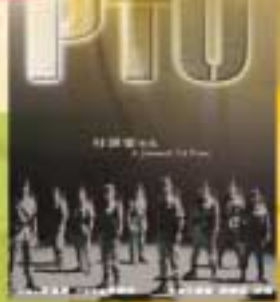




**美亞娛樂資訊集團有限公司**  
**MEI AH ENTERTAINMENT GROUP LTD.**





The directors present the interim report and condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2003. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2003, and the consolidated balance sheet of the Group as at 30th September 2003, all of which are unaudited and condensed, along with selected explanatory notes, are set out as follows:—

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th September 2003

	Note	Unaudited Six months ended 30th September	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	87,632	88,654
Cost of sales		(74,973)	(75,521)
Gross profit		12,659	13,133
Other revenues		5,176	4,847
Selling and marketing expenses		(7,726)	(5,436)
Administrative expenses		(17,374)	(20,461)
Operating loss	3	(7,265)	(7,917)
Finance costs		(1,907)	(2,303)
Share of loss of a jointly controlled entity		(130)	(182)
Share of profits/(losses) of associated companies		1,139	(429)
Loss before taxation		(8,163)	(10,831)
Minority interests		835	155
Loss attributable to shareholders		(7,328)	(10,676)
Basic loss per share	6	(0.95 cents)	(1.38 cents)

**CONDENSED CONSOLIDATED BALANCE SHEETS***As at 30th September 2003 and 31st March 2003*

	<i>Notes</i>	<b>Unaudited 30th September 2003 HK\$'000</b>	<b>Audited 31st March 2003 HK\$'000</b>
Fixed assets	7	<b>158,156</b>	164,323
Interest in a jointly controlled entity		—	—
Associated companies		<b>75,291</b>	83,908
Investment securities		<b>7,517</b>	7,517
Film rights and films in progress	7	<b>12,684</b>	16,304
Film sub-licensing rights and deposits	7	<b>29,548</b>	32,139
Current assets			
Inventories		<b>12,556</b>	14,458
Accounts receivable	8	<b>27,338</b>	24,611
Prepayments, deposits and other receivables		<b>11,277</b>	10,643
Pledged deposits		<b>500</b>	500
Bank balances and cash		<b>452</b>	1,582
		<b>52,123</b>	51,794
Current liabilities			
Accounts payable	9	<b>4,115</b>	9,752
Receipts in advance and accruals		<b>34,973</b>	33,048
Bills payable		<b>1,687</b>	4,640
Bank loans, secured	10(a)	<b>19,023</b>	18,084
Obligations under finance leases	10(b)	<b>1,713</b>	1,799
Bank overdrafts, secured		<b>13,092</b>	15,783
		<b>74,603</b>	83,106
Net current liabilities		<b>(22,480)</b>	(31,312)
Total assets less current liabilities		<b>260,716</b>	272,879
Financed by:			
Share capital	11	<b>77,100</b>	77,100
Reserves		<b>154,166</b>	161,494
Shareholders' funds		<b>231,266</b>	238,594
Minority interests		<b>(1,178)</b>	(343)
Long-term liabilities	10	<b>30,628</b>	34,628
		<b>260,716</b>	272,879



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2003

	<b>Unaudited</b>	
	<b>Six months ended 30th September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Net cash inflow from operating activities	<b>28,151</b>	48,585
Net cash outflow from investing activities	<b>(23,123)</b>	(53,338)
Net cash inflow/(outflow) before financing	<b>5,028</b>	(4,753)
Net cash (outflow)/inflow from financing	<b>(3,467)</b>	2,658
Increase/(decrease) in cash and cash equivalents	<b>1,561</b>	(2,095)
Cash and cash equivalents at the beginning of the period	<b>(24,201)</b>	(21,356)
Cash and cash equivalents at the end of the period	<b>(22,640)</b>	(23,451)
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	<b>452</b>	1,793
Bank overdrafts	<b>(13,092)</b>	(15,564)
Bank loans	<b>(10,000)</b>	(9,680)
	<b>(22,640)</b>	(23,451)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30th September 2003*

	<b>Unaudited Six months ended 30th September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	<b>HK\$'000</b>
Share capital		
At the beginning and the end of the period	<b>77,100</b>	77,100
Share premium		
At the beginning and the end of the period	<b>222,791</b>	222,791
Share redemption reserve		
At the beginning and the end of the period	<b>12</b>	12
Contributed surplus		
At the beginning and the end of the period	<b>128,418</b>	128,418
Exchange difference		
At the beginning and the end of the period	<b>(306)</b>	(306)
Investment properties revaluation reserve		
At the beginning and the end of the period	—	109
Accumulated losses		
At the beginning of the period	<b>(189,421)</b>	(156,463)
Loss for the period	<b>(7,328)</b>	(10,676)
At the end of the period	<b>(196,749)</b>	(167,139)
Shareholders' funds	<b>231,266</b>	260,985



## NOTES TO CONDENSED INTERIM ACCOUNTS

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### 1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants.

These condensed interim accounts should be read in conjunction with the 2002/03 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2003 except that the Group has adopted Statement of Standard Accounting Practice No. 12 (SSAP 12) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2003.

The changes to the Group's accounting policies are set out below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was 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 was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy but has no material impact on the Group's results.



## 2. Segment information

The Group is principally engaged in the sale and distribution of films and programs, film exhibition, film rights licensing and sub-licensing and television operations.

An analysis of the Group's revenues and results for the period by business segments is as follows:

	Unaudited				
	Six months ended 30th September 2003				
	Sale and distribution of films and programs in audio visual product format	Film exhibition and film rights licensing and sub-licensing	Television operations	Processing of audio visual products	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenues	<u>69,223</u>	<u>11,578</u>	<u>6,831</u>	<u>—</u>	<u>87,632</u>
Segment results	<u>(2,307)</u>	<u>(1,540)</u>	<u>(5,322)</u>	<u>—</u>	<u>(9,169)</u>
Unallocated income					5,176
Unallocated costs					<u>(3,272)</u>
Operating loss					(7,265)
Finance costs					(1,907)
Share of profits/(losses) of:					
Jointly controlled entity	(130)	—	—	—	(130)
Associated companies	—	818	—	321	<u>1,139</u>
Loss before minority interests					<u>(8,163)</u>
Minority interests					<u>835</u>
Loss attributable to shareholders					<u><u>(7,328)</u></u>



Unaudited  
Six months ended 30th September 2002

	Sale and distribution of films and programs in audio visual product format <i>HK\$'000</i>	Film exhibition and film rights licensing and sub-licensing <i>HK\$'000</i>	Provision of internet and related services <i>HK\$'000</i>	Processing of audio visual products <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenues	<u>81,595</u>	<u>6,240</u>	<u>670</u>	<u>149</u>	<u>88,654</u>
Segment results	<u>(3,563)</u>	<u>(3,994)</u>	<u>(517)</u>	<u>(1,000)</u>	(9,074)
Unallocated income					4,596
Unallocated costs					<u>(3,439)</u>
Operating loss					(7,917)
Finance costs					(2,303)
Share of profits/(losses) of:					
Jointly controlled entity	(182)	—	—	—	(182)
Associated companies	—	—	—	(429)	<u>(429)</u>
Loss before minority interests					(10,831)
Minority interests					<u>155</u>
Loss attributable to shareholders					<u><u>(10,676)</u></u>

The Group is organized into four 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; and
- Processing of audio visual products.

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



### 3. Operating loss

Operating loss is stated after crediting and charging the following:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Crediting</b>		
Gain on disposal of fixed assets	1,430	—
Dividend from investment securities	<u>—</u>	<u>700</u>
<b>Charging</b>		
Amortisation of film rights	8,196	3,152
Amortisation of film sub-licensing rights	28,056	34,927
Depreciation of fixed assets	<u>3,329</u>	<u>6,441</u>

### 4. Staff costs

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	<b>HK\$'000</b>
Wages and salaries	7,589	8,870
Pension costs-defined contribution plans	<u>231</u>	<u>191</u>
	<u>7,820</u>	<u>9,061</u>

### 5. Taxation

No provision for Hong Kong and overseas profits tax has been made as the Group had no estimated assessable profit during the period.

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



## 6. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$7,328,000 (2002: loss of HK\$10,676,000) and on the weighted average of 771,000,000 (2002: 771,000,000) shares in issue during the period.

Diluted loss per share is not disclosed as there were no dilutive potential ordinary shares as at 30th September 2003 and 2002.

## 7. Capital expenditure

	Film rights and film in progress <i>HK\$'000</i>	Film sub- licensing rights and deposits <i>HK\$'000</i>	Fixed assets <i>HK\$'000</i>
<b>6 months ended 30th September 2003</b>			
Opening net book amount	16,304	32,139	164,323
Additions/(disposals)	4,576	25,465	(2,838)
Amortisation / depreciation charge	(8,196)	(28,056)	(3,329)
Closing net book amount	<u>12,684</u>	<u>29,548</u>	<u>158,156</u>

## 8. Accounts receivable

The ageing analysis of accounts receivable is as follows:

	Unaudited 30th September 2003 <i>HK\$'000</i>	Audited 31st March 2003 <i>HK\$'000</i>
Current to 3 months	16,216	15,139
4 to 6 months	5,409	9,369
Over 6 months	6,762	4,565
Less: provision for doubtful debts	(1,049)	(4,462)
	<u>27,338</u>	<u>24,611</u>

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

**9. Accounts payable**

The ageing analysis of accounts payable is as follows:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Current to 3 months	2,554	5,991
4 to 6 months	564	578
Over 6 months	997	3,183
	<u>4,115</u>	<u>9,752</u>

**10. Long term liabilities**

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Bank loans — secured ( <i>note (a)</i> )	49,367	51,615
Obligations under finance leases ( <i>note (b)</i> )	1,997	2,896
	<u>51,364</u>	<u>54,511</u>
Current portion of long-term liabilities	<u>(20,736)</u>	<u>(19,883)</u>
	<u>30,628</u>	<u>34,628</u>



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

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Within one year	19,023	18,084
In the second year	7,784	8,084
In the third to fifth year	15,707	15,636
After the fifth year	6,853	9,811
	<u>30,344</u>	<u>33,531</u>
	<u><u>49,367</u></u>	<u><u>51,615</u></u>

(b) Obligations under finance leases are repayable in the following periods:

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
Within one year	1,952	2,054
In the second year	320	1,183
In the third to fifth year inclusive	—	62
	<u>2,272</u>	<u>3,299</u>
Future finance charges on finance leases	<u>(275)</u>	<u>(403)</u>
Present value of finance lease liabilities	<u><u>1,997</u></u>	<u><u>2,896</u></u>

The present value of finance lease liabilities is as follows:

Within one year	1,713	1,799
In the second year	284	1,042
In the third to fifth year inclusive	—	55
	<u>1,997</u>	<u>2,896</u>

**11. Share capital**

	<b>Unaudited 30th September 2003 HK\$'000</b>	Audited 31st March 2003 HK\$'000
<i>Authorised</i>		
300,000,000 ordinary shares of HK\$0.1 each	<u><b>300,000</b></u>	<u>300,000</u>
<i>Issued and fully paid</i>		
771,000,000 ordinary shares of HK\$0.1 each	<u><b>77,100</b></u>	<u>77,100</u>

**12. Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>30th September 2003 HK\$'000</b>	31st March 2003 HK\$'000	<b>30th September 2003 HK\$'000</b>	31st March 2003 HK\$'000
Guarantee given to banks in respect of utilised banking facilities to the extent of:				
Subsidiaries	—	—	<b>73,011</b>	82,744
Associated companies	<u><b>9,000</b></u>	<u>9,000</u>	<u><b>9,000</b></u>	<u>9,000</u>
	<u><b>9,000</b></u>	<u>9,000</u>	<u><b>82,011</b></u>	<u>91,744</u>

**13. Commitments**

- (a) As at 30th September 2003, the Group had commitments not provided for in these financial statements in respect of film licensing agreements amounting to approximately HK\$15,600,000 (31st March 2003: HK\$29,340,000).
- (b) As at 30th September 2003, the Group did not have any commitments in relation to the jointly controlled entity and the associated companies.



#### 14. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th September</b>	
		<b>2003</b>	2002
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Replication fee paid to an associated company	<i>(a)</i>	<b>15,330</b>	18,554
Rental income from associated companies	<i>(b)</i>	<b>1,356</b>	2,220
Playout services fee to an associated company	<i>(a)</i>	<b>2,220</b>	1,240
Pre-mastering services fee and post-production services fee to an associated company	<i>(a)</i>	<b>1,603</b>	601
Sale of fixed assets to an associated company	<i>(c)</i>	<b>5,700</b>	—
		<b><u>5,700</u></b>	<b><u>—</u></b>

*Notes:*

- (a) Replication, playout services and pre-mastering services fees paid to the associated company were conducted in the normal course of business and in accordance with the terms of the underlying agreements.
- (b) Rental income from leasing of properties and certain plant and machinery to associated companies were determined on a cost reimbursement basis.
- (c) 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.



## **INTERIM DIVIDEND**

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The board does not recommend the payment of an interim dividend for the six months ended 30th September 2003 (2002: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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### **Results Highlights**

The Group recorded an unaudited consolidated turnover of HK\$87,632,000, a slight decrease of 1.2% compared with the same period of last year. Loss attributable to shareholders was HK\$7,328,000, decreased by 31% compared with the same period last year.

Sale and distribution of films and programs in audio visual product format continues to be the major business segment of the Group. Turnover of which decreased by 15%, from approximately HK\$82 million to approximately HK\$69 million, and contributed approximately 79% of the Group's turnover for the period. Income from film exhibition, film rights licensing and sub-licensing increased by 86% from approximately HK\$6 million to approximately HK\$12 million. During the period, the Group's television operations generated approximately HK\$7 million (2002: Nil) turnover to the Group.

During the period under review, the outbreak of Severe Acute Respiratory Syndrome had caused severe adverse impacts on the economic environment and various business sectors, including entertainment industry, and hit the Group's income from its major business segment, the sale and distribution of films and programs in audio visual product format. The decline was partially compensated by the increase in film exhibition income, which is attributable to the two films, "PTU" and "Men Suddenly In Black", released during the period (2002: Nil).

Despite the decrease in turnover, the Group was able to maintain a stable gross margin of approximately 14%. Increase in selling and marketing expenses from approximately HK\$5.4 million to approximately HK\$7.7 million was attributable to the two newly released films during the period and following the implementation of effective and stringent cost control measures, the administrative expenses were dropped by 15% comparing with the same period last year.



## Prospects

In the recent years, the Group has continuously committed to distribute customised video products and has placed a great deal of effort in building up and the enhancement of its movie library through market expansion and acquisition of high quality and popular films from various film production companies. The Group will continue to enrich the content of its well-established movie library and make use of this valuable asset to generate highest return to its shareholders.

Other than the acquisition of films, the Group also aims to produce films with high quality. "PTU" was selected as the opening film of the 27th Hong Kong International Film Festival and invited to participate in a number of international film festivals. In December 2003, "PTU" and "Men Suddenly In Black" were nominated 11 and 4 Awards respectively in the 40th Golden Horse Awards and "PTU" won the Award of Best Original Screenplay. During the period under review, Love Undercover II, another film produced by Brilliant Idea Group Limited, the Group's associated company, also received encouraging responses from the market in its theatrical and video disc release.

Following the increasing number of TV channels in Hong Kong, including pay TV, the demand for TV channel contents is expected to increase significantly. In December 2003, the Group secured a contract with Galaxy Satellite Broadcasting Limited, a pay TV operator, to provide a movie channel for a period of 5 years.

Following the approval of non-domestic television program service license in 2002, the Group has also continued to explore sources of potential revenue streams from its TV channel, namely MATV, through commercial advertisement or joint venture opportunities. The Group is also exploring to operate additional number of TV channels. Backed by its valuable movie library, the Group believes that it will continue to benefit from new market opportunities.

M21 Technology Limited ("M21"), an associated company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, has also started to contribute profit to the Group during the period. In September 2003, M21 underwent a business restructuring and now focuses on media services including pre-mastering, post-production and playout services. The restructuring provides a clearer definition to M21's business and will open up channels to various types of business opportunities for M21.





The Group is also optimistic about the development potential in the China market, in particular after China's entry into the World Trade Organization and the Mainland and Hong Kong Closer Economic Partnership Agreement, which expands market demands for entertainment products and improves the protection of copyrights. Through the Group's jointly controlled entity in China, a strong distribution network has already been developed, the Group is well positioned to capitalise on the new market opportunities.

Looking forward, the Group will exploit every opportunity to create positive results and generate returns for its shareholders. Supported by the Group's experienced management, solid foundation 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.

## **Liquidity and Financial Resources**

At 30th September 2003, the Group has available banking facilities of approximately HK\$70 million, of which approximately HK\$64 million were utilised. Certain of the Group's properties and fixed deposits with net book values of HK\$137 million and HK\$0.5 million respectively were pledged to banks to secure banking facilities. The Group's gearing ratio of 28% as at 30th September 2003 was based on the total of bank loans, overdrafts and obligations under finance leases of approximately HK\$64,456,000 (of which HK\$33,828,000, HK\$8,068,000, HK\$15,707,000 and HK\$6,853,000 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\$231,266,000. 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 30th September 2003, the Group had contingent liabilities in respect of guarantees given to banks for facilities of associated companies amounting to approximately HK\$9 million, and commitments in respect of acquisition of film rights of approximately HK\$15.6 million. The commitments will be financed by the Group's internal resources and banking facilities.



## Employees

At 30th September 2003, the Group employed 60 (31st March 2003: 73) staff. Remuneration is reviewed annually. In addition to the basic salaries, staff benefits include discretionary bonus, medical insurance scheme and contributory provident fund.

## Directors' interests in equity or debt securities

At 30th September 2003, the interests of the directors and chief executives in the shares of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO 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	23,843,500	37,968,750	403,669,510
		<i>Note (i)</i>	<i>Note (ii)</i>
Mr. TONG Hing Chi	3,375,000	—	—
Mr. CHAN Ngan Piu	2,025,000	—	—
Mr. CHAU Kei Leung	7,209,000	—	—

#### 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.

**(b) 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	No. 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 the Share Option Scheme detailed below, at no time during the period was the 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.

At no time during the period, 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 SFO).

**Substantial shareholders**

At 30th September 2003, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interest, being 5% or more of the Company's issued share capital, other than those of the directors and chief executives as disclosed above in "Directors' interests in equity or debt securities".



## **Disclosure under Practice Note 19 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”)**

At 30th September 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.

### **Share option scheme**

Details of the share option scheme approved by the shareholders of the Company on 24th September 1993 (the “Commencement Date”) were disclosed in the Company’s annual report for the year ended 31st March 2003. The share option scheme was expired after 10 years from the Commencement Date on 23rd September 2003.

During the period, no options was granted under the share option scheme.

### **Compliance with the Code of Best Practice of the Listing Rules**

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules at any time during the six months ended 30th September 2003.

### **Purchase, sale or redemption of shares**

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



## **Audit committee**

The Audit Committee has reviewed with management the accounting principles and practices adapted by the Group and discussed financial reporting matters, including a review of the unaudited interim condensed accounts for the six months ended 30th September 2003.

On behalf of the Board

**Li Kuo Hsing**

*Chairman*

22nd December 2003