ASIA TELEMEDIA LIMITED

(In Liquidation)

亞洲電信媒體有限公司

(清盤中)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011

The Joint and Several Liquidators (the "Liquidators") of Asia TeleMedia Limited (In Liquidation) (the "Company") announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**12,091**	2,872
Other operating income		**402**	142
Staff costs		**(3,518)**	(1,094)
Other operating expenses		**(11,823)**	(1,921)
Finance costs		**(847)**	(47)
Loss before tax	*6*	**(3,695)**	(48)
Income tax	*7*	**–**	–
Loss and total comprehensive loss for the period attributable to owners of the Company		**(3,695)**	(48)
Loss per share	*9*		
Basis		**(0.240) cents**	(0.003) cents
Diluted		**N/A**	N/A

Details of dividend payable to Owners of the Company are set out in note 8.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	**30 June 2011 (Unaudited) *HK$'000***	31 December 2010 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**8,031**	73
Trading rights		**–**	–
Statutory deposits for financial services business		**475**	475
		8,506	548
Current assets			
Trade receivables	*10*	**23,892**	34,500
Other receivables, deposits and prepayments		**3,308**	353
Loan receivables		**–**	–
Bank balances – trust and segregated accounts		**37,828**	35,459
Bank balances (general accounts) and cash		**48,374**	36,918
		113,402	107,230
Current liabilities			
Trade payables	*11*	**58,802**	66,916
Other payables and accrued charges		**38,538**	32,599
Loan payables		**60,084**	60,084
Deposits from the Investor	*12*	**16,500**	11,500
Loan from the Investor	*12*	**38,700**	23,700
Amounts due to directors		**20,070**	20,070
		232,694	214,869
Net current liabilities		**(119,292)**	(107,639)
Net liabilities		**(110,786)**	(107,091)
Capital and reserves			
Share capital		**308,701**	308,701
Reserves		**(419,487)**	(415,792)
Total capital deficiency		**(110,786)**	(107,091)

Notes:

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 registered office and the principal place of business of the Company is 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.

These condensed interim financial statements were approved and authorised for issue by the Liquidators on 29 July 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$3,695,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: approximately HK$48,000). As at 30 June 2011, the Group had net current liabilities of approximately HK$119,292,000 (31 December 2010: HK$107,639,000) and deficiency of shareholders' funds of approximately HK$110,786,000 (31 December 2010: HK$107,091,000). 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.

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$16.5 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.

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.

(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.

On 7 June 2011, the Subscription Agreement was entered into among the Company, the Liquidators and the Investor in relation to the issue of the new shares to the Investor at a consideration of HK$79.5 million and the issue of non-interest bearing, non-redeemable 5-year to mature convertible notes at a principal amount of HK$92.5 million.

On 14 June 2011, the Court ordered the following:

(i) a meeting of the Scheme Creditors ("Scheme Creditors' Meeting") be held on 21 July 2011 for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme; and

(ii) an extraordinary general meeting of the holders of the ordinary shares of the Company ("Extraordinary General Meeting") be held immediately after the Scheme Creditors' Meeting for the purpose of passing the shareholders' resolutions for the Proposed Restructuring.

On 21 July 2011, the Scheme Creditors' Meeting and the Extraordinary General Meeting were held and all the resolutions as set out in the notices of these meetings were duly passed.

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 2011, 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 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 is measured at revalued amounts.

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010. 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 2010, 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 2011, noted below:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Right Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK (IFRIC) – INT 14 (Amendment)	Prepayment of a Minimum Funding Requirement
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instrument

Amendment to HKAS 34 "Interim Financial Reporting" (as part of Improvements to HKFRSs 2010) is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The adoption of the other new and revised HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (Revised in 2011)	Employee Benefits[4]
HKAS 27 (Revised in 2011)	Separate Financial Statements[4]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

[1] *Effective for annual periods beginning on or after 1 July 2011*

[2] *Effective for annual periods beginning on or after 1 January 2012*

[3] *Effective for annual periods beginning on or after 1 July 2012*

[4] *Effective for annual periods beginning on or after 1 January 2013*

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 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. HKFRS 10 provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). HKFRS 11 addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.

HKFRS 12 "Disclosures of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

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

Amendment to HKAS 1 (Revised) "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income" require companies preparing financial statements in accordance with HKFRSs to group together items within other comprehensive income (OCI) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. Earlier application is permitted.

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

4 Revenue

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	
	2011	2010
	HK$'000	*HK$'000*
Brokerage and commission income	**6,466**	2,784
Placing, underwriting and sub-underwriting commission income	**2,122**	–
Consultancy and advisory fee income	**3,450**	–
Interest income	**53**	88
	12,091	2,872

The analysis of revenue by major products and services is set out in note 5 below.

5 Segment information

The operating segments have been determined based on the reports reviewed by the directors of the Group's principal operating subsidiary and the Liquidators of the Company that are used to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

The Group is currently organised into three operating segments, namely (i) securities brokerage, (ii) securities underwriting and placements, and (iii) consultancy and advisory services. For the six months ended 30 June 2010, the Group only operated in one operating segment and no segment information was presented. For consistency, comparative information has been restated to conform to current period presentation.

The accounting policies of the reportable segments are the same as the Group's accounting policies followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. Segment revenue represents the revenue generated by each operating segment from external customers. There were no significant inter-segment transactions during the period.

Segment profit for securities brokerage represents the profit earned by the segment without allocation of staff costs other than commission paid to staff, restructuring, legal and professional expenses, other central administrative costs, other income, finance costs, depreciation, amortisation and taxation. No costs are allocated to other segments as the amounts involved are insignificant. This is the measure reported to the directors of the Group's principal operating subsidiary and the Liquidators of the Company for the purposes of resource allocation and performance assessment.

Segment revenue and results

For the six months ended 30 June 2011

	Securities brokerage *HK$'000*	**Securities underwriting and placements** *HK$'000*	**Consultancy and advisory services** *HK$'000*	**Total** *HK$'000*
Segment revenue	**6,519**	**2,122**	**3,450**	**12,091**
Segment profit	**6,451**	**2,122**	**3,450**	**12,023**
Other income				**402**
Staff costs other than commission paid to staff				**(3,454)**
Finance costs				**(847)**
Depreciation				**(309)**
Restructuring, legal and professional expenses				**(7,321)**
Other central administrative costs				**(4,189)**
Loss for the period				**(3,695)**

For the six months ended 30 June 2010

	Securities brokerage HK$'000	Securities underwriting and placements HK$'000	Consultancy and advisory services HK$'000	Total HK$'000
Segment revenue	2,872	–	–	2,872
Segment profit	2,799	–	–	2,799
Other income				142
Staff costs other than commission paid to staff				(1,028)
Finance costs				(47)
Depreciation				(65)
Restructuring, legal and professional expenses				(555)
Other central administrative costs				(1,294)
Loss for the period				(48)

Segment assets

As the assets and the liabilities are regularly reviewed by the directors of the Group's principal operating subsidiary and the Liquidators of the Company for the Group as a whole, the measure of total assets by operating segment is therefore not presented.

6 Loss before tax

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

	(Unaudited) Six months ended 30 June 2011 HK$'000	(Unaudited) Six months ended 30 June 2010 HK$'000
Recovery of impairment loss on trade receivables	**(2)**	(1)
Depreciation	**309**	65
Rental in respect of office premises	**1,327**	385
Restructuring, legal and professional expenses	**7,321**	555

7 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 2011 and 2010. 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.

8 Dividends

No dividend was paid or proposed for the six months ended 30 June 2011 (six months ended 30 June 2010: nil), nor has any dividend been proposed since the end of the reporting period.

9 Loss per share

(a) The calculation of basic loss per share is based on the loss for the period of approximately HK$3,695,000 (six months ended 30 June 2010: HK$48,000), and the weighted average number of 1,543,507,296 ordinary shares (six months ended 30 June 2010: 1,543,507,296) in issue during the period.

(b) Diluted loss per share for the periods ended 30 June 2010 and 2011 has not been presented as the effect of any dilution is anti-dilutive.

10 Trade receivables

	30 June 2011 (unaudited) ***HK$'000***	31 December 2010 (audited) *HK$'000*
Margin clients	**26,125**	26,126
Cash clients	**15,820**	30,871
Brokers, dealers and clearing houses	**8,227**	3,785
	50,172	60,782
Less: Allowance for doubtful debts	**(26,280)**	(26,282)
	23,892	34,500

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 2011 (unaudited) ***HK$'000***	31 December 2010 (audited) *HK$'000*
Within 30 days	**23,755**	34,416
Within 31 – 90 days	**44**	1
More than 90 days	**93**	83
	23,892	34,500

11 Trade payables

	30 June 2011 (unaudited) ***HK$'000***	31 December 2010 (audited) *HK$'000*
Cash clients	**58,801**	66,915
Brokers, dealers and clearing houses	**1**	1
	58,802	66,916

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.

12 Deposits and loan from the Investor

During the period ended 30 June 2011, the Investor has further deposited HK$5,000,000 to meet the costs and expenses in relation to the restructuring of the Company in accordance with the terms stated in the Restructuring Agreement as described in note 2 above. Total deposits from the Investor amounted to HK$16,500,000 as at 30 June 2011 (31 December 2010: HK$11,500,000).

On 22 September 2009, MHF entered into a facility agreement with the Investor pursuant to which the Investor agreed to provide an interest-bearing term loan facility of up to HK$8 million to the Group 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. On 1 December 2010, the Investor advanced funds of HK$15,700,000 to MHF. 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.

The loan facility is secured by way of first fixed charge on all interests and dividends from all the issued shares of MHSFE. It carries a fixed interest rate of 5% per annum and is repayable upon completion of the Restructuring Agreement. The total borrowings from the Investor amounted to HK$38,700,000 as at 30 June 2011 (31 December 2010: HK$23,700,000).

13 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.

14 Significant events after the reporting period

On 21 July 2011, the Scheme Creditors' Meeting was held and the Scheme was duly approved at the meeting.

On 21 July 2011, the Extraordinary General Meeting was held and all of the following resolutions were duly passed at the meeting:

1. Approval of the holding of the Extraordinary General Meeting as annual general meetings for the four years ended 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010;

2. Approval of the financial statements, the reports of the Joint and Several Liquidators and the reports of the auditors for the four years ended 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010;

3. Ratification of the appointment of auditors;

4. Approval of the re-appointment of auditors;

5. Approval of the Restructuring Agreement;

6. Approval of the capital restructuring (other than the capital reduction);

7. Approval of the Subscription Agreement;

8. Approval of the whitewash waiver;

9. Approval of the special deals;

10. Removal of all existing directors;

11. Appointment of new executive and independent non-executive directors;

12. Granting of a general mandate to the directors to allot, issue and deal with additional shares in the Company;

13. Adoption of the share option scheme;

14. Approval of the capital reduction; and

15. Amendment to the Articles of Association.

AN EXTRACT OF INDEPENDENT REVIEW REPORT

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 2010 was qualified in respect of limitations of audit scope similar to those qualified conclusions described in sub-paragraphs (2) and (3) below. Any adjustments to these comparative amounts may have a consequential effect on the balance of accumulated losses of the Group as at 1 January 2011, the loss for the six months ended 30 June 2011 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. Accordingly, the Liquidators could not provide us any written representations. 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.

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 2011 and the loss for the six-month period then ended.

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 2011, and of its financial performance and its cash flows for the six-month period then ended in accordance with HKAS 34.

Emphasis of matter

We draw attention to note 2 to the financial statements which explains that the Company submitted a resumption proposal on 17 December 2010 (updated on 25 March 2011) and subsequently amended by a written submissions to the Stock Exchange of Hong Kong Limited (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. The financial statements have been prepared on a going concern basis on the assumptions that the Resumption Proposal will be successfully completed in the foreseeable future and following that the financial position of the Group will be substantially improved as all liabilities of the Company will be discharged. The financial statements do not include any adjustments that would result from a failure to complete the Resumption Proposal. We consider that appropriate disclosures have been made.

FINANCIAL RESULTS

The Group recorded a revenue of approximately HK$12.1 million for the six months ended 30 June 2011 compared to the revenue of approximately HK$2.9 million for the corresponding period in 2010. The basic loss per share for the six months ended 30 June 2011 was HK0.24 cents, compared to the basic loss per share of HK0.003 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 ANNOUNCEMENT

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.

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.

On 7 June 2011, the Subscription Agreement was entered into among the Company, the Liquidators and the Investor for the implementation of the Proposed Restructuring.

On 21 July 2011, the Scheme Creditors' Meeting and the Extraordinary General Meeting of the Company were held. On the same date, the Company announced the results of the Scheme Creditors' Meeting and the Extraordinary General Meeting. The resolution set out in the Notice of Scheme Creditors' Meeting published on the Stock Exchange's website on 24 June 2011 was duly passed. All of the resolutions set out in the Notice of Extraordinary General Meeting published on the Stock Exchange's website on 27 June 2011 were duly passed. 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 above.

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 the approval of 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.

SUSPENSION OF TRADING OF THE COMPANY'S SHARE AND APPOINTMENT OF THE LIQUIDATORS

Trading in the Company's shares on the Stock Exchange has been suspended since 18 March 2008. As stated in note 2 to the financial statements:

A winding-up petition was filed against the Company on 5 June 2007, and a winding-up order was made by 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.

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 2011.

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 qualifications 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 2011 have been reviewed by the Auditors instead of the Audit Committee.

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 2011.

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 2011.

For and 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, 29 July 2011

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