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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

The Board is pleased to announce that after trading hours of 14 September 2011, the Company entered into a non-legally binding Memorandum of Understanding with the Vendor pursuant to which the Vendor proposes to sell the entire issued share capital and all shareholders' loans of the Target Company to the Company at a total consideration of not exceeding HK\$350,000,000, which is currently expected to be satisfied by cash and the issue of convertible bonds and promissory notes by the Company.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, the consideration for the Proposed Acquisition may exceed 100% of the total assets of the Company and/or the market capitalization of the Company. Accordingly, the Proposed Acquisition may constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and may be subject to shareholders' approval at a special general meeting of the Company. Further announcement will be made by the Company as to the progress of the Proposed Acquisition.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialize. Shareholders and investors should exercise caution in dealing with the securities of the Company.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that after trading hours of 14 September 2011, the Company entered into a non-legally binding Memorandum of Understanding with the Vendor pursuant to which the Vendor proposes to sell the entire issued share capital and all shareholders' loans of the Target Company to the Company at a total consideration of not exceeding HK\$350,000,000, which is currently expected to be satisfied by cash and the issue of convertible bonds and promissory notes by the Company.

To the best knowledge of the Directors after making all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

The Target Company is a company incorporated in the British Virgin Islands with limited liability. According to the information provided by the Vendor, a 60%-owned subsidiary of the Target Company indirectly owns 90% of Target Opco which (both directly and indirectly through its 78%-owned subsidiary) is principally engaged in the leasing of financial equipment, including the leasing of point-of-sales terminals, provision of member settlement system and ancillary services in the PRC.

The actual proportions of cash, convertible bonds and promissory notes, and the terms of the convertible bonds and promissory notes have yet to be finalized. However, the aggregate shareholding of the Vendor and parties acting in concert to it shall not exceed 29.9% of the issued share capital of the Company from time to time, taking into account their existing shareholding in the Company (if any) and the shares issued upon the conversion of the convertible bonds.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, it is currently expected that completion of the acquisition agreement will be conditional upon, amongst other things:

- (a) due diligence review on the Target Company having been completed to the satisfaction of the Company;
- (b) the obtaining of a valuation report (in form and substance satisfactory to the Company) from a valuer acceptable to the Company and showing the aggregate fair value of the Target Company to be not less than HK\$350,000,000; and
- (c) the Company having obtained all necessary approvals in connection with the Proposed Acquisition including the approval of the shareholders of the Company and/or the Stock Exchange.

The terms of the Proposed Acquisition is subject to further negotiation and the signing of a formal sale and purchase agreement within 60 days after the date of the Memorandum of Understanding (or such longer period as extended by mutual agreement between the parties) (the "**Exclusivity Period**"). The Vendor has agreed not to negotiate with any other potential buyers in relation to the subject matter of the Memorandum of Understanding during the Exclusivity Period. Save and except the clauses regarding exclusivity, due diligence, costs and expenses, and governing law and jurisdiction which are legally binding, all other provisions of the Memorandum of Understanding are non-legally binding.

If the Memorandum of Understanding proceeds to signing of a formal sale and purchase agreement, the consideration for the Proposed Acquisition may exceed 100% of the total assets of the Group and/or the market capitalization of the Company. Accordingly, the Proposed Acquisition may constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and may be subject to shareholders' approval at a special general meeting of the Company. Further announcement will be made by the Company as to the progress of the Proposed Acquisition.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialize. Shareholders and investors should exercise caution in dealing with the securities of the Company.

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 its shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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
“Memorandum of Understanding”	a non-legally binding Memorandum of Understanding entered into between the Company and the Vendor on 14 September 2011 in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital and all shareholders' loans of the Target Company by the Company from the Vendor, subject to the signing of a formal sale and purchase agreement
“parties acting in concert”	has the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers
“PRC”	the People's Republic of China

“Shareholders”	holders of the Shares
“Shares”	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”	Magic Luck International Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Opco”	易淘網絡技術股份有限公司 (Etao Network Technology Company Limited*), a sino-foreign joint stock company established in the PRC with limited liability
“Vendor”	Mr. Zong Xiao Hua, a third party independent of the Company and its connected persons

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

Hong Kong, 14 September 2011

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

Executive Directors:

Mr. Chen Jiasong (*Chairman*)

Mr. Cheung Wai Shing

Mr. Choy Kai Chung, Andy

Mr. Lau Kevin

Mr. Song Gaofeng

Ms. Lam Pui Sea

Ms. Ma Sai

Non-executive Director:

Mr. Qiu Hai Jian

Independent Non-executive Directors:

Mr. Lee Kwong Yiu

Mr. Lee Ho Yiu, Thomas

Mr. Zhang Guang Hui

* For identification purpose