



采藝 多媒體控股有限公司
Brilliant Arts Multi-Media Holding Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8130)

First Quarterly Report
First Quarterly Report **2009**

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

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This report, for which the directors (the “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 three months ended 30 June 2009 was approximately HK\$354,000 representing a decrease of approximately 12.2% as compared to the corresponding period in 2008.
2. Loss attributable to equity holders of the Company for the three months ended 30 June 2009 was approximately HK\$2.2 million.
3. Loss per share of the Group was approximately HK1.74 cents for the three months ended 30 June 2009 (2008: loss per share of HK38.55 cents).
4. The Board does not recommend the payment of any dividend for the three months ended 30 June 2009.

UNAUDITED QUARTERLY 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 three months ended 30 June 2009, together with the comparative unaudited figures for the corresponding period in 2008 as follows:

	Notes	Three months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	2	354	403
Cost of sales		-	-
Gross profit		354	403
Other revenue and other income	2	652	425
Other operating expenses		(1,594)	(5,876)
Change in fair value in respect of conversion options embedded in convertible notes receivables		(1,610)	-
Loss from operations		(2,198)	(5,048)
Finance costs	3	(26)	(40)
Loss before taxation		(2,224)	(5,088)
Taxation	4	-	-
Loss for the period		(2,224)	(5,088)
Dividend		-	-
Loss per share	5	HK cents	HK cents
- Basic and diluted		(1.74)	(38.55)

NOTES TO THE FIRST QUARTERLY RESULTS

1. BASIS OF PREPARATION

The Group's unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited consolidated results comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 June 2009 and 2008 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009. The consolidated results are unaudited but have been reviewed by the audit committee.

In the three months ended 30 June 2009, the Group had applied for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by HKICPA that are effective for accounting periods beginning on or after 1 January 2009. The adoption of the new HKFRSs 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 AND OTHER REVENUE

The principal activities of the Group are film production and film distribution, as well as properties investment.

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

	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Turnover:		
Film production	–	–
Film distribution	–	–
Gross rentals from investment properties	354	403
	354	403
Other revenue:		
Interest income	3	425
Imputed interest income	649	–
	652	425
Total income	1,006	828

The following table is an analysis of the turnover of the Group by geographical region for the three months ended 30 June 2009 and 2008:

	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	–	–
Overseas	354	403
	354	403

3. FINANCE COSTS

	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
Bank loan wholly repayable within five years	26	37
Effective interest expenses on convertible bonds wholly repayable within five years	–	3
	26	40

4. TAXATION

No provision for Hong Kong profits tax has been made in the unaudited consolidated financial statements as the Group has no assessable profits in Hong Kong for the three months ended 30 June 2009 (2008: Nil).

No provision for income tax was made as the Company's overseas subsidiaries did not have taxable income for the three months ended 30 June 2009 (2008: Nil).

5. LOSS 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 30 June 2009 of approximately HK\$2.2 million (2008: loss of approximately HK\$5.1 million) and on the weighted average of 127,816,765 shares in issue during the three months period ended 30 June 2009 (three months period ended 30 June 2008: 13,197,419 shares, as adjusted). The comparative figure of basic loss per share for the three months ended 30 June 2008 had been re-calculated to reflect the share consolidation taken place on 11 May 2009.

The conversion of all potential ordinary shares arising from share options granted by the Company would have an anti-dilutive effect on the loss per share for the three months ended 30 June 2009.

For the three months ended 30 June 2008, the diluted loss per share is the same as the basic loss per share 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.

6. CHANGES IN EQUITY

	Share capital	Share premium	Contributed surplus	Share-based	Convertible	Translation reserve	Distributable	Accumulated losses	Total
				compensation reserve	Bonds reserve		capital reduction reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	125,690	65,568	10	2,671	250	(292)	-	(29,928)	163,969
Loss for the period	-	-	-	-	-	-	-	(5,088)	(5,088)
Capital reduction	(124,433)	-	-	-	-	-	87,244	37,189	-
Recognition of equity-settled share-based payments	-	-	-	4,908	-	-	-	-	4,908
Exchange difference arising on translation of financial statements of foreign operation	-	-	-	-	-	120	-	-	120
At 30 June 2008	1,257	65,568	10	7,579	250	(172)	87,244	2,173	163,909
At 1 April 2009	12,569	98,535	87,254	4,200	-	(2,288)	-	(9,594)	190,676
Loss for the period	-	-	-	-	-	-	-	(2,224)	(2,224)
Shares issue upon exercise of share options	251	600	-	(223)	-	-	-	-	628
Capital reduction	(11,538)	(99,135)	110,673	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	482	-	-	-	-	482
Exchange difference arising on translation of financial statements of foreign operation	-	-	-	-	-	784	-	-	784
At 30 June 2009	1,282	-	197,927	4,459	-	(1,504)	-	(11,818)	190,346

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 30 June 2009 (2008: Nil).

BUSINESS REVIEW

For the three months ended 30 June 2009, the Group recorded a turnover of approximately HK\$354,000 (2008: HK\$403,000). The Group did not have revenue generated from the business segment of film production and film distribution in the current period. All the revenue was generated from the leasing of the investment property located at Canada.

On 26 November 2008, the Company entered into a subscription agreement with Golife Concepts Holdings Limited, whose shares are listed on the GEM of the Stock Exchange, in respect of the subscription of convertible bonds in an aggregate principal amount of HK\$100 million in five tranches of HK\$20 million each (the "Subscription"). The Subscription constituted 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 shareholder at the extraordinary general meeting held on 14 January 2009. The Company subscribed the convertible bonds in the principal amount of HK\$100 million on 28 April 2009.

FINANCIAL REVIEW

Loss attributable to equity holders for the period ended 30 June 2009 amounted to approximately HK\$2.2 million (2008: loss of approximately HK\$5.1 million). Such loss was mainly attributed to the change in fair value in respect of conversion options embedded in convertible notes receivables of approximately HK\$1.6 million which was recorded in accordance with a valuation report issued by an independent valuer. Excluding the change in fair value in respect of conversion options embedded in convertible notes receivables of approximately HK\$1.6 million and the share-based payment expenses of approximately HK\$482,000, loss after taxation for the period was approximately HK\$0.2 million.

Other operating expenses decreased by 72.9% to approximately HK\$1.6 million from HK\$5.9 million in prior year. Such decrease was mainly attributed to the decrease in share-based payment expenses.

Finance costs decreased by 35.0% to approximately HK\$26,000 from HK\$40,000 in prior year. The decrease of approximately HK\$14,000 was mainly attributed to the decrease in interest on bank loan wholly repayable within five years.

PROSPECT

Following the introduction of various economic rescue or stimulating measures by government around the globe, the overall economic climate around the globe have become improved and stabilised. We remain cautiously hopeful the improving trend will be sustained and will turn to recovery of the economy.

The production of a film, titled "Written By" 「再生號」 (formerly titled "Missing" 「思念」), by a subsidiary of the Company had been completed. The film was awarded as the opening film of the 2009 New York Asia Film Festival and had been released for exhibition in local cinemas on 9 July 2009. The Board expects that income will be generated from the segment of film production and film distribution in the coming quarters.

On 15 June 2009, the Company has entered into a non legal binding Memorandum of Understanding (the "MOU") with Golden Harvest Limited (the "Vendor") in relation to the possible acquisition of the entire issued share capital of Sunny Chance Limited (the "Target Company") which is principally engaged in the development and provision of custom built wireless radio frequency identification application system in both local area network and metropolitan area network to the healthcare sector in the PRC. On 29 June 2009, the Company has entered into an agreement whereby the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company at a maximum total consideration of HK\$1,500 million (the "Acquisition"), subject to downward adjustment based on the valuation on a dollar-for-dollar basis. As at the date of this report, the Acquisition has not yet been completed.

On 15 June 2009, the Company has entered into a placing agreement with placing agent, Kingston Securities Limited, pursuant to which, the Company has conditionally agreed to place, through the placing agent, up to 2,500,000,000 placing shares by tranches provided that the number of placing shares for each tranche is in integral multiples of 1,000,000, on a best effort basis, to independent investors at a price of HK\$0.1 per placing share. The gross proceeds and the net proceeds from the placing will be approximately HK\$250 million and approximately HK\$247 million respectively which are intended to be used for financing the Acquisition and general working capital of the Group. Owing to the uncertain outlook of the current market situation, the Company and the placing agent have mutually agreed to terminate the placing agreement on 20 July 2009. In view of the termination of the placing, the Group will re-allocate its internal resources and consider other financial alternatives to finance the Acquisition.

Looking forward, the Group will not only continue to focus on its business of film production and film distribution and properties investment, but also continue to seek for new investment opportunities. The Board will continue to put its best efforts to produce good economic results and better return to the shareholders.

CAPITAL REORGANISATION AND CHANGE OF BOARD LOT SIZE

Pursuant to the resolutions passed on 30 March 2009, the domicile of the Company was changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. Capital reorganisation was effected by way of (i) the transfer of the entire amounts standing to the credit of each of the share premium account and the distributable capital reduction reserve to the contributed surplus accounts of the Company; (ii) after the change of domicile of the Company from the Cayman Islands to Bermuda, share consolidation whereby every ten issued shares of HK\$0.01 each in the share capital of the Company be consolidated into one issued consolidated share of HK\$0.1 each ("Consolidated Shares"); (iii) capital reduction of issued share capital by reducing the par value of each of the issued Consolidated Shares from HK\$0.1 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each issued Consolidated Shares. The change of domicile and capital reorganisation were completed on 20 April 2009 and 11 May 2009 respectively.

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

As at 30 June 2009, the interests and short position of the directors and chief executives 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	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. Lee Chan Wah	10 (Note 2)	87,033 (Note 2)	87,043	0.07%

Notes:

1. The numbers of shares have been adjusted due to completion of share consolidation on 11 May 2009.
2. Mr. Lee Chan Wah, an executive Director, owns 10 shares in his personal capacity and is deemed to be interested in 87,033 shares which would fall to be issued upon exercise of the 87,033 share options of the Company.

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 36 to the financial statements as included in the annual report of the Company for the year ended 31 March 2009.

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

Date of grant	Category of eligible persons	Exercise Price (Note 1)	Exercise Period	Outstanding at 31/3/2009 (Note 1)	Granted during the period (Note 1)	Exercised during the period (Note 1)	Lapsed during the period	Cancelled during the period	Outstanding at 30/6/2009 (Note 1)
25/02/2008	Directors	HK\$10.91	25/02/2008 to 24/02/2011	65,820	-	-	-	-	65,820
	Consultants	HK\$10.91	25/02/2008 to 24/02/2011	65,820	-	-	-	-	65,820
28/04/2008	Directors	HK\$9.74	28/04/2008 to 27/04/2011	21,213	-	-	-	-	21,213
	Consultants	HK\$9.74	28/04/2008 to 27/04/2011	549,334	-	-	-	-	549,334
	Employees	HK\$9.74	28/04/2008 to 27/04/2011	349,668	-	-	-	-	349,668
27/03/2009	Consultants	HK\$0.20	27/03/2009 to 26/03/2010	626,897	-	-	-	-	626,897
	Employees	HK\$0.20	27/03/2009 to 26/03/2010	630,000	-	-	-	-	630,000
09/04/2009	Consultants	HK\$0.25	08/04/2010 to 08/04/2011	-	3,770,691	(2,513,794)	-	-	1,256,897
	Employees	HK\$0.25	08/04/2010 to 08/04/2011	-	2,251,158	-	-	-	2,251,158
				2,308,752	6,021,849	(2,513,794)	-	-	5,816,807

Note:

- The exercise prices and numbers of options have been adjusted due to completion of share consolidation on 11 May 2009.

DIRECTORS AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at 30 June 2009, 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 30 June 2009, 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 10% 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)	29,559,853	1,256,896	30,816,749	24.04%
Ms. Lok Hoi Yan	Interest of controlled corporation (Note 2)	28,506,000	–	28,506,000	22.23%
Business Power Holdings Limited	Interest of controlled corporation (Note 2)	28,506,000	–	28,506,000	22.23%
Eagle Mate Limited	Beneficial owner (Note 2)	18,000,000	–	18,000,000	14.04%
Mander International Limited	Beneficial owner (Note 2)	10,506,000	–	10,506,000	8.19%
Growth Harvest Limited	Beneficial owner (Note 3)	–	7,500,000,000	7,500,000,000	5,850.07%

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
Success Portal Limited	Interest of controlled corporation (Note 3)	-	7,500,000,000	7,500,000,000	5,850.07%
Treasure Bonus Limited	Interest of controlled corporation (Note 3)	-	7,500,000,000	7,500,000,000	5,850.07%
Mr. Lum Chor Wah, Richard	Interest of controlled corporation (Note 3)	-	7,500,000,000	7,500,000,000	5,850.07%
Ms. Tan Ting Ting	Interest of controlled corporation (Note 3)	-	7,500,000,000	7,500,000,000	5,850.07%

Notes:

- (1) The numbers of shares have been adjusted due to completion of share consolidation on 11 May 2009.
- (2) 10,506,000 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 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 1,256,896 shares which would fall to be issued upon exercise of the 1,256,896 share options of the Company.
- (3) Growth Harvest Limited ("Growth Harvest") is deemed to be interested in 7,500,000,000 shares pursuant to the conditional sale and purchase agreement dated 29 June 2009 entered into between Growth Harvest and the Company. Each of Success Portal Limited ("Success Portal") and Treasure Bonus Limited ("Treasure Bonus") own 36% of the issued share capital of Growth Harvest and Success Portal and Treasure Bonus are wholly and beneficially owned by Mr. Lum Chor Wah, Richard and Ms. Tan Ting Ting respectively. Success Portal, Treasure Bonus, Mr. Lum Chor Wah, Richard and Ms. Tan Ting Ting are deemed to be interested in such 7,500,000,000 shares.

Save as disclosed above, at 30 June 2009, 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 30 June 2009, 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 three months ended 30 June 2009.

CORPORATE GOVERNANCE

For the three months ended 30 June 2009, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules.

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 three months ended 30 June 2009.

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Lee Chan Wah and Mr. Ho Ka Wai 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
Lee Chan Wah
Executive Director

Hong Kong, 6 August 2009