

MANAGEMENT DISCUSSION AND ANALYSIS

Property Rental

Property rental income was mainly derived from leasing office premises to our associated company, Television Broadcasts Limited.

Film Distribution

Two films were produced during the year, of which one was released.

As you are all aware, the economic weakness continued into year 2002 and the movie industry was one of those worse affected. Consequently the box office takings were very poor.

We will not be embarking on the production of new films, until such time we are comfortable that the economy has turned around.

Filming Facilities Services

The Film Remastering Centre contributed HK\$3,757,000 towards Group profits, and is expected to maintain the same level in the current year.

Clearwater Bay Site

Consideration of the revised Master Layout Plan submitted in October 2002 has been deferred pending agreement with the Town Planning Board on the Planning Brief in relation to the development.

It is anticipated that the Master Layout Plan will need further amendments depending on the outcome of these discussions and consequently the submission of an application for Land Exchange may be considerably delayed.

Associated Companies

Contribution from Television Broadcasts Limited to Group profits fell by only 3% and the dividend income remained the same as last year.

Movie City Project

As a result of the expansion in the scale of the Movie City Project, the total capital cost is estimated to be HK\$950 million, and the Company's commitment is HK\$332.5 million which will be funded from internal resources.

The superstructure work commenced in mid January 2003 as scheduled, and the work is progressing according to plan and the project is expected to be completed by June 2005.

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Financial

The Group had no significant external borrowing and consequently none of the Group's assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the financial year.

Contingent Liabilities

As at 31st March 2003, the Group and the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2003, the Group employed a total of 176 full time employees, all in Hong Kong. During the year under review, there was no significant change in the Group's remuneration policies.