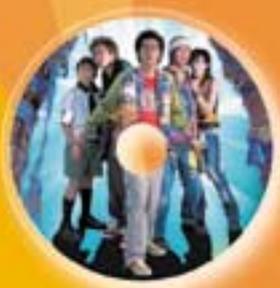




美亞娛樂資訊集團有限公司
MEI AH ENTERTAINMENT GROUP LTD.



Interim Report **2002/03**



The directors present the Interim Report and condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2002, and the consolidated balance sheet of the Group as at 30th September 2002, 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 2002

| | <i>Note</i> | Unaudited Six months ended 30th September | |
|---|-------------|--|------------------|
| | | 2002 HK\$'000 | 2001 HK\$'000 |
| Turnover | 2 | 88,654 | 78,616 |
| Cost of sales | | (75,521) | (60,280) |
| Gross profit | | 13,133 | 18,336 |
| Other revenues | | 4,847 | 7,257 |
| Other income | 3 | — | 6,166 |
| Selling and marketing expenses | | (5,436) | (4,285) |
| Administrative expenses | | (20,461) | (21,550) |
| Operating (loss)/profit | 3 | (7,917) | 5,924 |
| Finance costs | | (2,303) | (2,162) |
| Share of loss of a jointly controlled entity | | (182) | (661) |
| Share of (losses)/profits of associated companies | | (429) | 682 |
| (Loss)/profit before minority interests | | (10,831) | 3,783 |
| Minority interests | | 155 | — |
| (Loss)/profit attributable to shareholders | | (10,676) | 3,783 |
| Basic (loss)/earnings per share | 6 | (1.38 cents) | 0.49 cents |

CONDENSED CONSOLIDATED BALANCE SHEETS*As at 30th September 2002 and 31st March 2002*

| | <i>Notes</i> | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|---|--------------|---|---|
| Fixed assets | 7 | 181,482 | 176,513 |
| Interest in a jointly controlled entity | | — | — |
| Associated companies | | 89,076 | 94,689 |
| Investment securities | | 7,540 | 3,023 |
| Film rights and films in progress | 7 | 15,081 | 16,826 |
| Film sub-licensing rights and deposits | 7 | 31,622 | 25,543 |
| Current assets | | | |
| Inventories | | 10,315 | 11,771 |
| Accounts receivable | 8 | 24,372 | 21,735 |
| Prepayments, deposits and other receivables | | 13,136 | 15,910 |
| Tax recoverable | | 1,285 | 1,285 |
| Bank balances and cash | | 1,793 | 1,248 |
| | | 50,901 | 51,949 |
| Current liabilities | | | |
| Accounts payable | 9 | 12,837 | 9,605 |
| Receipts in advance and accruals | | 24,143 | 16,334 |
| Bills payable | | 3,958 | 4,750 |
| Bank loans, secured | 10(a) | 17,772 | 15,381 |
| Obligations under finance leases | 10(b) | 1,982 | 1,460 |
| Bank overdrafts | | | |
| — secured | | 15,564 | 13,045 |
| — unsecured | | — | 39 |
| | | 76,256 | 60,614 |
| Net current liabilities | | (25,355) | (8,665) |
| Total assets less current liabilities | | 299,446 | 307,929 |
| Financed by: | | | |
| Share capital | 11 | 77,100 | 77,100 |
| Reserves | | 183,885 | 194,561 |
| Shareholders' funds | | 260,985 | 271,661 |
| Minority interests | | (150) | — |
| Long-term liabilities | 10 | 38,611 | 36,268 |
| | | 299,446 | 307,929 |



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2002

| | Unaudited | |
|--|--|-----------------|
| | Six months ended 30th September | |
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| Net cash inflow from operating activities | 48,585 | 30,567 |
| Net cash outflow from investing activities | (53,338) | (38,534) |
| Net cash outflow before financing | (4,753) | (7,967) |
| Net cash inflow from financing | 2,818 | 4,303 |
| Decrease in cash and cash equivalents | (1,935) | (3,664) |
| Cash and cash equivalents brought forward | (11,836) | (12,232) |
| Cash and cash equivalents carried forward | (13,771) | (15,896) |
| Analysis of balances of cash and cash equivalents: | | |
| Bank balances and cash | 1,793 | 1,305 |
| Bank overdrafts | (15,564) | (17,201) |
| | (13,771) | (15,896) |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30th September 2002*

| | | Unaudited Six months ended 30th September | |
|---|-------------|--|------------------|
| | <i>Note</i> | 2002 HK\$'000 | 2001 HK\$'000 |
| Share capital | | | |
| Brought forward | | 77,100 | 77,112 |
| Repurchase of shares | | — | (12) |
| Carried forward | 11 | 77,100 | 77,100 |
| Share premium | | | |
| Brought forward | | 222,791 | 222,862 |
| Repurchase of shares | | — | (31) |
| Carried forward | | 222,791 | 222,831 |
| Share redemption reserve | | | |
| Brought forward and carried forward | | 12 | — |
| Contributed surplus | | | |
| Brought forward and carried forward | | 128,418 | 128,418 |
| Exchange difference | | | |
| Brought forward and carried forward | | (306) | (306) |
| Investment properties revaluation reserve | | | |
| Brought forward and carried forward | | 109 | 4,233 |
| Other properties revaluation reserve | | | |
| Brought forward and carried forward | | — | 829 |
| Accumulated losses | | | |
| Brought forward | | (156,463) | (56,688) |
| (Loss)/profit for the period | | (10,676) | 3,783 |
| Carried forward | | (167,139) | (52,905) |
| Shareholders' funds | | 260,985 | 380,200 |



NOTES TO CONDENSED INTERIM ACCOUNTS

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 annual financial statements.

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 2002 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

| | | |
|-------------------|---|--------------------------------------|
| SSAP 1 (revised) | : | Presentation of financial statements |
| SSAP 15 (revised) | : | Cash flow statements |
| SSAP 25 (revised) | : | Interim financial reporting |
| SSAP 34 | : | Employee benefits |

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



2. Segment information

The Group is principally engaged in the processing and distributions of films and programs, film exhibition, film rights sub-licensing, provision of internet and related services and processing of audio visual products.

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

| | Unaudited | | | | |
|--------------------------------------|--|---|--|---|--------------------------|
| | Six months ended 30th September 2002 | | | | |
| | Distribution of films and programs in audio visual product formats <i>HK\$'000</i> | Film exhibition and film rights 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> | <u>(9,074)</u> |
| Unallocated income | | | | | 4,596 |
| Unallocated costs | | | | | <u>(3,439)</u> |
| Operating loss | | | | | (7,917) |
| Finance costs | | | | | (2,303) |
| Share of profits | | | | | |
| less 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> |



Unaudited
Six months ended 30th September 2001

| | Distribution of films and programs in audio visual product formats <i>HK\$'000</i> | Film exhibition and film rights 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>67,158</u> | <u>11,043</u> | <u>232</u> | <u>183</u> | <u>78,616</u> |
| Segment results | <u>11,060</u> | <u>(12,096)</u> | <u>(466)</u> | <u>(1,297)</u> | (2,799) |
| Unallocated income | | | | | 13,825 |
| Unallocated costs | | | | | <u>(5,102)</u> |
| Operating profit | | | | | 5,924 |
| Finance costs | | | | | (2,162) |
| Share of profits | | | | | |
| less losses of: | | | | | |
| Jointly controlled entity | (661) | — | — | — | (661) |
| Associated companies | — | — | (1,159) | 1,841 | <u>682</u> |
| Profit attributable to shareholders | | | | | <u><u>3,783</u></u> |

The Group is organized into four main business segments:

- Distribution of films and programs in audio visual product formats
- Film exhibition and film rights sub-licensing
- Provision of internet and related services
- 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)/profit

Operating (loss)/profit is stated after crediting and charging the following:

| | Unaudited Six months ended 30th September | |
|---|--|-----------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| <u>Crediting</u> | | |
| Gain on disposal of investment securities | — | 6,166 |
| Dividend from investment securities | 700 | — |
| | <u>700</u> | <u>—</u> |
| <u>Charging</u> | | |
| Amortisation of film rights | 2,042 | 8,032 |
| Amortisation of perpetual and non-perpetual film rights | 2,713 | 3,473 |
| Amortisation of film sub-licensing rights | 33,324 | 12,424 |
| Depreciation of fixed assets | 6,441 | 7,483 |
| | <u>6,441</u> | <u>7,483</u> |

4. Staff costs

| | Unaudited Six months ended 30th September | |
|--|--|-----------------|
| | 2002 | 2001 |
| | HK\$'000 | HK\$'000 |
| Wages and salaries | 8,870 | 12,792 |
| Pension costs-defined contribution plans | 191 | 428 |
| | <u>191</u> | <u>428</u> |
| | 9,061 | 13,220 |
| | <u>9,061</u> | <u>13,220</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)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to shareholders of HK\$10,676,000 (2001: profit of HK\$3,783,000) and on the weighted average of 771,000,000 (2001: 771,073,977) shares in issue during the period.

Diluted loss per share for the period is not disclosed as there were no dilutive potential ordinary shares as at 30th September 2002. The outstanding share options as at 30th September 2001 have not been included in the calculation of the diluted earnings per share as the exercise of these share options would have an anti-dilutive effect.

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> |
|---|---|---|------------------------------------|
| 6 months ended 30th September 2002 | | | |
| Opening net book amount | 16,826 | 25,543 | 176,513 |
| Additions | 1,407 | 41,006 | 11,410 |
| Amortisation/depreciation charge | (3,152) | (34,927) | (6,441) |
| Closing net book amount | <u>15,081</u> | <u>31,622</u> | <u>181,482</u> |

**8. Accounts receivable**

The ageing analysis of accounts receivable is as follows:

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|------------------------------------|---|--|
| Current to 3 months | 20,954 | 23,241 |
| 4 to 6 months | 5,918 | 1,679 |
| Over 6 months | 8,372 | 7,687 |
| | <hr/> | <hr/> |
| | 35,244 | 32,607 |
| Less: provision for doubtful debts | (10,872) | (10,872) |
| | <hr/> | <hr/> |
| | 24,372 | 21,735 |
| | <hr/> <hr/> | <hr/> <hr/> |

The sales of films and programs in audio visual product formats are with credit terms of 7 to 30 days. The turnover from film exhibition, film rights sub-licensing, the provision of internet and related services and processing of audio visual products are on open account term. Certain balances are covered by customers' deposits placed with the Group.

9. Accounts payable

The ageing analysis of accounts payable is as follows:

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|---------------------|---|--|
| Current to 3 months | 9,113 | 8,349 |
| 4 to 6 months | 921 | — |
| Over 6 months | 2,803 | 1,256 |
| | <hr/> | <hr/> |
| | 12,837 | 9,605 |
| | <hr/> <hr/> | <hr/> <hr/> |



10. Long term liabilities

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|--|---|--|
| Bank loans — secured (<i>note (a)</i>) | 54,933 | 49,479 |
| Obligations under finance leases (<i>note (b)</i>) | <u>3,432</u> | <u>3,630</u> |
| | 58,365 | 53,109 |
| Current portion of long-term liabilities | <u>(19,754)</u> | <u>(16,841)</u> |
| | <u>38,611</u> | <u>36,268</u> |

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

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|----------------------------|---|--|
| Within one year | 17,772 | 15,381 |
| In the second year | 7,762 | 4,819 |
| In the third to fifth year | 15,200 | 14,457 |
| After the fifth year | 14,199 | 14,822 |
| | <u>37,161</u> | <u>34,098</u> |
| | <u>54,933</u> | <u>49,479</u> |



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

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|--|---|--|
| Within one year | 2,174 | 1,670 |
| In the second year | 1,511 | 1,670 |
| In the third to fifth year inclusive | <u>137</u> | <u>807</u> |
| | 3,822 | 4,147 |
| Future finance charges on finance leases | <u>(390)</u> | <u>(517)</u> |
| Present value of finance lease liabilities | <u>3,432</u> | <u>3,630</u> |

The present value of finance lease liabilities is as follows:

| | | |
|--------------------------------------|---------------------|---------------------|
| Within one year | 1,982 | 1,460 |
| In the second year | 1,328 | 1,460 |
| In the third to fifth year inclusive | <u>122</u> | <u>710</u> |
| | <u>3,432</u> | <u>3,630</u> |

11. Share capital

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|---|---|--|
| <i>Authorised</i> 300,000,000 ordinary shares of HK\$0.1 each | <u>300,000</u> | <u>300,000</u> |
| <i>Issued and fully paid</i> 771,000,000 ordinary shares of HK\$0.1 each | <u>77,100</u> | <u>77,100</u> |



12. Contingent liabilities

| | Group | | Company | |
|--|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | 30th September 2002 HK\$'000 | 31st March 2002 HK\$'000 | 30th September 2002 HK\$'000 | 31st March 2002 HK\$'000 |
| Guarantee given to banks in respect of utilised banking facilities of: | | | | |
| Subsidiaries | — | — | 74,455 | 67,175 |
| Associated companies | 7,550 | 7,709 | 7,550 | 7,709 |
| | <u>7,550</u> | <u>7,709</u> | <u>82,005</u> | <u>74,884</u> |

As at 30th September 2002, the Group did not have any contingent liabilities in relation to the jointly controlled entity.

13. Commitments

- (a) As at 30th September 2002, the Group had commitments not provided for in these condensed accounts as follows:

| | Unaudited 30th September 2002 HK\$'000 | Audited 31st March 2002 HK\$'000 |
|-----------------------------|--|--|
| Commitments in respect of | | |
| — film production | 14,173 | 14,173 |
| — film licensing agreements | 46,698 | 55,266 |
| | <u>60,871</u> | <u>69,439</u> |

- (b) As at 30th September 2002, 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:

| | | Unaudited Six months ended 30th September | |
|---|-------------|--|------------------|
| | <i>Note</i> | 2002 HK\$'000 | 2001 HK\$'000 |
| Replication fee paid to an associated company | (a) | 18,554 | 33,091 |
| Rental income from associated companies | (b) | 2,220 | 6,300 |
| Playout services fee to an associated company | (a) | 1,240 | — |
| Pre-mastering services fee to an associated company | (a) | 750 | 643 |

- (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.



INTERIM DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results highlights

The Group recorded an unaudited consolidated turnover of HK\$88,654,000, an increase of 13% compared with the same period of last year. Loss attributable to shareholders was HK\$10,676,000.

Distribution of films and programs in audio visual product formats continues to be the major business segment of the Group. Turnover of which increased by 21%, from HK\$67 million to HK\$82 million, and contributed approximately 92% of the Group's turnover for the period. Income from film exhibition and film rights sub-licensing decreased by 43% from HK\$11 million to HK\$6 million.

Prospects

Despite the tough business environment, the turnover of the Group still showed a growth. During the period, the Group obtained the exclusive distribution rights from China Star Entertainment Limited ("China Star") (stock code: 326) and Riche Multi-Media Holdings Limited ("Riche", formerly known as Ocean Shores Group Limited) (stock code: 764) to distribute all their film library of approximately 800 titles in audio-visual product formats in Hong Kong and Macau for a term of three years. Following the acquisition, the well-established movie library of the Group has further been expanded and has been one of the prolific Chinese movie library in the world.

In November 2002, "Big Head Monster", a film produced by the Group, has won the Best Editing Award of Milan International Film Festival. The Group will continue to utilise its resources and place great efforts in the production and acquisition of high quality films for the maximization of the value of the assets in its movie library.



The Group is also optimistic about the development potential in the China market, in particular after China's entry into the World Trade Organization, which expands market demands for entertainment products and improves the protection of copyrights. Through Guang Dong Tung Ah Audio Video Production Company Limited, the Group's jointly controlled entity in China which owns a movie and TV library of over 1,000 hours' content and a strong distribution network currently under development in China, the Group is well positioned to capitalise on the new market opportunities.

Following the completion of construction 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 has also placed stringent control over its costs by the streamline of its operational workflow.

Looking forward, the Group will exploit every opportunity to create positive results and generate higher 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 2002, the Group has available banking facilities of approximately HK\$82 million, of which approximately HK\$74 million were utilised. Certain of the Group's properties and plant and machinery with net book values of HK\$150 million and HK\$15 million respectively were pledged to banks to secure banking facilities. The Group's gearing ratio of 28% as at 30th September 2002 was based on the total of bank loans, overdrafts and obligations under finance leases of approximately HK\$73,929,000 (of which HK\$35,318,000, HK\$9,090,000, HK\$15,322,000 and HK\$14,199,000 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\$260,985,000. 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 2002, the Group had contingent liabilities in respect of guarantees given to banks for facilities of associated companies amounting to approximately HK\$7.6 million, and commitments in respect of acquisition of film rights of approximately HK\$61 million. The commitments will be financed by the Group's internal resources and banking facilities.



Employees

At 30th September 2002, the Group employed 84 staff. Remuneration is reviewed annually and certain staff members are entitled to commission. 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 2002, the interests of the directors and chief executives in the shares 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 | 20,761,500 | 37,968,750 | 401,155,510 |
| | | <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 Mrs. 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 SDI Ordinance).

Substantial shareholders

At 30th September 2002, 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 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 2002, 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 were disclosed in the Company's annual report for the year ended 31st March 2002.

During the period, all outstanding options as at 1st April 2002 were expired.

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 2002.

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 2002.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 20th December 2002



CORPORATE INFORMATION

Directors

Executive Directors

Li Kuo Hsing (*Chairman*)

Tong Hing Chi

Chau Kei Leung

You Jing Feng

Non-Executive Director

Chan Ngan Piu

Independent Non-Executive Directors

Lee Man Kwong

Cheung Kung Tai

Company secretary

Tong Hing Chi

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

22nd Floor, Prince's Building

Central

Hong Kong

Principal share and warrant registrar and transfer office

Butterfield Corporate Services Limited

Rosebank Centre

14 Bermudiana Road

Pembroke

Bermuda

Hong Kong branch share registrar, warrants registrar and transfer office

Tengis Limited

4/F Hutchison House

10 Harcourt Road

Central

Hong Kong

Audit committee

Lee Man Kwong

Cheung Kung Tai

Authorized representatives

Li Kuo Hsing

Tong Hing Chi

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e-mail : meiah@meiah.com