



ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)



2006-2007 Annual Report



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Corporate Information

BOARD OF DIRECTORS

Non-Executive Chairman:

Mr. Tse Chi Hung, Michael

Executive Directors:

Ms. Yeung Shuk Kwan, Patricia

Mr. George Joseph Ho

Mr. Joey Fan

Non-Executive Directors:

Mr. George Ho, GBS, OBE, JP

Mr. Leung Kwok Kit, FCPA, CPA (Aust)

Mr. David Miao (deceased on 26 November 2006)

Independent Non-Executive Directors:

Mr. Fu Hau Chak, Adrian

Mr. Kwok Chi Hang, Lester, JP

Mr. Li Kwok Sing, Aubrey

COMMITTEES

Audit Committee

Mr. Fu Hau Chak, Adrian

Mr. Leung Kwok Kit, FCPA, CPA (Aust)

Mr. Li Kwok Sing, Aubrey

Remuneration Committee

Mr. Fu Hau Chak, Adrian

Mr. Leung Kwok Kit, FCPA, CPA (Aust)

Mr. Li Kwok Sing, Aubrey

COMPANY SECRETARY:

Ms. Yeung Shuk Kwan, Patricia

AUTHORIZED REPRESENTATIVES

Mr. Tse Chi Hung, Michael

Ms. Yeung Shuk Kwan, Patricia

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

46th Floor, Hopewell Centre,

183 Queen's Road East,

Hong Kong.

SOLICITORS

Stephenson Harwood and Lo

HOME PAGE

www.hkabc.com

RESULTS

Our Group reported a net profit of HK\$7.62 million or HK1.63 cents per share for the fiscal year ended 31 March 2007, as compared to HK\$24.98 million (restated) or HK5.35 cents per share for the previous year.

FINAL DIVIDEND

The Directors do not recommend a final dividend for the fiscal year ended 31 March 2007.

An interim dividend of HK1 cent per ordinary share has been paid during the year. The aggregate dividend pay-out for the whole fiscal year will therefore amount to HK1 cent per ordinary share.

BUSINESS REVIEW AND PROSPECTS

Turnover of the Group amounted to HK\$73.78 million for the fiscal year under review, representing an increase of 79.84% over the results of the previous year.

Net profit for the year however declined by 69.50% (as compared to the restated net profit of HK\$24.98 million for the previous year) to HK\$7.62 million. This is due to the fact that the Group reported one-off disposal gains of HK\$23.44 million in the preceding year while no asset sales were made in the fiscal year under review. Excluding the effect of the disposal gains of the previous year, the financial results of the Group would have improved by 395.42% in the fiscal year ended 31 March 2007.

Subject to no major shocks in the financial markets, our Group's core operating business in financial information services should continue to perform well and stable earnings growth is expected in the foreseeable future. On a longer-term basis, the financial fortunes of the Group will depend on the performance of our telecommunications investments in Japan. We remain confident that they will ultimately be able to generate good returns to the Group.

Tse Chi Hung, Michael

Chairman

Hong Kong, 4 July 2007

Management Discussion and Analysis

BUSINESS UNITS

During the fiscal year, QuotePower International Limited ("QuotePower") saw its revenue increase by 79.35% to HK\$73 million. Its profit of HK\$2.40 million also showed an increase of 55.15% as compared to that of the previous year.

ABC QuickSilver Limited maintained a healthy sales pipeline for development projects throughout the year, though the size of these projects remained modest. A loss of HK\$1.07 million was incurred for the fiscal year under review.

TELECOMMUNICATIONS INVESTMENTS

The Japanese stock market under-performed for most of the fiscal year and the share price of eAccess (a broadband operator in which our Group holds approximately 1.28%) depreciated by 12.95% at our balance sheet date as compared to that of the preceding year. This fair value change of approximately HK\$14.4 million has been posted to our Investment Revaluation Reserve in the Balance Sheet, without any impact on our Income Statement.

eMobile (a Japanese mobile company in which our Group holds 0.477%) launched its data services in late March this year. The Company is still at a loss-making stage and we do not expect any contribution from this investment to our bottom line in the immediate future. Our investment in eMobile has however been revalued upwards to HK\$72.06 million (equivalent to approximately Japanese Yen 112,146 per share) at our balance sheet date as per the valuation undertaken by an independent valuer. This fair value change has been recorded in the Investment Revaluation Reserve in our Balance Sheet. Subsequent to our year-end, a transaction of a small share stake in eMobile was made on 31 May 2007 between eAccess, its parent company, and an unrelated party at a share price of Japanese Yen 120,000 per share.

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT

In the year under review, the Group maintains a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralized. More than 90% of our receipts and payments are in Hong Kong dollars. Cash and bank balances are placed in deposits denominated in either Hong Kong or United States dollars. As at 31 March 2007, the Group had cash and cash equivalents and pledged deposits of approximately HK\$57.03 million and HK\$102.69 million respectively. The pledged deposits were to secure Japanese Yen loans equivalent to approximately HK\$89 million (translated at the then prevailing exchange rate) at the end of the fiscal year. All bank loans are denominated in Japanese Yen and bear interest at prevailing market rates. The Japanese Yen loans were taken out to minimize the currency exposure risks of our Japanese investments and to take advantage of the rate differential between our US dollar deposits and the Japanese Yen loans.

Management Discussion and Analysis

LIQUIDITY, CAPITAL STRUCTURE AND TREASURY MANAGEMENT (Continued)

	31 March 2007		31 March 2006	
	HK\$	%	HK\$	%
Bank loans	89,008,171	22	71,178,983	18
Total equity	318,153,598	78	318,171,446	82
Total capital employed	407,161,769	100	389,350,429	100

PLEDGE OF ASSETS

As at 31 March 2007, time deposits amounting to HK\$102.69 million were pledged to secure Japanese Yen loans of HK\$89 million granted to the Group.

CAPITAL COMMITMENTS

As at 31 March 2007, the Group had an outstanding funding commitment of up to HK\$1.77 million to a Wireless Internet Fund.

CONTINGENT LIABILITIES

As at 31 March 2007, the Group had no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2007, the Group had 41 employees. Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2007 amounted to approximately HK\$12.85 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistances benefits. The company may also grant share options to eligible employees to motivate their performance and contribution to the Group and details are described in the Directors' Report.

Directors' Report

The directors are pleased to present their report together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are shown in note 9 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 29.

The directors have declared an interim dividend of HK1 cent per ordinary share, totaling HK\$4,668,860, which was paid on 15 January 2007.

The directors do not recommend the payment of a final dividend.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 19 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 18 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company are set out in note 19 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 80.

DIRECTORS

The directors during the year were:

Mr. Joey Fan
Mr. Fu Hau Chak, Adrian
Mr. George Ho
Mr. George Joseph Ho
Mr. Kwok Chi Hang, Lester
Mr. Leung Kwok Kit
Mr. Li Kwok Sing, Aubrey
Mr. David Miao (deceased on 26 November 2006)
Mr. Tse Chi Hung, Michael
Ms. Yeung Shuk Kwan, Patricia

In accordance with the Company's Bye-laws 103 and 104, Messrs. George Joseph Ho, Leung Kwok Kit and Mr. Li Kwok Sing, Aubrey retire by rotation at the forthcoming Annual General Meeting (Notice of which will be despatched in due course) and, being eligible, offer themselves for re-election.

None of the directors proposed for re-election has a service contract with the Company or its subsidiaries which is not determinable by the Company or its subsidiaries within a year without payment of compensation other than statutory compensation.

BIOGRAPHICAL INFORMATION ON DIRECTORS

(a) *Non-executive directors*

Mr. Tse Chi Hung, Michael, aged 74, is currently Chairman of the Group. He has been a director of ABC Communications Limited since 1971 and Managing Director of the Group from October 1984 to September 1998. Mr. Tse is a non-executive director of Hong Kong Commercial Broadcasting Company, Limited and H.C.B.C. Enterprises Limited which has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company (please refer to the paragraph headed "Substantial shareholders' interests in the Company" below for details).

Mr. George Ho, GBS, OBE, JP, aged 88, is the founder of the Group. Mr. Ho is the Honorary Chairman of Hong Kong Commercial Broadcasting Company, Limited and Chairman of H.C.B.C. Enterprises Limited. He has over 41 years' experience in the broadcasting and telecommunications fields. Mr. Ho is the father of Mr. George Joseph Ho, an executive director of the Company.

Mr. Leung Kwok Kit, aged 61, joined ABC Communications Limited in 1977. He is currently a non-executive director of the Group and a member of the Audit Committee and Remuneration Committee. He is also a non-executive director of Hong Kong Commercial Broadcasting Company, Limited and of H.C.B.C. Enterprises Limited. He is a fellow of the Hong Kong Institute of Certified Public Accountants and an associate of The Australian Society of Certified Practising Accountants.

(b) *Independent non-executive directors*

Mr. Fu Hau Chak, Adrian, aged 59, has been an independent non-executive director of the Company since September 1991. Mr. Fu is also Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He holds several executive positions on the boards of companies in Hong Kong and in South East Asia.

Mr. Kwok Chi Hang, Lester, JP, aged 57, an independent non-executive director of the Company since September 2004, is the Deputy Chairman and Managing Director of Wing On International Holdings Limited, the Deputy Chairman and Chief Executive Officer of Wing On Company International Limited, which is listed on The Stock Exchange of Hong Kong Limited. He is a Steward of the Hong Kong Jockey Club. He has served as a member of the Inland Revenue Board of Review, the Administrative Appeals Board, the Town Planning Appeal Board, the Securities and Futures Appeals Panel of the Securities and Futures Commission and the Consumer Council. He graduated from Stanford University with a Bachelor of Arts degree in economics and was later called to the Bar of England and Wales, and to the Hong Kong Bar. He practiced as a barrister-at-law until 1985 when he retired from the bar and joined the Wing On group of companies as an executive director.

BIOGRAPHICAL INFORMATION ON DIRECTORS (CONTINUED)

(b) Independent non-executive directors (Continued)

Mr. Li Kwok Sing, Aubrey, aged 57, an independent non-executive director of the Company since October 2003, is a member of the Audit Committee and Remuneration Committee. He is director of Management Capital Limited, a Hong Kong-based financial advisory and direct investment firm, and has over 30 years' experience in merchant banking and commercial banking. He is a non-executive director of The Bank of East Asia, Limited, Café de Coral Holdings Limited, China Everbright International Limited, CNPC (Hong Kong) Limited, Pokfulam Development Company Limited and Kowloon Development Co. Ltd. and non-executive Chairman of Atlantis Asian Recovery Fund plc. Mr Li has a Master of Business Administration from Columbia University and a Bachelor of Science in Civil Engineering from Brown University.

(c) Executive directors

Ms. Yeung Shuk Kwan, Patricia, aged 57, has been an executive director of the Group since March 1990 following thirteen years' association with ABC Communications Limited as a non-executive director. She is currently Managing Director of the Group and Company Secretary of the Company. She holds a Bachelor of Arts degree from the University of Hong Kong and is also a Chartered Secretary.

Mr. George Joseph Ho, aged 57, has been an executive director of the Group since October 1992. He holds a Bachelor of Arts degree from the University of California, Berkeley, a Master of Laws degree from New York University and a Doctoral degree in Jurisprudence from Harvard University. Mr. Ho is currently Chairman of Hong Kong Commercial Broadcasting Company Limited and Managing Director of H.C.B.C. Enterprises Limited. Mr. Ho is also a non-executive director of Dairy Farm International Holdings Ltd. Mr. Ho is the son of Mr. George Ho, a director of the Company.

Mr. Joey Fan, aged 42, an Executive Director of the Group since 30 September 2004, has been a director of a Group subsidiary since late 1999. He has over 19 years' industry experience in financial information technology, having held key positions at Reuters and Telerate. Mr. Fan holds a Master of Engineering degree from Cornell University.

BIOGRAPHICAL INFORMATION ON MANAGEMENT TEAM

Mr. Tang Siu Ling, aged 45, is the General Manager of QuotePower International Limited ("QuotePower"). Mr. Tang has over 21 years' experience in the financial services industry and joined QuotePower in February 2006. Prior to joining QuotePower, he had taken various sales, marketing and project management roles with major financial information and technology providers including Reuters, CSK Micrognosis, Dow Jones Telerate and IQ Financial Systems. Mr. Tang graduated from the Hong Kong Polytechnic University with a Higher Diploma in Marine Electronics and from the Southeastern University with a Master in Business Administration degree.

Mr. Joey K H Pong, aged 42, is the Chief Technology Officer of ABC QuickSilver Limited. He graduated from the University of Warwick with a Master of Science Degree in Information Technology and from the Chinese University of Hong Kong with a Master of Science Degree in Computer Science. Mr. Pong has over 16 years' experience in the information technology and telecommunications industry. His association with the Group spans over a decade, having held various key positions with other Group subsidiaries and with a business associate of the Group.

Ms. Ho Sze Ngar, aged 33, is the Finance and Administration Manager of the Group. She graduated from Hong Kong University of Science & Technology with a bachelor's degree (Honours) in Business Administration – Accounting. An associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, Ms. Ho has over 11 years' experience in audit and finance. She joined the Group in April 2005 and is responsible for overseeing the accounting, finance and corporate functions of the Group.

SHARE OPTION SCHEMES

(a) *Expired Scheme*

Under the share option scheme of the Company adopted on 12 September 1991 (the "Expired Scheme"), the Directors may, at their discretion, invite full-time employees of the Group, including executive directors, to take up options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares or not less than 80% of the average of the closing prices of the shares of the Company for the five trading days immediately preceding the date of offer of the option. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company at the time of granting of the options.

The Expired Scheme expired on 11 September 2001 ("Expiration Date") without prejudice to the rights and benefits of and attached to those options granted there under which are outstanding as at that date. No further grants were made after the Expiration Date. Following the expiration, the provisions of the Expired Scheme remain in force and effect to the extent necessary to give effect to the exercise of any option granted prior to the Expiration Date.

As at 31 March 2007, the total number of shares which may be issued pursuant to exercise of options granted under the Expired Scheme was 2,500,000 shares, which represented approximately 0.5% of the total issued share capital of the Company as at 31 March 2007.

SHARE OPTION SCHEMES (CONTINUED)

(a) Expired Scheme (Continued)

Details of the share options outstanding at 31 March 2007 which have been granted to and accepted by the directors under the Expired Scheme are as follows:

Name of director	Date of share options granted	Outstanding options as at 31 March 2007	Exercise price HK\$	Exercise period
Ms. Yeung Shuk Kwan, Patricia	23 February 2000	1,000,000	1.41	23 March 2000 to 22 February 2010
	23 February 2000	1,000,000	1.41	23 February 2001 to 22 February 2010
Mr. George Joseph Ho	23 February 2000	250,000	1.41	23 March 2000 to 22 February 2010
	23 February 2000	250,000	1.41	23 February 2001 to 22 February 2010
		2,500,000		

No options were exercised by the directors during the year.

SHARE OPTION SCHEMES (CONTINUED)

(b) Existing Scheme

Under the share options scheme (the "Existing Scheme") approved by the shareholders at a Special General Meeting of the Company held on 27 March 2002 ("Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Existing Scheme are as follow:

(i) Purpose

The purpose of the Existing Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(ii) Participants

The Directors may, at their discretion, invite any Participant including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customers, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

(iii) Maximum number of shares

(1) 30% Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Scheme and Expired Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

SHARE OPTION SCHEMES (CONTINUED)

(b) Existing Scheme (Continued)

(iii) Maximum number of shares (Continued)

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Existing Scheme and Expired Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limited").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

(v) Price of Shares

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

SHARE OPTION SCHEMES (CONTINUED)

(b) Existing Scheme (Continued)

(vi) Amount payable upon acceptance of the option

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK\$10.

(vii) Time of Exercise of Option

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

(viii) The remaining life of the Existing Scheme

The life of the Existing Scheme is 10 years commencing on the Adoption Date and will end on 26 March 2012.

(ix) Shares available for issue under the Existing Scheme

As at 31 March 2007, the total number of shares available for issue under the Existing Scheme was 44,188,600 shares which represented approximately 9.5% of the total issued share capital of the Company.

No options were granted or exercised during the year.

Directors' Report

DIRECTORS' INTERESTS

At 31 March 2007, the interests of the directors in the shares and options of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Name	Number of Ordinary Shares			Total interests	Percentage
	Personal interests	Corporate interests	Family interests		
Mr. George Ho [#]	7,530,000	265,331,600	–	272,861,600	58.44%
Mr. Tse Chi Hung, Michael	9,204,006	–	–	9,204,006	1.97%
Ms. Yeung Shuk Kwan, Patricia ^{##}	6,450,400	–	–	6,450,400	1.38%
Mr. Leung Kwok Kit	906,600	–	–	906,600	0.19%
Mr. Li Kwok Sing, Aubrey	186,000	–	–	186,000	0.04%
Mr. George Joseph Ho ^{##}	3,500,000	–	–	3,500,000	0.75%

[#] 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 have interests 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.

^{##} Ms. Yeung Shuk Kwan, Patricia and Mr. George Joseph Ho have been granted certain share options, details of which are set out under the paragraph Share Option Schemes.

As at 31 March 2007, 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 110,000 Management Shares and 795,600 Ordinary Shares, in H.C.B.C. Enterprises (BVI) Limited. Mr George Ho has beneficial interest of 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.

DIRECTORS' INTERESTS (CONTINUED)

(c) Those directors set out below were personally interested in the following numbers of non-voting Deferred Shares in the capital of ABC Communications Limited, a subsidiary of the Company:

Name	Number of Deferred Shares
Mr. George Ho #	10,605
Mr. Tse Chi Hung, Michael	11,642
Ms. Yeung Shuk Kwan, Patricia	4,000
Mr. Leung Kwok Kit	5,900

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 31 March 2007 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 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".

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, with the exception of the Employee Share Option Scheme, details of which are described above.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 March 2007, 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% or more of the Company's issued share capital.

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

Note: For the avoidance of doubt and double counting, it should be noted that the above shareholding has already been included in the shareholding stated against Mr George Ho shown above 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 31 March 2007, was directly or indirectly interested in 5% or more of the nominal value of any class of share capital of the Company which are required to be recorded in the register kept pursuant to Section 336 of the "SFO".

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 year and the Company has not redeemed any of its securities during the year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's purchases and sales for the year attributable to major suppliers and customers are as follows:

Purchases	
– the largest supplier	89%
– five largest suppliers combined	96%
Sales	
– the largest customer	55%
– five largest customers combined	72%

No directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

The public float of shares in the Company has remained above the minimum percentage required by the Exchange throughout the year.

POST BALANCE SHEET DATE EVENTS

Subsequent to the end of the fiscal year, the Board received a privatization proposal from its substantial shareholder, under which, a conditional general cash offer of HK\$0.58 per share was made to acquire all outstanding shares of the Company. The Offer Document setting out the terms of the Offer was despatched to Shareholders on 11 June 2007. The Board's Circular Letter incorporating the recommendation of the Independent Board Committee and the letter of the Independent Financial Advisor is expected to be despatched before 18 July 2007.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Tse Chi Hung, Michael

Chairman

Hong Kong, 4 July 2007

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

In the opinion of the Directors, the Company has complied with the code provisions save for deviations as set out below.

CODE PROVISION A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive Directors is the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). At each annual general meeting, one-third of the Directors shall retire from office by rotation and every Director shall retire from office not later than the third annual general meeting after he was last elected.

Corporate Governance Report

BOARD OF DIRECTORS

The Board of the Company comprises three Executive Directors, three Non-Executive Directors and three Independent Non-Executive Directors. The attendance of individual directors at Board meetings during the accounting period is set out below.

Name	Attendance/Number of Meetings
Mr. Joey Fan	4/4
Mr. Fu Hau Chak, Adrian (Independent)	4/4
Mr. George Ho	2/4
Mr. George Joseph Ho	4/4
Mr. Kwok Chi Hang, Lester (Independent)	4/4
Mr. Leung Kwok Kit	4/4
Mr. Li Kwok Sing, Aubrey (Independent)	4/4
Mr. Tse Chi Hung, Michael	3/4
Ms. Yeung Shuk Kwan, Patricia	4/4

Each Independent Non-Executive Director has re-affirmed his independence status pursuant to the Listing Rules and the Company considers that they are independent.

The Board of Directors collectively oversees the management of the Company and Management are responsible for day-to-day operations. A formal schedule has been drawn up by the Board on matters that Management must refer to the Board for approval.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are segregated. Mr. Tse Chi Hung, Michael and Ms. Yeung Shuk Kwan, Patricia were Chairman and Chief Executive Officer respectively in the year under review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Directors' Securities Transactions as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors have confirmed that they fully complied with the Model Code throughout the fiscal year.

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the remuneration and share option benefits of Directors and Senior Management for the fiscal year ended 31 March 2007 are set out in note 31 to the consolidated financial statements.

The Remuneration Committee comprises one non-Executive Director, namely Mr. Leung Kwok Kit and two Independent Non-Executive Directors, namely Messrs. Adrian Fu and Aubrey Li. During the accounting period, the Remuneration Committee met once and reviewed the remuneration packages of the Directors and the broad remuneration policies of the Company, which are determined in the light of prevailing market practices.

NOMINATION OF DIRECTORS

No Nomination Committee has been set up by the Board. Any Board member is entitled to recommend suitable candidates that meet the requirements of the Listing Rules for consideration by the Board.

AUDIT COMMITTEE

The Audit Committee comprises two Independent Non-Executive Directors, Messrs. Adrian Fu and Aubrey Li, and a non-Executive Director, Mr. Leung Kwok Kit. Mr. Fu is Chairman of the Committee. The Committee appoints the external auditor, reviews the financial information of the Company, oversees the Company's financial reporting process and internal control systems. The Audit Committee met twice during the relevant period to review the Group's interim and final results. The attendance record of each member is shown below.

Name	Attendance/Number of Meetings
Mr. Fu Hau Chak, Adrian	2/2
Mr. Li Kwok Sing, Aubrey	2/2
Mr. Leung Kwok Kit	2/2

Corporate Governance Report

AUDITORS' REMUNERATION

A summary of fees for audit and non-audit services is as follows:

	2007	2006
	HK\$	HK\$
Audit services	475,240	450,000
Non-audit services	121,200	40,210

The current year's non-audit services represents the services provided for assurance engagement on the quote metering system of QuotePower International Limited for securities quote services as required by the Hong Kong Stock Exchange under its agreement with QuotePower International Limited; the fees relating the proposed privatisation of ABC Communications (Holdings) Ltd and audit of Statement on Details of Contributions under section 20(7A) of the Hong Kong Occupational Retirement Schemes Ordinance.

INTERNAL CONTROLS

The Board has overall responsibilities for maintaining sound and effective internal control systems of the Group. The Board considers that, in light of the Group's current level of activities, the establishment of an internal audit function is not warranted. The Board however plans to conduct annual reviews of the Group's internal controls. During the year, the Board has engaged an independent professional firm to review the effectiveness of the system of internal controls of the Group including the relevant financial, operational and risk management procedures and has delegated Management to implement such systems of control as required. Management continues to monitor internal controls within the Group on an ongoing basis.

ACCOUNTABILITY AND AUDIT

The Directors were responsible for overseeing the preparation of the financial statements for the year ended 31 March 2007.

The Directors' responsibilities in the preparation of the financial statements and the auditors' responsibility are set out in the Auditors' Report.

Under its terms of reference, the Audit Committee reviews with the Auditors the effectiveness of the Company's internal controls during its Audit Committee meetings. No suspected frauds or irregularities or internal control deficiencies had come to the attention of the Audit Committee.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ABC Communications (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 26 to 79, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 4 July 2007

Consolidated Balance Sheet

As at 31 March 2007

	Note	2007 HK\$	2006 HK\$ (As restated) (Note 24, 37)
ASSETS			
Non-current assets			
Land use rights	6	16,766,631	17,695,935
Property, plant and equipment	7	2,552,065	2,603,471
Investment property	8	19,500,000	19,500,000
Available-for-sale financial assets	10	197,677,575	162,369,952
Long-term pledged deposits	11	52,511,340	–
Long-term deposits	12	2,634,581	–
		291,642,192	202,169,358
Current assets			
Trade receivables	13	13,831,572	5,011,985
Other receivables, deposits and prepayments	14	7,596,316	7,863,550
Pledged deposits	15	50,174,040	81,934,830
Short-term deposits	16	–	9,016,321
Cash and cash equivalents	17	57,028,051	91,151,138
		128,629,979	194,977,824
Total assets		420,272,171	397,147,182

Consolidated Balance Sheet

As at 31 March 2007

	Note	2007 HK\$	2006 HK\$ (As restated) (Note 24, 37)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	46,688,600	46,688,600
Reserves	19	271,464,998	271,482,846
Total equity		318,153,598	318,171,446
LIABILITIES			
Non-current liability			
Bank borrowings, secured	20	50,190,764	32,811,719
Deferred income tax liabilities	22	1,030,872	–
		51,221,636	32,811,719
Current liabilities			
Advance subscriptions and licence fees received		2,564,310	2,058,517
Customer deposits		508,500	542,354
Bank borrowings, secured	20	38,817,407	38,367,264
Trade and other payables	21	9,006,720	5,195,882
		50,896,937	46,164,017
Total liabilities		102,118,573	78,975,736
Total equity and liabilities		420,272,171	397,147,182
Net current assets		77,733,042	148,813,807
Total assets less current liabilities		369,375,234	350,983,165

Tse Chi Hung, Michael
Director

Yeung Shuk Kwan, Patricia
Director

The notes on pages 32 to 79 are an integral part of these financial statements.

Balance Sheet

As at 31 March 2007

	Note	2007 HK\$	2006 HK\$
ASSETS			
Non-current assets			
Interests in subsidiaries	9	176,282,617	178,183,815
Current assets			
Other receivables, deposits and prepayments	14	318,345	280,038
Short-term deposit	16	–	6,400,000
Cash and cash equivalents	17	41,734,016	41,737,323
		42,052,361	48,417,361
Total assets		218,334,978	226,601,176
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	46,688,600	46,688,600
Reserves	19	171,163,660	179,427,680
Total equity		217,852,260	226,116,280
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		482,718	484,896
Total liabilities		482,718	484,896
Total equity and liabilities		218,334,978	226,601,176
Net current assets		41,569,643	47,932,465
Total assets less current liabilities		217,852,260	226,116,280

Tse Chi Hung, Michael
Director

Yeung Shuk Kwan, Patricia
Director

The notes on pages 32 to 79 are an integral part of these financial statements.

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK\$	2006 HK\$ (As restated) (Note 24)
Revenue	5	73,784,184	41,028,514
Cost of sales	25	(60,802,709)	(31,265,511)
Gross profit		12,981,475	9,763,003
Other income	23	14,326,998	10,848,345
Other gains – net	24	928,710	22,605,178
Selling and distribution costs	25	(1,612,791)	(1,448,726)
General and administrative expenses	25	(17,020,528)	(16,442,989)
Operating profit		9,603,864	25,324,811
Finance costs	26	(953,551)	(343,140)
Profit before income tax		8,650,313	24,981,671
Tax expense	27	(1,030,872)	–
Profit for the year		7,619,441	24,981,671
Attributable to:			
Equity holders of the Company	28	7,619,441	24,981,671
Minority interest	28	–	–
		7,619,441	24,981,671
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	30	1.63 cents	5.35 cents
– diluted	30	1.63 cents	5.35 cents
Dividends	29	4,668,860	28,013,160

The notes on pages 32 to 79 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Note	Attributable to equity holders of the Company			Total HK\$
		Share capital HK\$	Other reserves HK\$	Retained earnings HK\$	
Balance at 1 April 2005		46,688,600	292,037,164	56,449,465	395,175,229
Opening adjustment for exchange differences arising from translation of available-for-sale financial assets	24	–	(1,100,100)	1,100,100	–
Balance at 1 April 2005, as restated		46,688,600	290,937,064	57,549,565	395,175,229
Fair value losses on available-for-sale financial assets, as restated	19, 24	–	(13,573,141)	–	(13,573,141)
Realisation of reserves on disposal of available-for-sale financial assets	19	–	(27,717,133)	–	(27,717,133)
Dividends relating to 2004/05		–	(51,357,460)	–	(51,357,460)
Dividends relating to 2005/06	29	–	(9,337,720)	–	(9,337,720)
Net expenses recognised directly in equity		–	(101,985,454)	–	(101,985,454)
Profit for the year, as restated	24	–	–	24,981,671	24,981,671
Total recognised income and expense for 2006		–	(101,985,454)	24,981,671	(77,003,783)
Balance at 31 March 2006, as restated		46,688,600	188,951,610	82,531,236	318,171,446
Balance at 1 April 2006, as per above		46,688,600	188,951,610	82,531,236	318,171,446
Fair value gains on available-for-sale financial assets	19, 24	–	15,707,011	–	15,707,011
Net expense recognised directly in equity		–	15,707,011	–	15,707,011
Profit for the year		–	–	7,619,441	7,619,441
Dividends relating to 2005/06	29	–	–	(18,675,440)	(18,675,440)
Dividends relating to 2006/07	29	–	–	(4,668,860)	(4,668,860)
Total recognised income and expense for 2007		–	15,707,011	(15,724,859)	(17,848)
Balance at 31 March 2007		46,688,600	204,658,621	66,806,377	318,153,598

The notes on pages 32 to 79 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 HK\$	2006 HK\$ (As restated) (Note 24, 37)
Cash flows from operating activities			
Cash used in operating activities	32(a)	(6,023,775)	(10,187,608)
Interest paid		(712,631)	(197,744)
Net cash used in operating activities		(6,736,406)	(10,385,352)
Cash flows from investing activities			
Purchase of property, plant and equipment		(752,320)	(558,530)
Purchase of available-for-sale financial assets		(19,600,612)	(34,386,006)
Proceeds from sale of property, plant and equipment	32(c)	–	50,500
Net cash used in deregistration of a subsidiary	32(b)	(3,010)	(3,370)
Disposal of a subsidiary		100	–
Proceeds from sale of available-for-sale financial assets		–	32,369,684
Dividends received from available-for-sale financial assets		4,210,535	2,038,813
Interest received		7,963,873	5,576,293
Increase in pledged deposit		(20,750,550)	(30,345,758)
Increase in long-term deposits		(2,634,581)	–
Decrease/(increase) in short-term deposits		9,016,321	(9,016,321)
Net cash used in investing activities		(22,550,244)	(34,274,695)
Cash flows from financing activities			
New bank borrowing		17,480,361	32,446,755
Dividends paid	29	(23,344,300)	(60,695,180)
Net cash used in financing activities		(5,863,939)	(28,248,425)
Net decrease in cash and cash equivalents		(35,150,589)	(72,908,472)
Cash and cash equivalents at beginning of the year		91,151,138	160,122,793
Exchange gains on cash and cash equivalents		1,027,502	3,936,817
Cash and cash equivalents at end of the year	17	57,028,051	91,151,138

The notes on pages 32 to 79 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

ABC Communications (Holdings) Limited (the "Company") is an investment holding company. Its subsidiaries (together the "Group") are principally engaged in providing financial information services, wireless applications development, securities trading system licensing, property and investment holding.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

These consolidated financial statements are presented in Hong Kong dollars unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 4 July 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, building and available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (a) Amendments to existing standards that are first effective for the current accounting period beginning on or after 1 January 2006 and are relevant to the Group's operations:

HKAS 21 Amendment	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and IFRS 4 Amendment	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

- (b) The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods that the Group has not early adopted:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

The consolidated financial statements include the financial statements of Company and all its subsidiaries made up to 31 March.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairments indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investment in a subsidiary is stated at cost less provision for impairment losses (Note 2.7). The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currencies translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the income statement and other changes in carrying amount are recognised in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Building comprises mainly office. Building is shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Increase in the carrying amount arising on revaluation of building is credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are expensed in the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expensed in the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives as follows:

Building	25 – 40 years
Leasehold improvements	3 – 5 years
Computer equipment	3 years
Furniture and fixtures	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimate recoverable amount (Note 2.7).

Gains or losses on disposal are determined by comparing the sales proceeds with carrying amount and are recognised within other (losses)/gains – net in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Investment property*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease. Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the income statement.

Subsequent expenditure is charged to the asset as carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement as part of "other gains – net".

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *Impairment of investments in subsidiaries and non-financial assets*

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment. Assets there are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 *Financial Assets*

(a) Classification

From 1 April 2004, the Group classified its financial assets as available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trades and other receivables in the balance sheet (Note 2.9).

(b) Recognition and initial measurement

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Assets (Continued)

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(d) Gains or losses on subsequent measurement and interest income

Available-for-sale financial assets

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale financial assets as analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences in monetary securities are recognised in income statement; translation differences on non-monetary services are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statements as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transaction, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Some of the Group's investments in private companies classified as available-for-sale financial assets is recognised in the balance sheet at cost less impairment losses as these investments do not have a quoted market price in an active market and the fair value cannot be reliably measured. If there is objective evidence that the investment has been impaired, such impairment would be recognised in the income statement.

Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method less provision for impairment.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 *Financial Assets (Continued)*

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss-is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.9.

2.9 *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as an indicator that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for accounts receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the income statement.

2.10 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.11 *Share capital*

Ordinary shares are classified as equity.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Deferred income tax

Deferred income taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.14 Employee benefits

(a) Employee entitlements for annual leave are recognised when they accrue to employees.

Employee entitlements for sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Employee benefits (Continued)

- (b) The Group operates two defined contribution schemes for all qualified employees as follows:

Occupational Retirement Contributions Scheme

The Group operates an occupational retirement scheme registered under the Hong Kong Occupational Retirement Scheme Ordinance (Cap. 426). This scheme has been granted exemption pursuant to Section 5 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (Cap.485) ("the MPF Ordinance"). The employees are either not required to make contribution or required to contribute an amount equal to 5% of the basic monthly salary and the employer's monthly contribution is at a range of 5% to 10% of employees' basic monthly salary. The Group's contributions to the scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

Mandatory Provident Fund Scheme

The Group also joins a mandatory provident fund scheme ("the MPF Scheme") under the MPF Ordinance. Where staff elects to join the MPF Scheme, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK\$2,000 per month). Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

Contributions for the above schemes are charged to the income statement as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group and managed by independent professional fund manager.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown as follows:

- (i) Financial quotation subscription fee income is recognised on a straight-line basis over the subscription period.
- (ii) Revenue from securities trading system licensing and wireless applications is recognised when services are rendered.
- (iii) Dividend income is recognised when the Company's right to receive payment is established.
- (iv) Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.
- (v) Rental income is recognised on a straight-line basis over the lease term.

2.17 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

The Group's investment policy is to prudently invest all funds of the Group in a manner which will satisfy liquidity requirements, safeguard financial assets, and manage risks while optimising return on investments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and equity price risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance.

Investment is governed by investment policies and risk management guidelines approved by the Board. Investment restrictions and guidelines form an integral part of risk control.

3.1 *Market risk*

(a) Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rates mainly relating to investments and borrowings denominated in Japanese Yen and United States Dollars.

To manage the foreign exchange risk arising from the recognised assets and liabilities, the Group finances its Japanese denominated assets with the borrowings that are denominated in the same currency. For the United States Dollars, as it is linked with Hong Kong Dollars the foreign exchange risk is minimal.

(b) Equity price risk

The Group is exposed to equity price risk as listed equities are held as part of the available-for-sale financial assets.

3.2 *Credit risk*

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are made for losses that have been incurred at the balance sheet date. The Group has policies in place to ensure that services are made to customers with appropriate credit history.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment property

The investment property of the Group was stated at fair value in accordance with the accounting policy stated in Note 2.6. The fair value of the investment property is determined by the directors of the Group with reference to the property valuation performed by Vigers Appraisal & Consulting Limited, a firm of independently qualified professional values. The fair value of investment property at the balance sheet date is set out in Note 8. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(b) Estimate of fair value of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group uses discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

(c) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(d) Property, plant and equipment and depreciation

The Group depreciates the building and related improvements on a straight-line basis over their useful life. The Group depreciates the equipment on a straight-line basis over their estimated useful life of 3-5 years, commencing from the dates that the Group placed the equipment into productive use. The estimated useful life and dates that the Group places the equipment into productive use reflects the directors' estimation of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION

Primary reporting format – business segments

At 31 March 2007, the Group is organised on a worldwide basis into three main business segments:

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

Turnover consists of financial quotation subscription fee, sales from securities trading system licensing and wireless applications.

The segment results for the year ended 31 March 2007 are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover	73,003,982	780,202	–	73,784,184
Operating profit/(loss)	2,400,435	(1,074,812)	8,278,241	9,603,864
Finance costs				(953,551)
Profit before income tax				8,650,313
Tax expense				(1,030,872)
Profit for the year				7,619,441

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments (Continued)

The segment results for the year ended 31 March 2006 are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover	40,704,607	323,907	–	41,028,514
Operating profit/(loss), as restated (Note 24)	1,547,127	(1,958,346)	25,736,030	25,324,811
Finance costs				(343,140)
Profit before income tax, as restated (Note 24)				24,981,671
Tax expense				–
Profit for the year, as restated (Note 24)				24,981,671

Other segment terms included in the consolidated income statements are as follows:

	Year ended 31 March 2007				Year ended 31 March 2006			
	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Depreciation	720,474	19,014	64,238	803,726	499,099	17,206	1,182,480	1,698,785
Impairment loss on available-for-sale financial assets	–	–	–	–	–	–	4,052,819	4,052,819

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments (Continued)

The segment assets and liabilities at 31 March 2007 and capital expenditure for the year then ended are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Assets	15,196,174	504,113	404,571,884	420,272,171
Liabilities	12,271,633	125,290	89,721,650	102,118,573
Capital expenditure	710,970	23,741	17,609	752,320

The segment assets and liabilities at 31 March 2006 and capital expenditure for the year then ended are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Assets	8,201,397	127,512	388,818,273	397,147,182
Liabilities	7,524,155	58,755	71,392,826	78,975,736
Capital expenditure	538,946	5,452	14,132	558,530

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

Secondary reporting format – geographical segments

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

Hong Kong	:	Financial quotation, securities trading system licensing, wireless applications and corporate activities and investment holdings
Asia	:	Investment holdings
Canada and United States	:	Investment holdings

The Company which is also the main operating company of the Group operates in Hong Kong.

Turnover is allocated based on the places/countries in which customers are located. All turnover of the Group was generated in Hong Kong.

Total assets

	2007	2006
	HK\$	HK\$
Hong Kong	223,279,980	235,422,300
Asia		
– Japan	168,919,295	143,711,263
– Others	896	931
Canada and United States	28,072,000	18,012,688
	420,272,171	397,147,182

Total assets are allocated based on where the assets are located.

Capital expenditure

	2007	2006
	HK\$	HK\$
Hong Kong	752,320	558,530

Capital expenditure is allocated based on where the assets are located.

Notes to the Consolidated Financial Statements

6 LAND USE RIGHTS

The Group's interest in leasehold land represents prepaid operating lease payments and the net book value are analysed as follows:

	2007 HK\$	2006 HK\$ (As restated)
Lease of between 10 to 50 years and its net book value at 31 March	<u>16,766,631</u>	<u>17,695,935</u>

None of the properties has been pledged as at 31 March 2007 and 2006.

The leasehold land is located at 2/F, Jade Mansion, 40 Waterloo Road, Yaumatei, Kowloon, Hong Kong.

7 PROPERTY, PLANT AND EQUIPMENT

Group

	Building HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
Year ended 31 March 2006					
Opening net book amount at 1 April 2005	2,583,478	979,694	1,038,602	194,931	4,796,705
Additions	–	–	535,354	23,176	558,530
Disposal	(1,041,962)	–	(6,730)	(4,287)	(1,052,979)
Depreciation (note i)	(60,165)	(968,935)	(506,922)	(162,763)	(1,698,785)
Closing net book amount	<u>1,481,351</u>	<u>10,759</u>	<u>1,060,304</u>	<u>51,057</u>	<u>2,603,471</u>
At 31 March 2006					
Cost or valuation	2,552,141	11,185,870	9,669,983	2,765,454	26,173,448
Accumulated depreciation	(1,070,790)	(11,175,111)	(8,609,679)	(2,714,397)	(23,569,977)
Net book amount	<u>1,481,351</u>	<u>10,759</u>	<u>1,060,304</u>	<u>51,057</u>	<u>2,603,471</u>

Notes to the Consolidated Financial Statements

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Building HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
Year ended 31 March 2007					
Opening net book amount at 1 April 2006	1,481,351	10,759	1,060,304	51,057	2,603,471
Additions	-	-	752,320	-	752,320
Disposal	-	-	-	-	-
Depreciation (note i)	(42,324)	(10,759)	(733,068)	(17,575)	(803,726)
Closing net book amount	<u>1,439,027</u>	-	<u>1,079,556</u>	<u>33,482</u>	<u>2,552,065</u>
At 31 March 2007					
Cost or valuation	2,552,141	11,067,548	10,262,881	2,765,454	26,648,024
Accumulated depreciation	(1,113,114)	(11,067,548)	(9,183,325)	(2,731,972)	(24,095,959)
Net book amount	<u>1,439,027</u>	-	<u>1,079,556</u>	<u>33,482</u>	<u>2,552,065</u>

(i) Depreciation expenses of HK\$803,726 (2006: HK\$1,698,785) has been expensed in General and Administrative expenses. Building was revalued at 31 March 2007 on the basis of its depreciated replacement cost estimated by Vigers Appraisal & Consulting Limited, an independent professional valuer, employed by the Group. The revalued amount as at 31 March 2007 does not differ materially from the carrying amount and no adjustment was made in current year.

(ii) If the building was stated on the historical cost basis, the amounts would be as follows:

	2007 HK\$	2006 HK\$
Cost	3,698,023	3,698,023
Accumulated depreciation	(1,208,020)	(1,134,060)
Net book amount	<u>2,490,003</u>	<u>2,563,963</u>

(iii) None of the properties has been pledged as at year ended 31 March 2007 (2006: Nil).

Notes to the Consolidated Financial Statements

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(vi) The analysis of the cost or valuation at 31 March 2007 of the above assets is as follows:

	Building HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
At cost	-	11,067,548	10,262,881	2,765,454	24,095,883
At 2007 professional valuation (note i)	2,552,141	-	-	-	2,552,141
	2,552,141	11,067,548	10,262,881	2,765,454	26,648,024

The analysis of the cost or valuation at 31 March 2006 of the above assets is as follows:

	Building HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
At cost	-	11,185,870	9,669,983	2,765,454	23,621,307
At 2004 professional valuation	2,552,141	-	-	-	2,552,141
	2,552,141	11,185,870	9,669,983	2,765,454	26,173,448

8 INVESTMENT PROPERTY

	2007 HK\$	2006 HK\$
At 1 April	19,500,000	18,920,000
Fair value gain (included in other gains – net) (Note 24)	-	580,000
At 31 March	19,500,000	19,500,000

Particulars of investment property held by the Group:

Property	Type	Lease term
1/F, Jade Mansion, 40 Waterloo Road, Yaumatei, Kowloon, Hong Kong	Office space	Lease of 50 years

The cost of investment property was HK\$23,980,180 (2006: HK\$23,980,180). The investment property was revalued at 31 March 2007 on the basis of open market value by Vigers Appraisal & Consulting Limited, an independent professional valuer, employed by the Group.

In the income statement, direct operating expenses included HK\$78,942 (2006: HK\$78,582) relating to investment property that was let.

Notes to the Consolidated Financial Statements

9 INTERESTS IN SUBSIDIARIES

	Company	
	2007 HK\$	2006 HK\$
Unlisted shares, at cost	253,304,014	253,304,023
Less: Provision for impairment losses	(218,352,675)	(230,828,793)
	34,951,339	22,475,230
Amounts due from subsidiaries	282,446,272	354,058,676
Less: Provision for impairment losses	(140,822,107)	(198,027,232)
	141,624,165	156,031,444
Amounts due to a subsidiary	(292,887)	(322,859)
	176,282,617	178,183,815

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries as at 31 March 2007 are as follows:

Name	Place of incorporation/ operation	Principal activities	Issued and paid up capital	Class of shares held	Interest held	
					Directly	Indirectly
ABC Communications Limited	Hong Kong	Investment holding	HK\$1,000	Ordinary HK\$23,300,000 (non-voting deferred shares)	100%	-
ABC Communications (Cellular) Limited	Hong Kong	Investment holding	HK\$2	Ordinary	-	100%
ABC Communications (Investments) Limited	Hong Kong	Investment holding	HK\$2	Ordinary	-	100%
ABC Financial Information Services Limited	Hong Kong	Financial information services	HK\$30	Ordinary	-	99.95%
ABC Global Limited	British Virgin Islands/Hong Kong	Investment holding	US\$1	Ordinary	100%	-

Notes to the Consolidated Financial Statements

9 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ operation	Principal activities	Issued and paid up capital	Class of shares held	Interest held	
					Directly	Indirectly
ABC QuickSilver Limited	British Virgin Islands/Hong Kong	Wireless applications development	US\$25	Ordinary	–	80%
Abcomm Realty Limited	Hong Kong	Property investment	HK\$10,000	Ordinary	–	100%
Abcomm Technology Limited	British Virgin Islands/Hong Kong	Investment holding	US\$1	Ordinary	100%	–
Choudary Limited	British Virgin Islands/Hong Kong	Investment holding	US\$10,003	Ordinary	100%	–
Gine Well Properties Limited	Hong Kong	Property investment	HK\$2	Ordinary	–	100%
Lotus Flower International Limited	British Virgin Islands	Investment holding	US\$1	Ordinary	100%	–
On Smart Enterprises Limited	British Virgin Islands/Hong Kong	Investment holding	US\$1	Ordinary	100%	–
QuotePower International Limited	Hong Kong	Financial information services and securities trading system licensing	HK\$67,264,000	Ordinary	–	99.95%

Notes to the Consolidated Financial Statements

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2007 HK\$	2006 HK\$
As at 1 April	162,369,952	182,399,704
Additions	19,600,612	34,386,006
Disposals	–	(36,789,798)
Exchange differences transferred to equity (Note 19)	1,746,100	(11,998,253)
Changes in fair value transferred to equity (Note 19)	13,960,911	(1,574,888)
Impairment loss charged to income statement	–	(4,052,819)
As at 31 March	197,677,575	162,369,952
	31 March 2007 HK\$	31 March 2006 HK\$

Available-for-sale financial assets include the following:

Listed securities		
– Equity securities in Hong Kong (Note a)	686,280	646,000
– Equity securities in Japan (Note b)	96,859,604	111,264,509
Unlisted securities		
– Equity securities in Japan (Note c)	72,059,691	32,446,755
– Internet fund in USA and Canada (Note d)	28,072,000	18,012,688
Total	197,677,575	162,369,952

The carrying amounts of the available-for-sale financial assets are denominated in the following currencies:

	2007 HK\$	2006 HK\$
Japanese yen	168,919,295	143,711,264
US dollar	28,072,000	18,012,688
Hong Kong dollar	686,280	646,000
	197,677,575	162,369,952

Notes to the Consolidated Financial Statements

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Notes:

- (a) The investment represents the equity securities invested in Smartone Telecommunications Holdings Limited.
- (b) During the year, no shares in eAccess Limited ("eAccess"), a company listed on the Tokyo Stock Exchange has been disposed. The directors have confirmed that the remaining eAccess shares held through ABC Global Limited are intended as long-term investments.
- (c) During the year, the Group further invested in 3,011 A-2 preferred shares in eMobile Limited, ("eMobile"), a subsidiary of eAccess. The aggregate investment costs of the Group in eMobile amount to approximately HK\$49.93 million as at 31 March 2007. The directors have confirmed that the investment in eMobile held through ABC Global Limited are intended as long-term investments and therefore classified as available-for-sale financial assets in the balance sheet. The Group's investment in eMobile was revalued to HK\$72.06 million by an independent valuer as at 31 March 2007.
- (d) During the year, the Group made further contributions of approximately HK\$2.12 million to the Wireless Internet Fund. The future cost of investment committed by the Group is shown in Note 33.

11 LONG-TERM PLEDGED DEPOSITS

The effective interest rate of long-term pledged deposits is as follows:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Long-term deposits	4.71%	–	–	–

The deposits have an average maturity of 1,095 days.

The carrying amounts of the long-term pledged deposits are denominated in the following currency:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
US dollar	52,511,340	–	–	–

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

Notes to the Consolidated Financial Statements

12 LONG-TERM DEPOSITS

The effective interest rate of long-term deposits is as follows:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Long-term deposits	4.75%	–	–	–

The deposits have an average maturity of 1,095 days.

The carrying amounts of the long-term deposits are denominated in the following currency:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
US dollar	2,634,581	–	–	–

13 TRADE RECEIVABLES

	2007 HK\$	2006 HK\$
Trade receivables	13,831,572	5,012,317
Less: provision for impairment of receivables	–	(332)
Trade receivables – net	13,831,572	5,011,985
	2007 HK\$	2006 HK\$
0 – 3 months	13,285,234	5,003,398
4 – 6 months	546,338	8,587
	13,831,572	5,011,985

The carrying amounts of trade receivables approximate their fair values.

Notes to the Consolidated Financial Statements

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The carrying amounts of the other receivables, deposits and prepayments are denominated in the following currencies:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Hong Kong dollar	2,677,039	2,901,496	318,345	280,038
New Taiwan dollar	4,919,277	4,962,054	–	–
	7,596,316	7,863,550	318,345	280,038

The carrying amounts of other receivables, deposits and prepayments approximate their fair values.

15 PLEDGED DEPOSITS

Fixed deposits have been placed in banks as securities against the Group's bank loans and certain guarantees provided by the banks. The carrying amounts of the pledged deposit are denominated in the US dollars.

16 SHORT-TERM DEPOSITS

The effective interest rate of short-term deposits is as follows:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Short-term deposits	–	4.26%	–	4.15%

(2006: The deposits have an average maturity of 208 days.)

The carrying amounts of the short-term deposits are denominated in the following currencies:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Hong Kong dollar	–	6,400,000	–	6,400,000
US dollar	–	2,616,321	–	–
	–	9,016,321	–	6,400,000

Notes to the Consolidated Financial Statements

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Cash at bank and in hand	22,135,181	23,166,365	21,649,691	21,337,323
Bank deposits	34,892,870	67,984,773	20,084,325	20,400,000
	57,028,051	91,151,138	41,734,016	41,737,323

The effective interest rate on bank deposits was 4.48% (2006: 4.39%); these deposits have an average maturity of 43 days (2006: 60 days).

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Hong Kong dollar	20,225,581	22,517,602	19,740,987	20,671,098
US dollar	36,798,831	68,612,063	21,990,286	21,061,330
Others	3,639	21,473	2,743	4,895
	57,028,051	91,151,138	41,734,016	41,737,323

18 SHARE CAPITAL

	Group and Company	
	2007 HK\$	2006 HK\$
Authorised:		
600,000,000 ordinary shares of HK\$0.1 each	60,000,000	60,000,000
Issued and fully paid:		
466,886,000 (2006: 466,886,000) ordinary shares of HK\$0.1 each	46,688,600	46,688,600

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL (CONTINUED)

Share options:

(a) *Expired Scheme*

Under the share option scheme of the Company adopted on 12 September 1991 (the "Expired Scheme"), the Directors may, at their discretion, invite full-time employees of the Group, including executive directors, to take up options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares or not less than 80% of the average of the closing prices of the shares of the Company for the five trading days immediately preceding the date of offer of the option. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company at the time of granting of the options.

The Expired Scheme expired on 11 September 2001 ("Expiration Date") without prejudice to the rights and benefits of and attached to those options granted there under which are outstanding as at that date. No further grants were made after the Expiration Date. Following the expiration, the provisions of the Expired Scheme remain in force and effect to the extent necessary to give effect to the exercise of any option granted prior to the Expiration Date.

The share options granted are not recognised in the financial statements as they are exempted under HKFRS 2 transitional arrangement. As at 31 March 2007, the total number of shares which may be issued pursuant to exercise of options granted under the Expired Scheme was 2,500,000 shares, which represented approximately 0.5% of the total issued share capital of the Company as at 31 March 2007.

Details of the share options outstanding at 31 March 2007 which have been granted to and accepted by the directors under the Expired Scheme are as follows:

Name of director	Date of share options granted	Outstanding options as at 31 March 2007	Exercise price HK\$	Exercise period
Ms. Yeung Shuk Kwan, Patricia	23 February 2000	1,000,000	1.41	23 March 2000 to 22 February 2010
	23 February 2000	1,000,000	1.41	23 February 2001 to 22 February 2010
Mr. George Joseph Ho	23 February 2000	250,000	1.41	23 March 2000 to 22 February 2010
	23 February 2000	250,000	1.41	23 February 2001 to 22 February 2010
		<u>2,500,000</u>		

No options were exercised by the directors during the year.

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL (CONTINUED)

(a) Expired Scheme (Continued)

The outstanding share options granted and being accepted by the directors under the Company's share option scheme were as follows:

Date of share options granted	Outstanding number of options as at 31 March 2007	Exercise price HK\$	Exercise period
23 February 2000	1,250,000	1.41	23 March 2000 to 22 February 2010
23 February 2000	1,250,000	1.41	23 February 2001 to 22 February 2010
	<u>2,500,000</u>		

No share options were granted or exercised during the year.

(b) Existing Scheme

Under the share options scheme (the "Existing Scheme") approved by the shareholders at a Special General Meeting of the Company held on 27 March 2002 ("Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Existing Scheme are as follows:

(i) Purpose

The purpose of the Existing Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(ii) Participants

The Directors may, at their discretion, invite any Participant including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customers, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL (CONTINUED)

(b) Existing Scheme (Continued)

(iii) Maximum number of shares

(1) 30% Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Scheme and Expired Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Existing Scheme and Expired Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limited").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

(v) Price of Shares

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL (CONTINUED)

(b) Existing Scheme (Continued)

(vi) Amount payable upon acceptance of the option

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK\$10.

(vii) Time of Exercise of Option

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

(viii) The remaining life of the Existing Scheme

The life of the Existing Scheme is 10 years commencing on the Adoption Date and will end on 26 March 2012.

(ix) Shares available for issue under the Existing Scheme

As at 31 March 2007, the total number of shares available for issue under the Existing Scheme was 44,188,600 shares which represented approximately 9.5% of the total issued share capital of the Company.

The share options granted are not recognised in the financial statements as they are exempted under HKFRS 2 transitional arrangement.

Notes to the Consolidated Financial Statements

19 RESERVES

	General reserve HK\$	Asset replacement reserve HK\$	Investment revaluation reserve HK\$ (As restated) (Note 24)	Contributed surplus HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$ (As restated) (Note 24)	Total HK\$ (As restated) (Note 24)
(a) Group										
At 31 March 2005, as previously reported	2,000,000	5,150,000	117,348,914	90,681,578	76,470,297	176,000	278,385	(68,010)	56,449,465	348,486,629
Opening adjustment for exchange differences arising from translation of available-for-sale financial assets	-	-	(1,100,100)	-	-	-	-	-	1,100,100	-
At 31 March 2005, as restated	2,000,000	5,150,000	116,248,814	90,681,578	76,470,297	176,000	278,385	(68,010)	57,549,565	348,486,629
Profit for the year, as restated	-	-	-	-	-	-	-	-	24,981,671	24,981,671
2004/05 final dividends paid	-	-	-	(51,357,460)	-	-	-	-	-	(51,357,460)
2005/06 interim dividends paid	-	-	-	(9,337,720)	-	-	-	-	-	(9,337,720)
Fair value losses on available-for-sale financial assets, as restated	-	-	(13,573,141)	-	-	-	-	-	-	(13,573,141)
Realisation of reserves on disposal of available-for-sale financial assets	-	-	(27,717,133)	-	-	-	-	-	-	(27,717,133)
At 31 March 2006, as restated	2,000,000	5,150,000	74,958,540	29,986,398	76,470,297	176,000	278,385	(68,010)	82,531,236	271,482,846
Profit for the year	-	-	-	-	-	-	-	-	7,619,441	7,619,441
2005/06 final dividends paid	-	-	-	-	-	-	-	-	(18,675,440)	(18,675,440)
2006/07 interim dividends paid	-	-	-	-	-	-	-	-	(4,668,860)	(4,668,860)
Fair value gains on available-for-sale financial assets	-	-	15,707,011	-	-	-	-	-	-	15,707,011
At 31 March 2007	2,000,000	5,150,000	90,665,551	29,986,398	76,470,297	176,000	278,385	(68,010)	66,806,377	271,464,998

Notes to the Consolidated Financial Statements

19 RESERVES (CONTINUED)

	Contributed surplus HK\$	Share Premium HK\$	Capital redemption reserve HK\$	Retained profits HK\$	Total HK\$
(b) Company					
At 31 March 2005	140,737,413	76,470,297	176,000	10,753,052	228,136,762
Profit for the year	–	–	–	11,986,098	11,986,098
2004/05 final dividends paid	(51,357,460)	–	–	–	(51,357,460)
2005/06 interim dividends paid	(9,337,720)	–	–	–	(9,337,720)
At 31 March 2006	80,042,233	76,470,297	176,000	22,739,150	179,427,680
Profit for the year	–	–	–	15,080,280	15,080,280
2005/06 final dividends paid	–	–	–	(18,675,440)	(18,675,440)
2006/07 interim dividends paid	–	–	–	(4,668,860)	(4,668,860)
At 31 March 2007	80,042,233	76,470,297	176,000	14,475,130	171,163,660

(c) The contributed surplus of the Company, which arose as a result of a group reorganisation in 1991 and the transfer from share premium account pursuant to the special resolutions passed on 27 March 2002, is distributable to equity holders under the Companies Act 1981 of Bermuda (as amended). However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus account if there are reasonable grounds for believing that:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

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

	2007 HK\$	2006 HK\$
Contributed surplus	80,042,233	80,042,233
Retained profits	14,475,130	22,739,150
	94,517,363	102,781,383

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS SECURED

	Group	
	2007	2006
	HK\$	HK\$
Non-current		
Bank borrowings (Note (a))	50,190,764	32,811,719
Current		
Bank borrowings	38,817,407	38,367,264
	89,008,171	71,178,983

- (a) The bank borrowings will mature on 22 December 2008 and 29 May 2009.

The bank borrowings are secured by fixed deposits placed in the banks. The carrying amounts of the bank borrowings approximate their fair value. The carrying amounts of the borrowings are denominated in Japanese Yen.

The effective interest rates at the balance sheet date were as follows:

	2007	2006
Non-current		
Bank borrowing	1.38%	1.05%
Current		
Bank borrowings	1.08%	0.63%

21 TRADE AND OTHER PAYABLES

	Group	
	2007	2006
	HK\$	HK\$
Amount due to the ultimate holding company (Note (a))	–	253,045
Trade payables (Note (b))	7,453,100	3,627,065
Other payables	1,553,620	1,315,772
	9,006,720	5,195,882

- (a) The amount due to the ultimate holding company is unsecured, interest-free and repayable on demand.
- (b) The aging of trade payables is within 6 months.
- (c) The carrying amounts of trade and other payables approximate their fair values and they are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Deferred tax assets:				
– Deferred tax asset to be recovered after more than 12 months	(2,432,126)	(3,457,212)	–	–
Deferred tax liabilities:				
– Deferred tax liabilities to be settled after more than 12 months	3,462,998	3,457,212	–	–
	1,030,872	–	–	–

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Beginning of the year	–	–	–	–
Charged to income statement (Note 27)	1,030,872	–	–	–
End of the year	1,030,872	–	–	–

Notes to the Consolidated Financial Statements

22 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred tax assets and liabilities during the year, without taking consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:

	Group		Company	
	Accelerated tax depreciation HK\$	Other HK\$	Total HK\$	Total HK\$
At 1 April 2006	–	–	–	–
Charged to the income statement	3,462,998	–	3,462,998	–
At 31 March 2007	3,462,998	–	3,462,998	–

Deferred tax assets:

	Group		Company	
	Accelerated tax depreciation HK\$	Tax losses HK\$	Total HK\$	Total HK\$
At 1 April 2006	–	–	–	–
Credited to the income statement	(135,751)	(2,296,375)	(2,432,126)	–
At 31 March 2007	(135,751)	(2,296,375)	(2,432,126)	–

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$29,870,207 (2006: HK\$ 31,796,753) in respect of losses amounting to HK\$170,686,895 (2006: HK\$181,695,730) that can be carried forward against future taxable income.

23 OTHER INCOME

	2007 HK\$	2006 HK\$
Interest income	8,274,161	7,061,758
Rental income from investment property	1,804,200	1,747,774
Dividend income from listed available-for-sale financial assets	4,210,535	2,038,813
Others	38,102	–
	14,326,998	10,848,345

Notes to the Consolidated Financial Statements

24 OTHER GAINS – NET

	2007	2006
	HK\$	HK\$
		(As restated)
Exchange gains, net	678,675	2,619,599
Unrealised exchange loss on available-for-sale financial assets (Note 1)	–	–
Gain on disposal of listed available-for-sale financial assets	–	23,443,704
Gain on disposal of a subsidiary	100	–
Loss on deregistration of a subsidiary	(3,010)	(3,370)
Loss on disposal of property, plant and equipment	–	(565,979)
Impairment loss on available-for-sale financial assets	–	(4,052,819)
Fair value gain on revaluation of investment property	–	580,000
Others	252,945	584,043
	928,710	22,605,178

Note 1:

Certain foreign currency denominated available-for-sale financial assets of the Group were classified as monetary securities in prior years, for which, the translation differences were recognised in the income statement in accordance with the Group's accounting policies.

In current year, the Group has reassessed the foreign currency denominated available-for-sale financial assets with reference to HKAS 39 "Financial Instruments: Recognition and Measurement" and considered the available-for-sale financial assets should be accounted for as equity securities (i.e. non-monetary financial assets). Accordingly, the unrealised translation differences should be taken to the investment revaluation reserve in equity.

The financial statements of the year ended 31 March 2006 have been restated to reflect this reassessment in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of the restatement on those financial statements is summarised below:

	HK\$
Increase in other gains-net, for the year ended 31 March 2006	11,851,569
Decrease in investment revaluation reserve	12,951,669
Increase in retained earnings, as at 1 April 2005	1,100,100
Increase in retained earnings, as at 31 March 2006	12,951,669

Notes to the Consolidated Financial Statements

25 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution cost and general and administrative expenses are analysed as follows:

	2007 HK\$	2006 HK\$
Cost of sales	60,802,709	31,265,511
Auditors' remuneration	453,721	490,210
Amortisation of land use rights	929,304	168,667
Depreciation of property, plant and equipment	803,726	1,698,785
Employee benefit expenses (Note 31)	12,848,727	12,285,847
Other expenses	3,597,841	3,248,206
Total cost of sales, selling and distribution cost and general and administrative expenses	<u>79,436,028</u>	<u>49,157,226</u>

26 FINANCE COSTS

	2007 HK\$	2006 HK\$
Interest on bank borrowings	<u>953,551</u>	343,140

27 TAX EXPENSE

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2006: Nil).

	2007 HK\$	2006 HK\$
Current income tax	-	-
Deferred income tax (Note 22)	1,030,872	-
	<u>1,030,872</u>	-

Notes to the Consolidated Financial Statements

27 TAX EXPENSE (CONTINUED)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2007	2006
	HK\$	HK\$
		(As restated) (Note 24, 37)
Profit before income tax	8,650,313	24,981,671
Calculated at a taxation rate of 17.5% (2006:17.5%)	1,513,805	4,371,792
Income not subject to tax	(2,553,202)	(6,726,249)
Expenses not deductible for taxation purposes	553,206	1,464,453
Tax losses for which no deferred income tax asset was recognised	486,191	890,004
Recognition of temporary differences	1,030,872	–
	1,030,872	–

28 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$15,080,280 (2006: HK\$11,986,098).

29 DIVIDENDS

	2007	2006
	HK\$	HK\$
Interim, paid of HK\$1 (2006: HK\$2) per ordinary share	4,668,860	9,337,720
2006 Final, paid of HK\$4 per ordinary share	–	18,675,440
	4,668,860	28,013,160

At a meeting held on 4 July 2007, the directors did not propose any final dividend.

Notes to the Consolidated Financial Statements

30 EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options, for which, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The share options have anti-dilutive effect. No option has been exercised during the year.

	2007	2006 (As restated) (Note 24)
Profit attributable to equity holders of the Company	HK\$7,619,441	HK\$24,981,671
Weighted average number of ordinary shares in issue	466,886,000	466,886,000
Basic and diluted earnings per share (HK¢ per share)	1.63	5.35

31 EMPLOYEE BENEFIT EXPENSES

	2007	2006
	HK\$	HK\$
Wages, salaries and other benefits	12,461,231	11,830,261
Retirement benefit costs		
– defined contribution schemes (Note a)	546,098	622,406
– refund of forfeited contributions	(158,602)	(166,820)
	12,848,727	12,285,847

Notes to the Consolidated Financial Statements

31 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Retirement benefit costs – defined contribution plan

Forfeited contributions totaling HK\$26,124 (2006: HK\$5,733) were available at the year-end to reduce future contributions.

Contributions totaling HK\$67,391 (2006: HK\$67,628) were payable to the funds at the balance sheet date.

(b) Directors' and senior executives' emoluments

The remuneration of every Director for the year ended 31 March 2007 is set out below:

Name of Director	Fees HK\$	Salary HK\$	Employer's contribution to provident fund	Other benefits	Total HK\$
			HK\$	HK\$	
<i>Chairman and non-executive directors</i>					
Mr. Tse Chi Hung, Michael	30,000	384,000	–	–	414,000
Mr. George Ho	30,000	–	–	–	30,000
Mr. Leung Kwok Kit	30,000	–	–	–	30,000
Mr. David Miao (note 1)	–	–	–	–	–
Mr. Fu Hau Chak, Adrian#	30,000	–	–	–	30,000
Mr. Li Kwok Sing, Aubrey#	30,000	–	–	–	30,000
Mr. Kwok Chi Hang, Lester, JP#	30,000	–	–	–	30,000
	180,000	384,000	–	–	564,000
<i>Executive directors</i>					
Ms. Patricia Yeung Shuk Kwan	10,000	1,200,000	120,000	–	1,330,000
Mr. George Joseph Ho	10,000	360,000	36,000	–	406,000
Mr. Joey Fan	10,000	325,200	16,260	75,000	426,460
	30,000	1,885,200	172,260	75,000	2,162,460

Notes to the Consolidated Financial Statements

31 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments (Continued)

The remuneration of every Director for the year ended 31 March 2006 is set out below:

Name of Director	Fees HK\$	Salary HK\$	Employer's contribution to provident fund HK\$	Other benefits HK\$	Total HK\$
<i>Chairman and non-executive directors</i>					
Mr. Tse Chi Hung, Michael	30,000	384,000	–	–	414,000
Mr. George Ho	30,000	–	–	–	30,000
Mr. Leung Kwok Kit	30,000	–	–	–	30,000
Mr. David Miao (note 1)	30,000	–	–	–	30,000
Mr. Fu Hau Chak, Adrian#	30,000	–	–	–	30,000
Mr. Li Kwok Sing, Aubrey#	30,000	–	–	–	30,000
Mr. Kwok Chi Hang, Lester, JP#	30,000	–	–	–	30,000
	<u>210,000</u>	<u>384,000</u>	<u>–</u>	<u>–</u>	<u>594,000</u>
<i>Executive directors</i>					
Ms. Patricia Yeung Shuk Kwan	10,000	1,200,000	120,000	–	1,330,000
Mr. George Joseph Ho	10,000	360,000	36,000	–	406,000
Mr. Joey Fan	10,000	285,000	15,000	100,000	410,000
	<u>30,000</u>	<u>1,845,000</u>	<u>171,000</u>	<u>100,000</u>	<u>2,146,000</u>

Notes:

(1) Deceased on 26 November 2006.

Independent non-executive director

Notes to the Consolidated Financial Statements

31 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2006: one) director whose emoluments are reflected in the analysis in Note 31 (b) above. The emoluments payable to the remaining four (2006: four) individuals during the year are as follows:

	2007	2006
	HK\$	HK\$
Basic salaries, housing allowances, other allowances and benefits in kind	2,712,915	2,498,707
Contributions to retirement schemes	71,126	66,713
	2,784,041	2,565,420

The emoluments fell within the following band:

Emolument band	Number of individuals	
	2007	2006
HK\$0 – HK\$1,000,000	4	4

Notes to the Consolidated Financial Statements

32 CASH USED IN OPERATIONS

(a) Reconciliation of profit for the year before taxation to net cash used in operations:

	2007	2006
	HK\$	HK\$
		(As restated) (Note 24)
Profit for the year before taxation	8,650,313	24,981,671
Adjustment for:		
Depreciation	803,726	1,698,785
Amortisation of land use rights	929,304	168,667
Dividend income from listed available-for-sale financial assets	(4,210,535)	(2,038,813)
Interest expenses	953,552	343,140
Interest income	(8,274,161)	(7,061,758)
Loss on disposal of property, plant and equipment	–	565,979
Gain on disposal of a subsidiary	(100)	–
Loss on deregistration of subsidiaries	3,010	3,370
Fair value gain on revaluation of investment property	–	(580,000)
Impairment loss on available-for-sale financial assets	–	4,052,819
Gain on disposal of listed available-for-sale financial assets	–	(23,443,704)
Changes in working capital	(1,144,891)	(1,309,844)
Amount due to ultimate holding company	(253,045)	–
Trade receivables	(8,819,587)	(3,190,134)
Other receivables, deposits and prepayments	577,522	84,361
Advance subscriptions and licence fees received	505,793	27,328
Customer deposits	(33,854)	(602,516)
Trade and other payables	3,822,962	2,402,406
Exchange gains	(678,675)	(7,599,209)
Cash used in operations	(6,023,775)	(10,187,608)

Notes to the Consolidated Financial Statements

32 CASH USED IN OPERATIONS (CONTINUED)

(b) Deregistration of subsidiaries

	2007	2006
	HK\$	HK\$
Net assets disposed of:		
Other receivables, deposits and prepayments	100	75,776
Cash and bank balances	135	–
	235	75,776
Reserve realised	(3,245)	(79,146)
Loss on deregistration	3,010	3,370
	–	–

Analysis of net cash used in respect of deregistration of subsidiaries:

	2007	2006
	HK\$	HK\$
Net cash used in respect of deregistration of a subsidiary	(3,010)	(3,370)

(c) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2007	2006
	HK\$	HK\$
Net book amount (Note 7)	–	1,052,979
Loss on sale of property, plant and equipment	–	(565,979)
Proceeds from sale of property, plant and equipment (note i)	–	487,000

Note:

- (i) Sales proceeds amounting to HK\$436,500 remain as “Other receivables, deposits and prepayments” as at 31 March 2006. Therefore, the actual cash receipt for the year ended 31 March 2006 was HK\$50,500.

(d) Non-cash items

Exchange translation difference for bank loans amounted HK\$348,827 (2006: HK\$3,809,077).

Notes to the Consolidated Financial Statements

33 CAPITAL COMMITMENTS

	2007	Group
	HK\$	2006
		HK\$
Contracted but not provided for in respect of investment in available-for-sale financial assets	1,772,546	3,868,500

34 OPERATING LEASES

As at 31 March 2007 the Group had future aggregate minimum lease receivables under the non-cancellable operating leases in respect of the investment property as follows:

	2007	Group
	HK\$	2006
		HK\$
Not later than one year	580,000	1,560,000
Later than one year and not later than five years	–	350,000
	580,000	1,910,000

35 RELATED-PARTY TRANSACTIONS

Key Management compensation

	2007	2006
	HK\$	HK\$
Salaries and other short-term benefits	4,416,760	4,481,113
Termination benefits	–	–
Post-employment benefits	–	–
Other long-term benefits	–	–
Share-based payments	–	–
	4,416,760	4,481,113

Notes to the Consolidated Financial Statements

36 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the fiscal year, the Board received a privatization proposal from its substantial shareholder, under which, a conditional general cash offer of HK\$0.58 per share was made to acquire all outstanding shares of the Company. The Offer Document setting out the terms of the Offer was despatched to Shareholders on 11 June 2007. The Board's Circular Letter incorporating the recommendation of the Independent Board Committee and the letter of the Independent Financial Advisor is expected to be despatched before 18 July 2007.

37 COMPARATIVES

Certain comparative figures have been reclassified to conform with the current year's presentation.

Five-Year Financial Summary

CONDENSED CONSOLIDATED INCOME STATEMENT

	2003		2004		2005		2006		2007	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000 (As restated)	HK\$'000	HK\$'000 (As restated)	HK\$'000	HK\$'000	HK\$'000
Turnover	19,603	1,471	21,911	-	25,042	-	41,029	-	73,784	-
(Loss)/profit before income tax	(39,617)	(12)	48,918	-	86,531	-	24,982	-	8,650	-
Taxation (charge)/credit	(1,841)	-	234	-	-	-	-	-	(1,031)	-
(Loss)/profit after taxation	(41,458)	(12)	49,152	-	86,531	-	24,982	-	7,619	-
Minority interests	66	-	-	-	-	-	-	-	-	-
(Loss)/profit attributable to shareholders	(41,392)	(12)	49,152	-	86,531	-	24,982	-	7,619	-
(Loss)/profit attributable to shareholders per share	(8.9 cents)	-	10.5 cents	-	18.5 cents	-	5.4 cents	-	1.6 cents	-

ASSETS AND LIABILITIES

Total assets	258,749	-	293,520	-	443,541	-	397,147	-	420,272	-
Current liabilities	(47,656)	-	(48,818)	-	(48,365)	-	(46,164)	-	(50,897)	-
Funds employed	211,093	-	244,702	-	395,176	-	350,983	-	369,375	-
Shareholders' fund	208,501	-	244,449	-	395,176	-	318,171	-	318,153	-
Long term bank loans and deferred taxation	2,339	-	-	-	-	-	32,812	-	51,222	-
Amount due to a holding company	253	-	253	-	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-	-
Funds employed	211,093	-	244,702	-	395,176	-	350,983	-	369,375	-
Return on average shareholders' fund (%)	(17.9)	(7.7)	21.7	-	27.01	-	7.0	-	2.4	-
Dividends per share	1 cent	-	11 cents	-	13 cents	-	6 cents	-	1 cent	-

Note:

The provisions of facility management consultancy and solutions services which commenced on 13 October 2000 were disposed of on 31 August 2002.