

## Chairman's Statement

I am pleased to present to you the annual report of Asia TeleMedia Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2006.

For the year ended 2006, the overall turnover of the stock market in Hong Kong surged 85% as compared with the corresponding period last year, while the average daily turnover amounted to HK\$33.9 billion. The Hang Seng Index in 2006 finished the twelve months at 19,964, up 34% y.o.y.; the Hang Seng China Enterprises Index closed up 94% y.o.y at 10,340. In this regard, the latter was particularly outstanding. In view of the anticipated persistent development of Mainland China, Hong Kong would definitely and directly benefit from its growth.

Throughout the year, the Group relied on brokerage services as its core business. With the devoted effort of all our staff, the brokerage business achieved satisfactory growth during the year, despite of the increasing intense competition and tough business atmosphere for operation. Nevertheless, numerous mainland large enterprises and banks are applying for listing in Hong Kong. We will leverage on the prosperous economic growth of Mainland China and strive to strengthen our business foundation in securities investment and in turn provide significant and steady revenue for the Group.

During the year, notwithstanding the management's continuous effort in compromising practical terms of settlement with the Group's single major creditor in connection with an indebtedness in the principal amount of HK\$58 million, key progress is yet to be reached and hence relevant discussions and negotiations have been going on.

In the coming year, the Group will further reinforce internal management and materialize its operating strategies into practice. No sooner than a practical conclusion for settlement of the indebtedness is achieved, I consider that the Group has had geared in full to enter into the rapidly evolving telecommunication industry in Mainland China.

Finally, as Chairman, I would like to acknowledge the hard work and contribution of all our staff. I would also like to extend my gratitude to our shareholders for their consistent supports. I look forward to sharing our results as we continue our journey into the future.

**LU Ruifeng**

*Chairman*

Hong Kong, 20 April 2007