

Management
Discussion and
Analysis
管理層
討論及分析



REVIEW OF OPERATIONS

Overview

Hong Kong has seen the benefits of government efforts to help revitalise the economy with initiatives such as the Mainland China – Hong Kong Closer Economic Partnership Arrangement (CEPA) and the individual travel scheme for mainlanders to help boost tourism in Hong Kong. Although the worst seems to be behind us, Hong Kong still faces major challenges and it is too early to tell whether momentum can be sustained.

The Group will thus continue its strategy of focusing on its core businesses of distribution and exhibition. With more streamlined focus, the Group has managed to contain overheads and keep the Group lean.

The Group's strategic policies have received recognition from industry peers, resulting in the injection of new capital and the setting up of new joint-venture with Typhoon Music (PRC) Limited (a joint-venture company with EMI), as well as a local film production company, Abba Movies Company Limited.

業務回顧

回顧

政府推出致力協助振興經濟之措施，例如中國大陸與香港訂立之更緊密經貿關係安排(CEPA)及為內地居民而設以推動香港旅遊業之自由行計劃，對香港之效益有目共睹。雖然最艱難之時期似乎已經過去，但香港仍面對重大挑戰，故目前斷言增長動力將會持續實屬言之尚早。

因此，本集團將繼續其專注於發行及戲院經營核心業務之策略。在專注於精簡成本之大前提下，本集團已致力控制經營開支，令本集團更健康地運作。

本集團所釐定之策略政策已得到同業廣泛認同，亦因此獲注入新資金，並與Typhoon Music (PRC) Limited (其為EMI成立之合營公司)連同一家本地電影製作公司雅柏電影有限公司，成立一家新合營公司。



With the recovery from the effects of SARS in 2003, box office receipts in Hong Kong increased 16% from the previous year. The Group's Hong Kong cinemas have benefited from this rebound, which is also the case in Singapore and Malaysia.

The Group's financial standing has improved with the additional capital raised and we continue to operate without bank borrowing. While the signs are there for a revival of the economy, the Group will continue its prudent measures of keeping overheads down and maximising returns on our core businesses.

隨著於二零零三年受到非典型肺炎影響後出現之復甦，香港電影票房收入較去年上升16%。本集團於香港之戲院受惠於此復甦，而新加坡及馬來西亞之情況亦相同。

本集團之財務狀況因獲額外資金而更為穩健，並繼續在毋須向銀行舉債下經營。雖然目前有跡象顯示經濟即將復甦，但本集團將繼續推行其控制經營開支之審慎措施，並致力提高旗下核心業務之回報。

Finance

For the financial year ended 30 June 2004, the Group incurred a loss of HK\$11.7 million as compared to a loss of HK\$141.4 million last year. The operating result before exceptional items and write-back of certain aged liabilities was a loss of HK\$9 million, an improvement over the previous year by some HK\$48 million. The improvement is mainly attributable to better contributions from Chinese film library sales, as well as the improvement in the Group's overseas and Hong Kong exhibition businesses.

Gross profits was up 23% or HK\$23.4 million compared with the previous year, mainly due to a higher profit margin from film library sales. Turnover of the Group increased by HK\$8.2 million or 4% compared with the previous year. Cost control measures implemented by the Group in 2002 helped reduce total operating costs by HK\$8.2 million or 5% this current financial year. The Group's individual businesses all showed improved results, with the Singapore and Malaysia exhibition businesses performing strongly.

As of 30 June 2004, the Group had net current liabilities of HK\$8.6 million, with a cash balance of approximately

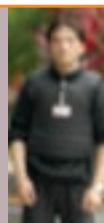
財務

截至二零零四年六月三十日止財政年度，本集團錄得之虧損為11,700,000港元，而去年錄得之虧損則為141,400,000港元。未計非經常項目及撥回若干高賬齡負債之經營虧損為9,000,000港元較去年改善48,000,000港元。經營虧損改善之主要原因為華語電影庫銷售業務有較佳盈利貢獻，及本集團之海外及香港戲院經營業務改善所致。

毛利較去年上升23%，或23,400,000港元，主要因為電影庫銷售業務之邊際溢利較高。本集團之營業額較去年上升8,200,000港元，或4%。本集團於二零零二年實行之成本控制措施有助於本財政年度內降低經營成本8,200,000港元，或5%。本集團個別業務的業績皆有改善，其中新加坡與馬來西亞之戲院經營業務更表現強勁。

於二零零四年六月三十日，本集團之流動負債淨額為8,600,000港元，其中現金結餘約為

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HK\$23 million. The Group raised additional working capital of about HK\$22.4 million in August 2003 through the placement of new shares to new and existing investors. In August 2004, the Group also raised another approximately HK\$36.4 million by issuing new shares to Typhoon Music (PRC) Limited.

Film Distribution

The total box office of Hong Kong grew from HK\$841 million to HK\$973 million, a 16% increase from the previous year. Chinese language films enjoyed a strong reception at the box office, grossing approximately HK\$506 million.

23,000,000港元。本集團於二零零三年八月透過向新引入及現有投資者配售新股份，籌集額外營運資金約22,400,000港元。於二零零四年八月，本集團亦透過向Typhoon Music (PRC) Limited發行新股份，另行籌集約36,400,000港元。

電影發行

香港票房總收入由841,000,000港元上升至973,000,000港元，較去年上升16%。華語電影票房收入增長強勁，票房總額約為506,000,000港元。

The Group distributed 21 Chinese language and 21 non-Chinese language films in the current financial year, compared with 17 Chinese language films and 26 non-Chinese movies in the previous year. As a distributor, the Group maintained its 25% market share reporting a HK\$12 million increase in box office receipts.

Of the 22 major Chinese language films which grossed more than HK\$10 million at the box office, 6 were distributed by the Group. These included *Infernal Affairs II* and *Infernal Affairs III*.

However, overall distribution fee income of Chinese language films decreased by HK\$4.6 million due to lower income from auxiliary rights and overseas markets. Although income from United International Pictures films showed a slight improvement with films such as *Van Helsing*, *Tomb Raider: The Cradle of Life* and *Love Actually* performing well, the poor performance of other non-Chinese language films has affected the bottom line.

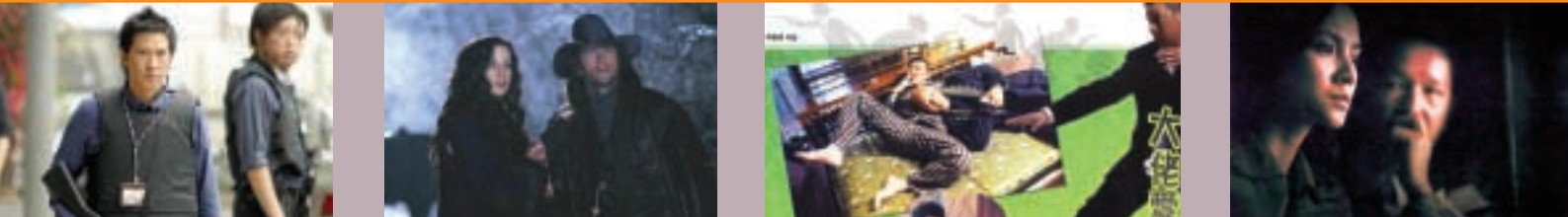
The Group also enjoyed royalty income from sales of library titles to overseas markets. Four action films and five Stephen Chiau comedies were sold to Miramax.

本集團於本財政年度合共發行21齣華語電影及21齣非華語電影，而去年則發行17齣華語電影及26齣非華語電影。本集團作為發行者，維持其25%之市場佔有率，票房收入更增加12,000,000港元。

在錄得票房總收入逾10,000,000港元之22齣華語電影鉅獻之中，6齣由本集團所發行，其中包括《無間道II》及《無間道III終極無間》。

然而，由於來自版權銷售與海外市場之收入下跌，令華語電影之發行費收入總額減少4,600,000港元。雖然來自聯合國國際影片電影之收入輕微上升，例如《狙魔人》、《盜墓者羅拉：生命之匙》及《真的戀愛了》等電影表現理想，但其他非華語電影之表現欠佳，因而影響收支狀況。

本集團亦向海外市場銷售電影庫之電影而取得版權收入。四齣動作電影及五齣周星馳之喜劇電影版權已售予Miramax。



The performance of licensed non-Chinese language films via Panasia however was below expectations. Panasia released 9 films with a total box office of HK\$10.8 million, compared to 14 films with HK\$14.7 million in box office takings in the previous year.

然而，透過泛亞授出版權之非華語電影表現則較預期遜色。泛亞所發行之9齣電影共錄得票房總收入10,800,000港元，而去年所發行之14齣電影則錄得14,700,000港元之票房收入。

Exhibition

In accordance with its strategic focus, the Group has divested its underperforming screens in Shanghai while identifying new opportunities in more strategic locations in the Pearl River Delta region. The Group now operates 218 screens in 36 cinemas in Hong Kong, Singapore and Malaysia with 7 new screens to come on stream in Shenzhen by early 2005.

In Hong Kong, the market recovery tied in with customer loyalty programs and better pricing strategies proved successful with all but one cinema performing better compared with the previous year. Income from the Group's exhibition business showed a significant improvement. Total admissions to the Group's cinemas totaled 3.1 million, which is up by 26% from the previous year. The Group maintained its overall market share of 15% despite facing stiff competition.

Both Singapore and Malaysia continued to perform well in the current financial year. Despite the overall box office in Singapore remaining flat, successful marketing efforts improved the Group's market share to 44%. EBT for the year saw a sharp increase of S\$1.7 million to S\$7.2 million.

戲院經營

為配合其策略性之目標，本集團已出售在上海表現欠佳之影廳，並在珠江三角洲地區內更具策略性之地點物色嶄新商機。本集團現時在香港、新加坡及馬來西亞經營36間影城，共有218間影廳，而7間新影廳將於二零零五年初在深圳陸續開業。

在香港方面，市場復甦、長期客戶回饋計劃及更妥善之訂價策略均奏效，除一間戲院外，其他全部戲院之表現均較去年同期優勝。本集團之戲院經營業務收入錄得顯著升幅。本集團戲院之進場總人次達3,100,000人次，較去年上升26%。本集團在競爭劇烈之環境下，仍能維持市場佔有率達15%。

在新加坡與馬來西亞方面，於本財政年度之表現持續理想。儘管新加坡整體票房收入維持平穩，但極具成效之市場推廣計劃推動本集團之市場佔有率上升至44%。本年度之除稅前溢利更大幅上升1,700,000新加坡元至7,200,000新加坡元。

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Total box office in Malaysia increased by 23% to RM139 million. Tanjong Golden Village Sdn. Bhd. showed an 18% increase in reported box office receipts to RM49.2 million, partly due to the addition of two new screens. EBT improved by RM5.4 million to RM10 million compared to the previous year. However, the adoption of the revised accounting standard on tax effect accounting has resulted in higher tax expense.

馬來西亞之票房收入總額上升23%，增加至139,000,000馬幣。Tanjong Golden Village Sdn. Bhd.之票房收入上升18%，增加至49,200,000馬幣，部份原因為增加兩間新影廳所致。除稅前溢利較去年上升5,400,000馬幣至合共10,000,000馬幣。然而，由於採納經修訂之會計準則，影響對稅項之會計處理方式，引致出現較高稅項開支。

During the current financial year, Golden Screen Cinemas Sdn. Bhd. ("GSC") showed a healthy 30% growth at the box office. This is partly due to the opening of a 12-screen cinema in Penang (GSC Gurney Plaza). GSC achieved a 47% share with reported box office receipts of RM66.2 million. EBT showed a profit of RM10 million, up RM5.8 million from the previous year. GSC has yet to see the full benefit from the closure of underperforming cinemas in the previous year due to unexpired leases. As described in note (3) to the financial statements the equity accounting of GSC's results for 18 months up to 30 June 2004 has resulted in equity accounting for an additional six months results of approximately HK\$2.5 million.

In October 2003, the Group divested its interest in its two Shanghai cinemas – Hai Xing and Friendship due to strong competition and continued losses. A small loss of HK\$0.2 million was recognised for the year. The Group also decided to abandon the Peace IMAX project of which full impairment provision had been made in the previous year. The Group has identified a new site in Shenzhen where it has invested in a new 7-screen multiplex due to open by early 2005.

於本財政年度內，Golden Screen Cinemas Sdn. Bhd. (「GSC」)之票房收入錄得30%之理想增幅，部份原因為在檳城設有12間影廳之影城(GSC Gurney Plaza)開業。GSC在票房收入總額66,200,000馬幣中，佔有率為47%。除稅前溢利為10,000,000馬幣，較去年上升5,800,000馬幣。GSC去年關閉表現欠佳之影城所產生之整體效益仍有待浮現，原因為租約尚未屆滿。GSC截至二零零四年六月三十日止十八個月之業績(如財務報表附註(3)所述)採用權益會計法，並已導致以權益會計法處理而對該額外六個月業績約2,500,000港元入賬。

受到競爭劇烈及持續虧損影響，本集團於二零零三年十月出售其於上海兩間影城(海興戲院及友誼影城)之權益，於本年度內確認之輕微虧損為200,000港元。本集團亦決定擱置上海和平影城之IMAX項目，並已於前一年度內作出全數減值撥備。本集團在深圳已物色新地點，投資興建設有7間新影廳之影城，並計劃於二零零五年初開業。



Operating Costs

Cost control measures adopted by the Group in 2002 continue to keep overheads low with tighter controls over other operating expenses such as travelling and entertainment. Total operating expenses for the year were lower than the previous year by HK\$8.2 million.

營運成本

本集團於二零零二年實行成本控制措施，更嚴格控制其他經營開支如出差及交際開支。令經營開支繼續保持在低水平，本年度之營運費用總額較去年減少8,200,000港元。

PROSPECTS

The Group's tight cost control measures and our focus on our core businesses and strengths has helped us to maintain and increase our competitive edge in the industry. Whilst the market has shown signs of a recovery, the Group will continue on its chosen course and will maintain its prudent strategies which has proven successful over the previous year.

Hong Kong will continue to be the base of operations for the Group and Singapore and Malaysia will continue to play their strong supporting roles. The Group will maintain its focus on developing the Greater China market, and is currently developing a cinema multiplex in Shenzhen. The Group is also continuing with ongoing discussions regarding a possible acquisition of a significant interest in a cinema chain in Taiwan. As previously announced, in order to finance the acquisition if it proceeds, the Group will consider the possibility of raising new equity financing.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group was financed both by cash flow generated internally and a placement of new shares.

前瞻

本集團厲行成本控制措施及專注於核心業務及優勢已令本集團保持及提升於行業內之競爭優勢。雖然市場已出現復甦跡象，但本集團將繼續沿用既定業務方向經營，並實行於去年已證實奏效之審慎策略。

香港將繼續作為本集團之業務總部，而新加坡與馬來西亞將繼續擔當其主要支援角色。本集團將維持集中發展大中華市場，現正於深圳開發一間影城。本集團亦正繼續就可能收購一台灣連鎖影院之重大權益進行持續磋商。如前所公佈，為籌集收購事項（倘進行）之資金，本集團將考慮籌集新股本融資之可能性。

流動資金及財務資源

於本年度內，本集團之營運資金主要來自內部現金流轉及配售新股份。於二零零三年八月一

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On 1 August 2003, the Group successfully placed new shares at HK\$0.28 per share and the net proceeds of HK\$22.4 million were used to provide additional working capital to the Group. Subsequent to the balance sheet date, in August 2004, the Group further placed new shares to an independent third party at HK\$0.25 per share and the net proceeds amounted to approximately HK\$36.4 million. The Group intended to apply the net proceeds for general working capital purposes and for any future investment opportunities in the film financing, film distribution and/or cinema operations business as

日，本集團成功以每股0.28港元配售新股份，並獲得款項淨額22,400,000港元作為本集團之額外營運資金。結算日後，於二零零四年八月，本集團進一步按每股0.25港元向一獨立第三者配發新股份，所得款項淨額約為36,400,000港元。本集團擬應用所得款項淨額作為一般營運資金用途及電影融資、電影發行及／或戲院經營業務之任何未來投資機會。於二零零四年六月三十日，本集團之現金結餘為22,600,000港元，而流動負債淨額則為

and when these opportunities arise. As at 30 June 2004, the Group's cash balances stood at HK\$22.6 million and the net current liabilities at HK\$8.6 million. Gearing, which is computed by dividing total liabilities by total assets, was reduced from 29% to 24%. The Group continues to operate debt-free, except for finance leases, and has no bank borrowings and charges on the Group's assets.

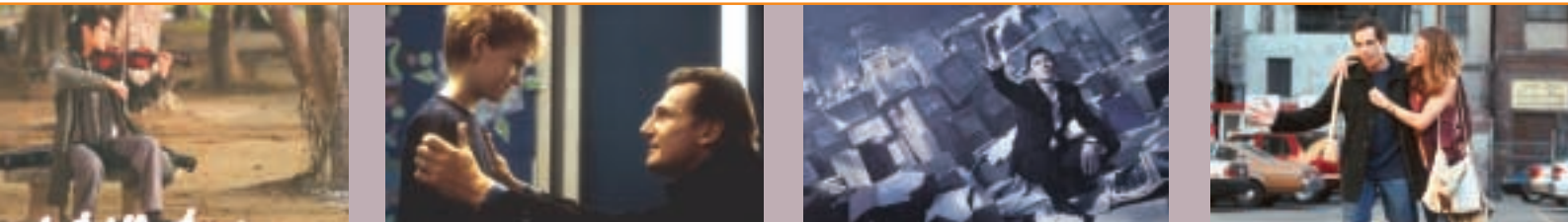
As at 30 June 2004, the Group had a contingent liability of HK\$17.1 million (2003: HK\$48.2 million) in respect of a guarantee of banking facility granted to its associate.

The Group's assets and liabilities are principally denominated in Hong Kong dollars except investments in associates located in Singapore and Malaysia. Since the Malaysian Ringgit is pegged to the United States dollars and the exchange rate between Singapore dollars and Hong Kong dollars has been relatively stable for the past two years, the directors are of the view that the Group's exposure to currency exchange risk is minimal. Accordingly no hedging of foreign currencies was carried out by the Group.

8,600,000 港元。總負債除以總資產之負債比率由 29% 下降至 24%。本集團繼續在毋須舉債下經營，除財務租賃外，本集團並無任何銀行借貸及資產抵押。

於二零零四年六月三十日，本集團因擔保其聯營公司所獲銀行融資而產生或然負債，數額為 17,100,000 港元（二零零三年：48,200,000 港元）。

除位於新加坡與馬來西亞等聯營公司之投資外，本集團之資產及負債主要以港元定值。由於馬來西亞幣與美元掛勾，而新加坡幣對港元之匯率於過去兩年均相對穩定，董事認為本集團之外匯風險偏低，故本集團並無採取任何外匯對沖措施。



EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2004, the Group had 186 (2003: 232) permanent employees. The Group remunerates its employees largely based on industry practice. Apart from salaries, commissions, mandatory provident fund and discretionary bonuses, share options are granted to certain employees based on individual merit.

僱員及薪酬政策

於二零零四年六月三十日，本集團有 186 名全職僱員（二零零三年：232 名）。本集團主要根據行業慣例釐定僱員薪酬。除薪金、佣金、強制性公積金及酌情發放之花紅外，若干僱員更可按個別表現而釐定發授購股權。