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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

Placing Agents



Upbest Securities Company Limited

美建證券有限公司

ATHENS CAPITAL

Athens Capital Limited

After trading hours on 18 October 2010, the Vendor, the Company and the Placing Agents entered into the Placing and Subscription Agreement pursuant to which (a) the Vendor has agreed to place, and the Placing Agents have agreed to procure not less than six Placees, on a best effort basis, for the purchase of up to 30,000,000 Shares at the Placing Price of HK\$1.15 per Placing Share; and (b) the Vendor has conditionally agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, such number of Subscription Shares as is equal to the number of Placing Shares successfully placed by the Placing Agents at the Subscription Price, which is equal to the Placing Price.

The maximum number of the Placing Shares represents (i) about 5.95% of the Company's existing issued share capital of 504,536,000 Shares and (ii) about 5.61% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

As at the date of the Placing and Subscription Agreement, the Vendor held approximately 49.75% of the existing issued share capital of the Company. Immediately after completion of the Placing but before the completion of the Subscription, the Vendor will hold approximately 43.80% of the issued share capital of the Company. Immediately after completion of the Placing and the Subscription, the Vendor will hold approximately 46.96% of the issued share capital of the Company. An application will be made by the Vendor to the Executive for a waiver under Note 6 on dispensations from Rule 26 of the Takeovers Code from the general offer obligation that may otherwise arise under Rule 26 of the Takeovers Code as a result of the Placing and the Subscription.

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 31 March 2010. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new shares to be issued pursuant to the Subscription.

The Placing is unconditional, while the Subscription is conditional upon (i) the completion of the Placing; (ii) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; and (iii) the Executive granting a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code. Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or before 1 November 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing and Subscription Agreement, it will constitute a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the Listing Rules.

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

PLACING AND SUBSCRIPTION AGREEMENT

Date

18 October 2010 (after trading hours)

Parties

The Vendor, the Company and the Placing Agents

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 250,994,500 Shares, representing approximately 49.75% of the entire issued share capital of the Company.

THE PLACING

Placing Agents

The Placing Agents are Upbest Securities Company Limited and Athens Capital Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Placing Agents will be entitled to receive a placing agent commission of 3% on the aggregate price of the Placing Shares which are successfully placed. The placing agent commission of 3% was arrived at after arm's length negotiations between the Company and the Placing Agents.

Placing Shares

The Vendor has agreed to place, and the Placing Agents have agreed to procure, on a best effort basis, for the purchase of up to 30,000,000 Placing Shares. The maximum number of the Placing Shares represents (i) about 5.95% of the Company's existing issued share capital of 504,536,000 Shares and (ii) about 5.61% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Placees

Pursuant to the Placing and Subscription Agreement, the Placing Agents shall use their best endeavours to obtain confirmation from the Placees confirming that the Placees and (where the Placee is a corporation) their ultimate beneficial owners:

- (a) are independent of and not connected with the Vendor and/or the Company, its directors, chief executive and substantial shareholders and/or any subsidiary of the Company, or any of their respective associates and the purchaser of the Placing Shares are not directly or indirectly funded or backed by the Company or any connected person of the Company; and
- (b) are not a person who is accustomed to take instructions from or acting in concert with the Vendor or the Company or a connected person of the Company in relation to the acquisition, disposal, voting or any other disposition of securities in the Company.

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\$1.15 per Placing Share represents a discount of approximately 10.16% to the closing price of HK\$1.28 per Share as quoted on the Stock Exchange on 18 October 2010, and a discount of approximately 11.54% to the average closing price of HK\$1.30 per Share as quoted on the Stock Exchange during the five trading days immediately preceding and including 18 October 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 Agents on the date of the Placing and Subscription Agreement.

Completion of the Placing

The Placing is unconditional. It is expected that the completion of the Placing will take place on or before 1 November 2010 or such other date as the Vendor and the Placing Agents may agree.

The Placing Shares will be sold free from all liens, charges, encumbrances, claims, options or other third party rights and together with all rights attaching thereto at the date of the Placing and Subscription Agreement and thereafter.

Termination

If any of the following events occurs at any time prior to the completion of the Placing, the Placing Agents may rescind the Placing and Subscription Agreement without liability to the other parties (subject to provisions which expressly survive termination):

- (a) if there has come to the notice of the Placing Agents (i) any breach of the undertakings, warranties and representations set out in the Placing and Subscription Agreement; or (ii) any breach of any of obligations imposed upon any party to the Placing and Subscription Agreement (other than the Placing Agents), or
- (b) if there develops, occurs, or comes into effect the occurrence of 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.

THE SUBSCRIPTION

Subscription Shares

The Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares successfully placed by the Placing Agents, being a maximum number of 30,000,000 Subscription Shares (nominal value of such shares being HK\$300,000).

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\$1.15 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 (including without limitation the placing agent commission), and will reimburse the Vendor its 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, 16,000,000 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:

- (a) the completion of the Placing;
- (b) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (c) the Executive granting a waiver from the obligation of the Vendor to make a general offer under Rule 26 of the Takeovers Code.

The Placing and Subscription Agreement does not provide either party with the rights to waive the above conditions. The Company and the Vendor will apply to the Executive for the grant of the waiver.

If the conditions of the Subscription are not fulfilled on or prior to 1 November 2010, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and the Vendor and the Company shall be released from all rights and obligations pursuant to the Subscription, unless the Vendor and the Company agrees in writing to postpone the date for the completion of the Subscription.

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or before 1 November 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing and Subscription Agreement, it will constitute a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction 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 3%) 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\$34,500,000 and approximately HK\$32,700,000, 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\$1.09 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
27 August 2010	Placing of 16,000,000 existing Shares and Subscription of 16,000,000 new Shares under general mandate at HK\$1.38 per Share	HK\$21.7million	Intended to be used as general working and/or reduce borrowings of the Group	HK\$21.7 million used to reduce borrowings of the Company

Up to the date of this announcement, Convertible Bonds in the principal amount of HK\$86,700,000 remain outstanding. If the conversion right attached to all outstanding Convertible Bonds is exercised, further 43,350,000 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)		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)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Asian Gold Dragon Limited	250,994,500	49.75	220,994,500	43.80	250,994,500	46.96	220,994,500	40.33	250,994,500	43.43
Rising Step Holdings Limited	71,376,000	14.15	71,376,000	14.15	71,376,000	13.35	71,376,000	13.03	71,376,000	12.35
Subtotal	322,370,500	63.90	292,370,500	57.95	322,370,500	60.31	292,370,500	53.36	322,370,500	55.78
Public Shareholders										
The Placees	–	–	30,000,000	5.95	30,000,000	5.61	30,000,000	5.48	30,000,000	5.19
Holders of convertible bonds	–	–	–	–	–	–	43,350,000	7.91	43,350,000	7.50
Other Public	182,165,500	36.10	182,165,500	36.10	182,165,500	34.08	182,165,500	33.25	182,165,500	31.53
Total	504,536,000	100.00	504,536,000	100.00	534,536,000	100.00	547,886,000	100.00	577,886,000	100.00

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the date of this Placing and Subscription Agreement, the Vendor held 250,994,500 Shares, representing approximately 49.75% of the Company's existing issued share capital. Immediately after completion of the Placing but before the completion of the Subscription, the Vendor will hold approximately 43.80% of the issued share capital of the Company. Immediately after completion of the Placing and the Subscription, the Vendor will hold approximately 46.96% of the issued share capital of the Company (as enlarged by the Subscription). Accordingly, after the Subscription, the Vendor has an obligation to make a general offer under Rule 26 of the Takeovers Code for the Shares other than those already owned by the Vendor and parties acting in concert with it. An application will be made by the Vendor to the Executive for a waiver under Note 6 on dispensations from Rule 26 of the Takeovers Code from the general offer obligation that may otherwise arise under Rule 26 of the Takeovers Code as a result of the Placing and the Subscription.

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:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“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 Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing and Subscription Agreement
“Placing”	the placing of up to 30,000,000 Placing Shares beneficially owned by the Vendor pursuant to the Placing and Subscription Agreement
“Placing Agents”	Upbest Securities Company Limited, a corporation 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 within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Athens Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	a placing and subscription agreement between the Vendor, the Company and the Placing Agents dated 18 October 2010 in relation to the Placing and the Subscription
“Placing Price”	HK\$1.15 per Placing Share
“Placing Share(s)”	up to 30,000,000 Shares beneficially owned by the Vendor and to be placed under the Placing
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“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”	the subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$1.15 per Subscription Share
“Subscription Shares”	new Shares equivalent to the number of the Placing Shares to be subscribed by the Vendor

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“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, 18 October 2010

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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