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GAINHIGH HOLDINGS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

ASIA TELEMEDIA LIMITED

(In Liquidation)

亞洲電信媒體有限公司

(清盤中)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

**PROPOSED RESTRUCTURING OF
ASIA TELEMEDIA LIMITED (IN LIQUIDATION)
INVOLVING**

- (1) PROPOSED CAPITAL RESTRUCTURING;**
- (2) PROPOSED SUBSCRIPTION FOR NEW SHARES AND
CONVERTIBLE NOTES;**
- (3) CREDITORS' SCHEME OF ARRANGEMENT IN
ACCORDANCE WITH
SECTION 166 OF THE COMPANIES ORDINANCE;**
- (4) GROUP REORGANISATION;**
- (5) APPLICATION FOR WHITEWASH WAIVER AND
SPECIAL DEALS CONSENT;**
- (6) PROPOSED CHANGE OF DIRECTORS; AND**
- (7) AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

RESTRUCTURING PROPOSAL

On 15 April 2011, the Company, the Liquidators, the Investor and the Guarantor entered into the Restructuring Agreement for the implementation of the Restructuring Proposal. The Restructuring Proposal comprises the Capital Restructuring, the Subscription, the Scheme and the Group Reorganisation.

Upon Completion, the Investor and parties acting in concert with it (including CCT Asset Management) will be interested in approximately 80.60% of the enlarged issued ordinary share capital of the Company. In the absence of the Whitewash Waiver, the Investor would be required to make an unconditional mandatory general offer for all the New Shares not already owned or agreed to be acquired by the Investor or parties acting in concert with it (including CCT Asset Management). The Investor will make an application to the Executive for the Whitewash Waiver, the grant of which will be subject to, among other matters, the approval of Independent Shareholders by way of poll at the EGM.

As at the date of this announcement and to the best information and knowledge of the Liquidators, there are four Scheme Creditors with an aggregate claim of approximately HK\$23.07 million who are also Shareholders. These interested Shareholders would receive payments under the Scheme. The Group Reorganisation and the terms of the Restructuring Agreement are not extended to other Shareholders. Therefore, the implementation of the Scheme and the Group Reorganisation constitute special deals under Note 5 to Rule 25 of the Takeovers Code, and requires the consent of the Executive. An application will be made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Scheme and the Group Reorganisation.

PROPOSED CHANGE OF DIRECTORS

It is proposed that the existing Directors shall be removed and the Investor intends to nominate six new Directors upon Completion.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

It is proposed to amend the memorandum and articles of association of the Company to reflect the Capital Restructuring.

GENERAL

The grant of the Whitewash Waiver and the special deals consent by the Executive, the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM by way of poll under the Takeovers Code.

A circular containing, among other things, details of the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the special deals consent and a letter of advice from the independent financial adviser to the Independent Shareholders in relation to the Whitewash Waiver and the special deals consent will be despatched to the Shareholders on or before 17 June 2011.

At the request of the Company, trading in the Shares has been suspended since 2:54 p.m. on 18 March 2008 and will remain suspended until further notice.

The transactions contemplated under the Restructuring Agreement are subject to the fulfilment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Restructuring Proposal will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcements of the Company dated 15 July 2009, 8 July 2010, 5 January 2011 and 4 April 2011. The Stock Exchange has allowed the Company to proceed with the Resumption Proposal subject to prior compliance with certain conditions as set out in the Company's announcement dated 4 April 2011. The Resumption Proposal includes the Restructuring Proposal and the actions taken by the Company to address the concerns raised by the Stock Exchange as set out in the Company's announcement dated 8 July 2010.

THE RESTRUCTURING AGREEMENT

The Company, the Liquidators, the Investor and the Guarantor entered into the Restructuring Agreement on 15 April 2011 for the implementation of the Restructuring Proposal.

Principal terms of the Restructuring Agreement

(1) The Capital Restructuring

Under the Capital Restructuring, the share capital of the Company will be restructured in the following manner:

- (a) Every 50 issued and unissued Shares of HK\$0.20 each will be consolidated into 1 Consolidated Share, as a result of which 1,543,507,296 issued Shares of HK\$0.20 each will be consolidated into 30,870,145 Consolidated Shares;
- (b) The par value of each issued and unissued Consolidated Share will be reduced from HK\$10.00 each to HK\$0.01 each and the credit arising from such reduction will be applied to eliminate the accumulated losses of the Company;
- (c) The unissued share capital in the authorised share capital of HK\$400,000,000 will, after the Share Consolidation and the Capital Reduction having become effective, be cancelled and diminished resulting in an authorised and issued share capital of the Company becoming HK\$308,701.45; and
- (d) Immediately upon the Capital Cancellation becoming effective, the authorised share capital of the Company will be increased from HK\$308,701.45 to HK\$20,000,000 divided into 2,000,000,000 New Shares.

Fractional entitlements as a result of the Capital Restructuring will be aggregated and sold for the benefit of the Company. The net proceeds from such sale will be used as additional working capital of the Company.

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 2,000,000,000 Shares of HK\$0.20 each, of which 1,543,507,296 Shares have been issued and fully paid. Assuming there is no change in the number of Shares from the date of this announcement to immediately upon the Capital Restructuring becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 2,000,000,000 New Shares of HK\$0.01 each, of which 30,870,145 New Shares will be in issue.

The effect of the Capital Restructuring on the share capital of the Company is summarised in the following table:

	Prior to the Capital Restructuring	After the Share Consolidation	After the Capital Reduction	After the Capital Cancellation	After the Authorised Share Capital Increase
Par value of share (<i>HK\$</i>)	0.20	10.00	0.01	0.01	0.01
Number of authorised shares	2,000,000,000	40,000,000	40,000,000	30,870,145	2,000,000,000
Authorised share capital (<i>HK\$</i>)	400,000,000.00	400,000,000.00	400,000.00	308,701.45	20,000,000.00
Number of shares in issue	1,543,507,296	30,870,145	30,870,145	30,870,145	30,870,145
Paid-up capital (<i>HK\$</i>)	308,701,459.20	308,701,450.00	308,701.45	308,701.45	308,701.45

A credit amount of approximately HK\$308.4 million arising from the Capital Reduction will be applied in a manner as permitted by the Companies Ordinance and the memorandum and articles of association of the Company, including but not limited to setting off part of the accumulated losses of the Company.

The Capital Restructuring will become effective after (i) the Court's approval; and (ii) the passing of the requisite resolutions by the Shareholders at the EGM in accordance with the provisions of the memorandum and articles of association of the Company, the Companies Ordinance, the Listing Rules and other applicable laws and regulations.

(2) The Subscription

Under the Restructuring Agreement, the Investor will subscribe for the following:

- (a) the Subscription Shares at the subscription price of HK\$0.62 each, representing a total consideration of HK\$79.5 million; and
- (b) the Convertible Notes with a principal amount of HK\$92.5 million convertible in full into 149,193,548 New Shares at an initial conversion price of HK\$0.62 per New Share.

The total consideration payable by the Investor in respect of the Subscription is HK\$172 million. The Investor has (i) advanced HK\$50.2 million for the costs and expenses in connection with the Restructuring Proposal and for the Group's working capital; and (ii) paid HK\$3 million to the escrow agent as a deposit upon signing of the Letter of Intent. These amounts will be off-set against the total consideration payable by the Investor upon Completion.

The Subscription Shares

The subscription price of HK\$0.62 per Subscription Share represents:

- (a) a discount of approximately 88% to the theoretical quoted price of HK\$5 per New Share (the quoted price of HK\$0.10 per Share has been adjusted to reflect the proposed consolidation of every 50 Shares to 1 Consolidated Share pursuant to the Share Consolidation) on 18 March 2008, the last trading day before the suspension of trading in the Shares since 2:54 p.m. that day (Shareholders should not rely upon the market price of the Shares prior to suspension of trading in the Shares on 18 March 2008 as an indicator of the current worth of the Company); and
- (b) a premium of approximately HK\$4.09 over the unaudited consolidated net liabilities per New Share of HK\$3.47 as at 31 December 2010 (based on the unaudited consolidated net liabilities of the Group of approximately HK\$107,091,000 as at 31 December 2010 and 30,870,145 New Shares upon the Capital Restructuring becoming effective).

The Convertible Notes

The principal terms of the Convertible Notes are summarised as follows:

Issuer	:	The Company
Subscriber	:	The Investor
Principal amount	:	HK\$92,500,000
Issue price	:	HK\$92,500,000
Initial conversion price	:	HK\$0.62 per CN Share (subject to adjustment)

Interest	:	Non-interest bearing
Maturity date	:	A fixed term of five years following the date of issue of the Convertible Notes. The Convertible Notes shall be issued by the Company to the Investor upon Completion. Any outstanding portion of the Convertible Notes will lapse immediately after the maturity date.
Conversion period	:	The Convertible Notes are convertible, in whole or in part, on any business day within a period of five years following the date of issue of the Convertible Notes at the prevailing conversion price of the Convertible Notes.
Number of New Shares	:	On the basis of the initial conversion price of HK\$0.62 per CN Share (subject to adjustment), a total of 149,193,548 CN Shares will be issued upon full conversion of the Convertible Notes.
Redemption	:	Non-redeemable
Voting	:	The Convertible Notes do not confer any voting rights at any meetings of the Company.
Transferability	:	The ownership of the Convertible Notes is freely transferable but subject to compliance with the Listing Rules and the Takeovers Code.
Adjustment	:	The Convertible Notes will be subject to the usual anti-dilutive adjustments in respect of events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues.

- Listing : No application will be made by the Company for the listing of the Convertible Notes. Application will be made by the Company to the Listing Committee of The Stock Exchange for the listing of, and permission to deal in, the CN Shares.
- Ranking : The CN Shares, when allotted and issued, will rank pari passu in all respects with all New Shares in issue at the date of the conversion notice.
- Conversion : The holder of the Convertible Notes shall not exercise its rights attached to the Convertible Notes if, immediately following the conversion the Company will be unable to meet the public float requirement under the Listing Rules.

The subscription price of the Subscription Shares and the conversion price of the Convertible Notes were negotiated between the Liquidators and the Investor on an arm's length basis. In determining the subscription price and the conversion price, the Liquidators and the Investor have taken into account, among other things, the Company is currently in liquidation, the suspension of trading in the Shares since 18 March 2008 and the net deficiency in assets position of the Group. The Liquidators consider that the subscription price and the conversion price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares and the CN Shares shall rank pari passu with all other then issued New Shares and shall have the same voting, dividend and other rights attached or accruing thereto as from Completion (in relation to the Subscription Shares) and from the date of the conversion notice (in relation to the CN Shares). The Company will submit an application for the listing of, and permission to deal in, the Subscription Shares and the CN Shares.

The Company, the Liquidators and the Investor will enter into the Subscription Agreement in due course which will set out the above major terms in respect of the Subscription. Further announcements will be made by the Company in respect of the Subscription Agreement as soon as possible after the entering into of the Subscription Agreement.

The shareholding structure of the Company after Completion is illustrated in the section headed “Changes in the shareholding structure of the Company” below.

(3) *The Scheme*

Based on the latest information available, as at the date of this announcement, the total Claims of the Scheme Creditors amounted to approximately HK\$115.44 million, of which approximately HK\$0.12 million was owed to the Preferential Creditors. The Company does not have any Secured Creditors.

Upon Completion, all the Company’s indebtedness (including but not limited to any guarantee or indemnity given by the Company) will be compromised and discharged in full in return for a cash payment of HK\$72 million, which is to be funded by the Company out of the proceeds of the Subscription. The Company estimates that it will recognise a gain of approximately HK\$29.77 million, being the Company’s indebtedness to be discharged under the Scheme of HK\$101.77 million (based on the Company’s books and records) less the cash payment of HK\$72 million, in the Company’s statement of comprehensive income for the year ending 31 December 2011.

(4) *The Group Reorganisation*

Upon Completion, all the issued shares of the Excluded Companies will be transferred to a nominee of the Scheme Administrators for the benefit of the Scheme Creditors at a nominal consideration of HK\$1.00 and any guarantee or indemnity given by the Company in respect of the obligations or liabilities of each of the Excluded Companies shall be released and discharged in full upon such transfer.

As a result, the Excluded Companies will cease to be subsidiaries of the Company and their assets, liabilities and results will not be consolidated in the financial statements of the Group after Completion. The Company estimates that it will recognise a gain of approximately HK\$40,000, being the difference between the consideration of HK\$1.00 and the net deficiency of assets of the Excluded Companies (net of amounts due to the Company).

(5) *Conditions precedent to completion of the Restructuring Agreement*

Completion will be subject to, among other things, the satisfaction or waiver (as the case may be) of the following conditions:

- (a) The Court's sanction of the Scheme;
- (b) Delivery of an office copy of the Court order sanctioning the Scheme to the Registrar of Companies in Hong Kong for registration;
- (c) The Court's confirmation of the Capital Restructuring;
- (d) Shareholders' resolutions approving:
 - (i) the Capital Restructuring;
 - (ii) the Subscription Agreement and the issue of the Subscription Shares and the Convertible Notes;
 - (iii) all transactions contemplated under the Restructuring Agreement;
 - (iv) the Whitewash Waiver and any special deals;
 - (v) the removal of all existing Directors from the Board (to the extent legally possible);
 - (vi) the appointment of new Directors to the Board, to be nominated by the Investor; and
 - (vii) the amendments to the memorandum and articles of association of the Company to reflect the Capital Restructuring;
- (e) Execution of the Subscription Agreement;
- (f) The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue on Completion and to be issued pursuant to the Restructuring Agreement and the Subscription Agreement (including the issuance of the CN Shares);

- (g) Confirmation that the Executive has granted the Whitewash Waiver and consent required in respect of any special deals;
- (h) Completion of the Group Reorganisation;
- (i) Grant of approval by the Court under the Companies Ordinance for an extension in respect of the date for the laying of the Company's accounts at annual general meeting and the holding of such general meetings (if applicable);
- (j) The SFC granting an approval or a consent under the SFO in respect of the change in substantial shareholder of a licensed corporation as a result of the implementation of the transactions contemplated under the Restructuring Agreement and the SFC's approval regarding the responsible officer and other persons as nominated by the Investor to serve Mansion House Securities (F.E.) Limited, the principal operating subsidiary of the Company; and
- (k) Permanent stay of the winding-up order against the Company dated 18 March 2008 and the release and discharge of the Liquidators.

Completion is conditional on each of the conditions precedent (to the extent not amended or waived by the Investor) having been satisfied and remaining satisfied up to Completion. The Investor may, at any time prior to Completion, waive in whole or in part and conditionally or unconditionally the conditions precedent set out in paragraphs 5(h) or 5(i) above. None of the Company, the Liquidators nor the Investor may waive any other conditions precedent.

Unless the Liquidators and the Investor shall otherwise agree, the Restructuring Agreement shall be terminated automatically if the conditions precedent have not been satisfied (or not been waived by the Investor pursuant to the Restructuring Agreement) upon the expiry of the Long Stop Date.

USE OF PROCEEDS

The aggregate cash proceeds from the Subscription of HK\$172 million shall be applied as follows:

- (a) HK\$72 million to be paid to the Scheme Creditors under the Scheme;
- (b) HK\$20 million as funding for the costs and expenses in connection with the Restructuring Proposal, of which HK\$11.5 million has already been financed by the Investor; and
- (c) HK\$80 million to finance the regulatory and general working capital as well as infrastructure investment for the Group, of which HK\$38.7 million has already been financed by the Investor.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the Company's existing shareholding structure and the structure after Completion:

	Existing		Immediately upon Completion and before the Place Down		Immediately upon Completion, after the Place Down and before conversion of the Convertible Notes		Immediately upon Completion, after the Place Down and full conversion of the Convertible Notes	
	<i>No. of</i>		<i>No. of</i>		<i>No. of</i>		<i>No. of</i>	
	<i>Shares</i>	<i>%</i>	<i>New Shares</i>	<i>%</i>	<i>New Shares</i>	<i>%</i>	<i>New Shares</i>	<i>%</i>
Investor and parties acting in concert	-	-	128,225,806	80.60%	119,225,806	74.94%	268,419,354	87.07%
Lu Ruifeng and his associates (<i>Note 1</i>)	712,889,808	46.19%	14,257,796	8.96%	14,257,796	8.96%	14,257,796	4.62%
Evans Carrera Lowe and his associates (<i>Note 2</i>)	184,900,000	11.98%	3,698,000	2.32%	3,698,000	2.32%	3,698,000	1.20%
Other existing shareholders	645,717,488	41.83%	12,914,349	8.12%	12,914,349	8.12%	12,914,349	4.19%
Independent placees	-	-	-	-	9,000,000	5.66%	9,000,000	2.92%
Total	<u>1,543,507,296</u>	<u>100.00%</u>	<u>159,095,951</u>	<u>100.00%</u>	<u>159,095,951</u>	<u>100.00%</u>	<u>308,289,499</u>	<u>100.00%</u>

Notes:

- (1) According to the disclosure of interests filing dated 28 December 2007 published on the website of the Stock Exchange, Mr. Lu Ruifeng was interested in 712,889,808 Shares comprising (i) 1,389,808 Shares held by Asia TeleMedia Holdings Limited, the entire issued share capital of which was wholly owned by Mr. Lu Ruifeng; (ii) 693,725,000 Shares held by China United Telecom Limited, 35% of the issued share capital of which was held by Asia TeleMedia Holdings Limited; and (iii) 17,775,000 Shares held by Transmedia Asia Limited, which was a wholly-owned subsidiary of China United Telecom Limited. In addition, according to the abovementioned disclosure of interests filing, Mr. Lu Ruifeng was also interested in cash settled options that represented 1,500,000 Shares. These options have lapsed and the exercise period of these options has expired on 27 December 2010. Mr. Lu Ruifeng is the chairman of the Company and an executive Director.
- (2) According to the disclosure of interests filing dated 30 October 2007 published on the website of the Stock Exchange, Mr. Evans Carrera Lowe was interested in 184,900,000 Shares through High Reach Assets Limited, the entire issued share capital of which was wholly owned by Mr. Lowe. Mr. Lowe is a former Director.

In order to restore the public float, the Investor will engage a placing agent to place not less than 9,000,000 New Shares from the Investor to independent third parties immediately after completion of the issue of the Subscription Shares. Details of the Place Down will be disclosed in the Company's further announcement.

INFORMATION ON THE INVESTOR

The Investor is an investment holding company incorporated in the British Virgin Islands and is beneficially and ultimately wholly-owned by Mr. Ko. Mr. Ko is also the sole director of the Investor. Particulars of Mr. Ko are set out in the section headed "Proposed change of Directors" below.

The Investor and its associates are third parties independent of the Company and connected persons of the Company.

FUTURE INTENTIONS OF THE INVESTOR

The Group is principally engaged in the provision of financial services – currently comprising securities broking, share placing and underwriting, corporate finance, private equity, consulting and related services. The Investor intends to continue and expand the Group's existing businesses in the provision of financial services. The Investor's overall vision and plan for the Group is for it to develop further into a Hong Kong-based financial powerhouse that will serve as a conduit and bridge between Chinese and Asian companies and their investors and Western counterparts. The Investor may seek to expand the Group's operations to encompass the provision of additional financial services related business, including expanding the Group's broking activities into overseas markets, expanding into the provision of equity derivatives give-up business, futures and options brokerage, wealth management, proprietary trading, direct investment, asset management, mezzanine financing, margin financing and money lending.

The Group is in the process of recruiting an established and successful high calibre institutional sales trading team who is expected to bring to the Group access to significant deal flow in securities trading, placings and underwriting transactions. Some or all of these people will join the existing members of the Group's senior management team. As an incentive, Mr. Ko is planning to offer some or all of the Group's proposed and future senior management team equity in the Investor of an amount in aggregate up to 25% of the share capital of the Investor. This group of individuals are not Shareholders. In addition, the Group plans to recruit additional human resources in the corporate finance, research, support services and middle office functions to support the Group's growth. In order to cope with the Group's planned business expansion, new and larger offices have been leased and the Group has relocated to the new offices with effect from 3 May 2011.

In November 2010, the immediate holding company of the Investor and CCT Asset Management entered into a cooperation framework agreement. CCT Asset Management is principally engaged in the management and operating of state-owned assets and is wholly-owned by CCT Group. China Chengtong Holdings Group Limited was established in 1992 and is a state-owned enterprise managed by SASAC. CCT Group is principally engaged in asset management and operation, warehousing and logistics service, material distribution and paper making industry. CCT Group manages more than one hundred enterprises, including five listed companies (i) Zhongchu Development Stock Co. Ltd. (中儲發展股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600787); (ii) Foshan Huaxin Packaging Co., Ltd. (佛山華新包裝股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 200986); (iii) China Chengtong Development Group Ltd. (中國誠通發展集團有限公司), the shares of which are listed on the Stock Exchange (stock code: 217); (iv) Guangdong Guanhao High-Tech Co., Ltd. (廣東冠豪高新技術股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600433); and (v) Yueyang Paper Co., Ltd. (岳陽紙業股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600963).

Under the cooperation framework agreement, the Group will be offered priority to provide consulting, financial advisory and corporate finance services in respect of asset restructuring, merger and acquisition, industry chain integration and public listing coordinating of assets managed by CCT Asset Management. CCT Asset Management will also refer to the Group similar corporate finance business in respect of the PRC central or municipal governments thereby creating deal flow for the Group. In addition, CCT Asset Management and the Group have begun work to establish a new joint venture based in Beijing with an equity investment of RMB10 million to advise CCT Group in respect of the reorganisation and the restructuring of non-core and non-performing assets. The new joint venture will be 51% and 49% owned by the Group and CCT Asset Management respectively. Upon resumption of trading in the Shares, CCT Asset Management will pay HK\$34.4 million to the Investor to acquire 20% of the share capital in the Investor. CCT Asset Management is not a Shareholder.

Both the Company and the Investor do not have any present agreement, arrangement, negotiation and/or plan to carry out any other principal businesses other than the provision of financial services related business within 24 months after resumption of trading in the Shares.

Apart from the proposed acquisition of a 20% shareholding interest in the Investor by CCT Asset Management and the proposed offer of shares in the Investor to the Group's senior management team, the Investor and its beneficial owner have no intention or plan to dispose of its controlling interests in the Company within 24 months after resumption of trading in the Shares.

PROPOSED CHANGE OF DIRECTORS

Mr. Lu Ruifeng and Mr. Yiu Hoi Ying are executive Directors and Mr. Lu Ning, and Mr. Li Chun are independent non-executive Directors.

Since their appointment, the Liquidators have used their best endeavours to contact the Directors, namely Mr. Lu Ruifeng, Mr. Yiu Hoi Ying, Mr. Lu Ning and Mr. Li Chun. However, the Directors have not responded to any of the requests and enquiries made by the Liquidators in respect of the Company's affairs. Given this lack of cooperation from the Directors, their involvement is likely to cause unnecessary delays and create uncertainties to the restructuring of the Group. The Directors have had no involvement, and the Liquidators have not been able to involve the Directors, in the Group's operation, discussion and negotiation of the Restructuring Proposal since the date of appointment of the Liquidators and they are expected not to be involved in the preparation of all the announcements, circulars and other documents of the Company (as defined in the Takeovers Code) (the "Documents"). Pursuant to the order of the Court dated 14 January 2009, the Liquidators were empowered to manage the operation and corporate affairs of the Group. The Company has made a request to the Executive for consent to the exclusion of the Directors from the responsibility statement in the Documents under Rule 9.4 of the Takeovers Code and the Executive consented to such exclusion.

The Liquidators intend to remove all the existing Directors from office with effect from Completion subject to approval by Shareholders.

The Investor intends to nominate six new Directors with effect from Completion. Set out below are the biographical details of the proposed Directors to be nominated to the Board.

Executive Directors

Mr. Ko Chun Shun, Johnson, aged 59, is the ultimate beneficial owner of the Investor. Mr. Ko is currently the chairman and executive director of Varitronix International Limited (stock code: 710) and DVN (Holdings) Limited (stock code: 500), and vice-chairman and executive director of China WindPower Group Limited (stock code: 182), the shares of which are listed on the Stock Exchange. Mr. Ko is also a substantial shareholder of China WindPower Group Limited and Varitronix International Limited. Mr. Ko has extensive experience in a variety of activities, including manufacturing, securities trading, international trade, electronics and the wind power industry. He also has extensive experience in corporate finance, corporate restructuring and mergers and acquisitions. Mr. Ko was also the chairman and executive director of Sheng Yuan Holdings Limited (formerly known as MAE Holdings Limited) (stock code: 851) until June 2009.

Mr. Tsoi Tong Hoo, Tony, aged 46, is the chief executive officer and executive director of Varitronix International Limited. Mr. Tsoi graduated from The University of Western Ontario, Canada with an honours degree in business administration in 1986. He served as the Deputy Chairman of the Listing Committees of the Main Board and the Growth Enterprise Market of the Stock Exchange from 2008 to 2009. He is a non-executive director of China WindPower Group Limited (stock code: 182) and an independent non-executive director of Fairwood Holdings Limited (stock code: 52), the shares of which are listed on the Stock Exchange.

Miss Ko Wing Yan, Samantha, aged 31, is the daughter of Mr. Ko. She holds a bachelor degree in economics and mathematics from Mount Holyoke College, and a master degree in finance from the Imperial College Management School in London. She has over seven years of experience in banking and has extensive experience in the securities and capital markets. She was a director of global markets – structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served in international investment banks including Morgan Stanley (in Hong Kong) and JP Morgan Securities Limited (in London). Ms. Ko is an executive director of China WindPower Group Limited (stock code: 182).

Ms. Angelina Kwan, aged 45, was appointed as the Chief Executive Officer of MHS in September 2010. Ms. Kwan is one of the responsible officers of MHS holding licences in respect of types 1, 4 and 6 regulated activities under the SFO.

Ms. Kwan is the former Managing Director, Chief Operating Officer – Asia Pacific for Cantor Fitzgerald and was responsible for all supporting functions and operating aspects of the Cantor Fitzgerald’s operations and businesses in the Asia Pacific region. Prior to joining Cantor Fitzgerald, Ms. Kwan worked at the SFC where she was a Director of the Supervision of Markets Division as well as a Director of Enforcement. Ms. Kwan has participated in the establishment of new operations in various locations in Asia for HG Asia (later subsumed into ABN Amro/RBS), Dresdner Kleinwort Benson and the BGC/Cantor Fitzgerald Group of Companies. Ms. Kwan has over 24 years of experience in business management, operations, regulation, compliance, audit and internal audit across a wide range of businesses in both Asia and the US.

Ms. Kwan is a certified public accountant both in Hong Kong and the United States. She holds a Bachelor of Science in Business Administration (Accounting), an M.B.A. (Finance) and a Bachelor of Laws. She is an Honorary Professor of Finance for Hong Kong Polytechnic University, a SFC appointed Director and Fellow of the Hong Kong Securities Institute, a Director of the Securities and Investments Development Corporation (the training arm of the Securities Commission of Malaysia) and lectures frequently for Hong Kong Polytechnic University, Hong Kong Securities Institute, various international regulatory organizations and course providers.

Mr. Zhang Binghua, aged 58, is the general manager and legal representative of CCT Asset Management and Communist Party Committee Deputy Secretary. Mr. Zhang is the president (legal representative) of China Container Holding Group Company, a member of the CCT Group and Communist Party Committee Deputy Secretary since 2000.

Mr. Zhang graduated with a mechanics major from Zhejiang University and is a senior engineer. He is experienced in asset injections, enterprise management and human resource management, especially the operation and asset disposal of distressed enterprises.

Mr. Chen Shengjie, aged 50, is the general manager (legal representative) of China Chengtong Resources Recycling Development & Utilization Company and Communist Party Committee Branch Secretary since 2004.

Mr. Chen is an EMBA graduate of Tsinghua University and is a registered accountant. Mr. Chen has been a chief of a division in the Commerce and Trade Audit Department under the National Audit Office of the PRC, the assistant to the general manager of China National Nonferrous Materials Corporation (中國有色金屬材料總公司) and the chief accountant of the CCT Group.

Save as mentioned above, all the above proposed Directors:

- (a) have not held any directorships in other listed company in the last three years;
- (b) have not entered into any written service contract with the Company but they will hold office until the next annual general meeting of the Company and is subject to retirement by rotation and re-election pursuant to the memorandum and articles of association;
- (c) are not interested in and do not hold any short position in any shares of underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO;
- (d) are not connected with any Directors, senior management or substantial Shareholders or controlling Shareholders (as defined in the Listing Rules); and
- (e) save for disclosed herein, there is no information to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules relating to their appointment as the Directors.

The remuneration of the above proposed Directors will be determined by the Board with reference to the prevailing market conditions.

The Investor has been in discussion with potential candidates to serve as independent non-executive Directors, one of whom should meet the requirement under Rule 3.10(2) in respect of having an appropriate professional qualification or accounting or related financial management expertise requirement. The Investor will nominate at least three independent non-executive Directors before Completion.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

It is proposed to amend the memorandum and articles of association of the Company to reflect the Capital Restructuring. A full text of the proposed amendments to the memorandum and articles of association of the Company will be set out in the circular to the Shareholders in respect of the Restructuring Proposal.

REASONS FOR THE RESTRUCTURING PROPOSAL

The Company has been in financial distress since late 2007. The Petition was heard by the Court on 18 March 2008 and a winding-up order was made against the Company. On 14 January 2009, Mr. Edward Middleton and Mr. Patrick Cowley were appointed as joint and several liquidators of the Company. Since the Company has little realisable assets, the Liquidators decided that some form of restructuring would provide the best return for the Scheme Creditors and the Shareholders. Accordingly, the Liquidators have been in discussion and negotiation with various potential investors with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange. The Liquidators are of the view that the Restructuring Proposal submitted by the Investor represents the best way forward for the Company, its Shareholders and its Scheme Creditors.

The Restructuring Proposal will (amongst other things) result in the Company's capital being boosted, its debts being extinguished and the permanent stay of the winding-up order against the Company.

TAKEOVERS CODE IMPLICATIONS

Whitewash Waiver

Upon Completion, the Investor and parties acting in concert with it (including CCT Asset Management) will be interested in 128,225,806 New Shares, representing approximately 80.60% of the enlarged issued ordinary share capital of the Company and will hold the Convertible Notes which based upon the initial conversion price of HK\$0.62 per CN Share (subject to adjustment) would result in the issue of 149,193,548 CN Shares upon full conversion. In the absence of the Whitewash Waiver, the Investor would be required to make an unconditional mandatory general offer for all the New Shares not already owned or agreed to be acquired by the Investor or parties acting in concert with it (including CCT Asset Management). The Investor will make an application to the Executive for the Whitewash Waiver, the granting of which will be subject to, among other matters, the approval of Independent Shareholders by way of poll at the EGM.

Completion is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders at the EGM. Under the Restructuring Agreement, the Investor cannot waive these conditions precedent.

As at the date of this announcement, the Company does not have any options, warrants or convertible securities in issue. The Investor and parties acting in concert with it do not hold any Shares. None of the Investor and parties acting in concert with it (including CCT Asset Management) had dealt in the securities of the Company during the six-month period immediately prior to the date of this announcement. Furthermore, the Investor has confirmed that neither it nor any parties acting in concert with it (including CCT Asset Management):

- (a) owns, controls or directs any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (b) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or shares of the Investor and which might be material to the transactions contemplated under the Restructuring Agreement, the Subscription Agreement or the Whitewash Waiver with any other persons;
- (c) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Restructuring Agreement, the Subscription Agreement or the Whitewash Waiver, nor any such agreements or arrangements the consequences of its so invoking or seeking to invoke a precondition or a condition to such transactions would result in any break fees being payable;
- (d) has received an irrevocable commitment to vote in favour or against the Restructuring Agreement, the Subscription Agreement and/or the Whitewash Waiver; and
- (e) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Special deals

As at the date of this announcement, to the best information and knowledge of the Liquidators, there are four Scheme Creditors with an aggregate claim of approximately HK\$23.07 million who are also Shareholders. These interested Shareholders would receive payments under the Scheme. Under the Group Reorganisation, the issued shares of the Excluded Companies will be transferred to the Scheme Administrators and any net cash realised from the Excluded Companies and their assets will be distributed to the Scheme Creditors under the terms of the Scheme as part of the settlement of the claims of the Scheme Creditors. This arrangement is not extended to other Shareholders. Therefore, the implementation of the Scheme and the Group Reorganisation constitute special deals under Note 5 to Rule 25 of the Takeovers Code, and requires the consent of the Executive. An application will be made to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Scheme and the Group Reorganisation.

The Executive will normally consent to a special deal under Note 5 to Rule 25 of the Takeovers Code provided that (i) the settlement terms under the Scheme are arms length transactions on normal commercial terms; (ii) the independent financial adviser to the Independent Shareholders publicly states that in its opinion the settlement terms are fair and reasonable; and (iii) the settlement terms are approved by the Independent Shareholders by way of poll at the EGM.

Shareholders who are interested in or involved in the Scheme and their associates will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

GENERAL

The grant of the Whitewash Waiver and the special deals consent by the Executive, the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM under the Takeovers Code.

No independent board committee will be formed to advise the Independent Shareholders as the independent non-executive Directors have never responded to the Liquidators' enquiries. An independent financial adviser will be appointed to advise the Independent Shareholders in relation to the Whitewash Waiver and the special deals consent. A further announcement will be made upon the appointment of the independent financial adviser.

A circular containing, among other things, details of the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the special deals consent, the proposed change of Directors, the amendments to the memorandum and articles of association and a letter of advice from the independent financial adviser to the Independent Shareholders in relation to the Whitewash Waiver and the special deals consent will be despatched to the Shareholders on or before 17 June 2011.

At the request of the Company, trading in the Shares has been suspended since 2:54 p.m. on 18 March 2008 and will remain suspended until further notice.

The transactions contemplated under the Restructuring Agreement are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Restructuring Proposal will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company from HK\$308,701.45 (immediately upon the Capital Cancellation becoming effective) to HK\$20,000,000
“Board”	the board of Directors

“Capital Cancellation”	the proposed cancellation of the unissued share capital in the authorised share capital of the Company of HK\$400,000,000, after the Share Consolidation and the Capital Reduction having become effective, resulting in the authorised share capital of the Company becoming HK\$308,701.45 (all of which are issued and fully paid up)
“Capital Reduction”	the proposed reduction of the par value of each issued Consolidated Share from HK\$10.00 each to HK\$0.01 each and the credit arising from such reduction will be applied to eliminate the accumulated losses of the Company
“Capital Restructuring”	the proposed restructuring of the capital of the Company including the Share Consolidation, the Capital Reduction, the Capital Cancellation and the Authorised Share Capital Increase
“CCT Asset Management”	China Chengtong Asset Management Corporation, a wholly-owned subsidiary of CCT Group
“CCT Group”	China Chengtong Holdings Group Limited and its subsidiaries
“Claim”	any debt, liability or obligation of the Company, whether known or unknown, whether certain or contingent, whether liquidated or unliquidated and includes without limitation, any debt or liability to pay money or money’s worth, any liability under any statute or enactment; any liability for breach of trust; any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability which is or would be (and only to the extent) admissible to proof in the compulsory winding-up of the Company under the winding-up order granted by the Court against the Company on 18 March 2008
“CN Shares”	New Shares to be issued upon conversion of the Convertible Notes

“Company”	Asia TeleMedia Limited (In Liquidation), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Completion”	completion of the Restructuring Agreement and the transactions contemplated thereunder after the conditions set out in the Restructuring Agreement are fulfilled (or waived by the relevant parties)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$10.00 each in the capital of the Company upon the Share Consolidation having become effective
“Convertible Notes”	the non-interest-bearing non-redeemable convertible notes to be issued by the Company in the aggregate principal amount of HK\$92.5 million which are convertible into New Shares at the initial conversion price of HK\$0.62 per New Share (subject to adjustment)
“Court”	the Court of First Instance of the High Court of Hong Kong
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to approve the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver and the special deals consent

“Excluded Companies”	all members of the Group other than the Remaining Group, including without limitation Clavis Inc., SkyMessenger Limited, Beyond Net Limited, Mansion House Asset Management Limited, Mansion House (U.S.A.) LLC, Mansion House Group Limited, Daily Dragon Resources Limited, Telemedia Capital Limited, Mansion House (China) Limited and Mansion House Capital Limited
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Group Reorganisation”	the proposed disposal of the Excluded Companies pursuant to the Scheme
“Guarantor” or “Mr. Ko”	Mr. Ko Chun Shun, Johnson
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the Shareholders other than those Shareholders involved in or interested in the Whitewash Waiver, the special deals consent, the Restructuring Agreement, the Subscription Agreement and the transactions contemplated thereunder
“Investor”	Gainhigh Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Ko
“Letter of Intent”	a letter of intent dated 14 July 2009 which was jointly issued by the Investor and its ultimate beneficial owner, Mr. Ko, and accepted by the Liquidators in respect of the restructuring of the Group (as amended by a second letter of intent dated 23 July 2010, a third letter of intent dated 17 December 2010 and a side letter dated 28 February 2011)

“Liquidators”	joint and several liquidators of the Company, namely Messrs Edward Middleton and Patrick Cowley, who were appointed pursuant to the Order of the High Court of Hong Kong dated 14 January 2009
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the end of twelve months from the date of the Restructuring Agreement or such other date as the Investor and the Liquidators may agree in writing
“MHS”	Mansion House Securities (F.E.) Limited, a principal operating subsidiary of the Company engaged in the provision of stockbroking, corporate finance and other financial services related business
“New Share(s)”	new ordinary share(s) of the Company on the Capital Restructuring becoming effective, whether issued or unissued, with a par value of HK\$0.01 each
“Petition”	the petition to wind up the Company filed on 5 June 2007 by Goodpine Limited
“Place Down”	the proposed placing of not less than 9,000,000 New Shares to independent third parties by the Investor to restore public float as required under the Listing Rules
“Preferential Claim”	a Claim which has or would have priority in a winding-up of the Company under section 265 of the Companies Ordinance
“Preferential Creditor”	any creditor of the Company with a Preferential Claim
“Remaining Group”	the Company and the Remaining Subsidiaries

“Remaining Subsidiaries”	Mansion House Financial Holdings Limited, MHS, MHS Futures Limited, Mansion House (Nominees) Limited, Fast Capital Holdings Limited, a new subsidiary to be formed with CCT Asset Management, Mansion House Investments Limited and such other subsidiaries as may be designated by the Investor
“Restructuring Agreement”	the restructuring agreement dated 15 April 2011 entered into between the Company, the Liquidators, the Investor and the Guarantor in respect of the restructuring of the Group
“Restructuring Proposal”	the proposed restructuring of the Company comprising the Capital Restructuring, the Subscription, the Scheme and the Group Reorganisation pursuant to the Restructuring Agreement
“Resumption Proposal”	the resumption proposal submitted by the Company on 17 December 2010 (updated on 25 March 2011) and subsequently amended by a written submission to the Stock Exchange on 31 March 2011
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China
“Scheme”	the proposed scheme of arrangement between the Company and its Scheme Creditors pursuant to section 166 of the Companies Ordinance
“Scheme Administrators”	such persons who are appointed as scheme administrators under the terms of the Scheme
“Scheme Creditor”	any person other than a Preferential Creditor (to the extent of its preferential claim amount) or a Secured Creditor (to the extent of its secured claim amount), who has a Claim against the Company that arose on or before the effective date of the Scheme

“Secured Creditors”	a creditor of the Company with the benefit of an encumbrance in respect of its Claim
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company, whether issued or unissued, with a par value of HK\$0.20 each prior to Completion
“Share Consolidation”	the proposed consolidation of every 50 issued Shares with a nominal value of HK\$0.20 each into 1 Consolidated Share
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Shares at HK\$0.62 each and the Convertible Notes by the Investor pursuant to the Restructuring Agreement
“Subscription Agreement”	an agreement to be entered into by the Company, the Liquidators and the Investor under which the Investor shall subscribe for and the Company shall allot and issue to the Investor (or such other person(s) as it may nominate) the Subscription Shares and the Convertible Notes at the aggregate subscription price equivalent to HK\$172,000,000 (being the sum to be paid by the Investor to the Company at or prior to Completion pursuant to the Restructuring Agreement and the Subscription Agreement)
“Subscription Shares”	128,225,806 New Shares to be issued by the Company to the Investor under the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers

“Whitewash Waiver”	a waiver from the obligation to make a mandatory general offer under the Takeovers Code under note 1 on dispensations from Rule 26 to the Takeovers Code as a result of the issue of the Subscription Shares to the Investor pursuant to the Subscription Agreement and/or the issue of CN Shares to the Investor upon conversion of the Convertible Notes
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

For and on behalf of
Gainhigh Holdings Limited
Ko Chun Shun, Johnson
Director

For and on behalf of
Asia TeleMedia Limited (In Liquidation)
Edward Middleton and Patrick Cowley
Joint and Several Liquidators
acting as agents without personal liability

Hong Kong, 27 May 2011

As at the date of this announcement, the Board of the Company comprises two executive directors, namely Mr. Lu Ruifeng and Mr. Yiu Hoi Ying, and two independent non-executive directors, namely Mr. Lu Ning and Mr. Li Chun.

The Liquidators, as agent of the Company, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Investor, CCT Asset Management and CCT Group) 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.

The sole director of the Investor accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Group or the Liquidators) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company or the Liquidators) 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.