segment has been adversely affected by the increase in material costs. Owing to the vagaries of the technology and the overheated market of the USB flash chips and other related products in previous years, competition is very keen in the industry. The Group has made a provision for loss of HK\$25,821,000 against the data storage media products. A loss of HK\$37,566,000 was recorded for this business segment.

Turnover attributable from the subsidiary in Qingdao which is principally engaged in winery business was approximately HK\$7,724,000, representing 11.7% of the total turnover. Faced with a severe competitive market environment, the wine business has been adversely affected. Provision for impairment loss of HK\$3,000,000 was made against the carrying amount of machinery and moulds of the wine business. This has resulted in the loss of this business segment to HK\$14,408,000.

### PROSPECTS

It is expected that the Group's property development and investment business focused on mid-size projects in the PRC will be the main drivers for the year ahead. However, turnover may not return to a growth path since development projects on the acquired sites have not been commenced yet. The Group will continue to review the operating environment and its own property portfolio in the PRC so as to put the situation into context. It will maintain a flexible outlook and be receptive to the changing market condition in order to attain better returns in the future.

At the same time, the management will devote more efforts on improving the performance of the data storage media products business and the wine business. This will include measures to enhance cost control and to improve operational efficiency on the one hand and to positively respond to the market situation on the other hand.

In view of the great potential for business development in the PRC, the Group will continue to place emphasis on this market segment and to explore new business opportunities on its existing foundation.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our vendors, 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, 19 August 2005