

OVERVIEW

Our revenue for the year at HK\$21 million was down by 44% versus that of the previous year. Operating loss before depreciation amounted to HK\$12 million as compared to HK\$48.16 million in the preceding year. Depreciation charges, investment and property revaluation and investment write-downs combined to lift the total loss attributable to shareholders to HK\$41.4 million for the whole year.

FINANCIAL QUOTATIONS AND SECURITIES TRADING SYSTEM

During the year, our stake in QuotePower International Limited was raised from 96.66% to 99.95%. The company reported an operating loss of HK\$3 million, of which HK\$2.2 million was attributed to depreciation expenses. We managed to stem the huge losses of about HK\$31.4 million in the previous year as a result of a re-structuring of the company to focus on information products rather than system integration and the closure of unprofitable offshore business units. A number of new information products were launched during the year, including a Web-based quotation service on Futures market depth intended for investors trading in Futures and a quotation service for mobile users on Personal Digital Assistants and JAVA handphones. We believe our quotation service has weathered the stock market slump reasonably well with our subscriber base remaining stable even after the market downturn in the latter part of 2001. We are optimistic that QuotePower's brand power and its pipeline of new products will stand it in good stead to compete effectively in the market place.

WIRELESS APPLICATIONS

ABC QuickSilver Limited, an 80% subsidiary, was faced with the challenge of a slower-than-expected uptake of mobile data in the local market. Its revenue stream remained feeble in the year, and a loss of HK\$4.4 million was incurred.

Despite the company's early false starts with WAP, a technology that failed to take off globally as expected, its development team has steadily gained recognition in the area of wireless applications development. The company is currently supporting QuotePower in the development of quotation services on mobile devices. It is also developing a horse-racing service for a leading mobile operator for JAVA handsets. There are promising signs of growing revenue generation from JAVA-based contents and services in several markets in Asia. We are encouraged to believe our JAVA initiatives taken in the past year are beginning to pay off albeit growth is likely to remain modest in the short-term.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENTS

Far Eastone Telecommunications Company Limited

The Group has since the de-regulation of Taiwan's cellular market in 1997 invested in cellular operator Far Eastone Telecommunications Company Limited.

During the year, the Group disposed of a total of 4,190,000 shares in Far Eastone directly held by it. Out of the total number of shares sold, 520,000 shares were disposed of subsequent to our Circular to shareholders dated 28th June 2002 in this connection. The disposals of the 520,000 shares were carried out between 17th January 2003 and 24th January 2003 through on-market transactions, at an average price of NT\$30.04 or approximately HK\$6.8 per share, with sales proceeds amounting to approximately HK\$3.5 million. The total number of share disposals for the whole year produced an aggregate pre-tax investment gain of approximately HK\$7.37 million for the Group. However, as the 4,190,000 shares sold during the year were revalued at the end of the last fiscal year in accordance with accounting convention, with an unrealized gain of HK\$8.26 million already posted in respect of these shares, a marginal accounting loss of HK\$0.89 million was recognized in this year's profit and loss account.

At the end of the fiscal year ended 31st March 2003, the Group's remaining direct Far Eastone holdings amounting to 3,535,314 shares were revalued at the then prevailing market price of approximately HK\$21.19 million. This represented an accounting loss of HK\$6.35 million as compared to the previous year's revaluation, and the said sum of HK\$6.35 million has been charged to the profit and loss account of the year under review. Subsequent to the year-end, the Group disposed of all of the remaining shares directly held by it for an aggregate consideration of approximately HK\$20.6 million. We estimate an accounting loss of HK\$0.6 million will be incurred in the coming year. On a cash basis, the Group will have made an after-tax investment gain of approximately HK\$13 million from the disposals of its total direct investment in Far Eastone.

The Group is also holding indirectly through a joint-venture attributable interests of a total of 23,700,202 shares in Far Eastone. These shares are currently deemed as long-term investment and were valued at the investment cost of HK\$42.5 million in the accounts. The market value of the shares attributable to the Group amounted to HK\$142 million as at 31st March 2003.

eAccess Limited

The Group's approximately 1.9% holdings in eAccess were valued at the investment cost of approximately HK\$37.57 million in the accounts. This Japanese broadband operator has grown at a remarkable pace since its inception less than three years ago. Although the investment had yet to make any contribution to our earnings, we remain confident it will be able to deliver handsome returns to the Group in the not too distant future.

INVESTMENTS *(continued)***Wireless Internet Fund**

As at the year-end, the Group had made over a three-year period a total investment of HK\$23.38 million in a Wireless Internet Fund to exploit the anticipated growth potential of this sector. Following the change of market sentiment towards the telecommunications industry, the market value of some of its investee companies had fallen. We have made provisions amounting to HK\$9.2 million in respect of our investment in this Fund during the year, representing a write-down of about 40% of our total investment in the Fund.

Lexos Limited

During the year, the Group disposed of Lexos to its management and employees to focus on business areas more aligned with our core strengths.

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

The Group maintains a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralised. More than 90% of our receipts and payments are in Hong Kong dollars. Cash and bank balances are mainly denominated in either Hong Kong dollars or United States dollars. Cash is generally placed in short term deposits denominated in either Hong Kong or United States dollars. As at 31st March 2003, the Group had cash and bank balances of HK\$92.8 million of which HK\$4 million and HK\$7 million had been pledged to secure a Taiwan dollar loan and a Japanese dollar loan respectively. The Group also had banking facilities of HK\$41 million and all of them had been utilised. The Group's total debts stood at HK\$42 million (translated at the then prevailing exchange rate) at the end of the year and the ratio of total debts to total capital employed was 17%. All bank loans outstanding at the year-end 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.

	31st March 2003		31st March 2002	
	HK\$	%	HK\$	%
Bank loans	41,980,652	17	86,130,641	25
Shareholders' equity	208,501,073	83	254,682,256	75
Total capital employed	<u>250,481,725</u>	<u>100</u>	<u>340,812,897</u>	<u>100</u>

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31st March 2003, a property in Hong Kong with a carrying value of HK\$33 million and time deposits amounting to HK\$11 million were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

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

Employee Remuneration Policy

As at 31st March 2003, the Group had approximately 50 employees. Total salaries and related costs incurred for the year ended 31st March 2003 amounted to HK\$15.6 million, a substantial reduction from HK\$41.3 million for the preceding year. 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 to motivate their performance and contribution to the Group and details are described in the Report of Directors.