



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)

THIRD QUARTERLY REPORT
2008/2009

For the nine months ended
31 December, 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 high 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.

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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.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER, 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 and nine months ended 31 December, 2008 together with the comparative unaudited figures for the corresponding period of 2007 as follows:

		(Unaudited) Three months ended 31 December,		(Unaudited) Nine months ended 31 December,	
	Notes	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	2	1,435	6,914	14,831	28,027
Cost of sales		(2,454)	(5,703)	(13,651)	(23,989)
Gross (loss)/profit		(1,019)	1,211	1,180	4,038
Other revenue		24	670	353	3,441
Distribution costs		(43)	(165)	(211)	(919)
Administrative expenses		(11,169)	(6,230)	(28,103)	(17,694)
Other operating expenses		(405)	(3,511)	(1,093)	(8,929)
Loss from operations		(12,612)	(8,025)	(27,874)	(20,063)
Finance costs	3	(7,242)	(270)	(7,408)	(1,151)
Loss before taxation		(19,854)	(8,295)	(35,282)	(21,214)
Taxation	4	-	-	-	-
Loss for the period	7	(19,854)	(8,295)	(35,282)	(21,214)
Attributable to:					
Equity holders of the Company		(19,847)	(8,295)	(35,275)	(21,208)
Minority Interest		(7)	-	(7)	(6)
		(19,854)	(8,295)	(35,282)	(21,214)
Dividend	6	-	-	-	-
Loss per share					
- basic	5	(0.94) HK cent	(1.13) HK cent	(1.71) HK cent	(3.34) HK cents
- diluted		-	-	-	-

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.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group in this interim period.

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:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December,		31 December,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	1,180	6,295	7,355	21,636
Sub-licensing of film rights and copy rights	255	619	7,476	2,732
Film exhibition and film distribution income	–	–	–	3,659
	<u>1,435</u>	<u>6,914</u>	<u>14,831</u>	<u>28,027</u>

3. Finance costs

	(Unaudited)		(Unaudited)	
	Three months ended 31 December, 2008		Nine months ended 31 December, 2008	
	2007	2007	2007	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effective interest on convertible bonds	6,775	–	6,775	–
Effective interest on promissory note	449	–	449	–
Bank borrowings wholly repayable within five years	18	270	184	1,151
	<u>7,242</u>	<u>270</u>	<u>7,408</u>	<u>1,151</u>

4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profits for both periods.

The Group had no assessable profits in other jurisdictions for both periods.

5. Loss per share

The calculation of the basic loss per share is based on the Groups unaudited loss attributable to shareholders for the three months and nine months ended 31 December, 2008 of approximately HK\$19,847,000 and HK\$35,275,000 respectively (three months and nine months ended 31 December, 2007: loss for the period of approximately HK\$8,295,000 and HK\$21,208,000 respectively) and the weighted average number of approximately 2,117,186,000 and 2,063,538,000 ordinary shares respectively for the three months and nine months ended 31 December, 2008 (three months and nine months ended 31 December, 2007: approximately 735,004,000 and 635,535,000 ordinary shares).

No diluted loss per share has been presented for both periods since all outstanding share options were anti-dilutive.

6. Interim Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 31 December, 2008 (nine months ended 31 December 2007: Nil).

7. Reserves

<i>(Unaudited)</i>	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Equity component of	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
						convertible debts <i>HK\$'000</i>		
At 1 April, 2007	4,849	17,697	10,440	68	3,055	-	(37,094)	(985)
Issue of new shares on exercise of share options	192	5,646	-	-	(2,698)	-	-	3,140
Issue of convertible notes	-	-	-	-	-	212	-	212
Issue of new shares upon conversion of convertible notes	183	5,821	-	-	-	(212)	-	5,792
Issue of share under placement	786	21,579	-	-	-	-	-	22,365
Issue of new shares upon open offer	3,005	12,020	-	-	-	-	-	15,025
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	-	(87)	-	-	-	(87)
Loss for the period	-	-	-	-	-	-	(21,208)	(21,208)
At 31 December, 2007	<u>9,015</u>	<u>62,763</u>	<u>10,440</u>	<u>(19)</u>	<u>357</u>	<u>-</u>	<u>(58,302)</u>	<u>24,254</u>
At 1 April, 2008	19,325	105,173	10,440	83	320	-	(84,609)	50,732
Issue of new shares on acquisition of subsidiaries	5,000	345,000	-	-	-	-	-	350,000
Issue of convertible bonds	-	-	-	-	-	3,807,145	-	3,807,145
Issue of shares under placement	1,140	48,111	-	-	-	-	-	49,251
Exchange difference on translation of the financial statements of foreign subsidiaries	-	-	-	73	-	-	-	73
Acquisition of subsidiaries	-	-	(815)	-	-	-	-	(815)
Loss for the period	-	-	-	-	-	-	(35,275)	(35,275)
At 31 December, 2008	<u>25,465</u>	<u>498,284</u>	<u>9,625</u>	<u>156</u>	<u>320</u>	<u>3,807,145</u>	<u>(119,884)</u>	<u>4,221,111</u>

BUSINESS AND FINANCIAL REVIEW

ACQUISITION OF SUBSIDIARIES

On 18 December 2008 the Group completed the acquisition of First Pine Enterprises Limited (“First Pine”), a company incorporated in the British Virgin Islands with limited liability, and its group companies including the Philippines operation subsidiary, Mt. Mogan Resources & Development Corporation (“Mogan”) (collectively the “Mogan Group”), through its wholly owned subsidiary, Black Sand Enterprises Limited (“Black Sand”), at total consideration of HK\$5,700 million which was satisfied as to (i) HK\$40 million cash paid on 9 April 2008; (ii) HK\$200 million promissory note issued by Black Sand on 18 December 2008; (iii) HK\$350 million consideration shares issued at HK\$0.70 per share on 19 December 2008 and (iv) 10 year zero coupon convertible bonds of HK\$5,110 million issued on 18 December 2008. After the acquisition the Company has 64% direct and indirect equity interests in Mogan.

Principal business activity of Mogan Group is to explore and exploit the iron ore potential in the Leyte Gulf area of The Philippines. As at 31 December 2008 Mogan has not yet obtained mining permit from the relevant local authorities. No turnover was recorded for Mogan for the nine months ended 31 December 2008.

On 30 September 2008 a convertible loan agreement was entered into with an unrelated private limited liability company (the “Lender”) for a convertible loan of the principal amount of Euro 200 million. Under the agreement the loan tenure is 3 years at interest rate of 3.0% per annum. The loan will be automatically converted into ordinary shares of the Company at conversion price of HK\$1.11678 per share subject to certain conditions. Due to the recent financial crisis there has been no drawdown of the loan as at 31 December 2008.

During the nine months ended 31 December, 2008, turnover for the period reduced to HK\$14,831,000, a 47.1% decrease from HK\$28,027,000 for the same period last year. Sales of goods dropped to HK\$7,355,000, HK\$14,281,000 lower than the same period last year. Sub-licensing of film rights and copy rights increased to HK\$7,476,000, HK\$4,744,000 higher than the same period last year.

Gross profit of the Group during the nine months ended 31 December, 2008 dropped to HK\$1,180,000, HK\$2,858,000 lower than the same period last year. The Group’s net loss increased to HK\$35,282,000, HK\$14,068,000 higher than the same period last year mainly due to higher administrative expenses of HK\$28,103,000 which was HK\$10,409,000 higher than the same period last year.

OUTLOOK

Subsequent to the acquisition of First Pine, the Board is presently in discussion to possibly re-define the Company’s principal activities to the business of exploration, exploitation and trading of mineral resources.

Thus far, the first phase of the exploration program, the geophysical survey, has been completed while the second phase entailing the geotechnical survey has commenced.

The management is confident that, given the People's Republic of China's ("PRC") rapidly growing economy and their demand for steel products, market prices for iron ore, as the main raw material for the production of steel, should recover from the recent setbacks resulting from the prevailing global financial crisis to continue on an uptrend in near to medium term. Outcome of the annual, but ongoing, contract price negotiations between the PRC and the three major ore suppliers, Companhia Vale do Rio Doce, BHP Biliton Limited, and Rio Tinto Group Plc, should provide support to stabilize iron ore prices across the board.

From the Company's perspective, there are positive aspects resulting from current economic conditions. Projected operating costs have been lower driving down the required capital investment needed to commence mining operations. Further, the slowdown has also free up the global dredging capacity making this resource accessible at a more reasonable cost.

Even with the recent softening of iron ore prices, the directors are of the opinion that, given the current proposed cost structure, the Mogan Group will bring in a promising and steady stream of future cash flow once it commences operations.

The Group's previous investments in the animation character "Pleasant Goat & Big Big Wolf" has been proven fruitful. The PRC-produced character animation movie shown in many PRC cities during the Chinese New Year period received outstanding responses. The Group is looking forward to the crystalization of benefits from the related character copy rights licensing in the next fiscal year after the film show.

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

As at 31 December, 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	70,000,000	2.75	Interest of controlled corporation (<i>Note 1</i>)
Yin Mark Teh-min	2,500,000	0.10	Family interests
	380,000	0.01	Beneficial owner
Sub-total:	2,880,000	0.11	(<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 2,500,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 2,500,000 Shares. Mr. Yin also holds 380,000 Shares as beneficial owner. Therefore Mr. Yin is interested and deemed to be interested in 2,880,000 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 31 December, 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	512,700,000	20.14	Beneficial owner
Wong, Eva	514,960,000	20.22	Interest of controlled corporation
Ho Kin	130,390,000	5.12	Beneficial owner

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	5,100,000,000	200.27	Beneficial owner (<i>Note 1</i>)
Wong, Eva	5,100,000,000	200.27	Interest of controlled corporation (<i>Note 1</i>)

Notes:

1. This represents the principal amount of approximately US\$457,692,307.69 of convertible bonds (which upon conversion in full will result in the allotment and issue of 5,100,000,000 Shares), which have been issued to Kesterion Investments Limited on 18 December 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong.

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 nine months ended 31 December, 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 31 December, 2008. 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.

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 nine months ended 31 December, 2008.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises four members of which one is non-executive Director namely Mr. Yin Mark Teh-min and three independent non-executive Directors, namely, Mr. Lai Kai Jin, Michael, Mr. Ng Yat Cheung, JP and Mr. Chan Siu Wing, Raymond. The chairman of the Audit Committee is Mr. Chan Siu Wing, Raymond. 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
Kwong Wai Ho, Richard
Executive Director

Hong Kong, 27 February, 2009

As at the date of this report, the Board comprises two executive Directors, Mr. Kwong Wai Ho, Richard and Mr. Wong Chung Yu, Denny, one non-executive Director, Mr. Yin Mark Teh-min, and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Ng Yat Cheung, JP and Mr. Chan Siu Wing, Raymond.