

Notes to Financial Statements

31 December 2004

1. CORPORATE INFORMATION

During the year, the Group was involved in the following principal activities:

- provision of information technology services
- restaurant operations
- property investment

In the opinion of the directors, the ultimate holding company is Beijing Holdings Limited, which is incorporated in Hong Kong.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has early adopted certain new HKFRSs and HKASs in the financial statements for the year ended 31 December 2004. The major impact is summarised below.

HKFRS 2 “Share-based Payment” requires an expense to be recognised where the Group buys goods or services in exchange for shares or rights over shares, or in exchange for other assets equivalent in value to a given number of shares or rights over shares. HKFRS 2 requires the expensing of employees’ and directors’ share options and other share-based incentives by using an option-pricing model. The Group has taken advantage of the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to share options granted after 7 November 2002 that had not vested on or before 31 December 2003. The resulting expense so calculated are not material to the financial statements for the years ended 31 December 2003 and 2004 and accordingly no amounts in relation thereto are included in the financial statements.

HKFRS 3 “Business Combinations” prescribes the accounting for business combinations for which the agreement date is on or after 1 January 2005. The early adoption of HKFRS 3 requires the early adoption of HKAS 36 “Impairment of Assets”. The effect of the early adoption of HKFRS 3 and HKAS 36 has resulted in the Group ceasing annual goodwill amortisation and testing for impairment annually at the cash-generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2004. The transitional provisions of HKFRS 3 have required the Group to eliminate the carrying amount of the accumulated amortisation with a corresponding entry to goodwill. In addition, HKFRS 3 requires the carrying amount of negative goodwill at 1 January 2004 to be derecognised with a corresponding adjustment to the opening balance of retained earnings.

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2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

In addition to the standards referred to above, the Group has resolved to early adopt the following relevant standards during the year and comparative amounts have been amended as required:

HKAS 1:	"Presentation of Financial Statements"
HKAS 2:	"Inventories"
HKAS 7:	"Cash Flow Statements"
HKAS 8:	"Accounting Policies, Changes in Accounting Estimates and Errors"
HKAS 10:	"Events after the Balance Sheet Date"
HKAS 11:	"Construction Contracts"
HKAS 12:	"Income Taxes"
HKAS 14:	"Segment Reporting"
HKAS 16:	"Property, Plant and Equipment"
HKAS 17:	"Leases"
HKAS 18:	"Revenue"
HKAS 19:	"Employee Benefits"
HKAS 20:	"Accounting for Government Grants and Disclosure of Government Assistance"
HKAS 21:	"The Effects of Changes in Foreign Exchange Rates"
HKAS 23:	"Borrowing Costs"
HKAS 24:	"Related Party Disclosures"
HKAS 26:	"Accounting and Reporting by Retirement Benefit Plans"
HKAS 27:	"Consolidated and Separate Financial Statements"
HKAS 28:	"Investments in Associates"
HKAS 31:	"Investments in Joint Ventures"
HKAS 33:	"Earnings Per Share"
HKAS 36:	"Impairment of Assets"
HKAS 37:	"Provisions, Contingent Liabilities and Contingent Assets"
HKAS 38:	"Intangible Assets"
HKAS 40:	"Investment Property"

On the other hand, the Group has already commenced an assessment of the impact of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurements" but is not yet in a position to state whether they would have a significant impact on its results and financial position.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties and certain fixed assets as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

The Group's investment in one of its associates is accounted for under the equity method of accounting. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The financial statements of the associate are used by the Group to apply the equity method.

The investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries and jointly-controlled entity are initially measured at cost and represents the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill on acquisitions after 31 December 2003 is not amortised and goodwill already carried in the balance sheet is not amortised after 31 December 2003. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Recoverable amount of non-current assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fixed assets

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses.

The transitional provisions set out in paragraph 80A of HKAS 16 "Property, Plant and Equipment" have been adopted for assets stated at valuation. As a result, those assets stated at revalued amounts, based on revaluations which were reflected in financial statements for periods ended before 30 September 1995, have not been subsequently revalued to fair value by class. The asset revaluation reserve is transferred directly to retained earnings when the reserve is realised completely on the disposal or retirement of the asset, or partially as the asset is used by the Group.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms
Buildings	4%
Leasehold improvements	Over the lease terms or 10 years, whichever is shorter
Furniture, fixtures and equipment	10% - 20%
Motor vehicles	12.5% - 20%

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the derecognition of an investment property are recognised in the profit and loss account in the year of derecognition.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Management information systems and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

Intangible assets with finite lives are tested for impairment annually whenever there is an indication that an intangible asset may be impaired, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the year of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Long term investments

Long term investments are non-trading investments in unlisted equity securities and a golf club debenture intended to be held on a long term basis. They are stated at cost less any impairment losses.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs necessary to make the sale.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Notes to Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Employee benefits

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Pension schemes

Certain companies within the Group have participated in the retirement benefits schemes required by the respective governments of the places in which they operate for their employees. Contributions are made based on a certain percentage of the covered payroll and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The Group's employer contributions vest fully with the employees when contributed into the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the shares or rights to shares are granted. The fair value is determined using the Black Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has taken advantage of the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to share options granted after 7 November 2002 that had not vested on or before 31 December 2003. The resulting expenses so calculated are not material to the financial statements for the year and accordingly no amounts in relation thereto are included in the financial statements.

Notes to Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer;
- (b) rental income, on the straight-line basis over the lease terms;
- (c) receipts from restaurant operations, upon the delivery of food and beverages to customers;
- (d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (e) from the sale of properties, when the legally binding unconditional sales contracts are signed and exchanged;
- (f) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for “Construction contracts” above; and
- (g) from the rendering of services, when the services are rendered.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Foreign currency translation

The functional and presentation currency of the Company is the Hong Kong dollar (HK\$). Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated profit and loss account with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the consolidated profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

The functional currencies of the overseas subsidiaries are the respective local currencies of the countries where they are located. As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date and, their profit and loss accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to the exchange fluctuation reserve. On disposal of a foreign entity, the cumulative exchange fluctuation reserve relating to that particular foreign operation is recognised in the profit and loss account.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are organised and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the information technology segment engages in: (i) the provision of last-mile networking services and telecommunications, data communications and management services; (ii) systems integration for intelligent buildings; (iii) the construction of information networks; (iv) the provision of IT technical support and consultation services; (v) the development and sale of software; and (vi) the implementation of smart card systems;
- (b) the restaurants segment engages in the operation of restaurants and the trading of dried seafood;
- (c) the property investment segment invests in office and factory space for its rental income potential; and
- (d) the corporate segment comprises corporate income and expense items.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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4. SEGMENT INFORMATION *(continued)*

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group

	Information technology		Restaurants		Property investment		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
										(Restated)
Segment revenue:										
Sales to external customers	256,764	268,151	246,671	206,890	28,413	6,304	-	-	531,848	481,345
Intersegment sales	-	-	-	-	864	954	(864)	(954)	-	-
Total	256,764	268,151	246,671	206,890	29,277	7,258	(864)	(954)	531,848	481,345
Segment results	30,955	50,526	10,405	(710)	14,807	3,962	-	-	56,167	53,778
Interest income									796	1,102
Unallocated corporate expenses, net									(13,944)	(12,199)
Profit from operating activities									43,019	42,681
Finance costs									(9,373)	(6,651)
Share of profits and losses of:										
Associates	(1,693)	(713)	-	-	(118)	(1,044)	-	-	(1,811)	(1,757)
Jointly-controlled entities	(116)	(48)	-	-	-	-	-	-	(116)	(48)
Amortisation of goodwill on acquisition of a jointly-controlled entity	-	(1,429)	-	-	-	-	-	-	-	(1,429)
Profit before tax									31,719	32,796
Tax									(2,800)	(522)
Profit for the year									28,919	32,274

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4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Information									
	technology		Restaurants		Property investment		Corporate		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)						(Restated)
Segment assets	687,253	584,124	84,143	80,690	58,629	78,767	23,242	36,756	853,267	780,337
Interests in associates	141	1,834	–	–	14,338	14,413	–	–	14,479	16,247
Interests in jointly-controlled entities	67,151	44,601	–	–	–	–	–	–	67,151	44,601
Bank overdrafts included in segment assets	–	–	–	–	–	–	13,576	1,092	13,576	1,092
Total assets	754,545	630,559	84,143	80,690	72,967	93,180	36,818	37,848	948,473	842,277
Segment liabilities	139,369	117,561	43,413	44,041	7,143	9,618	2,816	2,269	192,741	173,489
Bank overdrafts included in segment assets	–	–	–	–	–	–	13,576	1,092	13,576	1,092
Unallocated liabilities									191,078	155,779
Total liabilities									397,395	330,360
Other segment information:										
Depreciation	3,887	3,168	11,373	11,897	354	355	1,724*	1,496*	17,338	16,916
Amortisation	2,264	16,421	–	–	–	–	–	–	2,264	16,421
Impairment of long term investments	107	–	–	–	–	–	–	–	107	–
Capital expenditure	3,473	3,722	3,285	16,334	–	–	415	900	7,173	20,956

* These are included in "Unallocated corporate expenses".

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

Group	Hong Kong		Mainland China		Singapore		Indonesia		Malaysia		Thailand		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	26,585	4,634	320,271	316,575	66,917	61,433	61,511	50,604	41,069	37,917	15,495	10,182	-	-	531,848	481,345
Intersegment sales	10,367	12,918	-	-	38,731	27,575	-	-	-	-	-	-	(49,098)	(40,493)	-	-
Total	36,952	17,552	320,271	316,575	105,648	89,008	61,511	50,604	41,069	37,917	15,495	10,182	(49,098)	(40,493)	531,848	481,345
Other segment information:																
Segment assets	27,372	77,548	759,835	631,374	32,905	35,862	18,433	20,457	10,369	9,552	4,353	5,544	-	-	853,267	780,337
Interests in associates	-	-	14,479	16,247	-	-	-	-	-	-	-	-	-	-	14,479	16,247
Interests in jointly-controlled entities	-	-	67,151	44,601	-	-	-	-	-	-	-	-	-	-	67,151	44,601
Bank overdrafts included in segment assets	13,576	1,092	-	-	-	-	-	-	-	-	-	-	-	-	13,576	1,092
Total assets	40,948	78,640	841,465	692,222	32,905	35,862	18,433	20,457	10,369	9,552	4,353	5,544	-	-	948,473	842,277
Capital expenditure	8	900	4,412	4,693	285	428	1,792	11,983	234	42	442	2,910	-	-	7,173	20,956

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5. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; the value of services rendered; proceeds from the sale of properties held for sale; gross rental income; and receipts from restaurant operations.

Revenue from the following activities has been included in turnover:

	Group	
	2004 HK\$'000	2003 HK\$'000
Receipts from restaurant operations	245,577	206,141
Sale of dried seafood	1,094	749
Construction contracts	156,029	167,535
Rendering of services	100,735	100,616
Gross rental income	5,578	6,304
Sale of properties held for sale	22,835	–
	531,848	481,345

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Notes	Group	
		2004 HK\$'000	2003 HK\$'000
Cost of inventories sold		111,858	93,650
Cost of sales of properties held for sale		10,603	–
Cost of services provided		61,773	38,899
Depreciation	13	17,338	16,916
Operating lease rentals for land and buildings:			
Minimum lease payments		21,221	19,466
Contingent rents		2,192	1,169
		23,413	20,635
Amortisation of goodwill		–	14,503
Release of goodwill upon disposal of partial interests in subsidiaries	15	7,135	10,750
Negative goodwill recognised as income during the year		–	(1,939)
Amortisation of intangible assets®	16	2,264	1,918

Notes to Financial Statements

31 December 2004

6. PROFIT FROM OPERATING ACTIVITIES *(continued)*

	Group	
	2004 HK\$'000	2003 HK\$'000
Research and development costs:		
Current year expenditure	8,195	5,089
Less: Government grants released ⁺	(1,774)	(1,340)
	6,421	3,749
Foreign exchange losses, net	1,503	638
Impairment of long term investments*	107	–
Auditors' remuneration:		
Current year provision	2,697	1,885
Prior year's underprovision	70	221
	2,767	2,106
Staff costs (including directors' remuneration - note 8):		
Wages and salaries	80,950	65,149
Pension scheme contributions	3,189	3,391
	84,139	68,540
Gross rental income from investment properties	(3,286)	(3,236)
Gross rental income from properties held for sale	(2,292)	(3,068)
Less: Outgoings	2,140	2,210
Net rental income	(3,438)	(4,094)
Interest income	(796)	(1,102)
Gain on disposal of investment properties	(238)	–
Loss on disposal of fixed assets	577	864

@ The amortisation of intangible assets is included in "Cost of sales" on the face of the consolidated profit and loss account.

+ Various government grants have been received for the research and development of management information systems for the education sector in Beijing, Mainland China. The government grants released have been deducted from the research and development costs to which they relate. There are no unfulfilled conditions or contingencies relating to these grants.

* The impairment of long term investments is included in "Other operating expenses" on the face of the consolidated profit and loss account.

Notes to Financial Statements

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7. FINANCE COSTS

	Group	
	2004 HK\$'000	2003 HK\$'000
Interest on bank loans and overdrafts	9,373	6,651

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Companies Ordinance is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Fees	360	80
Salaries, allowances and benefits in kind	1,320	1,320
Performance related bonuses	220	220
Pension scheme contributions	12	11
	1,912	1,631

Fees include HK\$360,000 (2003: HK\$80,000) payable to the independent non-executive directors. There were no other emoluments payable to the independent non-executive director during the year (2003: Nil).

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	4	6
HK\$1,500,001 to HK\$2,000,000	1	1
	5	7

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

31 December 2004

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2003: one) director, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2003: four) non-director, highest paid employees for the year are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Salaries, allowances and benefits in kind	2,235	2,730
Performance related bonuses	2,218	292
Pension scheme contributions	87	73
	4,540	3,095

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2004	2003
Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	1	–
	4	4

Notes to Financial Statements

31 December 2004

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations in the People's Republic of China ("PRC"), certain of the Company's PRC subsidiaries, associates and jointly-controlled entities enjoy income tax exemptions and reductions. Certain PRC subsidiaries, associates and jointly-controlled entities are subject to income tax rates ranging from 7.5% to 33%.

	Group	
	2004 HK\$'000	2003 HK\$'000 (Restated)
Group:		
Current – Hong Kong		
Charge for the year	366	226
Overprovision in prior years	–	(581)
Current – Elsewhere		
Charge for the year	2,575	1,028
Overprovision in prior years	(141)	(151)
Total tax charge for the year	2,800	522

Notes to Financial Statements

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10. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

Group – 2004

	Hong Kong		Mainland China		Others		Total
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000
Profit before tax	(3,827)		28,372		7,174		31,719
Tax at the statutory or applicable tax rate	(670)	17.5	9,363	33.0	2,152	30.0	10,845
Lower tax rate for specific provinces or local authority	–		(8,992)		(1,530)		(10,522)
Adjustments in respect of current tax of previous periods	–		(141)		–		(141)
Income not subject to tax	(2,785)		(2,098)		(86)		(4,969)
Expenses not deductible for tax	2,566		1,443		307		4,316
Tax losses utilised from previous periods	(6)		(105)		(1,121)		(1,232)
Tax losses not recognised	1,261		2,477		765		4,503
Tax charge at the Group's effective rate	366		1,947		487		2,800

Notes to Financial Statements

31 December 2004

10. TAX (continued)

Group – 2003 (Restated)

	Hong Kong		Mainland China		Others		Total
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000
Profit before tax	(33,317)		69,502		(3,389)		32,796
Tax at the statutory or applicable tax rate	(5,830)	17.5	22,935	33.0	(1,016)	30.0	16,089
Lower tax rate for specific provinces or local authority	–		(25,654)		(703)		(26,357)
Adjustments in respect of current tax of previous periods	(581)		–		(151)		(732)
Income not subject to tax	(426)		(1,715)		(332)		(2,473)
Expenses not deductible for tax	4,997		2,065		977		8,039
Tax losses utilised from previous periods	–		–		(103)		(103)
Tax losses not recognised	1,485		3,383		1,191		6,059
Tax charge/(credit) at the Group's effective rate	(355)		1,014		(137)		522

11. PROFIT FOR THE YEAR

The profit for the year ended 31 December 2004 dealt with in the financial statements of the Company was HK\$7,763,000 (2003: HK\$36,967,000) (note 33(b)).

Notes to Financial Statements

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12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the year of HK\$14,886,000 (2003: HK\$21,721,000) and the 493,981,150 (2003: the weighted average of 479,519,199) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent for the year of HK\$14,886,000 (2003: HK\$21,721,000). The weighted average number of ordinary shares used in the calculation is the 493,981,150 (2003: 479,519,199) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 847,126 (2003: 29,299) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

13. FIXED ASSETS

Group – 2004

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 2004	61,909	53,759	42,983	6,229	164,880
Additions	1,131	1,496	3,675	871	7,173
Acquisition of subsidiaries (note 34)	–	202	1,209	1,438	2,849
Disposals	–	(916)	(55)	(345)	(1,316)
At 31 December 2004	63,040	54,541	47,812	8,193	173,586
Analysis of cost or valuation:					
At cost	19,540	54,541	47,812	8,193	130,086
At valuation	43,500	–	–	–	43,500
	63,040	54,541	47,812	8,193	173,586
Accumulated depreciation:					
At 1 January 2004	11,382	40,467	19,211	2,562	73,622
Provided during the year	1,394	5,171	9,290	1,483	17,338
Disposals	–	(406)	(43)	(210)	(659)
At 31 December 2004	12,776	45,232	28,458	3,835	90,301
Net book value:					
At 31 December 2004	50,264	9,309	19,354	4,358	83,285

Notes to Financial Statements

31 December 2004

13. FIXED ASSETS *(continued)*

Group – 2003

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 2003	61,091	46,125	32,129	5,436	144,781
Additions	–	7,455	11,864	1,637	20,956
Disposals	–	(562)	(1,665)	(943)	(3,170)
Exchange realignment	818	741	655	99	2,313
At 31 December 2003	61,909	53,759	42,983	6,229	164,880
Analysis of cost or valuation:					
At cost	18,409	53,759	42,983	6,229	121,380
At valuation	43,500	–	–	–	43,500
	61,909	53,759	42,983	6,229	164,880
Accumulated depreciation:					
At 1 January 2003	9,892	33,586	12,315	1,957	57,750
Provided during the year	1,380	6,834	7,337	1,365	16,916
Disposals	–	(424)	(690)	(798)	(1,912)
Exchange realignment	110	471	249	38	868
At 31 December 2003	11,382	40,467	19,211	2,562	73,622
Net book value:					
At 31 December 2003	50,527	13,292	23,772	3,667	91,258

Notes to Financial Statements

31 December 2004

13. FIXED ASSETS *(continued)*

Company – 2004

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 2004	43,500	1,102	426	1,188	46,216
Additions	–	–	8	–	8
Disposals	–	–	(23)	–	(23)
At 31 December 2004	43,500	1,102	411	1,188	46,201
Analysis of cost or valuation:					
At cost	–	1,102	411	1,188	2,701
At valuation	43,500	–	–	–	43,500
	43,500	1,102	411	1,188	46,201
Accumulated depreciation:					
At 1 January 2004	8,550	394	133	634	9,711
Provided during the year	1,026	305	74	238	1,643
Disposals	–	–	(22)	–	(22)
At 31 December 2004	9,576	699	185	872	11,332
Net book value:					
At 31 December 2004	33,924	403	226	316	34,869

Notes to Financial Statements

31 December 2004

13. FIXED ASSETS *(continued)*

Company – 2003

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 2003	43,500	527	354	1,315	45,696
Additions	–	636	264	–	900
Disposals	–	(61)	(192)	(127)	(380)
At 31 December 2003	43,500	1,102	426	1,188	46,216
Analysis of cost or valuation:					
At cost	–	1,102	426	1,188	2,716
At valuation	43,500	–	–	–	43,500
	43,500	1,102	426	1,188	46,216
Accumulated depreciation:					
At 1 January 2003	7,524	309	214	523	8,570
Provided during the year	1,026	146	86	238	1,496
Disposals	–	(61)	(167)	(127)	(355)
At 31 December 2003	8,550	394	133	634	9,711
Net book value:					
At 31 December 2003	34,950	708	293	554	36,505

Notes to Financial Statements

31 December 2004

13. FIXED ASSETS *(continued)*

An analysis of the leasehold land and buildings, which are held under medium term leases, at the balance sheet date is as follows:

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Situated in Hong Kong:				
At 1994 valuation	43,500	43,500	43,500	43,500
Situated in Singapore:				
At cost	18,409	18,409	–	–
Situated in Mainland China:				
At cost	1,131	–	–	–
	63,040	61,909	43,500	43,500

A revaluation of certain of the leasehold land and buildings situated in Hong Kong was carried out by CB Richard Ellis Limited, an independent professionally qualified valuer, on an open market, existing use basis as at 31 December 1994. These land and buildings are stated at a carrying amount of HK\$33,924,000 (2003: HK\$34,950,000) at the balance sheet date. Had the land and buildings not been revalued, their net book value would have been as follows:

	Group and Company	
	2004 HK\$'000	2003 HK\$'000
Cost	4,339	4,339
Accumulated depreciation	(1,276)	(1,172)
Net book value at 31 December	3,063	3,167

Notes to Financial Statements

31 December 2004

14. INVESTMENT PROPERTIES

	Group	
	2004 HK\$'000	2003 HK\$'000
At beginning of the year	45,540	45,340
Disposals	(6,440)	–
Revaluation surplus	200	200
At end of year	39,300	45,540

An analysis of the investment properties at the balance sheet date is as follows:

	2004 HK\$'000	2003 HK\$'000
Situated in Hong Kong	–	6,440
Situated in Mainland China	39,300	39,100
	39,300	45,540

The Group's investment properties were revalued on 31 December 2004 by CB Richard Ellis Limited, an independent professionally qualified valuer, on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 36(a) to the financial statements.

Details of the investment properties, which are held under medium term leases, are as follows:

Location	Use
Part of the second floor and the whole of the third floor, A No. 1 Jian Guo Men Wai Avenue, Chao Yang District, Beijing, PRC	Office building

Notes to Financial Statements

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15. GOODWILL

	Group	
	Goodwill	Negative goodwill
	HK\$'000	HK\$'000
	(Note (a))	(Note (b))
Cost as at 1 January 2004, net of accumulated amortisation	135,296	(2,912)
Acquisition of subsidiaries (Note 34)	6,060	–
Disposal of partial interests in subsidiaries (Note 17(a))	(7,135)	–
Derecognition of negative goodwill	–	2,912
At 31 December 2004	134,221	–
At 1 January 2004:		
Cost	161,122	(8,205)
Accumulated amortisation	(25,826)	5,293
Net book value	135,296	(2,912)
At 31 December 2004:		
Cost	159,545	–
Accumulated amortisation	(25,324)	–
Net book value	134,221	–

Notes:

- (a) According to the transitional provisions of HKFRS 3, the carrying amount of the accumulated amortisation of goodwill of HK\$25,826,000 at 1 January 2004 was eliminated against the goodwill.
- (b) The carrying amount of negative goodwill at 1 January 2004 of HK\$2,912,000 has been derecognised with a corresponding adjustment to the opening balance of retained earnings.

Impairment testing of goodwill

At 31 December 2004, the carrying amount of goodwill for the information technology cash-generating unit was HK\$132 million (2003: HK\$135 million). The recoverable amount of the cash-generating unit has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 5%, which is based on the average borrowing interest rate. Budgeted gross margins are based on both the historical gross margin of the information technology business and the expected market growth rate. The values assigned to the key assumptions are consistent with external information sources.

Notes to Financial Statements

31 December 2004

16. INTANGIBLE ASSETS

Group – 2004

	Management information systems HK\$'000	Licences HK\$'000	Total HK\$'000
Cost:			
At 1 January 2004 and 31 December 2004	18,868	1,886	20,754
Accumulated amortisation:			
At 1 January 2004	4,088	31	4,119
Provided during the year	1,887	377	2,264
At 31 December 2004	5,975	408	6,383
Net book value:			
At 31 December 2004	12,893	1,478	14,371

Group – 2003

	Management information systems HK\$'000	Licences HK\$'000	Total HK\$'000
Cost:			
At 1 January 2003	18,868	–	18,868
Additions	–	1,886	1,886
At 31 December 2003	18,868	1,886	20,754
Accumulated amortisation:			
At 1 January 2003	2,201	–	2,201
Provided during the year	1,887	31	1,918
At 31 December 2003	4,088	31	4,119
Net book value:			
At 31 December 2003	14,780	1,855	16,635

Notes to Financial Statements

31 December 2004

17. INTERESTS IN SUBSIDIARIES

	Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	218,924	218,924
Due from subsidiaries	231,359	251,058
	450,283	469,982
Provision for impairment	(3,836)	(3,836)
Provision against amounts due from subsidiaries	(67,000)	(67,000)
	379,447	399,146

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for an amount of HK\$38,000,000 (2003: HK\$42,000,000) which bears interest at 4.75% (2003: 4.75%) per annum.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration/ and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2004	2003	
Ah Yat Abalone Food Industry Pte Ltd. ^{ΔΔ}	Singapore	S\$2	51	–	Manufacture and sale of canned food and sauces
Ah Yat Abalone Forum Restaurant Holdings Pte. Ltd. ^Δ	Singapore	S\$250,000	51	51	Restaurant operations and investment holding
Ah Yat Seafood Market Pte. Ltd. ^Δ	Singapore	S\$200,000	23 [®]	23 [®]	Restaurant operations
Astoria Innovations Limited [#]	British Virgin Islands/PRC	US\$1,000	38.3 [®]	51	Investment holding

Notes to Financial Statements

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17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2004	2003	
B E Information Technology Group Limited	British Virgin Islands/PRC	US\$1,000	72	72	Investment holding
BD Ah Yat Abalone Group Limited*	Hong Kong	HK\$6,800,000	51	51	Investment holding and trading of dried seafood
Beijing Development Properties (Hong Kong) Limited*	Hong Kong	HK\$100,000	100	100	Property investment
Beijing Singapore Investments Pte. Ltd. ^{A*}	Singapore	S\$800,000	90	90	Property and investment holding
Business Net Limited*	British Virgin Islands/PRC	US\$100	100	100	Investment holding
Lord King Investment Limited	Hong Kong /PRC	HK\$1,000,000	51	51	Restaurant operations
Pantosoft International Limited ^A (Note (a))	British Virgin Islands/ Hong Kong	US\$100	56.3	–	Investment holding
Snow Fair Company Limited ^A (Note (a))	British Virgin Islands/ Hong Kong	US\$100	56.3	–	Investment holding
Surfing Platform Software International Limited ^A (Note (a))	British Virgin Islands/ Hong Kong	US\$1,080,668	56.3	–	Investment holding

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31 December 2004

17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2004	2003	
Wisdom Elite Holdings Limited [#]	British Virgin Islands/PRC	US\$100	56.3	72	Investment holding
Xteam Software (Hong Kong) Limited [^] (Note (a))	Hong Kong	HK\$100	56.3	–	Software distributor
Xteam Software International Limited [^] (Note (a))	Cayman Islands/ Hong Kong	HK\$37,584,718	56.3	–	Investment holdings
上海鵬達計算機系統開發有限公司 [^] (Note (a))	PRC	HK\$10,000,000	56.3	–	Sale of computer software and provision of related services
北京北控三興信息技術有限公司 [#]	PRC	RMB3,000,000	38.3 [@]	51	Software developer
北京北控偉仕軟件工程技術有限公司 [#]	PRC	RMB2,000,000	56.3	72	Software developer
北京北控電信通信息技術有限公司	PRC	RMB65,000,000	72	72	Construction of information networks; and the provision of IT technical support and consultation services
北京市北控捷通培訓中心	PRC	RMB500,000	68.4	68.4	Provision of training services

Notes to Financial Statements

31 December 2004

17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2004	2003	
北京市電信通系統 集成有限公司	PRC	RMB1,000,000	36.7 [@]	36.7 [@]	Provision of networking services
北京阿一鮑魚酒家有限公司	PRC	US\$1,400,000	48.5 [@]	48.5 [@]	Restaurant operations
北京捷通瑞奇信息 技術有限公司	PRC	RMB5,000,000	63	63	Construction of information networks and the provision of IT technical support services
北京發展物業投資 管理有限公司	PRC	US\$4,000,000	85.5	85.5	Property investment
北京電信通智能科技有限公司	PRC	RMB1,100,000	57.6	57.6	Provision of system integration services
北控捷通(北京)科技 發展有限公司	PRC	US\$2,450,000	72	72	Provision of total education solutions
北控軟件有限公司	PRC	RMB50,000,000	68.4	68.4	Provision of management information system services

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17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2004	2003	
湖南教育信息服務有限公司	PRC	RMB10,000,000	41 [@]	41 [@]	Construction of information networks and the provision of IT technical support services
埃力生阿一鮑魚酒家 (上海)有限公司 [^]	PRC	US\$200,000	51	–	Restaurant operations
溫州阿一鮑魚酒家有限公司 [^]	PRC	RMB1,000,000	24.7 [@]	–	Restaurant operations
廣州市東山區富臨飯店 (Note (b))	PRC	RMB100,000	24.7 [@]	–	Restaurant operations
衝浪平台(中國)軟件技術 有限公司 [^] (Note (a))	PRC	US\$3,000,000	56.3	–	Sale of computer software and provision of related services

Audited by Ernst & Young Hong Kong for the seven months ended 31 July 2004.

Δ Not audited by Ernst & Young Hong Kong or other Ernst & Young Global member firms.

@ These entities are accounted for as subsidiaries by virtue of the Company's control over the entities.

* Directly held by the Company.

[^] Set up during the year.

Notes:

(a) The Company acquired these companies during the year. Further details of the acquisition are included in note 34(a) to the financial statements.

(b) The Company acquired this company during the year. Further details of the acquisition are included in note 34(b) to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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18. INTERESTS IN ASSOCIATES

	Group	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	140	1,477
Amounts due from associates	14,813	14,770
	14,953	16,247
Provision against an amount due from an associate	(474)	–
	14,479	16,247

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal associates, all of which are indirectly held by the Company, are as follows:

Name	Business structure	Place of registration/ incorporation and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2004	2003	
Overseas Union Investments Limited	Corporate	Hong Kong	50	50	Investment holding
北京千龍網都科技有限公司	Corporate	PRC	18 [@]	18 [@]	Sale of IT products
北京得來速科技服務有限公司	Corporate	PRC	14.4 [@]	14.4 [@]	Design of telephone ordering systems

[@] These entities are held by non wholly-owned subsidiaries of the Company.

Notes to Financial Statements

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18. INTERESTS IN ASSOCIATES *(continued)*

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The following table illustrates summarised information of the Group's interests in the associates.

	2004 HK\$'000	2003 HK\$'000
Share of associates' balance sheets:		
Current assets	1,151	4,945
Non-current assets	14,555	14,789
Current liabilities	(4,728)	(4,620)
Non-current liabilities	(13,572)	(13,550)
Minority interests	(87)	(87)
Losses in excess of investment costs not absorbed by the Group	2,821	–
Net assets	140	1,477
Share of associates' results for the year:		
Turnover	202	249
Net loss for the year	(1,811)	(1,757)

Notes to Financial Statements

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19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	43,586	21,534
Goodwill on acquisition	23,067	23,067
Amount due from a jointly-controlled entity	498	–
	67,151	44,601

The balance with the jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayments.

Particulars of the jointly-controlled entities are as follows:

Name	Business structure	Place of registration and operations	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
北京教育信息網服務中心有限公司	Corporate	PRC	36	50	36	Provision of information network services
北京市政交通一卡通有限公司(「一卡通」)	Corporate	PRC	43	44.4	43	Operations of contactless multipurpose electronic payment cards

Notes to Financial Statements

31 December 2004

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

The amount of goodwill in the consolidated balance sheet arising from the acquisition of a jointly-controlled entity, 一卡通, is as follows:

	HK\$'000
Cost as at 1 January 2004, net of accumulated amortisation and at 31 December 2004	23,067
At 1 January 2004 and 31 December 2004:	
Cost	24,496
Accumulated amortisation	(1,429)
Net book value	23,067

The following table illustrates summarised information of the Group's interests in the jointly-controlled entities:

	2004 HK\$'000	2003 HK\$'000
Share of jointly-controlled entities' balance sheets:		
Current assets	41,295	11,421
Non-current assets	67,747	61,769
Current liabilities	(9,881)	(11,505)
Non-current liabilities	(55,575)	(40,151)
Net assets	43,586	21,534
Share of jointly-controlled entities' results for the year:		
Income	16,600	19,236
Expenses	(16,716)	(19,284)
Net loss for the year	(116)	(48)

Notes to Financial Statements

31 December 2004

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

Impairment testing of goodwill

The recoverable amount of the jointly-controlled entity, 一卡通, has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a ten-year period. A ten-year period is used in the forecast because the business requires the estimation of a sophisticated IT infrastructure and it is expected that the business can generate a longer term of return. The discount rate applied to the cash flow projections is 10%. The discount rate used is comparable to the weighted average cost of capital of the industry. Other assumptions used in the forecast include the penetration rate of the multipurpose electronic payment cards and the rollout plan for the use of the payment cards in the public transportation system. The values assigned to the key assumptions are consistent with external information sources.

20. LONG TERM INVESTMENTS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Unlisted equity investments, at cost	1,415	472
Provision for impairment	(107)	–
	1,308	472
Golf club debenture, at cost	651	–
	1,959	472

Notes to Financial Statements

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21. INVENTORIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Materials, at cost	76,395	56,977

22. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	Group	
	2004 HK\$'000	2003 HK\$'000
Amounts due from customers for contract works	5,575	3,112
Amounts due to customers for contract works	(8,359)	(1,022)
	(2,784)	2,090
Contract costs incurred plus recognised profits less recognised losses to date	15,385	7,611
Less: Progress billings received and receivable	(18,169)	(5,521)
	(2,784)	2,090

23. PROPERTIES HELD FOR SALE

The details of the Group's properties held for sale are as follows:

Location	Group interest	Existing use
Lorry carpark nos. 13, 16 - 24, 29 and container space no. 30 on the ground floor; Hong Kong Worsted Mills Industrial Building, 31-39 Wo Tong Tsui Street, Kwai Chung, New Territories, Hong Kong	100%	Carpark rental

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24. TRADE AND BILLS RECEIVABLES

	Group	
	2004 HK\$'000	2003 HK\$'000
Due from third parties	260,294	192,690
Due from a fellow subsidiary	–	23,168
Due from a jointly-controlled entity	3,952	2,798
Due from related companies	25,079	3,454
	289,325	222,110
Portion classified as current assets	(220,015)	(172,744)
Long term portion	69,310	49,366

The various Group companies have different credit policies, dependent on the requirements of their markets and the businesses which they operate. Certain customers are allowed to settle the construction contract sum by three annual instalments. An aged analysis of trade receivables is regularly prepared and closely monitored in order to minimise any related credit risk.

An aged analysis of the Group's trade receivables as at balance sheet date, based on the payment due date and net of provisions, is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Current and within 3 months	228,518	179,327
4-6 months	616	5,308
7-12 months	40,344	19,164
Over 1 year	19,847	18,311
	289,325	222,110

Notes to Financial Statements

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25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2004 HK\$'000	2003 HK\$'000 (Restated)	2004 HK\$'000	2003 HK\$'000
Prepayments	6,504	5,176	24	5
Deposits and other receivables	58,904	59,524	296	323
Due from subsidiaries	–	–	64,765	39,037
Due from fellow subsidiaries	2,455	16,963	732	–
Due from related companies	23,437	4,442	–	–
Due from minority shareholders	3,165	3,316	–	–
	94,465	89,421	65,817	39,365
Portion classified as current assets	(75,640)	(89,421)	(65,817)	(39,365)
Long term portion	18,825	–	–	–

The balances with subsidiaries, fellow subsidiaries, related companies and minority shareholders are unsecured, interest-free and have no fixed terms of repayment, except for an amount due from a subsidiary of HK\$5,660,000 which bears interest at 4.5% per annum and is repayable in 2005.

26. TRADE AND BILLS PAYABLES

	Group	
	2004 HK\$'000	2003 HK\$'000
Trade payables	55,975	44,474
Bills payable	40,753	37,058
	96,728	81,532

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26. TRADE AND BILLS PAYABLES *(continued)*

An aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within 3 months	88,924	70,634
4-6 months	192	2,374
7-12 months	1,646	691
Over 1 year	5,966	7,833
	96,728	81,532

27. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2004 HK\$'000	2003 HK\$'000 (Restated)	2004 HK\$'000	2003 HK\$'000
Other payables		39,110	25,904	1,170	1,285
Accruals		30,834	42,860	1,642	985
Current portion of long term payables	29	3,382	3,691	–	–
Due to related companies		2,433	2,642	–	–
Due to a jointly-controlled entity		10	–	–	–
Due to minority shareholders		11,885	13,839	–	–
		87,654	88,936	2,812	2,270

The balances with the related companies, a jointly-controlled entity and minority shareholders are unsecured, interest-free and have no fixed terms of repayment.

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28. BANK LOANS

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Bank overdrafts, secured	13,576	1,092	13,576	1,092
Bank loans:				
Secured	6,267	7,853	1,421	2,499
Unsecured	182,365	146,990	38,026	52,650
	188,632	154,843	39,447	55,149
	202,208	155,935	53,023	56,241
Bank overdrafts repayable within one year or on demand	13,576	1,092	13,576	1,092
Bank loans repayable:				
Within one year	184,308	111,610	39,447	16,760
In the second year	542	38,389	–	38,389
In the third to fifth years, inclusive	1,772	1,617	–	–
After five years	2,010	3,227	–	–
	188,632	154,843	39,447	55,149
	202,208	155,935	53,023	56,241
Portion classified as current liabilities	(197,884)	(112,702)	(53,023)	(17,852)
Long term portion	4,324	43,233	–	38,389

Certain of the Group's banking facilities are secured by:

- the Group's leasehold land and buildings which had an aggregate net book value at the balance sheet date of HK\$49,147,000 (2003: HK\$50,527,000);
- the Group's properties held for sale which had an aggregate carrying value at the balance sheet date of HK\$1,250,000 (2003: HK\$11,527,000);
- the Group's bank deposits at the balance sheet date of HK\$10,596,000 (2003: HK\$6,865,000); and
- the Group's investment properties which had a carrying value of HK\$6,440,000 at 31 December 2003.

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29. LONG TERM PAYABLES

	Note	Group	
		2004 HK\$'000	2003 HK\$'000
Amounts payable:			
Within one year		3,382	3,691
In the second year		–	1,999
		3,382	5,690
Portion classified as current liabilities	27	(3,382)	(3,691)
Long term portion		–	1,999

30. DEFERRED TAX

The Group has tax losses arising in Hong Kong and Singapore of HK\$120,184,000 (2003: HK\$112,965,000) that are available indefinitely, and in Mainland China of HK\$17,153,000 (2003: HK\$17,843,000) that are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

At 31 December 2004, there was no significant unrecognised deferred tax liability (2003: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or jointly-controlled entities.

31. SHARE CAPITAL

	Company	
	2004 HK\$'000	2003 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$1 each	1,000,000	1,000,000
Issued and fully paid:		
493,981,150 ordinary shares of HK\$1 each	493,981	493,981

Notes to Financial Statements

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32. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") to give executives and key employees of the Group an interest in preserving and maximising shareholders' value in the longer term, to enable the Company and the relevant subsidiaries to attract and retain individuals with experience and ability and to reward individuals for future performance. Eligible participants of the Scheme include the executive directors and employees of the Company or any of its subsidiaries. The Scheme became effective on 18 June 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date on which the offer of the share options is accepted or on the expiry date of the Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of the offer of the share options; (ii) the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to Financial Statements

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32. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Notes	Number of share options		
		At 1 January 2004	Cancelled during the year	At 31 December 2004
Directors				
Mr. Ng Kong Fat, Brian	(a)	2,300,000	–	2,300,000
	(b)	1,200,000	–	1,200,000
		3,500,000	–	3,500,000
Mr. E Meng	(a)	1,600,000	–	1,600,000
	(b)	1,200,000	–	1,200,000
		2,800,000	–	2,800,000
Mr. Zhao Jifeng	(c)	2,800,000	–	2,800,000
Dr. Mao Xiang Dong, Peter*	(a)	1,600,000	(1,600,000)	–
	(b)	1,200,000	(1,200,000)	–
		2,800,000	(2,800,000)	–
Other employees	(a)	4,300,000	(60,000)	4,240,000
	(b)	17,700,000	–	17,700,000
		22,000,000	(60,000)	21,940,000
		33,900,000	(2,860,000)	31,040,000

* Dr. Mao Xiang Dong, Peter resigned as a director on 8 February 2004.

Notes:

- (a) These options were granted on 19 June 2001 at an exercise price of HK\$1.13 per share. The options can be exercised in two or three equal portions. The first portion is exercisable at any time commencing on 1 January 2002, and each further portion becomes exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 26 June 2006.
- (b) These options were granted on 18 January 2002 at an exercise price of HK\$1.00 per share. The options can be exercised in three equal portions. The first portion is exercisable at any time commencing on 18 January 2002, and each further portion becomes exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 17 January 2007.

Notes to Financial Statements

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32. SHARE OPTION SCHEME (continued)

Notes: (continued)

- (c) These options were granted on 2 October 2003 at an exercise price of HK\$1.05 per share. The options can be exercised in three equal portions. The first portion is exercisable at any time commencing on 2 October 2003, and each further portion becomes exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 1 October 2008.

No share options were exercised during the year. At the balance sheet date, the Company had 31,040,000 share options outstanding under the Scheme, which represented approximately 6.3% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 31,040,000 additional ordinary shares of the Company and additional share capital of HK\$31,040,000 and share premium of HK\$1,198,200 (before issue expenses).

33. RESERVES

- (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 21 and 22 of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, a portion of the profits of the Group's subsidiaries in the PRC has been transferred to PRC reserve funds which are restricted as to use.

- (b) Company

	Asset revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2003	34,565	(144,132)	(109,567)
Profit for the year	–	36,967	36,967
Transfer to accumulated losses	(922)	922	–
Issue of shares in acquisition of subsidiaries	–	(4,772)	(4,772)
At 31 December 2003	33,643	(111,015)	(77,372)
Profit for the year	–	7,763	7,763
Transfer to accumulated losses	(922)	922	–
At 31 December 2004	32,721	(102,330)	(69,609)

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34. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of subsidiaries

(a) Acquisition of Xteam Software International Limited

On 16 August 2004, Prime Technology Group Limited ("PTG") and E-tron Limited ("E-tron"), wholly-owned subsidiaries of the Company, transferred the entire issued share capital of Wisdom Elite Holdings Limited and the 51% of the issued share capital of Astoria Innovations Limited, respectively, to Xteam Software International Limited ("Xteam") and 1,897,546,070 and 217,967,375 of Xteam shares were issued to PTG and E-tron, respectively, as consideration for the transactions. Upon completion of the transactions, the Group held an interest of approximately 56.3% in Xteam and Xteam became a subsidiary of the Group.

(b) Acquisition of 廣州市東山區富臨飯店

On 1 October 2004, the Group acquired from independent third parties a 51% equity interest in 廣州市東山區富臨飯店 ("廣州富臨") for a cash consideration of approximately HK\$1.5 million.

The fair value of the identifiable assets and liabilities of the subsidiaries acquired as at the date of acquisition is as follows:

	2004 Recognised on acquisition and carrying value HK\$'000	2003 Recognised on acquisition and carrying value HK\$'000
Fixed assets (note 13)	2,849	–
Cash and bank balances	4,969	1,887
Trade receivables	3,078	–
Inventories	2,496	–
Other receivables, prepayments and deposits	7,386	–
Trade payables	(2,201)	–
Other payables and accruals	(11,280)	–
Minority interests	(7,749)	(755)
Fair value of net assets	(452)	1,132
Goodwill on acquisition (note 15)	6,060	29,071
	5,608	30,203

Notes to Financial Statements

31 December 2004

34. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

The cash outflow on acquisition is as follows:

	2004 HK\$'000	2003 HK\$'000
Consideration:		
Cash	1,546	18,753
Costs associated with the acquisition	4,062	–
Issue of shares	–	11,450
	5,608	30,203
Cash paid	(5,608)	(18,753)
Consideration payable in 2004	–	4,811
Cash and bank balances acquired with the subsidiaries	4,969	1,887
Net cash outflow	(639)	(12,055)

From the date of acquisition, Xteam and 廣州富臨 have contributed HK\$473,294 to the profit attributable to equity holders of the parent. If the combination had taken place at the beginning of year, profit attributable to equity holders of the parent would have been HK\$8,180,000 and revenue from continuing operations would have been HK\$538,139,000.

35. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Company 2004 HK\$'000	2003 HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	265,284	100,190

At 31 December 2004, the guarantees given to the banks in connection with banking facilities granted to the subsidiaries by the Company were utilised to the extent of approximately HK\$189,190,000 (2003: HK\$99,694,000).

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36. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) and certain properties held for sale (note 23) under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits.

At 31 December 2004, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within one year	1,964	3,845
In the second to fifth years, inclusive	1,600	3,839
	3,564	7,684

(b) As lessee

The Group leases certain of its office properties, restaurant premises and staff quarters under operating lease arrangements. Leases are negotiated for terms ranging from 1 to 10 years. Under certain lease agreements for the restaurant premises, contingent rentals in excess of the minimum lease payments are payable if the turnover of such restaurants reaches a pre-determined level.

At 31 December 2004, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Within one year	19,449	17,269	324	–
In the second to fifth years, inclusive	33,196	24,442	297	–
After five years	5,645	7,277	–	–
	58,290	48,988	621	–

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37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36(b) above, the Group's share of the jointly-controlled entities' own capital commitments were as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Contracted, but not provided for	25,702	12,106

38. PLEDGE OF ASSETS

Details of the Group's borrowings secured by the assets of the Group are set out in note 28 to the financial statements.

Bank deposits of HK\$13,595,000 (2003: HK\$13,646,000) were pledged as guarantees for tenders and contracts.

39. RELATED PARTY DISCLOSURES

Idata Finance Trading Limited ("IFTL"), which is incorporated in the British Virgin Islands, is the immediate holding company of the Company. Beijing Enterprises Holdings Limited ("BEHL"), which is incorporated in Hong Kong and listed on the Stock Exchange, is an intermediate holding company of the Company and the immediate holding company of IFTL.

In addition to the transactions and balances detailed elsewhere in these financial statements, the following table provides the total amounts of transactions which have been entered into with related parties for the relevant financial year:

	Sales to related parties		Service income from related parties	
	2004 HK\$'000 (Note (a))	2003 HK\$'000	2004 HK\$'000 (Note (b))	2003 HK\$'000
An entity controlled by BEHL	–	–	–	35,232
A jointly-controlled entity	9,689	16,990	–	1,887
Entities in which directors of the Group have beneficial interests	1,094	749	1,132	3,832

Notes to Financial Statements

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39. RELATED PARTY DISCLOSURES *(continued)*

Notes:

- (a) The sales to related parties were priced at the estimated market prices.
- (b) The service income from related parties were determined with reference to fees charged to third parties.

Transactions with other related parties:

Compensation of key management personnel of the Group

	2004 HK\$'000	2003 HK\$'000
Short term employee benefits	6,720	4,374
Pension scheme contributions	103	84
Total compensation paid to key management personnel	6,823	4,458

40. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the early adoption of certain HKFRSs and HKASs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 12 April 2005.