

On behalf of the Board of Directors, I am pleased to report the Group's results for the year ended 31st December, 2002.

### Performance

Riche Multi-Media's performance in 2002 was more than satisfactory. The Group recorded a turnover of HK\$89,443,000 (2001: HK\$28,007,000), representing an increase of 219% as compared to the corresponding period in 2001. Loss from operations amounted to HK\$25,131,000 (2001: loss of HK\$100,541,000). The net loss attributable to shareholders of HK\$25,285,000 (2001: net loss of HK\$98,497,000) was recorded due to impairment in value of the Group's film rights of HK\$7,579,000 (2001: HK\$24,175,000) and other asset of HK\$25,087,000 (2001: HK\$56,864,000) being recognized. Due to restructuring the core business, the one-off loss on disposal of fixed assets including plant, machinery, studio and lighting equipment in Hong Kong of HK\$14,508,000 and the entire interest in the subsidiary of HK\$1,100,000 were taken into account and brought a negative impact on the financial statements. The loss per share for the year was 5.32 cents (2001: loss 26.56 cents).

### Dividend

At the Annual General Meeting to be held on 27th May, 2003, the directors do not recommend the payment of a final dividend for the year. (2001: nil)

### Market of the Mainland China

During the year, China's domestic economy continued to grow with a 7% annual national GDP growth. Following Beijing success bid for the 2008 Olympic Games and China's accession to the WTO, and also recent Shanghai's winning to hold 2010 World Exposition, China's economic development was fueled new momentum. Prosperous environment led people change their life style. "Feeling good" was an integral part of modern China. The market for entertainment products such as audio-visual products rapidly enlarged but domestic providers couldn't satisfy their consumers' demand. On the other hand, with China's entry into WTO, regulation regarding content important are expected to be relaxed in the near future, which will allow the group to offer Chinese audiences richer and boarder audio-visual products.

本人謹此代表董事會提呈本集團截至二零零二年十二月三十一日止年度之業績。

### 業績表現

豐采多媒體於二零零二年之業績表現理想。本集團之營業額為89,443,000港元(二零零一年: 28,007,000港元), 較二零零一年同期增加219%。經營虧損為25,131,000港元(二零零一年: 虧損100,541,000港元)。股東應佔虧損淨額為25,285,000港元(二零零一年: 虧損淨額98,497,000港元), 乃由於本集團電影發行權減值7,579,000港元(二零零一年: 24,175,000港元)及其他資產減值25,087,000港元(二零零一年: 56,864,000港元)所致。由於重組核心業務, 出售固定資產(包括廠房、機器、影樓及燈光設備)之一次性虧損為14,508,000港元及附屬公司之全部權益1,100,000港元乃全部計入賬目並對財務報表構成負面影響。本年度每股虧損為5.32仙(二零零一年: 虧損26.56仙)。

### 股息

於二零零三年五月二十七日舉行之股東週年大會上, 董事並不建議派發本年度末期股息(二零零一年: 無)。

### 中國大陸市場

年內, 中國內地經濟持續上揚, 全年國內生產總值錄得7%增長。北京成功申辦二零零八年奧運、中國加入世貿, 以及近日上海成功爭取二零一零年世界博覽會主辦權後, 中國經濟發展一日千里。市面繁榮令人們生活習慣隨之改變, 「享受生活」已成為現今中國之時尚。影音產品等娛樂產品之市場急速擴大, 惟國內供應商無法滿足客戶之需求。另一方面, 隨著中國加入世貿後, 對電影內容之規定將日漸放寬, 從而使本集團可向中國觀眾提供更多元化及品種之影音產品。

In 2002, as a contents provider in audio-visual products, the Group started to implement a restructuring exercise and has successfully set foot in the video distribution, 35mm films distributed to theaters and sub-licensing of programme rights in People's Republic of China ("PRC"). With close cooperation with our business partner in PRC, the Group has already established an intensive network that inevitably is a competitive advantage.

The Group had captured and benefited from the business opportunities derived from China's economic development. In order to focus on the core business in PRC, the management had been restructuring of the Group and the disposal of a major production processes in Hong Kong. Sub-contract of film's distribution right to Hong Kong distributors also provides solid revenue under cost-benefit analysis in Hong Kong Market.

### Change of Name

The Group had diverted its business in developing the media business. Advertising placing on the Group's products is another new business and the Group will expertly use the marketing strategy to assess new business in a prudent manner. Accordingly, the name of Company was changed to Riche Multi-Media Holdings Limited in June 2002 to reflect its future directions and market positioning.

### Business Review

#### The Operating Review

##### *Operating Results for the Year*

As envisaged, our PRC businesses had become more significant and now represent 84% of the contribution of all businesses compared with nil in 2001. The Group's three core businesses, namely, distribution of programmes, sub-licensing of programme rights and sales of advertising rights accounted for 38%, 49% and 13% of the Group's total turnover respectively.

本集團為影音產品之內容供應商，於二零零二年著手進行重組，成功在中華人民共和國（「中國」）開展發行影視節目、向電影院發行35毫米電影及轉授節目發行權業務。本集團與中國業務夥伴緊密合作，建立龐大業務網絡，發揮競爭優勢。

本集團把握中國經濟發展所帶來之商機，盡享優勢。為集中發展中國之核心業務，本集團已重組管理架構，出售香港之主要製作業務並根據成本效益分析，在香港市場上外判電影發行權予香港分銷商以提供穩定收益。

### 更改公司名稱

本集團將業務擴展至媒體業務，並從事在本集團產品刊登廣告之新業務，而本集團將以專業態度透過行銷策略審慎檢討新業務。因此，本公司於二零零二年六月改名為豐采多媒體集團有限公司，以反映日後業務方針及市場定位。

### 業務回顧

#### 經營回顧

##### *本年度經營業績*

如預期一樣，中國業務日益重要，佔所有業務之貢獻84%，二零零一年則並無貢獻。本集團三項核心業務為發行節目、轉授節目發行權及銷售廣告權，分別佔本集團總營業額38%、49%及13%。

- Distribution of Programmes

For the year ended 31st December, 2002, turnover of distribution of programmes derived from Hong Kong and PRC amounted to HK\$34,320,000, representing an increase of 86% compared with the last year. During the year under review, Hong Kong's economy was adversely affected by the slowdown in global economy and the decline was further aggravated by the 911 events. The effects of high unemployment and the poor property market indicate that consumers are likely to continue to exercise caution in their spending. All these depressing factors in turn led to consumers' reluctance to spend. In spite of these adverse circumstances, the Group succeeded in exploration of new revenue stream and recording a rise in turnover from distribution of programmes in PRC. In line with increasing demand in PRC, the Group expanded its sales network rapidly. Distribution of home video products in PRC contributed the satisfying result at the current year. The acquisition of company in November 2001 enabled the Group to enjoy existing yield.

- Sub-licensing of Programme Rights

For the year ended 31st December, 2002, turnover of sub-licensing of programme rights amounted to HK\$43,523,000, representing an increase of 378% compared with the same period last year. The positive impact was mainly derived from the increase of demand from hotel industry in PRC.

- Sales of Advertising Rights

Diversification also brought the Group situating at the new spunky market. Advertisement placing on the Group's products created new revenue stream. Turnover amounted to HK\$11,600,000 at the current year. The performance was excellent. The Group supports this change of marketing strategy that is appropriate to the future development of the Group.

- 發行節目

截至二零零二年十二月三十一日止年度，在香港及中國發行節目之營業額達34,320,000港元，較去年同期增加86%。於回顧年度內，全球經濟衰退嚴重打擊香港經濟，而九一一事件進一步使香港經濟惡化。失業率攀升、地產市場疲弱，促使消費者更審慎花費，導致消費意欲下降。雖然面對此等不利環境，本集團仍成功開拓新收入來源，藉著在中國發行節目而提升營業額。本集團亦配合中國市場需求增長而迅速擴展銷售網絡。在中國發行家庭影視產品，亦有助本集團在本年度取得理想業績。於二零零一年十一月收購公司之舉動，終使本集團享有現今之成果。

- 轉授節目發行權

截至二零零二年十二月三十一日止年度，轉授節目發行權之營業額達43,523,000港元，較去年同期增加378%，業績增長是由於來自中國酒店業之需求增加所致。

- 銷售廣告權

擴展業務範疇亦令本集團進軍生機蓬勃之市場。在本集團產品刊登廣告成為本集團之新收入來源，於本年度之營業額達11,600,000港元，成績極佳。本集團認為，此等市場策略之轉變可配合本集團日後之發展，因此本集團對該轉變大力支持。

### Human Resources

As at 31st December, 2002, the Group employed 15 full time marketing, management, administrative and production staffs. The Group offers a competitive remuneration package to its employees, including insurance and medical benefits. In addition, discretionary bonus and share options may be granted to eligible employees based on the Group's performance and individual performance. Staff costs were HK\$6,550,000 in 2002 (2001: HK\$13,030,000).

### The Financial Review

#### Capital Structure and Treasury Policy

The Group maintains a strong and stable financial position. As at 31st December, 2002, the Group had total assets of approximately HK\$331,492,000, comprising non-current assets of approximately HK\$284,717,000 and current assets of approximately HK\$46,775,000, which were financed by current liabilities, non-current liabilities and shareholders' funds of approximately HK\$76,070,000, HK\$35,318,000 and HK\$220,104,000 respectively. The current ratio deteriorated from last year's 3.07 to 0.61 while the quick ratio declined from last year's 2.91 to 0.61. The debt to equity ratio was 0.51 while it was 0.11 last year. The ratio was calculated by dividing the total liabilities of HK\$111,388,000 (2001: HK\$26,589,000) by the total shareholders' equity of HK\$220,104,000 (2001: HK\$246,263,000).

The Group disposed of its entire interest in Ocean Shores Licensing Limited to Gainful Fortune Limited ("Gainful Fortune") at a consideration of HK\$80 million. Gainful Fortune issued convertible notes in an aggregate amount HK\$160 million for the purchase of the hotel and intranet distribution rights in respect of an aggregate of up to 300 motion pictures in PRC and the entire issued share capital of Ocean Shores Licensing Limited from the Group. The notes bear interest at 1% per annum which is payable yearly in arrears and will mature on 17th April, 2005. On completion of the disposal of Ocean Shores Licensing Limited on 17th April, 2002, the Group subscribed 40 issued shares of HK\$1 each in the share capital of Gainful Fortune at a par value of HK\$1, which represent 40% of the enlarged issued share capital of Gainful Fortune.

### 人力資源

於二零零二年十二月三十一日，本集團僱用15名全職員工，負責市場推廣、管理、行政及生產工作。本集團給予員工之酬金方案具競爭力，包括保險及醫療福利。此外，本集團亦會按業績表現及員工個人表現給予合資格員工酌情花紅及購股權。二零零二年之員工成本為6,550,000港元（二零零一年：13,030,000港元）。

### 財務回顧

#### 資本結構及財政政策

本集團維持強健及穩定之財政狀況。於二零零二年十二月三十一日，本集團資產總值約為331,492,000港元，包括非流動資產約284,717,000港元及流動資產約46,775,000港元，而資金來源包括流動負債、非流動負債及股東資金，分別約為76,070,000港元、35,318,000港元及220,104,000港元。流動比率由去年3.07轉壞至0.61，而速動比率則由去年2.91減至0.61。負債比率為0.51，去年則為0.11，乃將負債總額111,388,000港元（二零零一年：26,589,000港元）除以股東資金總額220,104,000港元（二零零一年：246,263,000港元）計算。

本集團按80,000,000港元之代價向Gainful Fortune Limited（「Gainful Fortune」）出售其全部Ocean Shores Licensing Limited權益。Gainful Fortune發行合共160,000,000港元之可換股票據，以向本集團收購最多達300套影片在中國之酒店及內聯網發行權及Ocean Shores Licensing Limited全部已發行股本。該等票據按年利率1厘計息，須按年償還前期利息，並將於二零零五年四月十七日到期。於二零零二年四月十七日完成出售Ocean Shores Licensing Limited時，本集團按面值1港元之價格認購40股每股面值1港元之Gainful Fortune已發行股份，相等於Gainful Fortune之經擴大已發行股本40%。

During the period, the Group and China Star Entertainment Limited and its subsidiaries (together "China Star Group") entered into a licensing agreement pursuant to which China Star Group conditionally agreed to grant to the Group the licensing rights in PRC (except Hong Kong, Macau and Taiwan) and Mongolia in respect of 116 movies for a term of 10 years from the date of completion of the licensing agreement at a total consideration of HK\$33.8 million. The consideration would be settled by the issue of convertible notes with principal amount of HK\$33.8 million by the Company.

The convertible notes bear interest at 1% per annum which will be payable semi-annually in arrears. The convertible notes will mature on three years from the date of the issue of the convertible notes and are redeemable only on the maturity date. The convertible notes carry the right at any time between the issue date and maturity to convert the whole or any part of the outstanding principal amount of the convertible notes into the Company's share at a conversion price of HK\$4 per share.

### **Borrowings and Banking facilities**

During the year, the Group generally financed its operations with internally generated cash flows. As at 31st December, 2002 the Group had no banking facilities. (2001: Nil)

The Group had a net cash balance of HK\$7,384,000 (2001: HK\$27,770,000) being total cash on hand of HK\$7,598,000 minus bank overdraft in our books of HK\$214,000.

The Group services its debts primarily through cash generated by operations. As at 31st December, 2002, the Group had bank balances and cash of approximately HK\$7,598,000 and taking into consideration the Group's internally generated funds, the directors believes that sufficient funds are available to pursue its planned business development opportunities.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 31st December, 2002.

本集團與中國星集團有限公司及其附屬公司(合稱「中國星集團」)於期內訂立特許權協議，中國星集團有條件同意向本集團授出116套電影之中國(不包括香港、澳門及台灣)及蒙古之特許權，為期十年，由完成特許權協議當日起計，總代價為33,800,000港元。本公司將發行本金額33,800,000港元之可換股票據之方式支付上述代價。

可換股票據須按年息率1%支付利息，並須每半年支付前期利息。可換股票據將由發行可換股票據當日起計三年到期，且僅可於到期日贖回。可換股票據附有權利，可於發行日期及到期日期間任何時間，按每股4港元之兌換價將全部或部份未贖回本金額兌換為本公司股份。

### **借款及銀行信貸**

年內，本集團一般以內部資金應付業務所需。於二零零二年十二月三十一日，本集團並無任何銀行信貸(二零零一年：無)。

本集團之現金淨額結餘為7,384,000港元(二零零一年：27,770,000港元)即手頭現金總額7,598,000港元減銀行透支214,000港元。

本集團主要以業務所得現金償還債項。於二零零二年十二月三十一日，本集團銀行結存及現金約為7,598,000港元。經考慮本集團之內部資金，董事認為本集團具備充裕資金以進行業務發展計劃。

### **或然負債**

本集團於二零零二年十二月三十一日並無重大或然負債。

### Foreign Exchange Exposure

As the assets of the Group comprised substantially of bank deposits denominated in Hong Kong dollar, exchange risk of the Group is minimal as long as the Hong Kong government's policy to link the Hong Kong dollar to the US dollar remains in effect.

### Pledge and Charge of Group Assets

Neither the Company nor any of its subsidiaries had any pledge or charge of the assets as at 31st December, 2002. (2001: Nil)

### Prospects

"To introduce the sound quality films to Chinese audiences" has always been the mission of the Group. During the year, the group had released a number of movie hits, especially in PRC, including the sci-fi genre "The Wesley's Mysterious File", starring Andy Lau, Rosamund Kwan and Shu Qi, "Mighty Baby", starring Lau Ching-Wan, Louis Koo, Gigi Leung, Cecilia Cheung and Rosamund Kwan, "The Lion Roars" starring Louis Koo and Cecilia Cheung and famous Korea film "My Sassy Girl", starring Jeon Ji-hyun and Cha Tae-hyun. The Group's distribution performance in 2002 was more than satisfactory and will continue to source additional stock titles in content library and provide a more varied and wider choice for our audiences.

In 2002, the Group's films contents was successfully realized to revenue and exploited the new revenue streams as advertisement placing on Group's products and 35mm film and video products distribution channel in PRC. All these revenue streams brought the positive financial impact to the Group.

### 外匯風險

由於本集團大部份資產均為銀行存款，並以港元為單位，故在香港政府之聯繫匯率政策仍然生效之情況下，本集團之外匯風險極低。

### 本集團資產質押及抵押

本公司或其任何附屬公司於二零零二年十二月三十一日並無任何質押或抵押資產(二零零一年：無)。

### 前景

本集團一直以「向華人觀眾提供優質電影」為其宗旨。年內，本集團發行多部賣座電影，其中在中國發行之電影包括有：由劉德華、關芝琳及舒淇主演之科幻力作「衛斯理藍血人」、由劉青雲、古天樂、梁詠琪、張栢芝及關芝琳演出之「絕世好B」、由古天樂及張栢芝主演之「我家有一隻河東獅」以及由全知賢及車太賢主演之韓國名片「我的野蠻女友」。本集團於二零零二年之發行業務較預期為理想，本集團將繼續擴大影片庫存量，務求為觀眾提供更多元化之選擇。

於二零零二年，本集團之影片資訊內容成功帶來收益及成功發掘新收入來源，成功將集團擁有之資訊內容變現，其中包括本集團產品之廣告收益，在中國發行35毫米電影及影視產品之收益。上述所有收益來源均為本集團之財務表現帶來正面影響。

### Ambition to Become Main Contents Provider in PRC

In 2003 we expect the economy of Mainland China to continue its steady growth and offer the rising demand for audio-visual products. The Group plans to enhance the market share in the key cities through our organic growth and strategic acquisitions and establish branches in Beijing, Shanghai and Guangzhou. Also, we will focus on three parts as follows:

- Cinema Business: Films Distribution

Within the five-year grace under WTO rules, China should accelerate development of its film production and market. For this purpose, China had made efforts to break up the regional monopoly of movie distribution, to build digital cinemas and introduce computerized ticket sales. Overall, going to the cinema remains a relatively inexpensive out-of-home entertainment experience. All the symptoms are in favor of the Group's business on films distribution. The demand from audiences and distributor will continually increase. In 2003, the group will strive to sustain its leading market position, provide more sound quality films in PRC and maximize the revenue by optimizing yield throughout our network.

- Video Business: VCDs and DVDs Distribution

Last year, China had resorted to laws and regulations to crack down on the production and marketing of pirated audio-visual products and software, in order to better protect intellectual property rights. It is the first time to stipulate that those people who are engaged in the production and marketing of pirated products will be prosecuted. The hard strike provided a positive market signals to the distributor and directly led to a remarkable record - one film's video and audio distribution rights in the PRC territory had been sold for 17.8 million yuan at an auction in Beijing. It indicated the real market value of video and audio distribution rights.

### 銳意成為中國的主要內容供應商

於二零零三年，本集團預期中國大陸之經濟將持續增長，影音產品之需求亦日益提高。本集團計劃透過基本增長、策略性收購及透過在北京、上海及廣州成立分公司，從而增加本集團在中國主要城市之市場佔有率。此外，本集團將主力發展下列三個項目：

- 電影業務：發行電影

中國將會在世貿訂下之五年寬限期內，提升電影製作及市場發展，並將全力打破電影發行之地區壟斷，建立數碼電影院，引入電腦化售票系統。現時，在中國到電影院看電影仍屬一種較為相宜之外出娛樂。以上所有跡象均有利於本集團之電影發行業務，而觀眾及分銷商之需求亦不斷提高。於二零零三年，本集團將致力站穩市場之領導地位，為中國觀眾提供更多優質電影，以及透過本集團之網絡增加產量從而提高收益。

- 影視業務：發行影音光碟及數位影音光碟

去年，中國按法例及法規，打擊盜版影音產品及軟件之製作及市場，以保障知識產權，並首次規定起訴製作及售賣盜版產品之人士。嚴厲打擊盜版事業為分銷商帶來正面市場訊息，並因此帶來了一個令人驚喜之市場紀錄——在北京一次中國地區影音發行權拍賣會中，一套電影以17,800,000元人民幣賣出，顯示了影音發行權之真正市場價值。

In our library, we hold most popular Chinese language programmes which have not been released in PRC. The China Star Group, as one of the largest film producer in Hong Kong, will continually provide their latest released films pursuant to the supply agreement. In the future, the Group also sources additional label from different countries into our library and consolidates our position in the video products and films distribution in PRC.

In 2003, the group will increase brand recognition and customer loyalty by different strategies. Firstly, we will expand our network in PRC by installing hundred of point-of-sales displays into supermarkets and build up our self-operated outlets for selling VCDs, DVDs and other post-films products. Loyal customers will sustain the group's long-term profits.

- Advertising: Sales of advertising rights

With an annual GDP of over US\$1 trillion, advertising spending is still comparatively low at 0.40%. More foreign brands move into China and more domestic brands appear in competition. They will be spending more money to build their names and establish their brands for brand loyalty. Based on total advertising revenues, our products as advertising media is one of fast-growing segments of the advertising sector. Brands from around the world are targeting the China market and advertising spend of foreign brands is expected to soar. While the advertising revenue from the Group's products is far from significant at the beginning stage, the management considers that this business segment is probably the major driving force for the Group's business growth in the coming year.

Going forward, the Group will expand its existing business in PRC systematically and assess new market potential in a prudent manner, so as to broaden its scope of operation in PRC within its realm of specialties. It will also strive to increase its market share in such cities it has already established presence to surpass its original target set early. At the same time, the Group will continue to adopt stringent cost control policies and improve operational efficiency in order to maximize returns and enhance shareholders' value in the coming year.

本集團之影片庫載有多個深受觀眾歡迎之華語節目，而該等節目尚未在中國發行。而香港其中一個最大電影製作商中國星集團，將繼續根據供應協議向本集團供應其最近發行之電影。展望將來，本集團將搜羅不同國家之電影加入影片庫，從而鞏固本集團在中國影視產品及電影發行市場之地位。

於二零零三年，本集團將透過不同策略提高品牌知名度及建立一班忠心的客戶群。首先，本集團將會擴大中國網絡，於超級市場設置過百個銷售點及設立自營商舖銷售影音光碟、數位影音光碟及其他電影製作產品。忠心的客戶群將持續為本集團帶來長期溢利。

- 廣告：銷售廣告權

國內生產總值每年超過1萬億美元，而廣告開支僅佔0.40%。更多外國品牌進入中國市場，因而國內品牌出現更加劇烈之競爭。因此，國內品牌將花費更多資金，建立品牌形象以及增加知名度。就廣告總收益而言，本集團產品所提供之廣告媒介為現時廣告界增長最為迅速之媒介。世界各地之品牌均以中國為目標市場，因此外國品牌之廣告開支預期將會上升。於初步階段，本集團產品之廣告收益不大，然而管理層認為此業務分類將在未來一年成為本集團業務增長之主要動力。

展望未來，本集團將有系統擴充中國現時業務，並審慎開發新市場，從而擴大中國之業務範圍，盡展所長。此外，本集團現時業務遍及不同城市，本集團將致力在該等城市增加市場佔有率，超越過往訂立之目標。同時，本集團將維持嚴謹之節流政策，以及提高經營效率，務求在來年增加回報及提高股東價值。



## Chairman's Statement ■ 主席報告

### Appreciation

On behalf of the Board of Directors, I extend my sincere thanks to our shareholders, investors and business partners for their continued support and confidence in the Group. I would also like to thank our management team and staff for their efforts and significant contributions in the past and in the years to come. With our team of experience and committed professionals, the Group is ready to take on new challenges and opportunities when they arise.

By order of the Board

**Heung Wah Keung**

*Chairman*

Hong Kong, 25th April, 2003

### 致謝

本人謹代表董事會表示深切謝意，感謝各位股東、投資者及業務夥伴對本集團一直以來之支持與信任，並感謝各位員工一直鞠躬盡瘁，忠誠盡責為本集團作出重大貢獻。憑藉本集團經驗豐富及盡忠職守之專業人士隊伍，本集團已作好準備面對未來之新挑戰及商機。

承董事會命

主席

向華強

香港，二零零三年四月二十五日