

**財務業績**

截至二零零三年十二月三十一日止年度，本集團之虧損淨額由395,700,000港元減少86%至53,500,000港元。營業額由241,500,000港元減少11%至213,900,000港元。

本年度虧損有所減少主要是由於對間接開支及電影製作成本之控制策略令經營業績獲得改善，加上已確認減值虧損大幅減少至合共28,500,000港元（二零零二年：260,500,000港元）所致。本集團亦已確認認股權證到期時變現之溢利約23,900,000港元，以及分佔以本集團聯營公司豐采多媒體集團有限公司為首之集團（「豐采集團」）攤銷商譽後之業績約43,500,000港元。

年內爆發沙士，東亞洲大部份國家，包括中國及香港，均經歷這些年來最嚴重之經濟打擊。沙士嚴重拖累各行各業，歷時超過三個月。而在香港，沙士之威脅對電影業帶來重大打擊，對該期間本集團之經營業績難免構成沉重影響。然而，本集團成功緩和沙士之整體影響，反映本集團在處理危機方面之卓越能力，以及本集團在往年奠下之穩健基礎。

業務回顧

截至二零零三年十二月三十一日止年度，總營業額約為213,900,000港元，其中約200,300,000港元來自電影發行，餘額則來自錄影帶發行及其他服務收入。電影發行部之營業額較截至二零零二年十二月三十一日止年度之約226,200,000港元減少約11%。本集團於本年在市場上發行了18部電影，而去年則發行了10部電影。此等電影繼續廣受市場注意，而本集團有3部電影之票房名列二零零三年年度十大最高票房港產片。

FINANCIAL PERFORMANCE

For the year ended 31st December, 2003, the Group's net loss improved by 86% from HK\$395.7 million to HK\$53.5 million. The turnover decreased by 11% from HK\$241.5 million to HK\$213.9 million.

The decrease in current year's loss was mainly attributable to improvement in operating results by the cost control strategy on overhead and film production and the substantial reduction in impairment loss recognised which totally amounted to HK\$28.5 million (2002: HK\$260.5 million). The Group had also recognised a gain realized on expiry of warrants for approximately HK\$23.9 million and share the result after amortisation of goodwill in the group headed by Riche Multi-Media Holdings Limited ("Riche Group"), an associate of the Group, of approximately HK\$43.5 million.

During the year, majority countries in East Asia including the PRC and Hong Kong had been encountered the most severe economic crisis in these years as the outbreak of SARS had caused disastrous impacts on different business sectors for a period of more than three months. In Hong Kong, the threat of SARS had taken a heavy toll on movie industry and hit back on the Group's operating result was unavoidable at that period. However, the overall effect of SARS was mitigated by the Group demonstrating its strong ability in handling crises and the Group's solid foundation laid down in the past few years.

REVIEW OF OPERATIONS

For the year ended 31st December, 2003, total turnover was approximately HK\$213.9 million, of which approximately HK\$200.3 million were derived from film distribution and the balance from video distribution and other services income. The turnover from film distribution division had decreased by 11% when compared with approximately HK\$226.2 million for the year ended 31st December, 2002. This year, the Group had released 18 films in the market when compared with 10 films in last year and they are continued to draw the attention of the market. The box offices of our 3 films had been ranked as top ten box offices of Chinese language films in year 2003.



管理層論述及分析

於二零零三年，香港及澳門（「香港」）仍為本集團最大之市場。來自香港及東南亞之營業額分別增加約22%及17%。年內，本集團之營業額受沙士嚴重影響。來自香港及東南亞等傳統市場之營業額則有所增加，此乃由於本集團如期在市場上發行18部電影，成功彌補各部電影營業額之減少。香港市場之表現相對遜色，並錄得約2,400,000港元之分類虧損，與去年相若。東南亞方面之表現之影響較輕，此乃由於有關之銷售合約一般於電影發行前三至四個月達成所致。本集團堅守向電影發行分銷商及客戶作出之承諾，如期在沙士期間發行本集團之新電影，而此政策成功進一步鞏固本集團與業務夥伴之業務關係。另一方面，來自中國及歐美之營業額則分別大幅減少約40%及62%。來自中國之營業額有所下跌，乃由於去年之營業額計及售予豐采集團116部電影在中國之特許權收取代價33,800,000港元所帶來之收益所致。倘去年之收益不計及33,800,000港元之收益，則來自中國市場之營業額錄得增長約49%，此乃由於本分類之需求增加所致。此外，中國市場之貢獻增加至約3,900,000港元，去年則為虧損3,500,000港元。於二零零三年初，本集團已將其經營模式由直接發行改為分銷發行以收取固定收費，或作最低保證安排（即倘總收益高出預設金額，則本集團有權分佔部份收益）。所產生之直接成本因而減少，從而增加對本集團之貢獻。中國市場之貢獻證明本集團之政策方向適當。假使年內並無受沙士影響，則來自中國市場之貢獻應會更令人鼓舞。於本年度，本集團並無任何類似黑俠II以針對國際市場之大型製作。因此，來自歐美之營業額大幅減少。

In 2003, Hong Kong and Macau ("Hong Kong") remained the Group's largest market. The turnover from Hong Kong and South-east Asia had increased by approximately 22% and 17% respectively. During the year, the Group's turnover suffered from SARS. Turnover from traditional markets such as Hong Kong and South-east Asia were increased because the Group had released 18 films in the market as scheduled to compensate for the decrease in turnover of each film. The performance of Hong Kong market was comparatively poor and recorded a segment loss of approximately HK\$2.4 million which was similar to last year. The performance of South-east Asia was less affected because their sales contracts were normally concluded three or four months before release of films. During the SARS period, the Group released our new films on schedule in order to fulfill the commitment we had made to the film exhibitors and our customers and this policy had enhanced the development of better relationship with our business partners. The turnover from the PRC and America & Europe had sharply decreased by approximately 40% and 62% respectively. The turnover from the PRC decreased because the turnover in last year had included revenue of HK\$33.8 million as consideration for the PRC rights of 116 motion pictures that sold to Riche Group. The turnover from the PRC market had increased approximately 49% if the revenue of HK\$33.8 million were excluded from last year's revenue because the demand from this segment increased. The contribution from the PRC market improved to approximately HK\$3.9 million whereas last year was loss of HK\$3.5 million. The Group had changed its operation mode from direct-distribution to sub-distribution at fixed fee or at a minimum guarantee arrangement (i.e. the Group entitled to share a portion of the revenue if the total revenue exceeded pre-determined amount) in the beginning of 2003. The direct costs incurred could then be decreased and thus increased its contribution to the Group. The result in the PRC market was a proof of our move on the right direction. The contribution from the PRC market would be much more encouraging if it was not affected by SARS during the year. In this year, the Group did not have any large scale production like Black Mask II that targeted the international market. As a result, turnover from America and Europe was significantly reduced.



年內，本集團已實施及採取嚴謹之成本控制措施以控制生產、市場推廣及發行開支，平均市場推廣及發行開支因而有效地由每部電影約5,300,000港元減至每部電影約3,000,000港元。

本集團之成本控制措施亦減少間接開支，令本集團保持在電影業內之競爭力。截至二零零三年十二月三十一日止年度，未計折舊及攤銷前之行政開支減少約24%至約44,200,000港元。員工成本及租金方面，則分別大幅減少約15%及33%至約25,500,000港元及3,300,000港元。

本集團一直堅守製作高質素影片之座右銘。於本年獲頒之獎項，足以證明本集團之成就及業界對本集團之肯定，其中電影「大隻佬」、「忘不了」及「黑白森林」於第二十三屆香港電影金像獎頒獎典禮、第九屆金紫荊獎及第十屆香港電影評論學會大獎等各個頒獎典禮榮獲多項殊榮。

流動資金及財務資源

於二零零三年十二月三十一日，本集團之資產總值約為953,100,000港元，而流動資產淨值則約為321,800,000港元，即流動比率3.0（二零零二年：3.8）。本集團之現金及銀行結存總額約為21,500,000港元（二零零二年：72,800,000港元），其中包括已抵押以獲取銀行信貸之銀行存款約4,600,000港元。於二零零三年十二月三十一日，本集團之借貸總額約為37,200,000港元，包括來自銀行之按揭貸款約17,200,000港元及無抵押可換股貸款票據（「票據」）20,000,000港元。本集團於年內之負債資本比率以債項總額37,200,000港元與股東資金773,500,000港元比對，仍屬偏低。以本集團之借貸總額除以股東資金之基準計算，負債資本比率為5%（二零零二年：5%）。本集團之按揭貸款以商業利率計算利息，在十年內分期償還，以本集團若干租賃土地及樓宇作抵押，其賬面值為27,800,000港元。票據以年率4%計息，並附有權利可於

During the year, the Group had implemented and exercised stringent cost control on production, marketing and distribution and had effectively reduced the average marketing and distribution expenses from approximately HK\$5.3 million per film to approximately HK\$3.0 million per film.

The cost control measure also reduced overhead and made the Group stay competitive in the film industry. Administrative expenses before depreciation and amortisation decreased by approximately 24% to approximately HK\$44.2 million for the year ended 31st December, 2003. Staff costs and rental expenses decreased substantially by approximately 15% and 33% to approximately HK\$25.5 million and HK\$3.3 million respectively.

The motto of the Group to produce high quality films has never changed. This year, the awards obtained by the Group were proof of our achievement and recognition in the industry. The films “Running On Karma”, “Lost in Time” and “Colour Of The Truth” had won different awards in different presentation ceremony including The 23rd Hong Kong Film Awards Presentation Ceremony, The 9th Golden Bauhinia Awards and The 10th Hong Kong Film Critics Society Awards.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2003, the Group had total assets of approximately HK\$953.1 million and a net current assets of approximately HK\$321.8 million, representing a current ratio of 3.0 (2002: 3.8). The Group had a total cash and bank balances of approximately HK\$21.5 million (2002: HK\$72.8 million) of which a bank deposit of approximately HK\$4.6 million was pledged for bank facility granted. As at 31st December, 2003, the Group had total borrowings of approximately HK\$37.2 million comprising mortgage loan from a bank of approximately HK\$17.2 million, and unsecured convertible loan notes (“Notes”) of HK\$20 million. The Group’s gearing remained low during the year with total debts of HK\$37.2 million against shareholders’ funds of HK\$773.5 million. This represents a gearing ratio, calculated in the basis of the Group’s total borrowings over shareholders’ fund, of 5% (2002: 5%). The Group’s mortgage loan bears interest at commercial rate and is repayable in installments over a period of ten years and is secured by certain of the Group’s leasehold land and buildings with carrying value of HK\$27.8 million. The Notes bear interest at 4% per annum and carry the right to convert into shares of HK\$0.05 each in the share capital of the Company at an initial conversion price of



管理層論述及分析

二零零二年七月一日或之後按最初換股價每股0.20港元(於二零零三年十二月三十一日,換股價已調整至每股5.83港元)轉換為本公司股本中每股面值0.05港元之股份。票據將於二零零四年六月三十日到期。

於二零零三年七月二十二日,Porterstone Limited(「Porterstone」)、多實有限公司(「多實」)、向華強先生(「向先生」)及陳明英女士(「陳女士」)分別與配售代理及本公司訂立配售協議及認購協議。根據配售協議,Porterstone、多實、向先生及陳女士按每股0.52港元之價格向獨立投資者配售32,190,000股配售股份。根據認購協議,Porterstone、多實、向先生及陳女士按每股0.52港元之價格認購45,702,273股認購股份。於二零零三年八月一日發行供認購之45,702,273股股份所得款項淨額約為23,100,000港元,已用作本集團之一般營運資金。

於二零零三年八月四日,若干購股權持有人行使其購股權以總數約1,100,000港元按行使價每股0.564港元認購2,000,000股本公司股本中之股份。因此,本公司已於同日發行2,000,000股本公司股份。

本公司於二零零三年八月二十一日有條件同意待本公司股東於二零零三年九月十六日舉行之股東特別大會上批准後,按每股1.00港元之價格向獨立投資者配售27,620,000股配售股份。配售已於二零零三年九月二十三日完成。所得款項淨額約為27,300,000港元,其中約14,000,000港元已用於製作電影,約13,300,000港元則已用作本集團之一般營運資金。本公司股東已於股東特別大會上批准發行27,620,000股股份,有關股份其後已於二零零三年九月二十三日發行。

HK\$0.20 per share (as of 31st December, 2003, the conversion price was adjusted to HK\$5.83 per share) on or after 1st July, 2002. The Notes will mature on 30th June, 2004.

On 22nd July, 2003, Porterstone Limited ("Porterstone"), Dorest Company Limited ("Dorest"), Mr. Heung Wah Keung ("Mr. Heung") and Ms. Chen Ming Yin, Tiffany ("Ms. Chen") entered into a placing agreement with a placing agent and a subscription agreement with the Company respectively. Pursuant to the placing agreement, Porterstone, Dorest, Mr. Heung and Ms. Chen placed 32,190,000 placing shares to independent investors at a price of HK\$0.52 per share. Pursuant to the subscription agreement, Porterstone, Dorest, Mr. Heung and Ms. Chen subscribed for 45,702,273 subscription shares at a price of HK\$0.52 per share. 45,702,273 shares issued for the subscription on 1st August, 2003 with net proceeds of approximately HK\$23.1 million were used as general working capital of the Group.

On 4th August, 2003, certain option holders exercised their option rights to subscribe for 2,000,000 shares in the capital of the Company at an exercise price of HK\$0.564 per share in an aggregate amount of approximately HK\$1.1 million. Accordingly, 2,000,000 shares of the Company were issued on the same day.

Subject to the approval by the shareholders of the Company at a special general meeting held on 16th September, 2003, the Company had conditionally agreed to place 27,620,000 placing shares to independent investors at a price of HK\$1.00 per share on 21st August, 2003. The placing was completed on 23rd September, 2003. Net proceeds of approximately HK\$27.3 million were used as to approximately HK\$14 million for film production and as to approximately HK\$13.3 million for general working capital of the Group. The issue of 27,620,000 shares was approved by the shareholders of the Company at the special general meeting and subsequently issued on 23rd September 2003.



由於本集團大部份交易、資產及負債均以港元、美金及人民幣為單位，故本集團之匯率風險極低。因此，本集團並無使用任何金融工具作對沖用途。於二零零三年十二月三十一日，本集團並無任何或然負債。

聯營公司

於二零零三年十二月三十一日，本集團於豐采集團中持有40.61%之股本權益。豐采集團主要從事發行電影、轉授電影發行權及銷售影視產品及影帶刊登廣告之廣告權，擁有資產淨額約337,700,000港元。截至二零零三年十二月三十一日止年度，豐采集團之營業額約為207,000,000港元，而本集團分佔之業績則約為43,500,000港元。豐采集團將繼續成為本集團於中國之發行夥伴。由於其在中國擁有完善之發行網絡，本集團相信其將對本集團作出積極貢獻。

投資

作為短期投資，本集團於二零零三年八月二十六日與精藝集團國際有限公司（於二零零三年十二月四日起已更改為星采控股有限公司）（「精藝集團」，一間於香港聯合交易所有限公司上市之公司）訂立認購協議。根據認購協議，本集團以總代價約8,600,000港元完成收購精藝集團20%之股本權益。於二零零三年十月二十三日，精藝集團公佈按所持每股現有股份兌五股發售股份之基準，以每股發售股份0.04港元之價格進行公開發售。公開發售已於二零零三年十二月二十三日完成，而本集團已就其配額投資約17,300,000港元，並維持其於精藝集團之20%股本權益。

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and renminbi, the exchange rate risks of the Group are considered to be minimal. Accordingly, no financial instruments for hedging purposes have been used by the Group. At 31st December, 2003, the Group had no contingent liability.

ASSOCIATES

As at 31st December, 2003, the Group had 40.61% equity interest in Riche Group. Riche Group is principally engaged in distribution of films, sub-licensing of film rights and sale of advertising rights for advertisements placing on video products and videos. It had net assets of approximately HK\$337.7 million. The turnover of Riche Group amounted to approximately HK\$207.0 million and the Group had shared the result of approximately HK\$43.5 million for the year ended 31st December, 2003. Riche Group will continue to act as our distribution partner in the PRC. As it had good distribution network in the PRC, we believed it will have positive contribution to the Group.

INVESTMENT

For the purpose of short-term investment, the Group had entered into a subscription agreement dated 26th August, 2003 with FT Holdings International Limited ("FT Holdings"), a company listed on The Stock Exchange of Hong Kong Limited. Under the subscription agreement, the Group acquired 20% equity interest in FT Holdings upon completion for an aggregate consideration of approximately HK\$8.6 million. On 23rd October, 2003, FT Holdings announced an open offer on the basis of five offer shares for every existing shares held at a price of HK\$0.04 per offer share. The open offer completed on 23rd December, 2003 and the Group had invested approximately HK\$17.3 million for its entitlement and kept its equity interest in FT Holdings at 20%.



管理層論述及分析

展望

展望將來，本集團除了維持一貫製片量來維持龐大影片庫之優勢外，更會引入國內電影發行商共同投資製作新片，利用他們提供之資金與經驗，再加上他們對國內觀眾口味及市場潮流之認知及觸覺構思製作藍本，從而可製作更多迎合國內觀眾喜好之電影。本集團期望在中國國內電影市場之業務方面取得更豐碩成果，將會更事半功倍。另外，本集團去年業績成功實有賴旗下一批高質素藝人。因此，本集團將繼續拓展其藝人經理人業務，羅致更多有潛質之新進藝人，從而穩定製作電影之開支。

僱員

於二零零三年十二月三十一日，本集團僱用84名員工（二零零二年：141名員工），當中3名員工（二零零二年：46名員工）駐守中國。董事相信，其優秀員工乃本集團維持聲譽及改善盈利能力之最重要元素。員工之酬金乃根據彼等之工作表現及經驗而釐定。除基本薪金、強制性公積金及醫療計劃外，若干員工更可按個別表現評估獲授酌情花紅及購股權。

PROSPECT

Looking into the future, the Group will sustain a stable production volume to keep up its competitive edges in having a huge film library. It will also seek to introduce PRC film distributors for the joint investment in film production. Leveraging on their capital and experience, as well as their knowledge and sensitivity in the audience behaviour and trend in the PRC market, we expect to tailor our productions to the preferences of the PRC market. Fruitful results are anticipated from our film business in the PRC. On the other hand, our pool of talented artists has been crucial to our success in the past year. In view of that, we will continue to develop our artist management business in order to recruit more talented new faces, which will also help to stabilise our production cost.

EMPLOYEES

As at 31st December, 2003, the Group employed 84 staffs (2002: 141 staffs) of which 3 staffs (2002: 46 staffs) are based in China. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staffs are remunerated based on their work performance and experience. Apart from basic salaries, pension fund and medical schemes, discretionary bonuses and share options are awarded to certain staffs according to the assessment of individual performance.