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(incorporated in the Cayman Islands with limited liability)

CLARIFICATION ANNOUNCEMENT

1. Allegation of two claims

It was alleged that Art Global Limited, a wholly owned subsidiary of the Company, was sued twice in 2002. The Directors of the Company would like to clarify that both claims were Small Claims Tribunal cases which claimed for immaterial amount and were already settled. As such, it has been accurately disclosed in the Prospectus that “neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against the Company or any other member of the Group”.

2. Discrepancy in the Prospectus

In addition, the Directors of the Company would also like to clarify the clerical error inadvertently made in the Prospectus of the Company dated 22 November, 2002, in regard to its Placing, that the amount of “Estimated net proceeds of the New Issue” was mistakenly stated as HK\$16 million in the “Adjusted Net Tangible Assets” table on page 144 under the section headed “Financial Information” of the Prospectus, and as such the adjusted net tangible assets per Share should be restated from HK cents 3.5 to HK cents 3.2 (assuming the Over-allotment Option and any option granted under the Pre-IPO Share Option Scheme are not exercised).

The Directors would like to confirm that except for the aforesaid discrepancy, all other information was correctly stated in the Prospectus.

The Stock Exchange reserves its right to take appropriate action against the Company and other parties involved in the Placing in respect of the aforesaid discrepancy in the Prospectus where appropriate.

1. Allegation of two claims

It was alleged that the Art Global Limited, a wholly owned subsidiary of the Company, was sued twice in 2002. The Directors of the Company would like to clarify that both claims were Small Claims Tribunal cases which claimed for immaterial amount of approximately HK\$4,400 and HK\$25,000 respectively and above all, both cases were settled with one case rejected by the Small Claims Tribunal as the claimant did not show up for hearing in October 2002 and the other case was withdrawn as an agreement was reached between the claimant and the Art Global Limited in September 2002. As such, it has been accurately disclosed in the Prospectus that “neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against the Company or any other member of the Group”.

2. Discrepancy in the Prospectus

The Directors of the Company refers to the Prospectus of the Company dated 22 November, 2002, in regard to its Placing. The Directors would like to point out that the amount of “Estimated net proceeds of the New Issue” was mistakenly stated as HK\$16 million in the “Adjusted Net Tangible Assets” table on page 144 under the section headed “Financial Information” of the Prospectus. The amount of the “Net Proceeds from the New Issue” was estimated to be approximately HK\$14.6 million (assuming the Over-allotment option was not exercised), which was correctly stated on pages 10 and 156 of the subsection headed “Reasons for the Placing and use of net proceeds from the New Issue” in the section headed “Summary of this Prospectus” and “Use of Net Proceeds From the New Issue” of the Prospectus dated 22 November, 2002. The breakdown of the use of net proceeds from the new issue was also correctly stated on pages 10 to 12 and pages 156 to 157 of the Prospectus.

The Directors have investigated the matter and concluded that the occurrence of this mistake was due to clerical error inadvertently made as a result of the last-minute change of figures, relating to the listing expenses during the bulk-printing process.

As the estimated net proceeds from the New Issue should be HK\$14.6 million rather than HK\$16 million, the following figures in the Prospectus should have also be adjusted accordingly:

1. the adjusted net tangible assets should be reduced from HK\$16,807,000 to HK\$15,407,000 on page 144 of the Prospectus under the “Adjusted Net Tangible Assets” table;
2. the adjusted net tangible assets per Share should be reduced from HK cents 3.5 to HK cents 3.2 on page 144 of the Prospectus under the “Adjusted Net Tangible Assets” table and page 13 under the “Placing Statistics” table; and
3. if the option granted under the Pre-IPO Share Option Scheme are exercised in full, the adjusted net tangible assets per Share should be reduced from HK cents 3.2 to HK cents 3.0 in the notes on page 144 under the “Adjusted Net Tangible Assets” table and page 13 under the “Placing Statistics” table.

Apart from this announcement, the Directors have taken reasonable measures to ensure the information as included above will be communicated to all shareholders of the Company by way of:

1. a letter detailing the corresponding amendments to be sent to each and every original placees under the Placing; and
2. the Company will trace the new shareholders who have registered with the share registrars of the Company and will send a letter to each of them detailing the corresponding amendments.

The Directors would like to confirm that except for the aforesaid discrepancy, all other information was correctly stated in the Prospectus. In addition, the Directors believe that such clerical error in the Prospectus would have no impact on the business operations of the Group.

The Stock Exchange reserves its right to take appropriate action against the Company and other parties involved in the Placing in respect of the aforesaid discrepancy in the Prospectus where appropriate.

By Order of the Board
AGL MediaTech Holdings Limited
Chan Tik Yuen
Chairman

Hong Kong, 2nd April 2003

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