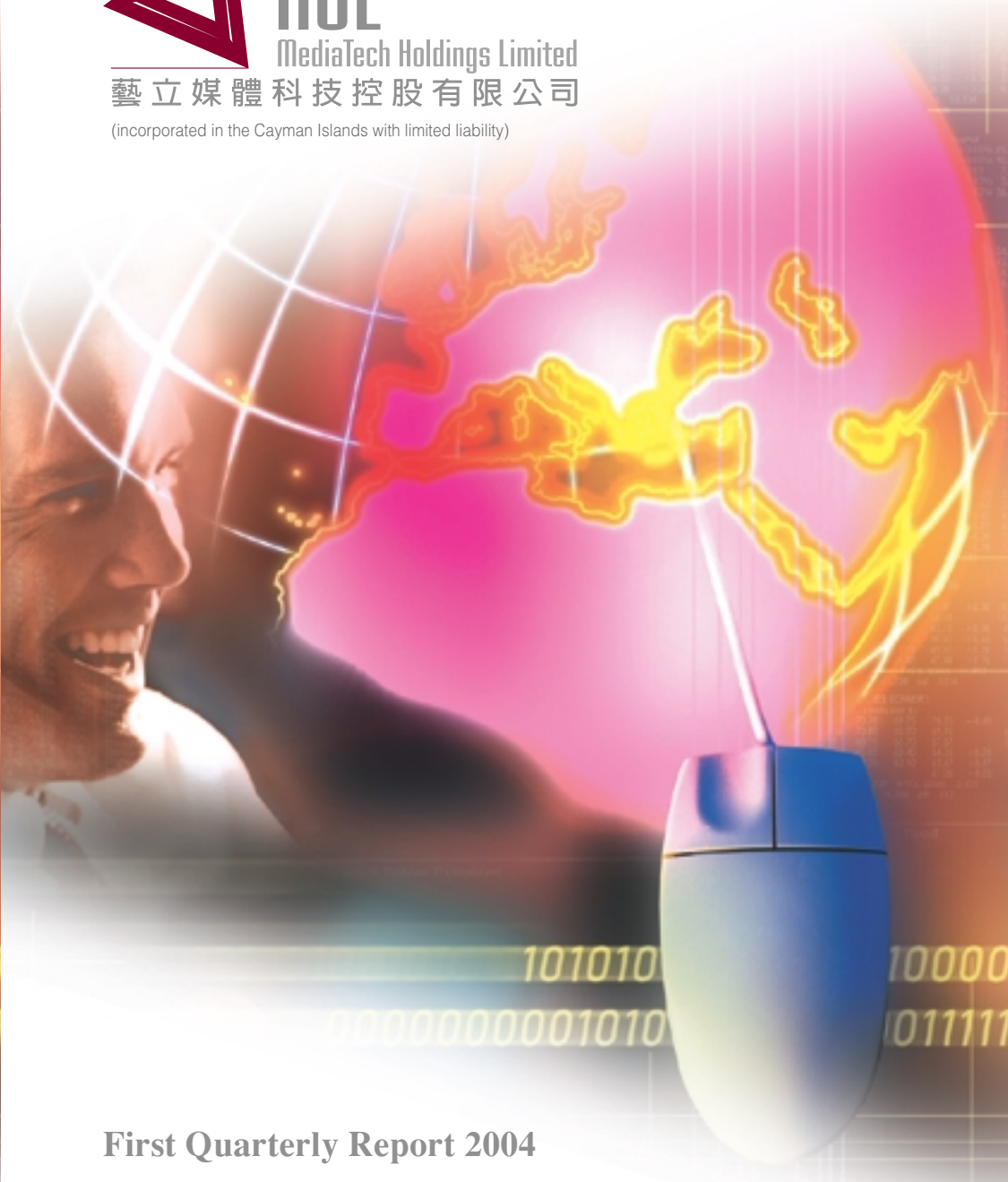


AGL

MediaTech Holdings Limited

藝立媒體科技控股有限公司

(incorporated in the Cayman Islands with limited liability)



First Quarterly Report 2004

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of AGL MediaTech Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to AGL MediaTech Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS:

- Turnover of the Group was HK\$292,000 for the three months ended 30 June 2004 representing an increase of approximately 25% from the corresponding period last year.
- Net loss for the three months ended 30 June 2004 amounted to approximately HK\$2,036,000 representing an increase of approximately 36% from the corresponding period last year.
- Loss per share was HK0.42cents.
- The Board of the Company does not recommend the payment of a dividend for the three months ended 30 June 2004.

UNAUDITED CONSOLIDATED INCOME STATEMENTS

For the three months ended 30 June 2004

The Directors of AGL MediaTech Holdings Limited (the "Company") hereby announce the unaudited consolidated income statements of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2004, together with the comparative unaudited figures for the corresponding period in 2003, as follows:

		Three Months ended 30 June	
	Note	2004 HKD'000	2003 HKD'000
Turnover	2	292	233
Other operating income		6	33
Administrative expenses		(1,628)	(1,720)
Other operating expenses		(706)	(47)
		<hr/>	<hr/>
Loss before taxation		(2,036)	(1,501)
Taxation	3	—	—
		<hr/>	<hr/>
Loss for the period		<u>(2,036)</u>	<u>(1,501)</u>
		<hr/>	<hr/>
Loss per share, in HK cents	5		
— basic		<u>(0.42)</u>	<u>(0.31)</u>

Notes:

1. Basis of preparation

The unaudited consolidated income statements have been prepared under the historical cost convention. The principal accounting policies adopted in preparing the unaudited consolidated income statements are in accordance with the general accepted accounting principles in Hong Kong and are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2004.

The unaudited consolidated income statements also comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules").

2. Turnover

Turnover represents the net amounts received and receivable by the Group for on-line advertising solutions, mobile advertising solutions and content management solutions provided to customers.

3. Taxation

No provision for taxation has been made as the Group had no assessable profit for the three months ended 30 June 2004.

4. Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2004 (2003: Nil).

5. Loss per share

The calculation of basic loss per share for the three months ended 30 June 2004 is based on the net loss for the period of approximately HK\$2,036,000 (2003: HK\$1,501,000) and 480,000,000 (2003: 480,000,000) shares in issued during the period.

No diluted loss per share for the periods is presented as the exercise of share options would result in a decrease in the loss per share.

6. Reserves

There were no transfers to and from reserves during the three months ended 30 June 2004 and 2003 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 30 June 2004, the Group recorded a turnover of approximately HK\$292,000 (2003: approximately HK\$233,000), representing an increase of approximately 25% when compared to the corresponding period in 2003. The operating expenses was higher than that of the same period in 2003 primarily due to the renting of additional office space by the Group and the increase number of sales and marketing staff, in anticipation of the expansion of the business.

The Group recorded a net loss of approximately HK\$2,036,000 for the three months ended 30 June 2004 as compared to a net loss of approximately HK\$1,501,000 for the corresponding period in 2003.

Business Review

During the three months ended 30 June 2004, the Group has taken steps to reinforce the development of content management solutions, especially in web design and effective design solutions. To cope with the Group's business plan, the Group has adopted proactive marketing and promotional strategies, which increased the understanding and acceptance of on-line marketing and advertising technologies of existing and potential customers. This was an important step to pave the way for more effective sales penetration into the markets in Hong Kong and the PRC.

Prospects

To further strengthen its customer base and complement its existing business, the Group will set up a subsidiary in the next quarter with a registered share capital of HK\$10,000 which will be principally engaged in developing the content management services.

For the year ahead, the group will concentrate its effort in market penetration in Hong Kong and PRC (with emphasis on content management solutions) with the intention to diversify the Group's existing customer base utilizing the Group's expertise.

The Group will also devote considerable resources for market expansion, mainly in the PRC. The Group believes that by integrating its IT know-how into conventional businesses and extending the application of its content management services to other specific aspects such as the construction industry, food industry, pharmaceutical industry and other prospective engineering will facilitate the group to meet with its business objectives more effectively. The Group considers that its planned geographical expansion will provide good prospects for regeneration of its robust business growth.

Looking forward, the Group will continue to form more strategic partnerships so as to enlarge its research and development ability and marketing networks. The Group will further explore the possibilities and feasibility of collaborating with outside consultancy to broaden the exposures of the Group's service coverage. The Group believes that such strategies can enhance its market share and thus profitability in the long run.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2004.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND LONG POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2004, the interests and long positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or long positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company 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 Companies ("Model Code"), were as follows:

Name	Personal Interests	Family Interests	Corporate Interests	Total	% of issued share capital
Chu Yen Ling	—	—	264,000,000 <i>(Note 1)</i>	264,000,000	55%

Note:

1. These shares are registered in the name of Elite Side Profits Limited, which is wholly and beneficially owned by Mr. Chu Yen Ling.

Save as disclosed above, as at 30 June 2004, none of the directors of the Company had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or long positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

As at 30 June 2004, the Company operates two share option schemes. A share option scheme was adopted and approved by the sole member of the Company on 26 October 2002, pursuant to which certain share options were granted to employees and directors prior to the listing of the Company on the Growth Enterprise Market (the "GEM") of the Stock Exchange (the "Pre-IPO Share Option Scheme"). According to Clause 7.1 of the Pre-IPO Share Option Scheme, the option to the holders lapsed automatically on 27 January 2004 since an unconditional general offer has been declared on 12 January 2004.

Another share option scheme was also adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme"). No share options have been granted under the Share Option Scheme since its adoption.

INTERESTS AND LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2004, the following persons or corporations who had interests or long positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Number of shares	% of issued share capital
Elite Side Profits Limited (Note 1)	264,000,000	55%
Chu Yen Ling (Note 1)	264,000,000	55%
Kuo Li Hwa (Note 2)	264,000,000	55%
Elliott Profits Limited (Note 3)	51,264,000	10.68%
Hung Wai Fan (Note 3)	51,264,000	10.68%

Notes:

- (1) These shares are beneficially owned by Elite Side Profits Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Chu Yen Ling.
- (2) Ms. Kuo Li Hwa is the spouse of Mr. Chu Yen Ling, accordingly, she is deemed to be interested in the 264,000,000 shares held by Elite Side Profits Limited under the SFO.
- (3) These shares are beneficially owned by Elliott Profits Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Hung Wai Fan.

CORPORATE GOVERNANCE

The Company has complied throughout the three months ended 30 June 2004 with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

COMPETING INTERESTS

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in companies or may compete with the business of the Group or any other conflict of interests with the interests of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the "A Guide for the Formation of an Audit Committee" published by the Hong Kong Society of Accountants and, in the opinion of the directors, complied with Rules 5.28 to 5.30 as set out in Chapter 5 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 29 November 2002. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consists of the three independent non-executive directors, namely Mr. Chan Ping Kuen, Francis, Mr. Ma She Shing, Albert and Dr. Lu Da. Mr. Chan Ping Kuen, Francis is the chairman of the audit committee. The Group's unaudited consolidated financial statements for the three months ended 30 June 2004 have been reviewed by the audit committee, who was of the opinion that the preparation of such financial statements complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made.

SPONSOR'S INTERESTS

On 13 October 2003, Hantec Capital Limited ("Hantec") was appointed by the Company as the replacement sponsor for the period commencing on 13 October 2003 and expiring on 31 March 2005 (the "Term") in accordance with the requirements of the GEM Listing Rules. During the Term, Hantec shall receive a advisory fee.

As confirmed by Hantec, as at 30 June 2004, neither itself nor its directors, employees or associates had any interest in the securities of the Company or any member of the Group or any right to subscribe for or to nominate persons to subscribe for the securities of the Company, or any members of the Group.

By Order of the Board
AGL MediaTech Holdings Limited
Chu Yen Ling
Chairman

Hong Kong, 10 August 2004