

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 property, 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 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 33	:	Discontinuing operations
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) 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 Company, directly or indirectly, controls the composition of the board of directors, controls more than half of 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.

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.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

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 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 twenty years in general.

Goodwill on acquisitions that occurred prior to 1st April 2001 was written off against reserves in the year of acquisition. 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, where an indication of impairment exist, such goodwill previously written off against reserves is accounted in accordance with SSAP 31 and any impairment losses should be recognised as an expense in the profit and loss account in the period when such impairment loss is identified.

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 been restated.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Goodwill *(continued)*

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 property (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.

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 lease or 5 years, whichever is shorter
Computer equipment	3 years
Furniture and fixtures	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.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment *(continued)*

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 and other properties other than investment property 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.

(d) Investment properties

Investment properties are interest 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 fifty 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.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)***(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.

(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.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(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 under operating leases are charged to the profit and loss account on a straight-line basis over the lease periods.

(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. Foreign currency assets, being equity investments or other long-term non-monetary assets, the holding or the use or the subsequent disposal of which will generate receipts in a foreign currency, hedged by foreign currency borrowings, are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date.

Exchange gains and losses are dealt with in the profit and loss account, except those arising from the translation at closing rates of foreign currency assets hedged by foreign currency borrowings, and the gains and losses on those foreign currency borrowings (to the extent of exchange differences arising on the foreign currency assets), which are taken directly to reserves.

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

In prior years, the profit and loss account of foreign subsidiaries were translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss account of foreign subsidiaries in prior years has not been restated as the effect of this change is not material to the current and prior years.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(I) Employee benefits

- (i) Employee entitlements to annual leave is 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. 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 years.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

- (ii) The Group operates two defined contribution schemes for all qualified employees.

Occupational Retirement Contributions Scheme

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 monthly 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.

Mandatory Provident Fund Scheme

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.

NOTES TO THE ACCOUNTS

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition

- (i) Financial quotation 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, and wireless applications is recognised when services are rendered.
- (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.

(n) 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 and current assets, and mainly exclude investment property, investment securities, other investments and taxation recoverable. Segment liabilities comprise operating liabilities and exclude items such as taxation payable, bank loans and deferred taxation. Capital expenditure represents additions to property, 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.

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:

	2003 HK\$	2002 HK\$
Turnover		
Income from financial quotation and securities trading system licensing	19,477,183	32,821,164
Income from internet and related services	–	3,162,657
Income from facility management consultancy and solutions services	1,470,850	2,766,676
Income from wireless applications	126,152	–
	21,074,185	38,750,497
Other revenues		
Bank interest income	1,521,033	3,960,723
Rental income from investment property	888,890	20,000
Dividend income from listed investment securities and other investments	827,878	–
	3,237,801	3,980,723
	24,311,986	42,731,220

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 (Note (b))
- Facility management consultancy and solutions (Note (a))
- Wireless applications
- Corporate activities and investment holdings – holding of corporate assets and liabilities

Notes:

- (a) From 1st September 2002, the Group discontinued its operation in respect of the provision of facility management consultancy and solutions services (Note 4(a)).
- (b) From 1st January 2002, the Group discontinued its operation in respect of the provisions of internet and related services (Note 4(b)).

NOTES TO THE ACCOUNTS

3. REVENUE AND TURNOVER *(continued)*

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

3. REVENUE AND TURNOVER (continued)

Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products 2003 HK\$	Facility management consultancy and solutions (Note 4(a)) 2003 HK\$	Wireless applications 2003 HK\$	Corporate activities and investment holdings 2003 HK\$	Total 2003 HK\$
Turnover from external customers (Note (a))	19,477,183	1,470,850	126,152	-	21,074,185
Segment results	(3,021,293)	(11,512)	(4,355,099)	(10,108,297)	(17,496,201)
Other income/(expenses)					
- Interest income					1,521,033
- Dividend income					827,878
- Rental income from investment property	-	-	-	888,890	888,890
- Deficit on revaluation of investment property	-	-	-	(7,722,104)	(7,722,104)
- Unrealised loss on revaluation of other investments	-	-	-	(6,353,484)	(6,353,484)
- Loss on disposal of other investments	-	-	-	(892,918)	(892,918)
- Provision for impairment in value of investment securities	-	-	-	(9,159,140)	(9,159,140)
- Gain on disposal of a subsidiary	-	76,705	-	-	76,705
Operating loss					(38,309,341)
Finance costs					(1,319,608)
Loss before taxation					(39,628,949)
Taxation					(1,841,335)
Loss after taxation					(41,470,284)
Minority interests					65,961
Loss attributable to shareholders					(41,404,323)

NOTES TO THE ACCOUNTS

3. REVENUE AND TURNOVER (continued)

Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products 2003 HK\$	Facility management consultancy and solutions (Note 4(a)) 2003 HK\$	Wireless applications 2003 HK\$	Corporate activities and investment holdings 2003 HK\$	Total 2003 HK\$
Segment assets	3,233,492	-	111,607	120,538,651	123,883,750
Investment property	-	-	-	12,800,000	12,800,000
Investment securities	-	-	-	100,867,068	100,867,068
Other investments	-	-	-	21,198,271	21,198,271
Total assets					<u>258,749,089</u>
Segment liabilities	4,359,490	-	43,251	989,579	5,392,320
Taxation payable					536,364
Bank loans, secured					41,980,652
Deferred taxation					2,338,680
Total liabilities					<u>50,248,016</u>
Capital expenditure	<u>212,358</u>	<u>-</u>	<u>15,047</u>	<u>3,400</u>	<u>230,805</u>
Depreciation	<u>2,186,109</u>	<u>38,184</u>	<u>93,911</u>	<u>3,143,307</u>	<u>5,461,511</u>
Other non-cash expenses (Note (b))	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,234,728</u>	<u>23,234,728</u>

Notes:

- (a) There are no sales or other transactions between the business segments.
- (b) Non-cash expenses comprise unrealised loss on revaluation of other investments, provision for impairment in value of investment securities and deficit on revaluation of investment property.

NOTES TO THE ACCOUNTS

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3. REVENUE AND TURNOVER (continued)

Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products 2002 HK\$	Internet and related services (Note 4(b)) 2002 HK\$	Facility management consultancy and solutions (Note 4(a)) 2002 HK\$	Wireless applications 2002 HK\$	Corporate activities and investment holdings 2002 HK\$	Total 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)	(10,862,092)	(60,196,000)
Other income/(expenses)						
- Interest income						3,960,723
- Rental income from investment property	-	-	-	-	20,000	20,000
- Unrealised gain on revaluation of other investments	-	-	-	-	13,789,582	13,789,582
- Gain on disposal of investment securities	-	-	-	-	6,066,895	6,066,895
- Gain on disposal of other investments	-	-	-	-	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)

NOTES TO THE ACCOUNTS

3. REVENUE AND TURNOVER (continued)

Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products 2002 HK\$	Internet and related services (Note 4(b)) 2002 HK\$	Facility management consultancy and solutions (Note 4(a)) 2002 HK\$	Wireless applications 2002 HK\$	Corporate activities and investment holdings 2002 HK\$	Total 2002 HK\$
Segment assets	7,534,034	-	1,127,631	173,919	170,892,900	179,728,484
Investment securities	-	-	-	-	104,022,308	104,022,308
Other investments	-	-	-	-	66,221,485	66,221,485
Taxation recoverable						348,515
Total assets						350,320,792
Segment liabilities	6,091,403	-	817,310	207,354	1,292,158	8,408,225
Bank loans, secured						86,130,641
Deferred taxation						1,033,709
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:

- (a) Turnover from external customers is after eliminating inter-segment transactions amounting to HK\$1,329,000. The amounts eliminated attributable to internet and related service, facility management consultancy and solutions services and wireless applications are HK\$414,000, HK\$405,000 and HK\$510,000 respectively.
- (b) Non-cash expenses comprise 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.

3. REVENUE AND TURNOVER (continued)

Secondary reporting format – geographical segments

	Turnover 2003 HK\$	Operating profit/(loss) 2003 HK\$	Total assets 2003 HK\$	Capital expenditure 2003 HK\$
Hong Kong	21,074,185	(22,635,754)	143,058,053	230,805
Asia				
– Taiwan	–	(6,505,657)	63,890,383	–
– Japan	–	–	37,574,400	–
– Others	–	(8,790)	793	–
Canada and United States	–	(9,159,140)	14,225,460	–
Australia	–	–	–	–
	<u>21,074,185</u>	<u>(38,309,341)</u>	<u>258,749,089</u>	<u>230,805</u>
	2002 HK\$	2002 HK\$	2002 HK\$	2002 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)	–	–
	<u>38,750,497</u>	<u>(40,068,300)</u>	<u>350,320,792</u>	<u>2,697,274</u>

NOTES TO THE ACCOUNTS

4. DISCONTINUED OPERATIONS

- (a) 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 gain of HK\$76,705, representing 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 for the year.

The turnover, results, cash flows and net assets in respect of this segment are as follows:

	5 months to 31st August 2002 HK\$	12 months to 31st March 2002 HK\$
Turnover	1,470,850	2,766,676
Other revenue	282	23,895
Operating costs	(1,482,644)	(4,071,545)
Loss for the period/year	(11,512)	(1,280,974)
Net operating cash outflow	(170,753)	(749,622)
Net investing cash outflow	–	(123,981)
Total net cash outflow	(170,753)	(873,603)
	At 31st August 2002 HK\$	At 31st March 2002 HK\$
Fixed assets	133,471	171,654
Current assets	633,233	955,977
Total assets	766,704	1,127,631
Total liabilities	(843,359)	(817,310)
Net (liabilities)/assets	(76,655)	310,321

NOTES TO THE ACCOUNTS

4. DISCONTINUED OPERATIONS (continued)

- (b) 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, representing the net carrying amount of the assets and liabilities of the subsidiary at the date of disposal, was included in the consolidated profit and loss account of the Group for the year ended 31st March 2002.

The turnover, results, cash flows and net assets in respect of this segment are as follows:

	9 months to 31st December 2001 HK\$
Turnover	3,162,657
Operating costs	<u>(14,876,283)</u>
Loss for the period	<u><u>(11,713,626)</u></u>
Net operating cash inflow	158,508
Net investing cash outflow	<u>(296,725)</u>
Total net cash outflow	<u><u>(138,217)</u></u>
	At 31st December 2001 HK\$
Fixed assets	532,202
Current assets	<u>599,885</u>
Total assets	1,132,087
Total liabilities	<u>(698,002)</u>
Net assets	<u><u>434,085</u></u>

NOTES TO THE ACCOUNTS

4. DISCONTINUED OPERATIONS (continued)

(c) The (gain)/loss on disposal of these segments recognised are as follows:

	Facility management consultancy and solutions 2003 HK\$	Internet and related services 2002 HK\$
Net (liabilities)/assets sold	(76,655)	434,085
Cash consideration received	(50)	-
(Gain)/loss on disposal of discontinued operations	(76,705)	434,085
Net cash inflow/(outflow) on disposal is set as follows:		
Cash consideration received	50	-
Net cash outflow on disposal of discontinued operations	(64,309)	(271,405)
	(64,259)	(271,405)

5. OPERATING LOSS

	2003 HK\$	2002 HK\$
Operating loss is stated after crediting and charging the following:		
Crediting		
Gain on disposal of a subsidiary (<i>Note 25(d)</i>)	76,705	-
Rental income from investment property less outgoings of HK\$85,369 (2002: Nil)	803,521	20,000
Gain on disposal of property, plant and equipment	89,050	-
Gain on disposal of 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	442,611	606,605
Depreciation:		
- Owned property, plant and equipment	5,461,511	10,716,232
- Leased equipment	-	54,275
Exchange losses	89,296	163,378
Staff costs (<i>Note 11</i>)	15,635,773	41,345,621
Provision for impairment in value of investment securities	9,159,140	12,136,047
Loss on disposal of other investments	892,918	-
Deficit on revaluation of investment property	7,722,104	-
Unrealised loss on revaluation of other investments	6,353,484	-
Loss on disposal of property, plant and equipment	-	1,434,764
Operating leases – land and buildings	-	1,861,897
Write-off of property, plant and equipment	-	6,156,669
Additional provision for depreciation on property, plant and equipment	-	1,264,513
Loss on disposal of subsidiaries (<i>Note 25(d)</i>)	-	2,354,662
Write-off of bad debts	-	191,178

NOTES TO THE ACCOUNTS

6. FINANCE COSTS

	2003 HK\$	2002 HK\$
Interest on bank loans	1,319,608	5,033,723

7. TAXATION

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2002: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the country in which the Group operates.

	2003 HK\$	2002 HK\$
The amount of taxation charged to the consolidated profit and loss account represents:		
Current taxation:		
– Overseas taxation	536,364	–
Deferred taxation (Note 22)	1,304,971	1,033,709
	<u>1,841,335</u>	<u>1,033,709</u>
Deferred tax credit for the year has not been provided in the accounts in respect of the following:		
Accelerated depreciation allowances	368,354	1,443,068
Tax losses	3,977,164	6,769,401
	<u>4,345,518</u>	<u>8,212,469</u>

8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated loss attributable to shareholders includes a loss of HK\$45,174,318 (2002: HK\$269,014,434) which has been dealt with in the financial statements of the Company.

NOTES TO THE ACCOUNTS

9. DIVIDENDS

	2003 HK\$	2002 HK\$
Final, proposed of 1.0 cent (2002: 1.0 cent) per share	4,668,860	4,668,860

At a meeting held on 20th June 2003, the directors proposed 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 2004.

10. LOSS PER SHARE

The loss per share is calculated based on the loss attributable to shareholders of HK\$41,404,323 (2002: HK\$45,708,741) and on the weighted average number of 466,886,000 (2002: 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.

11. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS)

	2003 HK\$	2002 HK\$
Wages and salaries	15,132,427	41,159,279
Retirement benefit costs – defined contribution schemes (Note 2(l)(ii))	503,346	186,342
	15,635,773	41,345,621

The retirement benefit costs charged to the profit and loss account represent gross contributions payable by the Group to the defined contribution schemes of HK\$762,728 (2002: HK\$1,455,847) less forfeited contributions utilised of HK\$259,382 (2002: HK\$1,269,505). No contributions were payable at the year end. As at 31st March 2003, there was no unutilised forfeited contributions (2002: Nil)

NOTES TO THE ACCOUNTS

12. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

(i) Chairman and non-executive directors

	2003 HK\$	2002 HK\$
Fees	60,000	60,000
Salaries, housing allowances, other allowances and benefits in kind	480,000	648,000
	540,000	708,000

(ii) Executive directors

	2003 HK\$	2002 HK\$
Fees	20,000	20,000
Salaries, housing allowances, other allowances and benefits in kind	1,409,593	1,620,000
Contributions to retirement schemes	156,000	162,000
	1,585,593	1,802,000

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

Emolument bands	Number of directors	
	2003	2002
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 (2002: HK\$20,000).

12. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2002: one) director whose emoluments are reflected in the analysis in Note (a) above. The emoluments payable to the remaining four (2002: four) individuals during the year are as follows:

	2003 HK\$	2002 HK\$
Salaries, housing allowances, other allowances and benefits in kind	2,633,903	3,133,454
Contributions to retirement schemes	112,495	131,308
Bonuses	–	246,830
Severance payments	–	1,421,923
	2,746,398	4,933,515

The emoluments fell within the following bands

Emolument bands	Number of individuals	
	2003	2002
HK\$0–HK\$1,000,000	4	–
HK\$1,000,001–HK\$1,500,000	–	4

NOTES TO THE ACCOUNTS

13. PROPERTY, PLANT AND EQUIPMENT

Group	Investment property in Hong Kong HK\$	Other properties in Hong Kong HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Other equipment HK\$	Total HK\$
Cost, gross carrying amount, or valuation							
At 1st April 2002	-	49,351,330	11,371,317	15,306,719	5,417,140	1,786,362	83,232,868
Additions	-	-	-	220,193	10,612	-	230,805
Disposals	-	-	-	(128,930)	-	-	(128,930)
Disposal of a subsidiary	-	-	-	(274,923)	-	-	(274,923)
Transfer between categories	24,027,379	(24,027,379)	-	-	-	-	-
Deficit on revaluation	(7,979,777)	-	-	-	-	-	(7,979,777)
Written off	-	-	-	-	-	(1,786,362)	(1,786,362)
At 31st March 2003	16,047,602	25,323,951	11,371,317	15,123,059	5,427,752	-	73,293,681
Accumulated depreciation							
At 1st April 2002	-	6,582,672	3,751,095	11,981,884	3,784,600	1,786,362	27,886,613
Charge for the year	-	433,748	2,213,510	2,252,438	561,815	-	5,461,511
Disposals	-	-	-	(118,129)	-	-	(118,129)
Disposal of a subsidiary	-	-	-	(141,453)	-	-	(141,453)
Transfer between categories	3,247,602	(3,247,602)	-	-	-	-	-
Written off	-	-	-	-	-	(1,786,362)	(1,786,362)
At 31st March 2003	3,247,602	3,768,818	5,964,605	13,974,740	4,346,415	-	31,302,180
Net book value							
At 31st March 2003	12,800,000	21,555,133	5,406,712	1,148,319	1,081,337	-	41,991,501
At 31st March 2002	-	42,768,658	7,620,222	3,324,835	1,632,540	-	55,346,255

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

	2003 HK\$	2002 HK\$
Investment property		
– At open market value	12,800,000	–
Other properties		
– At cost	1,351,330	1,351,330
– At gross carrying amount - professional valuation 1991	23,972,621	48,000,000
	25,323,951	49,351,330
	38,123,951	49,351,330

Investment property was revalued at 31st March 2003 on the basis of its open market value by Midland Surveyors Limited, an independent professional valuer, employed by the Group.

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 HKSA. Accordingly, these properties are not revalued regularly.

The carrying amount of other properties stated at professional valuation 1991 would have been HK\$20,248,985 (2002: HK\$41,225,532) had they been stated at cost less accumulated depreciation.

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

NOTES TO THE ACCOUNTS

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2003 HK\$	2002 HK\$
Investment property		
Long term leasehold land	12,800,000	–
Other properties		
Medium term leasehold land	1,351,330	1,351,330
Long term leasehold land	23,972,621	48,000,000
	25,323,951	49,351,330
	38,123,951	49,351,330

(c) At 31st March 2003, the net book value of the investment property and other properties pledged as security for the bank loans of the Group amounted to HK\$33,241,810 (2002: HK\$41,628,573).

14. SUBSIDIARIES

	Company	
	2003 HK\$	2002 HK\$
Unlisted shares, at cost	254,304,038	254,304,038
Less: Provision for impairment losses	(244,333,573)	(218,184,530)
	9,970,465	36,119,508
Amounts due from subsidiaries	138,321,603	203,992,085
	148,292,068	240,111,593

The amounts due from subsidiaries are unsecured and interest free, and have no fixed terms of repayment.

14. SUBSIDIARIES (continued)

Particulars of the principal subsidiaries as at 31st March 2003 are as follows:

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 paging services and sales of pagers and 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\$25	Ordinary	-	80%
Abcomm Realty Limited	Hong Kong	Property investment	HK\$10,000	Ordinary	-	100%
Abcom 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%	-

NOTES TO THE ACCOUNTS

14. SUBSIDIARIES (continued)

Name	Place of incorporation/ operation	Principal activities	Issued and paid up capital	Class of shares held	Interest held	
					Directly	Indirectly
Gine Well Properties Limited	Hong Kong	Property investment	HK\$2	Ordinary	-	100%
Hon Wing Investment Inc.	Taiwan	Investment holding	NTD25,000,000	Ordinary	-	100%
Lotus Flower International Ltd.	British Virgin Islands	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\$64,007,500	Ordinary	-	99.95%

NOTES TO THE ACCOUNTS

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15. INVESTMENT SECURITIES

	Group	
	2003 HK\$	2002 HK\$
Equity securities, at cost		
Listed in Hong Kong	6,538,778	6,538,778
Unlisted in Hong Kong, at cost	472,518	18
Less: Provision for impairment losses	(472,518)	(18)
	-	-
Unlisted outside Hong Kong, at cost <i>(Note)</i>	112,506,378	108,447,978
Less: Provision for impairment losses	(32,403,548)	(32,403,548)
	80,102,830	76,044,430
	86,641,608	82,583,208
Investment funds		
Unlisted outside Hong Kong, at cost	23,384,600	21,439,100
Less: Provision for impairment losses	(9,159,140)	-
	14,225,460	21,439,100
	100,867,068	104,022,308
Market value of listed shares		
Listed in Hong Kong	9,400,000	9,200,000

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 157,999,699 shares in Far EasTone. Hon Wing is also an investment holding entity and holds 3,535,314 (2002: 6,994,028) shares in Far EasTone directly.

NOTES TO THE ACCOUNTS

15. INVESTMENT SECURITIES (continued)

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.

The Group's cost of investment in Far EasTone at 31st March 2003 through Cheung Hing included in unlisted equity securities outside Hong Kong above amounted to HK\$42,528,430 (2002: HK\$42,528,430). The market value of these Far EasTone shares attributable to the Group at 31st March 2003 amounted to HK\$142,115,891 (2002: HK\$183,934,744).

The Far EasTone shares held through Hon Wing at 31st March 2003 stated at market value amounted to HK\$21,198,271 (2002: HK\$66,221,485) (Note 16). Subsequent to the year end, the Group disposed of all the remaining 3,535,314 shares in Far EasTone held by Hon Wing at 31st March 2003 for an aggregate consideration of approximately HK\$20.6 million. The estimated loss on disposal is approximately HK\$0.6 million.

The carrying value of the Group's total effective investment in Far EasTone at 31st March 2003 totalled HK\$63,726,701 (2002: HK\$108,749,915) 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	
			2003	2002
Far EasTone	Taiwan	Digital Cellular services	1.18%	1.4%

16. OTHER INVESTMENTS

	Group	
	2003 HK\$	2002 HK\$
Equity securities listed outside Hong Kong, at market value	21,198,271	66,221,485

The Group's other investments represent its interest in Far EasTone, which is more fully described in Note 15.

17. 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 as at				
31st March 2003	<u>720,039</u>	<u>356</u>	<u>–</u>	<u>720,395</u>
31st March 2002	<u>1,611,436</u>	<u>236,556</u>	<u>275,709</u>	<u>2,123,701</u>

18. PLEDGED DEPOSITS

Fixed deposits have been placed in banks as securities against the Group's bank loans and certain guarantees provided by the bank.

19. TRADE AND OTHER PAYABLES

	Group	
	2003 HK\$	2002 HK\$
Amount due to a holding company (Note (a))	253,045	253,045
Trade payables (Note (b))	799,702	897,013
Other payables	1,008,381	3,173,572
	<u>2,061,128</u>	<u>4,323,630</u>

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

(b) The ageing of trade payables is within 3 months.

NOTES TO THE ACCOUNTS

20. SHARE CAPITAL

	Group and Company	
	2003 HK\$	2002 HK\$
<i>Authorised:</i>		
600,000,000 ordinary shares of HK\$0.1 each	60,000,000	60,000,000
<i>Issued and fully paid:</i>		
466,886,000 (2002: 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 2003 were as follows:

Date of share options granted	Outstanding number of options as at 31st March 2003	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
	2,500,000		

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

NOTES TO THE ACCOUNTS

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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 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
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
Loss for the year	-	-	-	-	-	-	-	-	(41,404,323)	(41,404,323)
2002 final dividend paid	-	-	-	-	-	-	-	-	(4,668,860)	(4,668,860)
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	-	-	149,673	-	149,673
Deficit on revaluation of investment property	-	-	(257,673)	-	-	-	-	-	-	(257,673)
At 31st March 2003	2,000,000	5,150,000	257,085	90,681,578	76,470,297	176,000	3,662,954	182,773	(16,768,214)	161,812,473

NOTES TO THE ACCOUNTS

21. RESERVES (continued)

	Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Retained profits/ (accumulated losses) HK\$	Total HK\$
(b) Company					
At 1st April 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
Loss for the year	-	-	-	(45,174,318)	(45,174,318)
2002 final dividend paid	-	-	-	(4,668,860)	(4,668,860)
At 31st March 2003	140,737,413	76,470,297	176,000	(66,863,330)	150,520,380

(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 realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

21. RESERVES (continued)

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

	2003 HK\$	2002 HK\$
Contributed surplus	140,737,413	140,737,413
Accumulated losses	(66,863,330)	(17,020,152)
	73,874,083	123,717,261

22. DEFERRED TAXATION

	Group	
	2003 HK\$	2002 HK\$
At 1st April	1,033,709	–
Transfer from profit and loss account (Note 7)	1,304,971	1,033,709
At 31st March	2,338,680	1,033,709
Provided for in respect of other timing differences	2,338,680	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	(206,572)	161,782
Tax losses	(26,851,722)	(22,874,558)
	(27,058,294)	(22,712,776)

NOTES TO THE ACCOUNTS

23. CAPITAL COMMITMENTS

	Group	
	2003 HK\$	2002 HK\$
Contracted but not provided for in respect of investments in investment securities	15,616,900	17,560,900

24. OPERATING LEASES

As at 31st March 2003, the Group had future aggregate minimum lease receivables under the non-cancellable operating leases in respect of the investment property as follows:

	Group	
	2003 HK\$	2002 HK\$
Not later than one year	1,200,000	-
Later than one year and not later than five years	1,400,000	-
	2,600,000	-

25. CONSOLIDATED CASH FLOW STATEMENT

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

	2003 HK\$	2002 HK\$
Loss before taxation	(39,628,949)	(45,102,023)
Depreciation	5,461,511	10,770,507
Dividend income from listed investment securities and other investments	(827,878)	-
Interest expenses	1,319,608	5,033,723
Interest income	(1,521,033)	(3,960,723)
(Gain)/loss on disposal of property, plant and equipment	(89,050)	1,434,764
Unrealised loss/(gain) on revaluation of other investments	6,353,484	(13,789,582)
Loss/(gain) on disposal of other investments	892,918	(10,781,209)
(Gain)/loss on disposal of subsidiaries	(76,705)	2,354,662
Provision for impairment in value of investment securities	9,159,140	12,136,047
Deficit on revaluation of investment property	7,722,104	-
Write-off of property, plant and equipment	-	6,156,669
Additional provision for depreciation on property, plant and equipment	-	1,264,513
Gain on disposal of listed investment securities	-	(6,066,895)
Operating loss before working capital changes	(11,234,850)	(40,549,547)
Decrease in accounts receivable	843,186	2,880,645
Decrease/(increase) in sundry debtors, deposits and prepayments	10,264,572	(7,453,808)
Decrease in advance subscriptions and licence fees received	(508,335)	(3,299,385)
Decrease in customer deposits	(17,689)	(444,092)
Decrease in trade and other payables	(1,575,319)	(3,214,180)
Exchange losses	750,785	86,554
Net cash outflow from operations	(1,477,650)	(51,993,813)

NOTES TO THE ACCOUNTS

25. CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital (including share premium and contributed surplus) HK\$	Obligations under finance lease HK\$	Bank loan HK\$	Minority interests HK\$	Total HK\$
Balance at 1 April 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
Non-cash considerations:					
Exchange translation differences	-	-	4,155,871	-	4,155,871
Minority interests' share of losses	-	-	-	(65,961)	(65,961)
Balance at 31 March 2003	213,840,475	-	38,476,828	-	252,317,303

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

	2003 HK\$	2002 HK\$
Pledged deposits	11,000,000	57,275,520
Cash and bank balances	81,836,879	54,013,898
Bank loan	(3,503,824)	(51,809,684)
	89,333,055	59,479,734

25. CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Disposal of subsidiaries

	2003 HK\$	2002 HK\$
Net assets disposed of:		
Property, plant and equipment	133,470	1,410,343
Accounts receivable	560,120	325,816
Sundry debtors, deposits and prepayments	8,806	454,618
Cash and bank balances	64,309	438,184
Trade payables	–	(283,701)
Sundry creditors and accrued expenses	(677,897)	(369,209)
Advanced subscriptions	(165,463)	(498,867)
	(76,655)	1,477,184
Gain/(loss) on disposal	76,705	(2,354,662)
	50	(877,478)
Satisfied by:		
Cash (received)/paid	(50)	877,478

Analysis of the net cash inflow/(outflow) in respect of the disposal of subsidiaries:

	2003 HK\$	2002 HK\$
Cash consideration received/(paid)	50	(877,478)
Cash and bank balances disposed of	(64,309)	(438,184)
Net cash outflow in respect of the disposal of subsidiaries	(64,259)	(1,315,662)

26. ULTIMATE HOLDING COMPANY

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

27. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of directors on 20th June 2003.