

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



**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)**

**THE SUBSCRIPTION AGREEMENT  
AND  
APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**THE SUBSCRIPTION AGREEMENT**

On 7 June 2011, the Company, the Liquidators and the Investor entered into the Subscription Agreement in respect of the subscription of the Subscription Shares and the Convertible Notes pursuant to the Restructuring Agreement.

**APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Investec Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Shareholders in respect of the Restructuring Agreement, the Subscription Agreement, the Whitewash Waiver and the special deals.

## **GENERAL**

The Subscription Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders at the EGM under the Listing Rules. The Whitewash Waiver, special deals, 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, the proposed change of Directors, the amendments to the 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 will be despatched to the Shareholders as soon as practicable.

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 and the Subscription 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; and the joint announcement of the Company and the Investor dated 27 May 2011 (the “Joint Announcement”). Capitalised terms used herein shall have the same meanings as defined in the Joint Announcement unless the context requires otherwise.

## **THE SUBSCRIPTION AGREEMENT**

On 7 June 2011, the Company, the Liquidators and the Investor entered into the Subscription Agreement in respect of the subscription of the Subscription Shares and the Convertible Notes pursuant to the Restructuring Agreement.

Under the Subscription Agreement, the Investor has agreed to 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 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 audited consolidated net liabilities per New Share of HK\$3.47 as at 31 December 2010 (based on the audited 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.

## **Condition precedent to completion of the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon the notice of Completion being delivered to the Company, the Investor and the Scheme Administrators by the Liquidators when all the conditions precedent to completion of the Restructuring Agreement have been satisfied or waived by the Investor in accordance with the terms of the Restructuring Agreement.

Shareholders are advised to read the Joint Announcement for details of the Restructuring Agreement and the effect of the Subscription Agreement.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Investec Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Shareholders in respect of the Restructuring Agreement, the Subscription Agreement, the Whitewash Waiver and the special deals.

## **GENERAL**

The Subscription Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders at the EGM under the Listing Rules. The Whitewash Waiver, the special deals, 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, the proposed change of Directors, the amendments to the 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 will be despatched to the Shareholders as soon as practicable.

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 and the Subscription 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.**

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

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

Hong Kong, 10 June 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) 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.*