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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



凱基金融亞洲

KGI CAPITAL ASIA

中華開發金控
CHINA DEVELOPMENT FINANCIAL

KGI Capital Asia Limited

On 4 November 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best efforts basis, a maximum of 331,069,440 Placing Shares to not less than six Placees at a price of HK\$0.1140 per Placing Share.

The Placing Price of HK\$0.1140 represents (i) a discount of approximately 14.93% to the closing price of HK\$0.1340 per Share as quoted on the Stock Exchange on 4 November 2014, being the date of the Placing Agreement; (ii) a discount of approximately 17.15% to the average closing price of approximately HK\$0.1376 as quoted on the Stock Exchange for the five consecutive trading days prior to and including the date of the Placing Agreement; and (iii) a discount of approximately 19.38% to the average closing price of approximately HK\$0.1414 as quoted on the Stock Exchange for the ten consecutive trading days prior to and including the date of the Placing Agreement.

The maximum of 331,069,440 Placing Shares represent (i) approximately 20.00% of the issued share capital of the Company of 1,655,347,200 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 331,069,440 Placing Shares.

On the assumption that all Placing Shares are fully placed, the gross proceeds and the net proceeds arising from the Placing will be HK\$37.74 million and approximately HK\$37.07 million, respectively, which is intended to be used as general working capital, repayment of a short-term bank loan and for financing a newly set up money lending business of the Company.

The Placing is not subject to shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 4 November 2014 (after trading hours)

Issuer: The Company

Placing Agent: KGI Capital Asia Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

- Placees:** The Placing Shares will be placed to not less than six Placees (who will be independent individual, corporate, professional or institutional investors) who and whose ultimate beneficial owners are independent of and not connected or acting in concert with the Company, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or associates of any of them. It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company as a result of the Placing.
- Number of Placing Shares:** Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for up to a maximum of 331,069,440 Placing Shares at the Placing Price. Assuming all the Placing Shares are fully placed, the Placing Shares represents approximately 20.00% of the issued share capital of the Company of 1,655,347,200 Shares as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 331,069,440 Placing Shares. The aggregate nominal value of the maximum number of 331,069,440 Placing Shares is HK\$3,310,694.40.
- Placing Price:** The Placing Price of HK\$0.1140 per Share was agreed after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:
- (a) a discount of approximately 14.93% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on 4 November 2014, being the date of the Placing Agreement;

- (b) a discount of approximately 17.15% to the average closing price of approximately HK\$0.1376 as quoted on the Stock Exchange for the five consecutive trading days prior to and including the date of the Placing Agreement; and
- (c) a discount of approximately 19.38% to the average closing price of approximately HK\$0.1414 as quoted on the Stock Exchange for the ten consecutive trading days prior to and including the date of the Placing Agreement.

Conditions:

Completion of the Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (b) if required, the Bermuda Monetary Authority granting permission to allot and issue the Placing Shares.

Ranking of the Placing
Shares:

The Placing Shares will rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

General Mandate:

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the shareholders passed at the Company's annual general meeting held on 30 September 2014 subject to the limit up to 20% of the then issued ordinary Shares with a par value of HK\$0.01 each in the capital of the Company. Under the General Mandate, the Company is authorized to issue up to 331,069,440 Shares. Prior to the entering into of the Placing Agreement, no new Shares have been issued under the General Mandate.

Placing Commission:	The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price for the number of the Placing Shares successfully placed by the Placing Agent and actually allotted and issued by the Company. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.
Termination of the Placing:	In the event the conditions to the Placing are not fulfilled by 21 November 2014 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other party in respect of the Placing save for the reimbursement of costs and expenses reasonably incurred by the Placing Agent prior to termination if termination arises as a result of the faults of the Company.
Completion of the Placing:	The completion of the Placing will take place on 21 November 2014 or such other date as the Company and the Placing Agent may agree in writing.
Application for listing:	The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 331,069,440 Placing Shares are successfully placed by the Placing Agent.

	As at the date of this announcement		Upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Chow Wang	64,964,000	3.92	64,964,000	3.27
Public shareholders	1,590,383,200	96.08	1,590,383,200	80.06
The Placees	—	—	331,069,440	16.67
Total	<u>1,655,347,200</u>	<u>100.00</u>	<u>1,986,416,640</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not carried out any equity fund raising exercise in the twelve months period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

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 has recently decided to diversify into the business of money lending. The Directors are of the view that the Placing will strengthen the financial position of the Group, as well as providing working capital to the Group and financing the newly set up money lending business of the Group. The Placing also represents a good opportunity to broaden the shareholder base and the capital base of the Company. The Directors consider that the terms of the Placing Agreement, including the Placing Price and the placing commission, are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing is in the interests of the Company and the shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing will be approximately HK\$37.74 million and the net proceeds will be approximately HK\$37.07 million, after deducting the placing commission and other professional fees incurred in the Placing. The net Placing Price will be approximately HK\$0.1120 per Share. The Company intends to use the net proceeds (in the amount of

approximately HK\$37.07 million) (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.

GENERAL

The Placing is not subject to shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	The board of directors of the Company;
“Company”	ABC Communications (Holdings) Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 30);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting held on 30 September 2014 to allot, issue and deal with up to 331,069,440 new Shares, representing 20% of the then issued share capital of the Company;

“Group”	the Company and its Subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its sub-placing agent(s) has procured to subscribe for any of the Placing Shares;
“Placing”	the best-effort placing of up to 331,069,440 Placing Shares by the Placing Agent pursuant to the terms and conditions set out in the Placing Agreement;
“Placing Agent”	KGI Capital Asia Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 4 November 2014 in respect of the Placing;
“Placing Price”	HK\$0.1140 per Placing Share;
“Placing Shares”	a maximum of 331,069,440 new Shares to be placed pursuant to the Placing Agreement;
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company;
“shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules;
“Takeovers Code” Hong Kong Code on Takeovers and Mergers; and
“%” per cent.

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

Hong Kong, 4 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

In the case of any inconsistency, the English text of this announcement should prevail over the Chinese text.