



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)

2010

First Quarter Report

For the three months ended 30 June 2009

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.

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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 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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.

BUSINESS AND FINANCIAL REVIEW

On 29 June 2009, the Company completed the disposal of Datewell Group & CPE Program to an independent third party ("Purchaser") for a nominal cash consideration of HK\$100.

The Datewell Group is principally engaged in the licensing of animation characters and design, co-production and distribution of animation characters, animation and related merchandises.

CPE Program was incorporated on 22 March 2007. On 18 May 2007, CPE Program acquired the copy right of "Pleasant Goat and Big Big Wolf", a television cartoon series, from the vendor (廣東原創動力文化傳播有限公司) for a consideration of HK\$15,000,000 in accordance with the sale and purchase agreement dated 16 April 2007.

On the date of completion Datewell Group & CPE Program had net liabilities of approximately HK\$26,449,000 & HK\$15,018,000 respectively which included outstanding shareholder advances payable to the Company of approximately HK\$29,062,000 & HK\$6,005,000 respectively which had been fully assigned to the Purchaser on the same date. The Group recorded a disposal gain of approximately HK\$5,103,000 during the 3 month period ended 30 June 2009.

Further details of the disposal can be found in the Company's announcement dated 24 June 2009.

On 21 July 2009, the Company entered into a sale and purchase agreement with another independent third party for the sale of Panorama Entertainment Group Ltd and its subsidiaries ("Panorama Group") at a nominal cash consideration of HK\$100 ("Disposal"). Completion of the Disposal is conditional on the approval by shareholders and provision of a set of management accounts of Panorama Group made up to 31 August 2009.

Panorama Group is principally engaged in the business of acquiring film rights, producing Chinese films and theatrical releases, distributing home video entertainment - in both video compact disc ("VCD") and digital video disc ("DVD") formats - across popular genres to East Asian and Southeast Asian market, and sub-licensing of distribution rights.

As at 30 June 2009, Panorama Group had net liabilities of approximately HK\$42,555,000 which included an outstanding shareholder advance payable to the Company of approximately HK\$17,241,000. The Group expects to recognise a gain on disposal of approximately HK\$25,314,000 upon completion of the Disposal.

Further details of the Disposal can be found in the Company's circular dated 11 August 2009.

During the quarter ended 30 June, 2009 turnover for the period increased to HK\$8,627,000, a 93.7% increase from HK\$4,454,000 for the same period last year. Sales of video products dropped to HK\$2,597,000, HK\$1,357,000 lower than the same period last year. Sub-licensing of film rights and copy rights increased to HK\$1,755,000, HK\$1,256,000 higher than the same period last year. Sales of metal recorded HK\$4,275,000 during the quarter (last year: nil).

Gross profit of the Group during the quarter increased to HK\$786,000, HK\$621,000 higher than the same period last year. The Group's net loss increased to HK\$91,419,000, HK\$86,901,000 more than the same period last year mainly due to the non-cash imputed finance costs of approximately HK\$89,763,000 arose for accounting for the convertible bonds and promissory note according to the requirements of Hong Kong Accounting Standards.

OUTLOOK

In view of the prevailing circumstances surrounding the Company's two principal businesses, the Group, since March 2008, has been actively seeking for other opportunities to widen its scope of business and to increase revenue sources. On 18 December 2008 Black Sand Enterprises Limited ("Black Sand"), a wholly owned subsidiary of the Company, completed the acquisition of a direct and indirect 64% major stake in Mt. Mogan Resources and Development Corporation ("Mogan"). Mogan, a Philippine national company, is the holder of 41,093.85 hectares of offshore magnetite mining claims along the municipalities of Tacloban, Tanauan, Tolosa, Dulag, Mayorga, MacArthur and Abuyog in Leyte Province and Basey and Marabut in Samar Province of the Philippines.

Black Sand has also secured the right to further acquire a major stake in two other offshore mining claims in the Philippines, a mining area of 17,205.22 hectares in Negros Occidental Province along the municipalities of Ilog, Suay, Himanaylan, Binalbagan, and Hinigaran and 15,535.82 hectares in Surigao del Sur Province along the municipalities of Tandag and Cagwait.

During the 3 months ended 30 June 2009, Mogan has commenced exploration activities within the mining area in the Leyte Gulf in preparation of commencing a mineral exploitation operations. The Group has also begun to engage in the trading business of precious metal and scrapped metals mainly for early participation in the promising metal trading.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE, 2009 (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, 2009 together with the comparative unaudited figures for the corresponding period of 2008 as follows:

		Three months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
	Notes		
Continuing operations			
Turnover	3	5,257	3,551
Cost of sales		(5,047)	(3,162)
Gross profit		210	389
Other revenue		1	3
Other income		1,071	3,648
Administrative expenses		(3,574)	(6,250)
Other expenses		(295)	(255)
Gain on disposal of subsidiaries		5,103	—
Share of results of associates		(4)	—
Profit/(Loss) from operations		2,512	(2,465)
Finance costs		(89,948)	(106)
Loss before taxation		(87,436)	(2,571)
Income tax	4	—	—
Loss for the period from continuing operations		(87,436)	(2,571)
Loss for the period from discontinued operation	5	(3,983)	(1,947)
Loss for the period		(91,419)	(4,518)
Loss attributable to:			
Equity holders of the Company		(91,319)	(4,518)
Minority interest		(100)	—
		(91,419)	(4,518)
Loss per share	6	HK cent	HK cent
for loss attributable to equity holders of the Company (basic and diluted)			
From continuing operations		(2.25)	(0.12)
From discontinued operation		(0.10)	(0.10)
From continuing and discontinued operations		(2.35)	(0.22)

Notes:

1. General Information

Intelli-Media Group (Holdings) Limited (the "Company") is an exempt company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its principal business is investment holding.

2. 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, 2009.

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 period.

3. Turnover

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

	Continuing operations		Discontinued operation		Consolidated	
	3 months ended 30 June		3 months ended 30 June		3 months ended 30 June	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Sales of video products	541	3,175	2,056	779	2,597	3,954
Sub-licensing of film rights	441	376	1,314	124	1,755	500
Sales of metal	4,275	—	—	—	4,275	—
	<u>5,257</u>	<u>3,551</u>	<u>3,370</u>	<u>903</u>	<u>8,627</u>	<u>4,454</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. Discontinued operation

On 29 June 2009, the Company completed the disposal of Datewell Group & CPE Program to an independent third party ("Purchaser") for a nominal cash consideration of HK\$100.

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Results of the discontinued operation:

	3 months ended 30 June	
	2009	2008
	HK'000	HK'000
Revenue	3,370	903
Expenses	(7,353)	(2,850)
Loss before tax	(3,983)	(1,947)
Taxation	—	—
Loss after tax	(3,983)	(1,947)

6. 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, 2009 of approximately HK\$91,319,000 (2008: approximately HK\$4,518,000) and the weighted average number of approximately 3,888,292,000 ordinary shares respectively for the three months ended 30 June, 2009 (2008: approximately 2,046,534,000 ordinary shares).

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

7. Reserves

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Equity component of convertible bonds HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April, 2008 (audited)	19,325	105,173	10,440	83	—	320	(84,609)	50,732
Issue of new shares	1,140	48,110	—	—	—	—	—	49,250
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)	20,465	153,283	10,440	144	—	320	(89,127)	95,525
At 1 April, 2009 (audited)	35,465	917,391	10,440	156	3,545,975	320	(247,469)	4,262,278
Issue of new shares	10,000	715,262	—	—	—	—	—	725,262
Recognition of equity component of convertible notes	—	—	—	—	(562,853)	—	—	(562,853)
Loss for the period	—	—	—	—	—	—	(91,319)	(91,319)
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	—	(8)	—	—	—	(8)
At 30 June, 2009 (unaudited)	45,465	1,632,653	10,440	148	2,983,122	320	(338,788)	4,333,360

8. Interim Dividend

The Directors do not recommend the payment of a dividend for the three months ended 30 June, 2009 (2008: Nil).

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

As at 30 June 2009, the interests and short positions of each Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings 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 SFO (including interests and short positions which he was taken or deemed to have under such provisions of 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
Kwong Wai Ho, Richard	20,000,000	0.44	Beneficial owner
Yin Mark Teh-min	2,500,000	0.05	Family interests
	380,000	0.01	Beneficial owner
Sub-total:	2,880,000	0.06	(Note 1)
Chu Hung Lin, Victor	3,000,000	0.07	Family interests
	1,200,000	0.03	Beneficial owner
Sub-total:	4,200,000	0.10	(Note 2)

Notes:

- Ms. Wong Shu Wah, Ceci, 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.
- Ms. Chan Lai Shan, Lisa, being the wife of Mr. Chu Hung Lin, Victor ("Mr. Chu"), is interested in 3,000,000 Shares. Accordingly, Mr. Chu is deemed to be interested in such 3,000,000 Shares. Mr. Chu also holds 1,200,000 Shares as beneficial owner. Therefore, Mr. Chu is interested and deemed to be interested in 4,200,000 Shares in total.

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

There are no short positions of the Directors and the 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 DISCLOSABLE UNDER THE SFO

As at 30 June 2009, 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	1,012,700,000	22.27	Beneficial owner
Wong, Eva	1,012,700,000 2,260,000	22.27 0.05	Interest of controlled corporation Beneficial owner
Sub-total:	1,014,960,000	22.32	
Koh Tat Lee, Michael	1,014,960,000	22.32	Family interest (<i>Note 1</i>)
Singson Ryan Luis V.	544,910,000	11.99	Beneficial owner

Note :

1. Mr. Koh Tat Lee, Michael, being the husband of Ms. Eva Wong, is deemed to be interested in such 1,014,960,000 shares.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

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	3,700,000,000	81.38	Beneficial owner <i>(Note 1)</i>
Wong, Eva	3,700,000,000	81.38	Interest of controlled corporation <i>(Note 1)</i>
Koh Tat Lee, Michael	3,700,000,000	81.38	Family interest <i>(Note 1)</i>
Singson Ryan Luis V.	1,600,000,000	35.19	Beneficial owner <i>(Note 2)</i>

Note:

1. This represents the principal amount of approximately US\$332,051,282 of convertible bonds which upon conversion in full will result in the allotment and issue of 3,700,000,000 Shares, which have been issued to Kesterion Investments Limited on 18 Decemeber 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 ("Ms. Wong"). Ms. Wong, is the sister of the chairman of the Company, Mr. Wong Chung Yu, Denny and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Koh Tat Lee, Michael, being the husband of Ms. Wong, is deemed to be interested in such 3,700,000,000 shares.
2. This represents the principal amount of approximately US\$143,589,744 of convertible bonds which upon conversion in full will result in the allotment and issue of 1,600,000,000 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, and have been transferred to Mr. Singson, Ryan Luis V. on the same date.

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, 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June, 2009. 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.

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, 2009.

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. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor. 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
Wong Chung Yu, Denny
Chairman

Hong Kong, 14 August, 2009

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