



ASIA TELEMEDIA LIMITED

亞洲電信媒體有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the “Board”) of Asia TeleMedia Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 together with the unaudited comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 June	
		2007	2006
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	5,022	2,759
Other operating income		1,404	306
Recovery of bad debts written-off		9	6
Depreciation of property, plant and equipment		(367)	(363)
Amortisation of trading rights		(136)	(136)
Staff costs		(10,671)	(3,425)
Other operating expenses	4	(6,348)	(3,270)
Finance costs		(2,043)	(2,039)
Loss before taxation		(13,130)	(6,162)
Taxation	5	—	—
Loss for the period		<u>(13,130)</u>	<u>(6,162)</u>
Loss per share	6		
Basic and diluted		<u>HK (0.85) cents</u>	<u>HK (0.42) cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2007 <i>HK\$'000</i> (unaudited)	31 December 2006 <i>HK\$'000</i> (audited)
Non-current assets		
Property, plant and equipment	785	1,070
Trading rights	678	814
Statutory deposits for financial services business	430	430
	1,893	2,314
Current assets		
Account receivables	19,695	26,343
Other receivables, deposits and prepayments	36,828	28,518
Bank balances – trust and segregated accounts	57,454	62,438
Bank balances (general accounts) and cash	14,058	12,432
	128,035	129,731
Current liabilities		
Account payables	76,694	86,090
Other payables and accrued charges	18,569	17,458
Loan payables	60,084	58,084
Amounts due to directors	16,387	28,737
Obligations under finance lease	79	79
	171,813	190,448
Net current liabilities	(43,778)	(60,717)
Total assets less current liabilities	(41,885)	(58,403)
Non-current liabilities		
Obligations under finance lease	93	136
Net liabilities	(41,978)	(58,539)
Capital and reserves		
Share capital	308,301	291,505
Reserves	(350,279)	(350,044)
	(41,978)	(58,539)

NOTES

1. Principal Accounting Policies

The Group's unaudited condensed consolidated results have been prepared in accordance with the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants.

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of intangible assets, and in accordance with accounting principles generally accepted in Hong Kong.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

2. Business Segments

For management purposes, the Group is currently organised into two main operating segments, namely financial services and investment holding. Financial services comprises securities broking, underwriting and share margin financing services.

Both financial services and investment holding are based in Hong Kong. The business segments are shown as follows:

Income statement for the six months ended 30 June 2007

	Financial services HK\$'000 (unaudited)	Investment holding HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE	<u>4,977</u>	<u>45</u>	<u>5,022</u>
RESULT			
Segment profit/(loss)	1,463	(13,954)	(12,491)
Other operating income			1,404
Finance costs			<u>(2,043)</u>
Loss before taxation			(13,130)
Taxation			<u>-</u>
Loss for the period			<u><u>(13,130)</u></u>

Income statement for the six months ended 30 June 2006

	Financial services <i>HK\$'000</i> (unaudited)	Investment holding <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
REVENUE	2,758	1	2,759
RESULT			
Segment loss	(591)	(3,838)	(4,429)
Other operating income			306
Finance costs			(2,039)
Loss before taxation			(6,162)
Taxation			–
Loss for the period			<u>(6,162)</u>

3. Revenue

Revenue, which is also turnover of the Group, is analysed as follows:

	Six months ended	
	30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Brokerage and commission income	4,732	2,658
Interest income	290	101
	<u>5,022</u>	<u>2,759</u>

4. Other Operating Expenses

Six months ended	
30 June	
2007	2006
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

Included in other operating expenses are:

Auditors' remuneration	180	400
Consultancy fees	774	51
Rentals in respect of office premises	951	1,091

5. 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 2007 and 2006.

As at 30 June 2007, the Group has estimated unused tax losses of approximately HK\$279 million (2006: HK\$265 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams, and no deferred tax liabilities in respect of accelerated depreciation allowance have been recognised as the amount involved is insignificant.

6. Loss Per Share

The calculation of basic loss per share is based on the loss for the period of approximately HK\$13,130,000 (2006: HK\$6,162,000) and 1,541,507,296 (2006: 1,457,527,296) shares in issue during the period.

7. Litigation

On 6 June 2007, a winding up petition ("Winding Up Petition") was served on the Company by a petitioner ("Petitioner"). It was alleged in the Winding Up Petition that the Company was indebted to and had failed to satisfy the Petitioner of a debt in the amount of approximately HK\$70,270,000 as at 26 April 2007 together with interest thereon. Including in the amount claimed is a loan payable of approximately HK\$58,084,000 and an accrued interest of approximately HK\$12,186,000. The right to the alleged debt under a repayment agreement dated 27 April 2004 entered into between the Company and a former creditor was alleged to have been assigned by the former creditor to the Petitioner in February 2007. After having sought legal advices, the Company strenuously protested the Winding Up Petition.

As the Company is opposing the Winding Up Petition, the court adjourned the hearing to 15 October 2007. Based on a review of the current operations of the Group, the Winding Up Petition has not had any material adverse impact on the current operations of the Group since the date of its service on the Company on 6 June 2007.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Outlook

The Group recorded a revenue of approximately HK\$5.02 million for the six months ended 30 June 2007 compared to the revenue of approximately HK\$2.76 million for the corresponding period in 2006. The basic and diluted loss per share for the six months ended 30 June 2007 was HK0.85 cents, compared with the basic and diluted loss per share of HK0.42 cents for the previous period.

In the first half of the year 2007, results of the Group's securities business increased significantly when compared to the corresponding period last year. One major reason is the good market condition, and another reason is to raise operation efficiency so as to provide the best service and terms to the customers.

On 6 June 2007, a Winding Up Petition was served on the Company by a Petitioner, and the Company is opposing the Winding Up Petition, the court adjourned the hearing to 15 October 2007. Based on a review of the current operations of the Group, the Winding Up Petition has not had any material adverse impact on the current operations of the Group since the date of its service on the Company on 6 June 2007.

Looking forward to the second half of the year 2007, as the Chinese government approves, launches and implements policies to allow qualified institutions in Mainland to invest in other boundaries and the opening up of individual direct investment in Hong Kong shares, we expect that Hong Kong's stock market will remain active. However, as keen competition in securities brokerage business persists, we will grasp the vigorous development opportunities in China, work to consolidate the basis of securities investment and increase the Group's stable income.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2007, the Group had net current liabilities of approximately HK\$43,778,000 (31 December 2006: HK\$60,717,000) and had cash and cash equivalents of approximately HK\$14,058,000 (31 December 2006: HK\$12,432,000). During the six months ended 30 June 2007, the Group has not made any bank borrowings (31 December 2006: Nil).

The Group's gearing ratio is 1.32 as at 30 June 2007 as compared with 1.44 as at 31 December 2006. The gearing ratio is calculated by dividing total liabilities by total assets.

Capital Structure

During the six months ended 30 June 2007, a total of 83,980,000 shares were issued pursuant to the exercise of the share options by the option holders of the Company. As a result, the total number of issued shares of the Company as at 30 June 2007 is 1,541,507,296.

Treasury Policies and Foreign Exchange Exposures

The business activities of the Group are mainly funded by shareholders' fund and cash generated from operating activities.

Foreign currency risk should not be significant to the Group since substantial assets and liabilities are either denominated in Hong Kong dollars or Renminbi which were quite stable during the six months ended 30 June 2007. No financial instruments have been employed for hedging purposes by the Group.

The Group is not exposed to significant capital market risk as the Group does not have material equity investments.

Contingent Liabilities

As at 30 June 2007, the Group had no significant contingent liabilities.

Charge on Group Assets

As at 30 June 2007, the Group did not have any charges on its assets.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the six months ended 30 June 2007, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

Employees and Remuneration Policy

As at 30 June 2007, the Group employed 21 (31 December 2006: 21) staff in Hong Kong. Remuneration is reviewed annually and a discretionary bonus will be declared based on the performance of the staff. Also, the share option scheme adopted by the Company in June 2002 is in operation in order to reward employees who exhibit that they have offered significant contributions to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares other than as an agent for clients of the Company's subsidiaries.

AUDIT COMMITTEE

The Audit Committee has met to review the system of internal control and its compliance, and the results of the Group for the six months ended 30 June 2007. The audit committee comprises three members, Mr. LAU Hak Lap, Mr. LI Chun and Mr. LU Ning, all being independent non-executive Directors of the Company.

REMUNERATION COMMITTEE

In addition to the audit committee, the Company has established a remuneration committee on 26 September 2005.

This remuneration committee was formed to ensure maintenance of high corporate governance standards.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, except with deviations from Code provisions A.2.1 and A.4.1 in respect of the separate role of chairman and chief executive officer and the service term of non-executive Directors.

Under Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. At present, Mr. LU Ruifeng is the chairman and the chief executive officer of the Company responsible for overseeing the operations of the Group. The Board will continue to review the management structure, taking into consideration the nature and extent of the Group’s operation, and ensure a balance of power and authority at the Board level in accordance with the relevant principle of the CG Code.

Under Code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. All the independent non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company’s annual general meetings in accordance with the Company’s Articles of Association. As at each annual general meeting, one-third of the Directors (or such number as nearest to one-third) must retire as Directors by rotation. In this respect, each of the independent non-executive Directors is effectively appointed for a term of approximately three years.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Model Code for Securities Transactions by Directors (“Model Code”) as set out in Appendix 10 of the Listing Rules has been adopted as part of the Corporate Governance Code of the Company. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2007.

By order of the Board
Asia TeleMedia Limited
LU Ruifeng
Chairman

Hong Kong, 21 September 2007

As at the date of this announcement, the Board comprises executive Directors, Mr. LU Ruifeng, Mr. YIU Hoi Ying and independent non-executive Directors, Mr. LAU Hak Lap, Mr. LI Chun and Mr. LU Ning.