

## OPERATING RESULTS

The Board of Directors ("the Board") of IMI Global Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the financial year ended 31st March 2003 together with comparative figures for the corresponding year in 2002 as follows:

	For the year ended 31st March	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	502.9	1,072.9
Operating profit before taxation	263.2	148.0
Profit attributable to shareholders	256.0	141.4
Basic earnings per share	HK\$1.86	HK\$1.04
Shareholders' fund	237.1	875.1

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st March 2003.

## BUSINESS REVIEW

On 23rd August 2002 the Company disposed of the Group's Christmas festive products business and the leisure furniture business ("the Disposal") to BIHL with the resolution approving the Disposal duly passed by the Shareholders of the Company at the First Special General Meeting held on 19th August 2002. BIHL is owned as to 22.5% by the Company through its wholly owned subsidiary Topway Asset Limited at balance sheet date. Following the Disposal, the development in its computer graphics ("CG") animation business becomes the key focus of the Group from 23rd August 2002 onwards.

As a result of the Disposal, sales of the Christmas festive products and leisure furniture ceased contribution to the turnover of the Group from 23rd August 2002, and such sales for the applicable period only accounted for the first 144 days of the financial year. The Group's total turnover for the year therefore decreased by 53.1% to HK\$502.9 million.

Gross profit margin for the year rose from 33.9% to 35.6%. This was mainly attributed to the CG animation pictures business and the provision of management consultancy services which had attained a gross profit margin of 50.0% and 15.3% respectively. Nevertheless, these appealing margins were adversely affected by the decline in gross profit margin from the sale of Christmas festive products resulted from the 4.5% decrease in average selling prices under competitive pressure and the 40% increase in labour cost in the People's Republic of China under the new stringent labour benefits legislation for the period prior to the Disposal.

Profit attributable to shareholders amounted to approximately HK\$256.0 million, a significant increase of 81.0%, and this was mainly brought about by the Disposal from which the Group gained a profit of HK\$177 million, net of HK\$63.6 million unrealised gain attributed to the Group's continued holding of 22.5% of the interest in BIHL. Post-completion adjustments were made to the gain on the Disposal after 30th September 2002, which included a recovery of operating expenses of HK\$6.5 million and a write-off of non-disposal capital assets of HK\$13.9 million in relation to the Christmas trees business.

## BUSINESS REVIEW *(Continued)*

### Christmas Festive Products

Sale of artificial Christmas festive products accounted for the majority of the turnover of the Group during the period prior to the disposal date, with turnover generated from this discontinued business amounted to HK\$420.9 million, a decrease of 52.3%, or HK\$461.9 million.

### Leisure Furniture

Contributing to 11.0% of the total turnover, sale of leisure furniture recorded a decrease of 70.6% from HK\$188.6 million to HK\$55.5 million.

### Motion Pictures

Royalty income from the licensing of the distribution and broadcasting rights over "Zentrix™", the Group's first CG animation television series of 26 episodes, amounted to HK\$15.3 million for the year ended 31st March 2003, which was 10 times the turnover for the same core business last year. This significant achievement was attributed to the extended licensing territories beyond Europe, Middle East and Africa to including Latin America and Japan.

### Management Consultancy Services

Turnover from this business segment amounted to HK\$11.3 million and was mainly generated from the consultancy agreement entered into by the Group with BIHL for the provision of consultancy services by the Group's senior executives both in Hong Kong and overseas and the provision of project management services in Japan.

### Honours and Awards

#### *Intermedia-globe Silver Award*

"Zentrix™" continues to make achievement in the industry and received a further international award in May 2003. In the World Media Festival 2003 held in Hamburg, Germany on 14th May 2003, "Zentrix™" won the intermedia-globe Silver Award in the Children's-Animation category.

The festival is a global competition for modern media which aims to honour those productions that are endowed with quality artistic and technical skills and could effectively communicate their messages across to the intended target-groups. Entries from 24 countries, including Britain, Canada, France, Germany, Japan and the USA, were judged by independent international experts in Germany and other countries.

#### *Hong Kong Digital Entertainment Excellence Awards*

In addition to international awards, "Zentrix™" is also well acknowledged in the local industry. On 6th May 2003 "Zentrix™" received the "Gold Prize" Award in the category of Computer Animation presented by The Honourable Henry Tang Ying-yen, Secretary for Commerce, Industry and Technology of the Hong Kong Special Administration Region in the Hong Kong Digital Entertainment Excellence Awards ("HKDEEA").

The HKDEEA is Hong Kong's first digital entertainment excellence award. It is the highest recognition and appreciation of excellence and professionalism for the Hong Kong digital entertainment industry, and winners were selected on the basis of originality, creativity, entertainment value, technology and business potential.

**BUSINESS REVIEW** *(Continued)*

This award is jointly organized by the Commerce, Industry and Technology Bureau of the Government of the Hong Kong Special Administrative Region, the Hong Kong Productivity Council, the Hong Kong Digital Entertainment Association and WTIA and sponsored by Cyberport, Hutchison Telecom, Sony Computer Entertainment HK Limited and XBOX.

**PROSPECTS**

To enhance our global presence in the digital animation and entertainment industry and thereby increase the shareholders' value, the Group has been aggressively marketing its first animation production "Zentrix™" to different parts of the world and has made tremendous success during the year.

Subsequent to the license agreement with M6 Droits AudioVisuels, a French broadcaster, in December 2001 for the licensing of distribution and broadcasting rights of "Zentrix™" in the European, Middle East and Africa territories, further in September 2002, Imagi (Zentrix) Licensing B.V. ("IZLBV"), a wholly-owned subsidiary of the Group, entered into a licensing agreement with Televis Entertainment, a TV programming distributor based in Beverly Hills, the USA, for the broadcasting and merchandising distribution rights of "Zentrix™" in the territory of Latin America. Then later in December 2002, IZLBV entered into a further license agreement (the "Agreement") with Bandai Co., Ltd. ("Bandai"), a global leader in toys manufacturing and electronic gaming, for the licensing of "Zentrix™" in Japan, which enables "Zentrix™" to be broadcasted on television and distributed in all media format in the territory.

"Zentrix™" was first screened in Japan on BS-2 channel of NHK on 5th April 2003, Saturday 8:05 a.m. Kung-fu styled fighting scenes comprised of 3-Dimensional animated robots and dynamic visual effects were found particularly unique and fascinating by Japanese viewers. The main theme song "Change the Future", written and sung by B'z, a reputable band in Japan, was especially popular in Japan.

The Agreement with Bandai, also entitles the creative characters embraced in the television series to be further incorporated into TV console games for worldwide release. This business alliance can help position the Group's CG animated productions in the dynamic and creative entertainment industry of the territory and augment its corporate presence in Japan.

When "Zentrix™" was broadcasted at M6, a leading French TV channel, on Sundays in September 2002 through to February 2003, it received a very good rating in terms of the number of viewers and the quality of production. The average children audience share for "Zentrix™" was 24.2% compared to that for other kids' programmes on the same days of 22.7%. It gained a 9.2 rating and a 35.7 share on Sunday, 20th October 2002 and was once the No.1 kids' program at M6 during the broadcasting period. The television series is also expected to be on air from Monday to Friday at 4:30 p.m. at the children's channel Super RTL in Germany by the end of September 2003.

At present, the Group is progressively negotiating with another two potential distributors for the broadcasting and distribution rights of "Zentrix™" in the Asia Pacific region (excluding Japan and Oceania countries) and North America respectively.

In addition to our own proprietary projects, the Group is also in the advanced stage in finalising some agreements with the world-renowned studios in the United States of America and Japan in respect of the co-production business opportunities. These alliances not only can help strengthen the Group's financial position but also enhance the Group's technology and skills in the CG animation production through sharing of experience and exchange of technical knowledge.

**PROSPECTS** *(Continued)*

This break-through and great success in the CG animation business has evidenced that the Group is approaching its mission as a leader in the digital animation and entertainment industry in Asia, and the Group is confident about the prospects of its future development and therefore bringing in high growth returns to its shareholders.

**CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 6th August 2003 to 8th August 2003, both days inclusive, during which period no transfer of shares will be effected.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

**AUDIT COMMITTEE**

The Audit Committee meets regularly with the Group's senior management and the external auditors to consider and review the Group's financial statements, the nature and scope of audit reviews, and the effectiveness of the system of internal control and compliance and to make recommendations to the Board. The members of the Audit Committee are Mr. Oh Kok Chi (Chairman of the Committee) and Mr. Alexander Reid Hamilton.

**CHANGE OF COMPANY NAME AND SHARE CONSOLIDATION**

The Board announced on 19th November 2002 that the Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in Bermuda which evidenced the change of Company name to IMI Global Holdings Limited with effect from 13th November 2002. The Share Consolidation, as a result, was taken place with effect from 21st November 2002.

**CODE OF BEST PRACTICE**

None of the Company's Directors are aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period covered by this report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

**PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

All information pertaining to the results of the Group for the financial year ended 31st March 2003 required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

**APPRECIATION**

On behalf of the Board of Directors, I would like to express my sincerest gratitude to our worldwide customers and distributors for their trust and support towards our products and CG animation. I would also like to take this opportunity to express my appreciation to our shareholders for their support along with our staff for their loyalty, dedication and hard work.

**Kao Cheung Chong, Michael**  
*Chairman and Managing Director*

Hong Kong, 4th July 2003