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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 17 January 2014, the Company entered into a non-legally binding Memorandum of Understanding with the Vendors pursuant to which the Vendors propose 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\$700,000,000, 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 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 relating to the Proposed Acquisition may be made by the Company as and when necessary.

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 (as defined in the Listing Rules) 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 17 January 2014, the Company entered into a non-legally binding Memorandum of Understanding with the Vendors pursuant to which the Vendors propose 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\$700,000,000, 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, each of the Vendors and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

The Target Company is a company incorporated in Vanuatu with limited liability. According to the information provided by the Vendors, the Target Company indirectly owns 70% of Target Opcos which hold and own (a) mining permits in respect of marble covering a total area of approximately 0.4212 square kilometers (the “**Target Mines**”); and (b) a marble processing factory with a total site area of approximately 18,244 square meters with annual production capacity of up to 600,000 square meters, all of which are situated in Xianfeng County, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province, China (中國湖北省恩施土家族苗族自治州咸豐縣). According to the information provided by the Vendors, the Target Mines have measured resource of marble of not less than 12,020,000 cubic meters.

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 Vendors and parties acting in concert with them 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 any).

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 Group having been completed to the satisfaction of the Company;
- (b) the obtaining of a technical report on the Target Mines 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 fair value of the Target Company to be not less than HK\$700,000,000; 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 90 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 Vendors have agreed not to negotiate with any other potential buyers or investors in relation to the shareholdings and assets of the Target Group 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 relating to the Proposed Acquisition may be made by the Company as and when necessary.

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
“Company”	ABC Communications (Holdings) Limited (stock code: 30), a company incorporated in Bermuda with limited liability and whose 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 Vendors on 17 January 2014 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 possible acquisition of the entire issued share capital and all shareholders’ loans of the Target Company by the Company from the Vendors, 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”	Diamond Peak Inc., a company incorporated in the Vanuatu with limited liability
“Target Group”	the Target Company and its subsidiaries (including the Target Opcos)
“Target Opcos”	咸豐縣明龍石業有限責任公司 (Xianfeng County Minglong Quarry Company Limited) and 咸豐光明石業有限公司 (Xianfeng Guangming Quarry Company Limited), limited liability companies established in the PRC and indirect 70%-owned subsidiaries of the Target Company
“Vendors”	Gold Wheel Management Inc. and On Focus Inc., companies incorporated in Vanuatu with limited liability and third parties independent of the Company and its connected persons

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

Hong Kong, 17 January 2014

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

Independent Non-executive Directors:

Mr. Chen Haoyun, Jordy

Mr. Lee Kwong Yiu

Mr. Yau Chung Hang

Mr. Zhang Guang Hui