1. General Information

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

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

2. Adoption of New and Amended Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations, (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are either effective for accounting period beginning on or after 1st January 2006 or 1st March, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial postion of the Group and the Company for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group and the Company.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments — Disclosures[1]
HKFRS 8	Operating Segments[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HK (IFRIC) — Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK (IFRIC) — Interpretation 8	Scope of HKFRS 2[4]
HK (IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives[5]
HK (IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment[6]
HK (IFRIC) — Interpretation 11	HKFRS2 — Group and Treasury Share Transactions[7]
HK (IFRIC) — Interpretation 12	Service Concession Arrangments[8]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 March 2006
4 Effective for annual periods beginning on or after 1 May 2006
5 Effective for annual periods beginning on or after 1 June 2006
6 Effective for annual periods beginning on or after 1 November 2006
7 Effective for annual periods beginning on or after 1 March 2007
8 Effective for annual periods beginning on or after 1 January 2008

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The measurement basis used in the preparation of the consolidated financial statements is historical cost as modified for the revaluation of certain financial instruments.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Group.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March with the exception of those excluded from consolidation as disclosed in note 31 to the financial statements.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Summary of Significant Accounting Policies (continued)

(d) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The results of unconsolidated subsidiaries are accounted 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 impairment losses.

Inter-company transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable for the year.

(e) 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

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

The Group's interest in a 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 the jointly controlled entity is included in the consolidated income statement.

(f) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and rewards that are different from those of segments operating in other economic environments.

3. Summary of Significant Accounting Policies (continued)

(g) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

The results and financial position of all the entities of the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Property, plant and equipment

Property, plant and equipment other than plant and machinery under installation and factory buildings under construction are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3. Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any revaluation increase arising on revaluation of freehold land and buildings is credited to the properties revaluation reserve, except to the extent that reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the consolidated income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are recognised in the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expensed in the consolidated income statement and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

— Furniture and fixtures	5 years
— Computer equipment	3 years
— Machinery	5-10 years
— Moulds	3-5 years
— Motor vehicles	5 years

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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. Summary of Significant Accounting Policies (continued)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Financial instruments

The Group classifies its investments in the following categories: held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are measured at amortised cost. For investments carried at amortised cost, gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bills receivables, prepayments, deposits and other receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in the consolidated income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised 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 consolidated income statement.

3. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

***Available-for-sale financial assets** (continued)*

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a Group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and accruals, bank borrowings and obligations under operating lease are subsequently measured at amortised cost, using the effective interest rate method.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement — is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

3. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the consolidated income statement.

For financial liabilities, they are removed from the Group's consolidated balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in the consolidated income statement.

(k) Inventories

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

— Raw material — invoiced prices plus procurement costs.

— Finished goods and work in progress — cost of direct materials, direct labour and related production overheads (based on nominal operating capacity).

They exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and where appropriate, the cost of conversion from their existing state to a finished condition.

(l) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or vice versa. Parties are also considered to be related if they are subject to common control or common significant influence.

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals and post-employment benefit plans which are for the benefit of employees of the Company or any entity that is a related party of the Company.

3. Summary of Significant Accounting Policies (continued)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(n) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

(p) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets 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 income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Summary of Significant Accounting Policies (continued)

(q) Employee benefits

(i) Employee entitlements

Employee entitlements to annual leave and long service payments are recognised when they accrue to employees.

(ii) Pension obligations

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 Schemes 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 consolidated 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.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition

Revenue comprises the fair value of the sales of goods, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when an entity of the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Sales of land

Sales of land are recognised when the title has passed or when the sales contracts signed become unconditional, whichever is earlier.

Sales of properties held for sales

Sales of properties held for sales, where there is no pre-sales arrangement prior to completion of the development, are recognised on the execution of binding sales agreements entered into subsequent to the completion of the development.

(t) Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the consolidated income statement on a straight-line basis over the period of the lease.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

(u) 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 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.

3. Summary of Significant Accounting Policies (continued)

(v) Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with HKFRSs requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allowances for bad and doubtful debts

The policy of allowance for bad and doubtful debts of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Allowances for inventories

The management of the Group reviews the aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or selling. The management estimates the net realisable value for such finished goods and work-in progress based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes allowance for obsolete items.

Land appreciation tax

The Group is subject to land appreciation tax in PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Group has not finalised its land appreciation tax calculation and payments with local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the cost of sales and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

4. Turnover and Revenues

The Group engages in the manufacturing and sales of data storage media products, property development and wine production. Revenues recognised during the year are as follows:

	2007 HK$'000	2006 HK$'000
Turnover		
— Sales of data storage media products	**3,270**	5,062
— Sales of property held for sale	**15,928**	8,240
— Sales of wine	**9,426**	4,476
	28,624	17,778
Other revenues		
— Interest income	**103**	77
— Disposal of a joint venture	**8,298**	—
— Disposal of property, plant and equipment	**149**	91
— Sundry income	**1,231**	444
	9,781	612
Total revenues	**38,405**	18,390

5. Loss from Operations

Loss from operations is arrived at after charging and (crediting):

	2007 HK$'000	2006 HK$'000
Auditors' remuneration		
— Current year	**209**	245
— Over-provision for prior year	**(36)**	—
	173	245
Cost of inventories sold	**21,490**	19,687
Depreciation	**2,130**	2,219
Net exchange loss/(gain)	**55**	(359)
Operating lease payments	**795**	648
Allowance for doubtful debts	**3,767**	536
Employee benefits expenses (excluding directors' remuneration)		
— Salaries and allowance	**3,461**	3,442
— Retirement benefit schemes contributions	**94**	62

6. Finance Costs

	2007 HK$'000	2006 HK$'000
Interest on bank overdraft and bank loan repayable within five years	**361**	349
Interest on other loan without fixed repayment terms	**230**	98
	591	447

7. Taxation

(a) Taxation in the consolidated income statement represents:

	2007 HK$'000	2006 HK$'000
PRC income tax		
— Under provision for prior year	**—**	51
— Provision for the year	**1,279**	128
Total tax expenses	**1,279**	179

No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any assessable profits in Hong Kong for the year (2006: Nil).

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

(b) At 31 March 2007, the Group had no outstanding income tax payable (2006: Nil).

7. Taxation (continued)

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

	2007 HK$'000	2006 HK$'000
Loss before taxation	**(2,675)**	(23,026)
Tax calculated at the applicable tax rates	**(518)**	(5,617)
Tax effect of non-deductible expenses	**236**	1,700
Tax effect of non-taxable income	**(746)**	—
Tax under-provided for prior year	**—**	50
Tax effect on utilisation of tax losses not previously recognised	**2**	—
Losses not recognised as deferred tax assets due to concerns as to their recoverability	**2,305**	4,046
Total tax expenses	**1,279**	179

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

The Group has not recognised the tax losses as deferred tax assets due to the lack of certainty as to profitability.

The Company did not have any material unprovided deferred taxation as at 31 March 2007 (2006: Nil).

8. Loss Attributable to Equity Holders

Included in the loss of HK$3,655,000 (2006: HK$20,764,000) attributable to equity holders of the Company is a loss of HK$501,000 (2006: HK$7,901,000) which has been dealt with in the Company's own accounts.

9. Loss Per Share

The calculation of loss per share is based on the consolidated loss attributable to equity holders for the year of HK$3,655,000 (2006: HK$20,764,000) and on the weighted average of 330,571,880 (2006: 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 years ended 31 March 2006 and 2007.

10. Property, Plant and Equipment

GROUP

	Land and buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery and moulds HK$'000	Motor vehicles HK$'000	Sub-total HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total HK$'000
AT COST									
At 1 April 2005	6,169	747	198	228	12,992	1,747	22,081	2,202	24,283
Exchange adjustments	132	16	5	5	277	33	468	46	514
Additions	—	—	19	—	128	266	413	—	413
Disposals	—	—	(18)	—	—	(387)	(405)	—	(405)
At 31 March 2006	6,301	763	204	233	13,397	1,659	22,557	2,248	24,805
ACCUMULATED DEPRECIATION									
At 1 April 2005	643	576	127	205	7,011	1,198	9,760	109	9,869
Exchange adjustments	15	13	3	4	167	23	225	3	228
Charge for the year	128	90	22	10	1,658	260	2,168	51	2,219
Written back on disposals	—	—	(16)	—	—	(348)	(364)	—	(364)
At 31 March 2006	786	679	136	219	8,836	1,133	11,789	163	11,952
NET BOOK VALUE									
At 31 March 2006	5,515	84	68	14	4,561	526	10,768	2,085	12,853
At 31 March 2005	5,526	171	71	23	5,981	549	12,321	2,093	14,414

For the year ended 31 March 2007

10. Property, Plant and Equipment (continued)

GROUP (continued)

	Land and buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery and moulds HK$'000	Motor vehicles HK$'000	Sub-total HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total HK$'000
AT COST									
At 1 April 2006	6,301	763	204	233	13,397	1,659	22,557	2,248	24,805
Exchange adjustments	335	91	11	3	941	125	1,506	119	1,625
Additions	—	—	27	—	—	122	149	—	149
Disposals	(182)	—	—	—	—	(378)	(560)	—	(560)
At 31 March 2007	6,454	854	242	236	14,338	1,528	23,652	2,367	26,019
ACCUMULATED DEPRECIATION									
At 1 April 2006	786	679	136	219	8,836	1,133	11,789	163	11,952
Exchange adjustments	55	88	6	3	751	96	999	13	1,012
Charge for the year	147	87	40	9	1,728	88	2,099	31	2,130
Written back on disposals	(18)	—	—	—	—	(120)	(138)	—	(138)
At 31 March 2007	970	854	182	231	11,315	1,197	14,749	207	14,956
NET BOOK VALUE									
At 31 March 2007	5,484	—	60	5	3,023	331	8,903	2,160	11,063
At 31 March 2006	5,515	84	68	14	4,561	526	10,768	2,085	12,853

10. Property, Plant and Equipment (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 2007 is analysed as follows:

	2007	2006
	HK$'000	HK$'000
Land and buildings held outside Hong Kong under:		
— short term lease	**—**	164
— medium term lease	**7,644**	7,436
	7,644	7,600

(b) Land and building at fair value

The Group's land and building were last revalued at 21 July 2006. Valuation were made on the basis of open market value carried out by RHL Appraisal Limited.

Had the Group's land and buildings been measured on a revaluation basis, their carrying amounts would have been as follows:

	2007	2006
	HK$'000	HK$'000
Leasehold land	**3,085**	3,085
Building	**6,205**	6,356
	9,290	9,441

At 31 March 2007, land and buildings situated in the PRC with net book value of HK$7,644,000 (2006: HK$7,436,000) were pledged to a bank to secure the bank loan granted to the Group. Details of the said land and buildings and the bank loan in related to a subsidiary of the Company, Qingdao Fushiwang Grape Wine Co Limited are further described in note 11 to the financial statements.

11. Interests in Subsidiaries

	Company 2007 HK$'000	Company 2006 HK$'000
Unlisted shares, at cost	**52,927**	52,927
Amounts due therefrom	**182,563**	181,435
Less: Provision for permanent impairment loss	**(80,235)**	(80,235)
	155,255	154,127

The amounts due 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 in relation to the results of the year or formed a portion of the net assets of the Group as at 31 March 2007:

Direct subsidiaries:	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2007	Effective equity interest 2006	Principal activity
Benelux Property Development (Shanghai) Limited ("BPD")	The PRC	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 PRC
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
South East Property (Shandong) Limited	The PRC	RMB15,000,000	**100%**	100%	Property development
Perfect Gold Investments Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Dormant

11. Interests in Subsidiaries (continued)

Indirect subsidiaries:	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2007	2006	Principal activity
Benelux International Electronics Co. Limited	The PRC	US$10,000,000	**100%**	100%	In the process of voluntary winding up
Qingdao Fushiwang Grape Wine Co. Limited ("QFGW") (Note 1)	The PRC	US$3,890,000	**55%**	55%	Wine production and distribution
Shanghai Kaiyuen Computer Company Limited	The PRC	RMB500,000 (Note 2)	**100%**	100%	Trading of data storage media products and computer accessories
Qingdao Southeast Commercial Limited (Note 3)	The PRC	RMB500,000	**100%**	100%	Not yet commence business

None of the subsidiaries had issued any debt securities at 31 March 2007 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$7,644,000 (2006: HK$7,436,000) and a bank loan of HK$4,797,000 (2006: HK$4,560,000) 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 is held by two staff members of the subsidiary for and on behalf of the Group.

Note 3. The subsidiary was incorporated during the year.

12. Interest in a Jointly Controlled Entity

	Group 2007 HK$'000	Group 2006 HK$'000
Unlisted investment, at cost	—	2,482
Amount due therefrom	—	34,427
	—	36,909

The amount due is unsecured, interest-free and has no fixed repayment terms.

Particulars of the jointly controlled entity were as follows:

Name of entity	Business structure	Country of incorporation	Principal place of operation	Principal activity	Percentage of interest held
上海英之倫房地產發展有限公司 ("YZL")	Incorporated entity	Shanghai, The PRC	Shanghai, The PRC	Property development	33%

The interest in the jointly controlled entity is held by Benelux Property Development (Shanghai) Limited ("BPD"), a wholly owned subsidiary of the Group.

The jointly controlled entity acquired a piece of land in Songjiang District, Shanghai, the PRC for property development. The property has not been developed since its acquisition. Therefore, no turnover and profits attributable to the property has been recorded. 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 BPD's share of the market value of this piece of land is estimated at HK$42,000,000 as at 31 March 2006.

On 17 July 2006, the directors resolved to dispose of the interest in YZL. The disposal was completed on 17 October 2006 and a consideration of RMB46,822,000 (equivalent to approximately HK$47,290,000) was received on 24 October 2006. A net gain to the Group of RMB8,382,000 (equivalent to approximately HK$8,298,000) was recognised as investment income for the year.

13. Available-for-sale Investment

	Group	
	2007	2006
	HK$'000	HK$'000
Unlisted shares, at cost	**1,950**	1,950
Less: Provision for impairment loss	**(1,766)**	(1,766)
	184	184

14. PROPERTIES UNDER DEVELOPMENT

	Group	
	2007	2006
	HK$'000	HK$'000
The properties under development are due for completion within second to fifth year inclusive	**—**	24,133

The construction of the properties under development situated in the PRC was completed and launched for sale during the year. Turnover and cost of sales of the properties sold during the year are set out in note 35 to the financial statements.

The development costs capitalised in properties under development for unsold properties were reclassified as properties held for sales for the year.

No interest on borrowings was capitalised in properties under development.

15. Properties Held for Sales

Properties held for sales comprise of developed commercial properties as described in note 14 to the financial statements and car parking units in Shanghai Pudong South East Jin Hua Estate.

The costs of properties held for sales are analysed as follows:

	2007	2006
	HK$'000	HK$'000
Land cost	**7,016**	—
Development cost	**18,946**	—
	25,962	—

No interest on borrowings was capitalised in properties held for sales.

The aggregate carrying value of properties held of sales is under a medium term lease of 37 years.

15. Properties Held for Sales (continued)

Particulars of the properties held for sales are as follows:

Project name	Approximate site area Sq.m.	Completed GFA Sq.m.	Land use	Development Status	Interest held by Group
山東鄒平縣 經濟開發區	10,292	16,558	Commercial	Completed Construction	100%

16. Non-Current Assets Held for Sales

The directors resolved to dispose of the following interest in a joint venture within twelve months. The operations are included in the Group's property activities for segment reporting purposes as described in note 35 to the financial statements.

	2007 HK$'000	2006 HK$'000
Shandong Zouping South East Yi Lian Property Company Limited ("SEYL") (山東鄒平東南怡聯置業有限公司)	**5,606**	—

The interest in the joint venture, Shandong Zouping South East Yi Lian Property Company Limited ("SEYL"), was held by South East Property (Shandong) Limited ("SEP"), a wholly owned subsidiary of the Group. SEP acquired a piece of land, divided into residential and commercial properties, in Zouping, Shandong, the PRC for property development. The commerical property has been developed for sales as disclosed in note 15 to the financial statements; while the residential property has not been developed since its acquisition. No turnover and profits attributable to the residential property have been recorded.

On 1 June 2006, the directors resolved to dispose of the residential property. A transfer agreement was signed on 31 July 2006. Pursuant to the agreement, a jointly controlled entity, SEYL, was incorporated on 23 August 2006 to facilitate the transfer of the title to the residential property. SEP transferred the residential property to SEYL and received progress payment in September 2006. According to the agreement, SEP will release its 50% equity interest in SEYL after the consideration is received in full.

Subsequent to year end, SEP entered into an supplementary agreement on 9 July 2007, stated that SEP will receive the full consideration of RMB7,800,000 in two installments. Upon the receipt of installments of RMB7,300,000 and RMB500,000, SEP will release its 45% and 5% equity interest in SEYL respectively. The net gain of approximately RMB2,248,000 will be recognised proportionally in accordance with the equity interest transferred during the period.

17. Inventories

	Group	
	2007	2006
	HK$'000	HK$'000
Raw materials	**1,334**	1,803
Work in progress	**18**	354
Finished goods	**1,262**	6,436
	2,614	8,593

Included above are inventories amounting to HK$1,262,000 (2006: HK$3,704,000) stated at net realisable value.

18. Held-to-Maturity Investments

	2007	2006
	HK$'000	HK$'000
Promissory note	**780**	780
Short-term investments	**37,370**	—
	38,150	780
The above balances are analysed as follows:		
Current asset	**38,150**	—
Non-current asset	**—**	780
	38,150	780

The promissory note represents unlisted securities which bears interest at 5% per annum and will mature in March 2008.

The short term investments represent investments in unlisted unit trusts fund which have a maturity of one month. The effective interest rate of the short-term investments at 31 March 2007 is 2.02% per annum.

19. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK$1,499,000 (2006: HK$505,000). 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 aging analysis of trade receivables at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Less than 30 days	**1,129**	117
1 to 3 months	**120**	68
Over 3 months	**250**	320
	1,499	505

20. Trade and Other Payables

Included in trade and other payables are trade payables of HK$4,485,000 (2006: HK$6,707,000). The aging analysis of trade payables at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Less than 30 days	**—**	184
1 to 3 months	**—**	807
Over 3 months	**4,485**	5,716
	4,485	6,707

21. Bank Loan, Secured

The bank loan is repayable within one year. Interest is charged on the outstanding bank loan at 7.56% per annum (2006: 7.605% per annum). The bank loan is in the name of another party as described in note 11 to the financial statements.

22. Amount Due to a Director

Included in amount due to a director is a loan of HK$2,010,000 (2006: HK$2,810,000) advanced by a director. The loan is charged at interest rate of 8% per annum, unsecured and has no fixed repayment terms.

23. Pledge of Assets

At 31 March 2007, the Group has pledged land and buildings with net book value of HK$7,644,000 (2006: HK$7,436,000) to secure the general banking facilities and bank loan granted to the Group.

24. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2006 and 31 March 2007	4,000,000,000	400,000
Issued and fully paid:		
At 31 March 2006 and 31 March 2007	330,571,880	33,057

25. Reserves

	Share Premium HK$'000	Contributed Surplus Account HK$'000	Exchange Reserve HK$'000	Employee Share-based Payment Reserve HK$'000	Accumulated Losses HK$'000	Total HK$'000
Group						
At 1 April 2005	10,000	131,166	195	—	(89,818)	51,543
Translation difference	—	—	1,216	—	—	1,216
Loss for the year	—	—	—	—	(20,764)	(20,764)
Share option expenses (note 26)	—	—	—	427	—	427
At 31 March 2006	10,000	131,166	1,411	427	(110,582)	32,422
At 1 April 2006	10,000	131,166	1,411	427	(110,582)	32,422
Translation difference	—	—	3,492	—	—	3,492
Loss for the year	—	—	—	—	(3,655)	(3,655)
Share option expenses (note 26)	—	—	—	150	—	150
Share options forfeited (note 26)	—	—	—	(107)	107	—
At 31 March 2007	10,000	131,166	4,903	470	(114,130)	32,409

25. Reserves (continued)

	Share Premium HK$'000	Contributed Surplus Account HK$'000	Employee Share-based Payment Reserve HK$'000	Other Reserve (Note) HK$'000	Accumulated Losses HK$'000	Total HK$'000
Company						
At 1 April 2005	10,000	131,166	—	26,789	(40,217)	127,738
Loss for the year	—	—	—	—	(7,901)	(7,901)
Share option expenses (note 26)	—	—	427	—	—	427
At 31 March 2006	10,000	131,166	427	26,789	(48,118)	120,264
At 1 April 2006	10,000	131,166	427	26,789	(48,118)	120,264
Loss for the year	—	—	—	—	(501)	(501)
Share option expenses (note 26)	—	—	150	—	—	150
Share options forfeited (note 26)	—	—	(107)	—	107	—
At 31 March 2007	10,000	131,166	470	26,789	(48,512)	119,913

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.

26. 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.

26. 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 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.

(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.

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

(j) Estimated fair value of share options

The estimated fair value of the share options granted to employees on 18 December 2003 is measured based on binominal lattice model. The variables input into the model are as follows:

The Group recognised a total expense of HK$150,000 for the year (2006: HK$427,000) in relation to share options granted by the Company.

During the year, 1,322,000 share options were forfeited for the resignation of Mr. KWAN Kei Chor, Sammel. Accordingly, the employees' share-based payment reserve was reduced and credited to the retained earnings of HK$107,000.

Fair value of share options and assumptions:

Fair value at measurement date	HK$0.073
Share price	HK$0.110
Exercise price	HK$0.106
Expected volatility	104.9%
Option life	12 years
Expected dividends	0%
Risk-free interest rate	4.375%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

27. 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:

	2007	2006
	HK$'000	HK$'000
Fees — independent non-executive directors	**120**	120
Salaries, allowances and benefits in kind	**1,463**	1,810
Retirement benefit scheme contributions	**122**	164
	1,705	2,094

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

	Number of directors	
	2007	2006
HK$0 — HK$1,500,000	**6**	6
HK$1,500,001 — HK$2,000,000	**—**	—

The emoluments of each director, on a named basis, for the year ended 31 March 2007 are set out below:

	Fees	**Salaries, allowances and benefits in kind**	**Retirement benefit schemes contributions**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Budiman RAHARDJA	—	1,411	120	1,531
KWAN Kei Chor, Samuel (resigned on 8 May 2006)	—	52	2	54
Non-executive Director				
CHEN Zhi Yung	—	—	—	—
Independent Non-executive Directors				
LO Yuk Lam	60	—	—	60
WONG Kam Wah	60	—	—	60
NG Chun Hung, Lawrence	—	—	—	—
	120	1,463	122	1,705

27. Directors' and Senior Management's Emoluments (continued)

The emoluments of each Director, on a named basis, for the year ended 31 March 2006 are set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
Executive Directors				
Budiman RAHARDJA	—	1,293	120	1,413
KWAN Kei Chor, Samuel	—	517	44	561
(resigned on 8 May 2006)				
Non-executive Director				
CHEN Zhi Yung	—	—	—	—
Independent Non-executive Directors				
LO Yuk Lam	60	—	—	60
WONG Kam Wah	60	—	—	60
NG Chun Hung, Lawrence	—	—	—	—
	120	1,810	164	2,094

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

The five individuals whose emoluments were the highest in the Group for the year include one (2006: two) director(s). Their emoluments have already been disclosed in the analysis presented above.

The details of the remuneration of the remaining four (2006: three) non-director, highest paid employees are as follows:

	2007 **HK$'000**	2006 HK$'000
Salaries, allowances and benefits in kind	**1,203**	1,167
Retirement benefit scheme contribution	**61**	56
	1,264	1,223

28. Contingent Liabilities

	Group and Company	
	2007	2006
	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 30 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.

29. Commitments

(a) Capital commitments

	Group	
	2007	2006
	HK$'000	HK$'000
Contracted but not provided for land acquired for development in the PRC	**—**	9,363

(b) Operating lease commitments

At 31 March 2007, the Group had the total of future minimum lease payments under non- cancellable operating leases for each of the following periods:

	Group	
	2007	2006
	HK$'000	HK$'000
— Not later than one year	**377**	478
— Within the second to fifth year inclusive	**228**	118
	605	596

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

30. Litigation

As noted in the 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.

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 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 the previous years.

On 9 March 2005, the Company received a writ of summons served by Shenzhen Intermediate People's Court ("the 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 approximately HK$36 million and the Company is also liable to the joint and several liabilities thereof.

In April 2006, SZL filed claim for an additional amount of approximately RMB35 million as accrued interest on the alleged indebtedness over the years, making the total amount being claimed at approximately HK$72 million. A hearing was held in the Court on 22 June 2006 for the purpose of the litigation.

The Company has engaged a firm of lawyers in Shenzhen to respond to the claims by SZL and will defense vigorously that the Group is not responsible for the alleged indebtedness. The directors are of the opinion that no provision is required to be made for the above amounts being claimed by SZL.

The Company has incurred legal cost in the amount of HK$167,000 this year in dealing with the claims by SZL.

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

31. Subsidiaries Excluded from Consolidation

As disclosed in note 30 to the financial statements, 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 impaired control by the Company over BML's assets and operations, the directors have decided to exclude BML and the subsidiaries of BML from the consolidated financial statements from the date of appointment of the provisional liquidators since 2000.

Details of the subsidiaries excluded from consolidation are as follows:

	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest held before liquidation	Principal activity
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.

31. Subsidiaries Excluded from Consolidation (continued)

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

	2007 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)

32. Financial Instruments - Risk Management

(a) Financial risk factors

The main risks arising from the Group's financial instruments are market risk, foreign exchange risk, credit risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

(ii) Foreign exchange risk

The Group's main operations are in Hong Kong and the PRC and it has no significant exposure to any specific foreign currency other than Hong Kong dollar and Renminbi.

(iii) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is kept to minimum. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

32. Financial Instruments - Risk Management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of funds and credit facilities.

The directors have assessed the risks on its financial instruments and have determined that there are no substantial market, foreign exchange, credit and liquidity risks associated with them because of the short maturity and nature of such accounts.

(b) Fair value estimation

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate to their fair values.

33. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group and the Company paid interest of HK$213,000 (2006: HK$98,000) to one of the directors, Mr. Budiman RAHARDJA, regarding the loan advanced by him as stated in note 22 to the financial statements.

34. Events After Balance Sheet Date

On 9 July 2007, SEP entered into a supplementary agreement under which SEP will receive the full consideration of RMB7,800,000 in connection with the disposal of its interest in SEYL whereby upon the receipt of installments of RMB7,300,000 and RMB500,000, SEP will release its 45% and 5% equity interest in SEYL respectively. The net gain of approximately RMB2,248,000 will be recognised proportionally in accordance with the equity interest transferred during the period.

The details of the payment terms and conditions of the Agreement can be referred to the announcement of the Company dated 10 July 2007.

35. Segment Information

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

Results

	2007 Turnover HK$'000	2007 Contribution to operating profit/(loss) HK$'000	2006 Turnover HK$'000	2006 Contribution to operating profit/(loss) HK$'000
By principal activities:				
— Sales of data storage media products and related equipment	3,270	(870)	5,062	(9,115)
— Sales of properties held for sales	15,928	(3,790)	8,240	(9,312)
— Sales of wine	9,426	(8,097)	4,476	(4,764)
	28,624	(12,757)	17,778	(23,191)
Other revenues		9,781		612
		(2,976)		(22,579)
By geographical markets:				
— Hong Kong	36	(2,102)	16	(2,345)
— The United States of America and Canada	1,529	(1,940)	1,128	(1,963)
— The People's Republic of China	26,727	(8,294)	16,283	(15,164)
— Australia and New Zealand	—	—	—	(3,108)
— Others	332	(421)	351	(611)
	28,624	(12,757)	17,778	(23,191)
Other revenues		9,781		612
		(2,976)		(22,579)

35. Segment Information (continued)

Financial Positions

	2007 HK$'000	2006 HK$'000
Assets		
Segment assets:		
— Sales of data storage media products and related equipment	**3,098**	2,772
— Sales of properties held for sales	**37,719**	74,016
— Sales of wine	**13,948**	19,877
— Unallocated corporate assets	**39,679**	7,442
	94,444	104,107
Liabilities		
Segment liabilities:		
— Sales of data storage media products and related equipment	**3,177**	2,900
— Sales of properties held for sales	**5,437**	10,284
— Sales of wine	**17,598**	18,595
— Unallocated corporate liabilities	**2,766**	5,658
	28,978	37,437
Net assets	**65,466**	66,670

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

36. Comparative Figures

Certain comparative figures have been re-classified to conform to the current year's presentation.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board of directors on 19 July 2007.