



# ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)

**Interim Report 2005/2006**

## CORPORATE INFORMATION

### Board of Directors:

*Non-Executive Chairman:*

Mr. Michael Tse Chi Hung

*Executive Directors:*

Ms. Patricia Yeung Shuk Kwan  
(*Managing Director*)

Mr. George Joseph Ho  
(*Executive Director*)

Mr. Joey Fan (*Executive Director*)

*Non-Executive Directors:*

Mr. Adrian Fu Hau Chak\*\*

Mr. George Ho, GBS, OBE, JP

Mr. Lester Kwok Chi Hang, JP\*

Mr. Leung Kwok Kit, FCPA, CPA#

Mr. Aubrey Li Kwok Sing\*\*

Mr. David Miao

\* *Independent Directors*

# *Audit Committee and Remuneration  
Committee Members*

### Secretary:

Ms. Patricia Yeung Shuk Kwan

### Registered Office:

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

### Principal Place of Business:

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

### Auditors:

PricewaterhouseCoopers

### Registrars:

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

### Principal Bankers:

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

### Solicitors:

Tanner De Witt

### Homepage

[www.hkabc.com](http://www.hkabc.com)

**HIGHLIGHTS OF UNAUDITED RESULTS  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005**

	<b>2005</b> <b>HK\$</b>	2004 HK\$	Percentage change
Turnover	<b>17,828,325</b>	12,286,698	+45.10%
Operating profit (Note)	<b>15,766,429</b>	84,899,551	-81.43%
Profit attributable to shareholders	<b>15,641,111</b>	84,773,261	-81.55%
Profit per share	<b>3.35 cents</b>	18.16 cents	-81.55%

*Note:* Operating profit for 2004 comprised a one-off investment gain of HK\$88.5 million arising from the sale of FarEastone shares. Operating profit for 2005 comprised a one-off investment gain of HK\$20.7 million arising from the partial disposal of eAccess shares.

The Directors are pleased to present the Group's interim report and condensed consolidated accounts for the six months ended 30th September 2005. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30th September 2005, and the consolidated balance sheet as at 30th September 2005 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 3 to 20 of this report.

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005

	<i>Note</i>	<b>Unaudited Six months ended 30th September 2005 HK\$</b>	<b>Unaudited Six months ended 30th September 2004 HK\$</b>
Turnover	3	<b>17,828,325</b>	12,286,698
Cost of sales		<u><b>(13,112,553)</b></u>	<u>(8,366,440)</u>
Gross profit		<b>4,715,772</b>	3,920,258
Other revenues		<b>5,858,527</b>	2,247,337
Other operating income	4	<b>20,904,020</b>	88,595,691
Selling and distribution costs		<b>(777,853)</b>	(809,679)
General and administrative expenses		<b>(8,391,659)</b>	(8,520,923)
Other operating expenses		<u><b>(6,542,378)</b></u>	<u>(533,133)</u>
Operating profit	5	<b>15,766,429</b>	84,899,551
Finance costs		<u><b>(125,318)</b></u>	<u>(126,290)</u>
Profit attributable to shareholders		<u><b>15,641,111</b></u>	<u>84,773,261</u>
Dividends	7	<u><b>(9,337,720)</b></u>	<u>(9,337,720)</u>
Profit per share	8	<u><b>3.35 cents</b></u>	<u>18.16 cents</u>

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30TH SEPTEMBER 2005**

	Note	Unaudited 30th September 2005 HK\$	Audited 31st March 2005 HK\$ Restated
Non-current assets			
Property, plant and equipment		2,990,583	4,240,275
Investment property		18,920,000	18,920,000
Leasehold land		14,387,067	14,459,270
Available-for-sale financial assets	9	134,342,731	182,399,704
		<u>170,640,381</u>	<u>220,019,249</u>
Current assets			
Trade receivables	10	3,027,500	1,821,851
Other receivables, deposits and prepayments		5,995,846	6,025,946
Pledged deposits		52,044,894	51,589,072
Cash and bank balances		137,659,869	160,122,793
		<u>198,728,109</u>	<u>219,559,662</u>
Current liabilities			
Other current liabilities		3,080,831	3,176,059
Trade and other payables	11	3,969,686	2,648,080
Bank loans, secured		39,811,226	42,541,305
		<u>46,861,743</u>	<u>48,365,444</u>
Net current assets		<u>151,866,366</u>	<u>171,194,218</u>
Net assets		<u>322,506,747</u>	<u>391,213,467</u>
Capital and reserves			
Share capital		46,688,600	46,688,600
Reserves		275,818,147	344,524,867
Shareholders' funds		<u>322,506,747</u>	<u>391,213,467</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005**

	<b>Unaudited Six months ended 30th September 2005 HK\$</b>	Unaudited Six months ended 30th September 2004 HK\$
Net cash outflow from operating activities	<b>(2,275,155)</b>	(3,383,355)
Net cash inflow from investing activities	<b>32,832,777</b>	110,139,585
Net cash outflow from financing activities	<u><b>(51,357,460)</b></u>	<u>(46,688,600)</u>
Net (decrease)/increase in cash and cash equivalents	<b>(20,799,838)</b>	60,067,630
Cash and cash equivalents at 1st April	<b>211,711,865</b>	164,650,440
Effect of foreign exchange rate changes	<u><b>(1,207,264)</b></u>	<u>(26,082)</u>
Cash and cash equivalents at 30th September	<u><b>189,704,763</b></u>	<u>224,691,988</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash (pledged deposits included)	<u><b>189,704,763</b></u>	<u>224,691,988</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005**

	<b>Share capital</b> HK\$	<b>General reserve</b> HK\$	<b>Asset replacement reserve</b> HK\$	<b>Investment revaluation reserve</b> HK\$
At 1st April 2004	46,688,600	2,000,000	5,150,000	-
Profit for the period	-	-	-	-
Exchange differences arising on translation of subsidiaries	-	-	-	-
2004 final dividends paid	-	-	-	-
At 30th September 2004	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>-</u>
At 1st April 2005	46,688,600	2,000,000	5,150,000	117,348,914
Profit for the period	-	-	-	-
2005 final dividends paid	-	-	-	-
Fair value change on available-for-sale financial assets	-	-	-	(8,027,350)
Fair value change on available-for-sale financial assets disposed	-	-	-	(4,270,201)
Realisation of reserves on available-for-sale financial assets disposed	-	-	-	<u>(20,692,820)</u>
At 30th September 2005	<u>46,688,600</u>	<u>2,000,000</u>	<u>5,150,000</u>	<u>84,358,543</u>

Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
90,681,578	76,470,297	176,000	278,385	(41,862)	23,045,700	244,448,698
-	-	-	-	-	84,773,261	84,773,261
-	-	-	-	(26,082)	-	(26,082)
-	-	-	-	-	(46,688,600)	(46,688,600)
<u>90,681,578</u>	<u>76,470,297</u>	<u>176,000</u>	<u>278,385</u>	<u>(67,944)</u>	<u>61,130,361</u>	<u>282,507,277</u>
90,681,578	76,470,297	176,000	278,385	(68,010)	52,487,703	391,213,467
-	-	-	-	-	15,641,111	15,641,111
(51,357,460)	-	-	-	-	-	(51,357,460)
-	-	-	-	-	-	(8,027,350)
-	-	-	-	-	-	(4,270,201)
-	-	-	-	-	-	(20,692,820)
<u>39,324,118</u>	<u>76,470,297</u>	<u>176,000</u>	<u>278,385</u>	<u>(68,010)</u>	<u>68,128,814</u>	<u>322,506,747</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts ("Condensed Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants.

These Condensed Interim Accounts should be read in conjunction with the 2004/2005 annual accounts.

The accounting policies and methods of computation used in the preparation of these Condensed Interim Accounts are consistent with those used in the annual accounts for the year ended 31st March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

### 2 Changes in accounting policies

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
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 21	The Effects of Change in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 40	Investment Property
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKAS 1,7,8,10,12,14,16,18,19,21,23,24,27,33,34,36,37,40 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary, these HKASs affect certain presentation in the consolidated balance sheet, consolidated profit and loss account and consolidated statement of change in equity, and disclosures of accounts.

## 2 Changes in accounting policies (continued)

Upon adoption of HKFRS 2 "Share-based payments", there is a change in the accounting policy for share-based payments. The fair value of the employee services received in exchange for the grant of the option is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. In previous years, the grant of share option to employees was not recognised as an expense in the profit and loss account. Since all the existing share options had vested before 1st January 2005, the new accounting policy has no impact to the Group's accounts.

The adoption of HKAS 17 has resulted in a change in accounting policy relating to reclassification of leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment. Certain comparative figures in the consolidated interim accounts have been restated or reclassified to conform to current presentation and set out in the following summary.

### Summary of the effects of the changes in accounting policies

	Unaudited For six months ended 30th September 2004 (originally stated) HK\$	Effect of adopting HKAS 17 HK\$	Unaudited For six months ended 30th September 2004 (restated) HK\$
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#### Profit and loss account items

Depreciation	1,684,698	(72,203)	1,612,495
Amortisation	-	72,203	72,203

	Unaudited For six months ended 30th September 2005 (before adoption) HK\$	Effect of adopting HKAS 17 HK\$	Unaudited For six months ended 30th September 2005 (after adoption) HK\$
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#### Profit and loss account items

Depreciation	1,404,099	(72,203)	1,331,896
Amortisation	-	72,203	72,203

**2 Changes in accounting policies (continued)**

	Audited As at 31st March 2005 (originally stated) HK\$	Effect of adopting HKAS 17 HK\$	Audited As at 31st March 2005 (restated) HK\$
Balance sheet items			
Property, plant and equipment	37,619,545	(33,379,270)	4,240,275
Investment property	-	18,920,000	18,920,000
Leasehold land	-	14,459,270	14,459,270
	<b>Unaudited As at 30th September 2005 (before adoption) HK\$</b>	<b>Effect of adopting HKAS 17 HK\$</b>	<b>Unaudited As at 30th September 2005 (after adoption) HK\$</b>
Balance sheet items			
Property, plant and equipment	<b>36,297,650</b>	<b>(33,307,067)</b>	<b>2,990,583</b>
Investment property	-	<b>18,920,000</b>	<b>18,920,000</b>
Leasehold land	-	<b>14,387,067</b>	<b>14,387,067</b>

### 3 Segment information

The Group is principally engaged in the business of technology development, financial quotation services, and in investment holdings.

#### Primary reporting format – business segments

The Group is organised on a worldwide basis into the following business segments:

- Financial quotation, securities trading system licensing, and sales of related products
- Wireless applications
- Corporate activities and investment holdings – holding of corporate assets and liabilities

#### Secondary reporting format – geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in the following main geographical areas:

Hong Kong	:	Financial quotation, securities trading system licensing, and sales of related products, facility management consultancy and solutions, wireless applications, and corporate activities and investment holdings
Asia	:	Investment holdings
Canada and United States	:	Investment holdings

### 3 Segment information (continued)

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

An analysis of the Group's revenues and results for the period by business segment are as follows:

	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
<b>The segment results for the six months ended 30th September 2005</b>				
Turnover from external customers	<u>17,603,085</u>	<u>225,240</u>	<u>-</u>	<u>17,828,325</u>
Segment results	<u>297,182</u>	<u>(925,099)</u>	<u>(3,615,942)</u>	(4,243,859)
Other income/(expenses)				
- Interest income	-	-	3,197,140	3,197,140
- Dividend income	-	-	2,023,613	2,023,613
- Rental income	-	-	637,774	637,774
- Unrealised exchange losses for available-for-sale financial assets	-	-	(8,063,875)	(8,063,875)
- Other exchange gains	-	-	1,522,816	1,522,816
- Gain on disposal of listed available-for-sale financial assets	-	-	20,692,820	20,692,820
Operating profit				<u>15,766,429</u>
Finance costs				<u>(125,318)</u>
Profit attributable to shareholders				<u><u>15,641,111</u></u>

### 3 Segment information (continued)

#### (a) Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
<b>The segment assets and liabilities at 30th September 2005</b>				
Segment assets	<u>5,891,693</u>	<u>75,664</u>	<u>363,401,133</u>	<u>369,368,490</u>
Total assets	<u><u>5,891,693</u></u>	<u><u>75,664</u></u>	<u><u>363,401,133</u></u>	<u><u>369,368,490</u></u>
Segment liabilities	5,924,192	41,329	1,084,996	7,050,517
Bank loans, secured	<u>-</u>	<u>-</u>	<u>39,811,226</u>	<u>39,811,226</u>
Total liabilities	<u><u>5,924,192</u></u>	<u><u>41,329</u></u>	<u><u>40,896,222</u></u>	<u><u>46,861,743</u></u>
<b>Other segment items included in the accounts for the six months ended 30th September 2005</b>				
Capital expenditure	85,523	-	-	85,523
Depreciation	242,240	8,886	1,080,770	1,331,896
Amortisation	<u>-</u>	<u>-</u>	<u>72,203</u>	<u>72,203</u>

### 3 Segment information (continued)

#### (a) Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
The segment results for the six months ended 30th September 2004				
Turnover from external customers	<u>12,257,019</u>	<u>29,679</u>	<u>-</u>	<u>12,286,698</u>
Segment results	<u>204,862</u>	<u>(1,208,243)</u>	<u>(4,283,063)</u>	<u>(5,286,444)</u>
Other income/(expenses)				
– Interest income	-	-	1,064,464	1,064,464
– Dividend income	-	-	649,539	649,539
– Rental income	-	-	533,334	533,334
– Exchange losses	-	-	(533,133)	(533,133)
– Gain on disposal of listed investments	-	-	88,471,791	<u>88,471,791</u>
Operating profit				84,899,551
Finance costs				<u>(126,290)</u>
Profit attributable to shareholders				<u>84,773,261</u>

### 3 Segment information (continued)

#### (a) Primary reporting format – business segments (continued)

	Financial quotation, securities trading system licensing, and sales of related products HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
The segment assets and liabilities at 31st March 2005				
Segment assets	<u>4,178,749</u>	<u>133,867</u>	<u>435,266,295</u>	<u>439,578,911</u>
Total assets	<u><u>4,178,749</u></u>	<u><u>133,867</u></u>	<u><u>435,266,295</u></u>	<u><u>439,578,911</u></u>
Segment liabilities	5,020,385	105,900	697,854	5,824,139
Bank loans, secured	<u>–</u>	<u>–</u>	<u>42,541,305</u>	<u>42,541,305</u>
Total liabilities	<u><u>5,020,385</u></u>	<u><u>105,900</u></u>	<u><u>43,239,159</u></u>	<u><u>48,365,444</u></u>
Other segment items included in the accounts for the six months ended 30th September 2004				
Capital expenditure	555,442	6,613	–	562,055
Depreciation	249,039	8,311	1,355,145	1,612,495
Amortisation	<u>–</u>	<u>–</u>	<u>72,203</u>	<u>72,203</u>

### 3 Segment information (continued)

#### (b) Secondary reporting format – geographical segments

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segments is as follows:

##### For six months ended 30th September 2005

	Turnover HK\$	Operating profit/(loss) HK\$	Capital expenditure HK\$
Hong Kong	17,828,325	986,021	85,523
Asia			
– Taiwan	–	171,316	–
– Japan	–	14,613,487	–
– Others	–	(4,395)	–
Canada and United States	–	–	–
	<u>17,828,325</u>	<u>15,766,429</u>	<u>85,523</u>

##### For six months ended 30th September 2004

	Turnover HK\$	Operating profit/(loss) HK\$	Capital expenditure HK\$
Hong Kong	12,286,698	(4,202,304)	562,055
Asia			
– Taiwan	–	89,106,130	–
– Japan	–	–	–
– Others	–	(4,275)	–
Canada and United States	–	–	–
	<u>12,286,698</u>	<u>84,899,551</u>	<u>562,055</u>

### 3 Segment information (continued)

#### (b) Secondary reporting format – geographical segments (continued)

	Total assets	
	As at 30th September 2005 HK\$	As at 31st March 2005 HK\$
Hong Kong	235,636,766	257,828,214
Asia		
– Taiwan	2,603,317	3,031,484
– Japan	108,474,107	157,274,163
– Others	793	793
Canada and United States	22,653,507	21,444,257
	<u>369,368,490</u>	<u>439,578,911</u>

### 4 Other operating income

Other operating income in 2004 comprised a net gain of HK\$88.5 million arising from the sale of FarEastone shares and that in 2005 comprised a net gain of HK\$20.7 million from the partial disposal of eAccess shares.

### 5 Operating profit

Unaudited six months ended 30th September 2005 HK\$	Unaudited six months ended 30th September 2004 HK\$
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Operating profit is stated after crediting and charging the following:

#### Crediting

Gross rental income from investment property	637,774	533,334
Gain on disposal of available-for-sale financial assets	20,692,820	–
Gain on disposal of listed investments	–	88,471,791
	<u>21,330,594</u>	<u>88,471,791</u>

#### Charging

Depreciation	1,331,896	1,612,495
Amortisation for leasehold land	72,203	72,203
Outgoings in respect of investment properties	39,291	38,457
	<u>1,443,390</u>	<u>1,723,155</u>

## 6 Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2004: Nil).

There was no material unprovided deferred taxation for the period (2004: Nil).

## 7 Dividends

	<b>Unaudited</b> <b>six months ended</b> <b>30th September</b> <b>2005</b> <b>HK\$</b>	Unaudited six months ended 30th September 2004 HK\$
Interim dividend, of HK¢2 (2004: HK¢2) per ordinary share	<u><b>9,337,720</b></u>	<u><b>9,337,720</b></u>

- (a) At a meeting held on 8th July 2005, the directors proposed a final dividend of HK¢11 per ordinary share for the year ended 31st March 2005, which was paid on 17th August 2005 and has been reflected as an appropriation of contributed surplus for the six months ended 30th September 2005.
- (b) At a meeting held on 9th December 2005, the directors declared an interim dividend of HK¢2 per ordinary share for the year ending 31st March 2006. This dividend is not reflected as a dividend payable in these condensed interim accounts, but will be reflected as an appropriation of contributed surplus for the year ending 31st March 2006.

## 8 Profit per share

The profit per share is calculated based on the profit attributable to shareholders of HK\$15,641,111 (2004: HK\$84,773,261) and on the weighted average number of 466,886,000 (2004: 466,886,000) shares in issue during the period.

Diluted profit per share is not presented as the exercise of the outstanding share options of the Company would be anti-dilutive in respect of both periods presented.

## 9 Available-for-sale financial assets

	<b>Unaudited</b> HK\$
As at 1st April 2005	182,399,704
Exchange differences	(8,063,875)
Additions	1,939,250
Fair value change transferred to investment revaluation reserve	(8,027,350)
Disposal	<u>(33,904,998)</u>
As at 30th September 2005	<u><u>134,342,731</u></u>

Available-for-sale financial assets include the following:

	<b>Unaudited</b> HK\$
Listed securities	
– Equity securities – Hong Kong	611,800
– Equity securities – Japan	108,474,107
– Equity securities – Taiwan	2,603,317
Unlisted securities	
– Internet Fund	<u>22,653,507</u>
Total	<u><u>134,342,731</u></u>

## 10 Trade receivables

The Group has granted credit to substantially all its corporate customers ranging from 14 to 90 days. The ageing analysis of trade receivables is as follows:

	<b>0-3 months</b> HK\$	<b>4-6 months</b> HK\$	<b>Over 6 months</b> HK\$	<b>Total</b> HK\$
Balance at 30th September 2005 (Unaudited)	<u>3,027,500</u>	<u>–</u>	<u>–</u>	<u>3,027,500</u>
Balance at 31st March 2005 (Audited)	<u>1,801,773</u>	<u>20,078</u>	<u>–</u>	<u>1,821,851</u>

## 11 Trade and other payables

The ageing analysis of trade and other payables is as follows:

	0-3 months HK\$	4-6 months HK\$	Over 6 months HK\$	Total HK\$
Balance at 30th September 2005 (Unaudited)	<u>3,969,686</u>	<u>–</u>	<u>–</u>	<u>3,969,686</u>
Balance at 31st March 2005 (Audited)	<u>2,648,080</u>	<u>–</u>	<u>–</u>	<u>2,648,080</u>

## 12 Capital commitments

	Unaudited 30th September 2005 HK\$	Audited 31st March 2005 HK\$
Contracted but not provided for in respect of investment in available-for-sale financial assets	<u>3,867,500</u>	<u>5,832,000</u>

## 13 Operating leases

As at 30th September 2005, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment property as follows:

	Unaudited 30th September 2005 HK\$	Audited 31st March 2005 HK\$
Not later than one year	1,560,000	380,000
Later than one year and not later than five years	<u>1,015,000</u>	<u>300,000</u>
	<u>2,575,000</u>	<u>680,000</u>

## INTERIM DIVIDEND

The Directors have declared an interim dividend of HK¢2 per ordinary share (2004: HK¢2) for the fiscal year ending 31st March 2006 payable to shareholders whose names appear in the Register of Members at the close of business on 12th January 2006 (Thursday). Dividend warrants will be posted to shareholders on 17th January 2006.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from **9th January 2006 (Monday) to 12th January 2006 (Thursday)**, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Ltd., 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 pm on **6th January 2006 (Friday)**.

## BUSINESS REVIEW AND PROSPECTS

### Business Review

Turnover for the Group in the half-year under review rose by 45.1% to HK\$17.8 million, against HK\$12.3 million for the comparable period in the preceding year.

During the period, the Group made partial divestments of our long-term holdings in Japanese broadband provider eAccess, and realised a gain of HK\$20.7 million. Meanwhile, due to the fluctuation of the Japanese Yen, an unrealised exchange loss of about HK\$7.9 million was incurred for the period in respect of our remaining holdings in eAccess, which has been duly reflected in the profit and loss account.

Net profit for the Group amounted to HK\$15.6 million for the period under review. This represents a profit drop of 81.55% from that of the prior period, as a large gain of HK\$88.5 million was made in the previous year from the sale of substantially all our remaining investment in Taiwan cellular operator, FarEastone.

**BUSINESS REVIEW AND PROSPECTS** *(continued)***Management Analysis And Discussion***Financial Quotation Services*

QuotePower's revenue in the period under review grew at a healthy pace with the continued improvement of the investment climate. A modest profit of approximately HK\$0.3 million was reported in the half-year and we are confident that the company will continue to expand in the years ahead.

*Wireless Applications*

Although ABC QuickSilver still posted a loss of approximately HK\$0.9 million during the half-year, we expect its losses to continue to shrink in the months ahead. The company is beginning to secure contracts which, albeit still modest in contract size, do suggest a market pick-up in mobile data applications. We are cautiously optimistic that the company will be able to achieve visibly improved financial results in the coming year.

*Telecommunications Investments*

Subsequent to our partial divestments of 5,120 shares in eAccess to monetize some of our investment gains, we still have in our remaining holdings 18,630 shares in eAccess, the market value of which stood at approximately HK\$108.5 million as at 30th September 2005. eAccess has just been awarded a mobile licence in Japan. Despite its high penetration rate, the Japanese mobile market is less competitive and the revenue per subscriber is also higher than most developed economies. We believe the company, with its profound market know-how and excellent execution capabilities, is well-placed to become an effective competitor in the mobile space. Our Group will be investing JPY499,950,000 (equivalent to approximately HK\$32 million) for a small stake in this mobile unit to participate in the Japanese mobile market.

**Outlook**

Barring any severe economic downturn, we believe the Group's operational units will continue to improve. Our current investments will also over time provide shareholders with rewarding returns.

## LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

As at 30th September 2005, our Group had cash and bank balances of HK\$189.7 million of which HK\$52 million had been pledged to secure a Japanese Yen loan equivalent to approximately HK\$39.8 million (translated at the then prevailing exchange rate) at the end of the period under review. All bank loans are denominated in Japanese Yen, repayable within one year and bear interest at prevailing market rates.

	30th September 2005		31st March 2005	
	HK\$	%	HK\$	%
Bank loans	<b>39,811,226</b>	<b>11</b>	42,541,305	10
Shareholders' funds	<b>322,506,747</b>	<b>89</b>	391,213,467	90
Total capital employed	<b><u>362,317,973</u></b>	<b><u>100</u></b>	<b><u>433,754,772</u></b>	<b><u>100</u></b>

### PLEDGE OF ASSETS

As at 30th September 2005, time deposits of HK\$52 million were pledged to secure general banking facilities granted to the Group.

### CAPITAL COMMITMENTS

As at 30th September 2005, the Group had an outstanding funding commitment of up to HK\$3.9 million to a Wireless Internet Fund.

### CONTINGENT LIABILITIES

As at 30th September 2005, the Group had no material contingent liabilities.

### EMPLOYEE REMUNERATION POLICY

As at 30th September 2005, the Group had 42 employees. Total salaries and related costs incurred for the period ended 30th September 2005 amounted to HK\$6.2 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits include provident funds and medical schemes. The Company may also grant share options to eligible employees.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period and the Company has not redeemed any of its securities during the period.

**DIRECTORS' INTERESTS**

At 30th September 2005, the interests of the directors in the shares and options of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (SFO)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Name	Personal interests	Number of Ordinary Shares			Total interests	Percentage
		Corporate interests (Note (i))	Family interests			
Mr. George Ho	8,030,000	265,331,600	-	273,361,600	58.55%	
Mr. Joey Fan	13,040,000	-	-	13,040,000	2.79%	
Mr. Michael Tse Chi Hung	11,690,006	-	-	11,690,006	2.50%	
Ms. Patricia Yeung Shuk Kwan	5,950,000	-	-	5,950,000	1.27%	
Mr. George Joseph Ho	3,500,000	-	-	3,500,000	0.75%	
Mr. Leung Kwok Kit	2,306,600	-	-	2,306,600	0.49%	
Mr. Li Kwok Sing Aubrey	186,000	-	-	186,000	0.04%	

Rights in respect of which options are held/exercisable under the Company's Employee Share Option Scheme:

Name of Director	Outstanding Options	Exercise Price	Exercise Period
Ms. Patricia Yeung Shuk Kwan	1,000,000	\$1.41	23 March 2000 to 22 February 2010
	1,000,000	\$1.41	23 February 2001 to 22 February 2010
Mr. George Joseph Ho	250,000	\$1.41	23 March 2000 to 22 February 2010
	250,000	\$1.41	23 February 2001 to 22 February 2010

Note:

- (i) H.C.B.C. Communications (International) Limited and its parent, H.C.B.C. Enterprises Limited, together held 265,331,600 shares of the Company, Mr. George Ho is deemed to be interested in the voting shares of H.C.B.C. Communications (International) Limited and H.C.B.C. Enterprises Limited as a result of his holdings in H.C.B.C. Enterprises (BVI) Limited, the ultimate holding company of H.C.B.C. Enterprises Limited.

**DIRECTORS' INTERESTS** *(continued)*

As at 30th September 2005, the directors' interests in associated corporations of the Company (within the meaning of the SFO) were as follows:

- (a) Mr. George Ho held 18,112 non-voting "B" shares in H.C.B.C. Communications (International) Limited. H.C.B.C. Enterprises Limited held all the issued 312,000 "A" voting shares and 12,488 non-voting "B" shares in H.C.B.C. Communications (International) Limited.
- (b) Mr. George Ho was beneficially interested in 100,000 Management Shares and 795,600 Ordinary Shares, in H.C.B.C. Enterprises (BVI) Limited. Mr. George Ho was beneficially interested in 16.67% in the issued share capital of Goddard & Company Limited. Goddard & Company Limited held 5,000 Management Shares and 933,250 Ordinary Shares of H.C.B.C. Enterprises (BVI) Limited. H.C.B.C. Enterprises (BVI) Limited held all the issued share capital of H.C.B.C. Enterprises Limited.
- (c) Those directors set out below were personally interested in the following numbers of non-voting Deferred Shares in the capital of ABC Communications Limited, a subsidiary of the Company:

<b>Name</b>	<b>Number of Deferred Shares</b>
Mr. George Ho	10,605 <sup>(i)</sup>
Mr. Michael Tse Chi Hung	11,642
Ms. Patricia Yeung Shuk Kwan	4,000
Mr. Leung Kwok Kit	5,900

*Note:*

- (i) Mr. George Ho also held corporate interests through H.C.B.C. Enterprises Limited in 190,690 non-voting Deferred Shares in the capital of ABC Communications Limited.

All the interests stated above represent long positions. Save as disclosed in the above paragraphs, as at 30th September 2005 none of the directors or any chief executive of the Company or any of their spouse or children under the age of 18 years had any (nor was deemed under the SFO to have any) interests or short positions in the securities of the Company or any associated corporation (within the meaning of the SFO) which were required to be entered in the register kept by the Company pursuant to the SFO.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30th September 2005, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5 per cent or more of the Company's issued share capital.

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

*Note:* In the avoidance of doubt and double counting, it should be noted that the above shareholding has been included in the shareholding stated against Mr. George Ho shown under Directors' interests.

All the interests stated above represent long positions. Save as disclosed herein, there is no person known to the directors who, as at 30th September 2005, was directly or indirectly interested in 5% or more of the nominal value of any class of share capital of the Company required to be recorded in the register kept pursuant to Section 336 of the SFO.

## COMPLIANCE WITH CODE PROVISIONS OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six-month period covered by the Interim Report, in compliance with the Code Provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that the non-executive directors of the Company were not appointed for a specific term. However they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws, which re-election occurs every three years, and which the directors currently consider to be adequate.

All Directors have confirmed that they fully complied with the Model Code for Directors' Securities Transactions as set out in Appendix 10 of the Listing Rules during the period under review.

## AUDIT COMMITTEE

The Group's unaudited accounts for the period under review have been reviewed by the Audit Committee of the Company.

By Order of the Board  
**Patricia Yeung Shuk Kwan**  
*Managing Director*

Hong Kong, 9th December 2005