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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)

ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

The Board is pleased to announce that after trading hours of 16 May 2013, the Company entered into a non-legally binding Memorandum of Understanding with the Vendor pursuant to which the Vendor proposes to sell the entire issued share capital and all shareholders' loans of the Target Company to the Company at a total consideration of not exceeding HK\$500 million, which is currently expected to be satisfied by cash and the issue of shares, convertible bonds and/or promissory notes by the Company.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, the consideration for the Proposed Acquisition may exceed 100% of the total assets of the Company and/or the market capitalization of the Company. Accordingly, the Proposed Acquisition may constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and may be subject to shareholders' approval at a special general meeting of the Company. Further announcement will be made by the Company as to the progress of the Proposed Acquisition.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialize. Shareholders and investors should exercise caution in dealing with the securities of the Company.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that after trading hours of 16 May 2013, the Company entered into a non-legally binding Memorandum of Understanding with the Vendor pursuant to which the Vendor proposes to sell the entire issued share capital and all shareholders' loans of the Target Company to the Company at a total consideration of not exceeding HK\$500 million, which is currently expected to be satisfied by cash and the issue of shares, convertible bonds and/or promissory notes by the Company.

To the best knowledge of the Directors after making all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

The Target Company is a company incorporated in the British Virgin Islands with limited liability. According to the information provided by the Vendor, an indirect 95%-owned subsidiary of the Target Company owns 100% of Target Opco which holds and owns (a) mining permits in respect of dolomite marble covering a total area of approximately 0.3988 square kilometers (the “**Target Mine**”); (b) concession rights and interests in respect of forest land with a total site area of approximately 270 Chinese Mu; and (c) land use right in respect of a parcel of industrial land with a total site area of approximately 156 Chinese Mu, all of which are situated in Kuandian Manchu Autonomous County, Dandong City, Liaoning Province, PRC. According to the information provided by the Vendor, the Target Mine has an indicated mineral resource (or higher) of dolomite marble of not less than 20,000,000 cubic metres.

The actual proportions of cash, shares, convertible bonds and/or promissory notes, and the terms of the convertible bonds and/or promissory notes (if any) have yet to be finalized. However, the aggregate shareholding of the Vendor and parties acting in concert to it shall not exceed 29.9% of the issued share capital of the Company from time to time, taking into account their existing shareholding in the Company (if any) and the shares issued upon the conversion of the convertible bonds.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, it is currently expected that completion of the Acquisition Agreement will be conditional upon, amongst other things:

- (a) due diligence review on the Target Company having been completed to the satisfaction of the Company;
- (b) the obtaining of a technical report on the Target Mine to be prepared by independent qualified mineral technical adviser appointed by the Company;
- (c) the obtaining of a valuation report (in form and substance satisfactory to the Company) from a valuer acceptable to the Company and showing the aggregate fair value of the Target Company to be not less than HK\$500 million; and
- (d) the Company having obtained all necessary approvals in connection with the Proposed Acquisition including the approval of the shareholders of the Company and/or the Stock Exchange.

The terms of the Proposed Acquisition is subject to further negotiation and the signing of a formal sale and purchase agreement within 30 days after the date of the Memorandum of Understanding (or such longer period as extended by mutual agreement between the parties) (the “**Exclusivity Period**”). The Vendor has agreed not to negotiate with any other potential buyers in relation to the subject matter of the Memorandum of Understanding during the Exclusivity Period. Save and except the clauses regarding exclusivity, due diligence, costs and expenses, and governing law and jurisdiction which are legally binding, all other provisions of the Memorandum of Understanding are non-legally binding.

The Group is principally engaged in (a) exploration and exploitation of mineral resources; (b) financial quotation services and securities trading system licensing; and (c) wireless applications development. The Company considers that the Proposed Acquisition represents a suitable business opportunity to diversify the assets portfolio of our mining segment.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, the consideration for the Proposed Acquisition may exceed 100% of the total assets of the Group and/or the market capitalization of the Company. Accordingly, the Proposed Acquisition may constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and may be subject to shareholders’ approval at a special general meeting of the Company. Further announcement will be made by the Company as to the progress of the Proposed Acquisition.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialize. Shareholders and investors should exercise caution in dealing with the securities of the Company.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Chinese Mu”	1 Chinese Mu is equivalent to approximately 666.67 square meters
“Company”	ABC Communications (Holdings) Limited (stock code: 30), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	a non-legally binding Memorandum of Understanding entered into between the Company and the Vendor on 16 May 2013 in relation to the Proposed Acquisition
“parties acting in concert”	has the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital and all shareholders’ loans of the Target Company by the Company from the Vendor, subject to the signing of a formal sale and purchase agreement

“Shareholders”	holders of the Shares
“Shares”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Giant Purity Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Opco”	寬甸恒達礦業有限公司 (Kuandian Hengda Mining Company Limited*), a limited liability company established in the PRC with limited liability
“Vendor”	Mr. Peng Yong Ning, a third party independent of the Company and its connected persons

* For identification purpose only

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

Hong Kong, 16 May 2013

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors:

Mr. Chen Jiasong (*Chairman*)
Mr. Cheung Wai Shing
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. Yau Chung Hang
Mr. Zhang Guang Hui