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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE



VC BROKERAGE LIMITED

滙盈證券有限公司

**Placing Agent
VC Brokerage Limited**

PLACING AGREEMENT

After trading hours on 27 August 2010, the Vendor, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six Placees, on a best effort basis, for the purchase of up to 20,000,000 Shares at the Placing Price of HK\$1.38 per Placing Share. The maximum number of the Placing Shares represents (i) about 4.09% of the Company's existing issued share capital of 488,536,000 Shares and (ii) about 3.93% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

SUBSCRIPTION AGREEMENT

After trading hours on 27 August 2010, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed under the Placing, up to a maximum number of 20,000,000 Subscription Shares, at the Subscription Price of HK\$1.38 per Subscription Share.

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 10 September 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will constitute a connected transaction and the Company is required to comply with all the requirements in relation to connected transactions under the Listing Rules.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

PLACING AGREEMENT

Date

27 August 2010 (after trading hours)

Parties

The Vendor, the Company and the Placing Agent

The Vendor

The Vendor is Asian Gold Dragon Limited, a substantial shareholder of the Company. The Vendor is beneficially owned as to 85% by Mr. Sze Chun Ning, Vincent and 15% by Mr. Lin Qun. As at the date of this announcement, the Vendor is the beneficial owner of 255,994,500 Shares, representing approximately 52.40% of the entire issued share capital of the Company.

Placing Agent

The Placing Agent is VC Brokerage 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.

The Placing Agent will be entitled to receive a placing agent commission of 1.50% on the gross proceeds of the actual number of Placing Shares being placed. The placing agent commission of 1.50% was arrived at after arm's length negotiation between the Company and the Placing Agent.

Placing Shares

The Vendor has agreed to place, and the Placing Agent has agreed to procure, on a best effort basis, for the purchase of up to 20,000,000 Placing Shares. The maximum number of the Placing Shares represents (i) about 4.09% of the Company's existing issued share capital of 488,536,000 Shares and (ii) about 3.93% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Placees

The Placing Agent agreed to place the Placing Shares, on a best effort basis, to the Placees who are independent of and not connected with the Company, the Vendor, the Directors, chief executive, substantial shareholders and management shareholders (as those terms are defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules).

It is expected that there will be not less than six Placees. In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the Listing Rules.

Placing Price

The Placing Price of HK\$1.38 per Placing Share represents a discount of approximately 6.12% to the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on 27 August 2010, and a discount of approximately 1.43% to the average closing price of HK\$1.40 per Share as quoted on the Stock Exchange during the five trading days immediately preceding and including 27 August 2010.

The Placing Price was determined with reference to the prevailing market price of the Shares and was fixed following arm's length negotiation between the Company and the Placing Agent on the date of the Placing Agreement.

Completion

The Placing is unconditional and completion of the Placing will take place on the second business day (the "**Closing Date**") from the day on which the sale and purchase of the Placing Shares are input into the Automatic Order Matching System as operated by the Stock Exchange.

The Placing Shares will be sold free of any third party rights and together with all dividends and distributions declared, made or paid after the Closing Date.

Termination

If at any time at or prior to 9:30 a.m. (Hong Kong time) on the Closing Date:

- (A) in the opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Placing; or
- (B) any 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 Closing Date 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 Vendor of any other provision of the Placing Agreement; or

- (C) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (D) any new law or regulation or any change or development involving a prospective change in existing laws and regulations in any relevant jurisdiction which in the opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
- (E) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
- (F) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the PRC or the declaration by Hong Kong or the PRC of a national emergency or war; or
- (G) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company and/or to the Vendor by giving notice in writing to the Vendor, provided that such notice is received prior to 4:00 p.m. on the Closing Date.

SUBSCRIPTION AGREEMENT

Date

27 August 2010 (after trading hours)

Parties

The Company and the Vendor

Subscription Shares

The Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed under the Placing, up to a maximum number of 20,000,000 Subscription Shares (nominal value of such shares being HK\$200,000).

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

Subscription Price

The Subscription Price is HK\$1.38 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company is liable for the costs and expenses incurred in connection with the Placing, the Subscription and any associated transactions, and will reimburse the Vendor his costs and expenses in connection with the Placing and the Subscription.

General Mandate

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 31 March 2010. Pursuant to the General Mandate, the Directors were authorized to allot and issue up to 95,507,200 Shares. Up to the date of this announcement, no Shares have been issued pursuant to the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to any approval by the shareholders of the Company.

Conditions of the Subscription

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares.

If the conditions are not fulfilled on or prior to 10 September 2010 or such later date as may be agreed between the Company and the Vendor, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 10 September 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will constitute a connected transaction and the Company is required to comply with all the requirements in relation to connected transactions under the Listing Rules.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors have considered various ways of raising funds and consider that the Placing and the Subscription represent a suitable opportunity to raise capital for the Company and enlarge the equity base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including without limitation the Placing Price, the Subscription Price and the placing agent commission of 1.50%) are fair and reasonable based on the current market conditions and the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

The maximum gross and net proceeds from the Subscription (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) are expected to be HK\$27,600,000 and approximately HK\$27,000,000, respectively. The Company intends to use the net proceeds from the Subscription for the general working capital of the Group and/or to reduce the borrowings of the Group. The net proceeds raised per Share upon completion of the Placing and the Subscription will be approximately HK\$1.35 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarizes the fund raising activities of the Company in the last 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
18 September 2009	Placing and issue of convertible bonds of the Company (“Convertible Bonds”)	HK\$142 million	Intended to be used as general working capital of the Group and to finance possible investment projects as and when suitable opportunities arise	HK\$130 million used as refundable deposit in a proposed acquisition announced on 10 February 2010, and approximately HK\$12 million for general working capital of the Group

Up to the date of this announcement, 21,650,000 Shares have been issued upon exercise of the conversion right attached to the Convertible Bonds. Accordingly, Convertible Bonds in the principal amount of HK\$106,700,000 remain outstanding. If the conversion right attached to all outstanding Convertible Bonds is exercised, further 53,350,000 Shares will fall to be issued.

EFFECTS ON SHAREHOLDING STRUCTURE

The expected changes in the share capital and shareholding structure of the Company resulting from the Placing and the Subscription are as follows:

	Existing shareholding		Shareholding immediately after the Placing (assuming no further conversion of Convertible Bonds prior to completion of the Placing)		Shareholding immediately after the Placing and the Subscription (assuming no further conversion of Convertible Bonds prior to completion of the Placing and the Subscription)		Shareholding immediately after the Placing (assuming full conversion of Convertible Bonds prior to completion of the Placing)		Shareholding immediately after the Placing and the Subscription (assuming full conversion of Convertible Bonds prior to completion of the Placing and the Subscription)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Asian Gold Dragon Limited	255,994,500	52.40	235,994,500	48.31	255,994,500	50.34	235,994,500	43.55	255,994,500	45.56
Rising Step Holdings Limited	71,376,000	14.61	71,376,000	14.61	71,376,000	14.04	71,376,000	13.17	71,376,000	12.70
Subtotal	327,370,500	67.01	307,370,500	62.92	327,370,500	64.38	307,370,500	56.72	327,370,500	58.26
Public Shareholders										
The Places	–	–	20,000,000	4.09	20,000,000	3.93	20,000,000	3.69	20,000,000	3.56
Holders of Convertible Bonds	–	–	–	–	–	–	53,350,000	9.85	53,350,000	9.50
Other Public	161,165,500	32.99	161,165,500	32.99	161,165,500	31.69	161,165,500	29.74	161,165,500	28.68
Total	488,536,000	100.00	488,536,000	100.00	508,536,000	100.00	541,886,000	100.00	561,886,000	100.00

GENERAL

The Group is principally engaged in the provision of financial information services, securities trading system licensing and wireless applications development.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

Board	the board of Directors
business day	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business to the public in Hong Kong
Company	ABC Communications (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 30)
connected person(s)	has the meaning ascribed thereto under the Listing Rules
Director(s)	the director(s) of the Company
General Mandate	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 March 2010 to allot, issue and deal with up to 20% of the then issued share capital of the Company
Group	the Company and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange

Placee(s)	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement
Placing	the placing of up to 20,000,000 Placing Shares beneficially owned by the Vendor pursuant to the Placing Agreement
Placing Agent	VC Brokerage Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Placing Agreement	a placing agreement entered into between the Vendor, the Company and the Placing Agent dated 27 August 2010 in relation to the Placing
Placing Price	HK\$1.38 per Placing Share
Placing Shares	Up to 20,000,000 Shares beneficially owned by the Vendor and to be placed under the Placing, each a "Placing Share"
PRC	The People's Republic of China
Share(s)	the ordinary 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
Subscription Agreement	the subscription agreement entered into between the Company and the Vendor dated 27 August 2010 in relation to the Subscription
Subscription	the subscription for the Subscription Shares pursuant to the Subscription Agreement
Subscription Price	HK\$1.38 per Subscription Share
Subscription Shares	new Shares equivalent to the number of the Placing Shares actually placed to be subscribed by the Vendor, each a "Subscription Share"
Vendor	Asian Gold Dragon Limited, a substantial shareholder of the Company and is beneficially owned as to 85% by Mr. Sze Chun Ning, Vincent and 15% by Mr. Lin Qun

HK\$ Hong Kong dollars, the lawful currency of Hong Kong

% per cent.

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

Hong Kong, 27 August 2010

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors:

Mr. Chen Jiasong (Deputy Chairman)

Mr. Wang Zhi Gang

Mr. Cheung Wai Shing

Mr. Zhao Bao Long

Non-executive Director:

Mr. Hou Hui Min (Honorable Chairman)

Independent Non-executive Directors:

Mr. Tsang Kwok Wai

Mr. Lee Kwong Yiu

Mr. Zhang Guang Hui