

主席報告 Chairman's Statement

二零零五年對於香港電影行業而言，經營情況較二零零四年更為艱辛，港產電影的弱勢今年更為清晰。

雖然去年香港經濟開始復甦，電影行業理應受惠，但香港電影業仍然飽受知識產權問題困擾。隨着科技進步，現時除了盜版的VCD、DVD泛濫市場外，電腦盜版技術更有進一步的發展，例如改善BT點對點的技術，以及P2P (Peer-to-peer)日益流行，互聯網侵權上載及下載出現了法律空間，令侵權活動更為猖獗。

知識產權問題多年來一直困擾香港電影行業，甚至由於互聯網的出現而變本加厲，而香港政府雖然表現出積極打擊的決心，甚至對少數侵權者作出檢控，但所做的措施顯然未足以打擊侵權行為，令電影工作者的心血創作及辛勞成果，未能得到充份保障。此問題除大大影響投資開拍電影的利潤收入外，亦影響觀眾入場觀看電影的意欲，並打擊電影從業員開拍電影的熱誠，長遠而言，會令香港電影工業進一步萎縮。

作為香港電影行業的領導公司之一，本公司深明盜版問題對行業前景的影響及其嚴重性，年內積極參與反盜版行動，包括與業界成立香港電影商協會有限公司及電影工業應變小組，旨在尋求方法保全香港電影業的生存空間。

此外，港產電影面對多方面的競爭，生存空間愈來愈少，而投資開拍電影的風險，只有了解市場需要及觀眾口味，作風專業的電影從業人員可以克服。根據本公司對市場的了解及觀察，觀眾對電影製作的水準，要求日益提高；本公司相信，只有成名導演的審慎製作，配合優秀劇本，加上有賣座保證的明星陣容，才可保持不失，因此本公司會維持嚴謹的製作，作為核心業務。

本集團在年內以嚴謹態度製作的電影「黑社會」，就充份體現出本公司對市場需要的了解，以及推動行業發展之誠意，並因而取得市場的積極回應。該電影除在票房及發行收入上，取得驕人成績外，並囊括多個香港電影金像獎的獎項，包括最佳電影、最佳導演、最佳編劇、最佳男主角等殊榮，贏得業內精英的一致認同。

The film industry in Hong Kong encountered greater challenges last year than compared with 2004. It is obvious that the situations for Hong Kong film industry are worsening.

Although Hong Kong's economy generally recovered last year, the film industry did not benefit from it. The industry continues to suffer from the issue of intellectual property rights. In addition to the popularity of copied VCDs and DVDs, the advance of information technology, especially the improvement in BT point to point technology, has facilitated privacy infringement. On the other hand, the rapidly growth of P2P (Peer-to-peer) sharing activity on Internet had created a grey area in copyright protection law and the infringements to intellectual property rights were further aggravated.

The issue of Intellectual Property Rights has been a great concern for the film industry in Hong Kong for sometime but aggravated further by the popularity on the Internet. Although the Hong Kong SAR government has demonstrated its determination to protect intellectual property rights and to initiate actions of prosecution, the extent of which could not be sufficient to protect the creativities and efforts made by the industry. The issue has not only affected the profits derived from the huge investment in the making of films, it has also dissuaded cinema-goers, and that further discouraging film investment. This would eventually threaten the survival of the industry.

As one of the leading film-making companies in Hong Kong, the Group fully understand the detrimental effects of privacy to the industry. During the year, the Group actively participated in actions against privacy, including the establishment of the Hong Kong Chamber of Films and Film Industry Response Group. The aims of these efforts are to explore avenues in protecting the industry.

In addition, Hong Kong film industry faces keen competitions in all fronts. Only those professional film-makers with a full understanding of the market and the audience needs could survive. In accordance with our understanding and knowledge in the industry, the Group recognises the rising needs of audience expectations in film-making. The Group believes that successful film productions are built on prudent production from famed directors, coupled with excellent script writing and hosted by popular movie-stars. The Group would continue to produce high quality films as our core business.

During the year, a high-quality film "Election" produced by the Group received overwhelming response. The film reflects our understanding of the market needs and our seriousness in the positive growth and development of the industry. Apart from achieving outstanding results in ticketing and distribution, the movie had won a number of top awards in the Hong Kong Film Awards, including the Best Film Award, the Best Director's Award, the Best Script Play Award and the Best Actor's Award, fully recognised by the experts in the industry.

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展望未來，本公司相信只有盜版問題得到有效控制，電影行業才會再現生機。因此，本公司作為行業的領導公司，將會繼續擔當主動角色，積極參與打擊侵權行為，以及推行消費者教育，致力為行業的生存及發展作出貢獻。

基於電影行業的高風險性質，以及對流動資金的龐大需要，本公司會積極尋求其他投資機會，特別是可提供穩定收入貢獻的業務，分散風險之餘，並為公司長遠的發展作出貢獻。

隨著澳門開放博彩專營權，不僅為澳門的娛樂事業引入新的國際投資者，催使澳門的娛樂博彩業走向專業化、多元化及國際化，亦帶來更多業務發展的空間，令澳門成為充滿商機的新興市場。

本公司作為一家地區性的娛樂事業公司，在澳門擁有雄厚的人脈關係及網絡，在開拓澳門這個新興市場上，條件比其他競爭對手優越。目前，本公司正洽商購入一間從事澳門博彩業務的公司，相信該業務將可為公司的長遠發展帶來正面的貢獻。

此外，本公司亦正積極尋求其他投資機會，本公司的聯營公司豐采多媒體有限公司，正開始進行國內房地產的投資，而本公司亦將繼續洽商投資其他可能為公司帶來盈利貢獻的項目，令公司的業務趨向更多元化發展。

過往一年，公司雖然面對行業不景，艱苦經營的局面，但在公司上下一心，旗下各演藝人員及幕後工作人員傾力支持電影製作下，加上管理階層的英明領導，仍能創出佳績，製作出高水準的電影作品，並深受觀眾及業內人士認同。展望將來，本公司仍將秉承一貫對電影行業的熱誠，以及對市場觀眾口味的掌握，在嚴格控制成本，開源節流的完善管理下，源源推出具有賣座優勢的原創電影，並開拓其他有穩定收入貢獻的新業務，以充份利用資源，拓展宏偉商機，降低商業風險，爭取可觀回報，以回饋各位股東多年來對公司的支持。

主席
向華強

香港，二零零六年四月二十四日

In the future, the Group believes that only effective control in privacy could revitalize the film industry. Hence, as a leading company in this field and for the benefit of future growth and development of the industry, the Group will continue to play an active role in stamping out piracy, and to promote consumer education.

The film industry is a highly risk business and requires a huge in-flow of capital. To diversify such risk and for long-term growth, the Group has, therefore, actively diversified the investment portfolio, in particular those that could generate a steady source of income in the long-term.

Following the opening of franchising in gaming business in Macau, it has attracted new international investors to its entertainment businesses, making it more professionalized, diversified and internationalized. It has also generated greater business potential for Macau, a city full of business opportunity and vitality.

As a regional entertainment company, the Group has established a strong business network in Macau market, which enable us to enjoy a competitive edge over other players in this new market. The Group are presently negotiating the acquisition of a gaming business with a company in Macau. The Group believe engaging in this business would bring about positive growth for the company in the long term.

Moreover, the Group is seeking other investment opportunities. Riche Multi-Media Holdings Limited, an associate of the Company has started the investment in China property market. The Group will continue to explore profitable investment opportunities, making a more diversified portfolio.

In the past year, though the Group faced with a difficult and challenging environment, our staff, our artists and colleagues working at the backstage were committed to their work. Led by an elite management team, the Group was able to produce excellent results with high quality film productions recognised by the industry. Looking into the future, the Group will continue to produce best-selling original films which will rely greatly on our commitment to film-making, our understanding of the market needs, stringent control on capital investment and efficient management. The Group will also strive to explore new business opportunities; fully utilise the resources to strengthen business growth while minimising risk for better return for the shareholders over the years.

Heung Wah Keung
Chairman

Hong Kong, 24th April, 2006