



ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

Final Results for the year ended 31 March 2007

The Directors of ABC Communications (Holdings) Limited (“the Company”) are pleased to announce the consolidated income statement and balance sheet of the Company and its subsidiaries (“the Group”) for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 HK\$	2006 HK\$ (As restated) (Note 5)
Revenue	3	73,784,184	41,028,514
Cost of sales	6	(60,802,709)	(31,265,511)
Gross profit		12,981,475	9,763,003
Other income	4	14,326,998	10,848,345
Other gains – net	5	928,710	22,605,178
Selling and distribution costs	6	(1,612,791)	(1,448,726)
General and administrative expenses	6	(17,020,528)	(16,442,989)
Operating profit		9,603,864	25,324,811
Finance costs	7	(953,551)	(343,140)
Profit before income tax		8,650,313	24,981,671
Tax expense	8	(1,030,872)	—
Profit for the year		7,619,441	24,981,671

	<i>Note</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i> (As restated) (<i>Note 5</i>)
Attributable to:			
Equity holders of the Company		7,619,441	24,981,671
Minority interest		<u>—</u>	<u>—</u>
		<u>7,619,441</u>	<u>24,981,671</u>
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	<i>14</i>	<u>1.63 cents</u>	<u>5.35 cents</u>
– diluted	<i>14</i>	<u>1.63 cents</u>	<u>5.35 cents</u>
Dividends	<i>13</i>	<u>4,668,860</u>	<u>28,013,160</u>

CONSOLIDATED BALANCE SHEET*AS AT 31 MARCH 2007*

	<i>Note</i>	2007 HK\$	2006 <i>HK\$</i> (As restated) (Note 5)
ASSETS			
Non-current assets			
Land use rights		16,766,631	17,695,935
Property, plant and equipment		2,552,065	2,603,471
Investment property		19,500,000	19,500,000
Available-for-sale financial assets		197,677,575	162,369,952
Long-term pledged deposits		52,511,340	—
Long-term deposits		2,634,581	—
		<hr/>	<hr/>
		291,642,192	202,169,358
		<hr/>	<hr/>
Current assets			
Trade receivables	9	13,831,572	5,011,985
Other receivables, deposits and prepayments		7,596,316	7,863,550
Pledged deposits		50,174,040	81,934,830
Short-term deposits with original maturity more than 3 months		—	9,016,321
Cash and cash equivalents		57,028,051	91,151,138
		<hr/>	<hr/>
		128,629,979	194,977,824
		<hr/>	<hr/>
Total assets		420,272,171	397,147,182
		<hr/>	<hr/>

	<i>Note</i>	2007 HK\$	2006 HK\$ (As restated) (Note 5)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	46,688,600	46,688,600
Reserves		271,464,998	271,482,846
Total equity		318,153,598	318,171,446
LIABILITIES			
Non-current liability			
Bank borrowings, secured		50,190,764	32,811,719
Deferred income tax liabilities		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		38,817,407	38,367,264
Trade and other payables	11	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

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.

- (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

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

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 5)	1,547,127	(1,958,346)	25,736,030	25,324,811
Finance costs				(343,140)
Profit before income tax, as restated (Note 5)				24,981,671
Tax expense				—
Profit for the year, as restated (Note 5)				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

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 <i>HK\$</i>	Wireless applications <i>HK\$</i>	Corporate activities and investment holdings <i>HK\$</i>	Total <i>HK\$</i>
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

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 <i>HK\$</i>	2006 <i>HK\$</i>
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
	<u>420,272,171</u>	<u>397,147,182</u>

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

Capital expenditure

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Hong Kong	<u>752,320</u>	<u>558,530</u>

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

4 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	—
	<u>14,326,998</u>	<u>10,848,345</u>

5 Other gains – net

	2007 HK\$	2006 HK\$ (As restated)
Exchange gains, net	678,675	2,619,599
Unrealised exchange loss on available-for-sale financial assets (<i>Note 1</i>)	—	—
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
	<u>928,710</u>	<u>22,605,178</u>

Note 1: Certain foreign currency denominated available-for-sales 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-sales financial assets with reference to HKAS 39 "Financial Instruments: Recognition and Measurement" and considered the available-for-sales 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 as 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

6 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	12,848,727	12,285,847
Other expenses	3,597,841	3,248,206
	<u>79,436,028</u>	<u>49,157,226</u>
Total cost of sales, selling and distribution cost and general and administrative expenses	<u>79,436,028</u>	<u>49,157,226</u>

7 Finance costs

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

8 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	1,030,872	—
	<u>1,030,872</u>	<u>—</u>

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 HK\$	2006 HK\$ (As restated) (Note 5)
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	—
	<u>1,030,872</u>	<u>—</u>

9 Trade receivables

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

The carrying amounts of trade receivables approximate their fair value.

10 Share capital

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

11 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
	<hr/>	<hr/>
	9,006,720	5,195,882
	<hr/>	<hr/>

(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.

12 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).

13 Dividends

	2007 HK\$	2006 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
	<u>4,668,860</u>	<u>28,013,160</u>

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

14 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 the anti-dilutive effect. No option has been exercised during the year.

	2007	2006 (As restated) (Note 5)
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

FINAL DIVIDEND

The Directors do not recommend a final dividend.

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.

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 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.

	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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital employed	407,161,769	100	389,350,429	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

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 contained in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited, except that the non-executive directors of the Company were not appointed for a specific term as each director is subject to retirement by rotation and re-election no later than the third annual general meeting after he was last elected.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee 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 2007. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement. The full Auditor's Report will be included in the Annual Report to be dispatched to equity holders.

REMUNERATION COMMITTEE

A Remuneration Committee comprising two Independent Directors and one Non-Executive Director has been set up by the Board for the purpose of reviewing the remuneration of Directors and the remuneration policies of the Group.

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.

By Order of the Board
Michael Tse
Chairman

Hong Kong, 4 July 2007

As at the date hereof, the board of Directors of the Company comprises Mr. George Joseph Ho, Mr. Joey Fan and Ms. Yeung Shuk Kwan, Patricia as Executive Directors, and Mr. Tse Chi Hung, Michael, Mr. George Ho, Mr. Fu Hau Chak, Adrian, Mr. Leung Kwok Kit, Mr. Li Kwok Sing, Aubrey* and Mr. Kwok Chi Hang, Lester* as Non-Executive Directors.*

* *independent non-executive Directors*