

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 2014, together with selected notes and comparative figures for the corresponding period in last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Non-current assets			
Property, plant and equipment	5	70,676,922	71,632,641
Prepaid lease payments		1,532,578	1,528,327
Intangible assets	6	424,243,205	320,637,792
Prepayments for exploration and evaluation activities		13,225,974	13,189,290
Prepayment for acquisition of a subsidiary	18	–	60,000,000
Available-for-sale investment		60,000,000	60,000,000
		569,678,679	526,988,050
Current assets			
Trade receivables	7	4,120,064	4,798,879
Other receivables, deposits and prepayments		49,353,505	23,389,148
Held for trading investment		18,460	18,460
Bank balances and cash		43,301,832	40,855,102
		96,793,861	69,061,589

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	<i>Notes</i>	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Current liabilities			
Trade and other payables	8	25,671,375	20,815,998
Bank borrowings		10,095,200	–
Advance subscriptions and licence fees received		2,166,193	2,417,113
Amount due to non-controlling interest of subsidiaries		5,612,313	4,375,651
Tax payable		2,213,939	2,209,690
		45,759,020	29,818,452
Net current assets		51,034,841	39,243,137
Total assets less current liabilities		620,713,520	566,231,187
Non-current liabilities			
Provision for reinstatement costs		794,997	792,792
Bonds	9	64,831,000	27,667,000
Deferred tax liabilities		77,010,368	76,796,772
		142,636,365	105,256,564
Net assets		478,077,155	460,974,623
Capital and reserves			
Share capital	10	16,553,472	16,553,472
Reserves		304,008,136	323,443,923
Equity attributable to owners of the Company		320,561,608	339,997,395
Non-controlling interests		157,515,547	120,977,228
Total equity		478,077,155	460,974,623

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
	<i>Notes</i>	2014	2013
		HK\$	HK\$
		(Unaudited)	(Unaudited)
Turnover	4	27,934,335	29,579,426
Cost of sales		(21,415,841)	(22,357,160)
		<hr/>	<hr/>
Gross profit		6,518,494	7,222,266
Other income and gain		218,930	130,275
Decrease in fair value of held for trading investments		–	(8,060)
Loss on disposal of held for trading investments		–	(78,365)
General and administrative expenses		(29,331,078)	(17,964,412)
Finance costs	11	(2,074,106)	–
		<hr/>	<hr/>
Loss before tax	12	(24,667,760)	(10,698,296)
Income tax	13	–	–
		<hr/>	<hr/>
Loss for the period		<u>(24,667,760)</u>	<u>(10,698,296)</u>
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations and other comprehensive income for the period		1,770,292	4,008,123
		<hr/>	<hr/>
Total comprehensive expense for the period		<u>(22,897,468)</u>	<u>(6,690,173)</u>
Loss for the period attributable to:			
Owners of the Company		(20,400,486)	(9,547,253)
Non-controlling interests		(4,267,274)	(1,151,043)
		<hr/>	<hr/>
		<u>(24,667,760)</u>	<u>(10,698,296)</u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(19,435,787)	(8,095,666)
Non-controlling interests		(3,461,681)	1,405,493
		<hr/>	<hr/>
		<u>(22,897,468)</u>	<u>(6,690,173)</u>
Loss per share			
Basic and diluted	14	<u>(1.23) cents</u>	<u>(0.75) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non- controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Exchange reserves	Accumulated losses	Sub-total	HK\$		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
As at 1 April 2013 (audited)	11,677,972	282,494,764	176,000	9,355,966	(10,862,023)	292,842,679	122,926,664	415,769,343	
Loss for the period	-	-	-	-	(9,547,253)	(9,547,253)	(1,151,043)	(10,698,296)	
Other comprehensive income for the period	-	-	-	1,451,587	-	1,451,587	2,556,536	4,008,123	
Total comprehensive income (expense) for the period	-	-	-	1,451,587	(9,547,253)	(8,095,666)	1,405,493	(6,690,173)	
Issue of shares upon placing	2,116,600	29,632,400	-	-	-	31,749,000	-	31,749,000	
Transaction costs attributable to placing of shares	-	(1,520,000)	-	-	-	(1,520,000)	-	(1,520,000)	
As at 30 September 2013 (unaudited)	<u>13,794,572</u>	<u>310,607,164</u>	<u>176,000</u>	<u>10,807,553</u>	<u>(20,409,276)</u>	<u>314,976,013</u>	<u>124,332,157</u>	<u>439,308,170</u>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Attributable to owners of the Company						Non- controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Exchange reserves	Accumulated losses	Sub-total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
As at 1 April 2014 (audited)	<u>16,553,472</u>	<u>347,826,449</u>	<u>176,000</u>	<u>9,757,369</u>	<u>(34,315,895)</u>	<u>339,997,395</u>	<u>120,977,228</u>	<u>460,974,623</u>
Loss for the period	-	-	-	-	(20,400,486)	(20,400,486)	(4,267,274)	(24,667,760)
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,699</u>	<u>-</u>	<u>964,699</u>	<u>805,593</u>	<u>1,770,292</u>
Total comprehensive income (expense) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,699</u>	<u>(20,400,486)</u>	<u>(19,435,787)</u>	<u>(3,461,681)</u>	<u>(22,897,468)</u>
Acquisition of a subsidiary (note 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>	<u>40,000,000</u>
As at 30 September 2014 (unaudited)	<u>16,553,472</u>	<u>347,826,449</u>	<u>176,000</u>	<u>10,722,068</u>	<u>(54,716,381)</u>	<u>320,561,608</u>	<u>157,515,547</u>	<u>478,077,155</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(11,530,449)	(12,013,006)
Net cash (used in) from investing activities	(22,334,062)	76,579,555
Net cash from financing activities	<u>36,311,241</u>	<u>29,474,615</u>
Net increase in cash and cash equivalents	2,446,730	94,041,164
Cash and cash equivalents at the beginning of the period	<u>40,855,102</u>	<u>31,395,321</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>43,301,832</u>	<u>125,436,485</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, encryption technology development with related products manufacturing 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 28 November 2014.

2. BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 September 2014 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. These 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 2014, 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 as described below, the accounting policies and methods of computation used in these condensed consolidated interim financial information for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated interim financial information:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC*) – Int 21	Levies

* IFRIC represents International Financial Reporting Interpretations Committee.

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

4. 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 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.
- (iii) Encryption technology and products segment engages in development of an application platform with software relating to crypto cloud computing and quantum direct key encryption and the design, manufacture and distribution of portable devices embedded with such encryption technology.

Segments 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		Encryption technology and products		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	<u>27,934,335</u>	<u>29,579,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,934,335</u>	<u>29,579,426</u>
Segment loss	<u>(900,295)</u>	<u>(206,864)</u>	<u>(2,717,933)</u>	<u>(2,276,604)</u>	<u>(6,439,700)</u>	<u>-</u>	<u>(10,057,928)</u>	<u>(2,483,468)</u>
Unallocated corporate income							321	1,315
Unallocated corporate expenses							(12,542,681)	(8,216,143)
Finance costs							<u>(2,067,472)</u>	<u>-</u>
Loss before tax							<u>(24,667,760)</u>	<u>(10,698,296)</u>

Segment assets

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

	As at	
	30 September	31 March
	2014	2014
	HK\$	HK\$
	(Unaudited)	(Audited)
Segment assets		
Financial quotation and securities trading system licensing	33,624,288	34,412,230
Mining operations	402,940,573	403,053,303
Encryption technology and products	106,835,786	–
Unallocated corporate assets	123,071,893	158,584,106
	<u>666,472,540</u>	<u>596,049,639</u>
Consolidated total assets	666,472,540	596,049,639

Segment liabilities

	As at	
	30 September	31 March
	2014	2014
	HK\$	HK\$
	(Unaudited)	(Audited)
Segment liabilities		
Financial quotation and securities trading system licensing	9,828,559	9,717,378
Mining operations	94,778,399	93,599,593
Encryption technology and products	12,145,573	–
Unallocated corporate liabilities	71,642,854	31,758,045
	<u>188,395,385</u>	<u>135,075,016</u>
Consolidated total liabilities	188,395,385	135,075,016

5. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>HK\$</i> (Unaudited)
Six months ended 30 September 2013	
Carrying amount at 1 April 2013 (audited)	68,052,797
Additions	4,819,726
Exchange realignment	1,009,717
Depreciation	<u>(2,488,589)</u>
Carrying amount at 30 September 2013 (unaudited)	<u>71,393,651</u>
Six months ended 30 September 2014	
Carrying amount at 1 April 2014 (audited)	71,632,641
Acquisition of subsidiaries (<i>note 17</i>)	275,171
Exchange realignment	151,517
Depreciation	<u>(1,382,407)</u>
Carrying amount at 30 September 2014 (unaudited)	<u>70,676,922</u>

6. INTANGIBLE ASSETS

	Patent <i>HK\$</i> (Unaudited)	Mining and exploration rights <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Six months ended 30 September 2013			
Carrying amount at 1 April 2013 (audited)	–	318,573,940	318,573,940
Exchange realignment	<u>–</u>	<u>4,764,723</u>	<u>4,764,723</u>
Carrying amount at 30 September 2013 (unaudited)	<u>–</u>	<u>323,338,663</u>	<u>323,338,663</u>
Six months ended 30 September 2014			
Carrying amount at 1 April 2014 (audited)	–	320,637,792	320,637,792
Acquisition of subsidiaries (<i>note 17</i>)	107,585,660	–	107,585,660
Amortisation	(5,395,243)	–	(5,395,243)
Exchange realignment	<u>1,228,897</u>	<u>186,099</u>	<u>1,414,996</u>
Carrying amount at 30 September 2014 (unaudited)	<u>103,419,314</u>	<u>320,823,891</u>	<u>424,243,205</u>

7. 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 2014 and 31 March 2014, the aging analysis, based on the invoice date which approximated the respective revenue recognition dates, of the trade receivables is as follows:

	As at	
	30 September 2014 <i>HK\$</i> (Unaudited)	31 March 2014 <i>HK\$</i> (Audited)
0 – 3 months	4,120,064	4,652,701
Over 3 months	–	146,178
	<u>4,120,064</u>	<u>4,798,879</u>

8. TRADE AND OTHER PAYABLES

	As at	
	30 September 2014 <i>HK\$</i> (Unaudited)	31 March 2014 <i>HK\$</i> (Audited)
Trade payables (<i>notes a and b</i>)	6,273,819	6,345,222
Receipt in advance	7,492,580	6,873,348
Other payables and accrued charges	11,904,976	7,597,428
	<u>25,671,375</u>	<u>20,815,998</u>

- (a) The aging of trade payables were within 3 months based on the due date at the end of both reporting period.
- (b) An average credit period of 45 to 180 days is granted by the service providers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

9. BONDS

During the current period, the Group issued unsecured corporate bonds with aggregate principal of HK\$40,000,000 (year ended 31 March 2014: HK\$30,000,000) with the following major terms:

Issue price:	100% of the principal amount
Interest:	5.5% per annum payable semi-annually in arrear
Maturity:	7 years from date of issuance unless early redeemed
Early redemption options:	<ul style="list-style-type: none">– The holders can early request for early redemption after the fourth anniversary from the issue date up to the maturity date at a redemption amount of 80% of the outstanding principal.– The Group can early redeem the bonds after the fifth anniversary from the issue date up to the maturity date at a redemption amount of 100% of the outstanding principal.

The Company's bonds carry interest at effective interest rate of 7.22% (year ended 31 March 2014: 7.22%) per annum.

10. SHARE CAPITAL

	Authorised ordinary shares of HK\$0.01 each	
	Number of shares	Share capital HK\$
As at 31 March 2014 (audited) and 30 September 2014 (Unaudited)	<u>6,000,000,000</u>	<u>60,000,000</u>
	Ordinary shares of HK\$0.01 each Issued and fully paid	
	Number of shares	Share capital HK\$
As at 1 April 2013 (audited)	1,167,797,200	11,677,972
Issue of shares on placing (<i>note i</i>)	<u>211,660,000</u>	<u>2,116,600</u>
As at 30 September 2013 (unaudited)	<u>1,379,457,200</u>	<u>13,794,572</u>
As at 1 April 2014 (audited) and 30 September 2014 (unaudited)	<u>1,655,347,200</u>	<u>16,553,472</u>

- (i) On 5 July 2013, the Company placed 211,660,000 ordinary shares of HK\$0.01 each at HK\$0.15 per share and raised net proceeds of HK\$30,229,000.

11. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on bank borrowings	6,634	–
Interest on bonds	2,067,472	–
	<u>2,074,106</u>	<u>–</u>

12. LOSS BEFORE TAX

The following items have been charged to the loss before tax for the six months ended 30 September 2014:

	HK\$
	(Unaudited)
Depreciation of property, plant and equipment	1,382,407
Amortisation of intangible assets	<u>5,395,243</u>

The following items have been charged to the loss before tax for the six months ended 30 September 2013:

	HK\$
	(Unaudited)
Depreciation of property, plant and equipment	<u>2,488,589</u>

13. INCOME TAX

Hong Kong Profits Tax has not been provided as the Group has no estimated assessable profits for the period ended 30 September 2014 (2013: 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 profits for the period ended 30 September 2014 (2013: Nil).

14. LOSS PER SHARE

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

	Six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>(20,400,486)</u>	<u>(9,547,253)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,655,347,200</u>	<u>1,268,422,446</u>

For the period ended 30 September 2014 and 30 September 2013, as no dilutive events existed during the period, the diluted loss per share was same as the basic loss per share.

15. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

16. RELATED PARTY TRANSACTIONS

Key management compensation amounted to HK\$3,064,374 for the six months ended 30 September 2014 (2013: HK\$2,719,961).

17. ACQUISITION OF A SUBSIDIARY ACCOUNTED FOR AS ASSET ACQUISITION

The directors of the Company are of the opinion that the acquisition of POMP is in substance an asset acquisition instead of a business combination as the net assets of POMP and its subsidiaries (the “POMP Group”) mainly consisted of certain intangible assets that were acquired by the POMP Group prior to acquisition by the Group and the POMP Group had not commenced commercial application of those intangible assets.

Net assets of POMP Group

	<i>HK\$</i>
Intangible assets	107,585,660
Property, plant and equipment	275,171
Other receivables	29,056
Bank balances and cash	2,891,080
Other payables	(804,167)
Bank borrowings	<u>(9,976,800)</u>
	100,000,000
Non-controlling interests	<u>(40,000,000)</u>
	<u>60,000,000</u>
Satisfied by:	
Prepayment for acquisition of a subsidiary	<u>60,000,000</u>
Net cash inflow arising from acquisition	<u>2,891,080</u>

18. OPERATING LEASE COMMITMENTS

(a) The Group as lessor

Rental income earned for the six months ended 30 September 2014 was approximately HK\$81,200 (year ended 31 March 2014: HK\$507,840). The Group lease certain of its plant and machinery under an operating lease arrangement with no fixed lease term without requiring the lessee to pay security deposit.

As at 30 September 2014 and 31 March 2014, the Group did not have committed future minimum lease receivable.

(b) The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2014 HK\$	30 March 2014 HK\$
Within one year	3,077,504	3,207,763
In the second to fifth years inclusive	<u>3,450,216</u>	<u>1,782,648</u>
	<u><u>6,527,720</u></u>	<u><u>4,990,411</u></u>

Operating lease payments represent rentals payable by the Group for certain of its office properties and production premises. Leases are negotiated for terms ranging from 1 to 2 years. Rentals were fixed at the inception of the leases.

19. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the Company issued 331,068,000 ordinary shares of HK\$0.01 each to an independent third party at HK\$0.114 per share and raised net proceeds of HK\$37,070,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the six months ended 30 September 2014, the turnover of the Group amounted to approximately HK\$27.9 million, representing a decrease of 5.6% as compared to HK\$29.6 million in previous interim period. The total comprehensive expenses of the Group amounted to HK\$22.9 million, representing a decline of HK\$16.2 million as compared to the total comprehensive expenses of HK\$6.7 million in the previous interim period. The comprehensive expenses attributable to owners of the Company amounted to HK\$19.4 million, representing a decline of HK\$11.3 million from that of previous period.

Interim Dividend

The Directors did not recommend an interim dividend for the six months ended 30 September 2014.

Business Review

The Group involves in three identifiable business segments namely the mining operations segment, the financial quotation segment and the encryption technology and products segment. The mining operation refers to the exploration and exploitation of mineral resources in China conducted by Jun Qiao Limited and its subsidiaries (the “Jun Qiao Group”). The financial quotation 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. The encryption technology and products refers to the development of encryption technology and manufacturing the related products in China conducted by DeTron Tech Limited (“DeTron”), a wholly owned subsidiary of POMP International Limited (“POMP”) (POMP and its subsidiaries are collectively referred as the “POMP Group”).

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 operations and the encryption technology and products segments.

The Mining Operations Segment

The Jun Qiao Group holds 1 mining license in Henan and 2 exploration licenses in Henan and Xinjiang respectively. Mining properties of the Group includes the following:

Yin Di Mining Area (銀地礦區) in Henan

The Yin Di Mining Area is the only operating mine of the Group. It is located at Tongbai County in Henan Province and covers a mining area of approximately 1.81 km². 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 January 2017.

The mining property is a polymetallic mine that contains gold, silver, lead and zinc ore deposits. After the Company has completed acquisition, the Yin Di Mining Area has undergone a large scale improvement, advancement and reinforcement in mining technologies for more efficient production and safety. These improvement works were originally expected to be completed in the second quarter of 2013. However, starting from the second half of 2012, the local municipal government has tightened the control and administration of dynamite. The supply of dynamite, the core material used in the mining site development was restricted. In most of the time, mining and site preparation could only be carried out by manual works and machines. This has significantly lowered efficiency and led to the postponement of the Group's development plan on the mining area.

For ease of management, the Group has employed a local construction team for the mining site preparation and development works. Improvement works on ore processing plant had been finished, while the improvement works on mining site was still in progress. Nevertheless, saleable mineral ores could still be extracted during the course of improvement works. The Group could sell mineral ores to customers. The mining site was under improvement works for the production of gold ores. When the site preparation works completes, the growth potential in turnover and profit for the mining operations would be realized.

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

The mine is also located at Tongbai County of Henan, and is very close to the Yin Di Mining Area. Mining area covered by the exploration license was approximately 2.36 km². 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 formulate development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license has been expired on 6 April 2014, and the Group was preparing to apply for converting the exploration license to mining license.

Hu Lei Si De Mining Area (呼勒斯德地區) in XinJiang

The mine is located at Jai Tai County (奇台縣) of Xinjiang Uygur Autonomous Region with a total exploration mining area of 29.12 km². 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 and substantial coal reserves have been identified. The management will be formulated development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license will be expired in May 2015 and the Group was preparing to apply for converting the exploration license to mining license.

The Financial Quotation Segment

The business 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, QuotePower was still the core revenue contributor of the Group. Its turnover amounted to approximately HK\$27.9 million. As compared with the last interim period, turnover from QuotePower has been declined by 5.6%. This reflected loss of subscribers of our financial quotation services owing to the pessimistic market and investment sentiments. The loss from the segment amounted to HK\$0.9 million, representing a decline of HK\$0.69 million due to the drop in turnover as comparing to the loss from the segment amounted to HK\$0.21 million in the previous interim period. This also showed that even though the management of QuotePower was endeavor to improve efficiency and control the cost and expenses, but the room for further cost saving was limited.

The Encryption Technology and Products Segment

During the current interim period, the Group has acquired POMP which engaged in developing encryption technology and manufacturing the related products. DeTron is currently carrying out the preparation works to apply for the Telecommunication Equipment’s Network Access License from the Ministry of Industry and Information Technology of the PRC. The net assets of POMP Group mainly consisted of certain intangible assets related to intellectual property rights on encryption technologies. The commercial application of these intangible assets is expected to be commenced in 2015.

General and Administrative Expenses

During the current interim period, the Group's general and administrative expenses increased by approximately HK\$11.4 million or 63.3%. The increase was primarily due to (i) the increase in legal and professional fees of approximately HK\$3 million; (ii) the general and administrative expenses of the POMP Group of approximately HK\$1.2 million; and (iii) the amortisation of the POMP Group's intangible asset amounted to approximately HK\$5.4 million pursuant to Hong Kong Accounting Standard 38 – Intangible Assets (“HKAS 38”).

Finance Costs

Finance costs increased from nil to HK\$2.1 million. The interest incurred mainly due to the imputed interest on long term bonds issued.

Income Tax Expenses

During the current interim period, no income tax expense has been recognized since the Group had no assessable profit.

Loss Per Share

During the current interim period, the Company has suffered from a loss per share of 1.23 cents (30 September 2013: 0.75 cents).

Intangible Assets

The Group's intangible assets, which comprised of (i) mining right and reserves and exploration rights of Jun Qiao Group, amounted to approximately HK\$393 million and (ii) patents, amounted to approximately HK\$108 million, which arised from the acquisition of POMP during the current interim period.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses pursuant to HKAS 38.

The mining right and reserves are amortised over the estimated useful lives, in accordance with the production plans of the management and the proven and probable mineral reserves of the mines using the unit-of-production method. Since no mineral ores were extracted out of the proven and probable mineral reserves during the current interim period, no related amortisation of mining right and reserves were charged to the consolidated statement of profit or loss and other comprehensive income while the exploration rights are stated at cost less impairment losses.

The amortisation of patent start from the date they are available for use and approximately HK\$5.4 million were charged to the consolidated statement of profit or loss and other comprehensive income during the current interim period on a straight-line basis over its estimated useful lives.

In ascertaining the carrying value and assessing if there is any impairment on the mining right, reserves and patents, the Directors had engaged Roma Appraisal Limited (“Roma”), an independent valuer to perform valuations on the mining right, reserves and patents. Based on the valuation report issued by Roma on 27 June 2014, the fair value of the mining right and reserves as at 31 March 2014 was amounted to HK\$393 million. While based on the valuation report issued by Roma on 26 November 2014, the fair value of the patents as at 30 April 2014, being the acquisition date of POMP, was amount to HK\$108 million. In assessing any possible impairment on the intangible assets as at 30 September 2014, the management considered that there was no material adverse change towards the economic parameters and development plan adopted in preparing the valuation reports of the mining right and reserves and patents for their fair value as at 31 March 2014 and 30 April 2014 respectively. Thus the management believed that there would not be any material decline over the reference fair value 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 2014 amounted to HK\$4.1 million which represented a decrease of HK\$0.7 million as comparing with the trade receivables of HK\$4.8 million as at 31 March 2014. The change is considered as immaterial.

Other Receivables, Deposits and Prepayments

As at 30 September 2014, other receivables, deposits and prepayments amounted to HK\$49.4 million (31 March 2014: HK\$23.4 million). The increase was mainly due to prepayment for research and development expenses and building cost of network infrastructure in relation to the encryption technology and products segment during the current interim period.

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 2014. During the current interim period, no fair value loss has been recognized.

Bonds

As at 30 September 2014, the bonds amounted HK\$64.8 million with aggregate principal of HK\$70 million (31 March 2014: HK\$27.7 million with aggregate principal of HK\$30 million). The increase due to the issue of bonds with aggregate principal of HK\$40 million during the current interim period.

Deferred Tax Liabilities

During the current interim period, deferred tax liabilities contributed by Jun Qiao amounted to HK\$77 million, which was calculated at the tax rate of PRC Enterprise Income Tax of 25% mainly on the increase in fair value of intangible assets in accordance with the relevant accounting principle.

Share Capital and Fund Raising Activities

As at 30 September 2014, the total number of issued ordinary shares of the Company was 1,655,347,200 shares (31 March 2014: 1,655,347,200 shares).

The Company had not carried out any equity fund raising exercise during the current interim period.

Financial Position

The Group's consolidated statement of financial position remained solid. Shareholders' equity decrease from HK\$340 million to HK\$320.6 million. Total assets and net assets increased by 11.8% and 3.7% to HK\$666.5 million and HK\$478 million respectively, which was primarily due to the completion of acquisition of subsidiaries 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\$11.5 million, as compared to that of HK\$12 million in previous interim period. The net cash used in operation decreased by HK\$0.5 million. The decrease is considered as immaterial. The net cash used in the Group's investing activities amount to HK\$22.3 million, which was due to prepayment for research and development expenses and building cost of network infrastructure in relation to the encryption technology and products segment during the current interim period. Overall, the net increase in cash and cash equivalents of the Group amount to HK\$2.4 million, as compared to the net increase in previous interim period of HK\$94 million. As at 30 September 2014, the Group's cash and cash equivalent amounted to approximately HK\$43.3 million. The Group was endeavor to maintain a conservative approach to cash management and risk controls.

Liquidity and Financial Resources

As at 30 September 2014, the Group's cash and cash equivalents amounted to HK\$43.3 million (31 March 2014: HK\$40.9 million). The Group had bank borrowings of HK\$10 million due within one year from the end of the reporting period and bonds amounted to HK\$64.8 million with aggregate principal of HK\$70 million due after five years from the end of the reporting period. The Group's funds advanced from non-controlling interest of subsidiaries are repayable on demand.

	As at 30 September 2014	As at 31 March 2014
Current ratio (current assets/current liabilities)	2.1 times	2.3 times
Gearing ratio (total liabilities/total assets)	28.3%	22.7%

The Group's liquidity remains healthy. 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.

Fund Raising Activities After Reporting Period

On 4 November 2014, the Company entered into a placing agreement with KGI Capital Asia Limited as placing agent to place, on a best efforts basis, a maximum of 331,069,440 at a price of HK\$0.114 per share under a general mandate granted to the Directors at the annual general meeting held on 30 September 2014. Completion of the placing took place on 19 November 2014 where a total of 331,068,000 shares were placed. The gross proceeds from the placing was approximately HK\$37.74 million and the net proceeds from the placing, after deducting the placing commission and other professional fees incurred by the Company, was approximately HK\$37.07 million. The net placing price per share was approximately HK\$0.112. The net proceeds from the placing was intended to use (i) as to approximately HK\$9.57 million for general working capital of the Company; (ii) as to approximately HK\$7.5 million for repayment of a short-term bank loan of a subsidiary; and (iii) as to approximately HK\$20 million for financing the newly set up money lending business of the Company. As at the date of this announcement, the net proceeds remained unused.

Pledge of Assets

As at 30 September 2014, bank deposit of HK\$3 million were pledged to secure the bank borrowings amounted to HK\$10 million of DeTron.

Contingent Liabilities

As at 30 September 2014, the Group had no material contingent liabilities.

Capital Commitments

As at 30 September 2014, the Group had no capital commitments.

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 2014, 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 2014, the Group had 68 employees (30 September 2013: 58 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the interim period ended 30 September 2014 amounted to approximately to HK\$9.1 million (30 September 2013: HK\$8.7 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

The scale of the Group's mining operations 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 operations 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 in the future. 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, and the stage geological summary report will be produced after the works finished.

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 was originally expected to be completed before the mid of 2015. However, affected by the strict supply of dynamite in the Henan Province, the development plan has been held up seriously. The management now expects that the first stage of gold production started in the second quarter of 2015 with expected daily ores production of 150 tonnes. The second stage will be started in the first quarter of 2016 and daily ores production will reach 300 tonnes. The final stage will be started in the third quarter of 2017 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 2018 onwards. In the meantime, 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 momentary revenue and cash flow for the mining operations. It will be the strategy of the Group to carry out mining operations, mine development and exploration works simultaneously in order to keep generating cash-flow from the mining operations while making investment. The Group has no current intention and plan to acquire other mining properties in the near future. The management will focus on the development of the Group's existing mining properties.

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.

The Encryption Technology and Products Segment

In the light of the booming e-commerce and m-commerce sectors, the Group considers that the encryption technology and products of the POMP and DeTron should have great business potentials. The acquisition also represents a good opportunity for the Group to explore synergy with the Group's existing businesses of financial information and securities trading system which also requires secured and encrypted transmission of data and personal information over the Internet and mobile devices. Moreover, it also helps the Group to enter into the fast-growing portable communication and computing device industry.

DeTron is in the process of designing the second generation portable devices with built-in Quantum Direct Key encryption technology. DeTron's products are targeted for the China Market. When the specification and prototype of portable devices are ready, the management of DeTron is required to apply for the Telecommunication Equipment's Network Access License from the Ministry of Industry and Information Technology of the PRC. Mass production of portable devices is expected to be sourced out to electronic manufacturing services provider. It was expected that DeTron's products could be launched in 2015.

Other

Except for those fund raising activities after reporting period, the Company has no current intention or plan for any fund raising activities, 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 Provisions set out in the Corporate Governance Code with effect from 1 April 2012 (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange during the six months ended 30 September 2014 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.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors (“INEDs”) and other non-executive directors (“NEDs”) should attend general meeting. Out of four INEDs of the Company, only two INEDs attended the annual general meeting of the Company held on 30 September 2014 (the “2014 AGM”) but the other two INEDs were unable to attend the 2014 AGM due to other business engagement.

Share Option Scheme

The new share option scheme of the Company was adopted on 30 September 2013 (the “New Option Scheme”). Pursuant to the New Option Scheme, the Directors are authorized to grant options to any executive or non-executive directors, any executives and employees and those persons who have contributed or will contribute to the Group as incentive schemes and rewards. Apart from the New Option Scheme, the Company did not have any other share option scheme.

During the period under review, no options were granted or exercised under the New Option Scheme.

Board Diversity Policy

With an aim to achieve diversity on the Board of the Company, the Board has approved and adopted a Board Diversity Policy (the “Policy”) and revision to the terms of reference of the Nomination Committee of the Board to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieving a sustainable and balanced development of the Company, of which, among others, all Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board’s composition (including gender, age, length of service) will be disclosed in the Corporate Governance Report annually.

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board’s composition under diversified perspectives, and monitor the implementation of this Policy.

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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

The Audit Committee of the Company comprises three independent non-executive directors, namely Ms. Wong Chui San, Susan, Mr. Leung Ka Kui, Johnny and Mr. Zhang Guang Hui.

The Group’s unaudited accounts for the six months ended 30 September 2014 have been reviewed by the Audit Committee of the Company.

Publication of the Interim Results and Interim Report

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) as well as the website of the Company (<http://www.0030hk.com>). The 2014/2015 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

By order of the Board
ABC Communications (Holdings) Limited
Chow Wang
Chairman

Hong Kong, 28 November 2014

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

Executive Directors:

Mr. Chow Wang (*Chairman*)
Mr. Zhao Baolong (*Chief Executive Officer*)
Mr. Chen Jiasong
Mr. Cheung Wai Shing
Mr. Xu Jian Zhong

Independent Non-executive Directors:

Mr. Leung Ka Kui, Johnny
Ms. Wong Chui San, Susan
Mr. Zhang Guang Hui