

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

整體回顧

OVERALL REVIEW

於回顧年度，本地錄像發行及電影放映市場之經營環境仍然困難。有見及此，本集團繼續致力拓展市場及業務範圍，同時亦實行嚴格成本監控措施。儘管在中國放寬內地旅客來港之限制帶動下，本地零售市場有所復甦，惟電影娛樂事業一直未見明顯改善。



The operating environment in the local markets for the businesses of video distribution and film exhibition during the year under review remained difficult. In view of this, the Group has continued to focus on market and business diversifications while implementing stringent cost control measures. Notwithstanding the rebound of the local retail sectors, driven by rising tourist arrivals along with the relaxation of restrictions on the entry of mainland tourists into Hong Kong, there has not been apparent improvement in the film entertainment industry.

經營業績

OPERATING RESULTS

截至二零零四年六月三十日止年度，本集團之綜合營業額約為港幣227,600,000元，較去年同期下降9.4%。然而，二零零三／二零零四年度之股東應佔虧損則約為港幣19,500,000元，較去年之虧損港幣約28,300,000元有所改善。

For the year ended 30th June 2004, the Group's consolidated turnover was approximately HK\$227.6 million, representing a decrease of 9.4% over the comparative period last year. Notwithstanding, loss attributable to shareholders for 2003/2004 of approximately HK\$19.5 million represents an improvement over the loss of approximately HK\$28.3 million in the previous year.

業務回顧

BUSINESS REVIEW

錄像發行

Video distribution

錄像發行分部之營業額由去年港幣186,200,000元減少33.0%至本年度港幣124,800,000元，佔本集團綜合營業額54.8%(二零零三年：74.1%)。



The video distribution segment recorded a decline in turnover of 33.0%, representing a decrease from last year's HK\$186.2 million to the current year's HK\$124.8 million. This segment contributed 54.8% (2003: 74.1%) of the Group's consolidated turnover.

有見於本地錄像發行市場不景，本集團繼續實施拓展地區市場策略，投放更多財務資源自行製作電影，而本集團將擁有該等影片之全球版權。隨著上述策略之實施，可供本地市場發行之錄像節目數量因而減少，使本業務分部之營業額下降。除發行之錄像節目數

In view of stagnant local video distribution market, the Group continued with its geographical diversification strategy by allocating more financial resource to production of its own films, where it will own world-wide rights. Consequent to such strategy, the number of title for video distribution in local market was declined, which resulted in a decrease in turnover from this segment. Apart from the reduction of number of

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量減少外，由於業內競爭激烈及市況低迷，故此本集團實行具競爭力之定價政策，毛利率難免受到影響。結果，該業務之毛利為港幣22,800,000元，較去年同期減少港幣11,500,000元。



video title released, as a result of the keen competition and weak sentiment within the industry, the Group had maintained its competitive pricing policy, which inevitably impacted on gross margins. As a result, gross profit of this segment declined to HK\$22.8 million by HK\$11.5 million, compared with the same period last year.

電影放映、授出及轉授電影版權

於回顧年度，電影放映、授出及轉授電影版權之營業額由去年同期港幣50,500,000元增加91.1%至港幣96,600,000元，佔本集團綜合營業額42.4%(二零零三年：20.1%)。

Film exhibition, film licensing and film sub-licensing

During the year under review, the turnover derived from film exhibition, film licensing and sub-licensing increased by 91.1% to HK\$96.6 million compared with HK\$50.5 million in the previous period. This segment contributed 42.4% (2003: 20.1%) of the Group's consolidated turnover.



儘管如此，隨著本地市場華語電影放映業務不斷收縮，該業務之業績受到嚴重打擊。於回顧年度，本集團之電影放映業務錄得分部虧損港幣23,500,000元(二零零三年：虧損為港幣4,700,000元)。

Notwithstanding the above, with continual contraction in the film exhibition business of Chinese language films in the local market, the result of this business was severely impacted.



During the year under review, the Group recorded a segmental loss of HK\$23.5 million (2003: loss of HK\$4.7 million) in the film exhibition business.

儘管本地市場電影放映業務業績未如理想，惟於回顧年度，本集團不斷投資電影製作取得成

果。授出及轉授電影版權之分部營業額及溢利分別上升79.9%及28.6%。本集團喜見海外市場所佔本集團營業額貢獻之比重逐漸上升，而此令鼓舞的成績亦進一步增強董事會拓展海外發行網絡之決心。於回顧年度，海外市場之營業額由港幣16,200,000元增至

Despite the disappointing results of the film exhibition business in the local market, the Group's continued investments in film production was rewarded during the year under review. The segmental turnover and profit of the film licensing and sub-licensing increased by 79.9% and 28.6% respectively. We are pleased to see that the contribution of overseas markets as a percentage of the Group's turnover has been increasing and this encouraging result further reinforces the management's continuing efforts of expanding the Group's distribution networks abroad. During the year

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港幣49,800,000元，佔本集團綜合營業額21.9%(二零零三年：6.5%)。受惠於上述電影製作投資策略，本集團已減少依賴本地市場，而管理層相信拓展地域市場對本集團之長遠發展有利。

在中國開拓合拍電影的電影放映市場亦為本集團另一正面發展方向。該等由本集團與中國業務夥伴合作攝製之電影之中國票房成績令人鼓舞，並開拓新收入來源。本集團其中一部合作攝製電影「双雄」更於中國舉行的第十屆中國電影華表獎頒獎典禮中獲得優秀對外合拍片獎。

電視連續劇製作及藝人管理

本集團製作之首部電視連續劇「功夫足球」預期將於二零零四／二零零五財政年度上半年發行。因客戶對此劇反應熱烈，預期此劇發行肯定可為本集團帶來可觀溢利貢獻。



作為內容供應商，本集團亦會重點發展藝人管理部門。管理層相信，透過此垂直綜合業務，

本集團不但可節省製作成本，同時亦可開拓新收入來源及增強本集團在業內之競爭優勢。於回顧年度，董事會非常高興羅嘉良先生加盟本集團成為旗下藝人之一，而本集團日後將繼續邀請更多有潛質新藝人加入。由於該部門尚處發展階段，故此對本集團之溢利貢獻並不重大。

under review, the turnover generated from overseas market increased from HK\$16.2 million to HK\$49.8 million, contributing 21.9% (2003: 6.5%) of the Group's consolidated turnover. Benefiting from the strategy of investments in film production, the Group has reduced its reliance on the local market and the management believes such geographical diversification is beneficial to the long term development of the Group.



Another positive development is the introduction of new markets for film exhibition of co-produced films in the PRC. Such films, which are co-produced by the Group and partners

in the PRC, have recorded encouraging box-office takings in the PRC. Such source of income was previously unavailable. The film "Heroic Duo", one of our co-produced films, had been awarded the Best Co-production Film (優秀對外合拍片獎) at the 10th Ornamental Column Awards Presentation Ceremony (中國電影華表獎頒獎典禮) in the PRC.

Production of television series and artiste management

The first television series produced by the Group, entitled "Kung-fu Soccer", is expected to be released in the first half of financial year 2004/2005. Response from customers has been encouraging and its release is expected to contribute positively to the Group.

As a content provider, the Group also places great emphasis on the development of the artiste management division. The management believes that this step toward vertical integration not only benefits the Group through production cost saving, but also provides new sources of income and strengthens the Group's competitive advantage in the industry. During the year under review, the Board is pleased that Mr. Lo Ka Leung joined the Group as one of our artistes and the Group will continue to identify potential new artistes in the future. As this division is still in development phase, the contribution to the Group was not significant.

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展望

OUTLOOK

董事對中國市場之發展潛力充滿信心。預期隨著內地與香港關於建立更緊密經貿關係的安排(「CEPA」)落實，中國電影業之監管將會放寬，使本集團更易打入中國市場。長遠而言，本集團預期來自中國之營



業額仍為主要收入來源之一。因此，本集團將繼續物色與中國業務夥伴及製作公司合作製作之機會，以迎合中國觀眾之需求。

除物色中國業務夥伴外，本集團亦在多個其他地區物色策略性電影製作夥伴。於回顧年度，本集團委託一間泰國製作公司製作兩部電影，分別為「阿仔有難」(鄭伊健與蔡卓妍主演)及「死亡寫真」(2R與梁俊一主演)。透過上述合作模式，本集團不但可為電影注入新元素，同時亦可拓展該等地區之潛在市場。本集團與泰國業務夥伴合資之電影「鬼域」(李心潔主演)將於二零零四年底開拍。

由於客戶對「功夫足球」之反應理想，加上預期市場對優質電視連續劇之需求殷切，故此本集團日後將會在電視連續劇製作上投放更多資源。

The Directors are optimistic with the potential of the PRC market. The Closer Economic Partnership Arrangement ("CEPA") is expected to result in relaxation of regulations governing the film industry in the PRC and will in turn provide the Group with wider access to the PRC market. The Group expects that turnover from the PRC will continue to be one of the major sources of income in the long run. In view of this, the Group will continue to look for opportunities of joint productions with PRC partners to cater to PRC audiences.

Apart from seeking partners in the PRC, the Group will also seek strategic film production partners in various other regions. During the year under review, the Group has engaged a production company in Thailand to produce two films, namely "Leave Me Alone" starring Ekin Cheng and Charlene Choi and "Abnormal Beauty" starring 2R and Anson Leung. The Group intends to leverage on such co-operation, not only to add new elements into the films, but also to explore potential markets in these regions. A film, namely "Recycle" starring Li Sinje which is co-invested by the Group and a partner in Thailand will commence shooting at the end of 2004.

In view of the encouraging feedback on "Kung-fu Soccer" from our customers and the expected strong demand for good quality television series, the Group will allocate more resources towards the production of television series in the future.



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流動資金及財務狀況

於二零零四年六月三十日，本集團之現金結存及尚未使用之銀行融資分別約為港幣87,300,000元及港幣65,000,000元，去年同期則分別為港幣43,400,000元及港幣65,000,000元。



於二零零四年六月三十日，本集團之資產總值約為港幣347,000,000元，較二零零三年六月三十日增加港幣55,000,000元，主要是由於年內以供股及配售方式發行新股所致。

本集團於二零零四年六月三十日之資產負債比率約為6.8% (二零零三年六月三十日：13.5% (經重列))，乃根據本集團之長期銀行借貸約港幣18,900,000元 (其中港幣6,600,000元須於一年內償還，港幣6,300,000元須於第二年內償還及港幣6,000,000元須於第三至第五年償還)，以及股東資金約港幣278,400,000元計算。此重大跌幅主要由於年內發行新股所致。

由於本集團之借貸減少及利率下調，令利息開支下降，故財務成本相應減少39.9%。

由於本集團大部份交易以港元及美元計算，故此管理層認為匯率波動風險有限，而本集團亦無使用金融工具進行對沖。



LIQUIDITY AND FINANCIAL POSITION

As at 30th June 2004, the Group had cash balances of HK\$87.3 million and unutilised banking facilities amounted to approximately HK\$65.0 million while the corresponding figures in the last year were HK\$43.4 million and HK\$65.0 million respectively.

As at 30th June 2004, the Group had total assets of approximately HK\$347.0 million, representing an increase of HK\$55.0 million over that of 30th June 2003. Such increase was mainly due to the issue of new shares by the way of rights issue and the placing during the year.

The Group's gearing ratio as at 30th June 2004 was approximately 6.8% (30th June 2003: 13.5% (restated)), which was calculated on the basis of the Group's long term bank borrowings of approximately HK\$18.9 million (of which HK\$6.6 million, HK\$6.3 million and HK\$6.0 million are payable within one year, in the second year and in the third to fifth year, respectively) and on the shareholders fund of approximately HK\$278.4 million. The significant reduction was mainly due to the new shares issued during the year.

Finance costs had been reduced by 39.9%, mainly due to a drop in interest expenses as a result of the Group's reduced borrowings and lowered interest rates.

In light of the fact that most of the Group's transactions were denominated in Hong Kong Dollars and US Dollars, the management considered that the exposure to fluctuation of currency exchange rates is limited and no financial instruments for hedging purposes was used by the Group.

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集團資產抵押

於二零零四年六月三十日，本集團名下賬面值合共約港幣65,800,000元(二零零三年：港幣78,800,000元)之所有物業及若干銀行結餘已用作附屬公司所用銀行融資之抵押。

僱員及薪酬政策

於二零零四年六月三十日，本集團僱用120名(二零零三年：116名)員工。薪酬會每年作出檢討，而若干員工會獲支付佣金。除基本薪金外，員工福利包括酌情發放之花紅、醫療保險計劃及強制性公積金。

購股權計劃

根據於二零零三年十一月二十六日舉行之股東週年大會(「二零零三年股東週年大會」)上通過之決議案，本公司根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)採納新購股權計劃(「新計劃」)，並終止原有購股權計劃(「舊計劃」)。

於二零零三年十一月二十六日至二零零四年六月三十日期間，本公司並無根據新計劃授出任何購股權。

來自供股及配售股份所得淨款項用途

於二零零三年九月，本集團藉供股籌得所得款項淨額(已扣除開支)約港幣37,700,000元。所得款項淨額已全數用於回顧年度之電影製作及收購電影版權。



THE PLEDGE OF GROUP ASSETS

As at 30th June 2004, all properties and certain bank balances of the Group with aggregate carrying value of approximately HK\$65.8 million (2003: HK\$78.8 million) were pledged to secure banking facilities utilised by subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2004, the Group employed 120 staffs (2003: 116). Remuneration is reviewed annually and certain staffs are entitled to commission. In addition to the basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.

SHARE OPTION SCHEME

Pursuant to resolutions passed in the annual general meeting held on 26th November 2003 (the "2003 AGM"), the Company has adopted a new share option scheme (the "New Scheme") and terminated the old share option scheme (the "Old Scheme") in compliance with Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

There was no share options granted under the New Scheme for the period from 26th November 2003 to 30th June 2004.

USE OF NET PROCEEDS FROM RIGHTS ISSUE AND PLACEMENT OF SHARES

In September 2003, the Group raised net proceeds (after expenses) of approximately HK\$37.7 million from a rights issue. The whole net proceeds was applied for the film production and the acquisition of films right for the year under review.

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於二零零三年十二月，本集團藉配售190,000,000股股份籌得所得款項淨額(已扣除開支)約港幣36,600,000元。根據二零零三年十一月十七日之公佈所述，本集團打算將此筆所得款項淨額用作建議成立中外合資合營企業，並在國內投資及經營戲院業務(「該建議交易」)，該建議交易於二零零四年六月三十日並無產生重大費用。該建議交易之可行性研究正在進行。基於中國市場瞬息萬變，本集團將會採取務實而審慎態度去評估該建議交易。

In December 2003, the Group raised net proceeds (after expenses) of approximately HK\$36.6 million by placing 190,000,000 shares. As stated in the announcement dated 17th November 2003, the Group intends to use the net proceeds to finance the proposed setting up of a Sino-foreign equity joint venture enterprise to invest in and operate cinema business in the PRC (the "Proposed Transaction"), there was no material cost incurred for the Proposed Transaction as at 30th June 2004. The feasibility study of the Proposed Transaction is being conducted. In view of the ever-changing PRC market, the Group will assess this Proposed Transaction by a more pragmatic and prudent approach.