

采藝 多媒體控股有限公司

Brilliant Arts Multi-Media Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8130)



INTERIM REPORT 2007

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This report, for which the directors (the “Directors”) of Brilliant Arts Multi-Media Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 report 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 report misleading; and (3) 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.

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Highlights

1. Turnover of Group for the six months ended 30 September 2007 was approximately HK\$10.0 million representing a decrease of approximately 76.5% as compared to the corresponding period in 2006.
2. Profit attributable to the equity holders of the Company for the six months ended 30 September 2007 was approximately HK\$20.1 million.
3. Earnings per share was HK10.20 cents for the six months ended 30 September 2007 (2006: loss per share of HK1.77 cents).
4. The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2007.

Condensed Consolidated Income Statement (Unaudited)

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Brilliant Arts Multi-Media Holding Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2007, together with the comparative unaudited figures for 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Turnover	2	448	23,958	9,995	42,541
Cost of sales		(1,309)	(20,252)	(8,982)	(31,629)
Gross profit/(loss)		(861)	3,706	1,013	10,912
Other revenue	2	322	13	28,935	303
Selling expenses		(70)	(1,476)	(774)	(2,622)
Administrative expenses		(1,808)	(5,554)	(8,047)	(9,301)
Profit/(loss) from operations	4	(2,417)	(3,311)	21,127	(708)
Finance costs	5	(198)	(410)	(1,023)	(717)
Profit/(loss) before taxation		(2,615)	(3,721)	20,104	(1,425)
Taxation	6	-	-	-	-
Profit/(loss) attributable to the equity holders of the Company		(2,615)	(3,721)	20,104	(1,425)
Earnings/(loss) per share (HK cents)	8				
- Basic		(1.05)	(4.62)	10.20	(1.77)
- Diluted		N/A	N/A	N/A	N/A

Condensed Consolidated Balance Sheet

	Notes	At 30 September 2007 HK\$'000 (Unaudited)	At 31 March 2007 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		967	9,952
		967	9,952
Current assets			
Film rights		1,754	2,397
Films in progress		12,831	9,110
Production in progress		–	25,522
Trade debtors	9	4,383	13,812
Deposits, prepayments and other debtors		282	6,116
Bank balances and cash		39,514	23,877
		58,764	80,834
Current liabilities			
Trade creditors	10	331	2,762
Other creditors and accruals		700	1,117
Receipt in advance		–	46,347
Amounts due to directors	11	1,882	2,484
Amounts due to related companies	12	–	37,755
Provisions		–	4,000
Obligations under finance leases			
– due within one year		–	380
		2,913	94,845
Net current assets/(liabilities)		55,851	(14,011)
Total assets less current liabilities		56,818	(4,059)
Capital and reserves			
Share capital	13	24,933	10,620
Reserves		13,059	(28,764)
Total equity		37,992	(18,144)
Non-current liabilities			
Amounts due to related companies	12	18,169	–
Convertible bonds		657	13,841
Obligations under finance leases			
– due after one year		–	244
		18,826	14,085
		56,818	(4,059)

Condensed Consolidated Statement Of Changes In Equity

	Share capital	Share premium	Contributed surplus	Share-based compensation reserve	Convertible bonds reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2006	8,050	15,050	10	1,030	-	(34,093)	(9,953)
Loss for the period	-	-	-	-	-	(1,425)	(1,425)
At 30 September 2006	8,050	15,050	10	1,030	-	(35,518)	(11,378)
At 1 April 2007	10,620	18,074	10	1,030	2,369	(50,247)	(18,144)
Profit for the period	-	-	-	-	-	20,104	20,104
Issue of convertible bonds	-	-	-	-	6,262	-	6,262
Conversion into shares from convertible bonds	14,313	23,838	-	-	(8,381)	-	29,770
Cancellation of share options	-	-	-	(1,030)	-	1,030	-
At 30 September 2007	24,933	41,912	10	-	250	(29,113)	37,992

Condensed Consolidated Cash Flow Statement

	For the six months ended 30 September 2007 HK\$'000 (Unaudited)	For the six months ended 30 September 2006 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(6,637)	3,110
Net cash generated from/(used in) investing activities	19,368	(11,968)
Net cash generated from financing activities	2,906	11,210
Net increase in cash and cash equivalents	15,637	2,352
Cash and cash equivalent at beginning of period	23,877	3,610
Cash and cash equivalent at end of period	39,514	5,962
Cash and cash equivalent at 30 September, Represented by bank balances and cash	39,514	5,962

Notes To The Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated financial statements comply with the applicable disclosure requirements of the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2007 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007.

In the six months ended 30 September 2007, the Group had applied for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by HKICPA that are effective for accounting periods beginning on or after 1 April 2007. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting period as prepared and presented.

Notes To The Condensed Consolidated Financial Statements

2. TURNOVER AND OTHER REVENUE

The principal activities of the Group are the provision of film production services, production of television movies, investment in film productions and worldwide film distribution.

An analysis of turnover and other revenue of the Group during the reporting periods is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Turnover				
Film production	–	13,014	7,500	13,014
Film distribution	448	10,944	2,495	29,527
	448	23,958	9,995	42,541
Other revenue				
Gain on disposal of subsidiaries	–	–	28,323	–
Interest income	321	–	598	45
Sundry income	1	13	14	258
	322	13	28,935	303
Total income	770	23,971	38,930	42,844

Notes To The Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION

Business segment information is chosen as the primary reporting format because this is more relevant to the Group's operations.

An analysis of the Group's turnover, results and other information for the six months ended 30 September 2007 by business segment is as follows:

	For the six months ended 30 September					
	Film production		Film distribution		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	7,500	13,014	2,495	29,527	9,995	42,541
Segment profit/(loss)	1,215	1,989	(976)	6,301	239	8,290
Other revenue					28,935	303
Unallocated finance costs					(1,023)	(717)
Unallocated other operating expenses					(8,047)	(9,301)
Loss from operations					20,104	(1,425)
Other information:						
Addition of property, plant and equipment – unallocated					65	926
Disposal of property, plant and equipment – unallocated					6	–
Unallocated depreciation					(1,084)	(1,932)
Addition of film rights	–	–	1,349	11,751	1,349	11,751
Amortisation of film rights	–	–	983	(15,072)	983	(15,072)

Notes To The Condensed Consolidated Financial Statements

An analysis of the Group's turnover for the six months ended 30 September 2007 by geographical segments is as follows:

	For the six months ended 30 September	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Hong Kong	9,754	20,061
Overseas	241	22,480
	9,995	42,541

4. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging/(crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Amortisation of film rights (included in cost of sales)	3	5,636	983	15,072
Depreciation of property, plant and equipment	57	973	1,084	1,932
Staff costs including directors' emoluments	990	2,577	3,868	5,097
Gain on disposal of subsidiaries	-	-	(28,323)	-

Notes To The Condensed Consolidated Financial Statements

5. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Interests on:				
– bank loans wholly repayable within five years	–	–	–	10
– amounts due to related companies	195	398	667	690
– convertible bonds wholly repayable within five years	3	–	348	–
– finance leases	–	12	8	17
	198	410	1,023	717

6. TAXATION

No provision for taxation has been made in the financial statements as the Group had no assessable profit for the six months ended 30 September 2007 (2006: Nil).

A deferred tax asset has not been recognised in the financial statements in respect of estimated tax losses due to the unpredictability of the future profit streams.

Notes To The Condensed Consolidated Financial Statements

7. DIVIDEND

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

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic loss/earnings per share is based on the loss attributable to the equity holders of the Company for the three months ended 30 September 2007 of approximately HK\$2.6 million and the profit attributable to the equity holders of the Company for the six months ended 30 September 2007 of approximately HK\$20.1 million (2006: loss attributable to the equity holders of the Company of approximately HK\$3.7 million and HK\$1.4 million for the three months and six months ended 30 September 2006 respectively) and on the weighted average of 249,327,272 shares and 197,051,068 shares in issue during the three months and six months ended 30 September 2007 respectively (three months and six months ended 30 September 2006: 80,500,000 shares, as adjusted). The comparative figure of basic loss per share for the three months and six months ended 30 September 2006 had been re-calculated to reflect the share consolidation completed on 10 February 2007.

No diluted loss/earnings per share has been presented because there is no dilutive potential share for the three months and six months ended 30 September 2007. No diluted loss/earnings per share has been presented for the three months and six months ended 30 September 2006 as the exercise price of the Company's options was higher than the average market price for shares during that periods.

Notes To The Condensed Consolidated Financial Statements

9. TRADE DEBTORS

Credit periods given to customers or dealers ranged from 30 to 180 days. The aged analysis of the trade debtors is as follows:

	At 30 September 2007 HK\$'000 (Unaudited)	At 31 March 2007 HK\$'000 (Audited)
Within 30 days	–	3,506
31-90 days	1,960	91
91-180 days	2,141	7,280
181-365 days	176	2,902
Over 365 days	106	33
	4,383	13,812

10. TRADE CREDITORS

An aged analysis of the trade creditors is as follows:

	At 30 September 2007 HK\$'000 (Unaudited)	At 31 March 2007 HK\$'000 (Audited)
Within 6 months	227	2,693
6-12 months	35	69
Over 1 year	69	–
	331	2,762

Notes To The Condensed Consolidated Financial Statements

11. AMOUNTS DUE TO DIRECTORS

The amounts represent accrued salaries to directors. They are unsecured, non-interest bearing and have no fixed repayment terms.

12. AMOUNTS DUE TO RELATED COMPANIES

The amounts represent loans from a private company controlled by Mr. Law Sau Yiu, Dennis ("Mr. Law") and Ms. Teng Chia Lin, Chialina ("Ms. Teng"), who are the substantial shareholders of the Company and the then executive Directors. The loans are unsecured, interest bearing at commercial rate and maturing in July 2009.

13. SHARE CAPITAL

	Unaudited	
	Number of shares of HK\$0.1 each	Amount HK\$'000
Authorised		
At 1 April and 30 September 2007	1,000,000,000	100,000
Issued and fully paid		
At 1 April 2007	106,200,000	10,620
Conversion into shares from convertible bonds	143,127,272	14,313
At 30 September 2007	249,327,272	24,933

Notes To The Condensed Consolidated Financial Statements

14. RELATED PARTY TRANSACTIONS

During the period under review, two related companies controlled by Mr. Law and Ms. Teng, who are the substantial shareholders of the Company and the then executive Directors, have granted loans to the Group. The loans outstanding as at 30 September 2007 are unsecured, interest bearing at commercial rate and maturing in July 2009. At 30 September 2007, the aggregate amount of loans was HK\$18.2 million (30 September 2006: HK\$30 million). During the three months and six months ended 30 September 2007, the Group paid interest of approximately HK\$195,000 and HK\$667,000 (three months ended 30 September 2006: HK\$398,000 and six months ended 30 September 2006: HK\$690,000) to these two related companies respectively.

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW

For the six months ended 30 September 2007, the Group recorded a turnover of approximately HK\$10.0 million (2006: HK\$42.5 million) and a profit attributable to the equity holders of the Company of approximately HK\$20.1 million (2006: a loss attributable to the equity holders of the Company of approximately HK\$1.4 million).

During the period under review, out of the total turnover of approximately HK\$10.0 million, turnover of approximately HK\$7.5 million and HK\$2.5 million was derived from a film production “Hooked on You” [每當變幻時] and a film distribution “Gong Tau” [降頭] respectively. Overall gross profit margin decreased from approximately 25.7% in 2006 to approximately 10.1% in current period. Such decrease was caused by the increase in income from film production of which had relatively lower gross profit margin.

The improved results was mainly contributed by the disposal of two wholly-owned subsidiaries, namely, Milkyway Image (Hong Kong) Limited and Luminous Star Limited. Such disposal was resulted in a gain on disposal of approximately HK\$28.3 million.

Selling expenses decreased in line with the turnover, by 70.5% to approximately HK\$0.8 million from HK\$2.6 million in last corresponding period. Administrative expenses also decreased 13.5% to approximately HK\$8.1 million from HK\$9.3 million in last corresponding period. The decrease in administrative expenses was mainly contributed by the disposal of two wholly-owned subsidiaries. The management believed that the situation of high level of overhead will continue to improve following the disposal of these subsidiaries. Finance costs increased 42.3% to approximately HK\$1.0 million from HK\$0.7 million in last corresponding period. The amortisation of accrued interest in relation to the issue of convertible bonds mainly attributed to such increase.

Management Discussion and Analysis

Liquidity, Financial Resources, Capital Structure and Gearing Ratio

At 30 September 2007, the Group had current assets amounted to approximately HK\$58.8 million (31 March 2007: HK\$80.8 million), of which approximately HK\$39.5 million (31 March 2007: 23.9 million) was bank balances and cash. Current liabilities amounted to approximately HK\$21.1 million (31 March 2007: 94.9 million) mainly comprised amounts due to directors and amounts due to related companies. At 30 September 2007, the Group had loans from related companies amounted to HK\$18.2 million (31 March 2007: HK\$37.8 million).

Save as disclosed in note 13 to the condensed consolidated financial statements, there has been no change in the capital structure of the Company since 1 April 2007.

At 30 September 2007, the gearing ratio expressed as a percentage of total liabilities over total assets, was 36.4% (31 March 2007: 120.0%).

Foreign Exchange Exposure

During the period under review, the majority of the Group's transactions, assets and liabilities were denominated in Hong Kong Dollars and United States Dollars. As the risk on fluctuation in exchange rates was consideration to be minimal, the Group did not enter into any foreign exchange contracts for hedging propose.

Material Acquisition, Disposal and Significant Investments.

During the six months period under review, save as the Group disposed two wholly-owned subsidiaries, which was approved by the Company's shareholders at the extraordinary general meeting held on 21 June 2007, on 28 June 2007, the Group made no other material acquisition, disposal or any significant investments during the period.

Management Discussion and Analysis

Employees and Remuneration Policies

At 30 September 2007, the Group had 10 full time employees (31 March 2007: 20), including the executive Directors. The Group remunerated its employees in accordance with their work performance and experience. The Directors had their discretions in granting share options and bonuses to the Group's employees depending upon the work performance of particular employee and the financial performance of the Group. Staff costs including Directors' emoluments during the period were approximately HK\$3.9 million (2006: HK\$5.1 million). The Group also provides mandatory provident fund scheme for its employees.

Charge on Group Assets

At 30 September 2007, the Group did not have any charges on its assets.

Contingent Liabilities

At 30 September 2007, the Group did not have any material contingent liabilities.

PROSPECT

As at the date of this report, several films are in their production phases or in their pre-production phases. One of these films, titled "Fatal Move" [奪帥] almost reaches completion and it is expected to release for exhibition in local cinemas during the first quarter of 2008. In September 2007, Creative Formula Limited, a wholly-owned subsidiary of the Company, has commenced the production of a film, titled "Missing" [思念]. Such film is expected to release in the second quarter of 2008. The management believes that film production and distribution is a way to secure steady income flow for the Group. At the same time, the management has also been adopting cost control measures to lower the overhead of the Group.

Following the conversions of nearly all the convertible bonds issued during the period under review and the completion of the open offer on 9 October 2007, the capital base of the Group has been strengthened and the gearing ratio further reduced. Together with proceeds derived from the disposal of two wholly-owned subsidiaries, the Group will further develop the existing business and actively explore valuable investment opportunities so as to diversify and broaden its revenue sources.

Management Discussion and Analysis

MAJOR TRANSACTION AND OPEN OFFER

On 28 August 2007, the Company proposed to raise approximately HK\$18.7 million before expenses, by way of open offer of 124,663,636 offer shares at a price of HK\$0.15 per offer share on the basis of one offer share for every two existing shares held on 17 September 2007 and payable in full on acceptance. Shareholders are entitled to apply for excess offer shares not taken up in excess of their respective entitlements under the open offer. Open offer was completed on 9 October 2007. The net proceeds of approximately HK\$18.1 million raised by the open offer will be utilised for potential investments or for general working capital.

On 28 August 2007, the Company entered into a sale and purchase agreement with an independent third party (the "Vendor") pursuant to which the Company has agreed to purchase the entire issued share capital and outstanding shareholders' loan of Classic Grace Enterprises Limited ("Classic Grace") for a total consideration of HK\$24,000,000. The consideration shall be satisfied by the Company issuing a convertible bond to the Vendor on completion. Grand Billion Investment Limited ("Grand Billion"), a company incorporated in Hong Kong, is a wholly-owned subsidiary of Classic Grace. The sole asset of Grand Billion is a property located at Sheung Wan, Hong Kong, for commercial use. The Company intends to utilise the property for office use. The transaction was approved by the Company's shareholders at the extraordinary general meeting held on 31 October 2007 and was completed on 2 November 2007.

PLACING OF NEW SHARES, MAJOR TRANSACTION AND MEMORANDUM OF UNDERSTANDING (THE "MOU")

On 23 October 2007, the Company entered into an agreement with a placing agent, whereby the Company had conditionally agreed to place, through the placing agent (i) under the Tranche I placing on a fully underwritten basis of 49,860,000 placing shares to independent investors at a price of HK\$0.12 per placing share and (ii) under the Tranche II placing on a best effort basis a maximum of 900,000,000 placing shares and on a fully underwritten basis of 450,000,000 placing shares to independent investors at a price of HK\$0.12 per placing share. Up to the date of this report, the placings had not been completed.

Management Discussion and Analysis

On 23 October 2007, the Company also entered into a sale and purchase agreement with an independent third party (the “Vendor”) pursuant to which the Company has agreed to purchase the entire issued share capital and the outstanding shareholders’ loan of Grandeur Concord Limited (“Grandeur Concord”) for a total consideration of HK\$18,000,000. The consideration shall be satisfied by the Company allotting and issuing a maximum of 180,000,000 consideration shares to the Vendor on completion. Vincent Investment Limited (“Vincent Investment”), a company incorporated in Canada, is a wholly-owned subsidiary of Grandeur Concord. The sole asset of Vincent Investment is a property which is utilised as warehouse in Canada for rental income. Up the date of this report, the transaction had not been completed.

On 23 October 2007, the Company entered into the MOU, which was non-legally binding, with an independent third party in relation to the possible acquisition by the Company of the entire issued share capital of a company which is procuring the entering into of agreements with certain licensed gaming promoters to casinos in Macau to provide support service to such gaming promoters including food and beverages, transportation, bookings, coordination, logistics, secretarial and entertainment, catered for VIP customers. Such licensed gaming promoters are responsible for soliciting VIP customers to play at VIP rooms in casinos and their works involve organising trips to Macau and providing related customer services for their VIP customers. Up to the date of this report, no formal agreement had been entered into in relation to the possible acquisition.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURE

At 30 September 2007, the interests and short position of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares of HK\$0.1 each of the Company

Name	Personal interests	Family interests	Corporate interests	Total interests	% of the Company's issued share capital
Mr. Law Sau Yiu, Dennis	-	-	37,376,000 (Note 1)	37,376,000	14.99%
Ms. Teng Chia Lin, Chialina	-	-	37,376,000 (Note 1)	37,376,000	14.99%

Note:

- These shares are held by Right Opportune Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Law Sau Yiu, Dennis. Ms. Teng Chia Lin, Chialina is the spouse of Mr. Law Sau Yiu, Dennis and thus is deemed to be interested in the shares held by Right Opportune Limited.

Other Information

Save as disclosed above, at 30 September 2007, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the company and the Stock Exchange pursuant to Division 7 and 8 of the Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company adopted two share option schemes on 2 August 2002, namely, the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme ("Share Option Scheme"). The principal terms of the two share option scheme have been set out in the note 32 to the financial statements as included in the annual report of the Company for the year ended 31 March 2007.

Details of movements in the Company's share options granted under the Share Option Scheme during the six months ended 30 September 2007 are as follows:

Type of participant	Date of grant	Exercise price (Note 1)	Exercise period	Outstanding at 31/3/2007 (Note 1)	Granted during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30/9/2007
Former chief executive	16/9/2005	HK\$0.4	20/9/2005 to 19/9/2015	6,440,000	-	-	(6,440,000)	-

Note:

- The exercise price and number of options have been adjusted due to the share consolidation completed on 10 January 2007.

Other Information

DIRECTORS AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At 30 September 2007, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2007, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest	% of the Company's issued share capital
China Star Entertainment Limited	Interest of controlled corporation (Note 1)	72,727,272	3,030,303	75,757,575	30.38%
China Star Entertainment (BVI) Limited	Interest of controlled corporation (Note 1)	72,727,272	3,030,303	75,757,575	30.38%
Classical Statue Limited	Beneficial owner	72,727,272	3,030,303	75,757,575	30.38%
Mr. Law Sau Yiu, Dennis	Interest of controlled corporation (Note 2)	37,376,000	-	37,376,000	14.99%
Ms. Teng Chia Lin, Chialina	Interest of controlled corporation (Note 2)	37,376,000	-	37,376,000	14.99%
Right Opportune Limited	Beneficial owner	37,376,000	-	37,376,000	14.99%

Notes:

- (1) Classical Statue Limited is a company wholly owned by China Star Entertainment (BVI) Limited which in turn is a wholly owned subsidiary of China Star Entertainment Limited.
- (2) These shares are held by Right Opportune Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Law Sau Yiu, Dennis. Ms. Teng Chia Lin, Chialina is the spouse of Mr. Law Sau Yiu, Dennis and thus is deemed to be interested in the shares held by Right Opportune Limited.

Other Information

Save as disclosed above, at 30 September 2007, the Company has not been notified of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

COMPETING INTERESTS

At 30 September 2007, none of the directors, management shareholders and substantial shareholders, or their respective associates had any interests in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September 2007.

CORPORATE GOVERNANCE

For the six months ended 30 September 2007, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules.

Other Information

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprised the three independent non-executive directors namely, Mr. Lai Hok Lim, Mr. Leung Wai Man and Mr. Man Kong Yui. The audit committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2007.

BOARD OF DIRECTORS

As at the date of this report, the executive Directors are Mr. Lei Hong Wai (Chairman) and Mr. Yip Tai Him and the independent non-executive Directors are Mr. Lai Hok Lim, Mr. Leung Wai Man and Mr. Man Kong Yui.

By Order of the Board
Brilliant Arts Multi-Media Holding Limited
Lei Hong Wai
Chairman

Hong Kong, 9 November 2007