



# Interim Report 2004

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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 announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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*This report, for which the directors (“Directors”) of AGL MediaTech Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. 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.*

## RESULTS

The Board of Directors (the "Board") of AGL MediaTech Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (together as the "Group") for the three months and six months ended 30 September 2004, together with the comparative unaudited figures for the corresponding periods in 2003 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Six months ended 30 September	
		2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)
Turnover	4	710	270	1,002	503
Other operating income		63	31	69	64
Administrative expenses		(1,202)	(2,177)	(2,830)	(3,875)
Other operating expenses		(1,240)	(24)	(1,946)	(74)
Loss from operations		(1,669)	(1,900)	(3,705)	(3,382)
Finance cost		(4)	(3)	(4)	(3)
Loss before tax	6	(1,673)	(1,903)	(3,709)	(3,385)
Taxation	7	—	—	—	—
Net loss for the period		<u>(1,673)</u>	<u>(1,903)</u>	<u>(3,709)</u>	<u>(3,385)</u>
Loss per share, in HK cents	8				
— basic		<u>(0.35)</u>	(0.40)	<u>(0.77)</u>	<u>(0.71)</u>
— diluted		<u>N/A</u>	N/A	<u>N/A</u>	N/A

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		<b>As at 30 September 2004 HK\$'000 (Unaudited)</b>	As at 31 March 2004 HK\$'000 (Audited)
Non-current asset			
Property, Plant and equipment		<u>1,097</u>	<u>1,247</u>
Current assets			
Trade and other receivables	10	<b>1,068</b>	1,498
Taxation recoverable		<b>1</b>	1
Bank balances and cash		<u>306</u>	<u>2,380</u>
		<b>1,375</b>	<b>3,879</b>
Current liabilities			
Accounts payable and other payables	11	<u>3,153</u>	<u>2,098</u>
Net current (liabilities)/assets		<u>(1,778)</u>	<u>1,781</u>
Total assets less current liabilities		<u><b>(681)</b></u>	<u><b>3,028</b></u>
Capital and reserves			
Share capital		<b>4,800</b>	4,800
Reserves		<u>(5,481)</u>	<u>(1,772)</u>
		<u><b>(681)</b></u>	<u><b>3,028</b></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Special reserve</b> <i>HK\$'000</i>	<b>Retained profits (deficit)</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2004	4,800	9,751	11	(11,534)	3,028
Net loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,709)</u>	<u>(3,709)</u>
At 30 September 2004	<u>4,800</u>	<u>9,751</u>	<u>11</u>	<u>(15,243)</u>	<u>(681)</u>
At 1 April 2003	4,800	8,719	11	(2,957)	10,573
Adjustment of expenses incurred in connection with the issue of shares in prior year	—	1,032	—	—	1,032
Net loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,385)</u>	<u>(3,385)</u>
At 30 September 2003	<u>4,800</u>	<u>9,751</u>	<u>11</u>	<u>(6,342)</u>	<u>8,220</u>

## UNAUDITED CONDENSED CONSOLIDATED CASHFLOW STATEMENT

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,045)</u>	<u>(3,742)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(25)</u>	<u>(405)</u>
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>(4)</u>	<u>1,438</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(2,074)</b>	(2,709)
CASH AND CASH EQUIVALENTS AT 1 APRIL	<u><b>2,380</b></u>	<u>8,657</u>
CASH AND CASH EQUIVALENT AT 30 SEPTEMBER	<u><b>306</b></u>	<u>5,948</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
BANK BALANCES AND CASH	<u><b>306</b></u>	<u>5,948</u>

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

### **2. BASIS OF CONSOLIDATION**

The unaudited consolidated results of the Group incorporate the unaudited consolidated results of the Company and its subsidiaries for the three months and six months ended 30 September 2004.

All significant transactions and balances within the Group have been eliminated on consolidation.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted for the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's audited financial statements for the year ended 31 March 2004, except that the Group has adopted SSAP 12 (Revised) "Income Taxes" which prescribes new accounting measurements and disclosure practices. The adoption of this SSAP during the financial period does not have any significant effect on the Group's unaudited consolidated results for the period and the prior period.

### **4. TURNOVER**

Turnover represents the aggregate of the net amounts received and receivable from third parties in connection with the provision of information technology consultancy services as well as content management solution services, on-line advertising solution services and mobile advertising solution services.

## 5. SEGMENT INFORMATION

The Group's primary segment reporting basis is by business segment and its secondary segment reporting is by geographical segment.

### (I) BUSINESS SEGMENTS

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. During the year, over 90% of the Group's turnover, results, assets and liabilities were derived from the provision of information technology consultancy services in Hong Kong and accordingly, no detailed analysis of the Group's business segments is disclosed.

### (II) GEOGRAPHICAL SEGMENTS

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of assets. Over 90% of the Group's revenue and assets are derived from customers and operations based in Hong Kong and accordingly, no detailed analysis of the Group's geographical segments is presented.

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Three months ended 30 September		Six months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Depreciation	88	97	175	168
Interest expense	4	3	4	3
Staff cost	1,117	1,106	2,656	1,999
Interest income	—	(31)	—	(64)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 7. TAX

No Hong Kong profits tax has been provided for the three months and six months ended 30 September 2004 (three months and six months ended 30 September 2003: Nil) as the Group did not generate any assessable profits in Hong Kong during these periods.

The Group have no significant potential deferred tax liabilities for which provision has not been made.



**8. LOSS PER SHARE**

The calculation of basic loss per share for the three months and six months ended 30 September 2004 is based on the unaudited net loss from ordinary activities attributable to shareholders for the three months and six months ended 30 September 2004 of approximately HK\$1.7 million and HK\$3.7 million respectively (three months and six months ended 30 September 2003: net loss of approximately HK\$1.9 million and HK\$3.4 million respectively) and the weighted average of 480,000,000 shares in issue during the three months and six months ended 30 September 2004 (three months and six months ended 30 September 2003: 480,000,000 shares).

No diluted loss per share is shown for the three months and six months ended 30 September 2004 and 30 September 2003 as the exercise of share options would result in a decrease in the loss per share for these periods.

**9. DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2004 (six months ended 30 September 2003: Nil).

**10. TRADE AND OTHER RECEIVABLES**

The Group generally allows an average credit period of 30 days to its trade customers. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An aged analysis of the Group's accounts receivable at the balance sheet date is as follows:

	<b>As at 30 September 2004 HK\$'000 (Unaudited)</b>	As at 31 March 2004 HK\$'000 (Audited)
Trade receivable		
Within 30 days	<b>710</b>	533
31-60 days	—	30
61-90 days	—	40
Over 90 days	<b>29</b>	—
	<hr/>	<hr/>
	<b>739</b>	603
Other receivables	<b>329</b>	895
	<hr/>	<hr/>
	<b>1,068</b>	1,498
	<hr/> <hr/>	<hr/> <hr/>

## **11. ACCOUNTS PAYABLE AND OTHER PAYABLES**

At 30 September 2004, the accounts payable were aged within 90 days, which was based on the date of goods and services received.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is principally engaged in the provision of information technology consultancy services as well as on-line rich media and content distribution solutions, with focus on three lines of solutions: on-line advertising solutions, mobile advertising solutions and content management solutions in Hong Kong.

## **BUSINESS REVIEW AND PROSPECT**

During the period under review, the Group has taken steps to reinforce the development of content management solutions, with more emphasis on 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.

The Group will devote considerable resources for market expansion, especially in the PRC. The Group believe 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, and hence its productivity and profitability.

On 27 October 2004, the Company entered into two subscription agreements (the "Subscription Agreements") with two subscribers namely Data Expert Limited & Grand Ever Limited (the "Subscribers"). Pursuant to the Subscription Agreements, the Subscribers agreed to subscribe a total of 96,000,000 new shares of the Company at a price of HK\$0.064. The subscription is estimated to raise approximately HK\$6.1 million. The Directors consider the subscription an opportunity for the Company to raise funds for future development purpose and for broadening the capital base of the Company. The Directors believe additional fund raised by the subscription would help in strengthening the Company's core business and the financial position of the Company.

## FINANCIAL REVIEW

For the six months ended 30 September 2004, the Group's unaudited consolidated turnover and loss attributable to shareholders were HK\$1 million (2003: HK\$0.5 million) and HK\$3.7 million (2003: HK\$3.4 million) respectively. There was 99% increase in turnover with an approximately 10% increase in loss attributable to shareholders over the corresponding period last year.

The increase in the loss attributable to shareholders was mainly attributable to the increase in other operating expenses. The other 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 provision of other receivables incurred by a subsidiary in the PRC.

### Liquidity, financial resources and capital structure

As at 30 September 2004, the Group had assets of approximately HK\$2.5 million (31 March 2004: HK\$5.1 million), including net cash and bank balances of approximately HK\$0.3 million (31 March 2004: HK\$2.4 million).

During the six months ended 30 September 2004, the Group financed its operations and investing activities with internally generated cash flow and the balance of the proceeds from the issuance of new shares. There was no charge on the Group's assets as at 30 September 2004 (31 March 2004: nil).

As at 30 September 2004, the Group did not have any bank borrowings nor any banking facilities. The gearing ratio, defined as the ratio between total bank borrowings and shareholders's equity, was nil (31 March 2004: nil).

Most of the transactions of the Group are denominated in Hong Kong dollars and Renminbi. As the exchange rate of the Renminbi to Hong Kong dollars are fairly stable, the Directors are of the view that the exposure to foreign currency exchange risk is limited. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

### Significant investment

As at 30 September 2004, there was no significant investment held by the Group (31 March 2004: nil).

### **Material acquisition or disposal of subsidiaries and affiliated companies**

There were no material acquisitions or disposal of subsidiaries and affiliated companies in the course of the six months ended 30 September 2004.

### **Future plans for material investments and expected source of funding**

Details of the Group's future plans for material investments or capital assets and their expected source of funding have been stated in the Company's prospectus dated 22 November 2002 under the sections headed "Statement of business objectives" and "Use of net proceeds from the New Issue" respectively. Other than those disclosed herein, in particular under sections headed "Use of Proceeds" and "Comparison of Business Objectives with Actual Business Progress" in this report, the Group did not have any plan for material investments or capital assets.

### **Contingent liabilities**

The Group had no material contingent liabilities (31 March 2004: nil).

### **Employees and remuneration policies**

As at 30 September 2004, the Group employed 17 full-time employees. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.

## **CHANGE OF YEAR END DATE**

The year end date of the Company was changed from 31 March to 31 December with effect from 12 October 2004. Pursuant to the change, the final audited results and the audited financial statements of the Group for the current year cover nine months from 1 April 2004 to 31 December 2004 will be announced and issued on or before 31 March 2005 in accordance with the requirement under 18.03 of the GEM Listing Rules.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing of business objectives as stated in the Company's prospectus dated 22 November 2002 with the Group's actual business progress up to 30 September 2004 is set out below:

### Business Objectives

### Actual Business Progress

#### Product and technology

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>— Continue product enhancement and product development for i-tvc.net, i-tvc.net for PDA, i-tvc.net for Phone, i-tvServe.net, i-tvSurvey.net, eMail-blaset.net, CDMatrix, Web Matrix, CMS for Portal, CMS for Office, CMS for SOHO and CMS for Visual</li> </ul> | <ul style="list-style-type: none"> <li>— The development of i-tvc.net for PDA and Phone has been deferred due to keen competition</li> <li>— In view of the market trend and increasing demand of CMS which generates steady income, the Group has allocated more resources to the development of CMS solutions to strengthen the Group's business</li> </ul> |
|--|---|

#### Marketing

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>— Nurture and cultivate market acceptance of On-line advertising technologies: i-tvc.net, i-tvServe.net and CMS line of products</li> <li>— Improve customer support network</li> <li>— Promote solution provider and consultant channels</li> </ul> | <ul style="list-style-type: none"> <li>— Strategic Marketing and Promotional Campaigns for on-line advertising technologies has been delayed</li> <li>— Explored the possibilities and feasibility of collaborating with outside content service consultancy firms to improve customer support network, broaden the exposures and start to promote solution provider and consultant channels</li> </ul> |
|---|---|

## Business Objectives

## Actual Business Progress

### Research & development upgrades

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>— Increase headcount of programmers and designers</li> </ul>  | <ul style="list-style-type: none"> <li>— Liaised with potential content service consultancy firms to explore the the potential and achievability of upgrading the research and development</li> </ul> |
| <ul style="list-style-type: none"> <li>— Install more development tools</li> </ul>   | <ul style="list-style-type: none"> <li>— more development tools were installed</li> </ul>   |
| <ul style="list-style-type: none"> <li>— Setting up development office outside Hong Kong and installation of additional servers</li> </ul> | <ul style="list-style-type: none"> <li>— The setting up of development office and installation of additional servers outside Hong Kong have been postponed</li> </ul>                                 |

### Enhancement of i-tvc.net and i-tvServe.net platform

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>— Revamp and/or enhance systems and install additional servers</li> </ul> | <ul style="list-style-type: none"> <li>— Enhancement of i-tvc.net and i-tvServe.net platform and installation of additional servers has been postponed</li> </ul> |
|  | <ul style="list-style-type: none"> <li>— Allocated more resources to the development of CMS solutions to strengthen the Group's business</li> </ul>               |

## USE OF PROCEEDS

The proceeds from the Company's issue of new shares at the time of its listing on the GEM in November 2002, after deduction of related issuance expenses, amounted to approximately HK\$14.6 million. During the six months ended 30 September 2004, the net proceeds were applied in the following areas:

	<b>Amount extracted from the Prospectus dated 22 November 2002</b>	<b>Actual amount used up to 30 September 2004</b>	<b>Actual amount used up to 30 September 2004</b>
	<b>Total</b>	<b>Up to 30 September 2004</b>	<b>30 September 2004</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Purchase of design and development tools, recruitment of additional staff to develop and enhance CMS and i-tvc.net technologies and the R&D capability of new rich media solutions	3.6	2.7	3.0
Purchase of development tools and the recruitment of additional staff to facilitate the development of new MAS for connected mobile devices	3.6	2.7	2.9
Enhancement of the infrastructure	1.7	1.6	1.7
Brand-building and marketing campaigns	1.0	0.8	1.0
Geographical expansion and acquisitions of complimentary companies	1.7	1.4	1.7
Additional working capital	3.0	2.6	3.0
	<u>14.6</u>	<u>11.8</u>	<u>13.3</u>

## **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 six months ended 30 September 2004.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND LONG POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2004, the interests and long position of the directors and chief executives 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:

<b>Name</b>	<b>Personal Interests</b>	<b>Family Interests</b>	<b>Corporate Interests</b>	<b>Total</b>	<b>% of issued share capital</b>
Chu Yen Ling	—	—	264,000,000 <i>(Note 1)</i>	264,000,000	55.00%

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 September 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 September 2004, a share option scheme was 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 THE LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 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:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>% of issued share capital</b>
Elite Side Profits Limited ( <i>Note 1</i> )	264,000,000	55.00%
Chu Yen Ling ( <i>Note 1</i> )	264,000,000	55.00%
Kuo Li Hwa ( <i>Note 2</i> )	264,000,000	55.00%
Elliott Profits Limited ( <i>Note 3</i> )	51,264,000	10.68%
Hung Wai Fan ( <i>Note 3</i> )	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 and six months ended 30 September 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 Institute of Certified Public 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 Dr. Lu Da, Mr. Lau Man Yiu and Ms. Xue Xiaoyi. The Group's unaudited consolidated financial statements for the three months and six months ended 30 September 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 September 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, 9 November 2004