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ASIA TELEMEDIA LIMITED

亞洲電信媒體有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 376)

(1) PLACING OF EXISTING SHARES AND CONVERSION OF CONVERTIBLE NOTES

(2) SUBSCRIPTION FOR NEW SHARES BY THE CONTROLLING SHAREHOLDER — CONNECTED TRANSACTION

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PLACING OF EXISTING SHARES, CONVERSION OF CONVERTIBLE NOTES AND SUBSCRIPTION FOR NEW SHARES BY THE CONTROLLING SHAREHOLDER — CONNECTED TRANSACTION

On 6 September 2011 (after trading hours), Gainhigh has arranged to place 67,000,000 existing Shares at the Placing Price of HK\$3.00 per Placing Share to the Investors. On 7 September 2011, Gainhigh has converted the Convertible Note in a principal amount of HK\$37.2 million into 60,000,000 Conversion Shares.

On 6 September 2011 (after trading hours), Gainhigh and the Company entered into the Subscription Agreement pursuant to which Gainhigh agrees to subscribe for 67,000,000 new Shares, equal to the number of Placing Shares placed, at the Subscription Price (equals to the Placing Price).

PROVISION OF BROKERAGE SERVICES — CONNECTED TRANSACTION

On 6 September 2011 (after trading hours), Gainhigh and MHS entered into the Brokerage Agreement pursuant to which MHS provided brokerage services for the Placing.

LISTING RULES IMPLICATIONS

Since the Subscriber is the controlling shareholder of the Company, the Subscriber is a connected person of the Company and, accordingly, the Subscription constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules as the Subscription Shares will not be issued under a general mandate granted to the Board and be completed within 14 days from the date of the agreements in respect of the Placing. The Subscription is subject to the Independent Shareholders' approval by way of poll at the EGM pursuant to the Listing Rules. The Subscriber and its associates will abstain from voting at the EGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares.

APPOINTMENT OF CHAIRMAN, AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS

Mr. Ko Chun Shun, Johnson was appointed as the chairman of the Company with effect from 5 September 2011.

Mr. Liu Zhengui, Mr. Ding Hebai and Mr. Chu Chung Yue, Howard were appointed as members of the audit committee and Mr. Chu was appointed as the chairman of the audit committee with effect from 5 September 2011.

Mr. Ko Chun Shun, Johnson, Mr. Liu Zhengui and Mr. Chu Chung Yue, Howard were appointed as members of the remuneration committee and Mr. Liu was appointed as the chairman of the remuneration committee with effect from 5 September 2011.

GENERAL

Pursuant to the Listing Rules, an independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription and the Subscription Agreement; (ii) a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder, is expected to be despatched by the Company to the Shareholders on or before 29 September 2011.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 7 September 2011 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 September 2011.

THE PLACING AND CONVERSION OF THE CONVERTIBLE NOTES

The Placing

On 6 September 2011 (after trading hours), Gainhigh has arranged to place 67,000,000 existing Shares at the Placing Price of HK\$3.00 per Placing Share to independent Investors. The Placing was completed on 7 September 2011. On 7 September 2011, Gainhigh has converted the Convertible Notes in a principal amount of HK\$37.2 million into 60,000,000 Conversion Shares.

Immediately before the Placing Completion and the CN Conversion, Gainhigh held 119,225,806 Shares representing approximately 74.94% of the then issued share capital of the Company. As at the date of this announcement, after the Placing Completion and the CN Conversion, it holds 112,225,806 Shares (representing approximately 51.22% of the issued share capital of the Company) and the Convertible Notes carrying rights to convert into 89,193,548 Conversion Shares (subject to adjustment).

Investors

Gainhigh has placed 67,000,000 Placing Shares to more than six Investors. To the best knowledge of the Company, these Investors and their ultimate beneficial owners are independent of and not connected with or acting in concert with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the Listing Rules or any parties acting in concert with any of them as defined in the Takeovers Code (as the case may be). Upon the Placing Completion and the CN Conversion, save for one Investor which has become a substantial Shareholder (as defined in the Listing Rules), the other Investors are considered as public Shareholders.

Number of Placing Shares

The Placing Shares of 67,000,000 Shares represent approximately 30.58% of the existing issued share capital of the Company as at the date of this announcement and approximately 23.42% of the issued share capital of the Company as enlarged by the allotment and issue of 60,000,000 Conversion Shares and the Subscription Shares.

Placing Price

The Placing Price of HK\$3.00 represents (i) a discount of approximately 30.23% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on 6 September 2011, being the last trading day before publication of this announcement; and (ii) a discount of approximately 31.32% to the average of the closing prices per Share of HK\$4.368 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 6 September 2011.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between Gainhigh, the Company and the Investors.

Rights of the Placing Shares

The Placing Shares have been sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the completion of the Placing.

Placing Completion

The Placing is unconditional. Placing Completion took place on 7 September 2011.

Conversion of the Convertible Notes

On 7 September 2011, Gainhigh has converted the Convertible Notes in a principal amount of HK\$37.2 million into 60,000,000 Conversion Shares. The CN Conversion was taken place simultaneously with the Placing Completion and therefore the shareholding of Gainhigh has not fallen below 50% at all times. The Company confirms that it has sufficient number of Shares held in public hands as required by the Listing Rules.

THE SUBSCRIPTION

The Subscription Agreement

Date : 6 September 2011 (after trading hours)

Issuer : the Company

Subscriber : Gainhigh

Subscriber

Subject to the terms and conditions of the Subscription Agreement, Gainhigh will subscribe for the number of Placing Shares sold by it under the Placing of 67,000,000 Shares.

As set out above, immediately after the Placing Completion and the CN Conversion, the shareholding of Gainhigh has reduced to approximately 51.22% of the issued share capital of the Company. The Subscription will then increase the shareholding of Gainhigh to approximately 62.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Number of Subscription Shares

The number of Subscription Shares of 67,000,000 Shares equals to the number of Placing Shares actually placed, representing approximately 23.42% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$3.00 per Subscription Share which is equivalent to the Placing Price. In line with market practice of top-up placings, the Company will (i) bear all costs and expenses of the Subscription; and (ii) reimburse Gainhigh all costs and expenses incurred by Gainhigh in respect of the Placing, totalling approximately HK\$1 million (provided that the Subscription is completed) because the fund is raised for the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$2.99 per Share.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after considering the advice from the independent financial adviser) consider that the terms of the Subscription are fair and reasonable based on the current market conditions and that the Subscription is in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (a) the passing of a resolution by the Independent Shareholders at the EGM approving the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares to the Subscriber pursuant to the Subscription Agreement;
- (b) the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
- (c) Placing Completion.

In the event of the conditions above not having been fulfilled by 30 November 2011 (or such later date as may be agreed by the parties to the Subscription Agreement), all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription.

Completion of the Subscription

Subject to fulfillment of all the conditions precedent to the Subscription, completion of the Subscription shall take place on or before 30 November 2011 (or such later date as may be agreed by the parties to the Subscription Agreement).

Listing Rules implications

Since the Subscriber is the controlling shareholder of the Company, the Subscriber is a connected person of the Company and, accordingly, the Subscription constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules as the Subscription Shares will not be issued under a general mandate granted to the Board and be completed within 14 days from the date of the agreements in respect of the Placing. The Subscription is subject to the Independent Shareholders' approval by way of poll at the EGM pursuant to the Listing Rules. The Subscriber and its associates will abstain from voting at the EGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the provision of financial services – currently comprising securities broking, share placing and underwriting, corporate finance, consulting and related services.

Given that the Directors does not have sufficient general mandate to issue all the Subscription Shares, the Company has to raise additional funds through the structures set out above under the Placing and the Subscription. The Placing and the Subscription are in substance placing of new Shares to the Investors by the Company.

The gross proceeds of the Subscription will amount to HK\$201 million. The net proceeds from the Subscription, after the deduction of the brokerage commission and other related expenses of the Placing will be approximately HK\$200 million. The net proceeds will be used to speed up the Group's expansion plans and further strengthen the Group's capital base and financial resources so as to develop its brokerage and other businesses including corporate finance, direct investment, etc as disclosed in the circular of the Company dated 28 June 2011. The Directors consider that the terms of the Placing and the Subscription Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The following table sets out the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Gross proceeds	Intended use of proceeds	Actual application of the proceeds
27 May 2011	Subscription of new Shares and Convertible Notes	Approximately HK\$172 million	Please refer to the announcement of the Company dated 27 May 2011	The proceeds have been applied according to the intended use as set out in the announcement of the Company dated 27 May 2011

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing, the CN Conversion and the Subscription are as follows:

Shareholders	Immediately prior to the Placing Completion and the CN Conversion		At the date of this announcement after the Placing Completion and the CN Conversion		Immediately after the Placing Completion, the CN Conversion and completion of the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Gainhigh and its associates (<i>Note 1</i>)	119,225,806	74.94%	112,225,806	51.22%	179,225,806	62.65%
Investor A (<i>Note 2</i>)	—	—	35,000,000	15.97%	35,000,000	12.23%
Public Shareholders						
The other investors (<i>Note 2</i>)	—	—	32,000,000	14.61%	32,000,000	11.19%
Other public shareholders	39,870,145	25.06%	39,870,145	18.20%	39,870,145	13.93%
Total	159,095,951	100.00%	219,095,951	100.00%	286,095,951	100.00%

Notes:

1. The entire issued share capital of Gainhigh is beneficially 80%-owned by Mr. Ko Chun Shun, Johnson, an executive Director, and 20%-owned by China Chengtong Holdings Group Limited.
2. The Investors are individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties (as defined under the Listing Rules). Upon Placing Completion and the CN Conversion, save for one Investor which has become a substantial Shareholder (Investor A), the other Investors are considered as public Shareholders.

PROVISION OF BROKERAGE SERVICES

The Brokerage Agreement

Date : 6 September 2011 (after trading hours)

Parties : (1) Gainhigh; and

(2) Mansion House Securities (F.E.) Limited (“MHS”)

MHS, a wholly-owned subsidiary of the Company, is the Broker for the Placing. The Broker charged Gainhigh a brokerage commission of 0.25% of the gross proceeds from the Placing totalling approximately HK\$0.5 million. The terms of the Brokerage Agreement have been negotiated between Gainhigh and MHS on an arm’s length basis and are on normal commercial terms.

Reasons for the Brokerage Agreement

MHS has been providing, among others, brokerage service for securities in Hong Kong for more than 25 years. The Company considers that the provision of brokerage services to Gainhigh is expected to benefit the Company. The Directors (including the independent non-executive Directors) are of the view that the terms of the Brokerage Agreement are fair and reasonable and the Brokerage Agreement is in the interests of the Company and its Shareholders as a whole.

Listing Rules Implications

Gainhigh is the controlling shareholder of the Company and Mr. Ko Chun Shun, Johnson who beneficially owned 80% equity interest of Gainhigh is an executive Director. MHS is a wholly-owned subsidiary of the Company. MHS acts as the Broker for the Placing constitutes a connected transaction for the Company.

As set out in the announcement of the Company dated 9 August 2011, Gainhigh had engaged MHS as a placing agent to place not less than 9,000,000 Shares (the “Place Down Agreement”). The Brokerage Agreement and the Place Down Agreement are entered into within a 12-month period. Under Rule 14A.25 of the Listing Rules, the Brokerage Agreement and the Place Down Agreement have to be aggregated and treated as if they were one transaction. The commission received and receivable by MHS under the Brokerage Agreement and the Place Down Agreement on an aggregate basis is less than 25% for all the relevant percentage ratios and the total consideration is less than HK\$10,000,000. The transactions contemplated under the Brokerage Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders’ approval requirements under Rule 14A.32(2) of the Listing Rules.

Upon completion of the Subscription, all costs and expenses in respect of the Placing incurred by Gainhigh (including the brokerage commission payable by Gainhigh under the Brokerage Agreement) will be reimbursed by the Company. Brokerage commission receivable by MHS under the Brokerage Agreement will be set off by reimbursement of such expenses to Gainhigh by the Company in the Group’s consolidated financial statements.

APPOINTMENT OF CHAIRMAN, AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS

Mr. Ko Chun Shun, Johnson was appointed as the chairman of the Company with effect from 5 September 2011. Set out below are the biographical details of Mr. Ko.

Mr. Ko Chun Shun, Johnson, aged 59, is an executive Director and beneficially holds 80% interest in Gainhigh. Mr. Ko is the father of Ms. Ko Wing Yan, Samantha, one of the executive Directors. 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 each of the aforesaid companies 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 the chairman and executive director of Sheng Yuan Holdings Limited (formerly known as MAE Holdings Limited) (stock code: 851) until June 2009. As at the date of this announcement, Mr. Ko is deemed to be interested in 268,419,354 Shares (representing 112,225,806 Shares, 89,193,548 Conversion Shares (subject to adjustment) to be issued upon exercise of the conversion rights attaching to the remaining Convertible Notes, and 67,000,000 Shares to be issued upon completion of the Subscription Agreement) through his interests in Gainhigh under the SFO.

Save as disclosed above, Mr. Ko:

- (a) has not held any directorships in any other listed companies in the last three years;
- (b) has not entered into any written service contract with the Company and is subject to retirement by rotation and re-election pursuant to the memorandum and articles of association;
- (c) is not interested in and do not hold any short position in any shares, 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) is not connected with any Directors, senior management or substantial Shareholders or controlling Shareholders (as defined in the Listing Rules); and
- (e) 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 his appointment as the chairman of the Company.

The remuneration of Mr. Ko will be determined by the Board with reference to the prevailing market conditions.

Mr. Liu Zhengui, Mr. Ding Hebai and Mr. Chu Chung Yue, Howard were appointed as members of the audit committee and Mr. Chu was appointed as the chairman of the audit committee with effect from 5 September 2011.

Mr. Ko Chun Shun, Johnson, Mr. Liu Zhengui and Mr. Chu Chung Yue, Howard were appointed as members of the remuneration committee and Mr. Liu was appointed as the chairman of the remuneration committee with effect from 5 September 2011.

GENERAL

Pursuant to the Listing Rules, an independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription and the Subscription Agreement; (ii) a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder, is expected to be despatched by the Company to the Shareholders on or before 29 September 2011.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 7 September 2011 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 September 2011.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Broker”	Mansion House Securities (F.E.) Limited, a licensed corporation to carry out type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance), type 7 regulated activity (providing automated trading services) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Brokerage Agreement”	the brokerage agreement of 6 September 2011 entered into between Gainhigh and the Broker in relation to the Placing
“CN Conversion”	conversion of the Convertible Notes in a principal amount of HK\$37.2 million into 60,000,000 Conversion Shares

“Company”	Asia TeleMedia Limited, a company incorporated in Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange
“Conversion Shares”	the new Shares to be issued upon conversion of the Convertible Notes
“Convertible Notes”	the non-interest bearing non-redeemable convertible notes issued by the Company in the aggregate principal amount of HK\$92.5 million which are convertible into Conversion Shares at the conversion price of HK\$0.62 (subject to adjustment) per Conversion Share
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to approve the Subscription Agreement and the transactions contemplated thereunder
“Gainhigh” or “Subscriber”	Gainhigh Holdings Limited, the controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	the shareholder(s) of the Company other than Gainhigh and its associates and any Shareholders who have material interest in the Subscription
“Independent Third Party(ies)”	a party which is not a connected person (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons
“Investors”	any individual(s), corporate and/or institutional investor(s) or any of their respective subsidiaries or associates identified by Gainhigh to subscribe for any of the Placing Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 67,000,000 Shares owned by Gainhigh

“Placing Completion”	completion of the placing of the Placing Shares
“Placing Price”	HK\$3.00 per Placing Share
“Placing Share(s)”	67,000,000 Shares placed by Gainhigh under the Placing
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered into between the Subscriber and the Company on 6 September 2011 in relation to the subscription for 67,000,000 Shares by the Subscriber
“Subscription”	the subscription for 67,000,000 Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Shares”	67,000,000 Shares for which the Subscriber has conditionally agreed to subscribe pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Ko Chun Shun, Johnson
Executive Director

Hong Kong, 7 September 2011

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Ko Chun Shun, Johnson, Mr. Zhang Binghua, Mr. Chen Shengjie, Ms. Angelina Kwan, Mr. Tsoi Tong Hoo, Tony and Ms. Ko Wing Yan, Samantha, and three independent non-executive directors, namely Mr. Liu Zhengui, Mr. Ding Hebai and Mr. Chu Chung Yue, Howard.