NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

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 in the People's Republic of China and wine producing in the People's Republic of China.

2. PRINCIPAL ACCOUNTING POLICIES

In 2004, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards (collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The company has not chosen for early adoption of these new HKFRSs in the financial statements for the year ended 31 March 2005.

The company has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its result of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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 Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention as modified for the revaluation of certain investment assets.

(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 28.

(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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%

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Taxation (continued)

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.

(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 this 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

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 expenditures, interest charges capitalised and other direct costs attributable to such land.

A lease with unexpired period of not less than 50 years is classified as long term lease. A 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.

3. 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:

	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sales of data storage media products	7,631	15,185
Sales of property under development	50,507	167,178
Sales of wine	7,724	10,487
	65,862	192,850
Other revenue		
Interest income	357	894
Sundry income	144	141
	501	1,035
Total revenues	66,363	193,885

4. (LOSS)/PROFIT FROM OPERATIONS

	2005	2004
	HK$'000	*HK$'000*
(Loss)/profit from operations is arrived at after charging:–		
Auditors' remuneration		
– Current year	255	294
– Under-provision for prior years	35	13
	290	307
Depreciation	2,383	3,085
Impairment loss on machinery and moulds	3,000	–
Impairment loss on long-term investment	876	890
Gain on disposals of property, plant and equipment	(92)	(219)
Net exchange loss/(gain)	8	(362)
Operating lease payments	755	922
Provision for stock written off	25,863	10,320
Retirement benefit costs	374	259
Staff costs (excluding directors' remuneration)	5,349	5,872

5. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'000*
Interest on bank overdraft, and bank loan repayable within five years	**270**	335

6. TAXATION

(a) Taxation in the income statement represents: –

	2005	2004
	HK$'000	*HK$'000*
Hong Kong profits tax		
– Underprovision for prior years	**–**	183
China income tax		
– Overprovision for prior year	**(39)**	–
– Provision for the year	**–**	4,606
Total tax (income)/expenses	**(39)**	4,789

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 (2004: Nil).

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

(b) At 31 March 2005, the Group had no outstanding income tax payable (2004: HK$1,480,000).

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

	2005	2004
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(56,509)**	15,345
Tax calculated at the applicable tax rates	**(10,703)**	(361)
Tax effect of non-deductible expenses	**4,720**	23,339
Tax effect of non-taxable income	**(36)**	(19,721)
Tax effect of utilisation of tax losses not previously recognised	**–**	(1)
Tax (over)/underprovided for prior years	**(39)**	183
Losses not recognised as deferred tax assets due to concerns as to their recoverability	**6,019**	1,350
Total tax (income)/expenses	**(39)**	4,789

6. 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 2005, the major components of the unprovided/unrecognised deferred tax assets of the Group are as follows:

	2005	2004
	HK$'000	*HK$'000*
Future benefit of tax losses	**8,487**	8,390

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

The Company did not have any material unprovided deferred taxation as at 31 March 2005.

7. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Included in the loss of HK$50,475,000 (2004: profit of HK$12,765,000) attributable to the shareholders of the Company is a loss of HK$4,462,000 (2004: loss of HK$26,966,000) which is dealt with in the Company's own accounts.

8. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the consolidated loss attributable to shareholders for the year of HK$50,475,000 (2004: profit of HK$12,765,000) and on the weighted average of 330,571,880 (2004: 330,571,880) shares in issue during the year. No diluted loss per share has been presented as the exercise of the Company's outstanding share options would result in a decrease in loss per share for the year. The Company had no potential dilutive ordinary shares that were outstanding for the year ended 31 March 2004.

9. PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Machinery and moulds *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
AT COST							
At 1 April 2004	8,549	747	137	211	12,972	1,752	24,368
Exchange adjustments	–	–	–	–	–	(5)	(5)
Additions	–	–	63	17	20	–	100
Disposals	(178)	–	(2)	–	–	–	(180)
At 31 March 2005	8,371	747	198	228	12,992	1,747	24,283
ACCUMULATED DEPRECIATION							
At 1 April 2004	577	346	116	187	2,382	888	4,496
Exchange adjustments	–	–	–	–	–	–	–
Charge for the year	181	230	15	18	1,629	310	2,383
Impairment loss	–	–	–	–	3,000	–	3,000
Written back on disposals	(6)	–	(4)	–	–	–	(10)
At 31 March 2005	752	576	127	205	7,011	1,198	9,869
NET BOOK VALUE							
At 31 March 2005	7,619	171	71	23	5,981	549	14,414
At 31 March 2004	7,972	401	21	24	10,590	864	19,872

(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 2005 is analysed as follows:

	2005 ***HK$'000***	2004 *HK$'000*
Land and buildings held outside Hong Kong under:		
– short term lease	**168**	353
– medium term lease	**7,451**	7,619
	7,619	7,972

(b) At 31 March 2005, land and buildings situated in the PRC with net book value of HK$7,451,000 (2004: HK$7,619,000) were pledged to a bank to secure bank loan granted to the Group. Details of the said land and buildings and the bank loan are further described in note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

10. INTERESTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK$'000	*HK$'000*
Unlisted shares, at cost	**52,927**	52,215
Amounts due from subsidiaries	**193,845**	197,566
Less: Provision for permanent diminution in value	**(92,033)**	(91,913)
	154,739	157,868
Amounts due to subsidiaries	**–**	(11,822)
	154,739	146,046

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

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 2005:

	Country of incorporation/ operation	**Issued and fully paid-up capital or capital contribution**	**Effective equity interest 2005**	**Effective equity interest 2004**	**Principal activity**
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	The British Virgin Islands/ Hong Kong	US$1	100%	100%	Trading of securities
Happy Universal Investment Limited	The British Virgin Islands/ Hong Kong	US$1	100%	100%	Investment holding

10. INTERESTS IN SUBSIDIARIES (continued)

	Country of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2005	2004	Principal activity
Formula Ten Limited	Hong Kong	Ordinary HK$1,000	100%	100%	Property holding
東南(山東)置業有限公司*	The People's Republic of China	RMB15,000,000	100%	–	Property development
Indirect subsidiaries:					
Benelux International Electronics Co. Limited *	The People's Republic of China	US$10,000,000	100%	100%	In the process of voluntary winding up
Qingdao Fushiwang Grape Wine Co. Limited * ("QFGW") *(Note 1)*	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 2)	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 2005 or at any time during the year.

Note 1. According to an investment agreement entered into between South Perfect International Limited, a wholly owned subsidiary of the Company, and 青島益民葡萄酒廠("QYMW"), the party that holds the other 45% interest in QFGW, QYMW is required to transfer all of its assets and liabilities to QFGW as stipulated in the assets transfer agreement. However, up to the date of this report, QYMW has not yet completed the transfer of the title of land and buildings with net book value of HK$7,451,000 and a bank loan of HK$4,465,000 which is pledged by the land and buildings at the balance sheet date. On account that in substance QFGW has significant control over all its assets and liabilities including the land and buildings in the name of QYMW, QFGW has included the land and buildings and the bank loan in its own accounts.

Note 2. The capital of the subsidiary company is held by two staff members 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.

11. INTEREST IN A JOINT VENTURE

	Group	
	2005	2004
	HK$'000	*HK$'000*
Unlisted investment, at cost	**2,482**	2,482
Advance to the jointly controlled entity	**3,509**	26,978
	5,991	29,460

The joint venture entity is 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 jointly controlled 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 (Not yet commenced business)	33%

Pursuant to the joint venture agreement, BPD has agreed to take up a 33% equity interest in this jointly controlled entity. The cooperation mode and profit sharing ratio of this jointly controlled entity are subject to a separate agreement to be agreed among the joint venture partners. The profit sharing ratio by BPD may vary from its percentage of equity interest in this jointly controlled entity

12. LONG-TERM INVESTMENT

	Group	
	2005	2004
	HK$'000	*HK$'000*
Unlisted investment shares, at cost	**2,730**	2,730
Provision for impairment loss	**(1,766)**	(890)
	964	1,840

13. PROPERTIES UNDER DEVELOPMENT

	Group	
	2005	2004
	HK$'000	*HK$'000*
The properties under development are due for completion:		
– Within one year	**–**	34,495
– In the second to fifth years inclusive	**15,670**	–
	15,670	34,495
Amount included under current assets	**–**	(34,995)
Amount included under non-current assets	**15,670**	–

The properties under development situated in the PRC are held under the following lease term:

	2005	2004
	HK$'000	*HK$'000*
Long-term lease	**15,670**	34,495

At the balance sheet date, amount of interest capitalised included in the properties under development is Nil (2004: HK$372,000).

Particulars of the properties 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**
	Sq. m.	*Sq. m.*		*Sq. m.*	*Sq. m.*	
上海浦東 錦華東南苑	32,268	44,956	Construction completed	41,471	3,485	100%
山東鄒平縣 經濟開發區	44,409	N/A	Not yet developed	N/A	N/A	100%

14. DEPOSIT PAID

Deposit paid represents the amounts paid for the acquisition of a piece of land located at Songjiang area, Shanghai, The People's Republic of China. The company intends to acquire this piece of land for investment purpose. An independent valuation has been carried out by Shanghai Urban & Rural Assets Appraisal Co., Ltd. on an open market value basis. Based on the valuation report, the market value of this piece of land is estimated at HK$42,000,000 as at 31 March 2005.

15. INVENTORIES

	Group	
	2005	2004
	HK$'000	*HK$'000*
Finished goods	**8,866**	25,374
Raw materials	**7,367**	7,579
Work in progress	**380**	565
Properties held for resale	**4,373**	–
	20,986	33,518

Included above are inventories amounting to HK$8,176,000 (2004: Nil) stated at net realisable value.

16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Included in the accounts receivable and prepayments are trade receivable of HK$1,704,000 (2004: HK$1,517,000). 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	
	2005	2004
	HK$'000	*HK$'000*
Less than 30 days	**830**	484
1 to 3 months	**801**	1,033
Over 3 months	**73**	–
	1,704	1,517

17. ACCOUNTS PAYABLE AND ACCRUED CHARGES

Included in the accounts payable and accrued charges are trade payable of HK$5,674,000 (2004: HK$5,001,000). The aged analysis of trade payable at the balance sheet date is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Less than 30 days	**2,810**	324
1 to 3 months	**37**	998
Over 3 months	**2,827**	3,679
	5,674	5,001

18. BANK LOAN, SECURED

At 31 March 2005, the Group had bank loan outstanding as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Bank loan, secured	**4,465**	13,865

The above bank loan is repayable within one year. Interest is charged on the outstanding bank loan at 6% per annum (2004: 4.536% to 6.3375% per annum). The bank loan is in the name of another party as described in note 10 to the financial statements.

19. PLEDGE OF ASSETS

At 31 March 2005, the Group has pledged certain assets as listed below to secure the general banking facilities and bank loan granted to the Group:

	2005	2004
	HK$'000	*HK$'000*
Bank deposits	**–**	14,017
Land and buildings at net book value	**7,451**	7,619

20. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2004 and 31 March 2005	4,000,000,000	400,000
Issued and fully paid:		
At 31 March 2004 and 31 March 2005	330,571,880	33,057

21. 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 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
Balance at 1 April 2004	10,000	131,166	254	–	(39,343)	102,077
Translation difference	–	–	(59)	–	–	(59)
Loss for the year	–	–	–	–	(50,475)	(50,475)
Balance at 31 March 2005	10,000	131,166	195	–	(80,818)	51,543
Company						
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
Balance at 1 April 2004	10,000	131,166	–	26,789	(35,755)	132,200
Loss for the year	–	–	–	–	(4,462)	(4,462)
Balance at 31 March 2005	10,000	131,166	–	26,789	(40,217)	127,738

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.

22. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme")was adopted pursuant to a shareholders' resolution passed on 7 November 2003. The following is a summary of the scheme adopted:

(a) Purpose

The purpose of the 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 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.

(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 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 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 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 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.

22. SHARE OPTION SCHEME (continued)

(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 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.

(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 Scheme is 10 years commencing on the Adoption Date and will expire on 6 November 2013.

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:

	2005	2004
	HK$'000	*HK$'000*
Fees – independent non-executive directors	120	120
Salaries, allowances and benefits in kind	2,173	2,392
Retirement benefit scheme contributions	164	173
	2,457	2,685

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

	Number of directors	
	2005	2004
HK$0 – HK$1,000,000	3	4
HK$1,500,001 – HK$2,000,000	1	1

The five individuals whose emoluments were the highest in the Group for the year include two (2004: two) directors. Their emoluments have already been disclosed in the analysis presented above.

23. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

The details of the remuneration of the remaining three (2004: three) non-director, highest paid employee are as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,053**	1,053
Retirement benefit scheme contribution	**49**	49
	1,102	1,102

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. CONTINGENT LIABILITIES

	Group and Company	
	2005	2004
	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 as disclosed in Note 27(b) to the financial statements.

The Company denies any liability to the sub-contractor and/or the other party 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.

NOTES TO THE FINANCIAL STATEMENTS

26. COMMITMENTS

(a) Capital commitments

	Group	
	2005	2004
	HK$'000	*HK$'000*
Contracted but not provided for		
– Land acquired for development	**32,868**	–
– Investment in a joint venture	**–**	36,848

(b) Operating lease commitments

At 31 March 2005, the Group had the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Not later than one year	**274**	349
Later than one year and not later than five years	**79**	100
	353	449

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

27. 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 2003) 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.

In the ex-parte application, 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.

27. LITIGATION (continued)

On 27 January 2004, the Company indicated to the Hong Kong court that the Company would oppose 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.

In April 2005, the Company made an application to the Supreme Court of New South Wales for an exclusion order to set aside the Australian order, although a date for the hearing has not been set.

Based upon the advice from Hong Kong legal counsel, the directors are of the opinion that the Australian proceedings will not have a material adverse effect on the Group in the coming year. If the Australian court order freezing the Account were to be set aside, the Hong Kong court restraining order will also be set aside and the Account will then be unfrozen. It is on the basis of this advice of the legal counsel that the directors make no provision in the accounts of the Company in respect of the Account.

(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 ("SBEC"), 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 SBEC and the breach of an alleged loan agreement relating to certain alleged letters of credit. During the course of exchanging exhibits in the proceedings initiated by SBEC, the Company was first aware of SBEC's allegation that a guarantee was purportedly granted by the Company to SBEC in respect of the alleged BML's indebtedness to SBEC (the "Purported Guarantee") in/around January 1999. Notwithstanding that, SBEC has not initiated any proceedings against the Company based on the Purported Guarantee.

On 9 March 2005, the Company received a writ of summons served by Shenzhen Intermediate People's Court. The claimant 深圳市中朗科技發展有限公司("SZL") claims to have the right over the alleged BML's indebtedness to the SBEC and the Purported Guarantee. SZL alleged that BML is liable to them in the amount of around HK$36m and the Company for acceptance of joint and several liabilities thereof.

Provisional liquidators were appointed on 25 August 1999 by the High Court following a petition by SBEC 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 and the claim served by SZL will not have a material adverse effect on the Group in the coming year. 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.

28. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

As disclosed in note 27 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.

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 held before liquidation	Nature of business
Direct subsidiary:				
Benelux Manufacturing Limited *(Note 1)*	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	In Liquidation
Indirect subsidiaries:				
Prime Standard Limited *(Note 2)*	Hong Kong	Ordinary HK$100,000	90%	Ceased operations
P.T. Beneluxindo *(Note 3)*	Indonesia	Ordinary US$10,000,000	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.

28. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION (continued)

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

	2005	Previous years since acquisition
	HK$'000	*HK$'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)

29. 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

	2005		2004	
	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	**7,631**	**(37,566)**	15,185	(5,276)
– Sales of property under development	**50,507**	**(4,766)**	167,178	26,335
– Sales of wine	**7,724**	**(14,408)**	10,487	(6,414)
	65,862	**(56,740)**	192,850	14,645
Other revenues		**501**		1,035
		(56,239)		15,680
By geographical markets:				
– Hong Kong	**219**	**(4,849)**	190	(4,315)
– USA and Canada	**2,006**	**(1,499)**	2,302	813
– People's Republic of China	**63,003**	**(50,011)**	189,945	17,185
– Australia and New Zealand	**–**	**93**	–	816
– Others	**634**	**(474)**	413	146
	65,862	**(56,740)**	192,850	14,645
Other revenues		**501**		1,035
		(56,239)		15,680

29. SEGMENT INFORMATION (CONTINUED)

FINANCIAL POSITIONS

	2005	2004
	HK$'000	*HK$'000*
Assets		
Segment assets:		
– Sales of data storage media products and related equipment	**12,569**	49,992
– Sales of property under development	**71,375**	85,294
– Sales of wine	**25,537**	32,852
– Unallocated corporate assets	**8,467**	23,054
	117,948	191,192
Liabilities		
Segment liabilities:		
– Sales of data storage media products and related equipment	**2,910**	1,317
– Sales of property under development	**8,338**	33,716
– Sales of wine	**17,187**	10,977
– Unallocated corporate liabilities	**1,334**	299
	29,769	46,309
Net Assets	**88,179**	144,883

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