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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)

ANNOUNCEMENT

DISPATCH OF CIRCULAR RELATING TO THE VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

The Circular of the Company relating to the Disposal has been dispatched to the Shareholders on 18 July 2008.

The notice of the SGM is set out in the Circular. The SGM will be held at Peking Room, The American Club Hong Kong, 48th Floor, Exchange Square Two, 8 Connaught Place, Central, Hong Kong on 11 August 2008 at 10:00 a.m.

Reference is made to the joint announcement made by the Company, HCBC Communications and the Offeror on 30 May 2008 (the “**Joint Announcement**”) and the Circular of the Company relating to the Disposal dispatched to the Shareholders on 18 July 2008 (the “**Circular**”). Terms used in this announcement shall have the same meanings as defined in the Joint Announcement unless the context otherwise requires.

DISPATCH OF THE CIRCULAR

The Circular has been dispatched to the Shareholders on 18 July 2008.

The Circular contains, amongst other things, further details about the Disposal Agreement and the transactions contemplated thereunder (the “**Disposal**”), the expected timetable, information regarding the Group, the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Disposal, the letter from Altus Capital Limited (“**Altus**”) containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, and a notice of the SGM at which the Disposal, the Capital Reorganisation (as defined below) and the Special Dividend will be considered, and if thought fit, approved.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Shareholders are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as contained in the Circular before deciding to vote for or against the resolution to be proposed at the SGM to approve the Disposal.

Having considered the principal factors and reasons as discussed in the letter from Altus, Altus is of the view that the terms of the Disposal are on normal commercial terms as the consideration of the Disposal has been determined based on arm’s length negotiations. The use of net asset values for determining the consideration under the Disposal and the settlement and payment arrangements are also commonly adopted in commercial negotiations. The Disposal, including its terms, is fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Disposal is in the interests of the Company and the Shareholders as a whole. In addition, the completion of the Disposal will facilitate the Offer which represents an alternative exit to Shareholders. Accordingly, Altus advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

Having considered the terms of the Disposal and the advice of Altus in relation thereto set out in the Circular, the Independent Board Committee is of the opinion that the terms of the Disposal are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and the entering into of the Disposal is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

The Directors also recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Capital Reorganisation (as defined below) and the Special Dividend.

THE SGM

The notice of the SGM is set out in the Circular. The SGM will be held at Peking Room, The American Club Hong Kong, 48th Floor, Exchange Square Two, 8 Connaught Place, Central, Hong Kong on 11 August 2008 at 10:00 a.m.

HCBC Enterprises, HCBC Communications, Mr. George Ho, Mr. George Joseph Ho, Mr. Michael Tse Chi Hung, Mr. Leung Kwok Kit and their respective associates (including Ms. Joyce Leung and Ms. Jacqueline Leung) (the “**Abstaining Shareholders**”) will abstain from voting in respect of the resolutions to approve the Disposal at the SGM. As at the date of this announcement, the Abstaining Shareholders hold 286,436,206 Shares (representing 61.35% of the issued share capital of the Company) and the Independent Shareholders hold 180,449,794 Shares (representing 38.65% of the issued share capital of the Company).

In accordance with Rule 25 of the Takeovers Code and Chapters 14 and 14A of the Listing Rules, the vote taken at the SGM to seek approval of the Independent Shareholders in respect of the Disposal must be taken by poll.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the entitlements to the Special Dividend and the eligibility to attend and to vote at the SGM, the register of members of the Company will be closed from Thursday, 7 August 2008 to Monday, 11 August 2008 (both dates inclusive) during which period no transfer of Shares will be effected. In order to qualify for the Special Dividend and for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by not later than 4:30 p.m. on Wednesday, 6 August 2008.

SPECIAL DIVIDEND

As disclosed in the Joint Announcement, subject to completion of the Disposal, the Company will apply the sale proceeds under the Disposal and surplus cash of the Company for the Special Dividend to be made to all Shareholders (including HCBC Communications) whose names appear on the register of members of the Company on the date of the SGM. The Special Dividend amounts to HK\$273,868,476, which is equivalent to HK\$0.5866 per Share.

To comply with the bye-laws of the Company, the Board will seek the approval of the Shareholders, by way of an ordinary resolution, at the SGM in respect of the Special Dividend. The Abstaining Shareholders do not have a material interest in the Special Dividend which is different from the Independent Shareholders. The Abstaining Shareholders will not be required to abstain from voting in respect of the ordinary resolution approving the Special Dividend.

CAPITAL REORGANISATION

As disclosed in the Joint Announcement, to facilitate the distribution of the Special Dividend, the Board will seek the approval of the Shareholders at the SGM in respect of a capital reorganisation (the “**Capital Reorganisation**”), which will involve:

- (a) the reduction of the nominal value of each issued Share from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 from the paid-up capital on each issued Share and to transfer the credit arising therefrom to the contributed surplus account of the Company;

- (b) the authorised but unissued share capital of the Company be sub-divided by sub-dividing each of the authorised but unissued Shares of HK\$0.10 each in the capital of the Company into 10 new shares of HK\$0.01 each in the capital of the Company; and
- (c) the reduction of the share premium account of the Company (in the amount of HK\$76,470,297 as at 31 March 2008) to zero and to transfer the credit arising therefrom to the contributed surplus account of the Company.

The Capital Reorganisation is conditional upon:

- (a) the passing of a special resolution by not less than three-fourths of the votes cast by Shareholders at the SGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares of HK\$0.01 each of the Company; and
- (c) compliance with Section 46 of the Bermuda Companies Act, including the publication of a notice of reduction of capital in an appointed newspaper in Bermuda and the filing of a memorandum of reduction of capital with the Registrar of Companies in Bermuda.

The Capital Reorganisation is not conditional upon Completion. The Abstaining Shareholders will not be required to abstain from voting in respect of the special resolution approving the Capital Reorganisation.

Subject to the satisfaction of the conditions above, the Capital Reorganisation will take effect from 9:30 a.m. (Hong Kong time) on the next Business Day following the date of the SGM. Subject to the satisfaction of the conditions above, the Capital Reorganisation and making of the Special Dividend will comply with Bermuda law in all respects.

Under the Bermuda Companies Act and the Company's bye-laws, dividends can be paid out of (a) the retained profits of the Company; and (b) the contributed surplus of the Company subject to approval by shareholders of the Company and provided that the Company is, or would after the payment be, able to pay its liabilities as they become due, or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium account. As at 31 March 2008, the amount distributable by the Company amounted to HK\$87,905,038. Assuming that the Restructuring and the Disposal had taken place on 31 March 2008, the amount distributable by the Company would have amounted to HK\$280,297,091.

INFORMATION ON THE ABC GLOBAL GROUP AND THE CHOUDARY GROUP

Completion is conditional upon, inter alia, completion of the Restructuring. Following the Restructuring, (a) ABC Global will become the holding company of the investment holding business of the Group and a 49% minority interest in Choudary; and (b) the Company will continue to own a 51% direct interest in Choudary. For the purpose of this announcement, “**Choudary Group**” shall mean Choudary and its subsidiaries, “**ABC Global Group**” shall mean ABC Global and its subsidiaries after the Restructuring, and “**Remaining Group**” shall mean the Group excluding the ABC Global.

Based on the combined financial information of the ABC Global Group and the consolidated financial information of the Choudary Group as presented in Section III (Subsequent Events) of the Accountant's Report of the Group set out in Appendix I of the Circular, the net profits/losses (before and after taxation) and the net assets/liabilities of the ABC Global Group and the Choudary Group are as follows:

	ABC Global Group		Choudary Group	
	As at and for the year ended 31 March 2007 (HK\$)	As at and for the year ended 31 March 2008 (HK\$)	As at and for the year ended 31 March 2007 (HK\$)	As at and for the year ended 31 March 2008 (HK\$)
Net profit/(loss) before taxation	8,767,082	(16,564,724)	1,058,625	24,333,315
Net profit/(loss) after taxation	7,736,210	(16,806,683)	1,058,625	24,333,315
Net assets/(liabilities)	80,135,157	50,913,184	(85,016,885)	(57,683,764)

Notes:

- (a) The combined financial information of the ABC Global Group and the consolidated financial information of the Choudary Group above were extracted from Section III (Subsequent Events) of the Accountant's Report of the Group set out in Appendix I of the Circular, which were prepared on the assumption that the proposed structure after the Restructuring has been in existence throughout the relevant financial period.
- (b) The net profit (before and after taxation) of the Choudary Group for the year ended 31 March 2008 has included an adjustment reflecting a gain of HK\$20,585,276 recorded by the Choudary Group in relation to a waiver of an amount due by the Choudary Group to the ABC Global Group during the year ended 31 March 2008.

FINANCIAL EFFECTS OF THE DISPOSAL AGREEMENT

Based on the unaudited pro forma consolidated income statement of the Remaining Group set out in Appendix II to the Circular, assuming (inter alia) that the Restructuring, the Disposal and the distribution of the Special Dividend had all taken place on 1 April 2007, the consolidated profit/loss attributable to shareholders of the Group would have increased from a loss of HK\$5,546,779 to a profit of HK\$96,903,160. The unaudited pro forma consolidated profit attributable to shareholders of HK\$96,903,160 has already taken into account (a) an adjustment reflecting a gain of HK\$20,585,276 (unaudited) recorded by the Remaining Group in relation to a waiver of an amount due by the Remaining Group to the ABC Global Group (during the year ended 31 March 2008; (b) an estimated gain realized from the release of investment revaluation reserve of HK\$90,665,551 in relation to the available-for-sale securities held by ABC Global Group being disposed of by the Company assuming the Disposal took place on 1 April 2007; and (c) an estimated loss from the Disposal of approximately HK\$12,720,107 (after estimated professional costs of HK\$6,000,000 and assuming the Disposal took place on 1 April 2007).

Based on the unaudited pro forma consolidated balance sheet of the Remaining Group set out in Appendix II to the Circular, assuming (inter alia) that the Restructuring, the Disposal and the distribution

of the Special Dividend had all taken place on 31 March 2008, the consolidated total assets of the Group would have decreased from HK\$419,087,904 to approximately HK\$41,692,629, and the unaudited consolidated total liabilities of the Group would have decreased from HK\$128,234,094 to approximately HK\$27,811,467.

Based on the unaudited pro forma consolidated balance sheet of the Remaining Group set out in Appendix II to the Circular, assuming (inter alia) that the Restructuring and the Disposal had taken place on 31 March 2008, the Company is expected to record (a) an estimated gain realized from the release of investment revaluation reserve in the amount of HK\$78,250,262 in relation to the available-for-sale securities held by ABC Global Group being disposed of by the Company assuming the Disposal took place on 31 March 2008; and (b) an estimated loss on the Disposal in the amount of approximately HK\$6,849,054 (after estimated professional costs of HK\$6,000,000).

ADDITIONAL INFORMATION

Since the publication of the Joint Announcement, the long stop date for the satisfaction of the conditions to the Share Purchase Agreement and the Disposal Agreement has been extended from 31 July 2008 to 31 August 2008.

The Executive has given consent under Rule 8.2 of the Takeovers Code to extend the deadline for the dispatch of the composite offer and response document in relation to the Offer to a date falling seven days after the completion of the Share Purchase Agreement, or 27 August 2008, whichever is earlier.

EXPECTED TIMETABLE

If the conditions applicable to the Transactions are all fulfilled, the expected timetable for the relevant events shall be as follows:

2008
(Note 1)

Last day of dealings in the Shares cum-entitlement to the Special Dividend	Monday, 4 August
First day of dealings in the Shares ex-entitlement to the Special Dividend (<i>Note 2</i>)	Tuesday, 5 August
Latest time for lodging transfer of Shares in order to be entitled to the Special Dividend	4:30 p.m. on Wednesday, 6 August
Latest time for lodging transfer of Shares to qualify for attending and voting at the SGM	4:30 p.m. on Wednesday, 6 August
Register of members closed	Thursday, 7 August to Monday, 11 August
Latest time for lodging the form of proxy for the SGM	10:00 a.m. on Saturday, 9 August
Record date for determining the entitlements to the Special Dividend for Shareholders	Monday, 11 August
Record date for determining the eligibility to attend and vote at the SGM	Monday, 11 August

SGM	10:00 a.m. on Monday, 11 August
Announcement of results of the SGM	Monday, 11 August
Effective date for Capital Reorganisation	9:30 a.m. on Tuesday, 12 August
First day for free exchange of existing share certificates for new share certificates.	Tuesday, 12 August
Completion	Wednesday, 20 August
Expected date of dispatch of the cash cheque for the Special Dividend to the Shareholders	Monday, 1 September
Last day for free exchange of existing share certificates for new share certificates.	Tuesday, 23 September

Notes:

1. Dates and deadlines stated above for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable will be announced as appropriate. All times and dates refer to Hong Kong local time.
2. The distribution of the Special Dividend is conditional upon completion of the Disposal, which in turn is conditional upon the fulfillment of certain conditions including the passing of the relevant resolution by the Independent Shareholders at the SGM. Shareholders and investors should note that, based on the expected timetable, the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 5 August 2008 and that dealing in Shares will take place even though the conditions to the Disposal remain unfulfilled. Any Shareholder or investor dealing in the Shares between the ex-entitlement date and the Completion Date (which is expected to be on Wednesday, 20 August 2008) will accordingly bear the risk that Completion may not proceed and that the Special Dividend is not distributed.

By order of the Board
ABC Communications (Holdings) Limited
Patricia Yeung Shuk Kwan
Managing Director

Hong Kong, 18 July 2008

As at the date hereof, the board of directors of the Company comprises Mr. George Joseph Ho, Mr. Joey Fan and Ms. Patricia Yeung Shuk Kwan as Executive Directors, Mr. Michael Tse Chi Hung, Mr. George Ho and Mr. Leung Kwok Kit as Non-Executive Directors and Mr. Adrian Fu Hau Chak, Mr. Aubrey Li Kwok Sing and Mr. Lester Kwok Chi Hang as Independent Non-Executive Directors.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the 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.