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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)**

**PROPOSED ISSUE OF UNLISTED WARRANTS,  
UNUSUAL PRICE AND VOLUME MOVEMENTS  
AND  
RESUMPTION OF TRADING**

**Placing Agent**



**Hantec Securities Co. Limited**

**PLACING OF WARRANTS**

The Company entered into the Placing Agreement with the Placing Agent at around 1:30 p.m. on 30 October 2007 (as amended by a supplemental agreement dated 9 November 2007) pursuant to which the Company appointed the Placing Agent as sole and exclusive placing agent to procure not fewer than six Places to subscribe for up to 154,000,000 Warrants, on a best endeavours basis, at the Issue Price.

The Warrants entitle the Places to subscribe for the Subscription Shares at an initial Subscription Price of HK\$0.44 per Subscription Share for a period of 36 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the General Mandate.

It is expected the net proceeds of approximately HK\$1.3 million will be raised by the Placing and the same will be utilised by the Group as its general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected additional HK\$67.7 million will be raised. The net proceeds of approximately HK\$67.6 million will be utilised by the Group for its general working capital and as funds for general working capital and future development of the existing business of the Group and other business when investment opportunities arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **UNUSUAL PRICE AND VOLUME MOVEMENTS**

The Board has also noted the increases in the price and trading volume of the Shares on 30 October 2007 and wish to state that save for disclosed herein, the Director are not aware of any reasons for such increases.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 30 October 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 November 2007.

## **THE PLACING AGREEMENT**

**Date:** 30 October 2007 (as supplemented by a supplemental agreement dated 9 November 2007)

**Parties:**

- (i) Issuer: the Company
- (ii) Placing Agent: Hantec Securities Co. Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will receive a commission equal to 1% of the Issue Price multiplied by the aggregate number of units of the Warrants actually placed by the Placing Agent.

### **Information on the Warrants**

A total number of 154,000,000 Warrants is proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 154,000,000 Subscription Shares, representing (i) approximately 10% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares upon the full exercise of the subscription rights attaching to the Warrants.

The Warrants will be issued to the Placees upon Completion in registered form and constituted by the Instrument. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued at the Issue Price.

The subscription rights attaching to the Warrants can be exercised at any time during a period of 36 months commencing from the date of issue of the Warrants.

The Subscription Shares, when fully paid and allotted, will rank pari passu in all respects with the then Shares in issue on the date of allotment and issue of the relevant Subscription Shares.

### **The Placees**

The Placing Agent will procure not less than six Placees to subscribe for the 154,000,000 Warrants on a best endeavours basis. The Placees shall be independent institutional or private investors and each of them and their respective ultimate beneficial owners will be an Independent Third Party prior to and immediately after Completion. Immediately upon the exercise of the subscription rights attaching to the Warrants, it is expected that none of the Placees will become a substantial Shareholder.

## **Issue Price and Subscription Price**

The Issue Price is HK\$0.01 per Warrant payable in cash.

The Subscription Price is HK\$0.44 per Subscription Share, subject to adjustment based on the prescribed formulas as set out in the Instrument creating the Warrants for the happening of the following normal adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution other than the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders;
- (iv) a grant by the Company to the Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 90% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90% of such market price;

- (vii) an issue of Shares being made wholly for cash at a price less than 90% of the market price of the Shares on the date of the announcement of the issue (whether or not such issue is subject to the approval of the Shareholders); and
- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

Every adjustment to the Subscription Price shall be certified by the auditors of the Company or an approved merchant bank.

The Subscription Price represents (i) a premium of approximately 1.15% over the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on 29 October 2007, being the last full trading day immediately prior to the entering into of the Placing Agreement; (ii) a premium of approximately 29.41% over the average of the closing prices of HK\$0.34 per Share as quoted on the Stock Exchange for the last five full trading days up to and including 29 October 2007; (iii) a premium of approximately 31.74% over the average of the closing prices of HK\$0.334 per Share as quoted on the Stock Exchange for the last seven full trading days up to and including 29 October 2007; and (iv) a discount of 20.00% to the closing price of HK\$0.55 as quoted on the Stock Exchange on 30 October 2007, being the date of the Placing Agreement.

The aggregate of the Issue Price and the Subscription Price represents (i) a premium of approximately 3.45% over the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on 29 October 2007, being the last full trading day immediately prior to the entering into of the Placing Agreement; (ii) a premium of approximately 32.35% over the average of the closing prices of HK\$0.34 per Share as quoted on the Stock Exchange for the last five trading days up to and including 29 October 2007; (iii) a premium of approximately 34.73% over the average of the closing prices of HK\$0.334 per Share as quoted on the Stock Exchange for the last seven full trading days up to and including 29 October 2007; and (iv) a discount of approximately 19.18% to the closing price of HK\$0.55 as quoted on the Stock Exchange on 30 October 2007, being the date of the Placing Agreement.

The Directors are of the view that the Issue Price has to be considered with the Subscription Price and the relatively low Issue Price will be an incentive for subscription of the Warrants, in particular, in light of the fact that the trading of Shares had just been resumed from the long suspension since 7 June 2007. The Subscription Price and the Issue Price were determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent trading prices as disclosed above. The Directors consider that the discount of the Subscription Price is a result of the recent thrust and fluctuation in the Share price and it is more fair and reasonable to adopt the average price of the last five full trading days as an appropriate reference and comparable to the Subscription Price. The Directors are of the view that the recent thrust on 29 October and 30 October 2007 in the market price is unusual and such fluctuation fails to reflect the fair value of the Shares.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price, taking into account the recent trading prices of the Shares and an exercise period of 36 months, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Minimum subscription**

Subscription for the Warrants must be for a minimum of 100,000 Warrants or integral multiples thereof.

### **Transferability**

The Warrants are transferable in integral multiples of 100,000 Warrants to any person other than a connected person (as defined in the Listing Rules) In the event of a transfer of to a connected person (as defined in the Listing Rules), prior approval from the Company and the Stock exchange should be obtained.

### **Conditions of the Placing**

Completion shall be subject to and conditional upon the following:

- (a) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object and the satisfaction of such conditions;

- (b) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
- (c) no event having occurred or occurring which would constitute an event of default or a potential event of default (as mentioned in the Instrument) had the Warrants been issued.

If the above conditions are not fulfilled on or before 5:00 p.m. on 30 November 2007 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

### **Completion**

Completion will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed “Conditions of the Placing” in this announcement above.

### **Rights for the holders of the Warrants**

The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

### **Mandate to issue the Subscription Shares**

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 28 June 2007 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date.

The Subscription Shares to be allotted and issued upon the exercise in full of the subscription rights attaching to the Warrants will be allotted and issued under the General Mandate. The 154,000,000 Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants utilises approximately 50% of the General Mandate. The General Mandate has not been previously utilised prior to the Placing.

## **Application for listing**

The Company will apply to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE PLACING**

The Group is principally engaged in securities broking, underwriting, asset management, share margin financing and investment holding.

The Directors concluded that the Placing would be a good opportunity to raise further capital for the Company in that it will not have an immediate dilution effect on the shareholding of the existing Shareholders and approximately HK\$1.3 million will be raised immediately upon Completion of the Placing. The Directors has considered the immediate funds to be raised is not essential to financing the operations of the Group, which the Group currently has sufficient working capital to carry on its principal activities. However, the Directors are of the view that the Placing would provide the Group an excellent opportunity to raise further substantial funds in the event the Placees exercise their subscription rights attaching to the Warrants. If and when all the Warrants are exercised, further funds of HK\$67.7 million will also be raised.

In view of the above, the Directors consider that the proposed issue of the unlisted Warrants is an appropriate method of raising further funds for the Company in the circumstances and that the Placing Agreement, the terms of which have been arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscription Shares will not exceed 20% of the issued share capital of the Company. As at the date of this announcement, save for share options granted under the share option scheme adopted by the Company, there are no other securities issued which confer any other subscription rights in the Shares

## **USE OF PROCEEDS**

It is expected the net proceeds of approximately HK\$1.3 million (with a net issue price of approximately HK\$0.008 per Warrant) will be raised by the Placing and the same will be utilised by the Group as its general working capital.



Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected HK\$67.7 million will be raised. The net proceeds of approximately HK\$67.6 million (with a net subscription price of approximately HK\$0.44 per Warrant) will be utilised by the Group for its general working capital and as funds for future development of the existing business of the Group and other business when investment opportunities arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

## FUND RAISING DURING THE PAST TWELVE MONTHS

There has been no fund raising by the Company during the past twelve months from the date of the Placing Agreement.

## CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,543,507,296 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants) are as follows:

	As at the date of this announcement		immediately after the exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants)	
	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>
Lu Ruifeng and his associates	712,889,808	46.19%	712,889,808	42.00%
Lowe Evans Carrera	184,900,000	11.98%	184,900,000	10.89%
public	645,717,488	41.83%	645,717,488	38.04%
Placees	–	–	154,000,000	9.07%
	<u>1,543,507,296</u>	<u>100.00%</u>	<u>1,697,507,296</u>	<u>100.00%</u>

## **UNUSUAL PRICE AND VOLUME MOVEMENTS**

The Board has also noted the increases in the price and trading volume of the Shares on 30 October 2007 and wish to state that save for disclosed herein, the Director are not aware of any reasons for such increases.

Save as disclosed herein, the Directors wish to confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 14 and 14A of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 30 October 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 November 2007.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“Company”	Asia TeleMedia Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Directors”	the directors of the Company

“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2007, pursuant to which a maximum of 308,301,458 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	the counterparty and its ultimate beneficial owners being third parties independent of the Company and its subsidiaries and connected persons (as defined under the Listing Rules) of the Company and its subsidiaries
“Instrument”	the deed poll constituting the Warrants to be executed by the Company on Completion
“Issue Price”	HK\$0.01 per unit of Warrant to be issued pursuant to the Placing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent have procured to subscribe for the Warrants
“Placing”	the placing of the Warrants to selected independent institutional and/or private investors pursuant to the Placing Agreement
“Placing Agent”	Hantec Securities Co. Limited
“Placing Agreement”	the conditional placing agreement dated 30 October and entered into between the Company and the Placing Agent in relation to the Placing (as supplemented by the supplemental agreement dated 9 November 2007)

“Shares”	ordinary shares of HK\$0.20 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the initial subscription price of HK\$0.44 per Subscription Share (subject to adjustment) at which holder of the Warrants may subscribe for the Subscription Shares
“Subscription Shares”	new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“Warrants”	a total number of 154,000,000 unlisted warrants to be issued by the Company at the Issue Price of HK\$0.01 each of subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price at any time during a period of 36 months commencing from the date of issue of the Warrants, subject to the terms and conditions set out in the Instrument
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Asia Telemedia Limited**  
**LU Ruifeng**  
*Chairman*

Hong Kong, 9 November 2007

*As at the date of this announcement, the Board comprise, Mr. LU Ruifeng and Mr. YIU Hoi Ying who are the executive Directors, and Mr. LU Ning, Mr. LI Chun and Mr. LAU Hak Lap who are the independent non-executive Directors.*