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## **ABC COMMUNICATIONS (HOLDINGS) LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 30)**

### **FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010**

The Directors of ABC Communications (Holdings) Limited (“the Company”) announce the consolidated statement of comprehensive income and statement of financial position of the Company and its subsidiaries (“the Group”) for the year ended 31 March 2010 as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2010*

	<i>Notes</i>	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
<b>Continuing operation</b>			
Turnover	4	<b>130,257,679</b>	108,878,606
Cost of sales		<u><b>(110,163,802)</b></u>	<u>(89,506,169)</u>
Gross profit		<b>20,093,877</b>	19,372,437
Other income	5	<b>4,624</b>	693,698
Other gains – net	6	<b>8,239,591</b>	111,309
Selling and distribution costs		<b>(1,378,852)</b>	(1,278,489)
General and administrative expenses		<b>(21,562,596)</b>	(23,637,464)
Finance costs	7	<u><b>(8,317,385)</b></u>	<u>(11)</u>
Loss before tax	8	<b>(2,920,741)</b>	(4,738,520)
Income tax expense	9	<u>–</u>	<u>–</u>
Loss for the year from continuing operation		<u><b>(2,920,741)</b></u>	<u>(4,738,520)</u>
<b>Discontinued operation</b>			
Profit for the year from discontinued operation	10	<u>–</u>	<u>74,079,734</u>
(Loss) profit for the year		<u><b>(2,920,741)</b></u>	<u>69,341,214</u>

	<i>Note</i>	<b>2010</b> <b>HK\$</b>	2009 <b>HK\$</b>
<b>Other comprehensive income</b>			
Fair value change on available-for-sale financial assets		–	(16,566,478)
Disposal of available-for-sale financial assets		–	(2,350,727)
Release of investment revaluation reserve upon disposal of subsidiaries		–	(59,333,057)
Release of exchange reserve upon deregistration of a subsidiary		<b>68,010</b>	–
Other comprehensive income (expense) for the year		<b>68,010</b>	(78,250,262)
Total comprehensive expense for the year		<b>(2,852,731)</b>	(8,909,048)
(Loss) profit for the year attributable to:			
Owners of the Company		<b>(5,266,108)</b>	68,552,356
Minority interests		<b>2,345,367</b>	788,858
		<b>(2,920,741)</b>	69,341,214
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b>(5,198,098)</b>	(9,697,906)
Minority interests		<b>2,345,367</b>	788,858
		<b>(2,852,731)</b>	(8,909,048)
<b>(Losses) earnings per share</b>	<i>16</i>		
From continuing and discontinued operations			
– Basic and diluted		<b>(1.13) cents</b>	14.68 cents
From continuing operation			
– Basic and diluted		<b>(1.13) cents</b>	(1.19) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2010*

	<i>Notes</i>	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
<b>Non-current asset</b>			
Property, plant and equipment		<u>1,601,441</u>	<u>2,564,071</u>
<b>Current assets</b>			
Trade receivables	<i>11</i>	8,542,526	8,214,018
Other receivables, deposits and prepayments		2,642,336	1,436,088
Deposit paid for acquisition of subsidiaries	<i>12</i>	130,000,000	–
Derivative financial assets		21,807,425	–
Bank balances and cash		<u>31,997,595</u>	<u>22,581,847</u>
		<u>194,989,882</u>	<u>32,231,953</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	15,428,481	16,210,366
Advance subscriptions and licence fees received		3,266,698	3,449,084
Amount due to a director		1,000,000	–
Derivative financial liabilities		1,925,220	–
Convertible bonds	<i>14</i>	<u>123,801,392</u>	<u>–</u>
		<u>145,421,791</u>	<u>19,659,450</u>
<b>Net current assets</b>		<u>49,568,091</u>	<u>12,572,503</u>
<b>Total assets less current liabilities</b>		<u>51,169,532</u>	<u>15,136,574</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	4,775,360	4,668,860
Reserves		<u>36,192,807</u>	<u>2,611,716</u>
Equity attributable to owners of the Company		40,968,167	7,280,576
Minority interests		<u>10,201,365</u>	<u>7,855,998</u>
<b>Total equity</b>		<u>51,169,532</u>	<u>15,136,574</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

ABC Communications (Holdings) Limited (the “Company”) is an investment holding company. The Company’s subsidiaries (together within the Company collectively referred to as the “Group”) are principally engaged in providing financial information services, wireless applications development and securities trading system licensing.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 2912, 29/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

Its parent and ultimate parent is Asian Gold Dragon Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group as the Group has insufficient cash flows to fulfil the future financial obligation which will be due within a year. In view of the liquidity position of the Group, the directors of the Company have adopted the following measures with a view to maintain the Group’s existence as a going concern basis and to improve the Group’s overall financial and cash flow position:

- (a) subsequent to the end of the reporting period, on 9 April 2010 and 17 May 2010, an aggregate of 11,000,000 ordinary shares of the Company with par value of HK\$0.01 each were issued upon the partial conversion of convertible bonds in principal amount of HK\$22,000,000 at a conversion price of HK\$2 each. The conversion of convertible bonds has reduced the future financial obligation of the Group;
- (b) the parent company of the Company, Asian Gold Dragon Limited, has undertaken to provide financial support to the Group as necessary to meet in full its financial obligation as they fall due in foreseeable future; and
- (c) the Group continues to explore opportunities for different sources of financing to strengthen the Group’s working capital position.

In the opinion of the directors of the Company, if the measures described above accomplish the expected results, the directors are satisfied that the Group will be able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group’s financial position and tight cash flows as at 31 March 2010.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the assets to their recoverable amounts, to provide further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised standards, amendments to the standards and interpretations (the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Hong Kong Accounting Standard (“HKAS”) 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Interpretation (“Int”) 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

In addition, in the current year, the Group has elected to early adopt the amendment to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as part of improvements to HKFRSs 2009 (adopted in advance of effective date of 1 January 2010).

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statement of the Group for the current or prior accounting periods.

#### *HKAS 1 (Revised 2007) Presentation of Financial Statements*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

#### *Amendments to HKFRS 7 Financial Instruments: Disclosures*

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk which has no impact on the consolidated financial statements of the Group.

#### *HKFRS 8 Operating Segments*

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Details are set out in note 4.

*Early adoption of amendment to HKFRS 5 as part of Improvements to HKFRSs 2009*

The amendment has clarified that HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* has specified the disclosure required in respect of disposal groups classified as discontinued operations. Disclosures requirements in other HKFRSs do not generally apply to such disposal groups.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>6</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>7</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>4</sup>
HKAS 39 (Amendment)	Eligible Hedge Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>5</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>8</sup>
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>7</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>6</sup> Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>8</sup> Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipated that the application of the other new or revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

#### 4 TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker of the Group has been identified as the Board of Directors. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 had resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Specifically, in prior years, segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating divisions (i.e. financial quotation and securities trading system licensing operation and wireless applications operation). However, information reported to the chief operating decision maker is more specifically focused on the resources allocation. The wireless applications segment separately disclosed in prior years is reclassified into the financial quotation and securities trading system licensing segment to consist with the way in which information is reported internally to the chief operating decision maker. The Group's operating and reportable segment from continuing operation under HKFRS 8 is therefore grouped into one segment of financial quotation and securities trading system licensing services.

The Group was involved in other business such as holding of corporate assets and liabilities under corporate activities and investment holdings in prior years, which are mainly comprised of the Group's property and securities investments operation. During the year ended 31 March 2009, the Group disposed of its property and securities investments business.

Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

##### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Financial quotation and securities trading system licensing		Total	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Turnover	<u>130,257,679</u>	108,878,606	<u>130,257,679</u>	108,878,606
Segment profit	<u>4,718,453</u>	<u>5,229,342</u>	<u>4,718,453</u>	5,229,342
Unallocated corporate income			<b>8,012,509</b>	395,908
Unallocated corporate expenses			<b>(7,334,318)</b>	(10,363,759)
Finance costs			<b>(8,317,385)</b>	(11)
Loss before tax (continuing operation)			<u><b>(2,920,741)</b></u>	<u>(4,738,520)</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by the segment without allocation of certain interest income, certain other gains, certain administrative expenses and finance costs.

## Segment assets and liabilities

	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
<b>Segment assets</b>		
Continuing operation:		
Financial quotation and securities trading system licensing	<b>38,254,184</b>	34,528,956
Assets relating to discontinued operation	–	–
Unallocated corporate assets	<b>158,337,139</b>	267,068
Consolidated assets	<b>196,591,323</b>	34,796,024
	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
<b>Segment liabilities</b>		
Continuing operation:		
Financial quotation and securities trading system licensing	<b>17,435,072</b>	18,497,008
Liabilities relating to discontinued operation	–	–
Unallocated corporate liabilities	<b>127,986,719</b>	1,162,442
Consolidated liabilities	<b>145,421,791</b>	19,659,450

For the purpose of monitoring segment performance and allocating resources between segments:

- As at 31 March 2010, all assets are allocated to reportable segments other than certain other receivables and prepayments, deposit paid for acquisition of subsidiaries, derivative financial assets and certain bank balances and cash as these assets are managed on a group basis.
- As at 31 March 2010, all liabilities are allocated to reportable segments other than certain other payables, amount due to a director, derivative financial liabilities and convertible bonds as these liabilities are managed on a group basis.



## Other segment information

Other segment terms included in the consolidated statement of comprehensive income are as follows:

### For the year ended 31 March 2010

	<b>Continuing operation</b>	<b>Discontinued operation</b>		
	<b>Financial quotation and securities trading system licensing HK\$</b>	<b>Property and securities investments HK\$</b>	<b>Unallocated HK\$</b>	<b>Total HK\$</b>
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	<b>1,592,912</b>	–	–	<b>1,592,912</b>
Additions to non-current assets <i>(note)</i>	<b>630,282</b>	–	–	<b>630,282</b>
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Fair value gain on derivative financial assets	–	–	<b>(7,926,637)</b>	<b>(7,926,637)</b>
Fair value gain on derivative financial liabilities	–	–	<b>(85,872)</b>	<b>(85,872)</b>
Interest income	<b>(4,624)</b>	–	–	<b>(4,624)</b>
Finance costs	–	–	<b>8,317,385</b>	<b>8,317,385</b>
Loss on deregistration of subsidiaries	<b>15,114</b>	–	–	<b>15,114</b>

For the year ended 31 March 2009

	Continuing operation	Discontinued operation		
	Financial quotation and securities trading system licensing <i>HK\$</i>	Property and securities investments <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	1,581,002	25,862	–	1,606,864
Amortisation of prepaid lease payments	–	241,146	–	241,146
Fair value gain on revaluation of an investment property	–	(8,050,000)	–	(8,050,000)
Gain on disposal of available- for-sale financial assets	–	(2,350,727)	–	(2,350,727)
Additions to non-current assets (note)	1,496,147	–	–	1,496,147
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	(134,198)	(1,949,972)	(284,599)	(2,368,769)
Finance costs	–	505,904	11	505,915

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

### Geographical information

The Group's business divisions operate in Hong Kong. All turnover of the Group was generated in Hong Kong and all non-current assets are located in Hong Kong.

### Revenue from major product and services

The following is an analysis of the Group's revenue from continuing operation from its major products and services:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Revenue from financial quotation and securities trading system licensing services	129,701,815	108,224,085
Revenue from wireless applications	555,864	654,521
	<u>130,257,679</u>	<u>108,878,606</u>

## Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	2010	2009
	HK\$	HK\$
Customer A ( <i>note</i> )	<u>85,729,726</u>	<u>64,263,563</u>

*Note:* Revenue from financial quotation and securities trading system licensing services.

## 5. OTHER INCOME

	2010	2009
	HK\$	HK\$
<b>Continuing operation</b>		
Interest income	4,624	418,797
Others	–	274,901
	<u>4,624</u>	<u>693,698</u>

## 6. OTHER GAINS – NET

	2010	2009
	HK\$	HK\$
<b>Continuing operation</b>		
Fair value gain on derivative financial assets	7,926,637	–
Fair value gain on derivative financial liabilities	85,872	–
Waiver of other payables	237,414	–
Gain on disposal of property, plant and equipment	5,000	–
Loss on deregistration of a subsidiary	(15,114)	–
Exchange (loss) gain	(218)	111,291
Others	–	18
	<u>8,239,591</u>	<u>111,309</u>

## 7. FINANCE COSTS

	2010	2009
	HK\$	HK\$
<b>Continuing operation</b>		
Imputed interest expenses on convertible bonds	8,317,385	–
Interest on bank overdraft	–	11
	<u>8,317,385</u>	<u>11</u>

## 8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
<b>Continuing operation</b>		
Auditors' remuneration		
– Current year	490,000	390,000
– Under-provision in prior year	8,000	–
Depreciation of property, plant and equipment	1,592,912	1,581,002
Employee benefit expenses	14,514,688	12,598,336
Lease payments under operating leases	2,231,718	535,506
	<u>                    </u>	<u>                    </u>

## 9. INCOME TAX EXPENSE

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made as the assessable profit are offset by allowable tax loss brought forward for the year ended 31 March 2010 (2009: nil).

The tax expense for the years can be reconciled to the loss before tax from continuing operation per the consolidated statement of comprehensive income as follow:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Loss before tax from continuing operation	<u>(2,920,741)</u>	<u>(4,738,520)</u>
Calculated at a tax rate of 16.5% (2009: 16.5%)	(481,922)	(781,856)
Tax effect of income not taxable for tax purpose	(1,362,000)	(1,725,621)
Tax effect of expenses not deductible for tax purpose	1,504,165	2,811,229
Tax effect of tax losses not recognised	1,141,033	668,801
Utilisation of tax losses previously not recognised	<u>(801,276)</u>	<u>(972,553)</u>
Income tax expense	<u>                    </u>	<u>                    </u>

At the end of the reporting period, the Group had unused tax losses of approximately HK\$133,181,000 (2009: HK\$131,121,000) available for offsetting against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

## 10. DISCONTINUED OPERATION

On 2 May 2008, the Company entered into an agreement to dispose of its entire interest in ABC Global Limited and its subsidiaries (“ABC Global Group”), which carried out of the Group’s property and securities investments operations. The disposal was completed on 20 August 2008 on which date control of ABC Global Limited passed to the acquirer.

The profit for the year from the discontinued operation is analysed as follows:

	<b>2010</b> <b>HK\$</b>	2009 <i>HK\$</i>
Profit from property and securities investments operation	–	24,277,749
Gain on disposal of property and securities investments operation	–	49,801,985
	<u>–</u>	<u>74,079,734</u>

The results of the property and securities investments operation for the period from 1 April 2008 to 20 August 2008, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.4.2008 to 20.8.2008 <i>HK\$</i>
Other income	7,049,355
Other gains – net	19,578,625
General and administrative expenses	(619,160)
Finance costs	(505,904)
	<u>25,502,916</u>
Profit before tax	25,502,916
Income tax expense	(1,225,167)
	<u>24,277,749</u>

Profit for the year from discontinued operation for the year ended 31 March 2009 has been arrived at after charging (crediting):

	<i>HK\$</i>
Amortisation of prepaid lease payment	241,146
Depreciation of property, plant and equipment	25,862
Dividend income from available-for-sale financial assets	(4,151,605)
Exchange gains	(9,177,898)
Fair value gain on revaluation of an investment property	(8,050,000)
Gain on disposal of available-for-sale financial assets	(2,350,727)
Interest income	(1,949,972)
Rental income from investment property (net of direct outgoings of HK\$277,028)	(947,778)

No tax charge or credit arose on gain on discontinuance of the operations.

During the year ended 31 March 2009, ABC Global Group derived net operating cash inflows to the Group of HK\$5,221,191, received HK\$16,234,413 in respect of investing activities and paid HK\$8,860,854 in respect of financing activities.

## 11. TRADE RECEIVABLES

	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
Trade receivables	<u>8,542,526</u>	<u>8,214,018</u>

Trade receivables are due upon the date of invoices. As at 31 March 2010, trade receivables of HK\$8,542,526 (2009: HK\$8,214,018) were past due but not impaired. These related to a number of independent customers from whom there no recent history of default. The Group did not hold any collateral over these balances.

The aging analysis of these trade receivables is as follows:

	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
0 – 3 months	8,326,649	7,944,241
4 – 6 months	206,327	149,789
Over 6 months	<u>9,550</u>	<u>119,988</u>
	<u>8,542,526</u>	<u>8,214,018</u>

## 12. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

On 12 October 2009, the Group entered into an acquisition agreement with an independent third party regarding the acquisition of a gold smelting and refinery business in the PRC (the “Proposed Acquisition”). According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders’ loans of the target company from the vendor for a total consideration of HK\$380 million. A refundable cash deposit of HK\$130 million has been paid to the vendor during the year ended 31 March 2010. Details of the transaction have been set out in the Company’s announcement dated 11 February 2010. The Proposed Acquisition has not been completed as at 31 March 2010.

## 13. TRADE AND OTHER PAYABLES

	<b>2010</b> <i>HK\$</i>	2009 <i>HK\$</i>
Trade payables ( <i>note (a)</i> )	13,187,887	13,498,391
Other payables and accrued charges	1,632,193	2,572,674
Amount due to ultimate holding company ( <i>note (b)</i> )	<u>608,401</u>	<u>139,301</u>
	<u>15,428,481</u>	<u>16,210,366</u>

- (a) The aging of trade payables were within 3 months as at both 31 March 2010 and 2009.
- (b) The amount due to ultimate holding company is unsecured, interest-free and repayable on demand.
- (c) The average credit period of 45 days is granted by the service providers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## 14. CONVERTIBLE BONDS

On 9 December 2009, the Company issued convertible bonds (“CB”) to independent third parties in the principal amount of HK\$150,000,000 with maturity date on 9 December 2010. The CB bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 21.35%.

The principal terms of the CB are as follow:

- Conversion rights are exercisable at any time during the period commencing from the beginning of the fourth month from the date of issue of the CB up to (but excluding) the period of five business days ending on the maturity date.
- The holders of the CB are entitled to convert the CB into ordinary shares of the Company at an initial conversion price of HK\$2 per ordinary share.
- If any of the CB has not been converted, it will be redeemed on the maturity date at a redemption amount equal to 110% of the principal amount of such CB.
- During the period commencing from the beginning of the fourth month from the date of issue up to the maturity date, the Company may by notice redeem whole or part of the outstanding CB at an amount equal to 130% of the principal amount of such CB.
- During the period commencing from the beginning of the fourth month from the date of issue up to the maturity date, the holder of CB may request the Company to redeem such amount of the outstanding CB at an amount equal to 110% of such CB.

The CB contains three components: liability component, equity component and derivative component.

The Company’s and the CB holders’ early redemption options embedded in the CB were presented in the consolidated statement of financial position as “Derivative financial assets” and “Derivative financial liabilities” respectively at 31 March 2010 and was measured at fair value with changes in fair value recognised in profit or loss.

The CB in the principal amount of HK\$21,300,000 were converted into 10,650,000 new ordinary shares of the Company at the conversion price of HK\$2 per share on 16 March 2010. As at 31 March 2010, the remaining principal amount of CB is HK\$128,700,000. 64,350,000 potential shares can be issued upon conversion of the remaining CB.

The movement of the liability, equity and derivative components of the CB during the year is set out below:

	<b>Liability HK\$</b>	<b>Derivative financial assets HK\$</b>	<b>Derivative financial liabilities HK\$</b>	<b>Equity HK\$</b>	<b>Total HK\$</b>
As at 31 March 2009 and 1 April 2010	–	–	–	–	–
Issued during the year	143,129,771	(17,653,693)	2,368,745	22,155,177	150,000,000
Transaction costs	(7,156,489)	–	–	(343,511)	(7,500,000)
Change in fair value	–	(7,926,637)	(85,872)	–	(8,012,509)
Conversion to shares during the year	(20,489,275)	3,772,905	(357,653)	(3,097,257)	(20,171,280)
Imputed interest expense	8,317,385	–	–	–	8,317,385
<b>As at 31 March 2010</b>	<b><u>123,801,392</u></b>	<b><u>(21,807,425)</u></b>	<b><u>1,925,220</u></b>	<b><u>18,714,409</u></b>	<b><u>122,633,596</u></b>

At the dates of issue and conversion of the CB, and at 31 March 2010, the fair values of the derivative financial assets and liabilities were valued by the Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivative financial assets and liabilities are calculated using the Trinomial Tree Pricing Model. The inputs into the model were as follows:

	At 31.3.2010	At 16.3.2010	At 9.12.2009
Share price	<b>HK\$2.18</b>	HK\$2.25	HK\$2.93
Conversion price	<b>HK\$2.00</b>	HK\$2.00	HK\$2.00
Expected volatility ( <i>note a</i> )	<b>112.65%</b>	113.93%	116.39%
Expected life ( <i>note b</i> )	<b>253 Days</b>	268 Days	365 Days
Risk free rate ( <i>note c</i> )	<b>0.17%</b>	0.20%	0.11%
Expected dividend yield ( <i>note d</i> )	<b>Nil</b>	Nil	Nil

*Note:*

- Expected volatility was determined by calculating the historical volatility of the Company's share price.
- Expected life was the expected remaining life of the option.
- The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes.
- The expected dividend yield was based on the historical dividend payment record of the Company.

## 15. SHARE CAPITAL

	2010		2009	
	<i>No. of shares</i>	<i>Amount HK\$</i>	<i>No. of shares</i>	<i>Amount HK\$</i>
Authorised:				
Ordinary shares of HK\$0.01 each (31.3.2009: HK\$0.01 each; 1.4.2008: HK\$0.10 each)				
At 1 April	<b>6,000,000,000</b>	<b>60,000,000</b>	600,000,000	60,000,000
Subdividing of authorised but unissued shares ( <i>note (ii)</i> )	—	—	5,400,000,000	—
At 31 March	<b>6,000,000,000</b>	<b>60,000,000</b>	<b>6,000,000,000</b>	<b>60,000,000</b>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each (31.3.2009: HK\$0.01 each; 1.4.2008: HK\$0.10 each)				
At 1 April	<b>466,886,000</b>	<b>4,668,860</b>	466,886,000	46,688,600
Capital Reduction ( <i>note (i)</i> )	—	—	—	(42,019,740)
Issue of share on conversion of convertible bonds ( <i>note 14</i> )	<b>10,650,000</b>	<b>106,500</b>	—	—
At 31 March	<b>477,536,000</b>	<b>4,775,360</b>	<b>466,886,000</b>	<b>4,668,860</b>



By a resolution passed at a special general meeting of the Company held on 11 August 2008, the Company has carried out the following in relation to the capital reduction:

- (i) the reduction of the nominal value of each issued share from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 from the paid-up capital on each issued share and has transferred the credit arising therefrom to the contributed surplus account of the Company; and
- (ii) the authorised share capital of the Company has been sub-divided by subdividing each of the authorised shares of HK\$0.10 each in the capital of the Company into 10 new shares of HK\$0.01 each in the capital of the Company.

On 16 March 2010, 10,650,000 ordinary shares of the Company with par value of HK\$0.01 each were issued upon the partial conversion of CB in principal amount of HK\$21,300,000 at a conversion price of HK\$2 each.

All the above shares rank pari passu in all aspects with other shares in issue.

## 16. (LOSSES) EARNINGS PER SHARE

The calculation of basic and diluted (losses) earnings per share attributable to owners of the Company is based on the following data:

### From continuing and discontinued operations

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
<b>(Losses)/earnings</b>		
(Loss) profit for the year attributable to owners of the Company	<u>(5,266,108)</u>	<u>68,552,356</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	<u>467,323,671</u>	<u>466,886,000</u>

### From continuing operation

The calculation of basic and diluted (losses) earnings per share from continuing operation attributable to equity holders of the Company is based on the following data:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
(Loss) profit for the year attributable to owners of the Company	(5,266,108)	68,552,356
<i>Less:</i> profit for the year from discontinued operation attributable to equity holders of the Company ( <i>note 10</i> )	<u>–</u>	<u>(74,079,734)</u>
Losses for the purpose of basic losses per share from continuing operation	<u>(5,266,108)</u>	<u>(5,527,378)</u>

### From discontinued operation

Basic earnings per share for discontinued operation was HK15.87 cents for the year ended 31 March 2009 based on the profit for the year from the discontinued operation of approximately HK\$74,079,734 and the denominators detailed above for basic earnings per share for the year ended 31 March 2009.

The computation of diluted loss per share for the year ended 31 March 2010 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in an decrease in loss per share from continuing operation.

No diluted earnings (losses) per share for the year ended 31 March 2009 had been presented as the Group has neither outstanding share options nor convertible bonds as at 31 March 2009.

## 17. DIVIDENDS

	<b>2010</b> <b>HK\$</b>	2009 <i>HK\$</i>
Special dividend ( <i>note</i> )	–	273,875,328

*Note:*

By the resolution passed at the special general meeting of the Company held on 11 August 2008, it was resolved that a special dividend amounts to HK\$273,875,328, which was equivalent to approximately HK58.66 cents per share, was declared and paid out from the distributable reserves of the Company upon the completion of the disposal of ABC Global Group.

The directors of the Company do not propose any final or interim dividend for the year (2009: nil).

## 18. RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

	<b>2010</b> <b>HK\$</b>	2009 <i>HK\$</i>
Salaries and other short-term benefits	<b>2,779,812</b>	4,435,618
Post-employment benefits	<b>13,000</b>	112,663
	<b>2,792,812</b>	4,548,281

The remunerations of directors and key executives are determined by the Remuneration Committee having regards to the performance of individuals and market trends.

## **FINAL DIVIDEND**

The Board did not propose a final dividend.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group is currently engaged in the provision of financial information services, securities trading system licensing and wireless applications development.

Notwithstanding the intense competitions and threat from the launch of free real-time stock data on designated websites by the Stock Exchange in October 2009, QuotePower International Limited, our principal operating subsidiary in financial quotation services, has achieved a moderate growth. Turnover of the Group increased to HK\$130 million, an increase of 19.64% over that of the previous year. The increase was mainly due to the soaring investment enthusiasm in stock market in the fiscal year.

Loss for the period from continuing operation amounted to HK\$2.9 million, which represented an decrease of 38% as compared to the loss of HK\$4.7 million for the previous year. The decrease in operating loss was mainly caused by the fair value gain in relation to the placing of convertible bonds during the year. In last year there were a profit from discontinued operation of HK\$74 million, which consisted of income arising from properties and securities investment operation, and gain on disposal of ABC Global Group. As disclosed in the last year annual report, the profit from discontinued operation was one-off in nature and would not be re-current in the current and coming years. The general and administrative expenses amounted to HK\$22 million, which represented a drop of 8.8% over that of last year.

### **Outlook**

The financial results of QuotePower, the main revenue producer of the Group, will to a large extent depend on the performance of the stock market. Investor sentiments have been recovering as a result of the quantitative easing monetary policies adopted by various governments after the financial tsunami in earlier years. Given the strong market position and customer base built up over the years, we are reasonably confident that QuotePower will be able to regain its proven track records. Meanwhile, the continued strengthening of Hong Kong as an international financial centre should also present us with new growth prospects, which we believe QuotePower is well-placed to capture. It will continue to explore business opportunities to enhance its market leadership in the area of financial information services and to expand the geographical reach of its sales and marketing activities. It is expected that the financial quotation services provided by the Group will still face severe challenge ahead. The management will strive to exercise prudent business measures to maximize its profitability or to minimize the loss.

The Board believes that it is in the best interests of the Company and the Shareholders to diversify the business of the Group. The management of the Company has reviewed various investment opportunities in the field of energy and resources. On 12 October 2009, the Company entered into an acquisition agreement with an independent third party. Upon completion, the Company will be the single largest shareholder of Shandong Guoda Gold Company Limited (“Guoda Gold”), a renowned and one of the largest gold smelting and refining companies in China. Guoda Gold has an annual production capacity of 15 tonnes gold, 40 tonnes silver, 400,000 tonnes industrial sulphuric acid, 150,000 tonnes copper cathodes and waste heat recovery power generation of 50 million kWh (kilowatt-hour). It is also one of the few qualified gold refineries certified by Shanghai Gold Exchange as standard gold bullion production enterprise. Guoda Gold has proven track records. It is expected that it will contribute positively to the Group’s operating results and cashflows in future years, if the acquisition completes. The acquisition is still in progress pending the finish of all necessary due diligence works. A circular containing further details of the acquisition and Guoda Gold will be dispatched to shareholders of the Company when all such due diligence works have been satisfied.

## **EVENTS AFTER THE REPORTING PERIOD**

- (i) On 9 April 2010 and 17 May 2010, an aggregate of 11,000,000 ordinary shares of the Company with par value of HK\$0.01 each were issued upon the partial conversion of CB in principal amount of HK\$22,000,000 at a conversion price of HK\$2 each.
- (ii) On 23 April 2010, the Company and the vendor entered into a supplemental agreement supplementing to the acquisition agreement related to the Proposed Acquisition of which the details has been set out in note 12. Pursuant to this supplemental agreement, the Company and the vendor have agreed to extend the deadline for the fulfillment of the conditions to the Proposed Acquisition from 27 April 2010 to 30 July 2010.

## **FINANCIAL POSITION**

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 either Hong Kong dollar. As at 31 March 2010, the Group had cash and cash equivalents of approximately HK\$32 million. Except for the Convertible Bonds due 2010 as disclosed in note 14, the Group had no other bank borrowings.

The Group’s debt-to-equity ratio as calculated by dividing total liabilities over total equity, as at 31 March 2010, was 2.84 times (31 March 2009: 1.30 times). The increase in debt-to-equity ratio reflected that the Group relied more on debts financing during the year.

## **PLEDGE OF ASSETS**

As at 31 March 2010, no assets of the Group were pledged to secure general banking facilities granted to the Group.

## CAPITAL COMMITMENTS

	<b>2010</b>	2009
	<i>HK\$</i>	<i>HK\$</i>
Capital commitment in respect of the acquisition of subsidiaries:		
– Contracted but not provided for	<b><u>250,000,000</u></b>	<u>–</u>

As set out in note 12 and the Company's announcement dated 11 February 2010, on 12 October 2009, the Group entered into an acquisition agreement with an independent third party regarding the Proposed Acquisition. According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders' loans of the target company from the vendor for a total consideration of HK\$380 million. A refundable cash deposit of HK\$130 million has been paid to the vendor during the year ended 31 March 2010.

## CONTINGENT LIABILITIES

As at 31 March 2010, the Group had no material contingent liabilities.

## EMPLOYEE REMUNERATION POLICY

As at 31 March 2010, the Group had 43 employees. Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2010 amounted to approximately HK\$14.5 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.

## 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.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group has in the year under review complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:

### **Code Provision A.2.1**

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer (“CEO”) should be separated and should not be performed by the same individual. During the year, the Company had no officer with the title of CEO. The roles and functions of the CEO have been performed by all the executive directors of the Company collectively. The Board ensured that all Directors complied with good corporate governance practices and are properly briefed on issues arising at the Board meeting and have received adequate, complete and reliable information in a timely manner. The Board believes that presently the size of the Group is small and such arrangement will not impair the efficient formulation and implementation of the Group’s strategies. The Board will periodically review such arrangement and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group’s operation and business development.

### **Code Provision A.4.1**

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company’s Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are not less exacting than those in the Code.

The Company had adopted the Model Code for Directors’ Securities Transactions (the “Model Code”) set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they fully complied with the Model Code during the year under review.

## **AUDIT COMMITTEE AND REVIEW OF ACCOUNTS**

The Audit Committee, comprising three independent non-executive directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited accounts for the year ended 31 March 2010. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2010.

In the independent auditors’ report, the auditor has included the following paragraph in the auditor’s opinion to draw the shareholders’ attention:

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which explains that the directors are taking steps to improve the liquidity position of the Group and the adoption of the going concern on which the consolidated financial statements have been prepared. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

## REMUNERATION COMMITTEE

A Remuneration Committee comprising three independent non-executive directors has been set up by the Board for the purpose of reviewing the remuneration of Directors and the remuneration policies of the Group.

## PUBLICATION OF FINANCIAL INFORMATION

This result announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hkabc.com](http://www.hkabc.com)). The Company's annual report for 2009/10 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the board of  
**ABC Communications (Holdings) Limited**  
**Chen Jiasong**  
*Deputy Chairman and Executive Director*

Hong Kong, 28 July 2010

*As at the date hereof, the board of directors of the Company comprises:*

*Executive Directors:*

Dr. Lew Mon Hung (*Chairman*)  
Mr. Chen Jiasong (*Deputy Chairman*)  
Mr. Wang Zhi Gang  
Mr. Cheung Wai Shing  
Mr. Zhao Bao Long

*Non-Executive Director:*

Mr. Hou Hui Min (*Honorable Chairman*)

*Independent Non-Executive Directors:*

Mr. Tsang Kwok Wai  
Mr. Lee Kwong Yiu  
Mr. Zhang Guang Hui