



**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)

**INTERIM REPORT**  
**2005 – 2006**

For the three months and six months ended  
31 December 2005

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

*The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of B&S Entertainment Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to B&S Entertainment Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS

The board of directors (the “Board”) of B&S Entertainment Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 December 2005 together with comparative unaudited figures for the corresponding period of 2004 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the three months ended 31 December		For the six months ended 31 December	
		2005 (unaudited) <i>HK\$'000</i>	2004 (unaudited) <i>HK\$'000</i>	2005 (unaudited) <i>HK\$'000</i>	2004 (unaudited) <i>HK\$'000</i>
TURNOVER	2	488	751	728	1,382
Cost of sales		<u>(546)</u>	<u>(1,135)</u>	<u>(1,226)</u>	<u>(3,517)</u>
Gross loss		(58)	(384)	(498)	(2,135)
Other revenue	2	74	4	74	40
Selling and distribution costs		–	(96)	–	(233)
Administrative expenses		(484)	(2,702)	(544)	(4,044)
Provisions for irrecoverable deposits and doubtful debts		<u>–</u>	<u>(5,446)</u>	<u>–</u>	<u>(5,446)</u>
LOSS FROM OPERATING ACTIVITIES	3	(468)	(8,624)	(968)	(11,818)
Finance costs	4	<u>(253)</u>	<u>(352)</u>	<u>(690)</u>	<u>(835)</u>
LOSS BEFORE TAXATION		(721)	(8,976)	(1,658)	(12,653)
Taxation	5	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
LOSS ATTRIBUTABLE TO SHAREHOLDERS		<u>(721)</u>	<u>(8,976)</u>	<u>(1,658)</u>	<u>(12,653)</u>
			(Restated)		(Restated)
LOSS PER SHARE	6	<u>(1.73 cent)</u>	<u>(44.89 cent)</u>	<u>(5.36 cent)</u>	<u>(63.27 cent)</u>
Basic					

**CONDENSED CONSOLIDATED BALANCE SHEET**

		<b>31 December 2005 (unaudited) HK\$'000</b>	30 June 2005 (audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	5	1,830	1,830
Film rights and films in progress	8	275	611
		<u>2,105</u>	<u>2,441</u>
<b>CURRENT ASSETS</b>			
Film rights and films in progress	8	2,071	2,816
Accounts receivable	9	—	—
Prepayments, deposits and other receivables		3,250	274
Cash and bank balances		6,490	85
		<u>11,811</u>	<u>3,175</u>
<b>CURRENT LIABILITIES</b>			
Deposits received		2,240	1,772
Accounts payable	10	316	170
Accrued liabilities and other payables		2,792	2,640
Bank overdrafts, secured	11	4,780	6,118
Short term loans		—	3,000
		<u>10,128</u>	<u>13,700</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,683</u>	<u>(10,525)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,788</u>	<u>(8,084)</u>
<b>NON-CURRENT LIABILITIES</b>			
Other loans		11,000	11,000
Shareholder's loan		3,109	4,640
		<u>14,109</u>	<u>15,640</u>
		<u>(10,321)</u>	<u>(23,725)</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	12	20,000	4,000
Reserves		(30,321)	(27,725)
		<u>(10,321)</u>	<u>(23,725)</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>For the six months ended 31 December</b>	
	<b>2005</b>	2004
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<b>(2,788)</b>	(52)
NET CASH INFLOW FROM FINANCING ACTIVITIES	<b>10,531</b>	328
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>7,743</b>	(276)
CASH AND CASH EQUIVALENTS AT 1 JULY	<b>(6,033)</b>	(6,728)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<b>1,710</b>	(7,004)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Pledged bank deposits	–	5,000
Cash and bank balances	<b>6,490</b>	86
Bank overdrafts, secured	<b>(4,780)</b>	(12,090)
	<b>1,710</b>	(7,004)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Capital reserve</b> <i>HK\$'000</i>	<b>Accumulated losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 July 2004	4,000	20,027	17,590	(10,056)	31,561
Loss for the period	—	—	—	(12,653)	(12,653)
At 31 December 2004	<u>4,000</u>	<u>20,027</u>	<u>17,590</u>	<u>(22,709)</u>	<u>18,908</u>
At 1 July 2005	4,000	20,027	17,590	(65,342)	(23,725)
Proceeds/issuing expenses from rights issue	16,000	(938)	—	—	15,062
Loss for the period	—	—	—	(1,658)	(1,658)
At 31 December 2005	<u>20,000</u>	<u>19,089</u>	<u>17,590</u>	<u>(67,000)</u>	<u>(10,321)</u>

Notes:

### 1. Basis of preparation

The results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRS") which are effective for accounting periods beginning on or after 1 January 2005. Except for the adoption of HKFRS 2 and HKFRS 3, the adoption of HKFRSs did not result in substantial changes to the Group's accounting policies.

The major changes in accounting policies are set out below:–

#### HKFRS 2 – Share-based payments

Previously, share options granted were not recognised as costs. HKFRS 2 requires an expense to be recognised for the fair value of share options granted, determined at the date of grant of the share options.

#### HKFRS 3 – Business Combinations

Previously, goodwill arising on acquisition was capitalised and amortised over its estimated useful life. On application of HKFRS 3, goodwill arising on acquisition is measured at cost less accumulated impairment losses after initial recognition. No amortisation is required.

The adoption of these new accounting policies have no significant impact on the Group's results for the current and prior periods.

### 2. Turnover, revenues and segment information

Turnover represents licensing fee income and the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's turnover and revenues is as follows:

	For the six months ended 31 December	
	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
Licensing of film rights	488	1,373
Sale of videos and video compact discs	–	9
Turnover	488	1,382
Other revenues	74	40
Total revenues	<u>562</u>	<u>1,422</u>

The Group is principally engaged in the production of video and films, and licensing of video and copyrights/film rights. Accordingly, no analysis of business segment, the primary segment, is provided.

In determining the Group's geographical segments, the secondary segment, revenues and results from the sale of videos and video compact discs are attributed to the segments based on the location of the customers and for the distribution of film rights licensing and sub-licensing activities, based on the location of the ultimate markets. As all of the Group's principal activities were carried out in Hong Kong during the period, no analysis of geographical segment information is presented.

### 3. Loss from operating activities

Loss from operating activities is stated after charging:

	For the six months ended 31 December	
	2005 HK\$'000	2004 HK\$'000
Amortisation cost of film and sub-licensing rights	1,226	3,512
Cost of inventories sold	–	6
Depreciation	–	16
Loss on disposal of fixed assets	–	14
Provision for irrecoverable deposit	–	1,500
Provision for doubtful debts	–	3,946
	<u>–</u>	<u>3,946</u>

4. Finance costs

	For the six months ended 31 December	
	2005 HK\$'000	2004 HK\$'000
Interest on bank overdrafts wholly repayable within one year	60	299
Interest on other loans	630	536
	<u>690</u>	<u>835</u>

5. Taxation

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong for the period. The Group has no material unprovided deferred taxation in respect of the period under review (2004: Nil).

6. Loss per share

The basic loss per share for the three months and six months ended 31 December 2005 are calculated based on the unaudited consolidated loss attributable to shareholders of the Company of approximately HK\$721,000 and HK\$1,658,000 respectively (2004: approximately HK\$8,976,000 and HK\$12,653,000 respectively) and on a weighted average number of 41,739,130 shares and 30,928,962 shares in issue during the periods respectively (2004: 20,000,000 shares as restated to reflect the effect of the Share Consolidation in November 2005 (note 12)).

Diluted loss per share for the three months and six months ended 31 December 2005 and 2004 has not been disclosed as no diluting event existed during these periods.

7. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2005 (2004: Nil).

8. Film rights and films in progress

	31 December 2005 (unaudited) HK\$'000	30 June 2005 (audited) HK\$'000
Film rights	2,346	2,686
Films in progress	–	17,241
Sub-licensing rights	–	3,973
	<u>2,346</u>	<u>23,900</u>
Less: Impairment losses	–	(20,474)
	<u>2,346</u>	<u>3,426</u>
Less: Amounts classified as current assets	(2,071)	(2,815)
	<u>275</u>	<u>611</u>

9. Accounts receivable

The credit terms offered by the Group are in accordance with the terms specified in the agreements entered into with the customers. An ageing analysis of accounts receivable at the balance sheet date, based on invoice date, is as follows:

	31 December 2005 (unaudited) HK\$'000	30 June 2005 (audited) HK\$'000
Over 120 days	12,046	12,046
Less: Provision for doubtful debts	(12,046)	(12,046)
	<u>–</u>	<u>–</u>



## 10. Accounts payable

An ageing analysis of accounts payable at the balance sheet date, based on invoice date, is as follows:

	31 December 2005 (unaudited) HK\$'000	30 June 2005 (audited) HK\$'000
Within 30 days	45	18
Between 31 to 60 days	25	12
Between 61 to 90 days	27	48
Over 90 days	219	92
	<u>316</u>	<u>170</u>

## 11. Bank overdrafts, secured

The bank overdrafts were secured by corporate guarantees from the Company and certain Directors who resigned during last financial year.

## 12. Share capital

		Number of ordinary shares of HK\$0.2 each	Number of ordinary shares of HK\$0.01 each	Value HK\$
<i>Authorised:</i>				
At 30 June 2005		—	3,000,000,000	30,000,000
At 31 December 2005	<i>Note (a)</i>	150,000,000	—	30,000,000
<i>Issued and fully paid</i>				
At 30 June 2005		—	400,000,000	4,000,000
Share Consolidation	<i>Note (a)</i>	20,000,000	—	4,000,000
Issue of new shares	<i>Note (b)</i>	80,000,000	—	16,000,000
At 31 December 2005		100,000,000	—	20,000,000

*Note (a):* On 16 November 2005, the Company has implemented the Share Consolidation pursuant to which every 20 Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.20.

*Note (b):* On 5 December 2005, the Company raised HK\$16 million before expenses by issuing 80,000,000 Rights Shares at the Subscription Price of HK\$0.20 per Rights Share on the basis of four Rights Shares for every one Consolidated Share. The new shares rank pari passu with the existing shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the six months ended 31 December 2005 amounted to approximately HK\$728,000 (2004: approximately HK\$1.4 million), representing a decrease of around 47%. This was mainly due to no new movie launched during the period though the production of a film movie is on track. The income for the period mainly derived from the distribution of film rights from the Group's existing film library. During the period, the film rights of 46 movies had been successfully distributed throughout Hong Kong and Malaysia. Gross loss was mainly contributed by the amortisation of film rights.

As announced in October 2005, through a Share Consolidation and Rights Issue fund raising scheme, the Group has issued 80 million new shares at HK\$0.20 per share and has generated net cash proceeds of approximately HK\$15.1 million. Such cash proceeds were applied to the working capital of the Group.

Following the completion of the Rights Issue, the liquidity position of the Group has been improved and the Group has settled a major portion of its short term loan, which will significantly reduce the future finance costs of the Group.

### Outlook

The Group has invested around HK\$1.3 million and has kicked off the production of a film movie in January 2006. The movie is in its final distribution stage and is expected to launch in March 2006.

In order to meet our production target, there are around 3 to 4 film movies currently under the pre-production stage and will expect to start production within this financial year. We will continue our efforts to achieve the objective to expand our distribution network and to become an active movie producer and film rights distributor in Hong Kong and in the Greater China region.

In the annual general meeting carried on 30 December 2005, the special resolution in respect of the proposed change of the name of the Company from “B&S Entertainment Holdings Limited” to “BIG Media Group Limited” was approved by the shareholders of the company. The directors believe that the change of name will better reflect the Company’s current business development in the film production industry and the change will be effective upon the approval from the Registrar of Companies in the Cayman Islands.

#### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

#### **ADVANCES TO ENTITIES**

Accounts receivable amounted to approximately HK\$4,610,000, HK\$3,490,000 and HK\$3,946,000 was owed from Lupat Trading Limited (“Lupat”), S&R Corporation (“S&R”) and Parkline Trading Company (“Parkline”) which represent 20.8%, 17.5% and 19.7% respectively of the Company’s present market capitalization of approximately HK\$20,000,000, calculated based on the average closing price of the Company’s shares of HK\$0.20 per share as stated in the Stock Exchange’s daily quotation sheets for the trading days from 29 November 2005 to 6 December 2005 before suspension of trading on 7 December 2005. As at 31 December 2005, there was no material change to such accounts receivable since 30 June 2005 and such accounts receivable had not been settled from 1 July 2005 to 31 December 2005.

Lupat, S&R and Parkline are customers of the Group and third parties independent of any of the directors, chief executives and substantial shareholders of the Company, its subsidiaries or their respective associates. Such amounts represent the outstanding balances of certain sales transactions on film rights sub-licensing entered into by the Group in the usual course of the Group’s principal business activities which are films production and film rights licensing. The amounts are unsecured and interest-free.

#### **GEARING RATIO**

The gearing ratio, representing borrowings divided by shareholders equity, was approximately -1.83 as at 31 December 2005 (30 June 2005: -1.04). The negative gearing ratio was attributable to negative net asset value of the Group of approximately HK\$10.3 million.

#### **FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICIES**

Since most of the Group’s borrowings, cash balances and income are primarily denominated in Hong Kong dollars, no hedging or other alternatives have been implemented. The Group has not experienced any material difficulty or effect on its operations of liquidity as a result of fluctuations in currency exchange rates. As at 31 December 2005 and 30 June 2005, the Group did not have outstanding hedging instruments.

#### **CHARGES ON GROUP ASSETS**

At 31 December 2005, all the undertaking, property and assets of the Company were pledged to an independent third party as security for a short term borrowing amounting to HK\$3.0 million for working capital of the Group.

#### **EMPLOYEES**

As at 31 December 2005, the Group had 8 full-time staffs (30 June 2005: 8). The total of employee remuneration, including that of the Directors, for the period under review amounted respectively to approximately HK\$0.41 million. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Employee remuneration, excluding Directors’ emoluments, is reviewed annually. In addition to the basic salaries, employees are also entitled to benefits including bonus and mandatory provident fund.

#### **CONTINGENT LIABILITIES**

As at 30 December 2005, there was a pending litigations against the Group in respect of salaries arrears to the amount of approximately HK\$800,000. The Company is of the view that the claims are without merit and has procured appropriate legal actions for counter-claim against the relevant parties for damages for breach of contracts to the amount of approximately HK\$1,600,000. Therefore no provision has been made on the claim in the accounts of the Group in the annual results for the period ended 31 December 2005.

#### **SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS**

Save as disclosed above, the Group did not have any plan for material investments and acquisition of material capital assets as at 31 December 2005.

#### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

There had been no material acquisitions and disposals of subsidiaries during the year (30 June 2005: Nil).

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2005, the interests and short positions of the Directors in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or take to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Exchange, were as follows:

### Long positions in the shares of the Company

Name of director	Corporate interest	Percentage of shareholding
Mr. Lee Man Kwong	42,600,000*	42.6%
Ms. Xiong Jingling	42,600,000*	42.6%

\* Mr. Lee Man Kwong and Ms. Xiong Jingling have beneficial interests of 70% and 30% respectively in Sparkle China Development Limited, which owns 42,600,000 ordinary shares of the Company.

Save as disclosed above, the directors do not have any interests or short positions in the shares of the Company.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Share option scheme” below, at no time during the period under review was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### SHARE OPTION SCHEME

On 22 July 2002, a share option scheme (the “Scheme”) was approved by the Company. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include directors of the Company or any of its subsidiaries, non-executive directors and employees of the Group, and suppliers of goods or service to the Group.

No share option has been granted by the Company under the Scheme.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Director of the Company, as at 31 December 2005, shareholders (other than Directors of the Company) who had interests and short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Number of shares held	Percentage of shareholding
Sparkle China Development Limited	42,600,000	42.6%
Shineidea Limited (controlled corporation of See Corporation Limited)	17,081,651	17.08%
Tai Fook Securities Company Limited (controlled corporation of Tai Fook (BVI) Limited, Tai Fook Finance Company Limited and Tai Fook Securities Group Limited)	26,495,540	26.5%

Save as disclosed above and in “Directors’ Interests and Short Positions in Shares”, the Company had no notice of any interests and short positions to be recorded pursuant to Section 336 of the SFO.

## **CORPORATE GOVERNANCE**

The Company has been in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules as at 31 December 2005.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the management shareholders or substantial shareholders of the Company or and of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the three months and six months ended 31 December 2005.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three months and six months ended 31 December 2005.

## **AUDIT COMMITTEE**

The Company established an audit committee comprising three independent non-executive directors with written terms of reference. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The interim result and report have been reviewed by the audit committee.

By order of the Board  
**Lee Man Kwong**  
*Director*

Hong Kong, 13 February 2006

The Board comprises of:

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. Lam Kin Kau, Mark (*Independent Non-executive Director*)  
Mr. Law Kwok Leung (*Independent Non-executive Director*)  
Mr. Fung Wing Keung (*Independent Non-executive Director*)