

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 10 to the financial statements.

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. Details of the segment information are set out in note 29 to the financial statements.

FINANCIAL RESULTS

The loss and cash flows of the Group for the year ended 31 March 2005 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 14 to 19.

DIVIDENDS

The directors do not recommend the payment of any dividends for the year (2004: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 46.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 21 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 9 to the financial statements.

SHARE CAPITAL

Details of share capital during the year are set out in note 20 to the financial statements.

SHARE OPTION SCHEME

To comply with Chapter 17 (Equity Securities – Share Option Schemes) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company adopted a share option scheme on 7 November 2003 as approved by the shareholders at the Special General Meeting.

Details of the share option scheme of the Company are set out in note 22 to the financial statements.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME (CONTINUED)

The share options granted are not recognised in the accounts until they are exercised. The directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variable which cannot be reasonably determined at this stage. Any revaluation of the share options based on the speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders. Thus, it is more appropriate to disclose only the market price and exercise of price the share option in note 22 to the financial statements.

BORROWINGS

Details of the borrowings of the Group at 31 March 2005 are set out in note 18 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

EXECUTIVE DIRECTORS:

Mr. Budiman RAHARDJA (*Chairman*)

Mr. KWAN Kei Chor, Samuel

NON-EXECUTIVE DIRECTORS:

Mr. LO Yuk Lam**

Mr. WONG Kam Wah**

Mr. CHEN Zhi Yung

Mr. NG Chun Hung, Lawrence**

(appointed on 29 December 2004)

Ms. CHEN Lee Mui

(resigned on 1 April 2004)

** *Independent non-executive directors*

In accordance with bye-law 102(B) of the Company's Bye-Laws, Mr. Ng Chun Hung, Lawrence shall retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with bye-law 182 (vi) of the Company's Bye-Laws, Mr. Chen Zhi Yung and Mr. Wong Kam Wah shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Budiman RAHARDJA has entered into a service agreement with the Company for a period of four years from 1 April 2003 and will continue thereafter unless and until terminated by either party by two months' prior notice.

Mr. KWAN Kei Chor, Samuel has entered into a service agreement with the Company since 1 December 2002 and the service agreement is terminable by either party by two months' prior notice.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 March 2005, details of the interests of the directors and chief executive of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") to be notified to the Company and the Stock Exchange were as follows:

(A) Long position in ordinary shares of the Company

| Name of director | Number of shares held | | |
|------------------|-----------------------|------------------|-----------------------|
| | Personal Interests | Family Interests | Corporate Interests |
| Budiman RAHARDJA | 20,382,001 | — | 115,982,130 (Note) |

Note: Mr. Budiman RAHARDJA personally held 20,382,001 shares in the Company. He was deemed to be interested in the 115,982,130 shares by virtue of the fact that he was interested in the Company's shares through his beneficial shareholding interests in Easy Lead Corporation Limited in which he owns 50% interest. Mr. Budiman RAHARDJA together with his mother, Madam Wasi Hastuti SRI, are the beneficial owners of the entire issued share capital of Easy Lead Corporation Limited.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (CONTINUED)

(B) Share options of the Company

| Name | Date of Grant | Options held at 1 April 2004 | Options granted during the year | Options exercised during the year | Options held at 31 March 2005 | Exercise price HK\$ | Exercisable from | Exercisable until |
|--------------|---------------|------------------------------|---------------------------------|-----------------------------------|-------------------------------|---------------------|------------------|-------------------|
| Budiman | 18 Dec 2003 | 3,305,000 | Nil | Nil | 3,305,000 | 0.106 | 18 Dec 2003 | 17 Dec 2013 |
| RAHARDJA | 18 Dec 2003 | 3,305,000 | Nil | Nil | 3,305,000 | 0.106 | 18 Dec 2004 | 17 Dec 2014 |
| | 18 Dec 2003 | 3,305,000 | Nil | Nil | 3,305,000 | 0.106 | 18 Dec 2005 | 17 Dec 2015 |
| KWAN Kei | 18 Dec 2003 | 1,322,000 | Nil | Nil | 1,322,000 | 0.106 | 18 Dec 2003 | 17 Dec 2013 |
| Chor, Samuel | 18 Dec 2003 | 1,322,000 | Nil | Nil | 1,322,000 | 0.106 | 18 Dec 2004 | 17 Dec 2014 |
| | 18 Dec 2003 | 1,322,000 | Nil | Nil | 1,322,000 | 0.106 | 18 Dec 2005 | 17 Dec 2015 |
| LO Yuk Lam | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2003 | 17 Dec 2013 |
| | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2004 | 17 Dec 2014 |
| | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2005 | 17 Dec 2015 |
| WONG Kam | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2003 | 17 Dec 2013 |
| Wah | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2004 | 17 Dec 2014 |
| | 18 Dec 2003 | 330,000 | Nil | Nil | 330,000 | 0.106 | 18 Dec 2005 | 17 Dec 2015 |

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by certain directors, as at 31 March 2005, none of the directors and chief executive of the Company was interested in the equity and debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, according to the register kept by the Company under Section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group: –

| Name | Number of shares |
|-------------------------------|-----------------------------|
| Madam Wasi Hastuti SRI | 115,982,130 (<i>Note</i>) |
| Easy Lead Corporation Limited | 115,982,130 (<i>Note</i>) |

Note: These shareholdings are duplicated and refer to the same parcel of shares as set out in the Note to the section headed "Directors' and Chief Executive's Interests in Shares" above.

Save as disclosed above, as far as the directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2005:

- (i) The Group's largest customer and five largest customers accounted for approximately 3% and 5% respectively of the Group's total turnover.
- (ii) The Group's largest supplier and five largest suppliers accounted for approximately 7% and 21% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31 March 2005, none of the directors of the Company has interest in competing business required to be disclosed pursuant to rule 8.10(2) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters for the year ended 31 March 2005.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which was in force prior to 1 January 2005 and remains applicable to the year under review.

The term of office for the Non-executive Directors of the Company is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company.

AUDITORS

The auditors, BKR Lew & Barr Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board
Budiman RAHARDJA
Chairman

Hong Kong, 19 August 2005