



ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2002/2003

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2002, and the consolidated balance sheet as at 30th September 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 1 to 14 of this report.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002

	Note	Unaudited	
		Six months ended	
		30th September	
		2002	2001
		HK\$	HK\$
Turnover	2	11,789,548	22,744,834
Cost of sales		(6,808,197)	(13,214,210)
Gross profit		4,981,351	9,530,624
Other revenues		1,986,444	2,791,581
Other operating income		162,561	17,871
Selling and distribution costs		(450,299)	(1,812,534)
General and administrative expenses		(14,069,677)	(38,889,176)
Other operating expenses		(11,302,308)	(17,479,654)
Operating loss	3	(18,691,928)	(45,841,288)
Finance costs		(821,243)	(3,006,321)
Loss before taxation		(19,513,171)	(48,847,609)
Taxation	4	(1,437,939)	-
Loss after taxation		(20,951,110)	(48,847,609)
Minority interests		65,961	268,878
Loss attributable to shareholders		<u>(20,885,149)</u>	<u>(48,578,731)</u>
Dividend	5	<u>(4,668,860)</u>	-
Loss per share	6	<u>4.47 cents</u>	<u>10.40 cents</u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2002 AND 31ST MARCH 2002**

	<i>Note</i>	Unaudited 30th September 2002 HK\$	Audited 31st March 2002 HK\$
Non-current assets			
Property, plant and equipment		52,447,233	55,346,255
Investment securities		103,817,808	104,022,308
		<u>156,265,041</u>	<u>159,368,563</u>
Current assets			
Other investments		25,263,673	66,221,485
Accounts receivable	7	978,765	2,123,701
Other current assets		1,021,168	11,317,625
Pledged deposits		16,571,860	57,275,520
Cash and bank balances		82,325,993	54,013,898
		<u>126,161,459</u>	<u>190,952,229</u>
Current liabilities			
Other current liabilities		3,776,967	4,337,640
Trade and other payables	8	1,680,731	4,070,585
Bank loans, secured		45,523,814	86,130,641
		<u>50,981,512</u>	<u>94,538,866</u>
Net current assets		<u>75,179,947</u>	<u>96,413,363</u>
Total assets less current liabilities		231,444,988	255,781,926
Non-current liabilities			
Deferred taxation		2,471,648	1,033,709
Minority interests		-	65,961
Net assets		<u>228,973,340</u>	<u>254,682,256</u>
Capital and reserves			
Share capital		46,688,600	46,688,600
Reserves		182,284,740	207,993,656
		<u>228,973,340</u>	<u>254,682,256</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002**

	Unaudited	
	Six months ended	
	30th September	
	2002	2001
		(Restated)
	HK\$	HK\$
Net cash inflow/(outflow) from operating activities	1,761,552	(23,725,966)
Net cash inflow/(outflow) from investing activities	32,611,429	(4,050,851)
Net cash (outflow)/inflow from financing activities	<u>(6,753,300)</u>	<u>2,589,440</u>
Net increase/(decrease) in cash and cash equivalents	27,619,681	(25,187,377)
Cash and cash equivalents at 1st April	54,013,898	42,856,319
Effect of foreign exchange rate changes	<u>692,414</u>	<u>5,134,829</u>
Cash and cash equivalents at 30th September	<u>82,325,993</u>	<u>22,803,771</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	<u>82,325,993</u>	<u>22,803,771</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2002**

	Share capital HK\$	General reserve HK\$	Asset replacement reserve HK\$	Property revaluation reserve HK\$
At 1st April 2001	46,688,600	2,000,000	5,150,000	514,758
Loss for the year ended 31st March 2002				
Exchange differences arising on translation of subsidiary	-	-	-	-
Realisation of reserve on disposal of investment securities	-	-	-	-
Reduction of share premium account	-	-	-	-
At 31st March 2002	46,688,600	2,000,000	5,150,000	514,758
Loss for the period ended 30th September 2002	-	-	-	-
Exchange differences arising on translation of subsidiaries	-	-	-	-
Dividend paid	-	-	-	-
At 30th September 2002	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>514,758</u>

Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profit/ (Accumulated losses) HK\$	Total HK\$
23,211,664	241,220,697	176,000	6,446,799	(108,234)	(22,266,776)	303,033,508
					(45,708,741)	(45,708,741)
-	-	-	-	141,334	-	141,334
-	-	-	(2,783,845)	-	-	(2,783,845)
<u>67,469,914</u>	<u>(164,750,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,280,486</u>	<u>-</u>
90,681,578	76,470,297	176,000	3,662,954	33,100	29,304,969	254,682,256
-	-	-	-	-	(20,885,149)	(20,885,149)
-	-	-	-	(154,907)	-	(154,907)
<u>(4,668,860)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,668,860)</u>
<u><u>86,012,718</u></u>	<u><u>76,470,297</u></u>	<u><u>176,000</u></u>	<u><u>3,662,954</u></u>	<u><u>(121,807)</u></u>	<u><u>8,419,820</u></u>	<u><u>228,973,340</u></u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1 Principal accounting policies

These unaudited condensed consolidated accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants ("HKSA").

These condensed accounts should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2002 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 25 (revised)	:	Interim financial reporting
SSAP 33	:	Discontinuing operation
SSAP 34	:	Employee benefits

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

(a) SSAP 11 (revised): Foreign currency translation

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy but the translation of the profit and loss of foreign enterprises in prior periods has not been restated as the effect of this change is not material to the current and prior periods.

1 Principal accounting policies *(Continued)*

(b) SSAP 34: Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave. In prior periods, no provision was made for employee annual leave entitlements. This is a change in accounting policy but the effect on such adjustments on provision for employee annual leave entitlements are not material to the current and prior periods.

2 Segment information

The Group is principally engaged in the business of technology development, financial quotation services, and in telecommunications investments.

Primary reporting format – business segments

The Group is organised on a worldwide basis into the following business segments:

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

The Group discontinued its operations in facilities management consultancy and solutions.

Secondary reporting format – geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in the following 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

2 Segment information (Continued)

(a) Primary reporting format – business segments

An analysis of the Group's revenues and results for the period by business segment is as follows:

	Six months ended 30th September 2002				
	Financial quotation, securities trading, system licensing, and sales of related products	Facility management consultancy and solutions <i>(Note (i))</i>	Wireless applications	Corporate activities and investment holdings	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover from external customers	<u>10,198,698</u>	<u>1,470,850</u>	<u>120,000</u>	<u>-</u>	<u>11,789,548</u>
Segment results	<u>(1,593,565)</u>	<u>2,488</u>	<u>(2,143,437)</u>	<u>(5,360,921)</u>	<u>(9,095,435)</u>
Other income/(expenses)					
- Interest income	-	-	-	-	794,396
- Dividend income	-	-	-	-	772,040
- Unrealised loss on revaluation of other investments	-	-	-	(5,854,625)	(5,854,625)
- Loss on disposal of other investments	-	-	-	(385,009)	(385,009)
- Provision for impairment in value of investment securities	-	-	-	(5,000,000)	(5,000,000)
- Gain on disposal of a subsidiary <i>(Note (i))</i>	-	76,705	-	-	76,705
Operating loss					(18,691,928)
Finance costs					(821,243)
Loss before taxation					(19,513,171)
Taxation					(1,437,939)
Loss after taxation					(20,951,110)
Minority interests					65,961
Loss attributable to shareholders					<u>(20,885,149)</u>

2 Segment information (Continued)

(a) Primary reporting format – business segments (Continued)

	Six months ended 30th September 2001					Total HK\$
	Financial quotation, securities trading system licensing, and sales of related products	Internet and related services (Note (iii)) HK\$	Facility management consultancy and solutions (Note 2(a)(i)) HK\$	Wireless applications	Corporate activities and investment holdings HK\$	
	HK\$	HK\$	HK\$	HK\$	HK\$	
Turnover from external customers (Note (b))	<u>19,349,514</u>	<u>2,079,729</u>	<u>1,315,591</u>	-	-	<u>22,744,834</u>
Segment results	<u>(16,788,623)</u>	<u>(4,915,353)</u>	<u>(980,714)</u>	<u>(2,198,028)</u>	<u>(9,306,567)</u>	<u>(34,189,285)</u>
Other income/(expenses)						
- Interest income						2,711,581
- Loss on disposal of investments securities	-	-	-	-	(2,227,537)	(2,227,537)
- Provision for impairment in value of investment securities	-	-	-	-	(12,136,047)	(12,136,047)
Operating loss						(45,841,288)
Finance costs						(3,006,321)
Loss before taxation						(48,847,609)
Taxation						-
Loss after taxation						(48,847,609)
Minority interests						268,878
Loss attributable to shareholders						<u>(48,578,731)</u>

2 Segment information (Continued)

(a) Primary reporting format – business segments (Continued)

Notes:

- (i) From 1st September 2002, the Group discontinued its operation in respect of the provision of facility management consultancy and solutions services upon disposal of a subsidiary, Lexos Limited. A profit of HK\$76,705, 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 income. 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 under the facility management consultancy and solutions segment.
- (ii) 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 represented 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, was recorded in the consolidated profit and loss account of the Group for the year ended 31st March 2002. 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 under the Internet and related services segment.
- (iii) Turnover from external customers is arrived at after eliminating inter-segment transactions amounting to HK\$560,286. The eliminated amounts attributed to financial quotation, securities trading system licensing and sales of related products, internet related services, and facility management consultancy and solutions are HK\$14,286, HK\$276,000 and HK\$270,000 respectively.

2 Segment information (Continued)

(b) Secondary reporting format – geographical segments

An analysis of the Group's turnover and contribution to operating profit/(loss) for the period by geographical segments is as follows:

	Turnover		Operating profit/(loss)	
	Six months ended		Six months ended	
	30th September		30th September	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
By principal markets:				
Hong Kong	11,789,548	21,823,501	(12,790,376)	(27,668,877)
Asia				
– Taiwan	-	-	(5,900,785)	(12,136,047)
– Japan	-	-	-	-
– Others	-	921,333	(767)	(2,255,854)
Canada and United States	-	-	-	(1,552,973)
Australia	-	-	-	(2,227,537)
	<u>11,789,548</u>	<u>22,744,834</u>	<u>(18,691,928)</u>	<u>(45,841,288)</u>

3 Operating loss

		Six months ended	
		30th September	
		2002	2001
		HK\$	HK\$

Operating loss is stated after crediting and charging the following:

Crediting

Gain on disposal of a subsidiary	76,705	-
Gross rental income from investment properties	<u>355,556</u>	<u>-</u>

Charging

Depreciation		
Owned property, plant and equipment	2,970,601	6,039,648
Leased property, plant and equipment	-	53,429
Unrealised loss on revaluation of other investments	5,854,625	2,227,537
Provision for diminution in value of investment securities	5,000,000	12,136,047
Loss on disposal of other investments	385,009	-
Outgoings in respect of investment properties	8,492	-
Additional provision for depreciation on property, plant and equipment	<u>-</u>	<u>2,840,218</u>

4 Taxation

No provision for Hong Kong or overseas profits tax has been made as the Group has no estimated assessable profit for the period (2001: Nil).

Six months ended 30th September	
2002	2001
HK\$	HK\$

The amount of taxation charged to the consolidated profit and loss account represents:

Deferred taxation	<u>1,437,939</u>	<u>–</u>
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5 Dividend

Six months ended 30th September	
2002	2001
HK\$	HK\$

2002 final, paid, of 1.0 cent (2001: Nil) per share	<u>4,668,860</u>	<u>–</u>
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At a meeting held on 27th June 2002, the directors proposed a final dividend of 1.0 cent per share for the year ended 31st March 2002, which was paid on 13th August 2002 and has been reflected as an appropriation of contributed surplus for the six months ended 30th September 2002.

6 Loss per share

The calculation of loss per share is based on the Group's loss attributable to shareholders of HK\$20,885,149 (2001: HK\$48,578,731) and on the weighted average number of 466,886,000 (2001: 466,886,000) shares in issue during the period.

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

7 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 30th September 2002	<u>917,770</u>	<u>60,995</u>	<u>-</u>	<u>978,765</u>
Balance at 31st March 2002	<u>1,611,436</u>	<u>236,556</u>	<u>275,709</u>	<u>2,123,701</u>

8 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 30th September 2002	<u>807,316</u>	<u>-</u>	<u>-</u>	<u>807,316</u>
Balance at 31st March 2002	<u>897,013</u>	<u>-</u>	<u>-</u>	<u>897,013</u>

9 Commitments

(a) Capital commitments

	30th September 2002 HK\$	31st March 2002 HK\$
Contracted but not provided for in respect of – investment in investment securities	<u>15,564,000</u>	<u>17,560,900</u>

9 Commitments (Continued)

(b) Future minimum rental payments receivable

The Group's operating lease is for a term of three years. The future minimum rental payments receivable under the non-cancellable operating lease are as follows:

	30th September 2002	31st March 2002
	HK\$	HK\$
Not later than one year	1,066,667	-
Later than one year and not later than five years	<u>1,777,777</u>	<u>-</u>
	<u>2,844,444</u>	<u>-</u>

10 Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	Six months ended 30th September	
	2002	2001
	HK\$	HK\$
Royalty to a fellow subsidiary	<u>-</u>	<u>57,749</u>

INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend.

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

As at 30th September 2002, our Group had cash and bank balances of HK\$98.9 million of which HK\$16.6 million had been pledged to secure a Taiwan dollar and a Japanese dollar loan. Our Group had total banking facilities of HK\$46.5 million of which HK\$45.5 million had been utilised. Our Group's total debts stood at HK\$45.5 million at 30th September 2002 and the ratio of total debts to total capital employed was 17%. All bank loans outstanding at the end of the period were denominated in foreign currencies to minimize our foreign exchange risk exposure over our investments in Taiwan and Japan respectively. The bank loans are repayable within one year and bear interest at prevailing market rates.

	30th September 2002		31st March 2002	
	HK\$	%	HK\$	%
Bank loans	45,523,814	17	86,130,641	25
Shareholders' equity	228,973,340	83	254,682,256	75
Total capital employed	<u>274,497,154</u>	<u>100</u>	<u>340,812,897</u>	<u>100</u>

PLEDGE OF ASSETS

As at 30th September 2002, properties in Hong Kong with carrying value of HK\$41.3 million and time deposits amounting to HK\$16.6 million were pledged to secure general banking facilities granted to our Group.

CONTINGENT LIABILITIES

Apart from an outstanding funding commitment of up to HK\$15.6 million to a Wireless Internet Fund, our Group has no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

Total salaries and related costs incurred for the period ended 30th September 2002 amounted to HK\$8.4 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees.

BUSINESS REVIEW AND PROSPECTS

The Group recorded a total turnover of HK\$11.8 million for the half-year ended 30th September 2002. An operating loss of HK\$7.8 million was incurred by the business units of the Group and a provision of HK\$10.8 million was also made during the half-year for unrealized investment losses. The aggregate after-tax loss for the period amounted to HK\$20.9 million, equivalent to HK4.47 cents per share, as compared to a net loss of HK10.4 cents per share for the corresponding period in the previous year.

While the operating environment of all our business units will remain difficult in the near-term, most of the telecommunications investments of our Group remain in a good shape and should provide handsome returns in the not too distant future.

MANAGEMENT ANALYSIS AND DISCUSSION

QuotePower, a provider of Financial Information and Securities Trading Systems, reported a loss of HK\$1.6 million for the period, including a depreciation charge of HK\$1.2 million. This represents a significant improvement of 90.4% as compared to a net loss of HK\$16.8 million for the corresponding period in the previous year. During the half-year under review, a number of new services were rolled out by QuotePower, including a wireless quotation service on Personal Digital Devices; and a Futures market depth service for retail investors. It is encouraging that despite the market doldrums, we see a growing subscriber base of our financial information services from overseas. We believe that QuotePower is well-positioned for renewed growth when the equities market improves.

ABC QuickSilver, a wireless applications developer, is currently focused on three areas: mobile financial application; mobile enterprise solutions; and mobile entertainment/marketing solutions. The company incurred a loss of HK\$2.1 million during the half-year. The sales cycle for wireless solutions has been quite long, and in a number of cases, public tendering was involved. Over the short-term, earnings from this space may remain weak. The longer term prospects of ABC QuickSilver are however more promising with the growing awareness of mobile data services among customers and the increasing consolidation of this sector.

Towards the end of the period under review, the Group disposed of a large part of its interests in Lexos, a provider of facilities management consultancy and technology services, to its employees. This allows the Group to focus its resources on the two areas – Financial Information and Wireless Solutions – which are more aligned with our core competencies.

MANAGEMENT ANALYSIS AND DISCUSSION *(Continued)*

During the period under review, the market sentiment towards telecom stocks has remained extremely negative. We made a provision of HK\$5.0 million for diminution of value during this period over our investments in a Wireless Internet Fund. The share price of Taiwan cellular operator, Far Eastone, has also fallen in line with the market since the end of our last fiscal year. An unrealized loss of HK\$5.8 million was provided in our interim results for a small part of our Far Eastone holdings deemed as short-term investments. The bulk of our shareholdings in Far Eastone are however deemed as long-term investments and are currently reflected in our books at our original investment cost, without any impact on our profit and loss account.

PURCHASE, SALE OR REDEMPTION OF SHARES

The company has not redeemed any of its shares during the period. Neither the company nor any of its subsidiaries has purchased or sold any of the company's shares during the period.

DIRECTORS' INTERESTS

At 30th September 2002, the interests of the directors in the shares and options of the company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the company under Section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the company were as follows:

Name	Number of Ordinary Shares			
	Personal interests	Corporate interests	Family interests	Total interests
George Ho	9,030,000	265,331,600	-	274,361,600
Michael Tse Chi Hung	12,160,006	-	-	12,160,006
Patricia Yeung Shuk Kwan	4,950,400	-	-	4,950,400
Leung Kwok Kit	1,906,600	-	1,400,000	3,306,600
George Joseph Ho	4,462,000	-	-	4,462,000

DIRECTORS' INTERESTS (Continued)

Rights in respect of which options are held/exercisable under the Company's Employee Share Option Scheme:

Name of Director	Outstanding Options	Exercise Price	Exercise Period
Patricia Yeung Shuk Kwan	1,000,000	\$1.41	23 March 2000 to 22 February 2010
	1,000,000	\$1.41	23 February 2001 to 22 February 2010
George Joseph Ho	250,000	\$1.41	23 March 2000 to 22 February 2010
	250,000	\$1.41	23 February 2001 to 22 February 2010

Note:

- (i) H.C.B.C. Communications (International) Limited and its parent, H.C.B.C. Enterprises Limited, together held 265,331,600 shares of the Company, Mr. George Ho is deemed to be interested in the voting shares of H.C.B.C. Communications (International) Limited and H.C.B.C. Enterprises Limited as a result of his holdings in H.C.B.C. Enterprises (BVI) Limited, the ultimate holding company of H.C.B.C. Enterprises Limited.

As at 30th September 2002, the directors' interests in associated corporations of the Company (within the meaning of the "SDI Ordinance") were as follows:

- (a) Mr. George Ho held 18,112 non-voting "B" shares in H.C.B.C. Communications (International) Limited. H.C.B.C. Enterprises Limited held all the issued 312,000 "A" voting shares and 11,474 non-voting "B" shares in H.C.B.C. Communications (International) Limited.
- (b) Mr. George Ho was beneficially interested in 100,000 Management Shares and 295,600 Ordinary Shares, in H.C.B.C. Enterprises (BVI) Limited. Mr. George Ho was beneficially interested in 32.40 per cent in the issued share capital of Goddard & Company Limited. Goddard & Company Limited held 5,000 Management Shares and 933,250 Ordinary Shares of H.C.B.C. Enterprises (BVI) Limited. H.C.B.C. Enterprises (BVI) Limited held all the issued share capital of H.C.B.C. Enterprises Limited.

DIRECTORS' INTERESTS *(Continued)*

- (c) Those directors set out below were personally interested in the following numbers of non-voting Deferred Shares in the capital of ABC Communications Limited, a subsidiary of the Company:

Name	Number of Deferred Shares
George Ho	10,605 <i>(i)</i>
Michael Tse Chi Hung	11,642
Patricia Yeung Shuk Kwan	4,000
Leung Kwok Kit	5,900

Note:

- (i) Mr. George Ho also held corporate interests through H.C.B.C. Enterprises Limited in 190,690 non-voting Deferred Shares in the capital of ABC Communications Limited.

Save as disclosed in the above paragraphs, as at 30th September 2002 none of the directors or any chief executive of the Company or any of their spouse or children under the age of 18 years had any (nor was deemed under the "SDI Ordinance" to have any) interests in the securities of the Company or any associated corporation (within the meaning of the "SDI Ordinance") which were required to be entered in the register kept by the Company pursuant to the "SDI Ordinance".

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30th September 2002, the only person (other than the directors and the chief executive of the Company) having an interest of more than 10 per cent in the issued capital of the Company as recorded in the register kept by the Company pursuant to Section 16(1) of the "SDI Ordinance" was as follows:

Name	Number of Ordinary Shares held
H.C.B.C. Enterprises (BVI) Limited	265,331,600

Save as disclosed herein, there is no person known to the directors who, as at 30th September 2002, was directly or indirectly interested in 10 per cent or more of the nominal value of any class of share capital of the Company which are required to be recorded in the register kept under section 16(1) of the SDI Ordinance.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors of the Company is aware of information which would indicate that the Group is not, or was not, in compliance with the code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September 2002 except that non-executive Directors are not appointed for a specific term because they are subject to rotation at Annual General Meetings in accordance with Article 103 of the Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th September 2002 with the directors.

By Order of the Board
Patricia Yeung Shuk Kwan
Managing Director

Hong Kong, 10th December 2002