

## 1 PRINCIPAL ACCOUNTING POLICIES

---

### (a) *Basis of preparation*

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 except that, as disclosed in the accounting policies below, certain properties and investments in securities are stated at fair value.

In the current year, the Group adopted the Statement of Standard Accounting Practice ("SSAP") 12 (revised) "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 this revised policy are set out below:

### (b) *Group accounting*

#### (i) 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 more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the Board of directors; or to cast majority of votes at the meetings of the Board of directors.

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.

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.

# Notes to the Accounts

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

---

### (b) *Group accounting (continued)*

#### (ii) 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.

### (c) *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.

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

---

### (c) *Goodwill (continued)*

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.

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.

### (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.

# Notes to the Accounts

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (e) *Property, plant and equipment*

Property, plant and equipment other than investment property (Note 1(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.

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.

### (f) *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.

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

---

### (g) *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.

### (h) *Other investments*

Other investments are carried at fair value. 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.

### (i) *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.

### (j) *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

### (k) *Research and development costs*

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than 5 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

---

### *(l) 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.

## 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### *(m) 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 year, 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 revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively. Nevertheless, there is no material impact to the accounts except for certain presentational changes.

### *(n) 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.

### *(o) Segment reporting*

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

Segment assets consist primarily of property, plant and equipment 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.

# Notes to the Accounts

## 2 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:

	2004 HK\$	2003 HK\$
Turnover		
Income from financial quotation and securities trading system licensing	21,767,981	19,477,183
Income from facility management consultancy and solutions services	–	1,470,850
Income from wireless applications	142,541	126,152
	<u>21,910,522</u>	<u>21,074,185</u>
Other revenues		
Bank interest income	1,138,396	1,521,033
Rental income from investment property	1,066,668	888,890
Dividend income, net of withholding tax, from listed investment securities and other investments	4,903,322	827,878
	<u>7,108,386</u>	<u>3,237,801</u>
	<u>29,018,908</u>	<u>24,311,986</u>

Primary reporting format – business segments

The Group is organised on a worldwide basis into four main 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 3).

Secondary reporting format – geographical segments

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



# Notes to the Accounts

## 2 REVENUE AND TURNOVER (CONTINUED)

Primary reporting format – business segments (continued)

	<b>Financial quotation, securities trading system licensing, and sales of related products 2004 HK\$</b>	<b>Wireless applications 2004 HK\$</b>	<b>Corporate activities and investment holdings 2004 HK\$</b>	<b>Total 2004 HK\$</b>
Turnover from external customers (Note (a))	<b>21,767,981</b>	<b>142,541</b>	–	<b>21,910,522</b>
Segment results	<b>(1,519,763)</b>	<b>(3,871,986)</b>	<b>(10,158,040)</b>	<b>(15,549,789)</b>
Other income/(expenses)				
– Interest income				1,138,396
– Dividend income				4,903,322
– Rental income from investment property	–	–	1,066,668	1,066,668
– Surplus on revaluation of investment property	–	–	2,700,000	2,700,000
– Loss on impairment of other property	–	–	(4,235,992)	(4,235,992)
– Gain on disposal of listed investment securities	–	–	60,963,517	60,963,517
– Loss on disposal of other investments	–	–	(849,332)	(849,332)
– Provision for impairment in value of investment securities	–	–	(981,953)	(981,953)
– Gain on liquidation of subsidiaries	–	–	163,787	163,787
Operating profit				<b>49,318,624</b>
Finance costs				<b>(400,858)</b>
Profit before taxation				<b>48,917,766</b>
Taxation credit				<b>233,868</b>
Profit attributable to shareholders				<b>49,151,634</b>
Segment assets	<b>3,447,944</b>	<b>170,638</b>	<b>208,735,502</b>	<b>212,354,084</b>
Investment property	–	–	15,500,000	15,500,000
Investment securities	–	–	65,666,230	65,666,230
Total assets				<b>293,520,314</b>
Segment liabilities	<b>4,593,706</b>	<b>23,584</b>	<b>784,747</b>	<b>5,402,037</b>
Bank loans, secured				<b>43,669,579</b>
Total liabilities				<b>49,071,616</b>
Capital expenditure	<b>386,908</b>	<b>22,030</b>	–	<b>408,938</b>
Depreciation	<b>950,497</b>	<b>49,640</b>	<b>3,043,170</b>	<b>4,043,307</b>
Other non-cash expenses (Note (b))	–	–	<b>5,217,945</b>	<b>5,217,945</b>

Note

- (a) Sales and other transactions between the business segments have been excluded in the calculation of revenue.
- (b) Non-cash expenses comprise loss on impairment of other property and provision for impairment in value of investment securities.

# Notes to the Accounts

## 2 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 3) 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 charge					(1,841,335)
Loss after taxation					(41,470,284)
Minority interests					65,961
Loss attributable to shareholders					(41,404,323)
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					258,749,089
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					50,248,016
Capital expenditure	212,358	-	15,047	3,400	230,805
Depreciation	2,186,109	38,184	93,911	3,143,307	5,461,511
Other non-cash expenses (Note (b))	-	-	-	23,234,728	23,234,728

Note

- (a) Sales and other transactions between the business segments have been excluded in the calculation of revenue.
- (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

## 2 REVENUE AND TURNOVER (CONTINUED)

Secondary reporting format – geographical segments (continued)

	<b>Turnover</b> <b>2004</b> <b>HK\$</b>	<b>Operating</b> <b>profit/(loss)</b> <b>2004</b> <b>HK\$</b>	<b>Total</b> <b>assets</b> <b>2004</b> <b>HK\$</b>	<b>Capital</b> <b>expenditure</b> <b>2004</b> <b>HK\$</b>
Hong Kong	21,910,522	(6,739,748)	209,289,247	408,938
Asia				
– Taiwan	–	57,058,315	22,590,283	–
– Japan	–	–	42,579,000	–
– Others	–	(17,990)	777	–
Canada and United States	–	(981,953)	19,061,007	–
	<b>21,910,522</b>	<b>49,318,624</b>	<b>293,520,314</b>	<b>408,938</b>
	Turnover	Operating	Total	Capital
	2003	loss	assets	expenditure
	HK\$	2003	2003	2003
		HK\$	HK\$	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	–
	21,074,185	(38,309,341)	258,749,089	230,805

# Notes to the Accounts

## 3 DISCONTINUED OPERATIONS

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\$
Turnover	1,470,850
Other revenue	282
Operating costs	<u>(1,482,644)</u>
Loss for the period	<u>(11,512)</u>
Net operating cash outflow	(170,753)
Net investing cash outflow	-
Total net cash outflow	<u>(170,753)</u>
	At 31st August 2002 HK\$
Fixed assets	133,471
Current assets	<u>633,233</u>
Total assets	766,704
Total liabilities	<u>(843,359)</u>
Net liabilities	<u>(76,655)</u>
The gain on disposal of this segment are as follows:	2003 HK\$
Net assets disposed of:	
Property, plant and equipment	133,470
Accounts receivable	560,120
Sundry debtors, deposits and prepayments	8,806
Cash and bank balances	64,309
Sundry creditors and accrued expenses	(677,897)
Advanced subscriptions	<u>(165,463)</u>
	(76,655)
Gain on disposal	<u>76,705</u>
	<u>50</u>
Satisfied by:	
Cash received	<u>50</u>

# Notes to the Accounts

## 4 OPERATING PROFIT/(LOSS)

	2004 HK\$	2003 HK\$
--	--------------	--------------

Operating profit/(loss) is stated after crediting and charging the following:

### Crediting

Gain on liquidation of subsidiaries (Note 24(b))	163,787	–
Gain on disposal of subsidiaries (Note 24(c))	–	76,705
Rental income from investment property less outgoings of HK\$73,081 (2003: HK\$85,369)	993,587	803,521
Gain on disposal of property, plant and equipment	–	89,050
Gain on disposal of listed investment securities	60,963,517	–
Surplus on revaluation of investment property	2,700,000	–
Exchange gains	7,619	–

### Charging

Auditors' remuneration	343,550	442,611
Depreciation:		
– Owned property, plant and equipment	4,043,307	5,461,511
Exchange losses	–	89,296
Staff costs (Note 10)	13,927,059	15,635,773
Provision for impairment in value of investment securities	981,953	9,159,140
Loss on disposal of other investments	849,332	892,918
Deficit on revaluation of investment property	–	7,722,104
Loss on impairment of other property	4,235,992	–
Unrealised loss on revaluation of other investments	–	6,353,484
Loss on disposal of property, plant and equipment	1,564	–

## 5 FINANCE COSTS

	2004 HK\$	2003 HK\$
Interest on bank loans	400,858	1,319,608

# Notes to the Accounts

## 6 TAXATION (CREDIT)/CHARGE

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2003: Nil). In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. 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.

	2004 HK\$	2003 HK\$
The amount of taxation charged to the consolidated profit and loss account represents:		
Current taxation:		
– Overseas taxation	–	536,364
Deferred taxation (Note 21)	<b>(233,868)</b>	1,304,971
	<b>(233,868)</b>	1,841,335

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2004 HK\$	2003 HK\$
Profit/(loss) before taxation	<b>48,917,766</b>	(39,628,949)
Calculated at a taxation rate of 17.5% (2003: 16%)	<b>8,560,609</b>	(6,340,632)
Income not subject to taxation	<b>(15,303,662)</b>	(240,530)
Expenses not deductible for taxation purposes	<b>5,124,581</b>	4,778,216
Tax losses not recognised	<b>2,055,267</b>	1,802,946
Utilisation of previously unrecognised temporary difference	<b>(341,243)</b>	–
Temporary differences on withholding tax	<b>(233,868)</b>	1,304,971
Effect of different taxation rate in other countries	<b>(95,552)</b>	536,364
Taxation (credit)/charge	<b>(233,868)</b>	1,841,335

## 7 PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit/(loss) attributable to shareholders includes a profit of HK\$57,077,273 (2003: loss of HK\$45,174,318) which has been dealt with in the accounts of the Company.

## 8 DIVIDENDS

	2004 HK\$	2003 HK\$
Interim, paid, of HK¢1.0 (2003: HK\$ Nil)	4,668,860	–
Final, proposed, of HK¢10 (2003: HK¢1.0) per share	46,688,600	4,668,860
	<b>51,357,460</b>	4,668,860

At a meeting held on 25th June 2004, the directors proposed a final dividend of 10 cents 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 2005.

## 9 PROFIT/(LOSS) PER SHARE

The profit/(loss) per share is calculated based on the profit attributable to shareholders of HK\$49,151,634 (2003: loss of HK\$41,404,323) and on the weighted average number of 466,886,000 (2003: 466,886,000) shares in issue during the year.

Diluted profit/(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.

## 10 STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS)

	2004 HK\$	2003 HK\$
Wages and salaries	13,275,788	15,132,427
Retirement benefit costs		
– defined contribution schemes (Note 1(l)(iii))	651,271	503,346
	<b>13,927,059</b>	15,635,773

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\$689,852 (2003: HK\$762,728) less forfeited contributions utilised of HK\$38,581 (2003: HK\$259,382). No contributions were payable at the year end. As at 31st March 2004, there was no unutilised forfeited contributions (2003: Nil)

# Notes to the Accounts

## 11 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) *Directors' emoluments*

(i) Chairman and non-executive directors

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Fees	<b>70,000</b>	60,000
Salaries, housing allowances, other allowances and benefits in kind	<b>408,000</b>	480,000
	<b>478,000</b>	540,000

(ii) Executive directors

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Fees	<b>20,000</b>	20,000
Salaries, housing allowances, other allowances and benefits in kind	<b>1,560,000</b>	1,409,593
Contributions to retirement schemes	<b>156,000</b>	156,000
	<b>1,736,000</b>	1,585,593

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

Emolument bands	<b>Number of directors</b>	
	<b>2004</b>	2003
HK\$0 – HK\$1,000,000	<b>8</b>	7
HK\$1,000,001 – HK\$1,500,000	<b>1</b>	1

Emoluments paid to independent non-executive directors amounted to HK\$30,000 for the year (2003: HK\$20,000).



## 11 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 (2003: one) director whose emoluments are reflected in the analysis in Note (a) above. The emoluments payable to the remaining four (2003: four) individuals during the year are as follows:

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Salaries, housing allowances, other allowances and benefits in kind	<b>2,443,864</b>	2,633,903
Contributions to retirement schemes	<b>109,516</b>	112,495
	<b>2,553,380</b>	2,746,398

The emoluments fell within the following bands

	<b>Number of individuals</b>	
Emolument bands	<b>2004</b>	2003
HK\$0 – HK\$1,000,000	<b>4</b>	4

# Notes to the Accounts

## 12 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\$	Total HK\$
Cost, gross carrying amount, or valuation						
At 1st April 2003	12,800,000	25,323,951	11,371,317	15,123,059	5,427,752	70,046,079
Additions	-	-	-	391,068	17,870	408,938
Disposals	-	-	-	-	(4,752)	(4,752)
Revaluation	2,700,000	-	-	-	-	2,700,000
Written off	-	-	(185,447)	-	(2,417,437)	(2,602,884)
<b>At 31st March 2004</b>	<b>15,500,000</b>	<b>25,323,951</b>	<b>11,185,870</b>	<b>15,514,127</b>	<b>3,023,433</b>	<b>70,547,381</b>
Accumulated depreciation and impairment						
At 1st April 2003	-	3,768,818	5,964,605	13,974,740	4,346,415	28,054,578
Charge for the year	-	375,493	2,213,509	970,668	483,637	4,043,307
Disposals	-	-	-	-	(1,188)	(1,188)
Impairment charge	-	4,493,077	-	-	-	4,493,077
Written off	-	-	(185,447)	-	(2,417,437)	(2,602,884)
<b>At 31st March 2004</b>	<b>-</b>	<b>8,637,388</b>	<b>7,992,667</b>	<b>14,945,408</b>	<b>2,411,427</b>	<b>33,986,890</b>
Net book value						
<b>At 31st March 2004</b>	<b>15,500,000</b>	<b>16,686,563</b>	<b>3,193,203</b>	<b>568,719</b>	<b>612,006</b>	<b>36,560,491</b>
At 31st March 2003	12,800,000	21,555,133	5,406,712	1,148,319	1,081,337	41,991,501

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

	2004 HK\$	2003 HK\$
Investment property		
– At open market value	15,500,000	12,800,000
Other properties		
– At cost	1,351,330	1,351,330
– At gross carrying amount – professional valuation 1991	23,972,621	23,972,621
	25,323,951	25,323,951
	40,823,951	38,123,951

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Investment property was revalued at 31st March 2004 on the basis of its open market value by Vigers Appraisal & Consulting 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 and accumulated impairment losses. 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.

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

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

	2004 HK\$	2003 HK\$
Investment property		
Long term leasehold land	15,500,000	12,800,000
Other properties		
Medium term leasehold land	1,351,330	1,351,330
Long term leasehold land	23,972,621	23,972,621
	<b>25,323,951</b>	25,323,951
	<b>40,823,951</b>	38,123,951

- (c) At 31st March 2003, the net book value of the investment property and other properties pledged as security for the Group's bank loans of the Group amounted to HK\$33,241,810. None of the properties has been pledged as at year ended 31st March 2004.

## 13 SUBSIDIARIES

	Company	
	2004 HK\$	2003 HK\$
Unlisted shares, at cost	253,304,038	254,304,038
Less: Provision for impairment losses	(238,940,485)	(244,333,573)
	<b>14,363,553</b>	9,970,465
Amounts due from subsidiaries	<b>118,139,615</b>	138,321,603
	<b>132,503,168</b>	148,292,068

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

# Notes to the Accounts

## 13 SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries as at 31st March 2004 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	–	99.95%
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%
Abcomm Technology Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	Ordinary	100%	–
Choudary Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$10,003	Ordinary	100%	–
Gine Well Properties Limited	Hong Kong	Property investment	HK\$2	Ordinary	–	100%
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%

Hon Wing Investment Inc., a wholly owned subsidiary incorporated in Taiwan, was liquidated during the year.

# Notes to the Accounts

## 14 INVESTMENT SECURITIES

	2004 HK\$	Group 2003 HK\$
Equity securities, at cost		
Listed in Hong Kong	496,947	6,538,778
Listed outside Hong Kong (Note)	65,169,283	–
	<b>65,666,230</b>	6,538,778
Unlisted in Hong Kong, at cost	472,518	472,518
Less: Provision for impairment losses	(472,518)	(472,518)
	–	–
Unlisted outside Hong Kong, at cost (Note)	32,403,548	112,506,378
Less: Provision for impairment losses	(32,403,548)	(32,403,548)
	–	80,102,830
	<b>65,666,230</b>	86,641,608
Investment funds		
Unlisted outside Hong Kong, at cost	29,202,100	23,384,600
Less: Provision for impairment losses	(10,141,093)	(9,159,140)
	<b>19,061,007</b>	14,225,460
	<b>84,727,237</b>	100,867,068
Market value of listed shares		
Listed in Hong Kong	649,800	9,400,000
Listed outside Hong Kong	269,154,812	–

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. As at 31st March 2003, its principal underlying asset was 15% equity interest in an unlisted investment, Cheung Hing Development, Ltd. (“Cheung Hing”), and in turn the principal underlying asset of Cheung Hing was 157,999,699 shares in Far EasTone. During the year, the Group has reverted its share of investments in Far EasTone previously held through Cheung Hing to be held directly by Lotus Flower. Despite this transfer of shares and the disposal of these shares in Far EasTone during the year and after the year end, the directors have confirmed that the Far EasTone shares held through Lotus Flower will remain to be held for long term and therefore are consistently classified as Investment Securities.

# Notes to the Accounts

## 14 INVESTMENT SECURITIES (CONTINUED)

Subsequent to the year end, the Group disposed of 2,500,000 shares in Far EasTone for an aggregate consideration of approximately HK\$18.8 million. The estimated gain on disposal is approximately HK\$14.9 million.

Hon Wing is also an investment holding entity. At the start of the fiscal year, it held 3,535,314 shares in Far EasTone directly. The Far EasTone shares held through Hon Wing were held for short term and hence classified as Other Investments under current assets (Note 15). During the year, all shares in Far EasTone held by Hon Wing were disposed of at a loss on disposal of HK\$0.8 million.

On 3rd October 2003, eAccess has completed its listing on Tokyo stock Exchange. The investment made by the Group is therefore reclassified to listed securities outside Hong Kong as at 31st March 2004. The shares are valued at their investment cost and the Board of Directors has confirmed its current intention to hold the shares for long-term investment purpose.

During the year, the Group made further contributions of HK\$5.8 million to a Wireless Internet Fund. The future cost of investment committed by the Group is shown in Note 22.

## 15 OTHER INVESTMENTS

	2004 HK\$	Group 2003 HK\$
Equity securities listed outside Hong Kong, at market value	–	21,198,271

## 16 ACCOUNTS RECEIVABLE

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

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance as at <b>31st March 2004</b>	<b>1,622,417</b>	<b>48,000</b>	<b>8,000</b>	<b>1,678,417</b>
31st March 2003	720,039	356	–	720,395

## 17 PLEDGED DEPOSITS

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

# Notes to the Accounts

## 18 TRADE AND OTHER PAYABLES

	Group	
	2004 HK\$	2003 HK\$
Amount due to a holding company (Note (a))	253,045	253,045
Trade payables (Note (b))	1,286,964	799,702
Other payables	749,293	1,008,381
	<b>2,289,302</b>	2,061,128

- (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.

## 19 SHARE CAPITAL

	Group and Company	
	2004 HK\$	2003 HK\$
Authorised:		
600,000,000 ordinary shares of HK\$0.1 each	<b>60,000,000</b>	60,000,000
Issued and fully paid:		
466,886,000 (2003: 466,886,000) ordinary shares of HK\$0.1 each	<b>46,688,600</b>	46,688,600

- (a) Share options

The outstanding share options granted and being accepted under the Scheme as of 31st March 2004 were as follows:

Date of share options granted	Outstanding number of options as at 31st March 2004	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
	<b>2,500,000</b>		

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

# Notes to the Accounts

## 20 RESERVES

	General reserve	Asset replacement reserve	Property revaluation reserve	Contributed surplus	Share premium	Capital redemption reserve	Capital reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
(a) Group										
At 1st April 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
Profit for the year	-	-	-	-	-	-	-	-	49,151,634	49,151,634
2003 final dividend paid	-	-	-	-	-	-	-	-	(4,668,860)	(4,668,860)
2004 interim dividend paid	-	-	-	-	-	-	-	-	(4,668,860)	(4,668,860)
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	-	-	(60,848)	-	(60,848)
Realisation of exchange reserve upon liquidation of subsidiaries	-	-	-	-	-	-	-	(163,787)	-	(163,787)
Realisation of reserve on disposal of investment securities	-	-	-	-	-	-	(3,384,569)	-	-	(3,384,569)
Loss on impairment of other property	-	-	(257,085)	-	-	-	-	-	-	(257,085)
At 31st March 2004	2,000,000	5,150,000	-	90,681,578	76,470,297	176,000	278,385	(41,862)	23,045,700	197,760,098



# Notes to the Accounts

## 20 RESERVES (CONTINUED)

	Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Accumulated losses HK\$	Total HK\$
(b) Company					
At 1st April 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
Profit for the year	-	-	-	57,077,273	57,077,273
2003 final dividend paid	-	-	-	(4,668,860)	(4,668,860)
2004 interim dividend paid	-	-	-	(4,668,860)	(4,668,860)
<b>At 31st March 2004</b>	<b>140,737,413</b>	<b>76,470,297</b>	<b>176,000</b>	<b>(19,123,777)</b>	<b>198,259,933</b>

(c) The contributed surplus of the Company, which arose as a result of a group reorganisation in 1991 and the transfer from share premium account pursuant to the special resolutions passed on 27th March 2002, 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.

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

	2004 HK\$	2003 HK\$
Contributed surplus	140,737,413	140,737,413
Accumulated losses	(19,123,777)	(66,863,330)
	<b>121,613,636</b>	73,874,083

# Notes to the Accounts

## 21 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 17.5%).

Deferred tax liabilities represented withholding tax that would be payable on the unremitted earnings of an overseas subsidiary.

The movement on the deferred tax liabilities account is as follows:

	2004 HK\$	2003 HK\$
At 1st April	2,338,680	1,033,709
Deferred taxation charged to profit and loss account (Note 6)	(233,868)	1,304,971
Overseas taxation paid	(2,104,812)	–
At 31st March	–	2,338,680

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March 2004 and 2003, the Group has unrecognised tax benefits in respect of the losses amounting to approximately HK\$164,802,374 and HK\$150,325,269 respectively, to carry forward against future taxable profits with no expiry date.

## 22 CAPITAL COMMITMENTS

	2004 HK\$	Group 2003 HK\$
Contracted but not provided for in respect of investments in investment securities	9,708,750	15,616,900

## 23 OPERATING LEASES

As at 31st March 2004 the Group had future aggregate minimum lease receivables under the non-cancellable operating leases in respect of the investment property as follows:

	2004 HK\$	Group 2003 HK\$
Not later than one year	1,200,000	1,200,000
Later than one year and not later than five years	200,000	1,400,000
	1,400,000	2,600,000

# Notes to the Accounts

## 24 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before taxation to operating loss before working capital changes

	2004 HK\$	2003 HK\$
Profit/(loss) before taxation	48,917,766	(39,628,949)
Depreciation	4,043,307	5,461,511
Dividend income from listed investment securities and other investments	(4,903,322)	(827,878)
Interest expenses	400,858	1,319,608
Interest income	(1,138,396)	(1,521,033)
Loss/(gain) on disposal of property, plant and equipment	1,564	(89,050)
Unrealised loss on revaluation of other investments	–	6,353,484
Loss on disposal of other investments	849,332	892,918
Gain on disposal of listed investment securities	(60,963,517)	–
Provision for impairment in value of unlisted investment securities	981,953	9,159,140
(Surplus)/deficit on revaluation of investment property	(2,700,000)	7,722,104
Loss on impairment of other property	4,235,992	–
Gain on liquidation of subsidiaries	(163,787)	–
Gain on disposal of subsidiaries	–	(76,705)
Operating loss before working capital changes	<u>(10,438,250)</u>	<u>(11,234,850)</u>

(b) Liquidation of subsidiaries

	2004 HK\$
Net assets disposed of:	
Sundry debtors, deposits and prepayments	6,376
Cash and bank balances	5,595,708
	<u>5,602,084</u>
Exchange reserve realised	(163,787)
Gain on liquidation	163,787
	<u>5,602,084</u>
Satisfied by:	
Included in sundry debtors, deposits and prepayments	5,602,084
	<u>5,602,084</u>
Analysis of net cash outflow in respect of liquidation of subsidiaries:	
	2004 HK\$
Net cash outflow in respect of liquidation of subsidiaries	<u>5,595,708</u>

# Notes to the Accounts

## 24 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Disposal of subsidiaries

	2003 HK\$
Net assets disposed of:	
Property, plant and equipment	133,470
Accounts receivable	560,120
Sundry debtors, deposits and prepayments	8,806
Cash and bank balances	64,309
Sundry creditors and accrued expenses	(677,897)
Advance subscriptions	(165,463)
	<u>(76,655)</u>
Gain on disposal	<u>76,705</u>
	<u>50</u>
Satisfied by:	
Cash received	<u>50</u>
Analysis of net cash outflow in respect of disposal of subsidiaries:	
	2003 HK\$
Cash consideration received	50
Cash and bank balances disposed of	(64,309)
Net cash outflow in respect of disposal of subsidiaries	<u>(64,259)</u>

(d) Analysis of changes in financing during the year

	Share capital (including share premium and contributed surplus) HK\$	Bank loan HK\$	Minority interests HK\$	Total HK\$
Balance at 1st April 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 31st March 2003	213,840,475	38,476,828	–	252,317,303
Non-cash considerations:				
Exchange translation differences	–	5,192,751	–	5,192,751
<b>Balance at 31st March 2004</b>	<b>213,840,475</b>	<b>43,669,579</b>	<b>–</b>	<b>257,510,054</b>

## 24 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

	2004 HK\$	2003 HK\$
Pledged deposits	<b>51,052,338</b>	11,000,000
Cash and bank balances	<b>113,598,102</b>	81,836,879
Bank loan	–	(3,503,824)
	<b>164,650,440</b>	89,333,055

## 25 ULTIMATE HOLDING COMPANY

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

## 26 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of directors on 25th June 2004.