

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)

FIRST QUARTERLY REPORT
2008

For the three months ended
30 September 2008

* *For identification purpose only*

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.

This document, for which the directors of the Company 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 of Hong Kong Limited 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 document 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 document misleading; and
3. all opinions expressed in this document 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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QUARTERLY 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 ended 30 September 2008 together with comparative unaudited figures for the corresponding period of 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 30 September	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
TURNOVER	2	3,879	4,776
Cost of sales		<u>(3,246)</u>	<u>(3,903)</u>
Gross profit		633	873
Other revenue		78	34
Selling and distribution costs		(1,832)	(1,498)
Administrative expenses		<u>(1,323)</u>	<u>(1,198)</u>
LOSS FROM OPERATING ACTIVITIES		(2,444)	(1,789)
Finance costs		<u>(6)</u>	<u>(81)</u>
LOSS BEFORE TAXATION		(2,450)	(1,870)
Taxation	3	<u>—</u>	<u>—</u>
LOSS ATTRIBUTABLE TO SHAREHOLDERS		<u>(2,450)</u>	<u>(1,870)</u>
			Restated
LOSS PER SHARE			
Basic	4	<u>(0.02 HK cent)</u>	<u>(0.03 HK cent)</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.

The accounting policies and methods of computation adopted in the preparation of their unaudited consolidated accounts are consistent with those set out in the annual financial statements for the year ended 30 June 2008. The Consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. Turnover and revenue

Turnover represents licensing income of film rights. The Group is principally engaged in the production of video and films, and licensing of video and copyrights/film rights and artiste management.

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

	For the three months ended 30 September 2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Licensing of film rights	3,134	4,776
Income from artiste management	745	—
Turnover	3,879	4,776
Other revenues	78	34
Total revenues	<u>3,957</u>	<u>4,810</u>

3. Taxation

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong for the three months ended 30 September 2008 (2007: Nil).

The Group has no material unprovided deferred taxation in respect of the period under review (2007: Nil).

4. Loss per share

The basic loss per share for the three months ended 30 September 2008 is calculated based on the unaudited consolidated loss attributable to shareholders of the Company for the three months ended 30 September 2008 of approximately losses of HK\$2,450,000 (2007: approximately HK\$1,870,000) and on a weighted average number of 12,500,000,000 shares in issue during the periods (2007: 6,500,000,000 shares as restated to reflect the effect of share subdivision effective from 1 April 2008).

Diluted loss per share for the three months ended 30 September 2008 and 2007 has not been disclosed as no diluting event existed during these periods.

5. Share premium and reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2007	18,425	17,590	(74,623)	(38,608)
Loss for the period	—	—	(1,870)	(1,870)
At 30 September 2007	<u>18,425</u>	<u>17,590</u>	<u>(76,493)</u>	<u>(40,478)</u>
At 1 July 2008	28,463	17,590	(100,158)	(54,105)
Loss for the period	—	—	(2,450)	(2,450)
At 30 September 2008	<u>28,463</u>	<u>17,590</u>	<u>(102,608)</u>	<u>(56,555)</u>

6. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30 September 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the three months ended 30 September 2008 amounted to approximately HK\$3.9 million (2007: approximately HK\$4.8 million), representing a 19% decrease when compared to last year as no new movie was launched during the period. A new film titled "Butterfly lovers" was launched in the second quarter of the financial year.

PROSPECTS

Following the formation of an artiste management team since 2007, the team has successfully signed up a number of artistes, including Gigi Leung and several young talents. This would become a base to build our talent management business and the Group recognizes the strategic importance on nurturing successors who would be much in demand as our number of production grows.

Given a fast growing box office performance in the PRC, the Group will continue to engage in co-production projects with Chinese studios in order to share the Box Office Revenue. On the artiste management aspect, the Group will continue to seek potential artistes and performers in order to build up a talent pool from which all future productions would be benefited.

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 return to the Group and its shareholders.

SUBSEQUENT EVENT

On 3 November 2008, the Company entered into a memorandum of understanding acquire the entire equity interests of China Shenzhou Telecommunications Company Limited (The "Acquisition") which, together with its subsidiaries, are principally engaged in installation of wireless internet facilities and networks in the PRC. The Acquisition is still subject to the signing of a formal sale and purchase agreement and accordingly it may or may not proceed.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2008, 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. Wen Rui Feng, Brandon	— long position	20.80%
	— short position	17.60%

Note: Mr. Wen Rui Feng, Brandon resigned as a director of the Company with effective from 29 October 2008.

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, independent non-executive Directors and employees of the Group, and suppliers of goods or services to the Group.

No share option has been granted by the Company under the Scheme up to the date of this report.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Director of the Company, as at 30 September 2008, shareholders 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 of substantial shareholder	Number of shares interested — Long position	Percentage of issued share capital	Number of shares interested — Short position	Percentage of issued share capital
Wen Rui Feng Brandon	2,600,000,000	20.80	2,200,000,000 ⁽⁴⁾	17.60
Li Hongrong	2,200,000,000 ^{(1), (4)}	17.60	—	—
Tread Up Investments Limited	2,200,000,000 ^{(1), (4)}	17.60	—	—
Chan Kwok Keung, Charles	1,069,760,000 ⁽²⁾	8.55	—	—
ITC Corporation Limited	1,069,760,000 ⁽²⁾	8.55	—	—
Ng Yuen Lan Macy	1,069,760,000 ⁽²⁾	8.55	—	—
Famex Investment Limited	760,000,000 ⁽³⁾	6.08	—	—
Hanny Holdings Limited	760,000,000 ⁽³⁾	6.08	—	—
Hanny Magnetics (B.V.I.) Limited	760,000,000 ⁽³⁾	6.08	—	—
ITC Investment Holdings Limited	760,000,000 ⁽³⁾	6.08	—	—
Mankar Assets Limited	760,000,000 ⁽³⁾	6.08	—	—
Richeast Holdings Limited	760,000,000 ⁽³⁾	6.08	—	—
Ma Ho Man Hoffman	740,000,000	5.92	—	—

- (1) Refer to the same parcel of shares
(2) Refer to the same parcel of shares and included the 760,000,000 shares as set out in note (3)
(3) Refer to the same parcel of shares
(4) Positions held pursuant to physically settled and unlisted equity derivatives

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 PRACTICES

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 A.4.1, 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 and the Code on Corporate Governance Practices of the GEM Listing Rules. 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 any 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 ended 30 September 2008.

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 ended 30 September 2008.

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 and 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.

On behalf of the Board
Tong Hing Chi
Director

Hong Kong, 13 November 2008

The Board comprises of:
Mr. Li Hongrong (*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. Fung Wing Keung (*Independent non-executive Director*)
Mr. Law Kwok Leung (*Independent non-executive Director*)