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

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 30)**

### **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 AND RESUMPTION OF TRADING**

Reference is made to the announcement of 28 November 2012 in relation to the delay in publication of the interim results for the six months ended 30 September 2012. The Board of Directors (the “Board”) of ABC Communications (Holdings) Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2012, together with selected notes and comparative figures for the corresponding period in last year as follows:

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
	Notes		
<b>Non-current asset</b>			
Property, plant and equipment	6	50,035,372	54,796,160
Prepaid lease payments		1,713,624	1,714,596
Intangible assets	7	314,574,767	314,753,126
Prepayments for exploration and evaluation activities		11,643,513	11,650,115
		<u>377,967,276</u>	<u>382,913,997</u>
<b>Current assets</b>			
Trade receivables	8	4,941,313	20,745,040
Other receivables, deposits and prepayments		9,900,513	4,676,855
Deposit paid for acquisition of subsidiaries		30,000,000	30,000,000
Derivative financial assets		–	15,000
Held for trading investment		4,881,660	8,274,000
Bank balances and cash		116,455,137	31,322,480
		<u>166,178,623</u>	<u>95,033,375</u>
<b>Current liabilities</b>			
Trade and other payables	9	10,373,846	19,944,385
Advance subscriptions and licence fees received		2,386,009	2,559,465
Amount due to a substantial shareholder	10	–	20,182,385
Amounts due to directors		2,567,599	9,790,330
Amount due to Non-controlling interest of a subsidiary		4,499,111	4,499,181
Convertible bonds	11	–	21,692,000
Promissory notes	12	27,289,293	15,404,065
Tax payable		2,171,474	2,158,488
		<u>49,287,332</u>	<u>96,230,299</u>
<b>Net current assets (liabilities)</b>		<u>116,891,291</u>	<u>(1,196,924)</u>
<b>Total assets less current liabilities</b>		<u>494,858,567</u>	<u>381,717,073</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

		30 September 2012 HK\$ (Unaudited)	31 March 2012 HK\$ (Audited)
	Notes		
<b>Non-current liabilities</b>			
Provision for reinstatement costs		777,798	778,239
Deferred tax liabilities		75,344,613	75,387,332
		<u>76,122,411</u>	<u>76,165,571</u>
<b>Net assets</b>		<u>418,736,156</u>	<u>305,551,502</u>
<b>Capital and reserves</b>			
Share capital	13	11,677,972	6,406,432
Reserves		286,300,638	176,077,992
		<u>297,978,610</u>	<u>182,484,424</u>
Equity attributable to owners of the Company		120,757,546	123,067,078
Non-controlling interests		<u>418,736,156</u>	<u>305,551,502</u>
<b>Total equity</b>		<u>418,736,156</u>	<u>305,551,502</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 September	
		2012 HK\$ (Unaudited)	2011 HK\$ (Unaudited and restated)
Turnover	5	32,532,187	43,324,843
Cost of sales		(24,831,282)	(35,107,882)
Gross profit		7,700,905	8,216,961
Bank interest income		288,249	13,162
Gain on bargain purchase		–	28,283,083
Loss on redemption of promissory notes		–	(266,000)
Fair value losses on financial assets at fair value through profit or loss		(3,392,340)	(8,853,180)
Fair value losses on derivative financial assets		(15,000)	(109,000)
General and administrative expenses		(19,733,618)	(15,883,633)
Finance costs		(693,228)	(933,628)
(Loss) profit before tax	14	(15,845,032)	10,467,765
Income tax expense	15	–	–
(Loss) profit for the period		(15,845,032)	10,467,765
<b>Other comprehensive (expense) income</b>			
Exchange differences arising on translation of foreign operations and other comprehensive income for the period		(274,543)	7,789,187
Total comprehensive (expense) income for the period		(16,119,575)	18,256,952
(Loss) profit for the period attributable to:			
Owners of the Company		(13,549,585)	10,343,842
Non-controlling interests		(2,295,447)	123,923
		(15,845,032)	10,467,765
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(13,810,043)	15,643,446
Non-controlling interests		(2,309,532)	2,613,506
		(16,119,575)	18,256,952
<b>(Loss) earnings per share</b>			
Basic and diluted	16	(1.45) cents	1.65 cents

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to owners of the Company								
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Convertible bonds reserve HK\$	Exchange reserves HK\$	(Accumulated losses)	Sub-total HK\$	Non-controlling interests HK\$	Total HK\$
						Retained earnings HK\$			
As at 1 April 2011 (audited)	5,675,360	114,296,555	176,000	560,446	23,957	(1,887,628)	118,844,690	10,989,235	129,833,925
Profit for the period (restated)	-	-	-	-	-	10,343,842	10,343,842	123,923	10,467,765
Other comprehensive income for the period	-	-	-	-	5,299,604	-	5,299,604	2,489,583	7,789,187
Total comprehensive income for the period	-	-	-	-	5,299,604	10,343,842	15,643,446	2,613,506	18,256,952
Non-controlling interests arising on the acquisition of subsidiaries (restated)	-	-	-	-	-	-	-	104,146,998	104,146,998
Recognition of equity component of convertible bonds (restated)	-	-	-	169,000	-	-	169,000	-	169,000
Issue of shares upon placing	731,072	46,057,536	-	-	-	-	46,788,608	-	46,788,608
As at 30 September 2011 (unaudited and restated)	6,406,432	160,354,091	176,000	729,446	5,323,561	8,456,214	181,445,744	117,749,739	299,195,483
As at 1 April 2012 (audited)	6,406,432	158,234,075	176,000	169,000	6,271,677	11,227,240	182,484,424	123,067,078	305,551,502
Loss for the period	-	-	-	-	-	(13,549,585)	(13,549,585)	(2,295,447)	(15,845,032)
Other comprehensive expense for the period	-	-	-	-	(260,458)	-	(260,458)	(14,085)	(274,543)
Total comprehensive income for the period	-	-	-	-	(260,458)	(13,549,585)	(13,810,043)	(2,309,532)	(16,119,575)
Reclassification on maturity of convertible bonds	-	-	-	(169,000)	-	169,000	-	-	-
Issue of shares upon placing	5,271,540	124,032,689	-	-	-	-	129,304,229	-	129,304,229
As at 30 September 2012 (unaudited)	11,677,972	282,266,764	176,000	-	6,011,219	(2,153,345)	297,978,610	120,757,546	418,736,156

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012	2011
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Net cash used in operating activities	<u>(6,519,602)</u>	<u>(5,941,875)</u>
Net cash from investing activities	<u>253,146</u>	<u>98,774,789</u>
Net cash from (used in) financing activities	<u>91,399,113</u>	<u>(1,093,012)</u>
Net increase in cash and cash equivalents	85,132,657	91,739,902
Cash and cash equivalents at the beginning of the period	<u>31,322,480</u>	<u>29,069,220</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>116,455,137</u>	<u>120,809,122</u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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

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 address of its principal place of business is Room 2709–10, 27/F, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

This condensed consolidated interim financial information is presented in Hong Kong Dollars (“HK\$”) which is the functional currency of the Company, unless otherwise stated.

These condensed consolidated interim financial information were approved for issue on 31 January 2013.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The condensed consolidated interim financial information do not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”).

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed interim financial information and/or disclosures set out in these condensed interim financial information.

#### **4. RESTATEMENT OF PRIOR PERIOD FIGURES**

##### **(a) Restatement of the interim condensed financial information for the six months ended 30 September 2011**

Reference is made to the Company’s announcement dated 9 January 2013 in relation to the restatement of the previously issued interim condensed financial information for the six months ended 30 September 2011 (the “Restatement Announcement”).

On 9 May 2011, the Company completed the acquisition of the 60% equity interest and shareholder’s loan of Jun Qiao Limited (“Jun Qiao”) and its subsidiaries (the “Acquisition”). The impact of the Acquisition was incorporated in the Company’s interim results announcement for the six months ended 30 September 2011 (the “2011 Interim Results Announcement”), whereas a gain on bargain purchase in the amount of HK\$7,206,925 and fair value gains on promissory notes in the amount of HK\$1,127,000 had been reported.

In the preparation of the annual results and the financial statements of the Company for the year ended 31 March 2012, the directors of the Company discovered certain errors concerning (i) the valuation of the consideration for the Acquisition; (ii) the valuation of identifiable assets and liabilities acquired; and (iii) the unaudited consolidated financial information of Jun Qiao and its subsidiaries as at the date of the Acquisition. By performing separate valuations and adjusting the consolidated financial information of Jun Qiao and its subsidiaries as at date of the Acquisition, a gain on bargain purchase of HK\$28,283,083 (instead of HK\$7,206,925 as originally stated in the 2011 Interim Results Announcement) and a loss on redemption of promissory notes of HK\$266,000 (instead of fair value gains on promissory notes of HK\$1,127,000 as originally stated in the 2011 Interim Results Announcement) should have been recognized in the condensed consolidated statement of comprehensive income of the Group for the six months ended 30 September 2011.

**(a) Restatement of the interim condensed financial information for the six months ended 30 September 2011**

As a result of the discrepancies described above and certain other adjustments, the Company has restated the Group's interim results for the six months ended 30 September 2011 and the Group's financial position as at 30 September 2011 as reported in the 2011 Interim Results Announcement. Details of all relevant adjustments and the resulting restated interim condensed financial information has been disclosed in the Restatement Announcement.

**(b) Summary of the effect of restatements to prior period figures**

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2011:

	<b>As previously reported</b>	<b>Adjustments (note 4a)</b>		<b>As restated</b>
	HK\$	HK\$	HK\$	HK\$
Gain on bargain purchase	7,206,925	21,076,158	–	28,283,083
Gain (loss) on redemption of promissory notes	1,127,000	–	(1,393,000)	(266,000)
(Loss) profit for the period attributable to owners of the Company	(9,339,316)	21,076,158	(1,393,000)	10,343,842
Total comprehensive (expense) income for the period attributable to owners of the Company	(3,955,572)	20,992,018	(1,393,000)	15,643,446

*Impact on basic and diluted (loss) earnings per share*

	Six months ended 30 September 2011 HK cents
Basic and diluted loss per share, as previously reported	(1.49)
Adjustments in relation to correction of prior period error (note 4a)	3.14
Basic and diluted earnings per share, as restated	<u>1.65</u>

## 5. SEGMENT INFORMATION

The Group's operating segments are determined based on the information reported to the chief operating decision maker, being the Board of Directors, for making strategic decisions and allocating resources.

The segments are managed separately as each business offers different products/service which requires different products/service information to formulate different business strategies. Specifically, the Group's reportable and operating segments under HKFRS 8 are financial quotation and securities trading system licensing and mining operations as follows:

- (i) Financial quotation and securities trading system licensing segment engages in the provision of financial quotation services, wireless applications development and licensing of securities trading system.
- (ii) Mining operations segment engages in the extraction, exploration and sale of mineral products.

### Segments revenue and results

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

	Financial quotation and securities trading system licensing		Mining operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Turnover	<b>32,532,187</b>	43,324,843	<b>-</b>	-	<b>32,532,187</b>	43,324,843
Contribution to segment profit (loss)	<b>446,154</b>	848,802	<b>(5,377,425)</b>	(682,591)	<b>(4,931,271)</b>	166,211
Gain on bargain purchase	<b>-</b>	-	<b>-</b>	28,283,083	<b>-</b>	28,283,083
Segment profit	<b>446,154</b>	848,802	<b>(5,377,425)</b>	27,600,492	<b>(4,931,271)</b>	28,449,294
Unallocated corporate income					<b>1,394</b>	13,162
Unallocated corporate expenses					<b>(10,221,927)</b>	(17,061,063)
Finance costs					<b>(693,228)</b>	(933,628)
(Loss) profit before taxation					<b>(15,845,032)</b>	10,467,765

## Segment assets

The following is an analysis of the Group's assets by reportable and operating segments:

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Audited)
<b>Segment assets</b>		
Financial quotation and securities trading system licensing	<b>36,477,205</b>	37,865,840
Mining operations	<b>387,239,892</b>	396,806,234
Unallocated corporate assets	<b>120,428,802</b>	43,275,298
	<hr/>	<hr/>
Consolidated total assets	<b>544,145,899</b>	477,947,372
	<hr/>	<hr/>

## 6. PROPERTY, PLANT AND EQUIPMENT

	<b>Property, plant and equipment</b>
	<b>HK\$</b>
	<b>(Unaudited)</b>
<b>Six months ended 30 September 2011</b>	
<b>Carrying amount at 1 April 2011 (audited)</b>	1,090,906
Additions	33,335,702
Acquired on acquisition of subsidiaries ( <i>note 18</i> )	11,137,723
Exchange realignment	688,005
Depreciation	(342,146)
	<hr/>
<b>Carrying amount at 30 September 2011</b>	<b>45,910,190</b>
	<hr/>
<b>Six months ended 30 September 2012</b>	
<b>Carrying amount at 1 April 2012 (audited)</b>	54,796,160
Additions	35,103
Exchange realignment	80,814
Depreciation	(4,876,705)
	<hr/>
<b>Carrying amount at 30 September 2012</b>	<b>50,035,372</b>
	<hr/>

## 7. INTANGIBLE ASSETS

During the six months ended 30 September 2011, the Group acquired mining and exploration rights through business combination with Jun Qiao Limited.

**Mining and  
exploration rights**  
HK\$  
(Unaudited)

### Six months ended 30 September 2011

<b>Carrying amount at 1 April 2011 (audited)</b>	–
Acquired on acquisition of subsidiaries ( <i>note 18</i> )	305,147,300
Exchange realignment	6,507,760
	<hr/>
<b>Carrying amount at 30 September 2011</b>	<b>311,655,060</b>
	<hr/>

### Six months ended 30 September 2012

<b>Carrying amount at 1 April 2012 (audited)</b>	314,753,126
Exchange realignment	(178,359)
	<hr/>
<b>Carrying amount at 30 September 2012</b>	<b>314,574,767</b>
	<hr/>

## 8. TRADE RECEIVABLES

The Group's trade receivables from the financial quotation and securities trading and system licensing segment are due upon the presentation of invoices. The Group allowed a credit period of 180 days for its trade receivable from the mining operations. At 30 September 2012 and 31 March 2012, the aging analysis, based on the invoice date, of the trade receivables is as follows:

	<b>As at</b>	
	<b>30 September 2012 HK\$ (Unaudited)</b>	<b>31 March 2012 HK\$ (Audited)</b>
0 – 3 months	<b>4,850,735</b>	20,697,326
4 – 6 months	<b>59,120</b>	37,814
Over 6 months	<b>31,458</b>	9,900
	<hr/>	<hr/>
	<b>4,941,313</b>	20,745,040
	<hr/>	<hr/>

## 9. TRADE AND OTHER PAYABLES

	As at	
	30 September	31 March
	2012	2012
	HK\$	HK\$
	(Unaudited)	(Audited)
Trade payables	6,770,104	9,268,439
Other payables and accrued charges	3,603,742	10,675,946
	<b>10,373,846</b>	<b>19,944,385</b>

At 30 September 2012 and 31 March 2012, the aging analysis, based on the invoice date, of the trade payables was as follows:

	As at	
	30 September	31 March
	2012	2012
	HK\$	HK\$
	(Unaudited)	(Audited)
0 – 3 months	6,770,104	9,268,439

## 10. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER

The amount represented short term loan from a substantial shareholder of the Company and is unsecured, interest-free and repayable on demand. The amount was fully repaid to the substantial shareholder during the six months ended 30 September 2012.

## 11. CONVERTIBLE BONDS

On 9 May 2011, the Company issued convertible bonds in the principal amount of HK\$21,000,000 and with maturity date on 8 May 2012, as part of the consideration for the acquisition of 60% equity interest in Jun Qiao Limited. The convertible bonds bear interest of 4% per annum and are unsecured.

The convertible bonds contain three components: liability component, derivative component and equity component. The effective interest rate of the liability component is 5.89%.

On 8 May 2012, the Company entered into an agreement with the holders of the convertible bonds for the substitution of the outstanding principal of the convertible bonds on maturity by promissory notes with principal amount of HK\$21,840,000 which are repayable on 8 November 2012 and bear interest of 4% per annum. As a result, the outstanding convertible bonds were reclassified to promissory notes on entering into of the deed of amendment.

The movements of the liability, equity and derivative components of the convertible bonds for the six months ended 30 September 2012 are set out below:

	<b>Liability</b>	<b>Derivative financial assets</b>	<b>Equity</b>	<b>Total</b>
	HK\$	HK\$	HK\$	HK\$
At 1 April 2012 (audited)	21,692,000	(15,000)	169,000	21,846,000
Imputed interest	148,000	–	–	148,000
Changes in fair value	–	15,000	–	15,000
Reclassification on transfer to promissory notes	<u>(21,840,000)</u>	<u>–</u>	<u>(169,000)</u>	<u>(22,009,000)</u>
At 30 September 2012 (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

## 12. PROMISSORY NOTES

The movements of the Group's promissory notes for the six months ended 30 September 2012 are set out below:

	HK\$
At 1 April 2012 (audited)	15,404,065
Reclassification from convertible bonds	21,840,000
Interest	545,228
Redemption during the reporting period	<u>(10,500,000)</u>
At 30 September 2012 (unaudited)	<u>27,289,293</u>

### 13. SHARE CAPITAL

	Authorised ordinary shares of HK\$0.01 each <hr/> HK\$
As at 31 March 2012 (audited) and 30 September 2012 (Unaudited)	60,000,000 <hr/>
	Issued and fully paid ordinary shares of HK\$0.01 each <hr/> HK\$
As at 31 March 2012 (audited)	6,406,432
Addition during the six months	5,271,540 <hr/>
As at 30 September 2012 (unaudited)	11,677,972 <hr/>
(i) On 15 May 2012, the Company placed 86,154,000 ordinary shares of HK\$0.01 each at HK\$0.26 per share and raised net proceeds of HK\$21,512,039.	
(ii) On 26 June 2012, the Company placed 41,000,000 ordinary shares of HK\$0.01 each at HK\$0.305 per share and raised net proceeds of HK\$12,092,375.	
(iii) On 29 June 2012, the Company placed 400,000,000 ordinary shares of HK\$0.01 each at HK\$0.25 per share and raised net proceeds of HK\$95,699,815.	

#### **14. (LOSS) PROFIT BEFORE TAX**

The following item has been charged to the loss before tax for the six months ended 30 September 2012:

**HK\$**  
**(Unaudited)**

Depreciation of property, plant and equipment	<b><u>4,876,705</u></b>
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The following item has been charged to the profit before tax for the six months ended 30 September 2011:

HK\$  
(Unaudited)

Depreciation of property, plant and equipment	<u>342,146</u>
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#### **15. INCOME TAX EXPENSE**

Hong Kong Profits Tax has not been provided as the Group has no estimated assessable profit for the period ended 30 September 2012 (2011: Nil).

The Enterprise Income Tax under the Law of the People's Republic of China have not been provided as the Group has no estimated assessable profit for the period ended 30 September 2012 (2011: Nil).

## 16. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2012	2011
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
(Loss) profit for the period attributable to owners of the Company	<b>(13,549,585)</b>	10,343,842
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>931,990,738</b>	625,268,042

The computation of diluted earnings per share for the period ended 30 September 2012 and 30 September 2011 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in a decrease in loss per share (2011: increase in earnings per share).

## 17. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

## 18. BUSINESS COMBINATIONS

On 9 May 2011, the Group acquired 60% equity interest in Jun Qiao Limited ("Jun Qiao") from two independent third parties and 60% of the shareholder's loan for an aggregate consideration of HK\$99,366,000. Jun Qiao and its subsidiaries (the "Jun Qiao Subgroup") are principally engaged in the extraction and sale of mineral products in the PRC. The acquisition of the Jun Qiao Subgroup was aimed to diversify the business and investment portfolio of the Group into the mining sector in the interest of equity owners of the Company. The acquisition of Jun Qiao had been accounted for using the purchase method.

## Consideration transferred

	HK\$ (audited and restated)
Cash	39,000,000
Issue of convertible bonds ( <i>Note a</i> )	20,632,000
Issue of promissory notes ( <i>Note b</i> )	39,734,000
	<hr/>
	99,366,000
	<hr/>

### Notes:

- a. On 9 May 2011, the Company issued unsecured convertible bonds as part of the consideration for the settlement of the acquisition of 60% equity interest in Jun Qiao.

The details of the Group's convertible bonds outstanding as at 30 September 2011 are set out below:

Date of issue	: 9 May 2011
Principal amount	: HK\$21,000,000
Outstanding principal amount as at the end of the reporting period	: HK\$21,000,000
Coupon rate	: 4% per annum
Conversion price	: HK\$0.70 per share
Conversion period	: The period commencing from the date of issue of the convertible bonds and ending on the maturity date
Collaterals	: Nil
Maturity date	: 1 year after the date of issue
Redemption	: The Convertible Bond is early redeemable by the holders

- b. On 9 May 2011, the Company issued unsecured promissory notes as part of the consideration for the settlement of the acquisition of 60% equity interest in Jun Qiao.

The details of the Group's promissory notes outstanding as at 30 September 2011 are set out below:

Date of issue	: 9 May 2011
Principal amount	: HK\$40,000,000
Outstanding principal amount as at the end of the reporting period	: HK\$nil
Interest rate	: 6% per annum
Collaterals	: Nil
Maturity date	: 1 year after the date of issue
Redemption	: The promissory notes is early redeemable by the holders

At the date of issue of the promissory notes, the fair values were valued by Roma Appraisals Limited, an independent third party to the Company and the Group. The fair values of the promissory notes are calculated by reference to the contractual cash flows over the remaining contractual terms and discounted at the interest rate that is appropriate to the riskiness of the promissory notes.

The fair values of the identifiable assets and liabilities of the Jun Qiao Subgroup as at the date of acquisition were as follows:

	Fair values HK\$ (audited and restated)
Property, plant and equipment	11,137,723
Prepaid lease payments	1,614,373
Intangible assets	305,147,300
Other receivables, deposits and prepayments	2,395,210
Bank balances and cash	1,159,992
Other payables	(11,418,025)
Amount due to a shareholder of Jun Qiao Limited	(10,939,128)
Provision for reinstatement costs	(778,239)
Deferred tax liabilities	(73,086,602)
	<hr/>
Fair value of net identifiable assets acquired	225,232,604
Amount due to a shareholder of Jun Qiao Limited	6,563,477
Non-controlling interests*	(104,146,998)
Gain on bargain purchase arising on acquisition	(28,283,083)
	<hr/>
Consideration	99,366,000
	<hr/>

The gain on bargain purchase is attributable to the Group's ability in negotiating the agreed terms of the transaction with the vendors.

\* Included in the balance was HK\$23,447,006 attributable to the Non-controlling interests of the subsidiaries of Jun Qiao Limited.

Analysis of net outflow of cash and cash equivalents arising on acquisition:

	HK\$
Cash consideration paid	39,000,000
Less: Bank balances and cash acquired	<u>(1,159,992)</u>
	<u>37,840,008</u>

### **Impact of acquisition on the results of the Group**

Acquisition-related costs amounted to approximately HK\$654,132 and have been recognised as expense in the period ended 30 September 2011 and included within “general and administrative expenses” in the condensed consolidated statement of comprehensive income.

The fair value of other receivables, deposits and prepayment at the date of acquisition amounted to HK\$2,395,210. The gross contractual amounts of those other receivables, deposits and prepayment acquired amounted to HK\$2,395,210 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

During the period ended 30 September 2011, the Jun Qiao Subgroup did not contribute any revenue to the Group. However, included in the profit for the period is HK\$27,600,492 attributable to Jun Qiao.

Had the acquisition of Jun Qiao been completed on 1 April 2011, total turnover of the Group for the period ended 30 September 2011 would have been HK\$43,324,843, and profit for the period ended 30 September 2011 would have been HK\$9,994,221. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

The Non-controlling interests in Jun Qiao recognised at the acquisition date were measured by reference to the proportionate share of the fair value of the consolidated net assets of Jun Qiao.

## 19. RELATED PARTY TRANSACTIONS

Key management compensation amounted to HK\$2,009,232 for the six months ended 30 September 2012 (2011: HK\$1,838,000), is set out below.

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Salaries, retirement benefit contribution and other short-term benefits	<b>2,009,232</b>	1,838,000

## 20. EVENT AFTER THE REPORTING PERIOD

The fair value of the Group's held for trading investment at the date of these condensed consolidated interim financial information increased by HK\$248,220 to HK\$5,129,880.

## 21. CAPITAL COMMITMENT

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$</b>	HK\$
Contracted but not provided for capital commitment in respect of the acquisition of:		
- Subsidiaries	<b>170,000,000</b>	170,000,000
- Property, plant and equipment	<b>–</b>	998,493
	<b>170,000,000</b>	170,998,493

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Restatement of the Previous Interim Results**

Reference was made to the Company's announcement dated 9 January 2013 in relation to the restatement of the previously issued interim results for the six months ended 30 September 2011 (the "Restatement Announcement"). As explained in the Restatement Announcement, owing to certain errors and adjustments identified in the preparation of the annual results of the Groups for the year ended 31 March 2012, the Group's previously reported interim results for the six months ended 30 September 2011 and financial position as at 30 September 2011 had been restated. For the nature of the adjustments and their financial impact, please refer to the Restatement Announcement for details. This results announcement should be read in conjunction with the Restatement Announcement and the Company's annual report for the year ended 31 March 2012. Restated financial figures for the six months ended 30 September 2011 has been used as comparable figures in the management discussion and analysis section.

### **Operating Results**

For the six months ended 30 September 2012, the turnover of the Group amounted to approximately HK\$32.5 million, representing a decrease of 25% as compared to HK\$43.3 million in previous interim period. The total comprehensive expenses of the Group amounted to HK\$16.1 million, representing a decline of HK\$34.5 million as compared to the total comprehensive income of HK\$18.3 million in the previous interim period. The comprehensive expenses attributable to owners of the Company amounted to HK\$13.8 million, representing a decrease of HK\$29.5 million from that of previous period.

In the previous interim period, the Group recognized a gain on bargain purchase arising from the acquisition of Jun Qiao Limited ("Jun Qiao") amounted to HK\$28.3 million. Loss for the period before this one-off accounting gain would be approximately HK\$17.8 million. Comparing to the loss for the current period of HK\$15.8 million, the current period results has slightly improved by 11.2%.

### **Interim Dividend**

The Directors did not recommend an interim dividend for the six months ended 30 September 2012.

### **Business Review**

The Group involves in two identifiable business segments namely the mining operation and the financial quotation services segment. The mining operation refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao and its subsidiaries (the "Jun Qiao Group"). The financial quotation services segment includes (i) financial quotation services and securities trading system licensing provided by QuotePower International Limited ("QuotePower"); and (ii) wireless applications development provided by ABC QuickSilver Limited.

During the current interim period, the Group's turnover was solely contributed by the financial quotation segment and no revenue was contributed by the mining operation.

## **The Mining Operation**

Jun Qiao, through its subsidiaries, Tong Bai County Yin Di Mining Co Ltd (桐柏縣銀地礦業有限責任公司) and Xinjiang Xin Jiang Yuan Mining Co Ltd (新疆鑫江源礦業有限公司), held 1 mining license in Henan and 2 exploration licenses in Henan and Xinjiang respectively. The mining projects of the Group included the followings:

### **Yin Di Mining Area (銀地礦區) in Henan**

The Yin Di Mining Area is the only producing mine of the Group. It is located at Tongbai County in Henan Province and covers a mining area of approximately 1.81km<sup>2</sup>. The mining area is 15 km away from Xining railways and connected to China National Highway 312, the traffic is considerably convenient. The mining license will be expired in December 2013.

Yin Di Mining Area is an operating polymetallic mine that contains gold, silver, lead and zinc ore deposits. After the acquisition by the Company, Yin Di Mining Area has been under a large scale improvement and reinforcement works for the preparation of extracting gold reserves from the property. These improvement works were expected to be completed in the second quarter of 2013 and thereafter extraction of gold would be followed.

On the other hand, the Group is currently extracting silver, lead and zinc minerals from the mining area. During the development and substantive exploration works subsequent to the acquisition by the Company, several new mineral veins have been identified in the property. These veins contain mainly silver ores. For ease of management and to reduce investment in working capital, the Group has employed subcontractor to exploit silver ores from these newly identified mineral veins. The subcontractor will responsible for all overheads and expenses for the exploitation works. In return, the subcontractor will share 70% of the silver ores extracted. During the current interim period, there were approximately 8,000 tonnes of silver ores extracted out from these newly found mineral veins. The silver ores have been kept in the storage yard within the mining property waiting to be processed by the Group's ore processing plant. As explained in the Group's annual report, the silver ores that had been extracted represented extra resources not stipulated in the reserve report as at 3 March 2011 and thus the carrying value of the mining right and reserves recognized on acquisition of Jun Qiao did not include the silver ores extracted, and hence no amortization had been recognized in such respect.

The latest estimated mineral reserve data of Yin Di Mining Area has already been stated in the Group's annual report for the year ended 31 March 2012. Save for the silver ores extracted out as mentioned above, there was no other change in the estimated reserves data during the current interim period.

### **Li Zi Yuan Mining Area (栗子園礦區) in Henan**

The property is also located at Tongbai County of Henan, and is very close to the Yin Di Mining Area. The exploration license covers an area of approximately 2.36 km<sup>2</sup>. Detailed geological survey and mineral resources exploration were undertaking. Although findings have not yet been concluded, various copper and gold mineralization zones have been identified. The management will formulated development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license will be expired on 6 April 2014.

## **Hu Lei Si De Mining Area (呼勒斯德地區) in Xinjiang**

The property is located at Jai Tai County (奇台縣) of Xinjiang Uygur Autonomous Region with a total exploration mining area of 29.12km<sup>2</sup>. The mining area is connected to gravel and asphalt roads, traffic is considered convenient. Detailed geological survey and mineral resources exploration were undertaken. At the moment, several gold mineralization zones have been identified. The management will formulate development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license will be expired on 20 February 2013. The Group is currently applying for the renewal of the exploration license. The management does not aware of any obstacle and problem in renewing the license as on-site exploration works are in progress.

## **The Financial Quotation Segment**

During the current interim period, QuotePower was the sole revenue contributor of the Group. Its turnover amounted to approximately HK\$32.5 million. As compared with the last interim period, turnover from QuotePower has been declined by 25%. This reflected loss of subscribers of our financial quotation services owing to the pessimistic market and investment sentiments. The profit from the segment amounted to HK\$0.45 million, representing a decrease by 47% as comparing to the previous interim period, and was consistent with the drop in turnover. This also showed that even though the management of QuotePower was endeavor to improve efficiency and control the cost, but the room for further cost saving was limited.

## **General and Administrative Expenses**

During the current interim period, the Group's general and administrative expenses increased by approximately HK\$3.8 million or 23.9%. The increase was primarily attributable to the Jun Qiao Group which had incurred approximately HK\$5 million during the interim period. In the previous interim period, the mining operation of Jun Qiao Group was suspended for site construction and preparation, thus no material general and administration expenses was incurred.

## **Finance Costs**

Finance costs decreased by 22.2% from HK\$0.9 million to HK\$0.7 million. The Group had no bank borrowings. The finance costs were mainly due to interest on promissory notes and convertible bonds. At the date of this announcement, all outstanding promissory notes have been repaid.

## **Income Tax Expenses**

During the current interim period, no income tax expense has been recognized. The mining operation of Jun Qiao Group has no assessable profit during the period. On the other hand, the profit generated by QuotePower was offset by tax losses brought forwards.

## **Loss Per Share**

During the current interim period, the Company has suffered from a loss per share of 1.45 cents, while earnings per share of 1.65 cents was achieved in the last interim period. There was a one-off gain on bargain purchase of HK\$28.3 million recognized in the last interim period.

## **Intangible Assets**

The Group's intangible assets, which comprised of mining right and reserves and exploration rights, amounted to approximately HK\$314.6 million, which was resulting from the acquisition of Jun Qiao Group. The value of intangible assets as at 9 May 2011, being the date of completion of the acquisition of Jun Qiao, were valued by Roma Appraisal Limited ("Roma"), an independent valuer. Based on the another valuation report issued by Roma on 9 October 2012, the fair value of the Group's intangible assets as at 31 March 2012 was amounted to HK\$440 million. In assessing any possible impairment on the intangible assets as at 30 September 2012, the management considered that there was no material adverse change towards the economic parameters, reserves data and development plan adopted in preparing the valuation report for the fair value as at 31 March 2012. Thus the management believed that there would not be any material decline over the reference fair value of HK\$440 million, and concluded that no impairment needed to be provided in this interim financial statements. The management will closely monitor the fair value of the intangible assets and will engaged independent valuer to value the fair value of intangible assets at the end of each reporting period.

## **Trade Receivables**

The Group's trade receivables as at 30 September 2012 was solely attributable to the financial quotation segment. Trade receivables amounted to HK\$4.9 million which represented a decrease of HK\$0.8 million as comparing with the trade receivables of the financial quotation segment of HK\$5.7 million as at 31 March 2012.

## **Other Receivables, Deposits and Prepayments**

As at 30 September 2012, other receivables, deposits and prepayments amounted to HK\$9.9 million (31 March 2012: HK\$4.7 million). The increase was mainly due to prepaid legal and professional fees for the potential acquisition of Billion Light Holdings Limited.

## **Held for Trading Investment**

This represented investment in marketable securities held for short term trading purpose. The amount was stated at market value as at 30 September 2012. During the current interim period, a fair value loss of HK\$3.4 million has been recognized.

## **Deferred Tax Liabilities**

The deferred tax liabilities of HK\$75.3 million aroused from the acquisition of Jun Qiao, and was calculated at the tax rate of PRC Enterprise Income Tax of 25% mainly on the increase in fair value of intangible assets, and would be subsequently offset on amortization of such intangible assets. Such liabilities were accounted for in accordance with the accounting principle and therefore no repayment is required.

## Share Capital and Fund Raising Activities

As at 30 September 2012, the total number of issued ordinary shares of the Company was 1,167,797,200 shares (31 March 2012: 640,643,200 shares). During the current interim period, the company has issued 527,154,000 ordinary shares in various fund raising activities. Movement in the Company's shares capital and details, including the use of proceeds, of these fund raising activities were as follows:

	No. of shares	Amount HK\$
Authorized:		
Ordinary shares of HK\$0.01 each	<u>6,000,000,000</u>	<u>60,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 31 March 2012	640,643,200	6,406,432
Placing of new shares under general mandate on 15 May 2012 ( <i>note 1</i> )	86,154,000	861,540
Placing of new shares under general mandate on 26 June 2012 ( <i>note 2</i> )	41,000,000	410,000
Placing of new shares under specific mandate and completed on 29 June 2012 ( <i>note 3</i> )	<u>400,000,000</u>	<u>4,000,000</u>
	<u>1,167,797,200</u>	<u>11,677,972</u>

### Notes:

- On 27 April 2012, the Company entered into a placing agreement with Emperor Securities Limited ("ESL") whereby the Company agreed to place, through ESL, on a best effort basis, a maximum of 86,154,000 new shares at a price of HK\$0.26 per share. The placement of new shares was successfully completed on 15 May 2012, and 86,154,000 new shares have been issued. The Company raised net proceeds of approximately HK\$21.7 million from the placement. The net proceed was intended to repay outstanding convertible bonds of the Company if the said were not fully converted by its holder before the maturity date. Provided that they were fully or partly converted by its holder before the maturity date, the proceeds from the placement would be intended to partly repay the loan from a substantial shareholder of the Company. The net proceeds was subsequently used as to HK\$14.2 million to repay the loan from a substantial shareholder, as to HK\$6 million to repay advance from directors, and as to HK\$1.5 million for general working capital.
- On 15 June 2012, the Company entered into a placing agreement with ESL, whereby the Company agreed to place, through ESL, on a best effort basis, a maximum of 41,000,000 new shares at a price of HK\$0.305 per share. The placement of new shares was successfully completed on 26 June 2012, and 41,000,000 new shares have been issued. The Company raised net proceeds of approximately HK\$12.1 million from the placement. The Company intended to use the net proceeds of approximately HK\$6 million to reduce the liabilities of the Group, including but not limited to the outstanding balance of the loan from a substantial shareholder of the Company, the outstanding balance of loan from a director and the outstanding balance of the promissory notes. The remaining balance of HK\$6.1 million will be used as general working capital of the Company. The net proceeds was subsequently used as to HK\$5.8 million to repay the loan from a substantial shareholder, as to HK\$2 million to repay advance from a directors, and as to HK\$4.3 million for general working capital.

- 3 On 18 January 2012, the Company and United Simsen Securities Limited (“United Simsen”) entered into a placing agreement, pursuant to which United Simsen has conditionally agreed to place, on a best efforts basis, 400,000,000 new shares at a price of HK\$0.25 per share, under a specific mandate granted to the Board by shareholders in general meeting. In the special general meeting held on 5 March 2012, the ordinary resolution to approve the placing of 400,000,000 new shares was passed by shareholders by way of poll. The placement of new shares was successfully completed on 29 June 2012, and 400,000,000 new shares have been issued. The Company raised net proceeds of approximately HK\$95 million from the placement. The Company intends to apply the net proceeds as to (i) not less than 50% of the net proceeds for financing the acquisition 55% of the issued share capital of Billion Light Holdings Limited and/or any other investment opportunities that may be identified by the Group; and (ii) not more than 50% of the net proceeds for the reduction of liabilities of the Group and/or general working capital of the Group. The net proceeds was subsequently used as to approximately HK\$11 million to repay a outstanding promissory note, including interest, of the Company. The intended uses of the remaining net proceeds remained unchanged.

## Financial Position

The Group’s consolidated financial position remained solid. Shareholders’ equity amounted to HK\$298 million (31 March 2012: HK\$182.5 million). Total assets and net assets amounted to HK\$544 million and HK\$419 million respectively. The increase was mainly due to the fund raising activities involving the issue of new shares of the Company completed during the period. The financial position of the Group remains strong and healthy, which provides a solid foundation for the Group’s further development.

In the current interim period, the net cash used in operations amounted to HK\$6.5 million, as compared to that of HK\$5.9 million in previous interim period. The net cash used from the Group’s investing activities amount to HK\$0.3 million in the current period, which was significantly decrease comparing to that of HK\$99 million in the previous period. This was because that in the previous interim period, the Group had receivable a refundable deposit paid in previous years. Net cash from financing activities amounted to HK\$91.4 million. The amount represented net proceed from fund raising activities and deducting repayment of promissory note and other short term borrowings.

## Liquidity and Financial Resources

As at 30 September 2012, the Group’s cash and cash equivalents amounted to HK\$116.5 million (31 March 2012: HK\$31.3 million). Except for promissory notes amounted to HK\$27.3 million, the group had no banks loans or borrowings with fixed term of repayment at the end of the reporting period.

	<b>As at 30 September 2012</b>	<b>As at 31 March 2012</b>
Current ratio (current assets/current liabilities)	3.4 times	0.99 times
Gearing ratio (total liabilities/total assets)	23.1%	36.1%

The Group's liquidity remains healthy and strong. Nevertheless, as the Company is still keen on looking for strategic investment to diversify its business operation, additional financing might be requested when suitable investment opportunity was identified. The management will assess and consider various possible fund raising alternatives to strengthen the capital base and financial position of the Company and to make sure that the Company will have sufficient working capital to support its future operational and investment needs.

## **Mergers and Acquisitions**

On 7 November 2011, the Company entered into a conditional sale and purchase agreement with Magic Luck International Limited (the "Vendor") in relation to the acquisition of 55% of the issued share capital and shareholder's loan of Billion Light Holdings Limited (the "Target Company") for a total consideration of HK\$200,000,000 (of which HK\$30 million was paid by the Company as refundable deposit upon the signing of the sale and purchase agreement). The Target Company, through its subsidiaries, is principally engaged in the leasing of point-of-sales terminals (the "POS Terminals") and the provision of ancillary services in mainland China. Details of the proposed acquisition were set out in the Company's announcements dated 8 November 2011. As at the date of this announcement, the acquisition has not been completed yet.

Since the signing of the sale and purchase agreement in relation to the acquisition on 7 November 2011, the Company has instructed reporting accountants, legal advisers, valuers and financial advisers to assist the Company in, inter alia, preparing the circular and conducting due diligence on the financial, legal and commercial aspects of the Target Company. However, upon the suspension of trading of the Company's shares on 3 July 2012 as a result of the delay in publication of the Company's annual results for the year ended 31 March 2012 and, subsequently, the delay in publication of the Company's interim results for the six months ended 30 September 2012, most of the management resources of the Company have been diverted to the preparation of the financial information of the Company. Therefore, progress of the preparation works relating to the acquisition has slowed down significantly.

Although the acquisition has been delayed for a longer than expected period, the directors of the Company consider that it is in the best interest of the Company to continue with the preparation works relating to the acquisition. According to the Directive Statement in relation to the Development of the Payment System in China (2011-2015) (關於中國支付體系發展(2011-2015年)的指導意見) issued by the People's Bank of China (the "PBOC"), the promotion of non-cash payment and the continuous innovation of non-cash payment medium is one of the major missions. In the quarterly report issued by the PBOC, it was reported that in the third quarter of 2012, consumption payment involving banks cards and POS Terminals have reached RMB5.6 trillion, representing a growth rate of 36.6% compared with the third quarter of 2011. In addition, it was reported that as at the end of third quarter 2012, 6.7 million networked POS terminals were installed in China, of which 750,000 POS terminals were newly installed in the third quarter of 2012 alone. It is generally believed that the growth of POS terminals and non-cash consumption payment will continue. The directors of the Company consider that the POS terminal chain and the marketing network of the Target Company will assist the Company in capturing the opportunities in this fast growing business sector.

After discussions with the relevant professional parties on the time required for preparation of the necessary documents to be included in the circular in relation to the acquisition, including the valuation report of the Target Company and the financial information of the Target Company and its subsidiaries, it is expected that the circular in relation to the Acquisition will be despatched on or before 30 April 2013.

As additional time is required for preparing the information to be included in the circular in relation to the acquisition, the Company and the Vendor have entered into the fifth supplemental agreement on 29 January 2013 to extend the long stop date for the fulfillment of the conditions as set out in the sale and purchase agreement from 31 January 2013 to 31 May 2013 or any other date as agreed by the parties thereto.

The management will further inform shareholders and investors about the progress of the acquisition in accordance with the Listing Rules.

### Pledge of Assets

As at 30 September 2012, no assets of the Group were pledged.

### Contingent Liabilities

As at 30 September 2012, the Group had no material contingent liabilities.

### Capital Commitments

	<b>30 September 2012 HK\$</b>	31 March 2012 HK\$
Contracted but not provided for capital commitment in respect of the acquisition of:		
- Subsidiaries ( <i>note</i> )	<b>170,000,000</b>	170,000,000
- Property, plant and equipment	<b>—</b>	998,493
	<b><u>170,000,000</u></b>	<b><u>170,998,493</u></b>

*Note:* please refer to the section "Merger and Acquisition" above.

### Foreign Exchange Exposure

Most of the operations and trading transaction, assets and liabilities of the Group were denominated in Hong Kong dollar and Renminbi. During the six months ended 30 September 2012, the Group had an insignificance amount of exchange difference.

The Group adopted a conservative treasury policy, with most of the bank deposits being kept in Hong Kong dollars and Renminbi, to minimize exposure to foreign exchange risks. As at the year end and during the year, the Group had no foreign exchange contracts, interest or currency swaps, or other financial derivatives for hedging purposes.

### **Commodity Price Risk**

The price of the Group's products of the mining operations are influenced by international and domestic market prices and changes in global supply and demand for such products. Price volatility of metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency market. Both the international and domestic market price of metals as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the turnover from the Group's mining operation and thus the comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of metals prices.

### **Employee Remuneration Policy**

As at 30 September 2012, the Group had 58 employees (30 September 2011: 57 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the interim period ended 30 September 2012 amounted to approximately to HK\$7.9 million (2011: HK\$6.8 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 benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

### **Outlook**

#### **The Mining Operations**

Looking forward to the succeeding years, there will be still uncertainties in the recovery of the global economic due to extreme volatilities in the global market and the European sovereign crisis. On the back of such environment, precious metals remain a fundamental option for investors who opt for a diversified portfolio to mitigate systematic risks. Coupled with the overwhelming demands from the PRC market, the management expects to see continued upside potential for metals price, especially gold and silver, during the coming financial years.

The mining operation is rather new to the Group and to its senior management. Except for the Chief Executive Officer of the Company, the Group's senior management had no experience and professional knowledge on the operation. The scale of the Group's mining operation is considered small and limited. The Group can only be a market follower, and has no influence on both the market price and sales of ores and ores concentrates in the local market. The prospect of the Group's mining operation relies solely on the Group's ability to extract valuable mineral resources efficiently and economically, and to identify new mineral reserves in the Group's mining properties. Regarding this direction, the Group has appointed local experienced exploitation and exploration teams in order to deliver the full potential of the Group's mineral reserve and resources.

Based on the existing gold and silver reserves and resources of the Group, it is expected to have higher production from 2014 onwards when site preparation is completed. In near term, the Group will focus on the exploitation of gold and silver ore and production of concentrates. To achieve greater stability, predictability, consistency and sustainability of the Group's mining production, the management has set the following strategies:

1. Further enhance the mining and ore processing technologies;
2. Increase the capacity of ore processing plant by constructing additional processing facilities;
3. Increase the exploitation capacity by appointing or co-operating with contracted qualified mining teams; and
4. Facilitate the completion of the exploration works and feasibility studies in Li Zi Yuan Mining Area and Hu Lei Si De Mining Area so as to formulate suitable development plan.

Regarding the exploration works of the Group, the previous and current works on the fields of the two exploration license have showed the results of finding gold mineralization. There have been mineral samples taken from the field surface of licensed exploration area in Henan and Xinjiang, and the samples examined for gold. The results are positive as the grade of gold ore samples are ranging from 0.5 g/t and 6 g/t. However, at the moment it could not provide details of the geological results, because there are extra geological works to be carried out in the coming months, and the stage geological summary report will be produced after the works finished.

The exploration works was expected to be finished before the end of 2013. The resource/reserve reports and the feasibility reports for both exploration properties will be carried out during the year of 2014 and the resulting mining licenses could be issued in the same year.

Regarding the development plan and the strategy for the Yin Di Mining Area, the Group's only operating mine, the management planned to achieve a mining and gold ores processing capacity of 450 tonnes per day by three stages, which is expected to be completed before the mid of 2015. The first stage of gold production is expected to be started in the second quarter of 2013 with daily ores production of 150 tonnes. The second stage will be started in the first quarter of 2014 and daily ores production will reach 300 tonnes. The final stage will be stated in the third quarter of 2015 when the Yin Di Mining Area could produce 450 tonnes of ores per day. It is expected the Group will be able to produce contained gold of about 525 kg per year and create an output value of about RMB128 million from year 2016 onwards. In the mean time, the Group will continue the extraction of silver ores from the mining area to fully utilize the potential of our mining property. The selling of silver ores could provide a stable revenue and cash flow for the mining operation. It will be the strategy of the Group to carry out mining operation, mine development and exploration works simultaneously in order to keep generating cash-flow from the mining operation while making investment. The Group has no current intention and plan to acquire other mining properties in the near future. The management will focused on the development of the Group's existing mining properties.

The progress and growth that the Group has made in the current year is encouraging. The Group has now its strategy firmly in place and is well positioned to advance into the exciting new phase of growth.

### **The Financial Quotation Segment**

The financial results of QuotePower, the main revenue producer of the Group, to a large extent depend on the performance of the stock market. QuotePower is one of the leading financial quotation service providers in Hong Kong. It has long history in the market and has wide client base. However, it is believed that the market for paid financial quotation services has been fully developed and saturated. The potential for further development is very limited and raise of subscription price would result in loss of subscribers. The management of QuotePower has launched financial quotation services in mobile devices platform in recent years, yet the effort has achieved little in terms of attracting subscribers and widening revenue base. The prospect of the Group's financial quotation service segment depends on the management's ability to retain customers by providing quality services and control costs. Demand for the Group's financial quotation services derives mainly from the investment sentiments in the financial 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. However, as a matured and fully developed business sector, the room for further growth and development of the segment is limited. 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.

## **Other**

The management always believes that it is in the best interest of the Company and the shareholders to diversify the Group's business portfolio. The Company will continue to identify appropriate potential investment opportunities. On 7 November 2011, the Company entered into a conditional sales and purchase agreement with Magic Luck International Limited (the "Vendor"), for the acquisition of 55% issued share capital and shareholders' loan of Billion Light Holdings Limited (the "Target Company"), for a total consideration of HK\$200,000,000. The Target Company, through its subsidiaries, is principally engaged in the leasing of point-of-sales terminals (the "POS Terminals") and provision of ancillary services in mainland China. During the past years, the e-payment has developed into one of the most important segments in the non-cash payment system in the PRC. The services and products of the e-payment, especially the POS Terminals, have been widely used in many other industries including but not limited to travel, education, public utility, finance and retail. According to the China Payment System Development Report\* (中國支付體系發展報告) by the People's Bank of China in May 2011, the number of the POS Terminals installed in the PRC has grown from approximately 270,000 in 2002 to approximately 3,334,000 in 2010 with an annual growth rate of 37%. The management believed that the potential and development in this business segment is significant. The acquisition has not been completed and will be subjected to approval by shareholders. If the acquisition proceeds to completion, the Target Company will become a subsidiary of the Group. Details regarding the proposed acquisition had been included in the Company's announcements dated 8 November 2011, 16 November 2011, 30 December 2011, 31 January 2012, 1 February 2012, 2 March 2012, 30 March 2012, 2 May 2012, 31 May 2012, 29 June 2012, 31 August 2012, 28 September 2012, 31 October 2012 and 31 December 2012.

Except for the proposed acquisition of Billion Light Holdings Limited disclosed above, the Company has no current intention or plan for any acquisition or investments, and any disposal or scale-down of any current business.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange during the six months ended 30 September 2012 except for the following deviation:

### **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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of Conduct regarding securities transactions by the directors of the Company. All Directors have confirmed that they fully complied with the Model Code during the period under review.

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

The Audit Committee has been set up by the Board with specific terms of reference, comprising three independent non-executive directors, namely, Mr. Lee Ho Yiu, Thomas (Chairman), Mr. Lee Kwong Yiu and Mr. Zhang Guang Hui.

The Group’s condensed consolidated interim financial information for the six months ended 30 September 2012 has been reviewed by the Audit Committee. To assist the Audit Committee, the Company has engaged the auditor of the Company, SHINEWING (HK) CPA Limited, to perform certain agreed-upon procedures including (a) agreeing the unaudited condensed interim financial information to the consolidation spreadsheets and the underlying information to the unaudited management accounts of the Group; (b) checking the arithmetical accuracy of the unaudited condensed interim financial information and relevant notes; and (c) comparing the disclosures in the unaudited condensed consolidated interim financial information to a proforma checklist.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company (<http://www.0030hk.com>). The 2012/2013 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

## **RESUMPTION OF TRADING**

Reference is made to the Company’s announcement dated 29 June 2012 and 28 November 2012. At the request of the Company, trading in the Shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 July 2012, pending the release of the final results for the year ended 31 March 2012 and the interim results for the six months ended 30 September 2012. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 1 February 2013.

By order of the Board  
**ABC Communications (Holdings) Limited**  
**Chen Jiasong**  
*Chairman*

Hong Kong, 31 January 2013

*As at the date of this announcement, the Board of the Company comprises:*

*Executive Directors:*

Mr. Chen Jiasong (*Chairman*)

Mr. Cheung Wai Shing

Mr. Choy Kai Chung, Andy

Mr. Lau Kevin

Mr. Song Gaofeng

Ms. Ma Sai

*Non-executive Director:*

Mr. Qiu Hai Jian

*Independent Non-executive Directors:*

Mr. Chen Haoyun, Jordy

Mr. Lee Kwong Yiu

Mr. Lee Ho Yiu, Thomas

Mr. Zhang Guang Hui