

BIG MEDIA GROUP LIMITED
天下媒體集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8167)

INTERIM REPORT
2007-2008

For the three months and six months ended
31 December 2007

* *For identification purpose only*

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 BIG Media Group 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 BIG Media Group 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 BIG Media Group 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 2007 together with comparative unaudited figures for the corresponding period of 2006 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
TURNOVER	2	804	477	5,580	3,546
Cost of sales		(698)	(198)	(4,601)	(3,243)
Gross profit		106	279	979	303
Other revenue	2	529	—	563	3
Selling and distribution costs		(563)	—	(2,061)	(543)
Administrative expenses		(1,422)	(461)	(2,620)	(800)
LOSS FROM OPERATING ACTIVITIES	3	(1,350)	(182)	(3,139)	(1,037)
Finance costs	4	(32)	(334)	(113)	(623)
LOSS BEFORE TAXATION		(1,382)	(516)	(3,252)	(1,660)
Taxation	5	—	—	—	—
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(1,382)	(516)	(3,252)	(1,660)
LOSS PER SHARE	6	(0.23 cent)	(0.52 cent)	(0.71 cent)	(1.66 cent)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	31 December 2007 (unaudited) HK\$'000	30 June 2007 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		86	85
Film rights and films in progress	8	482	482
		568	567
CURRENT ASSETS			
Film rights and films in progress	8	45,182	25,580
Prepayments, deposits and other receivables		3,476	1,832
Cash and bank balances		52,871	12,676
		101,529	40,088
CURRENT LIABILITIES			
Deposits received		(5,059)	(7,641)
Accounts payable	10	(92)	(92)
Accrued liabilities and other payables		(3,768)	(2,806)
Borrowings		—	(3,724)
		(8,919)	(14,263)
NET CURRENT ASSETS		92,610	25,825
TOTAL ASSETS LESS CURRENT LIABILITIES		93,178	26,392
CAPITAL AND RESERVES			
Issued capital	11	125,000	65,000
Reserves		(31,822)	(38,608)
		93,178	26,392

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31 December	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(4,211)	1,442
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	66,314	(1,690)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(21,908)	(240)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	40,195	(488)
CASH AND CASH EQUIVALENTS AT 1 JULY	12,676	(32)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>52,871</u>	<u>(520)</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	52,871	169
Bank overdrafts, secured	—	(689)
	<u>52,871</u>	<u>(520)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2006	20,000	18,940	17,590	(68,503)	(11,973)
Loss for the period	—	—	—	(1,660)	(1,660)
At 31 December 2006	<u>20,000</u>	<u>18,940</u>	<u>17,590</u>	<u>(70,163)</u>	<u>(13,633)</u>
At 1 July 2007	65,000	18,425	17,590	(74,623)	26,392
Proceeds net of issuing expenses from shares issue	60,000	10,038	—	—	70,038
Loss for the period	—	—	—	(3,252)	(3,252)
At 31 December 2007	<u>125,000</u>	<u>28,463</u>	<u>17,590</u>	<u>(77,875)</u>	<u>93,178</u>

Notes:

1. Basis of preparation

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2007. Those new accounting standards, amendments to accounting standards and interpretations which are mandatory for financial year ending 30 June 2008 have no material impact on the Group. This condensed consolidated interim financial information for the half year ended 31 December 2007 has been prepared in accordance with HKAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2007.

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	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Turnover, licensing of film rights	5,580	3,546
Other revenues	563	3
Total revenues	<u>6,143</u>	<u>3,549</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 less than 10% of the consolidated turnover and of the consolidated trading results of the Group were attributable to markets outside 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	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Amortisation of film rights	2,724	3,243
Depreciation	16	—
Staff costs	1,627	456
	<u>4,367</u>	<u>4,705</u>

4. Finance costs

	For the six months ended 31 December	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Interest on bank overdrafts wholly repayable within one year	1	49
Interest on bank loan	37	65
Interest on shareholder's loan	75	509
	<u>113</u>	<u>623</u>

5. Taxation

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong for the period (2006: Nil). The Group has no material unprovided deferred taxation in respect of the period under review (2006: Nil).

6. Loss per share

The basic loss per share for the three months and six months ended 31 December 2007 are calculated based on the unaudited consolidated loss attributable to shareholders of the Company of approximately HK\$1,382,000 and HK\$3,252,000 respectively (2006: approximately HK\$516,000 and HK\$1,660,000 respectively) and on a weighted average number of 592,391,304 shares and 458,695,652 shares respectively in issue during the periods (2006: 100,000,000 shares).

Diluted loss per share for the three months and six months ended 31 December 2007 and 2006 has not been disclosed as no dilutive 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 2007 (2006: Nil).

8. Film rights and films in progress

	31 December 2007 (unaudited) HK\$'000	30 June 2007 (audited) HK\$'000
Film rights	9,495	3,083
Films in progress	35,687	22,497
Sub-licensing rights	482	482
	<u>45,664</u>	<u>26,062</u>
Less: Amounts classified as current assets	(45,182)	(25,580)
Non-current portion	<u>482</u>	<u>482</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 2007 (unaudited) HK\$'000	30 June 2007 (audited) HK\$'000
Within 30 days	—	159
Over 120 days	12,046	12,046
Less: Provision for doubtful debts	(12,046)	(12,046)
	<u>—</u>	<u>159</u>

10. Accounts payable

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

	31 December 2007 (unaudited) HK\$'000	30 June 2007 (audited) HK\$'000
Within 30 days	—	—
Between 31 to 60 days	—	—
Between 61 to 90 days	—	—
Over 90 days	92	92
	<u>92</u>	<u>92</u>

11. Share capital

	Number of ordinary shares of HK\$0.2 each	Value HK\$'000
<i>Authorised:</i>		
At 1 July 2007	1,000,000,000	200,000
Issue of new shares	1,000,000,000	200,000
At 31 December 2007	<u>2,000,000,000</u>	<u>400,000</u>
<i>Issued and fully paid:</i>		
At 1 July 2007	325,000,000	65,000
Issue of new shares	300,000,000	60,000
At 31 December 2007	<u>625,000,000</u>	<u>125,000</u>

On 25 June 2007, the Company entered into a share placing agreement (the "Placing Agreement") with a placing agent whereby the Company agreed to issue and allot to the placing agent an aggregate of 300,000,000 new ordinary shares of the Company at a consideration of HK\$0.242 per share. Details of the subscription agreements were set out in the Company's circular dated 23 July 2007.

Following the extraordinary general meeting carried on 8 August 2007 (the "EGM"), the resolution in respect of the subscription agreements was passed and shares were allotted on 11 October 2007.

In the EGM, resolution in respect of the increase in authorised share capital of the Company to HK\$400,000,000 by the creation of an additional 1,000,000,000 new ordinary shares of HK\$0.2 each was also passed.

12. Related party transactions

Significant related party transactions carried out in the normal course of the Group's business with a fellow subsidiary of a substantial shareholder are as follows:

	For the six months ended 31 December 2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Rental expenses	152	—
Distribution commission expenses	<u>143</u>	<u>—</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the six months ended 31 December 2007 amounted to approximately HK\$5,580,000 (2006: approximately HK\$3,546,000), representing around 57% increment when compared to last year. During the period, the Group launched two films namely "Naraka 19" and "The pye-dog", both of which received positive responses from the market. "The pye-dog" has also received a number of awards in international film festivals.

During the period, the Group also completed a fund raising exercise through share placement of 300,000,000 new shares of the Company which has raised funds of approximately HK\$70 million. With the introduction of the new subscribers, the shareholder base and working capital of the Group has been further improved and enhanced.

PROSPECTS

The Group will continue to engage in co-production projects with Chinese studios in the Mainland. Under such arrangement, our movies would be able to share the Box Office Revenue in the Mainland instead of just receiving a fixed buyout price.

On the artist management aspect, the Group will continue to seek for potential artists and performers in order to build up a talent pool from which all future productions would be benefited.

The Management would continue to seek and invest into high potential projects from creative talents in Hong Kong, Taiwan and Mainland, aiming to generate high quality entertainment contents, thereby greatest profit and asset value for the Group and its shareholders.

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.

GEARING RATIO

As at 31 December 2007, the Group had no borrowing and according the gearing ratio was nil.

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 2007, the Group did not have outstanding hedging instruments.

CHARGES ON GROUP ASSETS

At 31 December 2007, there were no charges on the Group's assets.

EMPLOYEES

As at 31 December 2007, the Group had 11 full-time staffs. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Remuneration is reviewed annually. In addition to the basic salaries, employees are also entitled to benefits including discretionary bonus and mandatory provident fund.

CONTINGENT LIABILITIES

As at 31 December 2007, the Company issued a corporate guarantee to the extent of HK\$5,000,000 as a security to the banking facilities granted to a subsidiary.

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 2007.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There had been no material acquisitions and disposals of subsidiaries during the period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2007, the interests or 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 Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken 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 Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of director	Corporate interest	Percentage of shareholding
Mr. Li Kuo Hsing	144,320,000*	23.09%

* *Mr. Li Kuo Hsing has personal, family and corporate interests of approximately 51% equity interests in Mei Ah Entertainment Group Limited, which wholly owns Fintage Asia Corporation holding 22.74% equity interests 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 2007, shareholders (other than Directors of the Company) who had interests or 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
Kuo Hsing Holdings Limited	144,320,000 ⁽¹⁾	23.09%
Li Kuo Hsing	144,320,000 ⁽¹⁾	23.09%
Mei Ah Entertainment Group Limited	144,320,000 ⁽¹⁾	23.09%
Mei Ah Holdings Limited	144,320,000 ⁽¹⁾	23.09%
Fintage Asia Corporation	142,120,000 ⁽¹⁾	22.74%
Chan Kwok Keung, Charles	53,488,000 ⁽²⁾	8.55%
ITC Corporation Limited	53,488,000 ⁽²⁾	8.55%
Ng Yuen Lan Macy	53,488,000 ⁽²⁾	8.55%
Famex Investment Limited	38,000,000 ⁽³⁾	6.08%
Hanny Holdings Limited	38,000,000 ⁽³⁾	6.08%
Hanny Magnetics (B.V.I.) Limited	38,000,000 ⁽³⁾	6.08%
ITC Investment Holdings Limited	38,000,000 ⁽³⁾	6.08%
Mankar Assets Limited	38,000,000 ⁽³⁾	6.08%
Richeast Holdings Limited	38,000,000 ⁽³⁾	6.08%
Ma Ho Man Hoffman	37,000,000	5.92%
See Corporation Limited	17,081,651 ⁽⁴⁾	5.26%
Shineidea Limited	17,081,651 ⁽⁴⁾	5.26%

(1) Refer to the same parcel of shares, subsequent to 31 December 2007, 130,000,000 shares of which were sold by Fintage Asia Corporation.

(2) Refer to the same parcel of shares and include 38,000,000 shares held by Richeast Holdings Limited.

(3) Refer to the same parcel of shares

(4) Refer to the same parcel of shares

CORPORATE GOVERNANCE

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to retirement by rotation in accordance with the Articles of Association of the Company. Accordingly the Company considers that sufficient measures have been taken to deal with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

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 2007.

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 2007.

AUDIT COMMITTEE

The Company established an audit committee which comprises the three independent non-executive directors of the Company, with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. 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 results and report were reviewed by the audit committee.

By order of the Board
Li Kuo Hsing
Chairman

Hong Kong, 14 February 2008

The Board comprises of:

Mr. Li Kuo Hsing (*Executive Director*)

Mr. Tong Hing Chi (*Executive Director*)

Dr. Yap, Allan (*Executive Director*)

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

Mr. Zhuo Wu (*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*)