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## **ABC COMMUNICATIONS (HOLDINGS) LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 30)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 18% INTEREST IN SHARP LEGEND INC.**

The Board wishes to announce that after trading hours on 4 June 2015, the Company and the Purchaser entered into the Disposal Agreement pursuant to which the Company agreed to sell 18% of the issued share capital of the Target Company and related shareholders' loans to the Purchaser 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 Disposal are more than 5% but less than 25%. Accordingly, the Proposed Disposal 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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#### **DISPOSAL AGREEMENT**

##### **Date**

4 June 2015 (after trading hours)

## **Parties**

- (1) The Company (as vendor); and
- (2) The Purchaser (as purchaser).

The Purchaser is a limited liability company incorporated in the PRC whose principal activities are investment holding and trading. Based on the information provided by the Purchaser, as at the date of this announcement, the registered capital of the Purchaser was owned as to 50% by Peng Kuai Wen and 50% by Mo Duo Ai. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

## **Subject matter**

Prior to the entering into of the Disposal Agreement, the issued share capital of the Target Company is owned as to 82% by Mr. Fan Man Keung Eddy and as to 18% by the Company. Pursuant to the Disposal Agreement, the Company agreed to sell 18% of the issued share capital of the Target Company and related shareholders' loans to the Purchaser. Upon completion of the Disposal, the Company will cease to hold any shares in the Target Company and hence the Company will no longer book the Disposed Interest as "other investment" in its financial statements.

The financial information of the Target Company is set out in the section headed "Information on the Target Company" in this announcement.

## **Consideration**

The total cash consideration payable by the Purchaser to the Company for the Proposed Disposal amounts to HK\$60,000,000, which will be payable in cash by three installments as set out below:

- (a) HK\$10,000,000 is payable within two business days after the signing of the Disposal Agreement;
- (b) further HK\$20,000,000 is payable within ten business days after the signing of the Disposal Agreement; and
- (c) the remaining balance of HK\$30,000,000 is payable within six months after the signing of the Disposal Agreement.

The Company currently expects to record no gain or loss on disposal as a result of the Proposed Disposal, because the carrying value of the Disposed Interest in the Company's accounts (HK\$60,000,000) is equivalent to the consideration for the Proposed Disposal (HK\$60,000,000). It is the Company's current intention to apply the cash consideration receivable from the Proposed Disposal as general working capital of the Group.

### **Basis of the consideration**

The consideration for the Proposed Disposal is arrived at after arm's length negotiations between the Company and the Purchaser, taking into account the original investment costs paid by the Company for the Disposed Interest in the Original Acquisition. The Directors (including the independent non-executive Directors) are of the view that the entering into of the Disposal Agreement and the terms and conditions of the Proposed Disposal (including the consideration and payment terms) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Completion**

Completion of the Disposal Agreement is not subject to any conditions precedent. Completion shall take place within two business days after the full settlement of the consideration for the Proposed Disposal by the Purchaser.

### **REASONS FOR THE PROPOSED DISPOSAL**

The Company acquired 18% of the issued share capital of the Target Company for a total cash consideration of HK\$60,000,000 on 31 March 2014. Since then, the Company, being a significant investor to the Target Company, has sought to explore various plans to enhance the value of the 18% passive investment in the Target Company, including without limitation to request more up-to-date financial information and further business and operational information of the project with the view to introducing the next round of investors. In view of the lack of progress of a satisfactory exit plan for this passive investment, the Board recently reviewed and adjusted the Company's strategy and resolved that it was in the Company's best interest to seek to dispose of the minority interest in the Target Company. The Directors consider that the terms and conditions of the Proposed Disposal are fair and reasonable as the consideration for the Proposed Disposal will enable the Company to recover our original investment costs in full.

The Directors considered that the Proposed Disposal will not cause any material adverse impact to the business, operations and financial position of the Group.

## INFORMATION ON THE TARGET COMPANY

Based on the information provided by the Target Company, (a) it indirectly owned 95% equity interest in Henan Zhengzhou Changjiang Mining Company Limited, which in turn owned 51% equity interest in Henan Huaken Oil Limited (the “**PRC Operating Company**”); (b) 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; (c) 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); (d) 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; and (e) the financial statements of the PRC Operating Company were prepared in accordance with generally accepted accounting principles in the PRC.

## GENERAL

The Company is an investment holding company, whose subsidiaries are principally engaged in providing financial information services, wireless applications development, securities trading system licensing, encryption technology development with related products manufacturing and mining operations.

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

## 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
“Completion”	completion of the Disposal Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal Agreement”	a sale and purchase agreement entered into between the Company and the Purchaser on 4 June 2015 in relation to the Proposed Disposal
“Disposed Interest”	18% of the issued share capital of the Target Company and related shareholders’ loans proposed to be sold by the Company to the Purchaser in the Proposed Disposal
“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
“PRC”	the People’s Republic of China
“Proposed Disposal”	the proposed disposal of 18% of the issued share capital of the Target Company and related shareholders’ loans by the Company to the Purchaser pursuant to the Disposal Agreement

“Purchaser”	深圳市德銘旺貿易有限公司 (Shenzhen Demingwang Trading Co., Ltd.), the purchaser in the Disposal Agreement and a third party independent of the Company and its connected persons
“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. was incorporated in Vanuatu with limited liability

*For the purpose of this announcement, the exchange rate used for conversion between HK\$ and RMB is HK\$1.00 = RMB0.81.*

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

Hong Kong, 4 June 2015

As at the date of this announcement, the Board of the Company comprises:

*Executive Directors:*

Mr. Chow Wang (*Chairman*)

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