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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



天行聯合證券有限公司
United Simsen Securities Limited

THE PLACING AGREEMENT

On 18 January 2012 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on a best efforts basis, 400,000,000 new Shares to the Placees at a price of HK\$0.25 per Placing Share, in a maximum of two (2) Tranches (in which each Tranche shall not be less than 200,000,000 Placing Shares, save for the last Tranche).

The Placing Shares represent approximately 62.44% of the existing issued share capital of the Company as at the date of this announcement and approximately 38.44% of the issued share capital of the Company as enlarged by the Placing. The Placing Shares will be issued under the specific mandate to be sought at the SGM.

On the assumption that all the Placing Shares are successfully placed, the gross proceeds from the Placing will be HK\$100 million and the net proceeds from the Placing will be approximately HK\$95 million. The Company intends to apply the net proceeds as to (i) not less than 50% of the net proceeds for financing the Acquisition and/or any other investment opportunities that may be identified by the Group; and (ii) not more than 50% of the net proceeds for the reduction of liabilities of the Group and/or general working capital of the Group.

GENERAL

The Board proposes to seek the approval from the Shareholders at the SGM in respect of the Placing Agreement, including the grant of specific mandate to allot and issue the Placing Shares. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares. The Placing is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

A circular containing, among other things, the further details regarding the Placing and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the Placing is subject to the clauses under the sections headed “Condition” and “Termination” under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 18 January 2012 (after trading hours)

Placing Agent: the Placing Agent

To the best of the Company's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees: The Placing Shares shall be placed to not less than six Placees (who will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners shall be Independent Third Parties and not acting in concert with any of the Directors, chief executives, Shareholders of the Company or any of its subsidiaries or their respective associates. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares: Up to 400,000,000 new Shares in a maximum of two (2) Tranches (in which each Tranche shall not be less than 200,000,000 Placing Shares, save for the last Tranche) to be placed by the Placing Agent on a best effort basis during the Placing Period. Assuming the Placing Shares are fully placed, the Placing Shares represent approximately 62.44% of the entire issued share capital of the Company as at the date of this announcement and approximately 38.44% of the Company's entire issued share capital as enlarged by the Placing Shares. The number of Placing Shares for each Tranche shall not be less than 200,000,000 (save for the last Tranche). The nominal value of the Placing Shares is HK\$4 million.

Placing Price: HK\$0.25 per Placing Share. The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the prevailing market price of the Shares.

The Placing Price represents:

- (a) a discount of approximately 9.09% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on 18 January 2012, being the date of the Placing Agreement; and
- (b) a discount of approximately 11.66% to the average closing price of approximately HK\$0.283 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$95 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.2375.

Placing commission: The Placing Agent will receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of Subscribed Shares successfully placed.

Specific mandate: The Placing Shares will be issued and allotted pursuant to the specific mandate to be sought from the Shareholders at the SGM.

Ranking of the Placing Shares: The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of issue and allotment of the Placing Shares.

Conditions to the Placing: Completion of the Placing is conditional upon:

- (a) the passing of a resolution by the Shareholders at the SGM to approve the Placing Agreement and the Placing, and the allotment and issue of the Placing Shares; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscribed Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing: Subject to the satisfaction of all the conditions set out above, the Placing is expected to be completed on or before 30 June 2012 or such later time and/or such other date as the Placing Agent and the Company may agree.

Termination: Notwithstanding anything contained in the Placing Agreement, if, at any time prior to 12:00 noon on the Completion Date,

- (A) (1) there is any change or prospective change (whether or not permanent) in the business or in the financial or trading position or prospects of the Company or any other member of the Group; or
- (2) any event or series of events resulting or representing or likely to result in any change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency or Renminbi is linked to that of the currency of the United States), equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or
- (3) any relevant new law, regulations, decree or change (whether or not forming part of a series of changes) in existing laws or any change in the interpretation or application thereof by any court or Governmental Authority in Hong Kong, Bermuda, the People's Republic of China ("**PRC**"), the United States, European Union or in other jurisdiction which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group shall have been introduced or effected (each a "**Relevant Jurisdiction**"); or
- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, Bermuda, the PRC, the United States, the European Union (or any member thereof), or any Relevant Jurisdiction; or

- (5) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation any Relevant Jurisdiction; or
- (6) any event, or series of events, beyond the control of the Placing Agent (including without limitation, any acts of God, acts of government, large scale labour disputes, acts or threats of war, riots, public disorder, civil commotion, fire, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute respiratory syndrome and H5N1, avian flu, influenza A (H1Na) (swine flu) and such related or mutated forms), terrorism, strikes or lockouts) or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war shall have occurred, happened or come into effect in any Relevant Jurisdiction; or
- (7) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any Relevant Jurisdiction; or
- (8) the imposition or declaration of (i) any suspension or material limitation on dealings in shares or securities generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, New York Stock Exchange, Inc., London Stock Exchange plc or any other major international stock exchange or (ii) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, PRC, New York, London or any other jurisdiction; or
- (9) any change or deterioration in the conditions of local, national or international securities markets occurs; or
- (10) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

- (11) any litigation of claim of any third party being instigated against any member of the Group; or
- (12) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (13) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (14) approval by the Listing Committee of the listing of, and permission to deal in, the Placing Shares to be issued or sold under the Placing is refused or not granted, other than subject to customary conditions, on or before the Completion Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

which in the sole and absolute opinion of the Placing Agent:

- (i) is or will or may individually or in aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of the Company taken alone or the Group taken as a whole and/or, in the case of this clause (a)(4), to any present or prospective shareholder in its capacity as such; or
- (ii) has or will or may have a material adverse effect on the success of the Placing; or
- (iii) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (a) for any material part of the Placing Agreement and/or the Placing to be performed or implemented as envisaged; or (b) to proceed with the Placing on the terms and in the manner contemplated under the Placing Agreement; or

(B) the Placing Agent shall become aware of the fact that, or have cause to believe that:

- (1) any of the warranties or undertakings given by the Company is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Placing Agent in its sole and absolute discretion;
- (2) any statement contained in the this announcement and/or the relevant circular issued by the Company in respect of the Placing was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this announcement and/or the relevant circular in respect of the Placing were to be issued at that time, constitute a material omission therefrom as determined by the Placing Agent in its sole and absolute discretion; or
- (3) there has been a breach in any material respect on the part of any of the Company of any of the provisions of the Placing Agreement as determined by the Placing Agent in its sole and absolute discretion,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received by the Company prior to 12:00 noon on the Completion Date.

For the purpose of the provisions of clause (A)(1) mentioned above, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or any change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any market fluctuations, whether or not within the normal range therefor, may be considered as a change of market conditions.

EFFECT OF THE PLACING ON SHAREHOLDING

For illustrative purpose only, set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing (assuming the Placing Shares are placed in full):

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares (Approximately)</i>		<i>No. of Shares (Approximately)</i>	
		<i>%</i>		<i>%</i>
Asian Gold Dragon Limited (Note 1)	215,054,500	33.57	215,054,500	20.66
Rising Step Holdings Limited (Note 2)	71,376,000	11.14	71,376,000	6.86
Public Shareholders:				
Placees	–	–	400,000,000	38.44
Existing public Shareholders	354,212,700	55.29	354,212,700	34.04
Total	640,643,200	100.00	1,040,643,200	100.00

Notes:

1. The Shares are held by Asian Gold Dragon Limited. Mr. Sze Chun Ning, Vincent holds 85% of the issued share capital of Asian Gold Dragon Limited.
2. The Shares are held by Rising Step Holdings Limited. Mr. Zhou Shui Jia holds the entire issued share capital of Rising Step Holdings Limited.

Save for the outstanding convertible bonds of the Company amounted to HK\$21 million at a conversion price of HK\$0.7 per conversion share, the Company has no outstanding convertible securities as at the date of this announcement.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following table summarizes the equity fund raising activities of the Company in the past 12 months immediately before the date of this announcement.

Date of announcement	Description of the fund raising exercises	Net proceeds actually raised	Intended use of net proceeds	Actual use of net proceeds
14 April 2011	Placing of new Shares under general mandate	Approximately HK\$45.4 million	(i) To financing the cash consideration of the proposed acquisition of 60% of the issued shares capital and shareholders' loan of Jun Qiao Limited by the Company pursuant to the acquisition agreement and announcement both dated 28 March 2011; and (ii) to fund the general working capital of the Group	Approximately HK\$39 million used for the payment of the said proposed acquisition; and approximately HK\$6.4 million used for the general working capital of the Group

Save as disclosed above, there has not been any other equity fund raising activities in the last 12 months immediately before the date of this announcement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Group is currently engaged in providing financial information services, wireless applications development and securities trading system licensing and extracting and selling mineral products.

Reference is made to the announcement of the Company dated 8 November 2011 in respect of the Acquisition. On 7 November 2011, the Company entered into the sale and purchase agreement with Magic Luck International Limited in relation to the Acquisition. Under the Acquisition, the total consideration of HK\$200 million shall be satisfied by the Company as to HK\$100 million in cash, HK\$50 million by means of promissory notes and HK\$50 million by means of convertible notes. Up to the date of this announcement, HK\$30 million had been paid by the Company as refundable cash deposits. Upon completion of the Acquisition, the Company is required to pay a further cash payment of HK\$70 million in part payment of the consideration. Details of the Acquisition have been disclosed in the announcement of the Company dated 8 November 2011.

Given that placing of new Shares (i) does not incur any interest paying obligations on the Group as compared with bank financing; and (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer, the Directors, after having considered various fund raising methods available to the Group, are of the view that the Placing is for the time being the most feasible fund raising method under the current financial market condition. For that reason, the Board proposes to conduct the Placing to allot and issue new Shares to raise funds in part payment of the cash portion of the consideration payable under the Acquisition. On the assumption that all the Placing Shares are successfully placed, the Company will bear the costs and expenses in connection with the Placing. The gross proceeds from the Placing will be approximately HK\$100 million and the estimated net proceeds from the Placing will be approximately HK\$95 million. As a result, the net price per Placing Share will be approximately HK\$0.2375. The aggregate nominal value of the Placing Shares is HK\$4 million. The Company intends to apply the net proceeds as to (i) not less than 50% of the net proceeds for financing the Acquisition and/or any other investment opportunities that may be identified by the Group; and (ii) not more than 50% of the net proceeds for the reduction of liabilities of the Group and/or general working capital of the Group. The Placing allows the Group to maintain sufficient cash after the completion of the Acquisition and to improve the overall financial position of the Group.

The Company considers that the Placing represents a good opportunity to broaden the shareholder base and the capital base of the Company to raise fund for its future business development. In view of the financing needs for business development of the Company as abovementioned and the appropriateness among other fund raising options, the Directors consider the terms of the Placing Agreement to be fair and reasonable and the Placing is in the interest of the Group and the Shareholders as a whole.

GENERAL

The Board proposes to seek the approval from the Shareholders at the SGM in respect of the Placing Agreement, including the grant of specific mandate to allot and issue the Placing Shares. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares. The Placing is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

To the best knowledge of the Board, none of the Shareholders have a material interest in the Placing and the transactions contemplated thereunder and will be required to abstain from voting at the SGM in respect of the resolution relating to the Placing Agreement and the transactions contemplated thereunder and the grant of the specific mandate.

A circular containing, among other things, the further details regarding the Placing and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the Placing is subject to the clauses under the sections headed “Condition” and “Termination” under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the proposed acquisition of 55% of the issued share capital of Billion Light Holdings Limited by the Company at the consideration of HK\$200,000,000 pursuant to the sale and purchase agreement, details of which have been disclosed in the announcement of the Company dated 8 November 2011
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	ABC Communications (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of each Tranche of the Placing in accordance with the Placing Agreement
“Completion Date”	each of the date when a Completion takes place as the Placing Agent may notify the Company in writing
“connected person (s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by the Placing Agent as agent of the Company to selected investors on the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	United Simsen Securities Limited, a licensed corporation to carry on business in Type 1, 2, 4 and 6 regulated activities under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 18 January 2012 in relation to the Placing
“Placing Period”	the period commencing upon the execution of this Agreement and terminating at 12:00 noon on 30 June 2012, unless terminated earlier pursuant to the terms of the Placing Agreement;
“Placing Price”	the price of HK\$0.25 per Placing Share
“Placing Share(s)”	up to 400,000,000 new Shares in not more than two (2) Tranches
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary shares of HK\$0.01 in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Placing Agreement, including the grant of specific mandate to allot and issue the Placing Shares and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Shares”	the number of Placing Shares subscribed by each Placee
“Tranche(s)”	a tranche of Placing Shares, each comprising not less than 200,000,000 Placing Shares (except for the last tranche)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
ABC Communication (Holdings) Limited
Chen Jiasong
Chairman

Hong Kong, 18 January 2012

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. 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

In the case of any inconsistency, the English text of this announcement should prevail over the Chinese Text.