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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

DISCLOSEABLE TRANSACTION IN RELATION TO AN OPERATING LEASE OF CERTAIN MINING ASSETS

The Board wishes to announce that on 30 March 2015, Yin Di Mining and Xin Jiang Yuan Mining (both of which being wholly owned subsidiaries of the Company) entered into the Lease Contract with the Lessee, pursuant to which Yin Di Mining and Xin Jiang Yuan Mining agreed to lease the Mining Assets to the Lessee. The initial term of the Lease Contract is for one year running from 30 March 2015 to 29 March 2016. Thereafter, Yin Di Mining and Xin Jiang Yuan Mining may renew the Lease Contract for successive one-year periods, for up to a maximum of ten years in total. The aggregate rent for the Mining Assets during the first year of tenure under the Lease Contract is RMB5,200,000 (HK\$6,500,000), which shall be payable by 12 equal monthly installments.

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Contract are more than 5% but less than 25%. Accordingly, the Lease Contract 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.

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Details of the Lease Contract are summarized below:

THE LEASE CONTRACT

Date

30 March 2015

Parties

- (1) Yin Di Mining and Xin Jiang Yuan Mining (as lessors); and
- (2) The Lessee (as lessee).

Xin Jiang Yuan Mining is a limited liability company established in the PRC and is 95% owned by Yin Di Mining. Yin Di Mining is a limited liability company established in the PRC and is 90% owned by Jinfuyuan Mining. Jinfuyuan Mining is a sino-foreign equity joint venture established in the PRC and is 90% and 10% owned by Xing Hua Yuan and Yin Di Mining. Xing Hua Yuan is a company incorporated in Hong Kong with limited liability and is wholly-owned by Jun Qiao. Jun Qiao is a company incorporated in the British Virgin Islands with limited liability and is a 60% owned subsidiary of the Company.

Based on the information provided by the Lessee, the Lessee is a limited liability company established in the PRC and is principally engaged in providing mine project contracting services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessee is third party independent of the Company and its connected persons.

Mining Assets to be leased

Under the terms of the Lease Contract, Yin Di Mining and Xin Jiang Yuan Mining agreed to lease the Mining Assets to the Lessee. The Mining Assets comprise: (a) Mine No. 1; (b) Mine No. 2; (c) Mine No. 3; and (d) the Mining Plants and Equipment situated at the sites of the Mines. Under the terms of the Lease Contract, the Lessee shall be responsible for all operating expenses in relation to the Mining Assets, any costs of exploration, survey and preparation of technical reports of the Mines during the tenure of the lease. In addition, the Lessee shall refrain from over-exploitation and ensure that there are abundant residual resources (at least 50%) in the Mining Assets.

Mine No. 1 is located at Tongbai County (桐柏縣), Henan Province (河南省), the PRC with a total mining area of 1.81 sq.km. Yin Di Mining is the holder of Mining Permit No. 1. Mine No. 1 has commenced commercial scale of operation since 2007 and had a production capacity of 100,000 tonnes in 2010. Mining Permit No. 1 will next expire in January 2017 but is expected to be subject to further renewal and extension.

Mine No. 2 is located at Tongbai County (桐柏縣), Henan Province (河南省), the PRC with a total mining area of 2.36 sq.km. Yin Di Mining is the holder of Exploration Permit No. 2. Mine No. 2 is still at the exploration stage and has yet to commence any commercial scale of operation. Exploration Permit No. 2 has expired and the Group was in the process of renewing the exploration license.

Mine No. 3 is located at Ji Tai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區), the PRC with a total mining area of 29.12 sq.km. Xin Jiang Yuan Mining is the holder of Exploration Permit No. 3 relating to Mine No. 3. Mine No. 3 is still at the detailed investigation stage and has yet to commence any commercial scale of operation. Exploration Permit No. 3 will next expire in May 2015 but is expected to be subject to further renewal and extension.

Term of Lease

The initial term of the Lease Contract is for one year running from 30 March 2015 to 29 March 2016. Thereafter, Yin Di Mining and Xin Jiang Yuan Mining may renew the Lease Contract for successive one-year periods, for up to a maximum of ten years in total.

The Rent

The aggregate rent for the Mining Assets during the first year of tenure under the Lease Contract is RMB5,200,000 (HK\$6,500,000), which shall be payable by 12 equal monthly installments. The rent is determined after arms length negotiations between Yin Di Mining, Xin Jiang Yuan Mining and the Lessee with reference to, inter alia, the past performance and commercial scale of the Mining Assets and the investment costs associated with the Mining Assets.

If Yin Di Mining and Xin Jiang Yuan Mining exercise its right to renew the term of the Lease Contract, it is a condition of the Lease Contract that the annual rate of increase of rental imposed by Yin Di Mining and Xin Jiang Yuan Mining shall be not less than 100% and not more than 150% as compared with the aggregate rent of the previous year.

FINANCIAL INFORMATION RELATING TO THE MINING ASSETS

Based on the interim report of the Company for the six months ended 30 September 2014, the segmental assets and liabilities of the mining operations of the Group (which is principally attributable to the Mining Group) were HK\$402,940,573 and HK\$94,778,399, respectively.

Based on the annual report of the Company for the twelve months ended 31 March 2014, the segmental loss of the mining operations of the Group (which is principally attributable to the Mining Group) for the two years ended 31 March 2013 and 2014 were HK\$2,533,951 and HK\$5,173,402, respectively.

REASONS FOR THE LEASE CONTRACT

The Board noted that the segmental results of the mining sector of the Group had not been performing well in the past few years. During the twelve months ended 31 March 2014, the turnover attributed to the Group's mining business was only HK\$689,804, representing a decrease of 73.12% compared to the corresponding period in 2013. However, the operating loss attributed to the Group's mining business during the same period had increased from HK\$2,533,951 to HK\$5,173,402, representing an increase of 104.16% compared to the corresponding period in 2013.

The Board considers that the Lease Contract provides an opportunity for the Company to generate a stable rental income from the Mines and minimize the Group's exposure to extra capital expenditure and operating costs associated with the Mining Assets.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Lease Contract is on normal commercial terms, is concluded in the ordinary and usual course of business of the Group, and its terms are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Lease Contract falls within the definition of a "transaction" of the Company under Rule 14.04(1)(d) of the Listing Rules, as the Company considers that the Lease Contract is an operating lease which, by virtue of its size, nature or number, has a significant impact on the operations of the Company.

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Contract are more than 5% but less than 25%. Accordingly, the Lease Contract 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

The Group is principally engaged in providing financial information services, wireless applications development, securities trading system licensing, encryption technology development with related products manufacturing and mining operations.

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, 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
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Exploration Permit No. 2”	the exploration permit relating to Mine No. 2
“Exploration Permit No. 3”	the exploration permit relating to Mine No. 3
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Jinfuyuan Mining”	鄭州金富源礦業有限公司 (Zhengzhou Jinfuyuan Mining Company Limited), a sino-foreign equity joint venture established in the PRC and a member of the Mining Group
“Jun Qiao”	Jun Qiao Limited (晉翹有限公司), a company incorporated in the British Virgin Islands with limited liability and a 60% owned subsidiary of the Company

“Lease Contract”	the lease contract entered into between Yin Di Mining and Xin Jiang Yuan Mining (as lessors) and the Lessee (as lessee) on 30 March 2015, pursuant to which the Lessors agreed to lease the Mining Assets to the Lessee
“Lessee”	Henan Heng Yi Mining Company Limited (河南恒宜礦業有限公司), a limited liability company incorporated in the PRC and the lessee of the Mining Assets in the Lease Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mine No. 1”	a mining area located at Tongbai County, Henan Province, the PRC with a total mining area of 1.81 sq.km.
“Mine No. 2”	a mining area located at Tongbai County, Henan Province, the PRC with a total mining area of 2.36 sq.km.
“Mine No. 3”	a mining area located at Ji Tai County, Xinjiang Uygur Autonomous Region, the PRC with a total mining area of 29.12 sq.km.
“Mines”	collectively, Mine No. 1, Mine No. 2 and Mine No. 3
“Mining and Exploration Rights”	collectively, the mining rights under Mining Permit No. 1 and the exploration rights under Exploration Permit No. 2 and Exploration Permit No. 3
“Mining Assets”	collectively, the Mining and Exploration Rights and the Mining Plants and Equipment
“Mining Group”	Jun Qiao and its subsidiaries from time to time, including Xing Hua Yuan, Jinfuyuan Mining, Yin Di Mining and Xin Jiang Yuan Mining
“Mining Permit No. 1”	the mining permit relating to Mine No. 1
“Mining Plants and Equipment”	the plants and equipment currently situated at the Mines

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“sq.km”	square kilometers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xin Jiang Yuan Mining”	Xinjiang Xin Jiang Yuan Mining Company Limited (新疆鑫江源礦業有限公司), a limited liability company incorporated in the PRC and a member of the Mining Group
“Xing Hua Yuan”	Xing Hua Yuan Investment Group Limited (興華源投資集團有限公司), a limited liability company incorporated in Hong Kong and a member of the Mining Group
“Yin Di Mining”	Tong Bai County Yin Di Mining Company Limited (桐柏縣銀地礦業有限責任公司), a limited liability company incorporated in the PRC and a member of the Mining Group
“%”	per cent

For the purpose of this announcement, the exchange rate used for conversion between HK\$ and RMB is HK\$1.00 = RMB0.8.

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

Hong Kong, 30 March 2015

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

Non-Executive Director:

Mr. Fong For

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan