ASIA TELEMEDIA LIMITED
亞洲電信媒體有限公司

(In Liquidation)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 376)

Interim Report 2009

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CORPORATE INFORMATION

Joint and Several Liquidators

Patrick COWLEY
Edward Simon MIDDLETON

Directors

Executive:

LU Ruifeng
YIU Hoi Ying

Independent Non-Executive:

LI Chun
LU Ning
LAU Hak Lap (resigned on 15 April 2010)

Auditors

Graham H.Y. Chan & Co.
Unit 1, 15th Floor
The Center
99 Queen's Road Central
Hong Kong

Registered Office

8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Share Registrar

Computershare Hong Kong
Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code

376

INDEPENDENT REVIEW REPORT OF AUDITORS

GRAHAM H.Y. CHAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)
HONG KONG

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE JOINT AND SEVERAL LIQUIDATORS OF
ASIA TELEMEDIA LIMITED
(In Liquidation)
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 8 to 25, which comprise the condensed consolidated statement of financial position of Asia TeleMedia Limited (In Liquidation) (the "Company") and its subsidiaries (together the "Group") as at 30 June 2009, and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Appointment of the Joint and Several Liquidators

A winding-up petition against the Company was filed on 5 June 2007, and a winding-up order was made by the High Court of Hong Kong (the "Court") on 18 March 2008. The trading of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 18 March 2008. Messrs Edward Simon Middleton and Patrick Cowley were appointed as the Joint and Several Liquidators of the Company (the "Liquidators") on 14 January 2009, pursuant to an Order of the Court. Further explained in note 2 to the financial statements, the Liquidators have been obliged to prepare these financial statements on the basis of the books and records which came into their possession following their appointment.

INDEPENDENT REVIEW REPORT OF AUDITORS (Continued)

Scope of review

Except as explained in the following paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

1. Prior year audit scope limitations affecting opening balances

The auditor's report on the consolidated financial statements for the year ended 31 December 2008 was qualified in respect of limitations of audit scope similar to those qualified conclusions described in sub-paragraphs (2) and (3) below. In addition, we could not carry out satisfactory auditing procedures on the write-off of the bank balances of approximately HK$10,903,000 in prior year. Any adjustments to these comparative amounts may have a consequential effect on the balance of accumulated losses of the Group as at 1 January 2009, the loss for the six-month period ended 30 June 2009 and related disclosures in these interim financial statements.

2. Completeness of information

A winding-up order was made against the Company on 18 March 2008 and the Liquidators were appointed on 14 January 2009. The Liquidators only have access to the books and records of the Company which were left behind by the directors and management of the Company for the purpose of preparing the interim financial statements. In consequence, we were unable to carry out necessary review procedures regarding the assets, liabilities, income and expenses appearing in the interim financial statements. There were no satisfactory review procedures that we could adopt to ensure the accuracy and completeness of the assets, liabilities, income and expenses of the Company and of the Group, and the adequacy of disclosures in these interim financial statements.

INDEPENDENT REVIEW REPORT OF AUDITORS (Continued)

Basis of qualified conclusion (Continued)

3. Loss of accounting records

The interim financial statements contain financial information of the representative offices located in Beijing and Shenzhen (the "PRC representative offices"). The PRC representative offices were closed and the accounting records could not be retrieved. As a consequence, we were unable to obtain all information that we required in relation to our review and were also unable to carry out other satisfactory review procedures that we considered necessary to obtain adequate assurance regarding assets, liabilities and profit or loss contributed by the PRC representative offices for the period and the adequacy of disclosures in these interim financial statements. In the current period, no amount is contributed from assets and profit or loss of the PRC representative offices. Liabilities contributed by the PRC representative offices amounting to HK$1,936,000 have been included in other payables and accrued charges in the financial statements, of which we could not carry out satisfactory review procedures in the current period.

Any adjustments to the above balances would affect the net liabilities of the Group as at 30 June 2009 and the loss for the period then ended.

Material uncertainty relating to the going concern basis

As explained in note 2 to the financial statements, the Company submitted a resumption proposal on 17 December 2010 (updated on 25 March 2011) and subsequently amended by a written submission to the Stock Exchange on 31 March 2011 (together the "Resumption Proposal"). By a letter dated 1 April 2011, the Stock Exchange informed the Company that it was allowed to proceed with the Resumption Proposal, subject to prior compliance with the conditions to the satisfaction of Listing Division within six months from the date of the Stock Exchange's letter. These conditions are explained in note 2 to the financial statements.

INDEPENDENT REVIEW REPORT OF AUDITORS (Continued)

Material uncertainty relating to the going concern basis (Continued)

As at 30 June 2009, the Group had incurred a consolidated loss for the period attributable to owners of the Company of approximately HK$4,614,000, and had net current liabilities and deficiency of shareholders' funds of approximately HK$100,253,000 and HK$101,393,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis on the assumption that the Resumption Proposal will be successfully completed in the foreseeable future and the financial position of the Group will be substantially improved as all liabilities of the Company will be discharged through the implementation of a scheme to be proposed by the Company under Section 166 of the Companies Ordinance of Hong Kong (the "Scheme").

The financial statements do not include any adjustments which would result from a failure to complete the Resumption Proposal and to approve the Scheme by the Company's Scheme Creditors and the Court; and other approvals to be obtained from shareholders, the Court and the Hong Kong regulatory authorities.

If the Resumption Proposal could not be completed, further adjustments might have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. We consider that appropriate disclosures have been made accordingly. However, in view of the extent of the uncertainties relating to the completion of the Resumption Proposal as at the end of the reporting period, we are unable to satisfy ourselves as to whether the going concern basis, upon which the interim financial statement have been prepared, is appropriate.

INDEPENDENT REVIEW REPORT OF AUDITORS (Continued)

Qualified conclusion

Except for the adjustments to the interim financial statements that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly, in all material aspects, the financial position of the Group as at 30 June 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with HKAS 34.

Graham H.Y. Chan & Co.
Certified Public Accountants (Practising)
Unit 1, 15/F, The Center,
99 Queen's Road Central,
Hong Kong
3 June 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Note	**Six months ended 30 June** **2009** **HK$'000** **(unaudited)**	2008 HK$'000 (unaudited)
Revenue	*4*	**1,166**	2,808
Other operating income		**114**	364
Staff costs		**(1,121)**	(3,253)
Write-off of bank balances		**–**	(10,903)
Other operating expenses		**(4,752)**	(5,288)
Finance costs		**(21)**	(1,536)
Loss before tax	*5*	**(4,614)**	(17,808)
Income tax	*6*	**–**	–
Loss and total comprehensive loss for the period attributable to owners of the Company		**(4,614)**	(17,808)
Loss per share	*8*		
Basic		**(0.30) cents**	(1.15) cents
Diluted		**N/A**	N/A

Details of dividend payables to Owners of the Company are set out in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	**30 June 2009 (Unaudited) HK$'000**	31 December 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**194**	289
Trading rights		**136**	273
Statutory deposits for financial services business		**430**	430
		760	992
Current assets			
Trade receivables	*9*	**20,976**	10,798
Other receivables, deposits and prepayments		**1,377**	945
Loan receivables		**–**	–
Bank balances – trust and segregated accounts		**21,849**	22,000
Bank balances (general accounts) and cash		**4,240**	6,451
		48,442	40,194
Current liabilities			
Trade payables	*10*	**40,925**	31,949
Other payables and accrued charges		**27,616**	24,362
Loan payables	*11*	**60,084**	60,084
Amounts due to directors		**20,070**	20,070
		148,695	136,465
Net current liabilities		**(100,253)**	(96,271)
Total assets less current liabilities		**(99,493)**	(95,279)
Non-current liabilities			
Other borrowings	*12*	**1,900**	1,500
Net liabilities		**(101,393)**	(96,779)
Capital and reserves			
Share capital	*13*	**308,701**	308,701
Reserves		**(410,094)**	(405,480)
Total capital deficiency		**(101,393)**	(96,779)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share capital HK$'000	Share premium account HK$'000	Asset revaluation account HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2008 (audited)	308,701	42,395	2,650	–	(430,943)	(77,197)
Total comprehensive loss for the period	–	–	–	–	(17,808)	(17,808)
Issue of warrant for cash	–	–	–	1,415	–	1,415
As at 30 June 2008 (unaudited)	308,701	42,395	2,650	1,415	(448,751)	(93,590)
As at 1 January 2009 (audited)	308,701	42,395	2,650	1,415	(451,940)	(96,779)
Total comprehensive loss for the period	–	–	–	–	(4,614)	(4,614)
As at 30 June 2009 (unaudited)	**308,701**	**42,395**	**2,650**	**1,415**	**(456,554)**	**(101,393)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	(Unaudited) Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Net cash used in operating activities	**(2,602)**	(13,003)
Net cash (used in)/from investing activities	**(9)**	18
Net cash from financing activities	**400**	415
Net decrease in cash and cash equivalents	**(2,211)**	(12,570)
Cash and cash equivalents at 1 January	**6,451**	18,964
Cash and cash equivalents at 30 June	**4,240**	6,394
Analysis of balances of cash and cash equivalents		
Bank balances (general accounts) and cash	**4,240**	6,394

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1 CORPORATE INFORMATION

Asia TeleMedia Limited (In Liquidation) (the "Company") is a limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") but have been suspended from trading since 18 March 2008.

The address of the registered office and the principal place of business of the Company was 2808, One Exchange Square, Central, Hong Kong. This office was surrendered to the landlord on 17 June 2008. The registered office and the principal place of business is now the office of the Joint and Several Liquidators of the Company (the "Liquidators") at 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong.

The principal activities of the Company and its subsidiaries (the "Group") are described in note 4.

These condensed interim financial statements were approved and authorised for issue by the Liquidators on 3 June 2011.

2 BASIS OF PRESENTATION

The unaudited condensed interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Liquidators have received no cooperation from the directors of the Company who are responsible for preparing the financial statements of the Company. As a result and in the absence of such cooperation, the Liquidators have been obliged to prepare these financial statements on the basis of the books and records which came into their possession following their appointment.

The Group incurred a consolidated loss attributable to owners of the Company of approximately HK$4,614,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: approximately HK$17,808,000). As at 30 June 2009, the Group had net current liabilities of approximately HK$100,253,000 (31 December 2008: approximately HK$96,271,000) and deficiency of shareholders' funds of approximately HK$101,393,000 (31 December 2008: approximately HK$96,779,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

A winding-up petition was filed against the Company on 5 June 2007, and a winding-up order was made by the High Court of Hong Kong (the "Court") on 18 March 2008. Messrs Edward Simon Middleton and Patrick Cowley were appointed as the Joint and Several Liquidators of the Company on 14 January 2009, pursuant to an Order of the Court.

2 BASIS OF PRESENTATION (Continued)

As such, the Liquidators do not have the same knowledge of the financial affairs of the Group as the directors of the Company would have, particularly in relation to the transactions entered into by the Group prior to their appointment date.

Trading in the Company's shares on the Stock Exchange has been suspended since 18 March 2008. The Company was placed into the third stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules on 8 July 2010.

The Liquidators circulated an invitation for restructuring proposals to a number of potential investors and received a number of such proposals. The Liquidators have ultimately accepted the restructuring proposal of Gainhigh Holdings Limited (the "Investor"), a company incorporated in the British Virgin Islands with limited liability. On 14 July 2009, a letter of intent (the "First Letter") jointly issued by the Investor and its controlling shareholder, Mr. Ko Chun Shun Johnson (the "Guarantor") was accepted by the Liquidators (acting as agents for and on behalf of the Company without personal liability) to confirm their interests in a capital and debt restructuring and a subscription of new securities and convertible notes to be issued by the Company with a view to enabling the resumption of trading in the shares of the Company on the Stock Exchange (the "Proposed Restructuring"). Pursuant to the First Letter, the Liquidators granted the Investor an exclusive right to negotiate the detailed terms and implementation of the Proposed Restructuring of the Company (the "Restructuring Agreement") for a period up to 13 April 2010.

Pursuant to a second letter of intent dated 23 July 2010 (the "Second Letter") which was terminated and superseded by a third letter of intent dated 17 December 2010 (the "Third Letter") and a side letter dated 28 February 2011 (the "Side Letter"), the Liquidators granted an exclusive right to the Investor to negotiate the Proposed Restructuring up to the date on which (i) the listing of the Company's shares on the Stock Exchange is cancelled, (ii) the signing of the Restructuring Agreement, or (iii) the Investor withdraws from negotiations on the Proposed Restructuring, whichever is the earliest (the "Exclusivity Period").

Up to the date of the publication of these financial statements, the Investor has funded (i) a sum of HK$12.5 million to the Company to meet the professional costs and expenses incurred in connection with the Proposed Restructuring; and (ii) HK$3 million to an escrow agent as a deposit (subject to it being refundable under certain conditions). On 22 September 2009, a facility agreement was entered into between Mansion House Financial Holdings Limited ("MHF"), a wholly-owned subsidiary of the Company, and the Investor. The Investor agreed to provide an interest-bearing term loan facility of up to HK$8 million to the Group as secured by all the issued shares of Mansion House Securities (F.E.) Limited ("MHSFE"), which is an indirect wholly-owned subsidiary of the Company, to finance the regulatory and general working capital requirements of the Group. On 21 September 2010, the Investor approved the injection of the HK$8 million as equity by MHF to MHSFE. MHF further entered into an Amendment Agreement dated 14 October 2010 and an Amendment and Restatement Agreement dated 23 November 2010 with the Investor to amend certain terms of the facility agreement dated 22 September 2009 and for an additional interest-bearing loan facility of up to HK$15,700,000. The facility amount was further increased by HK$15 million pursuant to an Amendment Agreement dated 21 February 2011 and was fully utilised as at 28 February 2011.

2 BASIS OF PRESENTATION (Continued)

The Company submitted a resumption proposal on 17 December 2010 (updated on 25 March 2011) and subsequently amended by a written submission to the Stock Exchange on 31 March 2011 (together the "Resumption Proposal"). By a letter dated 1 April 2011, the Stock Exchange informed the Company that it was allowed to proceed with the Resumption Proposal, subject to prior compliance with the following conditions to the satisfaction of the Listing Division within six months from the date of the Stock Exchange's letter:

(i) completion of the subscription of new shares and convertible notes by the Investor, the scheme of arrangement (the "Scheme") between the Company and its creditors and all transactions under the Resumption Proposal;

(ii) recruitment of qualified institutional sales (as evidenced by the signing of binding contractual agreements);

(iii) inclusion in the circular to shareholders of a pro forma balance sheet upon completion of the transactions under the Resumption Proposal and provision of a comfort letter from the auditors under Rule 4.29 of the Listing Rules;

(iv) publication of all outstanding financial results; and

(v) permanent stay of the winding-up order and the release and discharge of the Liquidators.

The Company shall also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and the Company's place of incorporation. The Stock Exchange may modify the resumption conditions if the Company's situation changes.

On 27 May 2011, the Company announced that an agreement for the implementation of the Proposed Restructuring which comprises capital restructuring, subscription of new shares and convertible notes, the Scheme and group reorganisation, was entered into on 15 April 2011 among the Company, the Liquidators (acting as agents for and on behalf of the Company without personal liability), the Investors and the Guarantor (the said agreement as the "Restructuring Agreement"). The principal elements of the Restructuring Agreement are as follows:

(a) Capital restructuring

The Company will undergo capital restructuring, involving share consolidation, capital reduction, capital cancellation and authorised share capital increase.

(b) Subscription of new shares and convertible notes

Under the Restructuring Agreement, the Investor will contribute HK$172 million to subscribe for the new shares at a subscription price of HK$0.62 each, representing a total consideration of HK$79.5 million and the convertible notes issued by the Company with the principal amount of HK$92.5 million and tenure of five years bearing no interest and convertible into new shares at an initial conversion price of HK$0.62 per new share.

2 BASIS OF PRESENTATION (Continued)

(c) The Scheme

Under the Restructuring Agreement, the Company will apply to the Court for an order to convene a creditors' meeting to consider the Scheme between the Company and its creditors (the "Scheme 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 to be distributed in accordance with the terms of the Scheme. This cash payment will be funded by the Company out of the proceeds from the subscription.

(d) Group reorganisation

Under the Restructuring Agreement, upon completion, all the issued shares of several subsidiaries of the Company (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 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.

The condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Proposed Restructuring of the Company will be successfully completed, and that, following the restructuring, the financial position of the Group will be substantially improved. The condensed consolidated financial statements for the six months ended 30 June 2009, which have been prepared on the going concern basis, present fairly the results and state of affairs of the Group.

Should the Group and the Company be unable to achieve a successful restructuring and to continue their businesses as a going concern, adjustments would have to be made to the financial statements to adjust the value of the assets of the Group and the Company to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3 PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial statements have been prepared under the historical cost convention, except for trading rights which are measured at revalued amounts.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2009, noted below:

HKFRSs (Amendments)	Improvements to HKFRSs, except for amendment to HKFRS 5
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 and HKAS 39 (Amendment)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new and revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

HKAS 1 (Revised): Presentation of Financial Statements

HKAS 1 (Revised) has introduced changes in the presentation and disclosures of financial statements (including changes in the titles of the financial statements). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will only include details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this revised standard has introduced the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present comprehensive income in one statement. Comparative information has been re-presented to conform to the new presentation. The revised standard has no impact on the financial position or results of operations of the Group.

HKFRS 8: Operating Segments

HKFRS 8, which replaces HKAS 14 "Segment Reporting", is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purposes of allocating resources between segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach. The adoption of HKFRS 8 has not resulted in redesignation of the Group's reportable segments.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but were not effective:

HKFRSs (Amendments)	Amendment of HKFRS 5 as a part of Improvements to HKFRSs Issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[9]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[8]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[8]
HKFRS 9	Financial Instruments[10]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] *Effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
[3] *Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009*
[4] *Effective for annual periods beginning on or after 1 January 2010*
[5] *Effective for annual periods beginning on or after 1 February 2010*
[6] *Effective for annual periods beginning on or after 1 July 2010*
[7] *Effective for annual periods beginning on or after 1 January 2011*
[8] *Effective for annual periods beginning on or after 1 July 2011*
[9] *Effective for annual periods beginning on or after 1 January 2012*
[10] *Effective for annual periods beginning on or after 1 January 2013*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

– Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

– In relation to financial liabilities, the significant change relates to the financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of the changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. It is required to be applied retrospectively, but if adopted prior to 1 January 2012, an entity will be exempt from the requirement to restate prior period comparative information. The Group is presently studying the implications of applying HKFRS 9. It is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these financial statements.

The application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the results and financial position of the Group.

4 REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net amounts received and receivable during the period. An analysis of the Group's revenue for the period is as follows:

	(Unaudited) Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Brokerage and commission income	**1,102**	2,689
Interest income	**64**	119
	1,166	2,808

4 REVENUE AND SEGMENTAL INFORMATION (Continued)

Segment information reported internally was analysed on the basis of the type of products sold and activities carried out by the Group's operating division. The Group is currently operating in one major operating segment in Hong Kong which is securities broking. The information reported to the directors of the Group's principal operating subsidiary and the Liquidators of the Company for the purposes of resource allocation and assessment of performance is focused on this operating segment. Accordingly, no segment information is presented.

5 LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting) the following:

	(Unaudited) Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Amortisation of trading rights	**137**	137
Gain on disposal of property, plant and equipment	**–**	(104)
Recovery of impairment loss on trade receivables	**(1)**	(1)
Depreciation		
– owned assets	**104**	68
– leased assets	**–**	14
Rental in respect of office premises	**385**	2,596
Liquidators' remuneration	**2,654**	–

6 TAXATION

No provision for Hong Kong Profits Tax was made for both periods as the Group either had no assessable profits arising in Hong Kong or the assessable profits were wholly absorbed by tax losses brought forward for the two periods ended 30 June 2009 and 2008. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams, and no deferred tax liability in respect of accelerated depreciation allowance has been recognised as the amount involved is insignificant.

7 DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2009 (six months ended 30 June 2008: nil), nor has any dividend been proposed since the end of the reporting period.

8 LOSS PER SHARE

(a) The calculation of basic loss per share is based on the loss for the period of approximately HK$4,614,000 (2008: HK$17,808,000), and the weighted average number of 1,543,507,296 ordinary shares (2008: 1,543,507,296) in issue during the period.

(b) Diluted loss per share for the periods ended 30 June 2008 and 2009 has not been presented as the effect of any dilution is anti-dilutive.

9 TRADE RECEIVABLES

	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Margin clients *(note (ii))*	**26,141**	26,143
Cash clients	**18,245**	10,672
Brokers, dealers and clearing houses	**2,730**	124
	47,116	36,939
Less: Allowance for doubtful debts	**(26,140)**	(26,141)
	20,976	10,798

Note (i):

The Group allows the settlement terms of trade receivables arising from the business of dealing in securities to be two days after trade date. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Within 30 days	**20,755**	10,644
Within 31 – 90 days	**39**	4
More than 90 days	**182**	150
	20,976	10,798

No impairment loss was provided for the above trade receivables arising from the business of dealing in securities net of allowance for doubtful debts as these trade receivables either have good repayment history in prior years or are secured by securities collateral for those balances with fair values over the past due amounts.

Note (ii):

The Group ceased providing margin financing services in 2004 and the balance represents the past due amount due from margin clients brought forward from the year 2004. A substantial amount of impairment has been provided.

Included among the margin clients trade receivables, the Group granted HK$17,154,000 (31 December 2008: HK$17,154,000) margin loans to the companies controlled by family members of an ex-director, which were fully provided. Details of the loans are set out in note 15(c).

10 TRADE PAYABLES

	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Cash clients	**40,924**	31,810
Brokers, dealers and clearing houses	**1**	139
	40,925	31,949

Included in trade and other payables are payables to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities, which amount to HK$21,849,000 (31 December 2008: HK$22,000,000). The Group has classified the bank balances – trust and segregated accounts under current assets in the condensed consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

The ageing analysis of the Group's trade payables at the end of the reporting period, based on the settlement due date, is within 30 days.

11 LOAN PAYABLES

	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Unsecured loan payables	**60,084**	60,084

Included in the loan payables is an amount due to a lender with a carrying amount of HK$2,000,000 (31 December 2008: HK$2,000,000) which does not carry interest as at 30 June 2009. Interest at a rate of 8% per annum will be charged in the event of default. As a winding-up order was made against the Company on 18 March 2008, such loan has been classified as repayable on demand and no interest was charged for the default.

The remaining amount represents the loan payable which carries interest at 7% per annum. The Company was in default in repayment of the loan in prior year. As a consequence, a winding-up petition against the Company was filed by the lender on 5 June 2007 and a winding-up order was made by the Court on 18 March 2008.

12 OTHER BORROWINGS

At 30 June 2009, the Group's other borrowings of HK$1,900,000 (31 December 2008: HK$1,500,000) were due to a director of a subsidiary which carry an interest rate of 5% per annum, and are unsecured and not repayable within 2 years. Certain interest expenses during the period were waived by the lender. The Securities and Futures Commission has agreed to treat these borrowings as approved subordinated loans for the purpose of compliance by the subsidiary of the Group with the Financial Resources Rules.

13 SHARE CAPITAL

	Number of shares	Amount HK$'000 (unaudited)
Ordinary shares of HK$0.20 each		
Authorised:		
At 1 January 2009 and 30 June 2009	2,000,000,000	400,000
Issued and fully paid:		
At 1 January 2009 and 30 June 2009	1,543,507,296	308,701

There was no movement in the Company's share capital for the six months ended 30 June 2009.

14 OPERATING LEASE COMMITMENT

At 30 June 2009, the Group had total commitments for future minimum lease payment under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2009 (unaudited) HK$'000	31 December 2008 (audited) HK$'000
Within one year	**689**	770
After one year but within five years	**–**	304
	689	1,074

15 RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors, is as follows:

	(Unaudited) Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Short-term employee benefits	**614**	1,453
Post-employment benefits	**28**	28
	642	1,481

15 RELATED PARTY TRANSACTIONS (Continued)

(b) The Group granted the following related party loans on 20 October 1998 to enable the borrowers to reduce the outstanding balances in their margin accounts. These loans were approved by the shareholders of the Company in the extraordinary general meeting held on 23 July 1999 as required by the Listing Rules.

Borrower:	Dynamic Assets Limited and Pharmatech Management Limited	Noblesse Ventures Inc.
Relationship:	Companies controlled by Mr. SO Shu Ching, Jason, brother of an ex-director, Ms. SO Wai Yin, Irene	Company controlled by Ms. SO Wai Kwan, Sheila, sister of an ex-director, Ms. SO Wai Yin, Irene
Lender:	A wholly owned subsidiary, Mansion House Capital Limited	A wholly owned subsidiary, Mansion House Capital Limited
Term of loan:		
– interest rate	Prime rate plus 1%	Prime rate plus 1%
– security	Partially secured by marketable securities and unlisted shares	Partially secured by marketable securities and unlisted shares
– repayment terms	By 14 equal instalments payable semi-annually with the last instalment due in May 2006	By 14 equal instalments payable semi-annually with the last instalment due in May 2006
Balance at 31 December 2008 and 30 June 2009	HK$73,769,000	HK$7,074,000
Allowance at 31 December 2008 and 30 June 2009	HK$73,769,000	HK$7,074,000

These loans were rescheduled in 1999 with the last instalment due in May 2006. However, the loans have been in default since 2000 and a total allowance of approximately HK$80,843,000 (31 December 2008: HK$80,843,000) has been made.

15 RELATED PARTY TRANSACTIONS (Continued)

(c) The Group provided margin financing to the following related parties:

Borrower:	Dynamic Assets Limited and Pharmatech Management Limited	Noblesse Ventures Inc.
Relationship:	Companies controlled by Mr. SO Shu Ching, Jason, brother of an ex-director, Ms. SO Wai Yin, Irene	Company controlled by Ms. SO Wai Kwan, Sheila, sister of an ex-director, Ms. SO Wai Yin, Irene
Lender:	A wholly owned subsidiary, Mansion House Securities (F. E.) Limited	A wholly owned subsidiary, Mansion House Securities (F. E.) Limited
Term of loan:		
– interest rate	Prime rate plus 1%	Prime rate plus 1%
– security	Marketable securities	Marketable securities
Balance at 31 December 2008 and 30 June 2009	HK$8,795,000	HK$8,359,000
Allowance at 31 December 2008 and 30 June 2009	HK$8,795,000	HK$8,359,000

The loans have been in default and a total allowance of approximately HK$17,154,000 (31 December 2008: HK$17,154,000) has been made.

16 CONTINGENT LIABILITIES

(a) At the time when the winding-up order was made, several staff of the Company filed claims of unpaid staff costs against the Company amounting to approximately HK$738,000 which relate to prior periods. Such claims have not been admitted by the Liquidators up to the date of this report.

(b) In March 2008, The Hongkong Land Property Company Limited filed a Proof of Debt against the Company on the basis of the Company's alleged breach of the tenancy agreement dated 25 June 2007. The claim amounts to approximately HK$11 million which comprises the outstanding rental, accrued charges, damages and losses as a result of the breach.

The Liquidators are of the view that it will be premature to make any provision in respect of the alleged claims before their legitimacy and the amount of any liabilities can be determined.

17 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 14 July 2009, the First Letter was issued by the Investor and the Guarantor and an escrow agreement was entered into among the Investor and the Guarantor, the Liquidators and an escrow agent. Pursuant to the First Letter, the Liquidators granted the Investor an exclusive right of nine months from the date of the First Letter to negotiate a legally binding agreement for the implementation of the restructuring proposal.

(b) On 13 April 2010, the term of the First Letter as mentioned in note 2 above expired.

(c) On 8 July 2010, the Company was placed into the third stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules by the Stock Exchange.

(d) On 23 July 2010 and 17 December 2010, the Second Letter and the Third Letter were issued by the Investor and the Guarantor, respectively. The Liquidators have extended the Exclusivity Period as set out in note 2 above.

(e) On 21 September 2010, the Investor approved the injection of HK$8 million as equity by MHF to MHSFE. On 1 December 2010, the Investor additionally advanced funds of HK$15.7 million to MHF, of which HK$13 million was injected to MHSFE as equity and HK$2.7 million was retained by MHF for general corporate purposes.

(f) On 22 February 2011, the Investor advanced funds of HK$15 million to MHF, of which HK$13 million was injected to MHSFE as equity and HK$2 million was retained by MHF for general corporate purposes.

(g) On 28 February 2011, the Side Letter was issued by the Investor and the Guarantor and accepted by the Liquidators, under which the Liquidators further extended the Exclusivity Period as set out in note 2 above.

(h) On 1 April 2011, the Stock Exchange informed the Company that it was allowed to proceed with the Resumption Proposal, subject to prior compliance with the conditions to the satisfaction of the Listing Division within six months from the date of the Stock Exchange's letter. These conditions are set out in note 2 above.

(i) On 15 April 2011, the Company, the Liquidators (acting as agents for and on behalf of the Company without personal liability), the Investor and the Guarantor entered into the Restructuring Agreement. The principal elements of the Restructuring Agreement are set out in note 2 above.

JOINT AND SEVERAL LIQUIDATORS' REPORT

Trading in the shares of Asia TeleMedia Limited (In Liquidation) (the "Company") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 18 March 2008.

A winding-up petition was filed against the Company on 5 June 2007, and a winding-up order was made by the High Court of Hong Kong (the "Court") on 18 March 2008. Messrs Edward Simon Middleton and Patrick Cowley, both of KPMG, were appointed as the Joint and Several Liquidators of the Company (the "Liquidators") on 14 January 2009 pursuant to an Order (the "Order") of the Court.

The Liquidators present their report together with the interim condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 based on the books and records available to them. It is the responsibility of the directors of the Company to prepare the financial statements of the Company. Since their appointment, the Liquidators have written to the directors to enquire about the affairs of the Company, however, the Liquidators have not received any response from them. Given this lack of cooperation, the Liquidators are obliged to prepare these financial statements.

The Liquidators have been granted the authority to sign, approve, publish and do all such acts in connection with this report pursuant to the Order to the Court.

Capitalised terms used in this report shall have the same meaning attributed to them as in the Interim Report to which this is attached.

FINANCIAL RESULTS

The Group recorded a revenue of approximately HK$1.17 million for the six months ended 30 June 2009 compared to the revenue of approximately HK$2.81 million for the corresponding period in 2008. The basic loss per share for the six months ended 30 June 2009 was HK0.30 cents, compared to the basic loss per share of HK1.15 cents for the previous period.

BUSINESS REVIEW

To the best knowledge and belief of the Liquidators, since their appointment, the Group's only operating subsidiary is principally engaged in financial services business.

RESTRUCTURING OF THE GROUP UP TO THE DATE OF THIS REPORT

On 27 May 2011, the Company announced that the Restructuring Agreement was entered into on 15 April 2011 among the Company, the Liquidators, the Investor and the Guarantor for the implementation of the Proposed Restructuring. The Company, the Liquidators and the Investor are now taking appropriate steps to implement the transactions completed under the Restructuring Agreement and fulfill the resumption conditions as set out by the Stock Exchange.

Details of the restructuring of the Group are explained in note 2 to the interim condensed consolidated financial statements.

PROSPECTS

It is expected that the financial position of the Group will be substantially improved upon completion of the Proposed Restructuring of the Group as contemplated under the Restructuring Agreement. The Investor and the Liquidators expect all existing liabilities owed to creditors of the Company will be compromised and discharged through the Scheme.

Subject to, among other things, the approvals of the shareholders of the Company and the Stock Exchange, upon completion of the Restructuring Agreement, the Company's shares are expected to resume trading on the Stock Exchange.

It is the Investor's intention to maintain and expand the Group's existing business in securities broking, placing and underwriting, corporate finance, consulting and related services, which are carried out through its main operating subsidiary, MHSFE.

With the strong and continuous support provided by the Investor to the Group in terms of both business and financial aspects, the Group will be able to sustain its business at a sufficient level in upcoming financial years and expand its business to a substantial level within a reasonable period of time after the resumption of trading in the shares of the Company on the Stock Exchange.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2009, the Group had net current liabilities of approximately HK$100,253,000 (31 December 2008: HK$96,271,000) and had cash and cash equivalents of approximately HK$4,240,000 (31 December 2008: HK$6,451,000).

The Group's gearing ratio is 3.06 as at 30 June 2009 as compared with 3.35 as at 31 December 2008. The gearing ratio is calculated by dividing total liabilities by total assets.

CAPITAL STRUCTURE

Details are set out in note 13 to the interim condensed consolidated financial statements.

CONTINGENT LIABILITIES

Details are set out in note 16 to the interim condensed consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

To the best of their knowledge and belief, the Liquidators are not aware of any material acquisition or disposal of subsidiaries and associated companies by the Group during the six months ended 30 June 2009.

CHARGE ON GROUP ASSETS

To the best of their knowledge and belief, the Liquidators are not aware of any charges on the Group's assets as at 30 June 2009.

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURES

To the best knowledge and belief of the Liquidators, the Group's treasury policies and foreign exchange exposures have not changed materially since 31 December 2008. No financial instruments have been employed by the Group for hedging purposes.

SIGNIFICANT INVESTMENTS HELD

To the best knowledge and belief of the Liquidators, the Group did not have any significant investment throughout the period.

BUSINESS SEGMENTS

Details are set out in note 4 to the interim condensed consolidated financial statements.

INTERIM DIVIDEND

No interim dividend has been proposed for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

PUBLIC FLOAT

As at the date of this Interim Report, the trading in the shares of the Company remains in suspension, the sufficiency of public float as required by the Listing Rules is not applicable.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

To the best knowledge and belief of the Liquidators, as at 30 June 2009, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules were as follows:

Name of Director	Nature of interest	Number of shares	Approximate % of the issued share capital
Mr. LU Ruifeng	Held by controlled corporations *(Note)*	712,889,808	46.19%

Note: 711,500,000 shares were owned by China United Telecom Limited, 35% of the entire issued share capital of which was held by Asia TeleMedia Holdings Limited. 1,389,808 shares were owned by Asia TeleMedia Holdings Limited. Asia TeleMedia Holdings Limited was a company beneficially owned by Mr. LU Ruifeng. Mr. LU Ruifeng was deemed, by virtue of the SFO, to be interested in 712,889,808 shares in aggregate.

Save as disclosed above, to the best knowledge and belief of the Liquidators, as at 30 June 2009, none of the Company's directors, its chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

All the options granted under the share option scheme dated 28 May 2002 and adopted by the Company on 27 June 2002 lapsed on 5 June 2007, the date of commencement of the winding-up.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

To the best knowledge and belief of the Liquidators, as at 30 June 2009, the following persons or corporations, other than the interests disclosed above in respect of the directors and chief executive, interested in 5% or more in the shares and underlying shares of the Company had notified the Company and recorded in the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number of shares held (long position)	Total	Approximate % of the issued share capital
China United Telecom Limited *(Note 1)*	Beneficial owner	693,725,000	711,500,000	46.10%
	Interest of controlled corporation	17,775,000		
Asia TeleMedia Holdings Limited *(Note 2)*	Interest of controlled corporation	711,500,000	712,889,808	46.19%
	Beneficial owner	1,389,808		
High Reach Assets Limited	Beneficial owner	184,370,000	184,370,000	11.94%
Mr. Evans Carrera LOWE *(Note 3)*	Interest of controlled corporation	184,370,000	184,370,000	11.94%

Notes:

1. China United Telecom Limited, through its wholly-owned subsidiary, Transmedia Asia Limited, was deemed to be interested in 17,775,000 shares by virtue of the SFO.

2. Asia TeleMedia Holdings Limited owned 35% of the entire issued share capital of China United Telecom Limited, and was therefore deemed, by virtue of the SFO, to be interested in the 711,500,000 shares held by China United Telecom Limited.

3. According to the disclosure of interests filing dated 30 October 2007 published on the website of the Stock Exchange, Mr. Evans Carrera Lowe was deemed to be interested in 184,900,000 shares of the Company through High Reach Assets Limited, the entire issued share capital of which was wholly owned by Mr. Lowe. High Reach Assets Limited disposed of 530,000 shares in December 2007 and as a result, Mr. Lowe was deemed, by virtue of the SFO, to be interested in the 184,370,000 shares held by High Reach Assets Limited.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

To the best knowledge and belief of the Liquidators, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

AUDIT COMMITTEE

Following the resignation of Mr. Lau Hak Lap, the Company has only two independent non-executive directors and two Audit Committee members, the number of which falls below the minimum number required under Listing Rules 3.10(1) and 3.21 respectively and none of the remaining independent non-executive directors has the appropriate professional qualification or accounting or related financial management expertise as required under Listing Rules 3.10(2) and 3.21. As a result, the interim financial statements for the six months ended 30 June 2009 have been reviewed by the Auditors instead of the Audit Committee.

REMUNERATION COMMITTEE

To the best knowledge and belief of the Liquidators, the Remuneration Committee has not functioned since the appointment of the Liquidators.

DELAY IN DISPATCH OF INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2009

As at the date of the appointment of the Liquidators, the Company had insufficient funds to enable the financial statements to be prepared and audited. Accordingly, the preparation, auditing and publication of the financial statements has been delayed until such time as the Company's funding arrangements allowed it.

The delay in the dispatch of the Interim Report constitutes a non-compliance with Rule 13.48(1) of the Listing Rules by the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Liquidators make no representation as to whether the Company and its directors had complied with the required standard set out in the Model Code as set out in Appendix 10 of the Listing Rules throughout the six months ended 30 June 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Liquidators make no representation as to whether the Company had complied with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009.

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

Hong Kong, 3 June 2011