

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION OF ACCOUNTS

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties, certain other properties, and other investments.

2 PRINCIPAL ACCOUNTING POLICIES

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	: Events after the balance sheet date
SSAP 14 (revised)	: Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	: Segment reporting
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 30	: Business combinations
SSAP 31	: Impairment of assets
SSAP 32	: Consolidated financial statements and accounting for investment in subsidiaries

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out below:

(a) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. Subsidiaries are those entities in which the Group controls the composition of the board of directors, control more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(a) Consolidation (cont'd)

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill and any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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 for by the Company on the basis of dividends received and receivable.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary and associated company at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1st April 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than 20 years in general.

Goodwill on acquisitions that occurred prior to 1st April 2001 was written off against reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated. However any impairment arising on such goodwill is accounted for in accordance with SSAP 31. In accordance with the transitional provisions of SSAP 30, where an impairment loss has arisen since the date of acquisition on goodwill previously written off against reserves, and previously there was not a policy to recognise such impairment losses, this change in accounting policy has been applied retrospectively and the impairment losses have been recognised as a prior year adjustment to opening retained profits in accordance with SSAP 2. The comparative accounts for 2001 have been restated to conform to the changed policy.

As detailed in Note 21, this change has resulted in an increase in loss attributable to shareholders for year ended 31st March 2001 by HK\$181,319,621 which is the amount of the adjustment in respect of impairment losses relating to prior years. As a result of the adjustment, the relevant portion of such goodwill previously realised to the profit and loss account upon deemed disposal of the relevant subsidiary in prior year was also reversed. Consequently, loss attributable to shareholders for the year ended 31st March 2001 has been reduced by HK\$5,748,089.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(b) *Goodwill (cont'd)*

These changes resulted in a net increase in loss attributable to shareholders for year ended 31st March 2001 by HK\$175,571,532.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1st April 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

For acquisitions prior to 1st April 2001, negative goodwill was taken directly to reserves on acquisition. The Group has taken advantage of the transitional provisions in SSAP 30 and such negative goodwill has not be restated.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill/negative goodwill relating to the entity disposed of or, for pre 1st April 2001 acquisitions, the related goodwill/negative goodwill dealt with in the reserves to the extent it has not previously been realised in the profit and loss account.

(c) *Property, plant and equipment*

Property, plant and equipment other than investment properties (note 2(d)) and other properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Other properties are interest in land and buildings. Other properties acquired before 12th September 1991 are stated at gross carrying amount less accumulated depreciation and accumulated impairment losses, if any. Other properties acquired on or after 12th September 1991 are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount represents the professional valuation, on an open market value basis, made in 1991.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(c) *Property, plant and equipment (cont'd)*

Leasehold land is depreciated over the remaining period of the lease. Buildings are amortised over fifty years or remaining term of the lease, whichever is the shorter.

Plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis:

Leasehold improvements	Over the terms of individual leases or 5 years, whichever is shorter
Computer equipment	3 years
Furniture and fixtures	5 years
Station equipment	5 years
Other equipment	3 years

Major costs incurred in restoring fixed assets to its normal working condition to allow continued use of the overall asset are capitalised and depreciated over the period to the next overhaul. Improvements are capitalised and depreciated over their expected useful lives to the Group.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in property, plant and equipment and other properties are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of property, plant and equipment other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profit and is shown as a movement in reserves.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(d) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential.

Investment properties held on leases with unexpired periods greater than twenty years are valued each year by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment property revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are charged to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment property revaluation reserve to the profit and loss account.

(e) *Investment securities*

Investment securities are listed and unlisted investments and are stated at cost or effective cost less provision for impairment losses. Effective cost is defined as historical cost plus share of post-acquisition profits less losses attributable to the Group up to the date when the investee company ceased to be associated company of the Group.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to the profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(f) *Other investments*

Other investments are carried at fair value.

In determining the fair value the directors will consider the market value, the trading volume and other factors that may affect the realisability of the investments. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) *Accounts receivable*

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(h) *Deferred taxation*

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(i) *Research and development costs*

Research and development costs are expensed as incurred, except for development costs where the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that it is probable that it will be profitable. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than five years to reflect the pattern in which the related economic benefits are recognised.

(j) *Operating leases*

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made or received under operating leases are charged or credited to the profit and loss account on a straight-line basis over the lease periods.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(j) *Operating leases (cont'd)*

Note 25 to the accounts has disclosed lease commitments as defined under SSAP 14 (revised). The revised SSAP 14 requires the aggregate future minimum lease payments analysed into the following periods:

- (i) not later than one year
- (ii) later than one year and not later than five years
- (iii) later than five years

This is a change from previous SSAP 14 which only required disclosure of the minimum lease payments payable in the next twelve months, analysed into the periods in which the lease expires within that year, in the second to fifth year inclusive and over five years from the balance sheet date.

Comparative figures have been restated to conform with the current year's presentation.

(k) *Translation of foreign currencies*

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences are dealt with as a movement in reserves.

(l) *Retirement benefits*

The Group operates an occupational retirement scheme registered under the Hong Kong Occupational Retirement Scheme Ordinance (Cap. 426). This scheme has been granted exemption pursuant to Section 5 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (Cap.485) ("the MPF Ordinance"). The employees are either not required to make contribution or required to contribute an amount equal to 5% of the basic monthly salary and the employer's annual contribution is at a range of 5% to 10% of employees' basic monthly salary. The Group's contributions to the scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(l) *Retirement benefits (cont'd)*

The Group also joins a mandatory provident fund scheme ("the MPF Scheme") under the MPF Ordinance. Where staff elect to join the MPF Scheme, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK\$2,000 per month). Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

Contributions for the above schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group and managed by independent professional fund managers.

(m) *Dividend*

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after balance sheet date as liability at balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in Note 21, this change has resulted in an increase in opening retained profit at 1st April 2000 by HK\$9,337,720 which is the reversal of the provision for 2000 proposed final dividend previously recorded as a liability as at 31st March 2000 although not declared until after the balance sheet date.

(n) *Revenue recognition*

- (i) Financial information and internet subscription fee income is recognised on a straight-line basis over the subscription period.
- (ii) Revenue from securities trading system licensing, facility management consultancy and solutions is recognised when services are rendered.

NOTES TO THE ACCOUNTS (cont'd)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(n) Revenue recognition (cont'd)

(iii) Dividend income is recognised when the Company's right to receive payment is established.

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(v) Rental income is recognised on a straight-line basis over the lease term.

(o) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment assets consist primarily of property, plant and equipment, investment securities, and current assets. Segment liabilities comprise operating liabilities and exclude corporate borrowings. Capital expenditure represents additions to plant and equipment, including additions resulting from acquisitions through purchase of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

NOTES TO THE ACCOUNTS (cont'd)

3 REVENUE AND TURNOVER

The Group is principally engaged in the business of technology development and financial quotation services, and in telecommunications investments. Revenues recognised during the year are as follows:

	2002 HK\$	2001 HK\$
Turnover		
Income from financial quotation and securities trading system licensing	32,821,164	50,729,291
Income from internet and related services (Note 4)	3,162,657	3,167,858
Income from facility management consultancy and solutions	2,766,676	548,557
	38,750,497	54,445,706
Other revenues		
Bank interest income	3,960,723	11,323,314
Rental income from investment properties	20,000	240,000
Rental income from other properties	–	120,000
Dividend income from investment securities	–	88,000
	3,980,723	11,771,314
	42,731,220	66,217,020

Primary reporting format – business segments

The Group is organised on a worldwide basis into five main business segments:

- Financial quotation, securities trading system licensing, and sales of related products
- Internet and related services
- Facility management consultancy and solutions
- Wireless applications
- Corporate activities and investment holdings – holding of corporate assets and liabilities

From 1st January 2002, the Group discontinued its operation in respect of the provision of Internet and related services (Note 4).

NOTES TO THE ACCOUNTS (cont'd)

3 REVENUE AND TURNOVER (cont'd)

Secondary reporting format – geographical segments

Although the Group's five business segments are managed on a worldwide basis, they operate in four main geographical areas:

- Hong Kong : Financial quotation, securities trading system licensing, and sales of related products, Internet and related services, facility management consultancy and solutions, wireless applications, and corporate activities and investment holdings
- Asia : Financial quotation, securities trading system licensing and sales of related products, and investment holdings
- Canada and United States : Investment holdings
- Australia : Investment holdings

NOTES TO THE ACCOUNTS (cont'd)

3 REVENUE AND TURNOVER (cont'd)

Primary reporting format – business segments

	Financial quotation, securities trading system licensing, and sales of related products	Internet and related services	Facility management consultancy and solutions	Wireless applications	Corporate activities and investment holdings	Total
	2002 HK\$	2002 HK\$	2002 HK\$	2002 HK\$	2002 HK\$	2002 HK\$
Turnover from external customers (Note (a))	32,821,164	3,162,657	2,766,676	-	-	38,750,497
Segment results	(31,437,394)	(11,713,626)	(1,280,974)	(4,901,914)	(10,842,092)	(60,176,000)
Other income/(expenses)						
– Interest income						3,960,723
– Unrealised gain on revaluation of other investments	-	-	-	-	13,789,582	13,789,582
– Gain on disposal of other investments	-	-	-	-	6,066,895	6,066,895
– Gain on disposal of investments securities	-	-	-	-	10,781,209	10,781,209
– Provision for impairment in value of investment securities	-	-	-	-	(12,136,047)	(12,136,047)
– Loss on disposal of subsidiaries	(1,920,577)	(434,085)	-	-	-	(2,354,662)
Operating loss						(40,068,300)
Finance costs						(5,033,723)
Loss before taxation						(45,102,023)
Taxation						(1,033,709)
Loss after taxation						(46,135,732)
Minority interests						426,991
Loss attributable to shareholders						(45,708,741)
Segment assets	7,534,034	-	1,127,631	173,919	341,485,208	350,320,792
Segment liabilities	6,091,403	-	817,310	207,354	2,325,867	9,441,934
Unallocated liabilities						86,130,641
Total liabilities						95,572,575
Capital expenditure	2,114,583	296,725	123,981	27,390	134,595	2,697,274
Depreciation	5,619,612	2,374,403	81,486	80,777	3,878,742	12,035,020
Other non-cash expenses (Note (b))	3,707,443	4,619,252	-	-	13,755,447	22,082,142

NOTES TO THE ACCOUNTS (cont'd)

3 REVENUE AND TURNOVER (cont'd)

Primary reporting format – business segments (cont'd)

Note

- (a) Turnover from external customers is after eliminating inter-segment transactions amounting to HK\$1,329,000. The amounts eliminated attributable to Internet and its related services, facility management consultancy and solutions, and wireless applications are HK\$414,000, HK\$405,000 and HK\$510,000 respectively.
- (b) Non-cash expenses comprises loss on disposal of, and write-off of property, plant and equipment, loss on disposal of subsidiaries and provision for impairment in value of investment securities.

	Financial quotation, securities trading system licensing, and sales of related products	Internet and related services	Facility management consultancy and solutions	Wireless applications	Corporate activities and investment holdings	Total
	2001 HK\$	2001 HK\$	2001 HK\$	2001 HK\$	2001 HK\$	2001 HK\$
Turnover from external customers (Note (a))	50,729,291	3,167,858	548,557	-	-	54,445,706
Segment results	(27,649,892)	(11,888,114)	(1,146,145)	(3,430,106)	(6,443,842)	(50,558,099)
Other income/(expenses)						
– Interest income						11,323,314
– Unrealised loss on revaluation of other investments	-	-	-	-	(34,346,033)	(34,346,033)
– Impairment of goodwill previously included in capital reserves	(173,788,276)	-	-	-	(7,531,345)	(181,319,621)
Operating loss						(254,900,439)
Finance costs						(2,222,220)
Loss for the year						(257,122,659)
Minority interests						382,048
Loss attributable to shareholders						(256,740,611)
Segment assets	15,936,227	8,396,116	1,494,419	278,536	423,848,588	449,953,886
Segment liabilities	11,934,235	845,747	44,108	29,970	3,964,866	16,818,926
Unallocated liabilities						129,608,500
Total liabilities						146,427,426
Capital expenditure	9,316,362	7,657,906	150,942	220,057	15,780,220	33,125,487
Depreciation	4,835,523	2,630,684	21,783	39,720	2,523,750	10,051,460
Other non-cash expenses (Note (b))	173,952,046	-	-	-	42,227,405	216,179,451

NOTES TO THE ACCOUNTS (cont'd)

3 REVENUE AND TURNOVER (cont'd)

Primary reporting format – business segments (cont'd)

Note

- (a) Turnover from external customers is after eliminating inter-segment transactions, amounting to HK\$529,109. The amounts eliminated attributable to financial quotation, securities trading system licensing and sales of related products, Internet and related service, and facility management consultancy and solutions are HK\$74,909, HK\$409,200 and HK\$45,000 respectively.
- (b) Non-cash expenses comprises loss on disposal of, and write-off of property, plant and equipment, unrealised loss on revaluation of other investments, impairment of goodwill previously included in capital reserve and provision for impairment in value of investment securities.

Secondary reporting format – geographical segments

	Turnover	Operating profit/(loss)	Total assets	Capital expenditure
	2002	2002	2002	2002
	HK\$	HK\$	HK\$	HK\$
Hong Kong	37,458,107	(45,142,725)	176,047,538	1,678,563
Asia				
– Taiwan	–	13,309,694	119,172,055	–
– Japan	–	–	33,516,000	–
– Others	1,292,390	(4,285,403)	146,099	352,709
Canada and United States	–	(2,958,848)	21,439,100	666,002
Australia	–	(991,018)	–	–
	38,750,497	(40,068,300)	350,320,792	2,697,274
	2001	2001	2001	2001
	HK\$	HK\$	HK\$	HK\$
Hong Kong	52,718,844	(213,164,155)	243,793,899	30,609,934
Asia				
– Taiwan	–	(2,219,527)	148,761,977	–
– Japan	–	–	35,511,000	–
– Others	1,726,862	(5,145,221)	3,483,555	2,515,553
Canada and United States	–	(25,503)	14,142,219	–
Australia	–	(34,346,033)	4,261,236	–
	54,445,706	(254,900,439)	449,953,886	33,125,487

NOTES TO THE ACCOUNTS (cont'd)

4 OPERATING LOSS

	2002 HK\$	2001 HK\$
Operating loss is stated after crediting and charging the following:		
Crediting		
Recovery of bad debts previously written-off	–	4,849,086
Gain on disposal of listed other investments	10,781,209	–
Gain on disposal of listed investment securities	6,066,895	–
Unrealised gain on revaluation of other investments	13,789,582	–
Charging		
Auditors' remuneration	606,605	1,004,329
Depreciation:		
– Owned property, plant and equipment	10,716,232	9,839,251
– Leased equipment	54,275	212,209
Exchange loss	163,378	951,153
Loss on disposal of property, plant and equipment	1,434,764	35,154
Operating leases – land and buildings	1,861,897	3,463,900
Retirement benefit costs (Note 6)	186,342	1,195,705
Staff costs	41,345,621	44,378,700
Write-off of property, plant and equipment	6,156,669	128,643
Additional provision for depreciation on property, plant and equipment	1,264,513	–
Loss on disposal of subsidiaries (Note 26(d))	2,354,662	–
Provision for diminution in value of investment securities	12,136,047	–
Write-off of bad debts	191,178	–
Impairment of goodwill previously included in capital reserve (Note 2(b))	–	181,319,621
Provision for diminution in value of investment properties	–	350,000
Research and development costs	–	4,135,528
Unrealised loss on revaluation of other investments	–	34,346,033

NOTES TO THE ACCOUNTS (cont'd)

4 OPERATING LOSS (cont'd)

From 1st January 2002, the Group discontinued its operation in respect of the provision of Internet and related services upon disposal of a wholly owned subsidiary, ABC Net Limited. A loss of HK\$434,085, which represents the difference between the net sales proceeds and the net carrying amount of the assets and liabilities of the subsidiary at the date of sale, is included in other operating expenses. The contribution to turnover and the loss from ordinary activities in respect of the subsidiary, accounted for up to the date of disposal were disclosed in Note 3 above included under the Internet and related services segment.

5 FINANCE COSTS

	2002 HK\$	2001 HK\$
Interest on bank loans and overdrafts	5,033,723	2,197,520
Interest element of finance leases	–	24,700
	5,033,723	2,222,220

6 RETIREMENT BENEFIT COSTS

The retirement benefit costs charged to the profit and loss account represents gross contributions payable by the Group to the retirement schemes of HK\$1,455,847 (2001: HK\$1,706,919) less forfeited contributions utilised of HK\$1,269,505 (2001: HK\$511,214). No contributions were payable at the year end. As at 31st March 2002, there was no unutilised forfeited contributions (2001: Nil).

NOTES TO THE ACCOUNTS (cont'd)

7 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) *Directors' emoluments*

(i) Chairman and non-executive directors

	2002 HK\$	2001 HK\$
Fees	60,000	60,000
Salaries, housing allowances, other allowances and benefits in kind	648,000	768,000
	708,000	828,000

(ii) Executive directors

	2002 HK\$	2001 HK\$
Fees	20,000	20,000
Salaries, housing allowances, other allowances and benefits in kind	1,620,000	1,680,000
Contributions to retirement scheme	162,000	168,000
	1,802,000	1,868,000

(iii) The emoluments were paid to the directors as follows:

Emolument bands	Number of directors	
	2002	2001
HK\$0 – HK\$1,000,000	7	7
HK\$1,000,001 – HK\$1,500,000	1	1

Emoluments paid to independent non-executive directors amounted to HK\$20,000 for the year (2001: HK\$20,000).

NOTES TO THE ACCOUNTS (cont'd)

7 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (cont'd)

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group for the year include one (2001: one) director whose emoluments are reflected in the analysis in note (a) above. The emoluments payable to the remaining four (2001: four) individuals during the year are as follows:

	2002 HK\$	2001 HK\$
Salaries, housing allowances, other allowances and benefits in kind	3,133,454	3,510,869
Contributions to retirement scheme	131,308	169,923
Bonuses	246,830	245,158
Severance payments	1,421,923	–
	4,933,515	3,925,950

The emoluments fell within the following bands

Emolument bands	Number of individuals	
	2002	2001
HK\$0 – HK\$1,000,000	–	3
HK\$1,000,001 – HK\$1,500,000	4	1

NOTES TO THE ACCOUNTS (cont'd)

8 TAXATION

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2001: Nil).

	2002 HK\$	2001 HK\$
The amounts of taxation charged to the consolidated profit and loss account represents:		
Deferred taxation (Note 22)	1,033,709	–
Deferred tax (charge)/credit for the year has not been provided in the accounts in respect of the following:		
Accelerated depreciation allowances	1,443,068	(684,584)
Tax losses	6,769,401	6,099,739
	8,212,469	5,415,155

9 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$269,014,434 (2001: HK\$60,335,073).

10 DIVIDENDS

	2002 HK\$	2001 HK\$
Interim, paid, of HK\$Nil (2001: 1.0 cent) per share	–	4,668,860
Final, proposed of 1.0 cent (2001: Nil) per share (note)	4,668,860	–
	4,668,860	4,668,860

At a meeting held on 27th June 2002, the directors declared a final dividend of 1.0 cent per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of contributed surplus of the Company for the year ending 31st March 2003.

NOTES TO THE ACCOUNTS (cont'd)

11 LOSS PER SHARE

The loss per share is calculated based on the loss attributable to shareholders of HK\$45,708,741 (2001 as restated: HK\$256,740,611) and on the weighted average number of 466,886,000 (2001:466,886,000) shares in issue during the year.

Diluted loss per share is not presented as the exercise of the outstanding shares options of the Company would be anti-dilutive in respect of both years presented.

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Investment properties in Hong Kong HK\$	Other properties in Hong Kong HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Station equipment HK\$	Other equipment HK\$	Total HK\$
Cost, gross carrying amount, or valuation								
At 1st April 2001	1,850,000	49,351,330	15,767,738	32,281,366	8,867,019	10,215,585	2,974,067	121,307,105
Additions	-	-	124,729	2,251,019	321,526	-	-	2,697,274
Disposal of subsidiaries	-	-	(334,351)	(2,134,036)	(125,024)	-	(341,685)	(2,935,096)
Exchange adjustments	-	-	(1,812)	(4,416)	(2,055)	-	(1,658)	(9,941)
Disposals	(1,850,000)	-	(415,448)	(1,329,717)	(429,614)	-	(18,278)	(4,043,057)
Written off	-	-	(3,769,539)	(15,757,497)	(3,214,712)	(10,215,585)	(826,084)	(33,783,417)
At 31st March 2002	-	49,351,330	11,371,317	15,306,719	5,417,140	-	1,786,362	83,232,868
Accumulated depreciation								
At 1st April 2001	-	5,857,650	2,541,903	20,351,797	3,883,806	10,187,002	2,674,490	45,496,648
Charge for the year	-	725,022	3,087,533	5,590,719	1,283,521	28,583	55,129	10,770,507
Additional provision for depreciation	-	-	954,289	-	310,224	-	-	1,264,513
Disposal of subsidiaries	-	-	(199,064)	(1,174,114)	(40,448)	-	(111,127)	(1,524,753)
Exchange adjustments	-	-	(394)	(1,032)	(154)	-	(252)	(1,832)
Disposals	-	-	(147,858)	(251,790)	(86,280)	-	(5,794)	(491,722)
Written off	-	-	(2,485,314)	(12,533,696)	(1,566,069)	(10,215,585)	(826,084)	(27,626,748)
At 31st March 2002	-	6,582,672	3,751,095	11,981,884	3,784,600	-	1,786,362	27,886,613
Net book value								
At 31st March 2002	-	42,768,658	7,620,222	3,324,835	1,632,540	-	-	55,346,255
At 31st March 2001	1,850,000	43,493,680	13,225,835	11,929,569	4,983,213	28,583	299,577	75,810,457

NOTES TO THE ACCOUNTS (cont'd)

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) The analysis of cost, gross carrying amount or valuation of the Group's investment properties and other properties is as follows:

	2002 HK\$	2001 HK\$
Investment properties		
– At open market value	–	1,850,000
Other properties		
– At cost	1,351,330	1,351,330
– At gross carrying amount – professional valuation 1991	48,000,000	48,000,000
	49,351,330	51,201,330

Other properties acquired before 12th September 1991 are stated at gross carrying amount less accumulated depreciation. Gross carrying amount represents the professional valuation, on an open market value basis, made in 1991. In the preparation of the accounts, the directors place reliance on the transitional provision set out in paragraph 80 of the Statement of Standard Accounting Practice Number 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants. Accordingly, these properties are not revalued regularly.

The carrying amount of other properties stated at professional valuation 1991 would have been HK\$41,225,532 (2001: HK\$41,906,842) had they been stated at cost less accumulated depreciation.

All other property, plant and equipment are stated at cost.

NOTES TO THE ACCOUNTS (cont'd)

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) The tenure of the Group's properties is as follows:

	2002 HK\$	2001 HK\$
Investment properties		
Medium term leasehold land	–	1,850,000
Other properties		
Medium term leasehold land	1,351,330	1,351,330
Long term leasehold land	48,000,000	48,000,000
	49,351,330	49,351,330
	49,351,330	51,201,330

(c) At 31st March 2002, no property, plant and equipment held by the Group were under finance leases (2001: HK\$54,275).

(d) At 31st March 2002, the net book value of other properties pledged as security for a bank loan of the Group amounted to HK\$41,628,573 (2001: HK\$42,326,833).

13 SUBSIDIARIES

	Company 2002 HK\$	2001 HK\$
Unlisted shares, at cost	254,304,038	253,304,040
Less: Provision for impairment losses	(218,184,530)	(40,468,814)
	36,119,508	212,835,226
Loan to a subsidiary	–	36,194,294
Amounts due from subsidiaries	203,992,085	274,935,258
	240,111,593	523,964,778
Amounts due to subsidiaries	–	(2,058,065)
	240,111,593	521,906,713

The balances with subsidiaries are interest free and have no fixed terms of repayment.

NOTES TO THE ACCOUNTS (cont'd)

13 SUBSIDIARIES (cont'd)

Particulars of the principal subsidiaries are:

Name	Place of incorporation/ operation	Principal activities	Issued and paid up capital	Class of shares held	Interest held	
					Directly	Indirectly
ABC Communications Limited	Hong Kong	Investment holding	HK\$1,000 HK\$23,300,000 (non-voting deferred shares)	Ordinary	100%	-
ABC Communications (Cellular) Limited	Hong Kong	Investment holding	HK\$2	Ordinary	-	100%
ABC Communications (Investments) Limited	Hong Kong	Investment holding	HK\$2	Ordinary	-	100%
ABC Financial Information Services Limited	Hong Kong	Financial information services and sales of data receivers	HK\$30	Ordinary	-	96.66%
ABC Global Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	Ordinary	100%	-
ABC QuickSilver Limited	British Virgin Islands/ Hong Kong	Wireless applications development	US\$20	Ordinary	-	80%
Abcomm Realty Limited	Hong Kong	Property investment	HK\$10,000	Ordinary	-	100%

NOTES TO THE ACCOUNTS (cont'd)

13 SUBSIDIARIES (cont'd)

Name	Place of incorporation/ operation	Principal activities	Issued and paid up capital	Class of shares held	Interest held	
					Directly	Indirectly
Abccom Technology Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	Ordinary	100%	-
Choudary Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$10,003	Ordinary	100%	-
Gine Well Properties Limited	Hong Kong	Property investment	HK\$2	Ordinary	-	100%
Hon Wing Investment Inc.	Taiwan	Investment holding	NTD25,000,000	Ordinary	-	100%
Lexos Limited	Hong Kong	Facility management consultancy and solutions services	HK\$2,625,000	Ordinary	-	66.67%
Lotus Flower International Ltd.	British Virgin Islands/ Hong Kong	Investment holding	US\$1	Ordinary	100%	-
On Smart Enterprises Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	Ordinary	100%	-
QuotePower International Limited	Hong Kong	Financial information services and securities trading system licensing	HK\$1,007,500	Ordinary	-	96.66%

NOTES TO THE ACCOUNTS (cont'd)

14 INVESTMENT SECURITIES

	Group	
	2002 HK\$	2001 HK\$
Equity securities, at cost		
Listed in Hong Kong	6,538,778	11,508,248
Unlisted outside Hong Kong, at cost (Note)	108,447,978	204,540,478
Less: Provision for impairment losses	(32,403,548)	(20,267,501)
	76,044,430	184,272,977
	82,583,208	195,781,225
Investment funds		
Unlisted outside Hong Kong, at cost	21,439,100	13,645,250
	104,022,308	209,426,475
Market value of listed shares		
Listed in Hong Kong	9,200,000	17,160,000

The group has invested in a Taiwan company, Far EasTone Telecommunications Co., Limited ("Far EasTone") through two wholly owned subsidiaries, namely Lotus Flower International Ltd. ("Lotus Flower") and Hon Wing Investment Inc. ("Hon Wing"). Lotus Flower is an investment holding entity and its principal underlying asset is 15% equity interest in an unlisted investment, Cheung Hing Development, Ltd. ("Cheung Hing"), and in turn the principal underlying asset of Cheung Hing is 129,509,302 shares in Far EasTone. Hon Wing is also an investment holding entity and holds 6,994,028 (2001: 8,785,947) shares in Far EasTone directly.

At 31st March 2001, the investments in Far EasTone through Lotus Flower and Hon Wing were classified as Investment Securities. In December 2001, Far EasTone undertook an initial public offer and its shares have then been listed on the GreTai Securities Market of Taiwan. As a result of the listing of Far EasTone shares, the directors have refined the Group's investment strategy and have decided that the Far EasTone shares held through Cheung Hing will remain to be held long term and therefore are consistently classified as Investment Securities; the Far EasTone shares held through Hon Wing will be held for short term and therefore are transferred to Other Investments which are classified under current assets.

NOTES TO THE ACCOUNTS (cont'd)

14 INVESTMENT SECURITIES (cont'd)

The Group's cost of investment in Far EasTone at 31st March 2002 through Cheung Hing included in unlisted equity securities outside Hong Kong above amounted to HK\$42,528,430 (2001: HK\$42,528,430). The market value of the respective Far EasTone shares attributable to the Group at 31st March 2002 amounted to HK\$183,934,744.

The Far EasTone shares held through Hon Wing at 31st March 2002 stated at market value amounted to HK\$66,221,485 (Note 15). Subsequent to year end, the Group disposed of 3,670,000 shares in Far EasTone, held through Hon Wing, at an aggregate consideration of HK\$34.5 million. The estimated loss on disposal is approximately HK\$0.3 million.

The carrying value of the Group's total effective investment in Far EasTone at 31st March 2002 totalled HK\$108,749,915 (2001: HK\$136,625,930) which exceeds 10% of the total assets of the Group. Pursuant to Section 129(2) of the Hong Kong Companies Ordinance, the particulars of Far EasTone are disclosed as follows:

Name	Place of incorporation	Principal activities	Equity interest	
			2002	2001
Far EasTone	Taiwan	Digital Cellular services	1.40%	1.58%

15 OTHER INVESTMENTS

	Group	
	2002 HK\$	2001 HK\$
Equity securities listed outside Hong Kong, at market value	66,221,485	4,261,236

The Group's other investments represent its interest in Far EasTone, which is more fully described in Note 14. The Group's other investments in 2001 represented shares in Easycall International Limited ("Easycall"), a provider of paging and internet network services in Asia, which were sold in 2002. Easycall is incorporated in Bermuda and its shares are listed in Australia and Singapore.

NOTES TO THE ACCOUNTS (cont'd)

16 ACCOUNTS RECEIVABLE

The Group has granted credit to substantially all its trade debtors ranging from 14 to 90 days. The ageing analysis of accounts receivable is as follows:

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance at				
31st March 2002	<u>1,611,436</u>	<u>236,556</u>	<u>275,709</u>	<u>2,123,701</u>
31st March 2001	<u>4,367,678</u>	<u>302,299</u>	<u>660,185</u>	<u>5,330,162</u>

17 PLEDGED DEPOSITS

Fixed deposits amounting to HK\$57,275,520 (2001:HK\$107,262,880) have been placed in a bank as security against a bank loan and certain guarantees provided by the bank.

18 AMOUNT DUE TO A HOLDING COMPANY

The amount due to a holding company is interest free and has no fixed terms of repayment.

19 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance at				
31st March 2002	<u>897,013</u>	<u>–</u>	<u>–</u>	<u>897,013</u>
31st March 2001	<u>2,433,364</u>	<u>447,983</u>	<u>417,534</u>	<u>3,298,881</u>

NOTES TO THE ACCOUNTS (cont'd)

20 SHARE CAPITAL

	Group and Company	
	2002 HK\$	2001 HK\$
Authorised:		
600,000,000 ordinary shares of HK\$0.1 each	60,000,000	60,000,000
Issued and fully paid:		
466,886,000 (2001: 466,886,000) ordinary shares of HK\$0.1 each	46,688,600	46,688,600

(a) *Share options*

The outstanding share options granted and being accepted under the Scheme as of 31st March 2002 were as follows:

Date of share options granted	Outstanding number of options as at 31st March 2002	Exercise price HK\$	Exercise period
23rd February 2000	1,000,000	1.41	23rd March 2000 to 22nd February 2010
23rd February 2000	1,000,000	1.41	23rd February 2001 to 22nd February 2010
23rd February 2000	250,000	1.41	23rd March 2000 to 22nd February 2010
23rd February 2000	250,000	1.41	23rd February 2001 to 22nd February 2010
	<u>2,500,000</u>		

Details of the share options were disclosed in the directors' report. No share options were exercised during the year.

NOTES TO THE ACCOUNTS (cont'd)

21 RESERVES

	General reserve HK\$	Asset replacement reserve HK\$	Property revaluation reserve HK\$	Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits/ (Accumulated losses) HK\$	Total HK\$
(a) Group										
At 1st April 2000										
- as previously reported	2,000,000	5,150,000	514,758	23,211,664	241,220,697	176,000	(173,183,014)	-	239,142,695	338,232,800
- effect of adopting SSAP 9 (revised) (Note 2(n))	-	-	-	-	-	-	-	-	9,337,720	9,337,720
- as restated	2,000,000	5,150,000	514,758	23,211,664	241,220,697	176,000	(173,183,014)	-	248,480,415	347,570,520
2000 final dividend paid	-	-	-	-	-	-	-	-	(9,337,720)	(9,337,720)
Goodwill on acquisition of subsidiaries	-	-	-	-	-	-	(1,689,808)	-	-	(1,689,808)
Realisation of goodwill on deemed disposal of a subsidiary	-	-	-	-	-	-	5,748,089	-	-	5,748,089
Loss for the year										
- as previously reported	-	-	-	-	-	-	-	-	(81,169,079)	(81,169,079)
- effect of adopting SSAP 31 (Note 2(b))	-	-	-	-	-	-	175,571,532	-	(175,571,532)	-
- as restated	-	-	-	-	-	-	-	-	(256,740,611)	-
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	-	-	(108,234)	-	(108,234)
2001 interim dividend paid	-	-	-	-	-	-	-	-	(4,668,860)	(4,668,860)
At 31st March 2001	2,000,000	5,150,000	514,758	23,211,664	241,220,697	176,000	6,446,799	(108,234)	(22,266,776)	256,344,908
At 1st April 2001										
- as previously reported	2,000,000	5,150,000	514,758	23,211,664	241,220,697	176,000	(169,124,733)	(108,234)	153,304,756	256,344,908
- effect of adopting SSAP 31 (Note 2(b))	-	-	-	-	-	-	175,571,532	-	(175,571,532)	-
- as restated	2,000,000	5,150,000	514,758	23,211,664	241,220,697	176,000	6,446,799	(108,234)	(22,266,776)	256,344,908
Loss for the year	-	-	-	-	-	-	-	-	(45,708,741)	(45,708,741)
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	-	-	141,334	-	141,334
Realisation of reserve on disposal of investment securities	-	-	-	-	-	-	(2,783,845)	-	-	(2,783,845)
Reduction of share premium account (Note (c))	-	-	-	67,469,914	(164,750,400)	-	-	-	97,280,486	-
At 31st March 2002	2,000,000	5,150,000	514,758	90,681,578	76,470,297	176,000	3,662,954	33,100	29,304,969	207,993,656

NOTES TO THE ACCOUNTS (cont'd)

21 RESERVES (cont'd)

	Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Retained profits/ (Accumulated losses) HK\$	Total HK\$
(b) Company					
At 1st April 2000					
– as previously reported	73,267,499	241,220,697	176,000	219,717,729	534,381,925
– effect of adopting SSAP 9 (revised) (Note 2(n))	–	–	–	9,337,720	9,337,720
– as restated	73,267,499	241,220,697	176,000	229,055,449	543,719,645
2000 final dividend paid	–	–	–	(9,337,720)	(9,337,720)
Loss for the year	–	–	–	(60,335,073)	(60,335,073)
2001 interim dividend paid	–	–	–	(4,668,860)	(4,668,860)
At 31st March 2001	73,267,499	241,220,697	176,000	154,713,796	469,377,992
Loss for the year	–	–	–	(269,014,434)	(269,014,434)
Reduction of share premium account (note (c))	67,469,914	(164,750,400)	–	97,280,486	–
At 31st March 2002	140,737,413	76,470,297	176,000	(17,020,152)	200,363,558

(c) Pursuant to the special resolutions passed at the special general meeting of the Company held at 27th March 2002, the share premium account of the Company was reduced by HK\$164,750,400. The credit arising was first applied to reduce the accumulated losses of the Company of HK\$97,280,486 as at 30th September 2001 and the remaining HK\$67,469,914 was credited to the Company's contributed surplus account.

(d) The contributed surplus of the Company, which arose as a result of a group reorganisation in 1991 and the transfer from share premium account as explained in note (c) above, is distributable to shareholders under the Companies Act 1981 of Bermuda (as amended). However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus account if there are reasonable grounds for believing that:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

NOTES TO THE ACCOUNTS (cont'd)

21 RESERVES (cont'd)

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2002 HK\$	2001 HK\$
Contributed surplus	140,737,413	73,267,499
(Accumulated losses)/retained profits	(17,020,152)	154,713,796
	123,717,261	227,981,295

22 DEFERRED TAXATION

	Group	
	2002 HK\$	2001 HK\$
Transfer from profit and loss account and at 31st March (Note 8)	1,033,709	–
Provided for in respect of other timing differences	1,033,709	–
The potential (asset)/liability for deferred taxation for which no provision has been made in the accounts amounts to:		
Accelerated depreciation allowances	161,782	1,604,850
Tax losses	(22,874,558)	(16,105,157)
	(22,712,776)	(14,500,307)

NOTES TO THE ACCOUNTS (cont'd)

23 OBLIGATIONS UNDER FINANCE LEASES

	Group	
	2002	2001
	HK\$	HK\$
Wholly repayable within five years	-	73,764
Current portion of long-term liabilities	-	(73,764)
	-	-

All obligations under finance leases were wholly repaid during the year.

24 CAPITAL COMMITMENTS

	Group	
	2002	2001
	HK\$	HK\$
Contracted but not provided for in respect of investment in investment securities	17,560,900	25,354,750

NOTES TO THE ACCOUNTS (cont'd)

25 LEASE COMMITMENTS

At 31st March 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follow:

	Group	
	2002	2001 (Restated)
	HK\$	HK\$
Land and buildings		
Not later than one year	-	2,280,941
Later than one year and not later than five years	-	1,898,173
	-	4,179,114
Others		
Not later than one year	-	216,638
Later than one year and not later than five years	-	162,569
	-	379,207
	-	4,558,321

NOTES TO THE ACCOUNTS (cont'd)

26 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash outflow from operating activities:

	2002 HK\$	2001 HK\$
Loss before taxation	(45,102,023)	(257,122,659)
Depreciation	10,770,507	10,051,460
Dividend income from investment securities	–	(88,000)
Interest element of finance leases	–	24,700
Interest expenses	5,033,723	2,197,520
Interest income	(3,960,723)	(11,323,314)
Loss on disposal of property, plant and equipment	1,434,764	35,154
(Gain)/loss on revaluation of other investments	(13,789,582)	34,346,033
Write-off of property, plant and equipment	6,156,669	128,643
Impairment of goodwill	–	181,319,621
Provision for impairment in value of investment properties	–	350,000
Additional provision for depreciation on property, plant and equipment	1,264,513	–
Exchange loss	86,554	–
Gain on disposal of investment securities	(6,066,895)	–
Gain on disposal of other investments	(10,781,209)	–
Loss on disposal of subsidiaries	2,354,662	–
Provision for impairment in value of investment securities	12,136,047	–
Decrease in accounts receivable	2,880,645	1,635,726
(Increase)/decrease in sundry debtors, deposits and prepayments	(7,453,808)	14,072,760
Decrease in advance subscriptions and licence fees received	(3,299,385)	(2,402,288)
Decrease in customer deposits	(444,092)	(1,327,540)
(Decrease)/increase in trade and other payables	(3,214,180)	140,737
Net cash outflow from operating activities	(51,993,813)	(27,961,447)

NOTES TO THE ACCOUNTS (cont'd)

26 CONSOLIDATED CASH FLOW STATEMENT (cont'd)

(b) Analysis of changes in financing during the year

	Share capital (including premium) HK\$	Obligations under finance lease HK\$	Bank loans HK\$	Minority interests HK\$	Total HK\$
Balance at 1 April 2000	311,120,961	262,257	-	-	311,383,218
Net cash (outflow)/inflow from financing	-	(188,493)	35,511,000	875,000	36,197,507
Minority interests' share of losses	-	-	-	(382,048)	(382,048)
Balance at 31 March 2001	311,120,961	73,764	35,511,000	492,952	347,198,677
Net cash (outflow)/inflow from financing	-	(73,764)	829,445	-	755,681
Non-cash considerations:					
Transfer from share premium to retained profits	(97,280,486)	-	-	-	(97,280,486)
Exchange translation differences	-	-	(2,019,488)	-	(2,019,488)
Minority interests' share of losses	-	-	-	(426,991)	(426,991)
Balance at 31 March 2002	213,840,475	-	34,320,957	65,961	248,227,393

NOTES TO THE ACCOUNTS (cont'd)

26 CONSOLIDATED CASH FLOW STATEMENT (cont'd)

(c) Analysis of the balances of cash and cash equivalents

	2002 HK\$	2001 HK\$
Pledged deposits	57,275,520	107,262,880
Cash and bank balances	54,013,898	42,856,319
Bank loans	(51,809,684)	(94,097,500)
	59,479,734	56,021,699

(d) Sale of subsidiaries

	2002 HK\$
Net assets disposed of:	
Property, plant and equipment	1,410,343
Accounts receivable	325,816
Sundry debtors, deposits and prepayments	454,618
Cash and bank balances	438,184
Trade payables	(283,701)
Sundry creditors and accrued expenses	(369,209)
Advanced subscriptions	(498,867)
	1,477,184
Loss on disposal	(2,354,662)
	(877,478)
Satisfied by	
Cash paid	877,478

The subsidiaries disposed of during the year paid HK\$212,284 in respect of the Group's net operating cash flows and paid HK\$295,797 in respect of the net cash flows from investing activities.

NOTES TO THE ACCOUNTS (cont'd)

26 CONSOLIDATED CASH FLOW STATEMENT (cont'd)

(d) *Sale of subsidiaries (cont'd)*

Analysis of the net cash outflow in respect of the sales of subsidiaries:

	2002 HK\$
Cash consideration paid	(877,478)
Bank balances and cash disposed	(438,184)
Net cash outflow in respect of the sales of subsidiaries	(1,315,662)

(e) *Purchase of businesses/subsidiaries*

	2002 HK\$	2001 HK\$
Net assets acquired		
Property, plant and equipment	-	600,280
Accounts receivable	-	1,597
Sundry debtors, deposits and prepayments	-	445,285
Sundry creditors and accrued expenses	-	(121,078)
Customer deposits	-	(240,123)
Advanced subscriptions	-	(331,430)
	-	354,531
Goodwill	-	1,689,808
	-	2,044,339
Satisfied by		
Cash	-	2,044,339

In 2001, the businesses/subsidiaries acquired paid HK\$3,013,646 in respect of the Group's net operating cash flows and paid HK\$1,269,252 in respect of the net cash flows from investing activities.

NOTES TO THE ACCOUNTS (cont'd)

26 CONSOLIDATED CASH FLOW STATEMENT (cont'd)

(e) *Purchase of businesses/subsidiaries (cont'd)*

Analysis of the net cash outflow in respect of the purchase of businesses/subsidiaries:

	2002 HK\$	2001 HK\$
Cash consideration and net cash outflow in respect of the purchase of businesses/subsidiaries	-	(2,044,339)

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related parties which were carried out in the normal course of the Group's business during the year.

	2002 HK\$	2001 HK\$
Royalty to a fellow subsidiary	69,588	212,783
Disposal of a subsidiary to a shareholder of the subsidiary	877,478	-
Acquisition of a business from a shareholder of a subsidiary	-	3,890,000

These transactions are also connected transactions for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, details of which were disclosed in the directors' report.

28 ULTIMATE HOLDING COMPANY

The ultimate holding company is H.C.B.C. Enterprises (BVI) Limited, a company incorporated in the British Virgin Islands.

29 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of directors on 27th June 2002.