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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

**(1) MAJOR ACQUISITION
IN RELATION TO
THE ACQUISITION OF THE TARGET COMPANIES,
(2) PLACING OF CONVERTIBLE BONDS,
(3) UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENT
AND
(4) RESUMPTION OF TRADING**

Financial Adviser and Placing Agent



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞 (企業融資) 有限公司

MAJOR ACQUISITION

The Board wishes to announce that on 24 April 2015, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Target Companies entered into the Acquisition Agreement pursuant to which the Purchaser conditionally agreed to acquire the Acquired Interest from the Vendor for a total cash consideration of HK\$297,193,940.

According to the information provided by the Vendor, the Target Companies entered into the Provisional Agreements with the Original Vendor in March 2015, whereby the Target Companies agreed to acquire from the Original Vendor seven whole floors of Henan Building, Nos. 90 & 92 Jaffe Road or Nos. 15-19 Luard Road, Wanchai, Hong Kong with gross floor area of approximately 22,322 square feet in aggregate.

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition are more than 25% but less than 100%. Accordingly, the Proposed Acquisition constitutes a major acquisition for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

PLACING

On 24 April 2015, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed conditionally to act as the placing agent, on a best effort basis, to place the Convertible Bonds with a principal amount of up to HK\$150,000,000. Assuming the Convertible Bonds are fully placed, the gross and net proceeds from the Placing are estimated to be HK\$150,000,000 and HK\$145,250,000, respectively. It is intended that such net proceeds will wholly be used for part funding the Proposed Acquisition.

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.1875 per Conversion Share, 800,000,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing approximately 40.27% of the existing issued share capital of the Company and approximately 28.71% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

GENERAL

The SGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of (a) the Acquisition Agreement and the transactions contemplated thereunder; and (b) the Placing Agreement and the transaction contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate. As no Shareholder has an interest in the Acquisition Agreement or the Placing Agreement that is materially different from the other Shareholders, no Shareholder is required to abstain from voting at the SGM in respect of the Acquisition Agreement or the Placing Agreement.

A circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) financial information on the Target Companies; (iii) the valuation report relating to the Target Properties; (iv) details of the Placing Agreement, the Convertible Bonds and the Specific Mandate; (v) a notice of the SGM; and (vi) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 19 May 2015.

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENT

The Board has noted the increase in price and trading volume of the Shares on 22 April 2015. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Directors confirmed that, save as the matters disclosed in this announcement, the Company is not aware of any other reasons for the movement in price and trading volume of the Shares or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 3:23 p.m. on 22 April 2015 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Share with effect from 9:00 a.m. on 28 April 2015.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition and the Placing are subject to the fulfillment or waiver of their respective conditions precedent and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

ACQUISITION AGREEMENT

The Board wishes to announce that on 24 April 2015, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Target Companies entered into the Acquisition Agreement pursuant to which the Purchaser conditionally agreed to acquire the Acquired Interest from the Vendor for a total cash consideration of HK\$297,193,940.

According to the information provided by the Vendor, the Target Companies entered into the Provisional Agreements with the Original Vendor in March 2015, whereby the Target Companies agreed to acquire from the Original Vendor seven whole floors of Henan Building, Nos. 90 & 92 Jaffe Road or Nos. 15-19 Luard Road, Wanchai, Hong Kong with a gross floor area of approximately 22,322 square feet in aggregate.

Details of the Acquisition Agreement are summarized as follow:

Date

24 April 2015

Parties

- (1) The Purchaser (a wholly owned subsidiary of the Company);
- (2) The Vendor; and
- (3) The Target Companies.

Based on the information provided by the Vendor, prior to the entering into of the Acquisition Agreement, the entire issued share capital of each of the Target Companies is owned by the Vendor. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Vendor is an Independent Third Party, and none of the Vendor nor any of his associates holds any Shares as at the date of this announcement.

Subject matter

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire the Acquired Interest (i.e. the entire issued share capital and all shareholder's loan as at Completion of each of the Target Companies) from the Vendor.

The Acquired Interest will be acquired by, and assigned to, the Purchaser free of any options, charge, liens, encumbrances, pre-emptive rights and other third party rights and together with all rights (save as any dividend declared and already paid to the Vendor before the date of the Acquisition Agreement) attaching thereto as at the date of the Acquisition Agreement or thereafter.

Further details of the Target Companies and the Target Properties, and the financial information relating to the Target Companies, are set out in the section headed "Information on the Target Companies and the Target Properties" in this announcement.

Upon Completion, the Target Companies will all become wholly owned subsidiaries of the Company.

Consideration

The total consideration payable by the Purchaser to the Vendor for the Proposed Acquisition amounts to HK\$297,193,940, which will be payable in cash by the following two installments:

- (a) A refundable deposit of HK\$29,719,394 (the "**Deposit**") is payable to the Vendor upon signing of the Acquisition Agreement; and
- (b) The remainder of the consideration in the amount of HK\$267,474,546 (the "**Balance Consideration**") shall be payable to the Vendor (or as the Vendor shall direct in accordance with the terms of the Acquisition Agreement) on Completion.

Further details of the Original Vendor and the Provisional Agreements are set out in the section headed "Information on the Target Companies and the Target Properties" in this announcement.

Other material terms

Under the terms of the Acquisition Agreement:

1. If the Acquisition Agreement does not proceed to Completion or is terminated by the Purchaser for any reason (including without limitation, in the event that the Purchaser is not satisfied with the due diligence results or the ordinary resolution(s) in respect of the Acquisition Agreement and the transactions contemplated thereunder is not approved by the Shareholders at the SGM), then the Vendor shall forthwith refund any deposits or payments made by the Purchaser without interest and all obligations of the Purchaser to make further payments shall cease and terminate.
2. To secure the refund of the Deposit, the Vendor shall within 14 days from the date of the Acquisition Agreement execute share charges in respect of all the issued shares of each of the Target Companies in favour of the Purchaser.
3. The Vendor is entitled to terminate the Acquisition Agreement if the Purchaser breaches its payment obligations in respect of the consideration thereunder. Apart from that, the Vendor is not otherwise entitled to terminate the Acquisition Agreement in any event.
4. Completion of the Proposed Acquisition is subject to (a) the production of a valuation report by a valuer appointed by the Company showing that the fair value of the Target Properties is not less than HK\$297,193,940 in aggregate; and (b) the Vendor's warranty that the Target Companies have not incurred any liabilities since their respective dates of incorporation save for and except the shareholder's loans which are to be assigned by the Vendor to the Purchaser on Completion. If the fair value determined by the valuer is less than HK\$297,193,940 in aggregate, or if the Purchaser discovers that any of the Target Companies has incurred any liability apart from the shareholder's loans, then the Vendor shall agree to adjust the consideration for the Proposed Acquisition to cater for the deficit in value of the assets to be acquired by the Purchaser through the Proposed Acquisition and both parties shall proceed to negotiate for an adjustment of the consideration for the Proposed Acquisition. If no agreement is reached between the parties within 14 days, unless otherwise agreed by the parties, the Acquisition Agreement shall be terminated absolutely, and the Vendor shall forthwith refund all deposits and part payments made by the Purchaser without interest, and no party shall have any claim against the other in relation to the Acquisition Agreement.
5. On Completion, if any of the Provisional Agreements has not been completed yet, then the Vendor shall provide written payment instructions to the Purchaser such that the Balance Consideration is directly applied to meet the Target Companies' outstanding payment obligations owed to the Original Vendor under the Provisional Agreements.

Basis of the consideration

The aggregate consideration for the Proposed Acquisition is arrived at after arm's length negotiations between the Purchaser and the Vendor, taking into account (a) the assessment on the market value of the Target Properties by reference to the selling prices of commercial building units in the neighboring area; and (b) the fact that Completion of the Proposed Acquisition is subject to the production of a valuation report showing that the fair value of the Target Properties is not less than HK\$297,193,940 in aggregate.

Conditions precedent

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

- (a) due diligence review on the Target Companies and the Target Properties having been completed to the absolute satisfaction of the Purchaser and the Company;
- (b) obtaining of satisfactory legal opinion confirming, inter alia, the good and marketable title of the Target Properties, the ownership of the Target Companies, and the legality and enforceability of the Provisional Agreements;
- (c) the Vendor having settled or arranged for full settlement of all taxes and stamp duties resulted from the property transactions contemplated under the Provisional Agreements;
- (d) all filings necessitated by the signing and performance of the Acquisition Agreement having been carried out and all applicable laws and regulations having been fully complied with;
- (e) (if applicable) the parties having obtained the required approvals, confirmations, waivers or consents in respect of the Acquisition Agreement and the transactions contemplated thereunder from all third parties or authorities;
- (f) no events having occurred between signing of the Acquisition Agreement and Completion which may result in any material adverse effect on the Target Companies or the Target Properties;
- (g) the warranties given by the Vendor in respect of the Target Companies and the Target Properties being true, accurate and not misleading as if repeated at Completion and at all times between the date of the Acquisition Agreement and Completion;

- (h) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser and the Company) from a valuer appointed by the Company and showing that the fair value of the Target Properties is not less than HK\$297,193,940 in aggregate;
- (i) the Target Companies having incurred no liabilities since their dates of incorporation save for and except the shareholders' loans which are to be assigned by the Vendor to the Purchaser on Completion;
- (j) the approval by the Shareholders of the Acquisition Agreement and the transactions contemplated thereunder at the SGM subject to and in accordance with the requirements under the Listing Rules; and
- (k) the Company having sufficient working capital to finance the payment of cash consideration under the Acquisition Agreement.

All the conditions precedent above (save for and except those set out in paragraph (j) above) can be waived at the absolute discretion of the Purchaser.

The Long Stop Date for the fulfillment or waiver of the conditions precedent above is 1 September 2015. The Long Stop Date may be mutually extended or altered by the parties to the Acquisition Agreement. Completion shall take place not later than 21 days after the last condition precedent is fulfilled or waived (or such later date and time as the parties may agree in writing). If any of the conditions precedent are not fulfilled or waived on or before the Long Stop Date (unless extended by both parties), the Acquisition Agreement shall terminate, the Vendor shall forthwith refund all deposits and part payments made by the Purchaser without interest, 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).

As of the date of this announcement, none of the conditions precedent set out above has been satisfied yet. The Company has already retained legal advisers to conduct the legal due diligence over the Target Companies and the Target Properties and to opine on the title and ownership of the Target Properties. The Company is also in the process of identifying and appointing a valuer to carry out the valuation over the Target Properties. The Company does not currently expect to waive any conditions precedent which will materially prejudice the Purchaser in terms of its economic rights or risks exposure, as compared with those rights already pertained to the Purchaser and risks being safeguarded against, under the original provisions of the Acquisition Agreement.

INFORMATION ON THE TARGET COMPANIES AND THE TARGET PROPERTIES

Each of the Target Companies is a company incorporated in the British Virgin Islands with limited liability. According to the information provided by the Vendor, the Target Companies entered into Provisional Agreements with the Original Vendor in March 2015, whereby the Target Companies agreed to acquire from the Original Vendor seven whole floors of Henan Building, Nos. 90 & 92 Jaffe Road or Nos. 15-19 Luard Road, Wanchai, Hong Kong (the “**Target Properties**”), as summarized as follows:

	Names of Target Companies	Location of Target Properties agreed to be acquired	Dates of Provisional Agreements	Consideration
A	Summit Pacific Group Limited	The whole of 12th Floor (Units 1201 & 1202)	31 March 2015	HK\$39,513,106
B	Urban Stone Limited	The whole of 13th Floor (Units 1301 & 1302)	31 March 2015	HK\$39,582,150
C	Spring Hero Developments Limited	The whole of 15th Floor (Units 1501 & 1502)	27 March 2015	HK\$40,143,569
D	Sharp Pick Ventures Limited	The whole of 16th Floor	27 March 2015	HK\$40,085,674
E	Viva Star International Limited	The whole of 21st Floor	27 March 2015	HK\$39,658,882
F	Main Trillion Limited	The whole of 22nd Floor	20 March 2015	HK\$31,245,500
G	Cozy Sky Limited	The whole of 23rd Floor	20 March 2015	<u>HK\$31,616,000</u>
			Total:	<u>HK\$261,844,881</u>

Based on the information provided by the Vendor, the Original Vendor, Excess Gain Company Limited, is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of another listed company in Hong Kong. To the best knowledge of the Directors after having made all reasonable enquiries, each of the Original Vendor and its listed holding company is an Independent Third Party.

Henan Building is a 13-storey commercial building and was completed in 1985. Based on the information provided by the Vendor, the Target Properties comprise seven whole floors of Henan Building, with a total gross floor area of approximately 22,322 square feet and a total saleable area of approximately 15,627 square feet.

Under the Provisional Agreements, the Target Properties will be assigned to the Target Companies on an “as-is” basis with the benefit of vacant possession for the vacant portions and subject to existing tenancies for the leased portions.

Based on the information provided by the Vendor, (a) as of 31 March 2015, all the seven floors of the Target Properties are subject to existing tenancy agreements; (b) during the month ended 31 March 2015, the gross rental income of the Target Properties in aggregate was HK\$474,450; (c) amongst all the tenancy agreements relating to the Target Properties, two of them (in respect of Unit 1302 and the whole of 16th Floor) lapsed in April 2015, one of them (in respect of Unit 1202) will lapse in May 2015, and two of them (in respect of Unit 1502 and the whole of 22nd Floor) will lapse in August 2015; and (d) it was the Vendor’s understanding that if any units or floors are surrendered by tenants upon termination of tenancy without any extension or renewal, the landlord will seek replacement tenants for such units or floors.

Pursuant to the terms of the Provisional Agreements, initial deposits of HK\$13,092,241 in aggregate were paid by the Target Companies upon signing of the Provisional Agreements, and further deposits of HK\$13,092,241 in aggregate were paid before 9 April 2015, upon which the formal sale and purchase agreements should have been entered into by the parties to govern the detailed terms and conditions of the property transactions contemplated under the Provisional Agreements. Based on the information provided by the Vendor, the parties have yet to enter into the formal sale and purchase agreements. According to the Provisional Agreements, the Target Companies shall pay another round of deposits in the aggregate amount of HK\$13,092,241 to the Original Vendor on or before 19 June 2015. The remaining balance of the aggregate consideration under the Provisional Agreements is due on (a) 30 October 2015, as to HK\$155,337,188 in respect of the balance payments for Target Properties C, D, E, F and G; and (b) 31 December 2015, as to HK\$67,230,970 in respect of the balance payments for Target Properties A and B. As provided in the Acquisition Agreement, on Completion, if any of the Provisional Agreements has not been completed, the Vendor shall provide written payment instructions to the Purchaser such that the Balance Consideration is directly applied to meet the Target Companies’ outstanding payment obligations owed to the Original Vendor under the Provisional Agreements.

Based on the information provided by the Vendor, each of the Target Companies is an investment holding company whose only asset is the contractual right under the relevant Provisional Agreement relating to the acquisition of the Target Property described above, and whose only liability is the shareholder's loan injected by the Vendor into the relevant Target Companies for the purpose of financing the property acquisition so far.

Based on the management accounts of the Target Companies as at 20 April 2015, the aggregate shareholder's loans of the Target Companies as at 20 April 2015 amounted to HK\$31,527,910. Pursuant to the terms of the Provisional Agreements and based on the information provided by the Vendor, the Target Companies have made part payments and deposits in the amount of HK\$26,184,482 in aggregate to the Original Vendor up to the date of the Acquisition Agreement. According to the estimate of the Vendor, the stamp duties in respect of the transactions contemplated by the Provisional Agreements are estimated to be HK\$22,256,815.

No audited accounts have been prepared by the Target Companies since their respective dates of incorporation. Set out below are extracts from the unaudited management accounts of the Target Companies dated 20 April 2015 provided by the Vendor, which were prepared in accordance with generally accepted accounting principles in Hong Kong:

Target Companies	Dates of incorporation	From their respective dates of incorporation up to 20 April 2015	
		Revenue (HK\$'million)	Net loss before and after tax (HK\$' million)
A	13 February 2015	0.00	3.36
B	18 February 2015	0.00	3.36
C	18 February 2015	0.00	3.41
D	13 February 2015	0.00	3.41
E	13 February 2015	0.00	3.37
F	13 February 2015	0.00	2.66
G	18 February 2015	0.00	2.69
Total:		<u>0.00</u>	<u>22.26</u>

Target Companies	As at 20 April 2015		
	Total Assets (HK\$'million)	Total Liabilities (HK\$'million)	Net Assets (HK\$'million)
A	39.90	42.87	(2.97)
B	39.97	42.95	(2.98)
C	40.53	43.56	(3.02)
D	40.47	43.49	(3.02)
E	40.05	43.03	(2.98)
F	31.63	33.90	(2.27)
G	<u>32.00</u>	<u>34.30</u>	<u>(2.30)</u>
Total	<u>264.56</u>	<u>284.10</u>	<u>(19.54)</u>

Based on the information provided by the Vendor, the original acquisition price for the Target Properties committed by the Target Companies under the Provisional Agreements amounted to HK\$261,844,881 in aggregate. It is expected that the Vendor is to derive a gross profit of HK\$35,349,059 (before tax, duties and expenses) and a net profit of HK\$13,092,244 (before tax but after duties and expenses) by procuring the acquisition of the Target Properties through the Target Companies and subsequently selling the Target Companies to the Purchaser.

REASONS FOR THE PROPOSED ACQUISITION

The Company has been exploring various proposals regarding possible acquisitions in an effort to broadening its source of income and alleviating reliance on any single line of business should any investment or acquisition opportunity arises. The Directors consider that the Proposed Acquisition represents a good investment opportunity for the Group, and the tenancy agreements entered into or to be entered into in respect of the Target Properties are expected to generate rental income for the Group.

The total consideration for the Target Properties is HK\$297,193,940, representing in effect approximately a cost of HK\$13,314 per square feet based on gross floor area or approximately HK\$19,018 per square feet based on saleable floor area. The consideration for the Proposed Acquisition is arrived at after arm's length negotiations between the

Purchaser and the Vendor, taking into account (a) an assessment on the market value of the Target Properties by reference to the selling prices of commercial building units in the neighboring area; and (b) the fact that Completion of the Proposed Acquisition is subject to the production of a valuation report showing that the fair value of the Target Properties is not less than HK\$297,193,940 in aggregate.

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.

Payment of the consideration for the Proposed Acquisition will be funded from internal financial resources of the Group and external financing to be obtained by the Group. As disclosed in this announcement, on 24 April 2015, the Company entered into the Placing Agreement with the Placing Agent to place the Convertible Bonds with a principal amount of up to HK\$150,000,000. The Company will also explore other ways of financing, whether by way of equity or loan or otherwise.

THE PLACING AGREEMENT

On 24 April 2015, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to act as the placing agent, on a best effort basis, to place the Convertible Bonds with a principal amount of up to HK\$150,000,000.

Details of the Placing Agreement, the Placing and the Convertible Bonds are summarized as follow:

Date

24 April 2015

Parties

- (1) The Company (as the issuer); and
- (2) The Placing Agent (as the placing agent)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing of the Convertible Bonds

The Placing Agent has conditionally agreed to procure Placees for the subscription of the Convertible Bonds on a best effort basis.

The Placees

The Placing Agent shall use all reasonable endeavours to ensure that the Convertible Bonds are placed to not less than six Placees (being independent individual, professional or institutional investors) who and whose ultimate beneficial owners are Independent Third Parties.

Placing Commission

The Company shall pay to the Placing Agent a fee equal to 2.5% of the aggregate principal amount of the Convertible Bonds placed by the Placing Agent to the Placees. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to market rates.

Principal terms of the Convertible Bonds

Issuer	:	The Company
Total principal amount	:	Up to HK\$150,000,000
Interest	:	2% per annum on the outstanding principal amount thereof, which will be payable by the Company yearly in arrears. The first payment will be made on the first anniversary date of the date of issue of the Convertible Bonds.
Maturity Date	:	2 years from the date of issue of Convertible Bonds or if such date is not a business day, the next business day
Conversion Period	:	The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date

- Conversion Rights : Holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price of HK\$0.1875 per Conversion Share at any time during the Conversion Period provided that the conversion of the Convertible Bonds (i) does not trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bonds which exercised the conversion rights, represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) does not reduce the public float of the Shares to less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares
- Conversion Shares : Assuming the Convertible Bonds are fully placed and the conversion rights attached to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.1875 per Conversion Share, 800,000,000 Conversion Shares will be allotted and issued by the Company, representing approximately 40.27% of the entire issued share capital of the Company as at the date of this announcement and approximately 28.71% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.
- Conversion Price : HK\$0.1875 per Conversion Share (subject to adjustments upon occurrence of certain “Adjustment Events” as described below).

The Conversion Price represents:

- (i) a discount of approximately 25% to the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on 22 April 2015 (i.e. the last trading day preceding the date of this Placing Agreement); and

- (ii) a premium of approximately 0.48% over the average closing price of HK\$0.1866 per Share as quoted on the Stock Exchange for the last five trading days up to and including 22 April 2015.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market price of the Shares under the prevailing market conditions.

Early Redemption : The Convertible Bonds may not be repaid or redeemed by the holders of the Convertible Bonds before the Maturity Date, but may be early redeemed by the Company by serving a 14-day prior notice of redemption to the holders of the Convertible Bonds, during the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date, at the redemption price of 101% of the outstanding principal amount plus interest accrued. Once the Company has served a redemption notice to redeem any part of the Convertible Bonds, the holders of the Convertible Bonds can no longer exercise the Conversion Rights in respect of that part of the Convertible Bonds.

Adjustments Events : The Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or sub-division;
- (ii) an issue (other than in lieu of a declared cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve);
- (iii) a capital distribution being made by the Company;
- (iv) an offer or grant being made by the Company to the Shareholders by way of rights or options or warrants to subscribe for new Shares at a price which is less than 80% of the market price of the Shares;

- (v) an issue of Shares or options, warrants or other rights to subscribe for or purchase Shares being made wholly for cash at a price less than 80% of the market price of the Shares;
- (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if the total effective consideration per new Share initially receivable for such securities is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of the market price of the Shares;
- (vii) when the Company offers any securities in connection with which offer holders of at least 80% of the Shares outstanding are entitled to participate in arrangements whereby such securities may be acquired by them; and
- (viii) if the Company determines that an adjustment should be made to the Conversion Price as a result of events or circumstances not referred to above and acting reasonably, request the auditors to determine what adjustment (if any) to the Conversion Price is fair and reasonable.

Transferability : The Convertible Bonds are freely transferred by the Placees in multiples of units of principal amount of the Convertible Bonds of HK\$1,500,000, provided that no Convertible Bonds may be transferred to any connected persons of the Company without the prior written consent of the Company.

Voting : Holders of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of its being a holder of the Convertible Bonds.

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds.

Ranking of the Conversion Shares : The Conversion Shares will, when issued, rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Bonds.

Conditions of the Placing

Completion of the Placing of the Convertible Bonds is conditional upon the fulfillment of the following conditions:

- (a) the passing of a resolution at the SGM by Shareholders to approve the Placing Agreement and the transaction contemplated thereunder, the grant of the Specific Mandate to issue the Convertible Bonds and to issue and allot the Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Bonds;
- (b) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Conversion Shares which fall to be issued upon conversion of the Convertible Bonds (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (c) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the date of completion of the Placing.

If the conditions precedent in respect of the Placing are not fulfilled (or waived in respect of conditions (c) above) on or before 4:00 p.m. (Hong Kong time) on 1 September 2015 (or such other time and date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall thereupon lapse and become null and void and all rights, obligations and liabilities of the parties in respect of the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing, save for any liability arising out of any antecedent breaches.

Completion of the Placing

Completion of the Placing shall take place not later than 4:00 p.m. on the fifth business days after the date on which all the conditions precedent to the Placing have been fulfilled or waived (or such other time and date as may be agreed between the Placing Agent and the Company).

Termination

If at any time on or prior to 12:00 noon on the date of completion of the Placing:

- (i) there shall have been, since the date of the Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

then and in any such case, the Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the date of completion of the Placing.

In the event the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

SPECIFIC MANDATE

The Convertible Bonds will be issued under the Specific Mandate which is subject to Shareholders' approval at the SGM.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (a) there is no change in the issued share capital of the Company from the date of this announcement and up to the date of full conversion of the Convertible Bonds at the initial Conversion Price (other than as a result of the allotment and issue of the Conversion Shares); and (b) all of the HK\$150,000,000 Convertible Bonds are placed in full, the shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after the allotment and issue of the Conversion Shares are summarized as follows:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Fong For (<i>Note 1</i>)	331,068,000	16.67%	331,068,000	11.88%
Mr. Chow Wang (<i>Note 2</i>)	64,964,000	3.27%	64,964,000	2.33%
Public shareholders	1,590,383,200	80.06%	1,590,383,200	57.08%
The Placees	–	–	800,000,000	28.71%
Total	<u>1,986,415,200</u>	<u>100.00%</u>	<u>2,786,415,200</u>	<u>100.00%</u>

Notes:

1. Mr. Fong For is a Non-executive Director of the Company.
2. Mr. Chow Wang is an Executive Director of the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

As disclosed in this announcement, on 24 April 2015, the Company (through its wholly-owned subsidiary) entered into the Acquisition Agreement with the Vendor in relation to the proposed acquisition of the Target Companies, which in turn have entered into the Provisional Agreements to acquire the Target Properties. If the Proposed Acquisition proceeds to completion, the total cash consideration payable by the Group would be HK\$297,193,940.

The Directors have considered various ways of raising funds in the capital market and consider that the Placing is an appropriate means of raising additional capital for the Company in the circumstances, because (i) the Placing does not give rise to any immediate dilution effect on the shareholding of the existing Shareholders; and (ii) if the conversion rights attaching to the Convertible Bonds are exercised, the shareholder base of the Company can be enlarged and the asset base of the Group will be improved.

The gross and net proceeds from the Placing are estimated to be HK\$150,000,000 and HK\$145,250,000, respectively. On such basis, the net price to the Company of each Conversion Share is approximately HK\$0.1816. It is intended that such net proceeds will be wholly used for part funding the Proposed Acquisition.

The terms of the Placing Agreement and the Convertible Bonds were determined after arm's length negotiations between the Company and the Placing Agent. The Board consider that the terms of the Placing Agreement and the Convertible Bonds (including the Placing Commission, the interest rate and the Conversion Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
4 November 2014	Placing of new Shares under general mandate	HK\$37.07 million	(i) general working capital of the Company; (ii) repayment of a short-term bank loan of a subsidiary; and (iii) financing the money lending business of the Company	approximately HK\$10.4 million was used for general working capital of the group and the balance has not been utilized as of the date of this announcement.

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 25% but less than 100%. Accordingly, the Proposed Acquisition constitutes a major acquisition for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of (a) the Acquisition Agreement and the transactions contemplated thereunder; and (b) the Placing Agreement and the transaction contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate. As no Shareholder has an interest in the Acquisition Agreement or the Placing Agreement that is materially different from the other Shareholders, no Shareholder is required to abstain from voting at the SGM in respect of the Acquisition Agreement or the Placing Agreement.

A circular containing, among other things, (i) further details of the Proposed Acquisitions; (ii) financial information on the Target Companies; (iii) the valuation report relating to the Target Properties; (iv) details of the Placing Agreement, the Convertible Bonds and the Specific Mandate; (v) a notice of the SGM; and (vi) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 19 May 2015.

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENT

The Board has noted the increase in price and trading volume of the Shares on 22 April 2015. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Directors confirmed that, save as the matters disclosed in this announcement, the Company is not aware of any other reasons for the movement in price and trading volume of the Shares or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

This announcement is made by the order of the Board. The Directors collectively and individually accept responsibility for the accuracy of this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 3:23 p.m. on 22 April 2015 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Share with effect from 9:00 a.m. on 28 April 2015.

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.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition and the Placing are subject to the fulfillment or waiver of their respective conditions precedent and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Acquired Interest”	the entire issued share capital and all shareholder’s loan of each of the Target Companies as at Completion, which are proposed to be acquired by the Company from the Vendor pursuant to the Proposed Acquisition as contemplated under the Acquisition Agreement
“Acquisition Agreement”	a sale and purchase agreement entered into between the Purchaser, the Vendor and the Target Companies on 24 April 2015 in relation to the Proposed Acquisition
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business, other than a Saturday or a Sunday, or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon
“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 thereto under the Listing Rules
“Conversion Period”	the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
“Conversion Price”	HK\$0.1875 per Conversion Share, subject to adjustments and the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the new Share(s) to be allotted and issued upon conversion of the Convertible Bonds

“Convertible Bonds”	the 2% coupon convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$150,000,000 due in 2017, to be placed under the Placing
“Directors”	the directors of the Company
“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 People’s Republic of China
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	1 September 2015 or other date which is mutually extended or altered by parties to the Acquisition Agreement
“Maturity Date”	two years from the date of issue of Convertible Bonds or if such date is not a business day, the next business day
“Original Vendor”	Excess Gain Company Limited, a company incorporated in Hong Kong with limited liability
“Placees”	any independent individual, professional or institutional investors whom the Placing Agent and/or any of its sub-placing agent(s) has procured to subscribe for any of the Convertible Bonds under the Placing
“Placing”	the proposed placing of the Convertible Bonds pursuant to the Placing Agreement

“Placing Agent”	Asian Capital (Corporate Finance) Limited, a company licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 24 April 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Provisional Agreements”	the provisional agreements in relation to the sale and purchase of the Target Properties entered into between the Target Companies and the Original Vendor in March 2015, details of which are more particularly set out in the section headed “Information on the Target Companies and the Target Properties” in this announcement
“Proposed Acquisition”	the proposed acquisition of the Acquired Interest by the Purchaser from the Vendor pursuant to the Acquisition Agreement
“Purchaser”	Ban Loong Property Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving (a) the Acquisition Agreement and the transactions contemplated thereunder; and (b) the Placing Agreement and the transaction contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to authorize the directors to issue the Convertible Bonds and to allot and issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Companies”	collectively, Target Company A, Target Company B, Target Company C, Target Company D, Target Company E, Target Company F and Target Company G, details of which are more particularly set out in the section headed “Information on the Target Companies and the Target Properties” in this announcement
“Target Company A”	Summit Pacific Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company B”	Urban Stone Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company C”	Spring Hero Developments Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company D”	Sharp Pick Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company E”	Viva Star International Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company F”	Main Trillion Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Company G”	Cozy Sky Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Properties”	collectively, Target Property A, Target Property B, Target Property C, Target Property D, Target Property E, Target Property F and Target Property G, details of which are more particularly set out in the section headed “Information on the Target Companies and the Target Properties” in this announcement
“Target Property A”	the whole of 12th Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company A under the Provisional Agreements

“Target Property B”	the whole of 13th Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company B under the Provisional Agreements
“Target Property C”	the whole of 15th Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company C under the Provisional Agreements
“Target Property D”	the whole of 16th Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company D under the Provisional Agreements
“Target Property E”	the whole of 21st Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company E under the Provisional Agreements
“Target Property F”	the whole of 22nd Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company F under the Provisional Agreements
“Target Property G”	the whole of 23rd Floor of Henan Building, a property which is held by the Original Vendor as at the date of this announcement but was agreed to be purchased by Target Company G under the Provisional Agreements
“Vendor”	Mr. Chiu Ngai Hung, an Independent Third Party, the sole shareholder of the Target companies and the vendor in the Acquisition Agreement
“%”	per cent.

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

Hong Kong, 27 April 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