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B&S
ENTERTAINMENT HOLDINGS LIMITED

中大娛樂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8167)

ANNOUNCEMENT

The Directors wish to provide further information in relation to the issue of the Announcement and clarify the contents of certain press articles appeared on various newspapers during the period from 24 August 2004 to the date of this announcement.

At the request of the Company, trading in the Shares on GEM has been suspended with effect from 9:30 a.m. on 24 August 2004. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 December 2004.

UNUSUAL MOVEMENT IN PRICE AND TRADING VOLUME

Subsequent to the issue of the announcement (the “Announcement”) of B&S Entertainment Holdings Limited (the “Company”) dated 23 August 2004 regarding the unusual price movement in the shares of the Company (the “Shares”), the board (the “Board”) of directors (the “Director(s)”) of the Company has then made further enquiries in respect of such unusual price and volume movement of the Shares.

Upon further enquiries by the Board, Mr. Siu Kuen Fat (“Mr. Siu”), an executive Director, informed the Board that he was, on 10 August 2004, appointed by Baserich International Limited (“Baserich”) and Amerose International Limited (“Amerose”), being the substantial shareholder and significant shareholder of the Company respectively at that time who held 40,800,000 Shares and 33,200,000 Shares, representing approximately 10.2% and 8.3% respectively of the issued share capital of the Company, as their representative in respect of a proposed disposal of their Shares. On 16 August 2004, a conditional legally binding agreement (the “SPA”) was entered into by Baserich and Amerose as vendors and an independent third party as purchaser (the “Purchaser”) for the disposal of a total of 70,000,000 Shares (“Stolen Shares”), representing approximately 17.5% of the issued share capital of the Company. As informed by Mr. Siu:—

- (1) the Purchaser was introduced by his friend and both of them were not connected persons to the Company under the definition of the rules (“the GEM Listing Rules”) governing the listing of securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“GEM”);
- (2) pursuant to the terms of the SPA, the bought and sold notes and the settlement instruction form in respect of the Stolen Shares duly signed in blank (the “Documents”) by Baserich and Amerose were deposited with the designated firm of solicitors (the “Solicitors”) and the designated securities firm respectively in escrow on 20 August 2004;

- (3) completion of the SPA was scheduled to take place in the afternoon on 23 August 2004. However, the Stolen Shares were transferred without the consent of Baserich and Amerose and the receipt of any consideration and Mr. Siu was told by the Solicitors that they were instructed by the Purchaser to release the Documents to it;
- (4) Mr. Siu, Baserich and Amerose were unable to contact the Purchaser subsequent to the transfer of the Stolen Shares (the “Incident”).

Mr. Hung Kam Po (“Mr. Hung”), a non-executive Director, is also a director of Baserich. Mr. Hung was aware of the intention of Baserich to dispose of the Stolen Shares it held, and had, together with the other directors of Baserich, in principal agreed the same early this year. Mr. Hung, who was out of town at the relevant time and, had not been informed of the development of the proposed disposal by Baserich until 23 August 2004. Therefore, Mr. Hung had no idea that the intended disposal by Baserich should be the reason for the unusual price movement. After having been informed by his assistant of the Incident, Mr. Hung made enquiry from the other directors of Baserich and was then informed of the details of the Incident.

As advised by Baserich and Amerose, the notices of disclosure of interests in respect of the purported transfer of the Stolen Shares were nevertheless filed on 26 August 2004. The Company was informed by Mr. Siu, Baserich and Amerose that they had sought legal advice on the Incident on 23 August 2004 if it was possible to recover the Stolen Shares and/or apply for an injunction order towards the Stolen Shares. However, as the securities company with whom the Stolen Shares were deposited had tendered the Stolen Shares to the High Court of Hong Kong SAR (the “Court”) pending its further order, Baserich and Amerose considered that it was not necessary to apply for any injunction order. The Company has been informed by Baserich and Amerose that as at the date of this announcement, the Court has not yet made any further order in respect of the Stolen Shares. And as advised by the lawyers of Amerose and Baserich, Amerose and Baserich have reported the aforesaid unauthorised transfer of the Stolen Shares to Commercial Crime Bureau on 27 August 2004 and 28 August 2004. The Incident is still under the investigation of the Commercial Crime Bureau.

Save as disclosed above, there is no Director who is also director of Baserich or Amerose.

Save and except the reasons disclosed in this announcement, the Board is not aware of any reasons for the decrease in the price and increase in the trading volume of the Shares on 23 August 2004.

The Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter, except for those disclosed herein, which is discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

The Board further confirms that the above incident has no material adverse impact on the operation of the Company.

DISPOSAL OF SHARES BY COXWELL CORP.

Coxwell Corp., the former controlling shareholder of the Company which is held by Mr. Siu, Mr. Siu Kin Fat and Mr. Siu Luen Fat (being executive Directors) in equal proportion, has on 9 September 2004 disposed of all Shares it held, being 170,400,000 Shares and representing approximately 42.6% of the issued share capital of the Company, to Sparkle China Development Limited (“Sparkle China”), an independent third party. Details of such disposal have been set out in the joint announcement issued by the Company and Sparkle China dated 6 October 2004. Coxwell Corp. confirmed that no Shares held by it had been pledged since the listing of the Shares on GEM, i.e. 6 August 2002, up to the aforesaid disposal of the Shares, and that there were no dealings in the Shares by Coxwell Corp. in the last six months immediately preceding the date of the aforesaid disposal. As Coxwell Corp. was one of the guarantors of a loan due by the Company to a financial institution which had demanded Coxwell Corp. and the Company to repay the said loan, Coxwell Corp. had to dispose of the said 170,400,000 Shares to meet its obligation under the guarantee. As Coxwell Corp. had no other financial means except the Shares held by it to meet the imminent demand of the said financial institution, the Board was satisfied that the aforesaid disposal, which was executed under pressing financial needs of Coxwell Corp., would be considered as an exceptional circumstance under Rule 5.67 of the GEM Listing Rules.

FURTHER INFORMATION IN RELATION TO THE ISSUE OF THE ANNOUNCEMENT

At the time of the making of the Announcement, Mr. Siu was of the view that the intended disposal by Baserich and Amerose should not be a reason for the unusual price movement since the intended disposal had not been concluded and he was not aware of any transfer of such Shares at that moment. After the issuance of the Announcement and becoming aware that the Shares were transferred by the Purchaser, he then informed the Company of the incident upon further enquiry by the Board. Mr. Hung had no idea that the intended disposal by Baserich should be the reason for the unusual price movement as he was out of town and had not been informed of the development of the proposed disposal by Baserich on 23 August 2004.

Due to time pressure and miscommunication between Mr. Siu Luen Fat, the authorized representative of the Company, and Ms. Man Ka Bo, the administration director, who is responsible for liaison with the independent non-executive Directors, the Company was not aware that it was unable to contact Ms. Chiu Kam Hing, Kathy and Dr. Cheung Wai Bun, Charles, the independent non-executive Directors, prior to the issue of the Announcement. At the time of the Announcement, the other Directors (Mr. Siu Luen Fat, Mr. Siu Kuen Fat, Mr. Siu Kin Fat, Mr. Hung Kam Po and Mr. Li Chi Fai) had confirmed to the Company that each of them was not aware of the reason for the unusual price movement in the Shares. In particular, at the time of making such confirmation to the Company, Mr. Siu was not aware of any transfer of such Shares at that moment. After the close of the afternoon trading section on 23 August 2004, the Company had subsequently sought confirmation from Ms. Chiu Kam Hing, Kathy and Dr. Cheung Wai Bun, Charles, that they were also not aware of the reasons for the unusual price movement in the Shares.

In order to avoid the recurrence of the above omissions to seek confirmation from all Directors before issuing each statement, announcement or circular by the Company in compliance with the GEM Listing Rules and to strengthen the internal control of the Company, the Company has taken the following remedial measures effective from the date of the Announcement:

1. the Company has delegated its executive Director, Mr. Siu Luen Fat (the “Designated Officer”) to be responsible for all communications with the Directors; and

- for each statement, announcement or circular to be published by the Company in compliance with the GEM Listing Rules, the Designated Officer will be responsible to ensure that each of the Directors be informed and fully aware of the contents of such document.

CLARIFICATION OF PRESS ARTICLES

The Directors also refer to the contents of the various press articles appeared on the newspapers during the period from 24 August 2004 to the date of this announcement regarding the reasons for the unusual price and volume movement of the Shares on 23 August 2004 and wish to state that, the information contained therein was not accurate and the Company was not aware of the sources of the information stated therein.

THE GENERAL OFFER

Regarding the mandatory conditional cash offer (the “Offer”) as set out in the joint announcement issued by the Company and Sparkle China Development Limited (“Sparkle China” or the “Offeror”) dated 6 October 2004 and as referred to in the announcement made by Sparkle China on 23 November, 2004, as the Shares tendered for acceptance under the Offer, together with the Shares already owned by the Offeror and parties acting in concert with it, were not more than 50 per cent. of the Shares carrying voting rights exercisable at a general meeting of the Company, the Offer did not become unconditional at 4:00 p.m. on 23 November, 2004, the latest time the Offer can become unconditional. As a result, the Offer has lapsed. The Company is unaware of any adverse effect or impact on the Company as a result of the lapse of the Offer.

The Board also confirms that there is no material adverse impact on the Company as a result of the Offer and the current suspension of trading in Shares on the Stock Exchange and that the Company is under normal operation.

At the request of the Company, trading in the Shares on the GEM has been suspended with effect from 9:30 a.m. on 24 August 2004. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 December 2004.

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

By order of the Board
Siu Luen Fat
Chairman

Hong Kong, 13 December 2004

The Board comprises of:

Mr. Siu Luen Fat (*Executive Director*)

Mr. Siu Kin Fat (*Executive Director*)

Mr. Siu Kuen Fat (*Executive Director*)

Mr. Lee Man Kwong (*Executive Director*)

Ms. Xiong Jingling (*Executive Director*)

Mr. Chan Kwok Sun, Dennis (*Executive Director*)

Mr. Law Kwok Keung (*Executive Director*)

Mr. Hung Kam Po (*Non-executive Director*)

Ms. Chiu Kam Hing, Kathy (*Independent Non-executive Director*)

Dr. Cheung Wai Bun, Charles (*Independent Non-executive Director*)

Mr. Li Chi Fai (*Independent Non-executive Director*)

This announcement, for which the Directors (save and except Mr. Hung Kam Po who is not contactable prior to the issue of this announcement) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.