



Third Quarterly Report
2008

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)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (“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 nine months ended 31 December 2008 was approximately HK\$1,142,000 (2007: HK\$10,255,000) representing a decrease of approximately 88.9% as compared to the corresponding period in 2007.
2. Loss attributable to equity holders of the Company for the nine months ended 31 December 2008 was approximately HK\$3,568,000 (2007: profit of HK\$15,972,000).
3. Loss per share for the nine months ended 31 December 2008 was HK2.84 cents (2007: earnings per share of HK47.28 cents).
4. The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2008 (2007: Nil).

Condensed Consolidated Income Statement

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 (the “Group”) for the nine months ended 31 December 2008, together with the comparative unaudited figures for 2007 as follows:

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	2	337	260	1,142	10,255
Cost of sales		-	(279)	-	(9,261)
Gross profit/(loss)		337	(19)	1,142	994
Other revenue and other income	2	493	319	1,384	29,254
Other operating expenses		(2,523)	(4,076)	(5,989)	(12,897)
(Loss)/profit from operations	3	(1,693)	(3,776)	(3,463)	17,351
Finance costs	4	(29)	(356)	(105)	(1,379)
(Loss)/profit before taxation		(1,722)	(4,132)	(3,568)	15,972
Taxation	5	-	-	-	-
(Loss)/profit attributable to equity holders of the Company		(1,722)	(4,132)	(3,568)	15,972
Dividend		-	-	-	-
(Loss)/earnings per share (HK cents)					
- Basic	6	(1.37)	(6.69)	(2.84)	47.28
- Diluted		N/A	N/A	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

The Group's unaudited 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 financial statements for the nine months ended 31 December 2008 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except that the Group has changed certain of its accounting policies following its adoption of new/revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2008. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods as prepared and presented. The consolidated financial statements are unaudited but have been reviewed by the audit committee.

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 December 2008, the Group has not early applied the following new amendments, standards or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ³
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Item ³
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK (IFRIC) – Int 12	Service Concession Arrangements ⁴
HK (IFRIC) – Int 13	Customer Loyalty Programmes ⁵
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to owners ³

Notes to the Condensed Consolidated Financial Statements

Notes:

- 1 Effective for annual periods beginning on or after 1 January 2009 except the amendment to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- 2 Effective for annual periods beginning on or after 1 January 2009
- 3 Effective for annual periods beginning on or after 1 July 2009
- 4 Effective for annual periods beginning on or after 1 January 2008
- 5 Effective for annual periods beginning on or after 1 July 2008
- 6 Effective for annual periods beginning on or after 1 October 2008

The Directors anticipate that the application of these new amendments, standards or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

2. Turnover, Other Revenue and Other Income

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 and properties investment.

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover				
Film production	-	-	-	7,500
Film distribution	-	260	-	2,755
Gross rentals from investment properties	337	-	1,142	-
	337	260	1,142	10,255
Other revenue:				
Interest income	493	319	1,384	917
Sundry income	-	-	-	14
	493	319	1,384	931
Other income:				
Excess of interest in fair value of acquiree's identifiable assets and liabilities over the cost of a business combination	-	-	-	28,323
Other revenue and other income	493	319	1,384	29,254
Total	830	579	2,526	39,509

Notes to the Condensed Consolidated Financial Statements

3. (Loss)/Profit from Operations

(Loss)/profit from operations has been arrived at after charging:

	For the three months ended 31 December		For the nine months ended 31 December	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Amortisation of film rights (included in cost of sales)	-	279	-	1,262
Depreciation of property, plant and equipment	72	80	214	1,164
Net foreign exchange loss	688	-	872	-
Staff costs including directors' emoluments	1,128	2,623	3,276	6,491

Notes to the Condensed Consolidated Financial Statements

4. Finance Costs

	For the three months ended 31 December		For the nine months ended 31 December	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Interests on:				
Bank loans not wholly repayable within five years	27	–	97	–
Amount due to related companies	–	–	–	667
Effective interest expenses on convertible bonds wholly repayable within five years	2	356	8	704
Finance charges on obligations under finance leases	–	–	–	8
	29	356	105	1,379

5. TAXATION

- (i) No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the nine months ended 31 December 2008 (2007: Nil).
- (ii) No provision for overseas income tax was made as the Company's overseas subsidiaries did not have taxable income for the nine months ended 31 December 2008 (2007: Nil).
- (iii) The Group had no significant unprovided deferred tax assets and liabilities as at 31 December 2008 (2007: Nil).

Notes to the Condensed Consolidated Financial Statements

6. (Loss)/Earnings Per Share

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company for the three months ended 31 December 2008 of approximately HK\$1.7 million (2007: loss attributable to equity holders of the Company of approximately HK\$4.1 million) and loss attributable to equity holders of the Company for the nine months ended 31 December 2008 of approximately HK\$3.6 million (2007: profit attributable to equity holders of the Company of approximately HK\$16.0 million) and on the weighted average of 125,689,709 shares in issue during the three months 31 December 2008 (2007: 61,788,418 shares, as adjusted) and 125,689,709 shares in issue during the nine months ended 31 December 2008 (2007: 33,783,887 shares, as adjusted). The comparative figure of basic (loss)/earnings per share for the three months and nine months ended 31 December 2008 had been re-calculated to reflect the share consolidation taken place on 20 June 2008.

The conversion of all potential ordinary shares arising from share options granted by the Company and convertible bonds would have an anti-dilutive effect on the loss per share for the three months and nine months ended 31 December 2008.

No diluted (loss)/earnings per share has been presented for the three months and nine months ended 31 December 2007 as the conversion of all potential ordinary shares arising from share options granted by the Company and convertible bonds would have an anti-dilutive effect on the (loss)/earnings per share for the three months and nine months ended 31 December 2007.

Notes to the Condensed Consolidated Financial Statements

7. Changes in Equity

	Share capital	Share premium	Contributed surplus	Share-based compensation reserve	Convertible bonds reserve	Translation reserve	Distributable capital reduction reserve	Retained profits/ (Accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2007	10,620	18,074	10	1,030	2,369	-	-	(50,247)	(18,144)
Profit for the period	-	-	-	-	-	-	-	15,972	15,972
Issues of convertible bonds	-	-	-	-	10,536	-	-	-	10,536
Conversion into shares from convertible bonds	14,313	23,638	-	-	(8,381)	-	-	-	29,770
Issue of new shares	17,452	7,230	-	-	-	-	-	-	24,682
Share issue expenses	-	(772)	-	-	-	-	-	-	(772)
Recognition of equity-settled share-based payments	-	-	-	3,612	-	-	-	-	3,612
Exercise of share options	1	1	-	-	-	-	-	-	2
Cancellation of share options	-	-	-	(1,030)	-	-	-	1,030	-
At 31 December 2007	42,386	48,371	10	3,612	4,524	-	-	(33,245)	65,658
At 1 April 2008	125,690	65,568	10	2,671	250	(292)	-	(29,928)	163,969
Loss for the period	-	-	-	-	-	-	-	(3,568)	(3,568)
Capital reduction	(124,433)	-	-	-	-	-	87,244	37,189	-
Recognition of equity-settled share-based payment	-	-	-	1,804	-	-	-	-	1,804
Exchange difference arising on translation of financial statements of foreign operation	-	-	-	-	-	(1,847)	-	-	(1,847)
Cancellation/Lapsed of share options	-	-	-	(1,799)	-	-	-	1,799	-
At 31 December 2008	1,257	65,568	10	2,676	250	(2,139)	87,244	5,492	160,358

Management Discussion and Analysis

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2008 (2007: Nil).

BUSINESS REVIEW

For the nine months ended 31 December 2008, the Group recorded a turnover of approximately HK\$1.1 million (2007: HK\$10.3 million). The Group did not have revenue generated from the business segment of film production and distribution for the period under review. All the revenue was generated from the leasing of the investment properties located at Canada.

FINANCIAL REVIEW

Loss attributable to equity holders of the Company for the nine months ended 31 December 2008 amounted to approximately HK\$3.6 million (2007: profit attributable to equity holders of the Company of approximately HK\$16.0 million). Excluding the share-based payment expenses of approximately HK\$1.8 million, loss after taxation for the period was approximately HK\$1.8 million.

Other revenue and other income amounted to approximately HK\$1.4 million, representing a decrease of 95.3% over the same period of last year. Such decrease was caused by the one-off gain on disposal of two wholly-owned subsidiaries of approximately HK\$28.3 million recorded in the same period of last year.

Other operating expenses decreased by 53.6% to approximately HK\$6.0 million from HK\$12.9 million in prior year. Such decrease was mainly attributed to the combined effect of the disposals of several wholly-owned subsidiaries in last year and the stringent cost control policy adopted by the management.

Finance costs decreased by 92.4% to approximately HK\$105,000 from HK\$1.4 million in the nine months ended 31 December 2007. The decrease of approximately HK\$1.3 million was mainly attributed to the decrease in interest on amounts due to related companies and effective interest expenses on convertible bonds.

Management Discussion and Analysis

PROSPECT

The global economy was adversely affected by the financial tsunami and its magnitude is yet to be known. The management expects that the local film market will continue to be difficult in the near future and will continue to adopt a prudence approach in such business segment. On the other hand, the Group will aim to explore new investment opportunities for business diversification. Meanwhile, it will continue to implement stringent cost control measures.

VERY SUBSTANTIAL ACQUISITION AND OPEN OFFER

On 26 November 2008, the Company entered into a subscription agreement with Golife Concepts Holdings Limited, whose issued shares are listed on GEM, in respect of the subscription of the convertible bonds in an aggregate principal amount of HK\$100 million in five tranches of HK\$20 million each (the "Subscription"). The Subscription constitutes a very substantial acquisition of the Company under the GEM Listing Rules. A circular containing the details of the Subscription had been despatched to the shareholders of the Company on 29 December 2008. The Subscription was subsequently approved by the Company's shareholders at the extraordinary general meeting held on 14 January 2009.

On 27 November 2008, the Company proposed to raise approximately HK\$45.2 million before expenses, by way of open offer of 1,131,207,381 offer shares at a price of HK\$0.04 per offer share on the basis of nine offer shares for every one existing share held on the record date (the "Open Offer"). The estimated net proceeds of approximately HK\$43.8 million from the Open Offer will be utilised to finance the Subscription. The Open Offer was subsequently approved by the Company's shareholders at the extraordinary general meeting held on 14 January 2009.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURE AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2008, the interests and short position of the directors and chief executive 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\$0.01 each of the Company

Name of director	Personal Interest (Note 1)	Corporate Interest (Note 1)	Interest in underlying shares (Note 1)	Total interest in shares (Note 1)	Percentage of the Company's issued share capital
Mr. Lei Hong Wai	1,053,853 (Note 2)	21,786,000 (Note 2)	342,815,574 (Note 3)	365,655,427	290.92%
Mr. Cheung Kwok Wai, Elton	1,053,853 (Note 4)	–	1,256,897 (Note 4)	2,310,750	1.84%

Other Information

Note:

1. The numbers of shares have been adjusted due to the completion of the share consolidation on 20 June 2008.
2. 3,786,000 shares and 18,000,000 shares are held by Mander International Limited and Eagle Mate Limited respectively. Both companies are wholly and beneficially owned by Business Power Holdings Limited. Mr. Lei Hong Wai, an executive Director, owns 50% interests in Business Power Holdings Limited. Mr. Lei Hong Wai also owns 1,053,853 shares in his personal capacity.
3. Mr. Lei Hong Wai, an executive Director, is deemed to be interested in 1,256,897 shares which would fall to be issued upon exercise of the 1,256,897 share options. In accordance with the Open Offer of 1,131,207,381 offer shares on the basis of nine offer shares for every one existing share held on the record date of which the details had been set out in the Company's circular dated 29 December 2008, Mr. Lei Hong Wai has given an undertaking (a) to subscribe for or procure subscriptions for: (i) 9,484,677 offer shares to which Mr. Lei Hong Wai is entitled under the Open Offer; (ii) 162,000,000 offer shares to which Eagle Mate Limited is entitled under the Open Offer; and (iii) 34,074,000 offer shares to which Mander International Limited is entitled under the Open Offer and (b) to procure subscription by Mander International Limited for 136,000,000 offer shares under excess application form, which, when fully allotted and issued under the Open Offer and together with all shares held by Mr. Lei Hong Wai, Eagle Mate Limited and Mander International Limited and their respective associates after the open offer, shall represent 28.99% of the issued share capital of the Company on fully diluted basis.
4. Mr. Cheung Kwok Wai, Elton, an executive Director, is deemed to be interested in 1,256,897 shares which would fall to be issued upon exercise of the 1,256,897 share options of the Company. Mr. Cheung Kwok Wai, Elton also owns 1,053,853 shares in his personal capacity.

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 schemes have been set out in the note 39 to the financial statements as included in the annual report of the Company for the year ended 31 March 2008.

Other Information

Details of the Company's share options granted under the Share Option Scheme are as follows:

Type of participant	Date of grant	Exercise price (Note 1)	Exercise period	Outstanding at 1/4/2008 (Note 1)	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period (Note 1)	Outstanding at 31/12/2008 (Note 1)
Directors	30/10/2007	HK\$1.488	30/10/2007 to 29/10/2017	249,327	-	-	-	(249,327)	-
Employees and consultants	30/10/2007	HK\$1.488	30/10/2007 to 29/10/2008	1,745,089	-	-	(1,745,089)	-	-
Directors	29/11/2007	HK\$1.180	29/11/2007 to 28/11/2017	174,526	-	-	-	(174,526)	-
Employees and consultants	29/11/2007	HK\$1.180	29/11/2007 to 28/11/2008	3,714,949	-	-	(3,714,949)	-	-
Directors, employees and consultants	25/2/2008	HK\$1.140	25/2/2008 to 24/2/2011	1,924,685	-	-	-	-	1,924,685
Directors, employees and consultants	28/4/2008	HK\$1.018	28/4/2008 to 27/4/2011	-	12,358,198	-	-	(833,043)	11,525,155
				7,808,576	12,358,198	-	(5,460,038)	(1,256,896)	13,449,840

Note:

- The exercise prices and numbers of share options have been adjusted due to the completion of the share consolidation on 20 June 2008.

Other Information

DIRECTORS AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at 31 December 2008, 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 31 December 2008, 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:

Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	Total interest in shares (Note 1)	Percentage of the Company's issued share capital
Mr. Lei Hong Wai	Personal and interest of controlled corporation (Note 2)	22,839,853	342,825,574	365,655,427	290.92%
Ms. Lok Hoi Yan	Interest of controlled corporation (Note 2)	21,786,000	332,074,000	353,860,000	281.53%
Business Power Holdings Limited	Beneficial owner (Note 2)	21,786,000	332,074,000	353,860,000	281.53%

Other Information

Name of shareholder	Capacity	Interest in shares (Note 1)	Interest in underlying shares (Note 1)	Total interest in shares (Note 1)	Percentage of the Company's issued share capital
Eagle Mate Limited	Beneficial owner (Note 2)	18,000,000	162,000,000	180,000,000	143.21%
Mander International Limited	Beneficial owner (Note 2)	3,786,000	170,074,000	173,860,000	138.32%
Mr. Leong Chi Meng	Interest of controlled corporation (Note 3)	17,142,857	–	17,142,857	13.87%
Ms. Ung Sin Han	Interest of controlled corporation (Note 3)	17,142,857	–	17,142,857	13.87%
Billion Era Group Limited	Beneficial owner (Note 3)	17,142,857	–	17,142,857	13.87%
Mr. Heung Wah Keung	Interest of controlled corporation (Note 4)	10,909,090	518,134	11,427,224	9.09%
Ms. Chen Ming Yin, Tiffany	Interest of controlled corporation (Note 4)	10,909,090	518,134	11,427,224	9.09%
Porterstone Limited	Interest of controlled corporation (Note 4)	10,909,090	518,134	11,427,224	9.09%
Kingston Securities Limited	Other (Note 5)	–	789,648,704	789,648,704	62.82%
Ms. Chu Yuet Wah	Interest of controlled corporation (Note 5)	–	789,648,704	789,648,704	62.82%
Ms. Ma Siu Fong	Interest of controlled corporation (Note 5)	–	789,648,704	789,648,704	62.82%

Other Information

Notes:

- (1) The numbers of shares have been adjusted due to completion of share consolidation on 20 June 2008.
- (2) 3,786,000 shares and 18,000,000 shares are held by Mander International Limited and Eagle Mate Limited respectively. Both companies are wholly and beneficially owned by Business Power Holdings Limited which is jointly owned by Mr. Lei Hong Wai, an executive Director, and his spouse, Ms. Lok Hoi Yan. Mr. Lei Hong Wai also owns 1,053,853 shares in his personal capacity and is deemed to be interested in 1,256,897 shares which would fall to be issued upon exercise of the 1,256,897 shares options. In accordance with the Open Offer of 1,131,207,381 offer shares on the basis of nine offer shares for every one existing share held on the record date of which the details had been set out in the Company's circular dated 29 December 2008, Mr. Lei Hong Wai has given an undertaking (a) to subscribe for or procure subscriptions for: (i) 9,484,677 offer shares to which Mr. Lei Hong Wai is entitled under the Open Offer; (ii) 162,000,000 offer shares to which Eagle Mate Limited is entitled under the Open Offer; and (iii) 34,074,000 offer shares to which Mander International Limited is entitled under the Open Offer and (b) to procure subscription by Mander International Limited for 136,000,000 offer shares under excess application forms, which, when fully allotted and issued under the Open Offer and together with all shares held by Mr. Lei Hong Wai, Eagle Mate Limited and Mander International Limited and their respective associates after the open offer, shall represent 28.99% of the issued share capital of the Company on fully diluted basis.
- (3) These shares are beneficially owned by Billion Era Group Limited, which is wholly and beneficially owned by Mr. Leong Chi Meng. Ms. Ung Sin Han is the spouse of Mr. Leong Chi Meng, accordingly, she is deemed to be interested in the shares held by Billion Era Group Limited.
- (4) Classical Statue Limited is interested in 10,909,090 shares and 518,134 underlying shares and is a company wholly-owned by Glenstone Investments Limited, which in turn owned as to 60% by Porterstone Limited and as to 40% by Mr. Heung Wah Keung. Ms. Chen Ming Yin, Tiffany is the spouse of Mr. Heung Wah Keung, accordingly, she is deemed to be interested in the shares held by Classical Statue Limited.
- (5) Kingston Securities Limited was deemed to be interested in 789,648,704 shares by virtue of its capacity as the underwriter pursuant to the underwriting agreement of the Open Offer of which the details had been set out in the Company's circular dated 29 December 2008. Ms. Chu Yuet Wah and Ms. Ma Siu Fong own 51% and 49% interest in Kingston Securities Limited respectively.

Other Information

Save as disclosed above, at 31 December 2008, 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 31 December 2008, 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 nine months ended 31 December 2008.

CORPORATE GOVERNANCE

For the nine months ended 31 December 2008, 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. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic. The audit committee has reviewed the Group's unaudited consolidated financial statements for the nine months ended 31 December 2008.

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Lei Hong Wai (Chairman), Mr. Cheung Kwok Wai, Elton and the independent non-executive directors are Mr. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic.

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

Hong Kong, 2 February 2009