



智庫媒體集團（控股）有限公司
Intelli - Media Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

FIRST QUARTERLY REPORT

2008/2009

For the three months ended

30 June, 2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 Stock 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 of Intelli-Media Group (Holdings) Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Intelli-Media Group (Holdings) Limited. 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.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE, 2008 (UNAUDITED)

The board of Directors (the “Board”) of Intelli-Media Group (Holdings) Limited (the “Company”) is pleased to announce the unaudited quarterly consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June, 2008 together with the comparative unaudited figures for the corresponding period of 2007 as follows:

		Three months ended 30 June,	
		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	4,454	10,336
Cost of sales		(4,289)	(9,501)
		<hr/>	<hr/>
Gross profit		165	835
Other income		3,661	1,434
Distribution costs		(42)	(120)
Administrative expenses		(7,126)	(6,089)
Other expenses		(1,070)	(1,080)
		<hr/>	<hr/>
Loss from operations		(4,412)	(5,020)
Finance costs		(106)	(519)
		<hr/>	<hr/>
Loss before taxation		(4,518)	(5,539)
Taxation	3	–	–
		<hr/>	<hr/>
Loss for the period		(4,518)	(5,539)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		(4,518)	(5,539)
Minority Interest		–	–
		<hr/>	<hr/>
		(4,518)	(5,539)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
– Basic	4	(0.22) HK cent	(1.05) HK cent
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. Basis of presentation

The unaudited consolidated results have been prepared under the historical cost convention and in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Company Ordinance and the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated results are consistent with those in the preparation of the annual financial statements for the year ended 31 March, 2008.

In this reporting period, the Group had applied for the first time, a number of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 January, 2008. The adoption of the new HKFRs has had no material effect on how the results and financial position for the current or prior accounting period as prepared and presented.

2. Turnover

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less returns and allowances, and revenue received and receivable from sub-licensing of film rights and copy rights, film exhibition and film distribution, and is analysed as follows:

	Three months ended 30 June,	
	2008	2007
	HK\$'000	HK\$'000
Sales of goods	3,954	7,542
Sub-licensing of film rights and copy rights	499	638
Film exhibition and film distribution income	1	2,156
	4,454	10,336

3. Taxation

No provision for Hong Kong Profits Tax has been made as the Group does not have any assessable profits arising in Hong Kong during the periods.

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Deferred tax had not been provided as there were no significant temporary differences for the period (2007: Nil).

4. Loss per share

The calculation of the basic loss per share is based on the Group's unaudited loss attributable to shareholders for the three months ended 30 June, 2008 of approximately HK\$4,518,000 (2007: approximately HK\$5,539,000) and the weighted average number of approximately 2,046,534,000 ordinary shares respectively for the three months ended 30 June, 2008 (2007: approximately 527,033,000 ordinary shares).

No diluted loss per share has been presented for both periods as it is anti-dilutive.

5. Reserves

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated (losses)/ profits <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April, 2007 (audited)	4,849	17,697	10,440	68	(37,094)	3,055	(985)
Issue of share on exercise of share option	96	2,160	-	-	-	-	2,256
Issue of new shares	786	21,579	-	-	-	-	22,365
Recognition of equity component of convertible notes	-	212	-	-	-	-	212
Loss for the period	-	-	-	-	(5,539)	-	(5,539)
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	-	(14)	-	-	(14)
At 30 June, 2007 (unaudited)	<u>5,731</u>	<u>41,648</u>	<u>10,440</u>	<u>54</u>	<u>(42,633)</u>	<u>3,055</u>	<u>18,295</u>
At 1 April, 2008 (audited)	19,325	105,173	10,440	83	(84,609)	320	50,732
Issue of share on exercise of share option	-	-	-	-	-	-	-
Issue of new shares	1,140	48,110	-	-	-	-	49,250
Recognition of equity component of convertible notes	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(4,518)	-	(4,518)
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	-	61	-	-	61
At 30 June, 2008 (unaudited)	<u>20,465</u>	<u>153,283</u>	<u>10,440</u>	<u>144</u>	<u>(89,127)</u>	<u>320</u>	<u>95,525</u>

6. Interim Dividend

The Directors do not recommend the payment of a dividend for the three months ended 30 June, 2008 (2007: Nil).

BUSINESS AND FINANCIAL REVIEW

During the quarter ended 30 June, 2008 problems of intellectual property infringement remained intense. Coupled with drifting customer preference to heavily-invested foreign movies the turnover for the period dropped to HK\$4,454,000, a 57% decrease from HK\$10,336,000 for the same period last year. Sales of goods dropped to HK\$3,954,000, HK\$3,588,000 lower than the same period last year. Sub-licensing of film rights and copy rights decreased to HK\$499,000, HK\$139,000 lower than the same period last year. Film exhibition and film distribution income decreased to HK\$1,000, HK\$2,155,000 lower than the same period last year.

Gross profit of the Group during the quarter reduced to HK\$165,000, HK\$670,000 lower than the same period last year. The Group's net loss improved to HK\$4,518,000, HK\$1,021,000 less than the same period last year mainly due to other income of HK\$3,661,000 which was HK\$2,227,000 higher than the same period last year.

OUTLOOK

Increasing number of well-equipped mini-cinemas in Hong Kong with heavy discounts at off-peak hour continues to draw movie lovers back to the cinemas. Challenges from intellectual property right infringements and customer taste changes will continue to hit our revenue. In PRC, education on protecting intellectual property rights has yet to be intensified. Unauthorized free streaming on the internet of broadcasted programs will undermine animation copy right income.

To cope with the challenges The Group has been actively pursuing other business opportunities to widen revenue base and increase shareholder wealth. The management has steered major focus on the mining project announced on 19 May, 2008 for the purpose while also kept our eyes on other opportunities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June, 2008, the interests and short positions of each Director and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company

Long positions in Shares of the Company

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Chin Wai Keung, Richard	337,663,501	16.50	Interest of controlled corporation (<i>Note 1</i>)
So Wing Lok, Jonathan	34,301,900	1.68	Beneficial owner
Yin Mark Teh-min	102,500,000	5.01	Family interests
	1,600,000	0.08	Nominee
	680,000	0.03	Beneficial owner
Sub-total:	104,780,000	5.12	(<i>Note 2</i>)

Notes:

1. These Shares are held by Nice Hill Investments Limited (“Nice Hill”). The entire issued share capital of Nice Hill is beneficially owned by Mr. Chin Wai Keung, Richard (“Mr. Chin”), the chairman of the Company and an executive Director, who is deemed to be interested in the Shares held by Nice Hill.
2. Ms. Wong Shu Wah, Ceci (“Ms. Wong”), being the wife of Mr. Yin Mark Teh-min (“Mr. Yin”), is interested in 102,500,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 102,500,000 Shares. Mr. Yin also holds 1,600,000 Shares as a nominee for an independent third party and 680,000 Shares as beneficial owner. Therefore Mr. Yin is interested and deemed to be interested in 104,780,000 Shares in total.

DIRECTORS’ AND CHIEF EXECUTIVES’ SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

There are no short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June, 2008, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

Long positions in Shares of the Company

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	514,960,000	25.16	Beneficial owner (Note 1)
Wong, Eva	514,960,000	25.16	Interest of controlled corporation (Note 1)
Nice Hill Investments Limited	337,663,501	16.50	Beneficial owner (Note 2)
Kwan Yuet Wah, Rosanna	337,663,501	16.50	Family interest (Note 2)
Voelcliffe Investments Limited	147,510,000	7.21	Beneficial owner (Note 3)
Soh Szu Wei	147,510,000	7.21	Interest of controlled corporation (Note 3)
Cheung Yuk Lui, Cynthia	160,000,000	7.82	Beneficial owner
Fameup Trading Limited	137,670,000	6.73	Beneficial owner (Note 4)
Tan Mae Ling	137,670,000	6.73	Interest of controlled corporation (Note 4)
Ho Kin	120,000,000	5.86	Beneficial owner
Wong Shu Wah, Ceci	2,280,000	0.11	Family interest
	101,200,000	4.95	Nominee
	1,300,000	0.06	Beneficial interest
Sub-total:	104,780,000	5.12	(Note 5)

Long positions in the underlying Shares of the Company

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Kesterion Investments Limited	7,300,000,000	356.70	Beneficial owner (Note 1)
Wong, Eva	7,300,000,000	356.70	Interest of controlled corporation (Note 1)

Notes:

1. These include interests in (i) 500,000,000 Shares and (ii) principal amount of approximately US\$655,128,205 of convertible bonds (which upon conversion in full will result in the allotment and issue of 7,300,000,000 Shares), which have been agreed to be issued to Kesterion Investments Limited as part of considerations to a pending very substantial acquisition as disclosed on 19 May, 2008. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong.
2. Nice Hill holds 337,663,501 Shares. The entire issued share capital of Nice Hill is beneficially owned by Mr. Chin, who is deemed to be interested in the Shares held by Nice Hill. Ms. Kwan Yuet Wah, Rosanna, wife of Mr. Chin, is deemed to be interested in such Shares.
3. Voelcliffe Investments Limited (“Voelcliffe”) directly holds 147,510,000 Shares. The entire issued share capital of Voelcliffe is beneficially owned by Mr. Soh Szu Wei, who is therefore deemed to be interested in the Shares held by Voelcliffe.
4. Fameup Trading Limited (“Fameup”) directly holds 137,670,000 Shares. The entire issued share capital of Fameup is beneficially owned by Ms. Tan Mae Ling, who is therefore deemed to be interested in the Shares held by Fameup.
5. Ms. Wong, being the wife of Mr. Yin, holds 101,200,000 Shares as nominee for independent third parties and 1,300,000 Shares as beneficial owner. As she is also deemed to be interested in Mr. Yin’s interests in 2,280,000 Shares (in which 1,600,000 Shares are held as nominee and 680,000 Shares as beneficial owner), Ms. Wong is interested and deemed to be interested in 104,780,000 Shares in total.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the three months ended 30 June, 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June, 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 30 June, 2008.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the three months ended 30 June, 2008.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises five members of which one is non-executive Director namely Mr. Yin Mark Teh-min and four independent non-executive Directors, namely, Mr. Chow Shiu Ki, Mr. Shum Man Ching, Mr. Lai Kai Jin, Michael and Mr. Ng Yat Cheung, *JP*. The chairman of the Audit Committee is Mr. Chow Shiu Ki. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board.

By Order of the Board
Intelli-Media Group (Holdings) Limited
Chin Wai Keung, Richard
Chairman

Hong Kong, 14 August, 2008

As at the date of this report, the Board comprises four executive Directors, Mr. Chin Wai Keung, Richard, Mr. So Wing Lok, Jonathan, Mr. Kwong Wai Ho, Richard, Mr. Wong Chung Yu, Denny, one non-executive Director, Mr. Yin Mark Teh-min, and four independent non-executive Directors, Mr. Chow Shiu Ki, Mr. Shum Man Ching, Mr. Lai Kai Jin, Michael, and Mr. Ng Yat Cheung, JP.