



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

The Board of Directors (the "Board") of Asia TeleMedia Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

Notes	Six months ended 30 June	
	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)
Revenue	2,759	1,951
Other operating income	306	444
Write-back of doubtful loans and bad debts	6	157
Depreciation of property, plant and equipment	(363)	(622)
Amortisation of intangible assets	(136)	(136)
Staff costs	(3,425)	(3,938)
Other operating expenses	(3,270)	(5,471)
Loss from operations	(4,123)	(7,615)
Finance costs	(2,039)	(2,034)
Loss before taxation	(6,162)	(9,649)
Taxation	-	-
Loss for the period	(6,162)	(9,649)
Loss per share		
Basic and diluted	(0.42) cents	(0.66) cents

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2006 HK\$'000 (unaudited)	31 December 2005 HK\$'000 (audited)
Non-current assets		
Property, plant and equipment	1,414	1,773
Interest in an associate	716	716
Intangible assets	950	1,086
Statutory and other deposits	405	430
Other asset	500	500
	3,985	4,505
Current assets		
Accounts receivable	11,818	7,348
Other receivable, deposits and prepayments	35,456	34,991
Bank balances – trust and segregated accounts	35,689	33,700
Bank balances (general accounts) and cash	1,084	3,899
	84,047	79,938
Current liabilities		
Accounts payable	43,763	40,085
Other payables and accrued charges	17,207	16,146
Loans payable	58,084	58,084
Amount due to an associate	700	700
Amount due to a director	16,829	11,781
Obligation under finance lease	86	79
	136,669	126,875
Net current liabilities	(52,622)	(46,937)
Non-current liabilities		
Obligation under finance lease	179	222
Net liabilities	(48,816)	(42,654)
Capital and reserves		
Share capital	291,505	291,505
Reserves	(340,321)	(334,159)
	(48,816)	(42,654)

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 accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

2. Business Segments

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

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

Income statement for the six months ended 30 June 2006

	Financial services HK\$'000	Investment holdings HK\$'000	Consolidated HK\$'000
REVENUE			
External sales	2,758	1	2,759
Total revenue	2,758	1	2,759
RESULT			
Segment loss	(591)	(3,838)	(4,429)
Other operating income			306
Loss from operations			(4,123)
Finance costs			(2,039)
Loss before taxation			(6,162)
Taxation			-
Loss for the period			(6,162)

Income statement for the six months ended 30 June 2005

	Financial services HK\$'000	Investment holdings HK\$'000	Consolidated HK\$'000
REVENUE			
External sales	1,944	7	1,951
Total revenue	1,944	7	1,951
RESULT			
Segment loss	(1,622)	(6,437)	(8,059)
Other operating income			444
Loss from operations			(7,615)
Finance costs			(2,034)
Loss before taxation			(9,649)
Taxation			-
Loss for the period			(9,649)

3. Revenue

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Brokerage and commission income	2,658	1,751
Interest income	101	98
Management fees income	-	102
	2,759	1,951

4. Other Operating Expenses

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Included in other operating expenses are:		
Rentals in respect of office premises	1,091	1,660

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 2006 and 2005.

As at 30 June 2006, the Group has estimated unused tax losses of HK\$265 million (2005: HK\$259 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\$6,162,000 (2005: HK\$9,649,000) and 1,457,527,296 (2005: 1,457,527,296) shares in issue during the period.

The computation of diluted loss per share does not assume the exercise of the Company's options because their exercise would reduce loss per share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2006 (2005: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS**Business Review & Outlook**

The Group recorded a revenue of approximately HK\$2.76 million for the six months ended 30 June 2006 compared to the revenue of approximately HK\$1.95 million for the corresponding period in 2005. The basic and diluted loss per share for the six months ended 30 June 2006 was HK0.42 cents, compared with the basic and diluted loss per share of HK0.66 cents for the previous period.

During the first half of 2006, our securities brokerage business recorded improved results compared with the corresponding period in 2005. However, the business of dealing in securities was at a difficult time as banks with strong financial background have successfully seized customers from securities houses by implementing commission-free services and active marketing promotions.

Since July 2006, The Stock Exchange of Hong Kong Limited has commenced the second phase of reducing minimum trading spreads for securities priced between \$2 and \$20. Due to the contraction of market transactions, it becomes more and more difficult for securities dealing operations. Nevertheless, many large-scale enterprises and banks from China have applied to be listed in Hong Kong. We will seize every business opportunity arising from the blossoming China market to consolidate the foundation of our securities investment business, with the aim to create promising return and to provide stable sources of income for the Group.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2006, the Group had net current liabilities of approximately HK\$52,622,000 (31 December 2005: HK\$46,937,000) and had cash and cash equivalents of approximately HK\$1,084,000 (31 December 2005: HK\$3,899,000). During the period, the Group has not made any bank borrowings (31 December 2005: Nil).

The Group's gearing ratio is 1.55 as at 30 June 2006 as compared with 1.51 as at 31 December 2005. The gearing ratio is calculated by dividing total liabilities by total assets.

Treasury Policies

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 period. 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.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the period, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

Employees

As at 30 June 2006, the Group employed 21 (31 December 2005: 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.

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

During the six months ended 30 June 2006, 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 2006. The audit committee comprises three members, Mr. LU Ning, Mr. LI Chun and Mr. LAU Hak Lap, all being independent non-executive directors of the Company.

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 Rules Governing the Listing of Securities on The stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the half-year ended 30 June 2006, 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 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. 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 of the Company (the "Directors") (or such number as nearest to one-third) must retire as Directors by rotation, each of the 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 period ended 30 June 2006.

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. LU Ning, Mr. LI Chun and Mr. LAU Hak Lap.

By order of the Board
ASIA TELEMEDIA LIMITED
LU Ruifeng
Chairman