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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF A 18% INTEREST IN THE TARGET COMPANY

The Board wishes to announce that after trading hours on 28 March 2014, the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Company will acquire 18% of the issued share capital of the Target Company for a total cash consideration of HK\$60,000,000.

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition are more than 5% but less than 25%. Accordingly, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition is subject to the fulfillment or waiver of conditions precedent and may or may not proceed to Completion. Shareholders and investors should exercise caution in dealing with the securities of the Company.

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ACQUISITION AGREEMENT

Date

28 March 2014 (after trading hours)

Parties

(1) The Company

(2) The Vendor

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.

Subject matter

Pursuant to the Acquisition Agreement, the Company will acquire 18% of the issued share capital of the Target Company from the Vendor. In addition, it is a condition of the Acquisition Agreement that all principal and accrued interest of any shareholders' loans owed by the Target Company to the Vendor and its affiliates will either be fully repaid, waived or capitalized prior to the date of Completion.

Further details of the Acquired Interest is set out in the section headed "Information on the Acquired Interest" in this announcement. The financial information of the Target Company and the PRC Operating Company is set out in the section headed "Financial Information of the Target Company and the PRC Operating Company" in this announcement.

Although the Target Company need not present consolidated financial statements to incorporate the financial results of the PRC Operating Company for the reasons set out in the section headed "Information on the Acquired Interest" in this announcement, the Target Company is effectively interested in 48.45% of the equity interest in the PRC Operating Company on a look-through basis. Therefore, by acquiring 18% of the issued share capital of the Target Company, the Company is essentially acquiring 8.72% effective interest in the equity of the PRC Operating Company on a look-through basis.

Consideration

The total cash consideration payable by the Company to the Vendor for the Proposed Acquisition amounts to HK\$60,000,000, which will be payable in cash on Completion.

Payment of the consideration for the Proposed Acquisition will be funded from the internal financial resources of the Group.

Basis of the consideration

The consideration for the Proposed Acquisition is arrived at after arm's length negotiations between the Company and the Vendors, taking into account the profitability of the PRC Operating Company in 2013. Based on the audited net profit after tax of the PRC Operating Company for the year ended 31 December 2013 of RMB42,623,566 (HK\$53,953,881) and the 8.72% effective interest acquired by the Company in the Proposed Acquisition on a look-through basis, the consideration for the Proposed Acquisition represents a price-earning ratio of 12.75 times.

After considering the above factors, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Acquisition Agreement and the terms and conditions of the Proposed Acquisition (including the consideration and payment terms) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition Agreement is conditional upon, amongst other things:

- (a) the warranties given by the Vendor in respect of the Acquired Interest being true, accurate and not misleading at all times between the date of the Acquisition Agreement and Completion;
- (b) due diligence review on the Acquired Interest having been completed to the satisfaction of the Company;
- (c) all governmental approvals or third party consent necessitated by the signing and performance of the Acquisition Agreement having been obtained;
- (d) no objections has been raised in respect of the signing and performance of the Acquisition Agreement due to restrictions or prohibitions imposed by law, governmental departments or any third parties;
- (e) no events having occurred between signing of the Acquisition Agreement and Completion which may result in any material adverse effect on the Acquired Interest; and
- (f) obtaining of a legal opinion from PRC legal advisers to the satisfaction of the Company.

All the conditions precedent above can be waived at the absolute discretion of the Company.

The long stop date for the fulfillment or waiver of the conditions precedent is 30 April 2014 (or such later date as may be mutually agreed by the parties). Completion shall take place within three business days after the last condition precedent is fulfilled or waived. If the conditions precedent are not fulfilled or waived on or before 30 April 2014 (unless the long stop date is extended by the parties as mentioned above), the Acquisition Agreement shall terminate and no party shall have any claim in relation to the Acquisition Agreement (without prejudice to the rights of any party in respect of antecedent breaches).

Shareholders' Agreement

Immediately after Completion, the Company and the Vendor will respectively own 18% and 82% of the issued share capital of the Target Company. It is a condition of the Acquisition Agreement that on Completion, the Company and the Vendor will enter into a shareholders' agreement to govern their rights and obligations as shareholders of the Target Company. The shareholders' agreement will contain customary provisions with respect to minority protection such as (a) the Company's right to appoint one director to the board of directors of the Target Company which comprises six directors, (b) corporate actions which require unanimous consent of all shareholders, (c) the Company's right to be supplied with financial information of the Target Company, (d) right of first refusal of all other shareholders on a transfer of shares by a shareholder, and (e) tag-along right by the Company to participate in the sale of shares by the Vendor's majority shareholding in the Target Company. The shareholders' agreement does not contain any term which requires the Company to commit to any further funding to the Target Company.

INFORMATION ON THE ACQUIRED INTEREST

The Target Company is a company incorporated in Vanuatu with limited liability. According to the information provided by the Vendor, the Target Company is an investment holding company whose only principal asset is its 100% shareholding interest in HK Investment Company. Prior to the entering into of the Acquisition Agreement, the Vendor legally and beneficially owned 100% of the issued share capital of the Target Company.

The HK Investment Company is a company incorporated in Hong Kong with limited liability. According to the information provided by the Vendor, the HK Investment Company is an investment holding company whose only principal asset is its 95% equity interest in the PRC Investment Company.

The PRC Investment Company is a sino-foreign equity joint venture established in the PRC. According to the information provided by the Vendor, the PRC Investment Company does not itself conduct any active business operations and its only principal asset is the 51% equity interest in the PRC Operating Company. The equity interest in PRC Investment Company is 95% owned by HK investment Company and 5% owned by Party A. To the best knowledge of the Directors after making all reasonable enquiries, Party A and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The PRC Operating Company is a limited liability company established in the PRC, having a registered and paid up capital of RMB120,000,000 (HK\$151,898,734). The scope of business operations of the PRC Operating Company includes the reserve of grain and edible vegetable oil, the production of refined edible vegetable oil, sale and distribution, and purchase of grain. According to the information provided by the Vendor, the PRC Operating Company is principally engaged in the production and trade of refined edible vegetable oil. The PRC Operating Company owns a 270 Chinese Mu (equivalent to 180,090 square meters) headquarter and production center in Luohe Economic and Technical Development Zone in Luohe City, Henan Province, China. The annual capacity of the PRC Operating Company is approximately 180,000 tonnes of refined edible vegetable oil.

The equity interest in the PRC Operating Company is 51% owned by the PRC Investment Company, 36.83% owned by Party B, 8.00% owned by Party C, and 4.17% owned by Party D. To the best knowledge of the Directors after making all reasonable enquiries, Party B, Party C and Party D are third parties independent of the Company and its connected persons.

Although the PRC Investment Company owns 51% of the PRC Operating Company, it is only a passive investor and does not actively participate in the management of the PRC Operating Company. Party B is the sole director and legal representative of the PRC Operating Company. Based on the information provided by the Vendor, in accordance with generally accepted accounting principles in Hong Kong and the PRC, the Target Company need not present consolidated financial statements to incorporate the financial results of the PRC Operating Company.

If the Acquisition Agreement proceeds to completion, the 18% interest of the Target Company owned by the Group is expected to be accounted for as “other investment” in the consolidated financial statements of the Group.

REASONS FOR THE PROPOSED ACQUISITION

The Company is an investment holding company, whose subsidiaries are principally engaged in the provision of financial information services, wireless applications development, securities trading system licensing and mining operations.

Since as early as mid-2009, the Company has been exploring various proposals regarding possible acquisitions in an effort to broadening its source of income and alleviating reliance on its existing businesses. It has always been the Company's strategy to explore all opportunities in fast-growing industries and to achieve diversification and growth through acquisitions. The Proposed Acquisition is therefore in line with the Company's diversification and growth strategy.

In the light of the profitable track record of the PRC Operating Company, the Board considers that the Proposed Acquisition represents an attractive investment opportunity for the Company.

FINANCIAL INFORMATION OF THE TARGET COMPANY AND THE PRC OPERATING COMPANY

No audited accounts have been prepared by the Target Company since its date of incorporation. Based on the unaudited combined accounts of the Target Company provided by the Vendor, which were prepared in accordance with generally accepted accounting principles in Hong Kong, the Target Company had an unaudited combined total and net asset value of HK\$269,436,543 and HK\$192,936,543, respectively, as at 31 December 2013, and had recorded unaudited combined net profit (both before and after tax) of HK\$27,516,479 for the year ended 31 December 2013.

The financial statements of the PRC Operating Company provided by the Vendor, which were prepared in accordance with generally accepted accounting principles in the PRC, contain the following financial information:

- (a) As at 31 December 2013, the audited total and net assets of the PRC Operating Company were RMB439,328,609 (HK\$556,112,163) and RMB294,973,503 (HK\$373,384,181), respectively;
- (b) For the financial year ended 31 December 2013, the PRC Operating Company recorded audited net profit (both before and after tax) of RMB42,623,566 (HK\$53,953,881); and
- (c) For the financial year ended 31 December 2012, the PRC Operating Company recorded audited net profit before and after tax of RMB41,304,273 (HK\$52,283,890) and RMB41,229,873 (HK\$52,189,713), respectively.

IMPLICATIONS UNDER THE LISTING RULES

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition are more than 5% but less than 25%. Accordingly, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

GENERAL

Shareholders and potential investors of the Shares should note that the Proposed Acquisition is subject to the fulfillment or waiver of conditions precedent and may or may not proceed to Completion. 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:

“Acquired Interest”	18% of the issued share capital of the Target Company proposed to be acquired by the Company from the Vendors in the Proposed Acquisition
“Acquisition Agreement”	a sale and purchase agreement entered into between the Company and the Vendor on 28 March 2014 in relation to the Proposed Acquisition
“Board”	the board of Directors
“Company”	ABC Communications (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 30
“Completion”	completion of the Acquisition Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“HK Investment Company”	Great Mount (Hong Kong) Limited (偉峰(香港)有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Party A”	鄭州金富源商貿有限公司, a limited liability company established in the PRC and a third party independent of the Company and its connected persons
“Party B”	Mr. Chen Xiaowen (陳孝文), a third party independent of the Company and its connected persons
“Party C”	Mr. Zhang Yanping (張彥平), a third party independent of the Company and its connected persons
“Party D”	Mr. Zhang Shaorong (張紹榮), a third party independent of the Company and its connected persons
“PRC”	the People’s Republic of China
“PRC Investment Company”	河南鄭州長江礦業有限公司, a sino-foreign equity joint venture established in the PRC and 95% owned by the HK Investment Company
“PRC Operating Company”	河南華墾油脂有限公司, a limited liability company established in the PRC and 51% owned by the PRC Investment Company
“Proposed Acquisition”	the proposed acquisition of 18% of the issued share capital of the Target Company by the Company from the Vendor pursuant to the Acquisition Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	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”	Sharp Legend Inc., a company incorporated in Vanuatu with limited liability
“Vendor”	Mr. Fan Man Keung Eddy (范文強), a third party independent of the Company and its connected persons

For the purpose of this announcement, the exchange rate used for conversion between HK\$ and RMB is HK\$1.00 = RMB0.79.

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

Hong Kong, 28 March 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