



最高上場中區大程"傭"威 笑功升級萬夫量低!

新學師妹 2



美亞娛樂資訊集團有限公司
MEI AH ENTERTAINMENT GROUP LTD.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LI Kuo Hsing (*Chairman*)
Mr. TONG Hing Chi
Dr. YOU Jing Feng
Mr. CHAU Kei Leung

Non-Executive Director

Mr. CHAN Ngan Piu

Independent Non-Executive Directors

Mr. LEE Man Kwong
Mr. CHEUNG Yui Kai, Warren

COMPANY SECRETARY

Mr. CHAN Lun Ho

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Mei Ah Centre
28 Chun Choi Street
Tseung Kwan O Industrial Estate
Kowloon
Hong Kong

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants, Hong Kong
22nd Floor, Prince's Building
Central
Hong Kong

LEGAL ADVISORS

Baker & McKenzie
14/F Hutchison House
10 Harcourt Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
G/F., Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

AUDIT COMMITTEE

Mr. LEE Man Kwong
Mr. CHEUNG Yui Kai, Warren

AUTHORISED REPRESENTATIVES

Mr. LI Kuo Hsing
Mr. TONG Hing Chi

website : www.meiah.com
e-mail : meiah@meiah.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Conference Room, Mei Ah Centre, 28 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong, on 28th August 2003 at 5:00 p.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements, the Report of the Directors and of the Auditors for the year ended 31st March 2003;
2. To re-elect directors, authorise the Board to fix the Directors' remuneration and set a maximum number of Directors;
3. To re-appoint auditors and authorise the Board to fix their remuneration;
4. To consider as Special Business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its shares subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by Ordinary Resolution of the shareholders in general meetings; and
 - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held";

NOTICE OF ANNUAL GENERAL MEETING

5. To consider as Special Business and, if though fit, pass with or without amendments, the following resolution as an Ordinary Resolution;

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to issue, allot and deal in additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or deal in during or after the end of the Relevant Period, in addition to any shares which may be issued on the exercise of the subscription rights under the warrants issued by the Company, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, the total nominal amount of additional shares issued, allotted, deal in or agreed conditionally or unconditionally to be issued, allotted or deal in (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issued on the date of this Resolution and the said approval shall be limited accordingly; and
- (b) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
- (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by Ordinary Resolution of the shareholders in general meetings; and
 - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held.”; and

NOTICE OF ANNUAL GENERAL MEETING

6. To consider as Special Business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution;

“THAT the general mandate granted to the Directors of the Company pursuant to Resolutions 4 and 5 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue of the date on this Resolution.”

By Order of the Board

Chan Lun Ho

Company Secretary

Hong Kong, 28th July 2003

Notes:

- (a) The Register of Members will be closed from 25th August 2003 to 28th August 2003, both days inclusive, during which period no transfer of shares can be registered.
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Branch Registrars in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting.
- (d) A circular setting out further information regarding Resolutions 4 to 6 above will be despatched to shareholders with the 2003 Annual Report.

CHAIRMAN'S STATEMENT

RESULTS AND DIVIDENDS

On behalf of the Board of Directors, I present the audited results of Mei Ah Entertainment Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st March 2003. The turnover and loss attributable to shareholders of the Group for the year was approximately HK\$176.7 million (2002: HK\$164.2 million) and HK\$33.0 million (2002: HK\$99.8 million) respectively, representing 7.5% increase and 67% decrease respectively compared with last year. Loss for the year was mainly attributable to the provision for amounts due from associated companies of approximately HK\$11.6 million (2002: HK\$5.6 million), deficit on revaluation of properties not covered by previous revaluation surplus of approximately HK\$7 million (2002: HK\$1.6 million) and impairment for film sub-licensing rights and deposits of approximately HK\$6.7 million (2002: HK\$67.9 million). The directors do not recommend the payment of any dividend for the year ended 31st March 2003.

REVIEW OF OPERATIONS

Sale and distribution of films and programs in audio visual product format, which contributed 77.6% of the total turnover for the year, has increased by approximately 3.8% to approximately HK\$137.1 million (2002: HK\$132.1 million) for the year and continues to be the major source of income to the Group. Income from film exhibition and film rights licensing and sub-licensing has decreased by 35.8% to approximately HK\$19.7 million (2002: HK\$30.7 million). During the year, the Group's television operations generated approximately HK\$19.3 million (2002: Nil) turnover to the Group.

Despite the tough business environment, the Group's turnover from its principal business, sale and distribution of Video Compact Disc ("VCD") and Digital Versatile Disc ("DVD") products still showed a growth. During the year, the Group has acquired the exclusive distribution rights from China Star Entertainment Limited and Riche Multi-Media Holdings Limited to distribute films in their film libraries in Hong Kong and Macau for a period of 3 years. The Group has also diversified its distribution channels and product categories through the penetration into the retail market and the distribution of karaoke VCD and DVD during the year.

Through product media proliferation, market expansion and acquisition of film rights from various film production companies, the movie library established by the Group has become one of the prolific Chinese movie libraries in the world. The Group will endeavour to distribute popular movies and programs in order to strengthen its competitiveness and create new income streams.

CHAIRMAN'S STATEMENT

The decrease in the Group's turnover from film exhibition and film rights licensing and sub-licensing is caused by the general global weakness of economies which led to the downturn in the entertainment industry. Nevertheless, the Group always aims to produce films with high quality. In November 2002, "Big Head Monster", a film produced by the Group, won the Best Editing Award of Milan International Film Festival. "PTU", another film produced by the Group, was also selected as the opening film of the 27th Hong Kong International Film Festival and invited to participate in a number international film festivals. Following the increasing number of TV channels, including pay TV, to be operated in Hong Kong, the demand for TV channel contents will increase accordingly and the Group, being a content supplier which provides high quality programs and films, will obviously benefit from these new market opportunities.

During the year, the Group's television operations contributed turnover of approximately HK\$19.3 million. The Group was granted a non-domestic television program service license in 2002, and will continue to explore sources of potential revenue streams in these areas of operations.

The Group is also optimistic about the development potential of film and audio visual industry in the People's Republic of China ("PRC") market, in particular after PRC's entry into the World Trade Organisation and the recent Mainland and Hong Kong Closer Economic Partnership Agreement, which expand market demands for entertainment products, improve the protection of copyrights and remove certain restrictions for penetration into the PRC market. Through Guangzhou Tung Ah Audio Video Production Company Limited, the Group's jointly controlled entity in PRC which owns a movie and TV library of over 1,000 hours' content and a strong distribution network in PRC, the Group is well positioned to capitalise on the new market opportunities.

Following the completion of the Group's headquarter in Tseung Kwan O, the operations of the Group have been integrated and the operational efficiency of the Group has now been further enhanced. In addition, the Group also implemented stringent control over its costs by streamlining its operational workflow.

Looking forward, the Group will exploit every opportunities for positive results and generate returns for its shareholders. Supported by the Group's experienced management and clearly defined business strategies, the directors believe that the Group has developed a solid foundation to benefit from the economic turnaround in the near future.

CHAIRMAN'S STATEMENT

LIQUIDITY AND FINANCIAL RESOURCES

At 31st March 2003, the Group had available banking facilities of approximately HK\$75 million, of which approximately HK\$72 million were utilised. Certain of the Group's properties and fixed deposits with net book values of HK\$139 million and HK\$0.5 million respectively were pledged to banks to secure banking facilities. The Group's gearing ratio of 29.5% as at 31st March 2003 was based on the total of bank loans, overdrafts and obligations under finance leases of approximately HK\$70,294,000 (of which HK\$35,666,000, HK\$9,126,000, HK\$24,309,000 and HK\$1,193,000 are repayable within one year, in the second year, in the third to fifth year and after the fifth year respectively) and the shareholders' funds of approximately HK\$238,594,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollars and the Group has no significant exposure to foreign currency fluctuations.

At 31st March 2003, the Group had net current liabilities of HK\$31,312,000. Nevertheless, the Group's film rights, films in progress, film sub-licensing rights and deposits, which are classified as non-current assets, generate revenues for the core business of the Group continuously and the directors are confident that the working capital available in the coming year will be adequate to meet the obligations due within one year.

At 31st March 2003, the Group had contingent liabilities in respect of guarantees given to banks for facilities of associated companies amounting to HK\$9 million, and commitments in respect of property, plant and machinery and acquisition of film rights of approximately HK\$159,000 and HK\$29,340,000 respectively. The commitments will be financed by the Group's internal resources and banking facilities.

EMPLOYEES

At 31st March 2003, the Group employed 73 staff. Remuneration is reviewed annually and certain staff members are entitled to commissions. In addition to the basic salaries, staff benefits include discretionary bonus, medical insurance scheme and contributory provident fund. The Group also has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

Li Kuo Hsing

Chairman

Hong Kong, 28th July 2003

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

EXECUTIVE DIRECTORS

Mr. LI Kuo Hsing, aged 44, is the founder, Chairman and a major shareholder of the Group, and a recognised leader of the Hong Kong entertainment industry. With over 20 years of experience in the home video and media entertainment industry, he is responsible for the corporate strategy and development of the Group. He has also been responsible for film production, the selection and acquisition of film and program titles since the establishment of the Group in 1984. He is the Vice Chairman of the Federation of Motion Film Producers of Hong Kong Limited since 1998, Appointed Member of the District Board, Southern District, Hong Kong and also a member of the Election Committee for the Performing Arts sub-sector of the Legislative Council Election.

Mr. TONG Hing Chi, aged 48, is the Managing Director of the Group, responsible for the Group's overall general and financial administration. He has also been involved in the Group's corporate strategy and development since he joined the Group in 1992. He is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. He has over 16 years of experience in the home video entertainment industry in Hong Kong and overseas. Mr. TONG is also the Chairman and Managing Director of M21 Technology Limited, a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and a non-executive director of New Spring Holdings Limited, which is listed on the Main Board of the Stock Exchange.

Dr. YOU Jing Feng, aged 42, was appointed as an executive director of the Company in August 2001. He has extensive experience in market development and capital markets, including a combined 10 years of experience at Procter & Gamble Co. and Morgan Stanley before he joined the Group. Dr. YOU obtained his PhD in the Harvard University and MBA with high honors from the University of Chicago. At present, he is the Deputy Managing Director of the Group and is responsible for business development and corporate finance, and television and channel operations.

Mr. CHAU Kei Leung, aged 39, is responsible for the selection and acquisition of films and programs and the formulation of sales and marketing strategies. He is also responsible for the sub-licensing of film rights to overseas video distributors and TV operators in Hong Kong and overseas. He joined the Group in 1987 and has over 16 years of experience in the home video entertainment industry.

NON-EXECUTIVE DIRECTOR

Mr. CHAN Ngan Piu, aged 68, has over 34 years of experience in the manufacturing sector in Hong Kong and the People's Republic of China ("PRC"). Mr. Chan joined the Group in 1988.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Man Kwong, aged 49, has been practising as a solicitor in Hong Kong for over 19 years and is a partner at Messrs Chan, Lau, & Wai. He is also a solicitor qualified in England and Wales and Singapore. He joined the Group in September 1993.

Mr. CHEUNG Yui Kai, Warren, aged 36, has over ten years of investment banking experience in the Asia Pacific region and was appointed as an independent non-executive director of the Company in May 2003. He worked with PricewaterhouseCoopers (formerly known as Price Waterhouse), Standard Chartered Asia Limited, ABN AMRO Asia Corporate Finance Limited and SBI E2-Capital (HK) Limited before and is currently the managing director of Hercules Capital Limited which focuses on private equity raising, merger and acquisition, management buyout and privatisation activities in PRC and Hong Kong. Mr. Cheung is also a CPA member of CPA Australia and an associate member of the Hong Kong Society of Accountants.

SENIOR MANAGEMENT

Mr. HO Po Nin, Benny, aged 43, is an executive director of Mei Ah (HK) Company Limited, a subsidiary of the Company. He is responsible for formulating the Group's sales and marketing strategies. He joined the Group in 1989 and has over 15 years of experience in the home video entertainment industry.

Mr. CHAN Lun Ho, aged 33 is the Company Secretary of the Company and the Group's financial controller and is responsible for all financial and accounting matters of the Group. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. He has over 11 years of auditing and accounting experience. He joined the Group in July 2002.

Mr. CHOI Chi Lam, aged 54, is the general manager of Guangzhou Tung Ah Audio Video Production Company Limited, a jointly controlled entity of the Group. He joined the Group in 1995 and is responsible for developing the Group's business in the PRC audio video market. He has 25 years of experience in the film and audio video business in Hong Kong and PRC.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31st March 2003.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 29 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 21.

The directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 22 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 10 to the accounts.

PRINCIPAL INVESTMENT PROPERTIES

Details of the principal investment properties held by the Group are set out on page 74.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital and share options of the Company are set out in notes 20 and 21 to the accounts respectively.

DISTRIBUTABLE RESERVES

At 31st March 2003, the Company has no distributable reserves available for distribution to shareholders of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

REPORT OF THE DIRECTORS

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 73.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTION SCHEME

On 24th September 1993 (the "Commencement Date"), a share option scheme (the "Scheme") was approved by the shareholders of the Company. Details of the Scheme are as follows:

(a) Purposes of the Scheme

The purposes of the Scheme are to recognise the contribution made by the executive directors and the employees of the Group and to retain the services of the employees who will make valuable contribution to the Group.

(b) Participants of the Scheme

The Company may offer to grant share options (the "Options") to any full-time employees (the "Employee"), including any executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

(c) Maximum number of shares available for issue under the Scheme

The maximum number of shares available for issue under the Scheme is 77,100,000, representing 10% of the issued share capital of the Company at the date of this report.

(d) Maximum entitlement of each participant

No Employee shall be granted an Option which, if exercised in full, would result in such Employee becoming entitled to subscribe for such number of shares as when aggregated with the total number of shares already issued under all the Options previously granted to him which have been exercised, and, issuable under all the Options previously granted to him which are for the time being subsisting and unexercised, would exceed 25 per cent. of the aggregate number of shares for the time being issued and issuable under the Scheme.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(continued)*

(e) Remaining life and the exercisable period of the Options

The Scheme shall be valid and effective for a period of 10 years from the Commencement Date and it will remain valid until 23rd September 2003, after which period no further Options will be granted. The Options granted may be exercised at any time during a period of 2 years commencing on the expiry of 6 months after the date upon which the Options is accepted and expiring on the last day of the 2-year-period.

(f) Payment on acceptance of the Options offer

A sum of HK\$10 is payable by the Employee on acceptance of the Options offer.

(g) Basis of determining the subscription price

The subscription price for shares in relation to the Options to be granted under the Scheme shall be determined by the Board of Directors and notified to an Employee being not less than (i) 80 per cent. of the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer (the "Offer Date") of the Options; or (ii) the nominal value of the shares of the Company, whichever is the higher.

Details of the share options which have been granted under the Scheme are as follows:

Name	Options held at 1st April 2002	Options expired during the year	Options held at 31st March 2003	Exercise price HK\$	Date of grant	Exercisable from	Exercisable until
Mr. Li Kuo Hsing	15,000,000	(15,000,000)	—	1.1267	28th January 2000	19th August 2000	18th August 2002
Mr. TONG Hing Chi	13,500,000	(13,500,000)	—	1.1267	28th January 2000	19th August 2000	18th August 2002
Mr. CHAU Kei Leung	13,500,000	(13,500,000)	—	1.1267	28th January 2000	19th August 2000	18th August 2002
Employees	17,010,000	(17,010,000)	—	1.1267	28th January 2000	19th August 2000	18th August 2002
	<u>59,010,000</u>	<u>(59,010,000)</u>	<u>—</u>				

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(continued)*

During the year, none of the Options was exercised and all of the Options expired on 18th August 2002. No Option was granted during the year.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive directors

Mr. LI Kuo Hsing (*Chairman*)

Mr. TONG Hing Chi

Dr. YOU Jing Feng

Mr. CHAU Kei Leung

Non-executive director

Mr. CHAN Ngan Piu

Independent non-executive directors

Mr. LEE Man Kwong

Mr. CHEUNG Yui Kai, Warren (appointed on 15th May 2003)

Mr. CHEUNG Kung Tai (resigned on 18th March 2003)

In accordance with clauses 91 and 99 of the Company's bye-laws, Mr. CHAN Ngan Piu and Mr. CHEUNG Yui Kai, Warren retire and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group entered into certain transactions with associated companies in which certain directors of the Company have indirect interests through their interests in the Company as disclosed in the section headed "Directors' interests in equity or debt securities" below. Details of these transactions have been set out in note 28 to the accounts, save as the above, no other contracts of significance in relation to the Group's business to which the Company, its holding company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 9 to 10.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st March 2003, the interests of the directors and chief executives in the shares and the Options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.1 each in Mei Ah Entertainment Group Limited

Name of director	Number of shares beneficially held		
	Personal interests	Family interests	Corporate interests
Mr. LI Kuo Hsing	21,421,500	37,968,750 <i>Note (i)</i>	403,669,510 <i>Note (ii)</i>
Mr. TONG Hing Chi	3,375,000	—	—
Mr. CHAU Kei Leung	7,209,000	—	—
Mr. CHAN Ngan Piu	2,025,000	—	—

Notes:

- (i) These shares are held by Ms. LI Pik Lin, the spouse of Mr. LI Kuo Hsing.
- (ii) These shares are held by Kuo Hsing Holdings Limited, a company beneficially controlled by Mr. LI Kuo Hsing.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(b) Details of Share Options granted to the directors are summarised above in the section headed "Share option scheme".

(c) **Interest in subsidiaries of the Company**

Mr. LI Kuo Hsing personally holds non-voting deferred shares of HK\$1 each in the following subsidiaries:

Name	Number of non-voting deferred shares held Personal interests
Mei Ah Laser Disc Company Limited	100,000
Mei Ah Video Production Company Limited	10,000
Mei Ah Investment Company Limited	500,000

With the exception of those set out in the section headed "Share option scheme" above, at no time during the year was the Company, its holding company or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as aforesaid, at no time during the year, the directors and chief executives (including their spouse and children under 18 years of age) had any interest in or had been granted or exercised, any rights to subscribe for shares of the Company and its associated companies (within the meaning of the SDI Ordinance).

SUBSTANTIAL SHAREHOLDERS

At 31st March 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interest, being 10% or more of the Company's issued share capital, other than those of Mr. LI Kuo Hsing as disclosed above in the section headed "Directors' interests in equity or debt securities".

DISCLOSURE UNDER PRACTICE NOTE 19 OF THE LISTING RULES

At 31st March 2003, 30,000,000 ordinary shares of the Company held by Kuo Hsing Holdings Limited, the controlling shareholder of the Company, were pledged to a bank to secure general banking facilities granted to the Group. Details of the facilities have been set out in note 27 to the accounts.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 28 to the accounts do not constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PENSION SCHEME ARRANGEMENT

The Group provides a mandatory provident fund scheme (“MPF Scheme”) for its staff in Hong Kong in compliance with the requirement under the Hong Kong Mandatory Provident Fund Scheme Ordinance (“MPF Scheme Ordinance”). Under the MPF Scheme, both the employer and the employees are required to contribute 5 per cent. of the basic salary of the employees up to a maximum of HK\$1,000 per employee per month. All benefits derived from the mandatory contribution must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The accrued benefits of an employee, which are derived from the Group’s mandatory and voluntary contributions under the MPF Scheme can be used to offset any long service payments or severance payments payable to that employee. The total contribution to the MPF Scheme paid by the Group during the year amounted to HK\$361,000.

The Group also contributes to a defined contribution retirement scheme (the “Retirement Scheme”) which provides retirement benefits to its employees who joined the Group prior to the adoption of the MPF Scheme and who chose not to join the MPF Scheme after its adoption. The Retirement Scheme’s assets are held in a provident fund (the “Fund”) managed by an independent administrator. Under the Retirement Scheme, both the employer and the employees are required to contribute 5 per cent. of the basic salary of the employees (up to a maximum of HK\$1,000 per employee) on a monthly basis. The employees are entitled to 100 per cent. of the employer’s contribution and accrued interest after 10 years of completed service, or at a reduced scale of between 20 per cent. and 90 per cent. after completion of 2 to 9 years’ service, in which case the forfeited contributions and the related accrued interest are to be used to reduce the employer’s contributions.

REPORT OF THE DIRECTORS

PENSION SCHEME ARRANGEMENT *(continued)*

The aggregate employer's contributions, net of forfeited contributions and their accrued interest, which have been dealt with in the consolidated profit and loss account for the year ended 31st March 2003 amounted to:

	<i>HK\$'000</i>
Gross employer's contributions	331
Less: Forfeited contributions and their accrued interest utilised to offset employer's contributions for the year	(169)
Net employer's contributions charged to the consolidated profit and loss account	162

As at 31st March 2003, there was no forfeited contributions available to reduce future contributions under the Retirement Scheme and contributions totalling HK\$21,000 payable to the Fund are included in accounts payable.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	26%
— five largest suppliers combined	78%

Sales

— the largest customer	19%
— five largest customers combined	43%

The largest supplier of the Group is a 45% owned associated company in which certain directors of the Company have indirect interests through their interests in the Company as disclosed in the section "Directors' interests in equity or debt securities". Save as the above, none of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The term of office for the non-executive directors (including independent non-executive directors) of the Company is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES *(continued)*

Other than the above, the Code of Best Practice has been complied with by the Company during the year ended 31st March 2003 as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of the Group's internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Mr. LEE Man Kwong and Mr. CHEUNG Yui Kai, Warren, who has replaced Mr. CHEUNG Kung Tai as the committee member since his appointment as an independent non-executive director on 15th May 2003. Two meetings were held during the current financial year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 28th July 2003

AUDITORS' REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF MEI AH ENTERTAINMENT GROUP LIMITED

(incorporated in Bermuda with limited liability)

We have audited the accounts on pages 21 to 72 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2003 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28th July 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Turnover	2	176,659	164,244
Cost of sales		(147,766)	(142,677)
Gross profit		28,893	21,567
Other revenues	2	9,850	14,067
Other income	3	10,652	28,658
Selling and marketing expenses		(7,429)	(11,945)
Administrative expenses		(41,923)	(43,176)
Impairment loss on film rights	3	(6,758)	(67,928)
Other expenses	3	(18,679)	(21,020)
Operating loss	3	(25,394)	(79,777)
Finance costs	4	(4,383)	(2,429)
Share of loss of a jointly controlled entity		(434)	(3,503)
Share of losses less profits of associated companies		(3,095)	(13,966)
Loss before taxation		(33,306)	(99,675)
Taxation	5	—	(88)
Loss after taxation		(33,306)	(99,763)
Minority interests		348	—
Loss attributable to shareholders	6	(32,958)	(99,763)
Loss per share-basic	7	(4.3 cents)	(12.9 cents)

CONSOLIDATED BALANCE SHEET

As at 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Non-current assets			
Fixed assets	10	164,323	176,513
Interest in a jointly controlled entity	12	—	—
Associated companies	13	83,908	94,689
Investment securities	14	7,517	3,023
Film rights and films in progress	15	16,304	16,826
Film sub-licensing rights and deposits	16	32,139	25,543
Current assets			
Inventories	17	14,458	11,771
Accounts receivable	18	24,611	21,735
Prepayments, deposits and other receivables		10,643	15,910
Tax recoverable		—	1,285
Pledged deposits	27	500	500
Bank balances and cash		1,582	748
		51,794	51,949
Current liabilities			
Accounts payable	19	9,752	9,605
Receipts in advance and accruals		33,048	16,334
Bills payable		4,640	4,750
Bank loans — secured	23(a), 27	18,084	15,381
Obligations under finance leases	23(b)	1,799	1,460
Bank overdrafts			
— secured	27	15,783	13,045
— unsecured		—	39
		83,106	60,614
Net current liabilities		(31,312)	(8,665)
Total assets less current liabilities		272,879	307,929

CONSOLIDATED BALANCE SHEET

As at 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Financed by:			
Share capital	20	77,100	77,100
Reserves	22	161,494	194,561
Shareholders' funds		238,594	271,661
Minority interests		(343)	—
Long-term liabilities	23	34,628	36,268
		272,879	307,929

On behalf of the Board

Li Kuo Hsing

Director

Tong Hing Chi

Director

BALANCE SHEET

As at 31st March 2003

	Note	2003 HK\$'000	2002 <i>HK\$'000</i>
Non-current assets			
Subsidiaries	11	295,729	300,608
Associated companies	13	—	(5)
Current assets			
Prepayments and other receivables		3,402	326
Bank balances and cash		361	7
		3,763	333
Current liabilities			
Other payables and accruals		431	365
Net current assets/(liabilities)		3,332	(32)
Total assets less current liabilities		299,061	300,571
Financed by:			
Share capital	20	77,100	77,100
Reserves	22	221,961	223,471
		299,061	300,571

On behalf of the Board

Li Kuo Hsing

Director

Tong Hing Chi

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Total equity as at the beginning of year		271,661	376,460
Deficit on revaluation of investment properties	22	(109)	(4,953)
Loss for the year	22	(32,958)	(99,763)
Repurchase of shares	20, 22	—	(83)
Total equity as at the end of year		238,594	271,661

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Net cash inflow generated from operations	24(a)	91,948	71,379
Interest paid		(4,134)	(3,825)
Hong Kong profits tax refunded/(paid)		1,285	(1,282)
Net cash inflow from operating activities		89,099	66,272
Investing activities			
Net cash outflow from disposal of interest in a subsidiary		—	(52)
Purchase of fixed assets		(19,199)	(23,838)
Sale of fixed assets		15,000	9,628
(Purchase)/sale of investment securities		(4,494)	10,780
Additions to films rights, films in progress and film sub-licensing rights and deposits		(79,302)	(66,858)
Interest received		364	154
Dividend received from an associated company		6,750	—
Dividends received from investment securities		700	—
Increase in advances to associated companies		(10,712)	(3,111)
Advance to a jointly controlled entity		(434)	(983)
Net cash outflow from investing activities		(91,327)	(74,280)
Net cash outflow before financing activities		(2,228)	(8,008)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2003

	Note	2003 HK\$'000	2002 HK\$'000
Financing activities	24(b)		
Bank loans raised		10,000	15,074
Repayment of bank loans		(8,344)	(5,419)
Interest element of finance leases		(249)	(196)
Repayment of capital element of finance leases		(1,529)	(1,575)
Increase in pledged deposits		—	(500)
Investment from a minority shareholder		5	—
Net cash (outflow)/inflow from financing activities		(117)	7,384
Decrease in cash and cash equivalents		(2,345)	(624)
Cash and cash equivalents as at the beginning of year		(21,856)	(21,232)
Cash and cash equivalents as at the end of year		(24,201)	(21,856)
Analysis of balances of cash and cash equivalents			
Bank balances and cash		1,582	748
Bank overdrafts		(15,783)	(13,084)
Bank loans		(10,000)	(9,520)
		(24,201)	(21,856)

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain investment properties and leasehold land and buildings are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

The adoption of these new or revised SSAPs had no material effect on the Group's results.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Group accounting *(continued)*

(i) Consolidation *(continued)*

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill which was not previously charged to or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entity for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entity.

Equity accounting is discontinued when the carrying amount of the investment in a jointly controlled entity reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entity.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Group accounting *(continued)*

(iii) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(iv) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

The balance sheet of subsidiaries, jointly controlled entity and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as movements in reserves.

In prior years, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior years has not been restated as the effect of this change is not material to the current and prior years.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) Fixed assets

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods of greater than 20 years are valued by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(ii) *Property, plant and equipment*

Leasehold land and buildings are stated at valuation at the balance sheet date.

It is the Group's policy to value leasehold land and buildings on an individual basis in each year by independent valuers. The valuations are on an open market basis related to individual properties except that certain leasehold land and buildings situated in Hong Kong are valued on a depreciated replacement cost basis. Increases in valuation are credited to the other properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Other tangible fixed assets, comprising leasehold improvements, furniture, fixtures and equipment, plant and machinery and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) Fixed assets *(continued)*

(iii) Depreciation

No depreciation is provided for investment properties and properties under development.

Leasehold land is depreciated over the period of the lease while other tangible fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	2%
Leasehold improvements	10% or lease term, whichever is the shorter
Furniture, fixtures and equipment	20% to 25%
Plant and machinery	20% to 25%
Motor vehicles	25%

Improvements are capitalised and depreciated over their expected useful lives to the Group.

(iv) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Investment securities

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to the profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(e) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries, jointly controlled entity and associated companies at the date of acquisition.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

As of 31st March 2002, the total amount of goodwill arising from previous acquisitions of business and charged to reserves under the Group's then accounting policy was HK\$9,925,000. For the year ended 31st March 2002, the Group applied SSAP 31, and the directors considered that the goodwill had been impaired as at that date to the extent of HK\$9,798,000 and accordingly adjustments had been made in the consolidated profit and loss account for the respective periods in which the impairment was considered to have occurred. As detailed in note 22, the effect of this change in accounting policy had been applied retrospectively, giving rise to a restatement of the consolidated profit and loss account for the year ended 31st March 2001 for an impairment loss for goodwill of HK\$9,798,000. The Group's accumulated losses as at 1st April 2001 had increased by HK\$9,798,000 representing the cumulative effects of this change in accounting policy at that date.

(g) Film and sub-licensing rights

(i) *Film rights*

Film rights generated by the Group or perpetual rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Costs less provision for impairment losses represent the carrying value transferred from films in progress upon completion or the purchase price of the perpetual film rights, and are amortised at rates calculated to write off the costs in proportion to the expected revenues from exhibition, the reproduction and distribution of audio visual products, the licensing of video rights and other broadcast rights following their release. Such rates are subject to annual review by the directors.

(ii) *Films in progress*

Films in progress are stated at cost less any provision for impairment losses. Costs include all direct costs associated with the production of films. Provisions are made for costs which are in excess of the expected future revenue generated by these films. The balance of film production costs payable at year end are disclosed as commitments. Costs of films are transferred to film rights upon completion.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(g) Film and sub-licensing rights *(continued)*

(iii) *Film sub-licensing rights and deposits*

Licence fees paid in advance and by instalments during the production of films under licensing agreements for the reproduction and distribution of audio visual products and sub-licensing of film titles, in specified geographical areas and time periods, are accounted for as film sub-licensing rights and deposits. The balance payable under the licensing agreements is disclosed as a commitment. Upon the release of the pre-recorded audio visual products and the materials, the relevant portion of licence fees of purchased film titles are charged to the profit and loss account on a systematic basis, with reference to the projected revenue and the underlying licence periods. Provision for impairment loss is made against film sub-licensing rights and deposits to the extent that they are not expected to generate any future revenue for the Group.

In case where the Group is unable to exercise its rights under a licensing agreement because the film producer fails to complete the film, the Group writes off the difference between the advances made and the estimated recoverable amount from the film producer.

(iv) At each balance sheet date, both internal and external market information are considered to assess whether there is any indication that film rights, films in progress, film sub-licensing rights and deposits are impaired. If any such indication exists, the carrying amount of such assets is assessed and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(j) **Deferred taxation**

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(k) **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, bank overdrafts and short term bank loans with maturity date within three months from the date of advance.

(l) **Borrowing costs**

Borrowing costs that are directly attributable to the construction work of properties under development/leasehold land and buildings are capitalised as part of the cost of these assets up to the time when such assets are ready for its intended use.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(m) **Employee benefits**

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision, where appropriate, is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(m) Employee benefits *(continued)*

(ii) Pension obligations

The Group's contribution to the defined contribution retirement scheme and the mandatory provident fund scheme is expensed as incurred. The Group's contribution to the defined contribution retirement scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

(n) Revenue recognition

- (i) Revenue from the distribution of films and programs in audio visual product format is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.
- (ii) Film exhibition income is recognised when the right to receive payment is established.
- (iii) Income from the licensing and sub-licensing of audio visual products, video features and TV rights is recognised upon delivery of the pre-recorded audio visual products and the materials for video features including the master tapes to the customers.
- (iv) Revenues from television operations comprise sub-licensing of programme rights, advertising and airtime revenue. Revenue from sub-licensing of programme rights is recognised on the basis as set out in note 1(n)(iii) above, and advertising and airtime revenue is recognised when the relevant advertisements and programs are broadcast. Advertising and airtime revenue under barter arrangement is recognised upon receipt of relevant films and programs from independent third parties and when relevant advertisements and programs are broadcast by the Group pursuant to the terms of the relevant agreements.
- (v) Internet and related service fee income is recognised when the relevant services are rendered.
- (vi) Rental income is recognised on a straight line basis.
- (vii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.
- (viii) Commission income from royalty rights is recognised on an accrual basis.

NOTES TO THE ACCOUNTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

(n) Revenue recognition *(continued)*

(ix) Dividend income is recognised when the right to receive payment is established.

(o) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(p) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses, deficit arising on revaluation of land and buildings and impairment loss for goodwill. Unallocated income represents machinery rental from associated companies, gain on disposal of interest in a subsidiary and gain on disposal of investment securities. Segment assets comprise primarily of fixed assets, film rights and films in progress, film sub-licensing rights and deposits, inventories, accounts receivable, prepayments, deposits and other receivables, pledged deposits and operating cash. Unallocated assets mainly represent certain leasehold land and buildings situated in Hong Kong and tax recoverable. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings. Capital expenditure comprises additions to fixed assets, film rights, films in progress, perpetual and non-perpetual film rights and film sub-licensing rights (notes 10, 15 and 16).

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the sale and distribution of films and programs, film exhibition, film rights licensing and sub-licensing, television operations and provision of internet and related services. Revenues recognised during the year are as follows:

	2003	2002
	HK\$'000	HK\$'000
Turnover		
Sale and distribution of films and programs in audio visual product format	137,091	132,112
Film exhibition and film rights licensing and sub-licensing	19,723	30,672
Television operations	19,343	—
Provision of internet and related services	502	671
Others	—	789
	176,659	164,244
Other revenues		
Rental income from investment properties	873	710
Rental income from land and buildings and sub-letting of properties and plant and machinery	6,216	12,760
Dividend income from listed investment securities	700	—
Commission income from royalty rights	1,697	443
Interest income	364	154
	9,850	14,067
Total revenues	186,509	178,311

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION *(continued)*

Primary report format – business segments

The Group is organised into five main business segments:

- Sale and distribution of films and programs in audio visual product format
- Film exhibition and film rights licensing and sub-licensing
- Television operations
- Provision of internet and related services
- Processing of audio visual products

There are no sales or other transactions between the business segments.

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION *(continued)*

An analysis of the Group's turnover and contribution to operating loss for the year by each principal activity is as follows:

	For the year ended 31st March 2003					Group HK\$'000
	Sale and distribution of films and programs in audio visual product format HK\$'000	Film exhibition and film rights licensing and sub- licensing HK\$'000	Television operations HK\$'000	Provision of internet and related services HK\$'000	Processing of audio visual products HK\$'000	
Revenues	<u>137,091</u>	<u>19,723</u>	<u>19,343</u>	<u>502</u>	<u>—</u>	<u>176,659</u>
Segment results						
before impairment	(4,649)	3,496	(12,985)	(14,695)	—	(28,833)
Impairment of film rights, films sub-licensing rights and deposits	(6,707)	(51)	—	—	—	(6,758)
Segment results	<u>(11,356)</u>	<u>3,445</u>	<u>(12,985)</u>	<u>(14,695)</u>	<u>—</u>	<u>(35,591)</u>
Unallocated income						20,502
Unallocated costs						(10,305)
Operating loss						(25,394)
Finance costs						(4,383)
Share of losses less profits of:						
Jointly controlled entity	(434)	—	—	—	—	(434)
Associated companies	—	(1,618)	—	—	(1,477)	(3,095)
Loss before taxation						(33,306)
Taxation						—
Loss after taxation						(33,306)
Minority interests						348
Loss attributable to shareholders						<u>(32,958)</u>

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION (continued)

	For the year ended 31st March 2003					
	Sale and distribution of films and programs in audio visual product format	Film exhibition and film rights licensing and sub-licensing	Television operations	Provision of internet and related services	Processing of audio visual products	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	75,433	19,524	4,783	2,694	–	102,434
Investment in jointly controlled entity	–	–	–	–	–	–
Investments in associated companies	–	28,246	–	(401)	56,063	83,908
Unallocated assets						169,643
Total assets						355,985
Segment liabilities	(50,510)	(10,060)	(2,281)	(1,026)	–	(63,877)
Unallocated liabilities						(53,857)
Total liabilities						(117,734)
Minority interests						343
Net assets						238,594
Capital expenditure	69,252	11,536	520	361	–	81,669
Other unallocated capital expenditure						17,627
						99,296
Depreciation	6,922	54	951	236	–	8,163
Other unallocated depreciation						5,026
						13,189
Amortisation charge	55,259	11,211	–	–	–	66,470

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION (continued)

	For the year ended 31st March 2002					Group HK\$'000
	Sale and distribution of films and programs in audio visual product format HK\$'000	Film exhibition and film rights licensing and sub- licensing HK\$'000	Provision of internet and related services HK\$'000	Processing of audio visual products HK\$'000	Others HK\$'000	
Revenues	132,112	30,672	671	—	789	164,244
Segment results						
before impairment	(17,699)	(21,128)	(793)	—	(6,561)	(46,181)
Impairment of film rights, films sub-licensing rights and deposits	(31,697)	(36,231)	—	—	—	(67,928)
Segment results	(49,396)	(57,359)	(793)	—	(6,561)	(114,109)
Unallocated income						42,725
Unallocated costs						(8,393)
Operating loss						(79,777)
Finance costs						(2,429)
Share of losses less profits of:						
Jointly controlled entity	(3,503)	—	—	—	—	(3,503)
Associated companies	—	(5,399)	(7,886)	(681)	—	(13,966)
Loss before taxation						(99,675)
Taxation						(88)
Loss attributable to shareholders						(99,763)

NOTES TO THE ACCOUNTS

2 TURNOVER, REVENUES AND SEGMENT INFORMATION (continued)

	For the year ended 31st March 2002					
	Sale and distribution of films and programs in audio visual product format	Film exhibition and film rights licensing and sub-licensing	Provision of internet and related services	Processing of audio visual products	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	82,843	19,071	6,539	—	2,125	110,578
Investment in jointly controlled entity	—	—	—	—	—	—
Investments in associated companies	—	24,478	12,120	58,091	—	94,689
Unallocated assets						163,276
Total assets						368,543
Segment liabilities	(16,639)	(8,913)	(95)	—	(5,042)	(30,689)
Unallocated liabilities						(66,193)
Total liabilities						(96,882)
Net assets						271,661
Capital expenditure	39,632	28,246	—	34	4,307	72,219
Other unallocated capital expenditure						22,768
						94,987
Depreciation	6,946	83	—	217	6,783	14,029
Other unallocated depreciation						1,044
						15,073
Amortisation charge	43,124	27,044	—	—	—	70,168

Secondary report format – geographical segment

No geographical analysis was provided as less than 10% of the consolidated turnover and of the consolidated trading results of the Group were attributable to markets outside Hong Kong.

NOTES TO THE ACCOUNTS

3 OPERATING LOSS

	2003	2002
	HK\$'000	HK\$'000
Operating loss is stated after crediting and charging the following:		
Crediting		
Net gain on disposal of investment securities #	—	5,677
Net exchange gains	31	—
Gain on disposal of interest in a subsidiary #	—	20,960
Gain on disposal of fixed assets #	3,145	—
Written back of provision for doubtful receivables #	2,833	—
	<hr/> <hr/>	<hr/> <hr/>
Charging		
Amortisation of film rights	3,029	16,189
Amortisation of perpetual and non-perpetual film rights	8,182	10,855
Amortisation of film sub-licensing rights	55,259	43,124
Auditors' remuneration		
— current year	790	938
— overprovision in prior years	(193)	(243)
Deficit arising on revaluation not covered by previous revaluation surplus		
— investment properties*	1,886	—
— leasehold land and buildings*	5,145	1,586
Depreciation		
— owned fixed assets	12,113	14,995
— leased fixed assets	1,076	78
Impairment of films rights and films in progress	51	21,163
Impairment of perpetual and non-perpetual film rights	—	15,068
Impairment of film sub-licensing rights and deposits	6,707	31,697
Impairment loss on film rights	6,758	67,928
Loss on disposal of fixed assets	—	1,332
Net exchange losses	—	62
Operating lease rentals in respect of land and buildings	898	3,541
Provision for doubtful accounts receivable and prepayments, deposits and other receivables *	—	13,283
Provision for amounts due from associated companies *	11,648	5,565
Provision for obsolete inventories *	—	152
Staff costs (including directors' emoluments) (note 8)	18,370	25,119
	<hr/> <hr/>	<hr/> <hr/>
#	included in other income	
*	included in other expenses	

NOTES TO THE ACCOUNTS

4 FINANCE COSTS

	2003	2002
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	4,134	3,825
Interest element of finance leases	249	196
Total borrowing costs incurred	4,383	4,021
Less: amount capitalised in leasehold land and buildings	—	(1,592)
	4,383	2,429

5 TAXATION

No provision for Hong Kong and overseas profits tax has been made as there was no estimated assessable profit for the year (2002: Nil).

The Group's jointly controlled entity in the People's Republic of China ("PRC") did not have any assessable income for the year for PRC tax purposes and accordingly no provision for PRC taxation has been made in the accounts.

The amount of taxation charged to the consolidated profit and loss account in last year represented share of taxation attributable to an associated company.

Deferred tax assets/(liabilities) for the year have not been recognised in the consolidated profit and loss account in respect of the following:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(80)	1,540
Tax losses	2,591	12,367
	2,511	13,907

NOTES TO THE ACCOUNTS

5 TAXATION (continued)

At 31st March 2003, the net potential deferred tax assets/(liabilities) not recognised in the accounts amounted to:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(6,186)	(6,106)
Tax losses	31,895	29,304
	25,709	23,198

6 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a loss of HK\$1,510,000 (2002: HK\$168,876,000).

7 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$32,958,000 (2002: HK\$99,763,000) and the weighted average of 771,000,000 (2002: 771,058,527) shares in issue during the year.

Diluted loss per share for the year is not disclosed as there were no dilutive potential ordinary shares as at 31st March 2003. The outstanding share options as at 31st March 2002 have not been included in the calculation of the diluted loss per share as the exercise of these share options would have an anti-dilutive effect.

8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2003	2002
	HK\$'000	HK\$'000
Wages and salaries	17,847	24,306
Pension costs — defined contribution plans	523	813
	18,370	25,119

NOTES TO THE ACCOUNTS

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2003	2002
	HK\$'000	HK\$'000
Fees	250	600
Other emoluments		
— basic salaries, allowances and other benefits in kind	5,045	5,145
Pension contributions	51	126
	5,346	5,871

Directors' fees disclosed above include HK\$250,000 (2002: HK\$300,000) paid to independent non-executive directors.

The Company also granted, under the share option scheme (the "Scheme") approved by the shareholders of the Company on 24th September 1993, options (the "Options") to all executive directors on 28th January 2000 to acquire in aggregate 14,000,000 shares in the Company at an exercise price of HK\$1.1267 per share. The Options are exercisable at any time during the period from 19th August 2000 to 18th August 2002. During the year, none of the options was exercised and the Options expired on 18th August 2002.

The emoluments of the directors fell within the following bands:

	Number of directors	
	2003	2002
HK\$ Nil — HK\$1,000,000	*4	*4
HK\$1,000,001 — HK\$1,500,000	2	2
HK\$2,000,001 — HK\$2,500,000	1	1
	7	7

* Including two independent non-executive directors

None of the directors has waived any of their emoluments in respect of the years ended 31st March 2003 and 2002.

NOTES TO THE ACCOUNTS

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2002: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2002: two) individual during the year are as follows:

	2003	2002
	HK\$'000	HK\$'000
Basic salaries, allowances and other benefits in kind	514	1,913
Pension contributions	9	67
	523	1,980

The emoluments fell within the following bands:

	Number of individuals	
	2003	2002
HK\$ Nil — HK\$1,000,000	1	1
HK\$1,000,001 — HK\$1,500,000	—	1
	1	2

During the years ended 31st March 2003 and 31st March 2002, no emoluments have been paid by the Group to the four (2002: three) directors or the one (2002: two) highest paid individual as an inducement to join the Group, or as compensation for loss of office.

NOTES TO THE ACCOUNTS

10 FIXED ASSETS

	Investment properties	Leasehold land and buildings	Leasehold improvements	Group Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation							
At 1st April 2002	17,030	127,720	5,884	10,039	57,657	5,223	223,553
Additions	—	11,328	5,769	2,018	879	—	19,994
Revaluation deficit	(1,995)	(8,153)	—	—	—	—	(10,148)
Transfers	10,153	(10,153)	—	—	—	—	—
Disposals	—	—	—	—	(29,638)	—	(29,638)
At 31st March 2003	25,188	120,742	11,653	12,057	28,898	5,223	203,761
Accumulated depreciation							
At 1st April 2002	—	—	4	4,514	38,551	3,971	47,040
Charge for the year	—	3,008	951	1,636	7,076	518	13,189
Revaluation deficit	—	(3,008)	—	—	—	—	(3,008)
Disposals	—	—	—	—	(17,783)	—	(17,783)
At 31st March 2003	—	—	955	6,150	27,844	4,489	39,438
Net book value							
At 31st March 2003	25,188	120,742	10,698	5,907	1,054	734	164,323
At 31st March 2002	17,030	127,720	5,880	5,525	19,106	1,252	176,513

NOTES TO THE ACCOUNTS

10 FIXED ASSETS (continued)

The analysis of the cost or valuation at 31st March 2003 of the above assets is as follows:

	Investment properties	Leasehold land and buildings	Leasehold improvements	Group Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At cost	—	—	11,653	12,057	28,898	5,223	57,831
At 2003 professional valuation	25,188	120,742	—	—	—	—	145,930
	<u>25,188</u>	<u>120,742</u>	<u>11,653</u>	<u>12,057</u>	<u>28,898</u>	<u>5,223</u>	<u>203,761</u>

The analysis of the cost or valuation at 31st March 2002 of the above assets is as follows:

At cost	—	—	5,884	10,039	57,657	5,223	78,803
At 2002 professional valuation	17,030	127,720	—	—	—	—	144,750
	<u>17,030</u>	<u>127,720</u>	<u>5,884</u>	<u>10,039</u>	<u>57,657</u>	<u>5,223</u>	<u>223,553</u>

Net book value of leased assets

At 31st March 2003	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,807</u>	<u>—</u>	<u>216</u>	<u>4,023</u>
At 31st March 2002	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,775</u>	<u>—</u>	<u>309</u>	<u>4,084</u>

NOTES TO THE ACCOUNTS

10 FIXED ASSETS (continued)

The Group's interests in investment properties and leasehold land and buildings at their net book value are analysed as follows:

	Group	
	2003	2002
	HK\$'000	HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	3,000	3,700
Leases of between 10 to 50 years	132,980	130,100
Outside Hong Kong, held on:		
Leases of over 50 years	9,950	10,950
	145,930	144,750

- (a) Except for certain leasehold land and buildings situated in Hong Kong which were valued at 31st March 2003 on the basis of its depreciated replacement cost (note (b)), all other investment properties and leasehold land and buildings situated in both the PRC and Hong Kong were revalued on the basis of their open market value by Memfus Wong Surveyors Limited, an independent professional valuers in Hong Kong ("Memfus Wong Surveyors").
- (b) Certain leasehold land and buildings situated in Hong Kong are held by the Group under a lease agreement dated 25th August 1997 with the Hong Kong Industrial Estates Corporation ("HKIEC") which restricts the usage of the premise to the manufacture of optical discs and related business. The Group's interests in the properties are transferable subject to the right of first refusal to purchase by HKIEC. Accordingly, the properties were valued by Memfus Wong Surveyors on a depreciated replacement cost basis, which is the aggregate of the land value in its existing use and the estimated replacement costs of the buildings.
- (c) The carrying amount of leasehold land and buildings would have been HK\$124,638,000 (2002: HK\$142,546,000) had they been stated at cost less accumulated depreciation.

NOTES TO THE ACCOUNTS

10 FIXED ASSETS *(continued)*

- (d) At 31st March 2003, certain investment properties and leasehold land and buildings with an aggregate net book value of HK\$135,980,000 (2002: HK\$120,310,000) were pledged as security for banking facilities granted to the Group (note 27).
- (e) The revaluation of investment properties and certain leasehold land and buildings of the Group does not constitute timing differences for taxation purposes because management of the Group intends to operate these properties on a long-term basis.

11 SUBSIDIARIES

	Company	
	2003	2002
	HK\$'000	HK\$'000
Unlisted shares, at cost <i>(note (a))</i>	46,010	46,010
Amounts due from subsidiaries <i>(note (b))</i>	451,619	456,108
Amounts due to subsidiaries <i>(note (b))</i>	(34,900)	(34,510)
	462,729	467,608
Provision for amounts due from subsidiaries	(167,000)	(167,000)
	295,729	300,608

- (a) Details of subsidiaries are set out in note 29 to the accounts.
- (b) The amounts due from/(to) subsidiaries are unsecured, interest-free and not repayable within the next twelve months from the balance sheet date.

NOTES TO THE ACCOUNTS

12 INTEREST IN A JOINTLY CONTROLLED ENTITY

	2003	Group
	HK\$'000	2002
		<i>HK\$'000</i>
Share of net liabilities (<i>note (a)</i>)	(17,604)	(17,170)
Amount due from a jointly controlled entity (<i>note (b)</i>)	17,604	17,170
	—	—
Unlisted shares, at cost	1,083	1,083

- (a) This represents the Group's 70% interest in Guangzhou Tung Ah Audio Video Production Company Limited. The Group's control over the jointly controlled entity (the "JCE") is restricted by a provision in the joint venture agreement that requires unanimous approval by all directors present for certain major decisions, notwithstanding the Group having a majority equity interest and the ability to appoint the majority of directors. Accordingly, in the opinion of the directors, the Group does not have unilateral control over the JCE and the equity method is used to account for its investment therein.

Particulars of the jointly controlled entity are as follows:

Name	Country of establishment	Principal activity and place of operation	Percentage of interest in ownership/voting power/loss sharing held indirectly
廣州東亞音像制作有限公司 ("Guangzhou Tung Ah Audio Video Production Company Limited")	PRC	Processing and distribution of audio visual products in the PRC	70%

- (b) The amount due from the jointly controlled entity is unsecured, interest-free and not repayable within the next twelve months from the balance sheet date.

NOTES TO THE ACCOUNTS

13 ASSOCIATED COMPANIES

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Share of net liabilities	(19,974)	(9,908)	—	—
Amounts due from associated companies (note (b))	121,096	115,955	—	(5)
Provision for amounts due from associated companies	(17,214)	(11,358)	—	—
	83,908	94,689	—	(5)
Investment at cost:				
Listed shares in Hong Kong	3,682	3,682	—	—
Unlisted shares	30,042	30,042	—	—
	33,724	33,724	—	—
Market value of listed shares	41,133	63,984	—	—

(a) Details of associated companies are set out in note 30 to the accounts.

(b) The amounts due from associated companies are unsecured, interest-free, and have no fixed repayment terms.

14 INVESTMENT SECURITIES

	Group	
	2003 HK\$'000	2002 HK\$'000
Listed equity securities, at cost	7,517	3,000
Unlisted equity securities, at cost	—	23
	7,517	3,023
Market value of listed equity securities	9,960	7,933

NOTES TO THE ACCOUNTS

15 FILM RIGHTS AND FILMS IN PROGRESS

	Group			Total
	Film rights	Perpetual film rights	Films in progress	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost				
At 1st April 2002	125,134	15,458	11,733	152,325
Additions	150	3,630	1,668	5,448
Transfers	4,360	—	(4,360)	—
At 31st March 2003	129,644	19,088	9,041	157,773
Accumulated amortisation and impairment				
At 1st April 2002	121,162	8,654	5,683	135,499
Charge for the year	3,029	2,890	—	5,919
Impairment loss	—	—	51	51
At 31st March 2003	124,191	11,544	5,734	141,469
Net book value				
At 31st March 2003	5,453	7,544	3,307	16,304
At 31st March 2002	3,972	6,804	6,050	16,826

NOTES TO THE ACCOUNTS

16 FILM SUB-LICENSING RIGHTS AND DEPOSITS

	Film royalty deposits <i>HK\$'000</i>	Group Film sub- licensing rights <i>HK\$'000</i>	Non- perpetual film rights <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1st April 2002	20,245	78,722	18,666	117,633
Additions	32,439	35,471	5,944	73,854
Transfers	(33,806)	33,806	—	—
At 31st March 2003	18,878	147,999	24,610	191,487
Accumulated amortisation and impairment				
At 1st April 2002	6,245	68,576	17,269	92,090
Charge for the year	—	55,259	5,292	60,551
Impairment loss	2,638	4,069	—	6,707
At 31st March 2003	8,883	127,904	22,561	159,348
Net book value				
At 31st March 2003	9,995	20,095	2,049	32,139
At 31st March 2002	14,000	10,146	1,397	25,543

NOTES TO THE ACCOUNTS

17 INVENTORIES

	Group	
	2003	2002
	HK\$'000	<i>HK\$'000</i>
Blank tapes	335	265
Films and programs in audio visual product format	15,126	17,493
Less: provision for obsolete inventories	(1,003)	(5,987)
	14,458	11,771

18 ACCOUNTS RECEIVABLE

The ageing analysis of accounts receivable is as follows:

	Group	
	2003	2002
	HK\$'000	<i>HK\$'000</i>
Current to 3 months	15,139	22,231
4 to 6 months	9,369	2,689
Over 6 months	4,565	7,687
	29,073	32,607
Less: provision for doubtful debts	(4,462)	(10,872)
	24,611	21,735

The Group's credit term to accounts receivable ranges from 7 to 30 days.

19 ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	Group	
	2003	2002
	HK\$'000	<i>HK\$'000</i>
Current to 3 months	5,991	8,349
4 to 6 months	578	—
Over 6 months	3,183	1,256
	9,752	9,605

NOTES TO THE ACCOUNTS

20 SHARE CAPITAL

	Authorised Shares of HK\$0.1 each	
	No. of shares	
	<i>(Thousands)</i>	<i>HK\$'000</i>
At 31st March 2002 and 31st March 2003	<u>3,000,000</u>	<u>300,000</u>
	Issued and fully paid Shares of HK\$0.1 each	
	No. of shares	
	<i>(Thousands)</i>	<i>HK\$'000</i>
At 1st April 2001	771,125	77,112
Repurchase of shares	(125)	(12)
At 31st March 2002 and 31st March 2003	<u>771,000</u>	<u>77,100</u>

21 SHARE OPTIONS

Pursuant to the Scheme of the Company, on 28th January 2000, the Company granted 20,000,000 Options to certain employees including executive directors of the Company. The holders of the Options are entitled to subscribe for shares of HK\$0.1 each in the Company.

As a result of the bonus issue of shares as at 13th October 2000, the exercise price of the outstanding Options of the Company granted on 28th January 2000 was adjusted from HK\$3.38 to HK\$1.1267 per share and the total number of outstanding Options increased from 20,000,000 to 60,000,000. The Share Options are exercisable at any time during the period from 19th August 2000 to 18th August 2002.

During the year, none of the Options were exercised and the Options expired on 18th August 2002. No Option was granted during the year.

NOTES TO THE ACCOUNTS

22 RESERVES

	Group							Total HK\$'000
	Share premium HK\$'000	Share redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange difference HK\$'000	Investment	Other	Accumulated losses HK\$'000	
					properties	properties		
					revaluation reserve HK\$'000	revaluation reserve HK\$'000		
At 1st April 2001								
as previously reported	222,862	—	118,620	(306)	4,233	829	(46,890)	299,348
Effect of adopting SSAP 31 (note 1(f))	—	—	9,798	—	—	—	(9,798)	—
At 1st April 2001								
as restated	222,862	—	128,418	(306)	4,233	829	(56,688)	299,348
Repurchase of shares	(71)	12	—	—	—	—	(12)	(71)
Deficit on revaluation of properties	—	—	—	—	(4,124)	(829)	—	(4,953)
Loss for the year	—	—	—	—	—	—	(99,763)	(99,763)
At 31st March 2002	<u>222,791</u>	<u>12</u>	<u>128,418</u>	<u>(306)</u>	<u>109</u>	<u>—</u>	<u>(156,463)</u>	<u>194,561</u>
Representing:								
Company and subsidiaries	222,791	12	128,545	—	109	—	(95,013)	256,444
Jointly controlled entity	—	—	—	(253)	—	—	(17,998)	(18,251)
Associated companies	—	—	(127)	(53)	—	—	(43,452)	(43,632)
	<u>222,791</u>	<u>12</u>	<u>128,418</u>	<u>(306)</u>	<u>109</u>	<u>—</u>	<u>(156,463)</u>	<u>194,561</u>

NOTES TO THE ACCOUNTS

22 RESERVES (continued)

	Group						
	Share			Exchange	Investment		Total
	Share	redemption	Contributed		revaluation	Accumulated	
	premium	reserve	surplus	difference	reserve	losses	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2002	222,791	12	128,418	(306)	109	(156,463)	194,561
Deficit on revaluation							
of properties	—	—	—	—	(109)	—	(109)
Loss for the year	—	—	—	—	—	(32,958)	(32,958)
At 31st March							
2003	222,791	12	128,418	(306)	—	(189,421)	161,494
Representing:							
Company and							
subsidiaries	222,791	12	128,545	—	—	(124,442)	226,906
Jointly controlled							
entity	—	—	—	(253)	—	(18,432)	(18,685)
Associated							
companies	—	—	(127)	(53)	—	(46,547)	(46,727)
	222,791	12	128,418	(306)	—	(189,421)	161,494

Note: The contributed surplus of the Group represents the credit arising from the reduction of share capital during the year ended 31st March 1999.

NOTES TO THE ACCOUNTS

22 RESERVES (continued)

	Company				
	Share				
	Share premium	redemption reserve	Contributed surplus	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April 2001	222,862	—	174,556	(5,000)	392,418
Repurchase of shares	(71)	12	—	(12)	(71)
Loss for the year	—	—	—	(168,876)	(168,876)
At 31st March 2002	<u>222,791</u>	<u>12</u>	<u>174,556</u>	<u>(173,888)</u>	<u>223,471</u>
At 1st April 2002	222,791	12	174,556	(173,888)	223,471
Loss for the year	—	—	—	(1,510)	(1,510)
At 31st March 2003	<u>222,791</u>	<u>12</u>	<u>174,556</u>	<u>(175,398)</u>	<u>221,961</u>

Note: The contributed surplus of the Company represents the difference between the par value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the net asset value of the subsidiaries acquired, and the credit arising from the reduction of share capital during the year ended 31st March 1999. Under the Companies Act 1981 of Bermuda and the Company's bye-laws the contributed surplus is not distributable to shareholders except that immediately following the distributions or dividend payments, the Company is able to pay its debts as they fall due in the ordinary course of business.

23 LONG-TERM LIABILITIES

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans - secured (note (a))	51,615	49,479
Obligations under finance leases (note (b))	2,896	3,630
	54,511	53,109
Current portion of long-term liabilities	(19,883)	(16,841)
	<u>34,628</u>	<u>36,268</u>

NOTES TO THE ACCOUNTS

23 LONG-TERM LIABILITIES (continued)

(a) Secured bank loans are repayable in the following periods:

	Group	
	2003 HK\$'000	2002 HK\$'000
Within one year	18,084	15,381
In the second year	8,084	4,819
In the third to fifth year	24,254	14,457
After the fifth year	1,193	14,822
	33,531	34,098
	51,615	49,479

(b) As at 31st March 2003, the Group's finance leases liabilities were repayable as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Within one year	2,054	1,670
In the second year	1,183	1,670
In the third to fifth year	62	807
	3,299	4,147
Future finance charges on finance leases	(403)	(517)
Present value of finance leases liabilities	2,896	3,630

The present value of finance leases liabilities are repayable in the following periods:

	Group	
	2003 HK\$'000	2002 HK\$'000
Within one year	1,799	1,460
In the second year	1,042	1,460
In the third to fifth year	55	710
	2,896	3,630

NOTES TO THE ACCOUNTS

24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash inflow generated from operations

	2003	2002
	HK\$'000	HK\$'000
Loss before taxation	(33,306)	(99,675)
Share of loss of a jointly controlled entity	434	3,503
Share of losses less profits of associated companies	3,095	13,966
Provision for amounts due from associated companies	11,648	5,565
Gain on disposal of interest in a subsidiary	—	(20,960)
Net gain on disposal of investment securities	—	(5,677)
Interest income	(364)	(154)
Dividend income from listed investment securities	(700)	—
Interest on bank loans and overdrafts	4,134	3,825
Interest element on finance leases	249	196
Deficit arising on revaluation of leasehold land and buildings and investment properties not covered by previous revaluation surplus	7,031	1,586
(Gain)/loss on disposal of fixed assets	(3,145)	1,332
Depreciation of owned fixed assets	12,113	14,995
Depreciation of fixed assets held under finance leases	1,076	78
Amortisation of films rights and sub-licensing rights	66,470	70,168
Impairment of film rights, film in progress, film sub-licensing rights and deposits	6,758	67,928
Operating profit before working capital changes	75,493	56,676
(Increase)/decrease in inventories	(2,687)	1,222
Increase in accounts receivable	(2,876)	(3,812)
Decrease in prepayments, deposits and other receivables	5,267	9,111
Increase in accounts payable, bills payable, receipts in advance and accruals	16,751	8,182
Net cash inflow generated from operations	91,948	71,379

NOTES TO THE ACCOUNTS

24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)**(b) Analysis of changes in financing during the year**

	Minority interests		Share capital including share premium		Bank loans and finance lease obligations	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of year	—	—	299,903	299,974	53,109	31,228
Redemption of own shares	—	—	—	(71)	—	—
Inception of finance lease (note (c))	—	—	—	—	795	4,291
Finance lease obligations of subsidiary disposed	—	—	—	—	—	(10)
Bank loan raised	—	—	—	—	10,000	15,074
Repayment of bank loans	—	—	—	—	(8,344)	(5,419)
Repayment of capital element of finance leases	—	—	—	—	(1,529)	(1,575)
Increase in bank loans classified as cash and cash equivalents	—	—	—	—	480	9,520
Investment from a minority shareholder	5	—	—	—	—	—
Share of losses by minority interests	(348)	—	—	—	—	—
At the end of year	(343)	—	299,903	299,903	54,511	53,109

(c) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of HK\$795,000 (2002: HK\$4,291,000).

NOTES TO THE ACCOUNTS

25 COMMITMENTS

- (a) At 31st March 2003, the Group had contracted capital commitments but not provided for in these accounts as follows:

	Group	
	2003	2002
	HK\$'000	<i>HK\$'000</i>
(i) Capital commitment for property, plant and machinery	159	261
(ii) Capital commitment in respect of land and buildings	—	584
(iii) Other commitments in respect of		
— film production	—	14,173
— film licensing agreements	29,340	55,266
	29,340	69,439

- (b) At 31st March 2003, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:—

	Group	
	2003	2002
	HK\$'000	<i>HK\$'000</i>
Not later than one year	2,787	—
Later than one year and not later than five years	2,400	—
	5,187	—

- (c) At 31st March 2003, the Group did not have any commitments in relation to the jointly controlled entity and the associated companies.

NOTES TO THE ACCOUNTS

26 CONTINGENT LIABILITIES

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Guarantees given to banks in respect of utilised banking facilities of:				
Subsidiaries	—	—	82,744	67,175
Associated companies	9,000	7,709	9,000	7,709
	9,000	7,709	91,744	74,884

27 PLEDGE OF ASSETS – GROUP

At 31st March 2003, banking facilities amounting to HK\$74,809,000 (2002: HK\$72,654,000) granted by banks to the Group are secured by the following:

- (i) legal charges over certain of the Group's properties (note 10(d));
- (ii) corporate guarantees executed by the Company (note 26);
- (iii) 30,000,000 shares of the Company held by Kuo Hsing Holdings Limited, which is beneficially controlled by Mr. Li Kuo Hsing, a director of the Company; and
- (iv) fixed deposits of HK\$500,000 (2002: HK\$500,000) held by the Group.

NOTES TO THE ACCOUNTS

28 RELATED PARTY TRANSACTIONS

Save as disclosed in other notes to the accounts, significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

		Group	
		2003	2002
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Replication fees paid to an associated company	(a)	35,861	60,645
Rental income received from associated companies	(b)	4,416	12,553
Pre-mastering service fees paid to an associated company	(c)	1,983	1,544
Proceeds on sale of fixed assets to an associated company	(d)	15,000	9,626
Commission income received from an associated company	(e)	1,697	443
Payout and post-production service fees paid to an associated company	(f)	3,191	—

- (a) Replication fees paid to an associated company were conducted in the normal course of business and in accordance with the terms of the underlying agreement.
- (b) Rental income received from the sub-letting of factory premises to certain associated companies was determined on a cost reimbursement basis.
- (c) Pre-mastering service fees paid to an associated company were conducted in the normal course of business and in accordance with the terms of the underlying agreement.
- (d) Sale of fixed assets to an associated company was conducted in the normal course of business and in accordance with the terms of the underlying agreement.
- (e) Commission income from an associated company was determined in accordance with the terms of the relevant agreement.
- (f) Payout and post-production service fees paid to an associated company were conducted in the normal course of business and in accordance with the terms of the underlying agreements.

NOTES TO THE ACCOUNTS

29 GROUP STRUCTURE – SUBSIDIARIES

The following is a list of the principal subsidiaries at 31st March 2003:

Name	Place of incorporation	Principal activities	Nominal value of issued share capital	Percentage of equity interest attributable to the Group
Shares held directly:				
Mei Ah Holdings Limited	British Virgin Islands	Investment holding	50,050 ordinary shares of US\$1 each	100
Shares held indirectly:				
Mei Ah (HK) Company Limited	Hong Kong	Distribution of audio visual products	10,000 ordinary shares of HK\$1 each	100
Mei Ah Film Production Company Limited	Hong Kong	Production of films and telefeatures	2 ordinary shares of HK\$1 each	100
Mei Ah Investment Company Limited	Hong Kong	Investment holding	2 ordinary shares of HK\$1 each 500,000 non-voting deferred shares of HK\$1 each	100
Mei Ah Video Production Company Limited	Hong Kong	Processing of audio video post-production services	2 ordinary shares of HK\$1 each 10,000 non-voting deferred shares of HK\$1 each	100

NOTES TO THE ACCOUNTS

29 GROUP STRUCTURE – SUBSIDIARIES *(continued)*

Name	Place of incorporation	Principal activities	Nominal value of issued share capital	Percentage of equity interest attributable to the Group
Shares held indirectly: <i>(continued)</i>				
Mei Ah Trading Company Limited	British Virgin Islands	Sub-licensing of film rights	50,000 ordinary shares of US\$1 each	100
Mei Ah Development Company Limited	British Virgin Islands	Sub-licensing of film rights	50,000 ordinary shares of US\$1 each	100
MATV Limited	Hong Kong	Television operations	4 ordinary shares of HK\$1 each	100
First Choice Media Group Limited	Hong Kong	Sale of audio visual products	2 ordinary shares of HK\$1 each	100
Winning Creator Limited	Hong Kong	Distribution of audio visual products	10,000 ordinary shares of HK\$1 each	51

NOTES TO THE ACCOUNTS

30 GROUP STRUCTURE – ASSOCIATED COMPANIES

The following is a list of the principal associated companies at 31st March 2003:

Name	Place of incorporation	Principal activities	Nominal value of issued share capital	Percentage of equity interest attributable to the Group
Shares held indirectly:				
Brilliant Idea Group Limited	Hong Kong	Production, sales and licensing of films	10,000 ordinary shares of HK\$1 each	50
Silver Kent Technology Limited **	Hong Kong	Trading of audio visual products	100 ordinary shares of HK\$1 each	45
Link Tech Optical Disc Limited **	Hong Kong	Processing of audio visual products	100 ordinary shares of HK\$1 each	45
China 10K.com (BVI) Company Limited	British Virgin Islands	Investment holding	10,000 ordinary shares of US\$1 each	41
China Culture Media Group Company Limited **	Hong Kong	Provision of internet content and e-commerce business	100 ordinary shares of HK\$1 each	41
M21 Technology Limited	Bermuda	Investment holding	312,500,000 ordinary shares of HK\$0.01 each	29.25
M21 Investment Limited	British Virgin Islands	Investment holding	400 ordinary shares of US\$1 each	29.25
M21 Mastertech Company Limited	Hong Kong	Manufacturing and sale of stampers and provision of pre-mastering and other media services for audio visual products	2,000 ordinary shares of HK\$1 each	29.25

NOTES TO THE ACCOUNTS

30 GROUP STRUCTURE – ASSOCIATED COMPANIES *(continued)*

Name	Place of incorporation	Principal activities	Nominal value of issued share capital	Percentage of equity interest attributable to the Group
Shares held indirectly: <i>(continued)</i>				
M21 Digicast Company Limited (formerly known as M21 R&D Corporation Limited)	Hong Kong	Provision of audiovisual playout services on audiovisual data and provision of post-production services	1,000 ordinary shares of HK\$1 each	29.25

** Associated companies not audited by PricewaterhouseCoopers

Note: Other than Mei Ah Trading Company Limited and Mei Ah Development Company Limited which operate in Hong Kong and overseas, all subsidiaries and associated companies are principally operated in Hong Kong.

31 ULTIMATE HOLDING COMPANY

The directors regard Kuo Hsing Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company.

32 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 28th July 2003.

FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are as follows:

	Year ended 31st March				
	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000 (Restated) (Note)	2000 HK\$'000	1999 HK\$'000
Results					
(Loss)/profit attributable to shareholders	(32,958)	(99,763)	(8,600)	18,095	(57,290)
	As at 31st March				
	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000 (Restated) (Note)	2000 HK\$'000	1999 HK\$'000
Assets and liabilities					
Total assets	355,985	368,543	459,030	444,971	295,422
Total liabilities	(117,734)	(96,882)	(82,570)	(66,826)	(67,208)
Minority interests	343	—	—	—	—
Net assets	238,594	271,661	376,460	378,145	228,214

Note: Results for the year ended 31st March 2001 and assets and liabilities as at 31st March 2001 are adjusted in accordance with SSAP 31 (see "Basis of preparation and principal accounting policies" in note 1(f)).

SCHEDULE OF PRINCIPAL INVESTMENT PROPERTIES

Description	Existing Use	Term of lease	Percentage of Group interest
Workshop No.5, Nos.15-23 and 25-28 on 17th Floor Metro Centre, No.32 Lam Hing Street Kowloon Bay Kowloon	Industrial	Medium	100%
House No. 28 and Car Park Nos. 59 and 60 The Villa Horizon, Silver Stream Path Sai Kung, New Territories	Residential	Medium	100%
Flat A on 6th Floor Nikken Heights Prince's Terrace Hong Kong	Residential	Long	100%
Shop No. 2 on Ground Floor, Po Sun Mansion Nos. 87-101, Bulkeley Street Hung Hom, Kowloon	Commercial	Medium	100%
Flat 1 on Level 3 No. 2, Tianhe East Road Tianhe District, Guangzhou The People's Republic of China	Residential	Long	100%
Units 804-807 on Level 8 of West Tower Yang Cheng Guo Ji Shang Mao Centre Tiyu East Road Tianhe District, Guangzhou The People's Republic of China	Commercial	Long	100%