



ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2003/2004

CORPORATE INFORMATION

Board of Directors:

Non-Executive Chairman:

Tse Chi Hung, Michael

Executive Directors:

Yeung Shuk Kwan, Patricia
(*Managing Director*)
George Joseph Ho (*Executive Director*)

Non-Executive Directors:

George Ho, GBS, OBE, JP
Fu Yum Chiu*
(retired on 1 October 2003)
Fu Hau Chak, Adrian*
Leung Kwok Kit
Li Kwok Sing, Aubrey*
(appointed on 1 October 2003)
David Miao

* *Independent Directors*

Secretary:

Patricia Yeung Shuk Kwan

Registered Office:

Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda.

Principal Place of Business:

2nd Floor,
Jade Mansion,
40 Waterloo Road,
Yaumatei,
Kowloon,
Hong Kong.

Auditors:

PricewaterhouseCoopers

Registrars:

Computershare Hong Kong
Investor Services Limited
17th Floor,
Hopewell Centre,
183 Queen's Road East,
Hong Kong.

Principal Bankers:

The Bank of East Asia, Limited
The Hongkong & Shanghai Banking
Corporation Limited

Solicitors:

Stephenson Harwood & Lo
Lo and Lo

Homepage

www.hkabc.com

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30th September 2003, and the consolidated balance sheet as at 30th September 2003 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 1 to 12 of this report.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

	Note	Unaudited Six month ended 30th September 2003 HK\$	Unaudited Six month ended 30th September 2002 HK\$
Turnover	2	10,034,052	11,789,548
Cost of sales		<u>(6,728,203)</u>	<u>(6,808,197)</u>
Gross profit		3,305,849	4,981,351
Other revenues		5,031,836	1,986,444
Other operating income		7,794,986	162,561
Selling and distribution costs		<u>(763,299)</u>	<u>(450,299)</u>
General and administrative expenses		<u>(10,709,868)</u>	<u>(14,069,677)</u>
Other operating expenses		<u>(1,668,924)</u>	<u>(11,302,308)</u>
Operating profit/(loss)	3	2,990,580	(18,691,928)
Finance costs		<u>(263,607)</u>	<u>(821,243)</u>
Profit/(loss) before taxation		2,726,973	(19,513,171)
Taxation	4	<u>–</u>	<u>(1,437,939)</u>
Profit/(loss) after taxation		2,726,973	(20,951,110)
Minority interests		<u>–</u>	<u>65,961</u>
Profit/(loss) attributable to shareholders		<u>2,726,973</u>	<u>(20,885,149)</u>
Dividend	5	<u>(4,668,860)</u>	<u>–</u>
Profit/(loss) per share	6	<u>0.58 cents</u>	<u>(4.47 cents)</u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2003**

		Unaudited 30th September 2003 HK\$	Audited 31st March 2003 HK\$
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		39,976,545	41,991,501
Investment securities		99,708,774	100,867,068
		139,685,319	142,858,569
Current assets			
Other investments		–	21,198,271
Accounts receivable	7	2,022,119	720,395
Other current assets		1,329,549	1,134,975
Pledged deposits		47,003,022	11,000,000
Cash and bank balances		60,018,452	81,836,879
		110,373,142	115,890,520
Current liabilities			
Other current liabilities		3,557,739	3,331,192
Trade and other payables	8	2,186,899	2,061,128
Taxation payable		–	536,364
Bank loans, secured		40,743,797	41,980,652
		46,488,435	47,909,336
Net current assets		63,884,707	67,981,184
Total assets less current liabilities		203,570,026	210,839,753
Non-current liabilities			
Deferred taxation		233,868	2,338,680
Net assets		203,336,158	208,501,073
Capital and reserves			
Share capital		46,688,600	46,688,600
Reserves		156,647,558	161,812,473
		203,336,158	208,501,073

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

	Unaudited Six months ended 30th September 2003 HK\$	Unaudited Six months ended 30th September 2002 HK\$
Net cash (outflow)/inflow from operating activities	(10,117,135)	1,761,552
Net cash inflow from investing activities	32,312,875	32,611,429
Net cash outflow from financing activities	<u>(4,668,860)</u>	<u>(6,753,300)</u>
Net increase in cash and cash equivalents	17,526,880	27,619,681
Cash and cash equivalents at 1st April	89,333,055	54,013,898
Effect of foreign exchange rate changes	<u>161,539</u>	<u>692,414</u>
Cash and cash equivalents at 30th September	<u>107,021,474</u>	<u>82,325,993</u>
Analysis of balances of cash and cash equivalents :		
Bank balances and cash (Include pledged deposits)	<u>107,021,474</u>	<u>82,325,993</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003**

	Share capital HK\$	General reserve HK\$	Asset replacement reserve HK\$	Property revaluation reserve HK\$
At 1st April 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	-	-	-	-
2002 final 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>
At 1st April 2003	46,688,600	2,000,000	5,150,000	257,085
Profit for the period ended 30th September 2003	-	-	-	-
Exchange differences arising on translation of subsidiaries	-	-	-	-
Realisation of reserve on disposal of investment securities	-	-	-	-
2003 final dividend paid	-	-	-	-
At 30th September 2003	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>257,085</u>

Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits/ (accumulated losses) HK\$	Total HK\$
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)
-	-	-	-	-	(4,668,860)	(4,668,860)
<u>90,681,578</u>	<u>76,470,297</u>	<u>176,000</u>	<u>3,662,954</u>	<u>(121,807)</u>	<u>3,750,960</u>	<u>228,973,340</u>
90,681,578	76,470,297	176,000	3,662,954	182,773	(16,768,214)	208,501,073
-	-	-	-	-	2,726,973	2,726,973
-	-	-	-	161,541	-	161,541
-	-	-	(3,384,569)	-	-	(3,384,569)
-	-	-	-	-	(4,668,860)	(4,668,860)
<u>90,681,578</u>	<u>76,470,297</u>	<u>176,000</u>	<u>278,385</u>	<u>344,314</u>	<u>(18,710,101)</u>	<u>203,336,158</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.

These condensed accounts should be read in conjunction with the 2003 annual accounts.

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 2003 except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 "Income Taxes" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January 2003:

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

(a) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was 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 was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy. However, the income taxes in prior years has not been restated as the effect of this change is not material to the current and prior years' results.

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 (Note (a))
- Wireless applications
- Corporate activities and investment holdings – holding of corporate assets and liabilities

Note:

- (a) From 1st September 2002, the Group discontinued its operation in respect of the provision of facility management consultancy and solutions services (Note 2(a)(i)).

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, 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

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 2003			
	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover from external customers	<u>9,974,780</u>	<u>59,272</u>	<u>-</u>	<u>10,034,052</u>
Segment results	<u>(1,176,100)</u>	<u>(1,949,235)</u>	<u>(4,996,817)</u>	(8,122,152)
Other income/(expenses)				
- Interest income	-	-	-	517,493
- Dividend income	-	-	-	3,981,009
- Rental income	-	-	-	533,334
- Realised loss on disposal of other investments	-	-	(849,332)	(849,332)
- Realised gain on disposal of listed investments	-	-	6,930,228	<u>6,930,228</u>
Operating profit				2,990,580
Finance costs				<u>(263,607)</u>
Profit attributable to shareholders				<u>2,726,973</u>

2 Segment information (Continued)

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

	Six months ended 30th September 2002				Total HK\$
	Financial quotation, securities trading system licensing, and sales of related products	Facility management consultancy and solutions (Note (i)) HK\$	Wireless applications HK\$	Corporate activities and investment holdings 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 reevaluation 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 (Note (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)

Note:

- (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.

(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 30th September 2003 HK\$	Six months ended 30th September 2002 HK\$	Six months ended 30th September 2003 HK\$	Six months ended 30th September 2002 HK\$
By principal markets:				
Hong Kong	10,034,052	11,789,548	(638,107)	(7,790,376)
Asia				
– Taiwan	–	–	2,848,519	(5,900,785)
– Others	–	–	(4,769)	(767)
Canada and United States	–	–	784,937	(5,000,000)
	<u>10,034,052</u>	<u>11,789,548</u>	<u>2,990,580</u>	<u>(18,691,928)</u>

3 Operating profit/(loss)

Six months ended 30th September 2003 HK\$	Six months ended 30th September 2002 HK\$
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Operating profit/(loss) is stated after crediting and charging the following:

Crediting

Gain on disposal of a subsidiary	-	76,705
Gross rental income from investment property	533,334	355,556
Gain on disposal of listed investments	<u>6,930,228</u>	<u>-</u>

Charging

Depreciation of owned property, plant and equipment	2,193,014	2,970,601
Unrealised loss on revaluation of other investments	-	5,854,625
Provision for diminution in value of investment securities	-	5,000,000
Loss on disposal of other investments	849,332	385,009
Outgoings in respect of investment properties	<u>33,703</u>	<u>8,492</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 (2002: Nil).

Six months ended 30th September 2003 HK\$	Six months ended 30th September 2002 HK\$
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The amount of taxation charged to the consolidated profit and loss account represents:

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

	Six months ended 30th September 2003 HK\$	Six months ended 30th September 2002 HK\$
Interim, proposed, of 1.0 cent (2002: Nil) per share	<u>4,668,860</u>	<u>–</u>

- (a) At a meeting held on 20th June 2003, the directors proposed a final dividend of 1.0 cent per share for the year ended 31st March 2003, which was paid on 28th July 2003 and has been reflected as an appropriation of retained earnings for the six months ended 30th September 2003.
- (b) At a meeting held on 9th December 2003, the directors proposed an interim dividend of 1.0 cent per share for the year ending 31st March 2004. This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2004.

6 Profit/(loss) per share

The calculation of profit/(loss) per share is based on the Group's profit attributable to shareholders of HK\$2,726,973 (2002: loss attributable to shareholders of HK\$20,885,149) and on the weighted average number of 466,886,000 (2002: 466,886,000) shares in issue during the period.

Diluted profit/(loss) per share is not presented as the exercise price of the outstanding share options of the Company was higher than the average market price of the shares during both periods, and therefore the share options had no dilution effect.

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 2003	<u>2,021,927</u>	<u>192</u>	<u>–</u>	<u>2,022,119</u>
Balance at 31st March 2003	<u>720,039</u>	<u>356</u>	<u>–</u>	<u>720,395</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 2003	<u>1,072,368</u>	<u>-</u>	<u>-</u>	<u>1,072,368</u>
Balance at 31st March 2003	<u>799,702</u>	<u>-</u>	<u>-</u>	<u>799,702</u>

9 Commitments

(a) Capital commitments

	30th September 2003 HK\$	31st March 2003 HK\$
Contracted but not provided for in respect of - investment in investment securities	<u>13,497,750</u>	<u>15,616,900</u>

(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 2003 HK\$	31st March 2003 HK\$
Not later than one year	800,000	1,200,000
Later than one year and not later than five years	<u>-</u>	<u>1,400,000</u>
	<u>800,000</u>	<u>2,600,000</u>

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1 cent per share (2002: Nil) for the fiscal year ended 31st March 2004 payable to shareholders whose names appear in the Register of Members at the close of business on 7th January 2004 (Wednesday). Dividend warrants will be posted to shareholders on 14th January 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 5th January 2004 to Wednesday, 7th January 2004, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Ltd., 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 pm on Friday, 2nd January 2004.

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

As at 30th September 2003, our Group had cash and bank balances of HK\$107 million of which HK\$47 million had been pledged to secure a Japanese yen loan. During the period, the Group has repaid in entirety its Taiwan dollar loan which amounted to HK\$3.5 million.

Our Group had total banking facilities of HK\$55.8 million of which HK\$40.7 million had been utilised. Our Group's total debts stood at HK\$40.7 million at 30th September 2003 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 Japan. The bank loans are repayable within one year and bear interest at prevailing market rates.

	30th September 2003		31st March 2003	
	HK\$	%	HK\$	%
Bank loans	40,743,797	17	41,980,652	17
Shareholders' equity	203,336,158	83	208,501,073	83
Total capital employed	<u>244,079,955</u>	<u>100</u>	<u>250,481,725</u>	<u>100</u>

PLEDGE OF ASSETS

As at 30th September 2003, time deposits of HK\$47 million were pledged to secure general banking facilities granted to our Group. During the period, the Group had released the charge on its properties in Hong Kong.

CONTINGENT LIABILITIES

Apart from an outstanding funding commitment of up to HK\$13.5 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 2003 amounted to HK\$7 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

For the half-year ended 30th September 2003, the Group recorded a turnover of HK\$10 million and a net profit of HK\$2.7 million, as compared to a turnover of HK\$11.8 million and a net loss of HK\$20.9 million for the comparable period in the previous year.

In the period under review, dividend income and share disposals in respect of cellular operators Smartone in Hong Kong and Far Eastone in Taiwan contributed a net aggregate sum of HK\$10.1 million to our revenue. Although our two principal operating subsidiaries, QuotePower and ABC QuickSilver, had yet to make a positive contribution to the Group's earnings, an improving business climate has encouraged us to believe the financial performance of both units should gradually improve in the coming months.

Our telecommunications investments will in the short-term continue to be the drivers for revenue generation. We are particularly pleased to note that our investment in eAccess, a broadband operator in Japan, is also beginning to mature, with the listing of the company on the Tokyo Stock Exchange Mothers Board at the beginning of October this year.

MANAGEMENT ANALYSIS AND DISCUSSION

QuotePower continued to contribute the bulk of the Group's turnover for the period. As compared to the corresponding period in the previous year, QuotePower's net loss has narrowed by 26% to HK\$1.2 million. The stock market rebound in the last few months has brought a rise in subscriber additions to the company's quotation services, the financial impact of which should be more fully reflected in the second half of the fiscal year. QuotePower has meanwhile rolled out a new forex quotation service on the Web and on mobiles in September this year. These new product offerings should also make a positive contribution to the QuotePower's revenue in the coming months.

ABC QuickSilver's revenue contribution remained weak in the period as the take-up of wireless data in the local market had been slow. An enterprise solution developed by the company has however been successfully implemented by local customers for the management of mobile workers and we see promising signs of it being exported to other markets in the not too distant future.

During the period, the Group disposed of 924,000 shares in cellular operator, SmarTone, realizing a net profit of HK\$6.9 million. A further number of 3,535,314 shares in Taiwan cellular operator, Far Eastone, was sold on the open market in the half-year under review at an average price of NT\$25.9, equivalent to HK\$5.8. The total net sales proceeds from Far Eastone during the period amounted to approximately HK\$20.3 million. The disposals of these Far Eastone shares resulted in a loss of HK\$0.8 million in our half-year results.

Subsequent to the end of the period under review, the Group made further disposals of 13 million shares in Far Eastone at an average price of NT\$25, realizing a total net cash inflow of approximately HK\$74 million and a net profit of approximately HK\$54 million, which will be duly reflected in the accounts of the second-half of the fiscal year. The Group still holds 14,729,236 shares in Far Eastone which are currently valued at the investment cost of HK\$22.6 million in our accounts.

At the beginning of October 2003, e-Access, a broadband operator in Japan, became publicly-listed on the MOTHERS board of the Tokyo Stock Exchange. Our investment in eAccess, representing 1.91% of the company, is currently valued at cost in our accounts at approximately HK\$39.7 million.

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 2003, the interests of the directors in the shares and options of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Name	Number of Ordinary Shares				Percentage
	Personal interests	Corporate interests	Family interests	Total interests	
George Ho	8,530,000	265,331,600	-	273,861,600	58.66%
Michael Tse Chi Hung	12,160,006	-	-	12,160,006	2.60%
Patricia Yeung Shuk Kwan	5,450,000	-	-	5,450,000	1.17%
Leung Kwok Kit	3,306,600	-	-	3,306,600	0.71%
George Joseph Ho	4,462,000	-	-	4,462,000	0.96%

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

DIRECTORS' INTERESTS (Continued)

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 2003, the directors' interests in associated corporations of the Company (within the meaning of the "SFO") 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 795,600 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.
- (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)
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.

DIRECTORS' INTERESTS *(Continued)*

All the interests stated above represent long positions. Save as disclosed in the above paragraphs, as at 30th September 2003 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 "SFO" to have any) interests or short positions in the securities of the Company or any associated corporation (within the meaning of the "SFO") which were required to be entered in the register kept by the Company pursuant to the "SFO".

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30th September 2003, the register of substantial shareholders maintained under Section 336 of the "SFO" shows that the Company had been notified of the following substantial shareholders' interests, being 5 per cent or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors:

Name	Number of Ordinary Shares held	Percentage
H.C.B.C. Enterprises (BVI) Limited	265,331,600	56.83%

All the interests stated above represent long positions. Save as disclosed herein, there is no person known to the directors who, as at 30th September 2003, was directly or indirectly interested in 5 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 pursuant to Section 336 of the "SFO".

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 2003 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 2003 with the directors.

By Order of the Board
Patricia Yeung Shuk Kwan
Managing Director

Hong Kong, 9th December 2003