NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(1) Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

(2) Principal accounting policies

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations ("HKFRS") which are effective for accounting period commencing on or after 1 January 2005.

The adoption of new/revised HKFRS has had no material impact on the accounting policies of the Group and the methods of computation in the Group's interim financial statements. The changes of adopting these HKFRSs are summarised as follows:

HKAS 1 "Presentation of Financial Statements"

The adoption of HKAS 1 has affected the presentation of minority interests. In the condensed consolidated balance sheet, minority interests are now shown within total equity. In the condensed consolidated income statement, minority interests are presented as an allocation of the total profit/loss for the period.

HKAS 17 "Leases"

Under the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to be passed to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid leasehold land, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid leasehold land is initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

(2) Principal accounting policies *(continued)*

HKAS 32 "Financial instruments: Disclosure and presentation" and HKAS 39 "Financial instruments: Recognition and measurement"

In prior years, equity investment held on a continuing basis for an identified long-term purpose was classified as long term investment (unlisted equity security) and stated in the condensed consolidated balance sheet at cost less any provisions for diminution in value.

The adoption of HKAS 39, the non-trading investment security is classified as available-for-sale investment and carried at fair value. Available-for-sale investment is measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the condensed consolidated income statement.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the condensed consolidated income statement. The amount of the loss recognised in the condensed consolidated income statement shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the condensed consolidated income statement.

The adoption of these new policies does not have a significant impact on the Group's result for the period except a change in the classification of the Group's property, plant and equipment and long term investment in the condensed consolidated balance sheet. The restated comparatives on the condensed consolidated balance sheet for the year ended 31 March 2005 to reflect the reclassification of non-current assets are as follows:

Non-current assets	**As at 31 March 2005 (originally stated)**	**Adjustments**	**As at 31 March 2005 (restated)**
	HK$'000	HK$'000	HK$'000
Land and buildings	7,619	(7,619)	–
Machinery and mould	5,981	(5,981)	–
Property, plant and equipment – Others	814	(814)	–
Property, plant and equipment	–	12,244	12,244
Prepaid leasehold land	–	2,170	2,170
Long-term investment	964	(964)	–
Available-for-sale investment	–	964	964

(3) Segment information

An analysis of turnover and contribution to the Group's results by principal activity and geographical location is set out below:

(a) By principal activity

	Turnover Six months ended 30 September		Segment Results Six months ended 30 September	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Sales of data storage media products and related equipment	**2,169**	4,451	**(2,379)**	(7,507)
Sales of property under development	**5,160**	42,469	**(1,000)**	2,089
Sales of wine	**2,019**	2,562	**(2,767)**	(1,800)
Others	**–**	–	**(725)**	–
	9,348	49,482	**(6,871)**	(7,218)
Other revenue			**60**	412
Operating loss before finance costs			**(6,811)**	(6,806)

(3) Segment information *(continued)*

(b) By geographical location

	Turnover Six months ended 30 September		Segment Results Six months ended 30 September	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**10**	150	**(2,166)**	(1,899)
USA and Canada	**317**	1,171	**24**	395
People's Republic of China	**8,784**	47,839	**(4,747)**	(5,941)
Australia	**–**	–	**–**	119
Others	**237**	322	**18**	108
	9,348	49,482	**(6,871)**	(7,218)
Other revenue			**60**	412
Operating loss before finance costs			**(6,811)**	(6,806)

(3) Segment information *(continued)*

(c) Financial positions

	30 September 2005 HK$'000	30 September 2004 HK$'000
Assets		
Sales of data storage media products and related equipment	**11,277**	45,759
Sales of property under development	**66,776**	67,736
Sales of wine	**23,119**	31,705
Unallocated corporate assets	**7,440**	22,164
	108,612	167,364
Liabilities		
Sales of data storage media products and related equipment	**3,041**	3,662
Sales of property under development	**3,157**	14,492
Sales of wine	**18,027**	11,439
Unallocated corporate liabilities	**1,803**	197
	26,028	29,790
Net Assets	**82,584**	137,574

(4) Operating loss

Operating loss is arrived at after crediting and charging the following:

	For six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Crediting		
Interest income	**41**	248
Interest from associated company	**19**	19
Sundry income	**–**	145
Charging		
Depreciation	**1,143**	1,278
Retirement benefit costs	**88**	172
Staff costs (excluding directors' remuneration)	**2,137**	2,173
Net currency exchange (Gain) / loss	**(116)**	98
Provision for slow-moving and obsolete stock	**–**	5,000

(5) Finance costs

	For six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Interest expense on the Group's bank loan	**141**	3

(6) Taxation

	For six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Hong Kong		
The Company and subsidiaries	**–**	–
PRC		
Subsidiaries		
Current period provision	**177**	500
	177	500

No provision for Hong Kong Profits Tax is made as the Group companies operating in Hong Kong do not have any assessable profits for the current period. Certain of the Group's subsidiaries operating in the PRC are eligible for tax exemptions and concessions. The PRC income tax is calculated at the rates applicable to respective subsidiaries.

(7) Loss per share

The calculation of loss per share is based on the unaudited consolidated loss attributable to shareholders of HK$5,763,000 (2004: loss of HK$6,688,000) and on 330,571,880 (2004: 330,571,880) shares in issue during the period.

No diluted loss per share for the two periods has been respectively presented as the conversion of the company outstanding options would result in a decrease in net loss per share.

(8) Accounts receivable and prepayments

The aged analysis of trade receivable as at 30 September 2005 is as below:

	30 September 2005 HK$'000	31 March 2005 HK$'000
Less than 30 days	**7**	830
1 to 3 months	**346**	801
Over 3 months	**410**	73
	763	1,704

(9) Accounts payable and accrued charges

The aged analysis of trade payable as at 30 September 2005 is set out as below:

	30 September 2005 HK$'000	31 March 2005 HK$'000
Less than 30 days	**3,386**	2,810
1 to 3 months	**1,059**	37
Over 3 months	**5,628**	2,827
	10,073	5,674

(10) Share capital

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 30 September 2005 and 31 March 2005	4,000,000,000	400,000
Issued and fully paid:		
At 30 September 2005 and 31 March 2005	330,571,880	33,057

Under the share option scheme adopted by the company on 7 November 2003, the directors may, at their discretion, grant to directors and employees of the Group options to subscribe for shares in the capital of the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. Total 22,008,000 options were previously granted and remained outstanding under the share option scheme and no option was granted during the six months ended 30 September 2005.

(11) Capital commitment

At 30 September 2005, the Group had the following capital commitment:

	30 September 2005 HK$'000	31 March 2005 HK$'000
Contracted but not provided for Land acquired for development in PRC	**–**	32,868

(12) Pledge of assets

At 30 September 2005, the Group pledged certain assets as listed below to secure the general banking facilities granted to the Group:

	30 September 2005 HK$'000	31 March 2005 HK$'000
Net book values of property, plant and equipment and prepaid leasehold land	**7,523**	7,451

(13) Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

(14) Approval of the interim financial report

This interim financial report was approved by the Board of Directors on 16 December 2005.