



Management Discussion and Analysis
管理層討論及分析

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業務回顧

錄像發行



於回顧年度，錄像發行業務佔本集團總營業額41.5%（二零零五年：40.7%）。錄像發行之營業額較去年下跌45.7%至港幣38,800,000元，這是由於業內之價格競爭激烈，而且有關版權影片透過點對點檔案共享活動在互聯網上非法流傳，以致此分部業務依然飽受打擊。該等因素對錄像產品售價繼續構成沉重壓力。

儘管經營環境不佳，在管理層致力精簡業務，以及加上購買影片時採取更審慎之態度，錄像發行業務之毛利仍有輕微增長，由約港幣3,100,000元增加至約港幣3,400,000元。

電影放映、授出及轉授電影版權



此業務分部之營業額為港幣48,400,000元，較去年同期下跌50.0%。此業務分部佔本集團總營業額51.8%（二零零五年：55.0%）。營業額下跌，主要由於在回顧年度內製作及發行之電影數量減少所致。鑑於本港電影放映市場持續萎縮，本集團在投資製作電影方面亦採取務實作風。

Business Review

Video distribution

During the year under review, the video distribution business accounted for 41.5% (2005: 40.7%) of the Group's total turnover. Turnover from the video distribution business posted a decline of 45.7% to HK\$38.8 million compared to the previous year as this business segment remained battered by severe price competition and illegal distribution of copyrighted films on the internet through peer-to-peer file sharing activities. These factors continued to put heavy pressure on the selling prices of the video products.



Notwithstanding the unfavourable operating environment, gross profit of the video distribution business has improved slightly from approximately HK\$3.1 million to approximately HK\$3.4 million as a result of management's efforts in streamlining operations and by adopting a more cautious approach in film acquisitions.

Film exhibition, film licensing and film sub-licensing

Turnover from this business segment was HK\$48.4 million, representing a decrease of 50.0% over the same period last year. It contributed 51.8% (2005: 55.0%) of the Group's total turnover. The decline in turnover was mainly attributable to fewer films being produced and released during the year under review. In response to the continued contraction of the film exhibition market in Hong Kong, the Group has adopted a prudent approach in the investments in film production.

管理層討論及分析 Management Discussion and Analysis

業務回顧 (續)

電影放映、授出及轉授電影版權 (續)

電影放映之營業額為港幣2,300,000元，較去年同期下跌71.5%。儘管營業額下跌，由於本集團努力控制電影製作及宣傳成本，經營業績仍能有所改善，虧損由去年錄得港幣9,800,000元減少至港幣1,200,000元。

授出及轉授電影版權之營業額為港幣46,100,000元，較同期下跌48.1%。於回顧年度，本集團僅製作及發行了四部中型電影及一套電視連續劇。電影製作及發行量減少，亦影響了授出及轉授電影版權活動之營業額。

於二零零六年六月三十日，多部大型製作之電影正處於不同之製作階段，按照計劃將於二零零六／二零零七財政年度發行，其中包括「鬼域」、「森冤」、「妄想」及「文雀」。此外，「昭君出塞」、「阿有正傳」及「詠春」三套電視連續劇亦正在攝製中。

就地理分佈而言，海外市場於回顧年度內佔本集團綜合營業額之水平仍維持於30.5%（二零零五年：34.0%）。



Business Review (Continued)

Film exhibition, film licensing and film sub-licensing (Continued)



Turnover from film exhibition was HK\$2.3 million, representing a decrease of 71.5%, compared to same period last year. Despite the decrease in turnover, operating results has improved where losses has reduced to HK\$1.2 million, compared with losses of HK\$9.8 million in the previous year. This was due to the Group's effort in controlling film production and promotional costs.

Turnover from film licensing and sub-licensing was HK\$46.1 million, representing a decrease of 48.1% over the same period last year. During the year under review, there were only four films in the medium-scale category and a television series being produced and released. Such fewer completions affected turnover from film licensing and sub-licensing business.

As at 30th June 2006, there were several large-scale films which were at various stages of production. These are planned for release in the financial year 2006/2007 and included "Recycle", "Forest of Death", "Diary" and "The Sparrow". In addition, the production of three television series, namely "Legend of Wang Zhao Jun", "Myth of Ah You" and "Yong Chun", were also in progress.

In terms of geographical distribution, contribution of overseas markets has maintained at a level of 30.5% (2005: 34.0%) of the Group's consolidated turnover during the year under review.

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業務回顧 (續)

電影放映、授出及轉授電影版權 (續)



本集團之電影繼續在本地及海外榮獲多個獎項，足以證明本集團製作電影之質素。「三岔口」榮獲第四十二屆金馬獎之最佳男主角、最佳攝影及最佳剪接獎項，並於第二十五屆香港電影金像獎獲得最佳剪接獎項。此外，「鬼域」亦於第十一屆香港電影金紫荊獎獲得最佳創

意電影及最受歡迎女主角獎項。

出租投資物業

於回顧年度，出租投資物業之營業額增加24.6%至港幣4,800,000元。

本集團已於上一財政年度下半年全面結束錄得虧損之出租光碟複製機器業務，該業務於上一財政年度錄得港幣3,900,000元虧損。同時亦透過本集團成功精簡錄像發行業務，因而得以騰出更多空間作出租用途，藉此提高出租投資物業之營業額。



Business Review (Continued)

Film exhibition, film licensing and film sub-licensing (Continued)

As a testimony to their production quality, the Group's films have continued to win accolades locally and abroad. "Divergence" was awarded the Best Leading Actor, Best Cinematography and Best Film Editing awards at the 42nd Golden Horse Award Presentation Ceremony. It also won the Best Film Editing award at the 25th Hong Kong Film Awards Presentation Ceremony. Meanwhile, "Recycle" was awarded the Best Creative Movie and the Most Popular Actress at the 11th Hong Kong Golden Bauhinia Film Awards.



Leasing of investment properties

During the year under review, turnover from leasing of investment properties increased by 24.6% to HK\$4.8 million.

The Group completed the closure of the loss-making business of machinery leasing for optical disc replication in the second half of last financial year, this business made a loss of HK\$3.9 million in last financial year. As a result of the Group's success in streamlining the video distribution operations, additional space has been vacated and made available for rental, which in turn increased the turnover from leasing of investment properties.



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業務回顧 (續)

出租投資物業 (續)

預料中華人民共和國(「中國」)之經濟將會持續向好發展，

加上即將舉行二零零八年北京奧運會，管理層相信，中國物業投資將可帶來具吸引力之潛在資金回報，同時亦會帶來令人滿意及穩定之經常性租金收入。為此，本集團遂於二零零六年六月二十日公佈經已於二零零六年六月十九日訂立一份買賣合同，以收購一項位於中國之投資物業，代價約為人民幣5,820,000元，買賣合同已於二零零六年六月二十七日完成。

展望

展望未來，儘管目前並無明顯跡象顯示本地市場於來年將有顯著改善，然而海外(尤其是中國)市場對高質素電影及電視連續劇之需求正逐步上升。為滿足有關需求，本集團將繼續集中力量製作能夠適合各個不同市場之多元化題材電影及電視連續劇，並繼續擴充本集團本身之電影庫存。

本集團有效實施成本控制措施有助本集團經歷困難之經營環境，尤其是錄像發行業務方面。管理層將繼續精簡此分部業務之營運，以期進一步提升經營效率及生產力。



憑藉本集團之經驗及競爭優勢，本集團有信心可於將來克服市場上種種挑戰。

Business Review (Continued)

Leasing of investment properties (Continued)

In anticipation of continued positive economic development in the People's Republic of China ("PRC") and the upcoming 2008 Beijing Olympic Games, the management believes there will be good potential for capital gains in the PRC property investments, which at the same time, provide satisfactory and stable recurring rental income. To this end, the Group announced on 20th June 2006 that it entered into a sale and purchase contract to acquire an investment property in the PRC for a consideration of approximately RMB5.82 million on 19th June 2006 and the contract was completed on 27th June 2006.



Outlook

Going forward, although there are no clear signs the local market will show significant improvement in the coming year, overseas demand for high quality films and television series has been on the rise, especially in the PRC markets. To cater for such demands, the Group will continue to focus on the production of films and television series with a variety of themes suitable for various markets and will continue to enhance its film library.

The effective implementation of cost control measures has helped the Group to weather the difficult operating environment, especially in the video distribution business. The management will continue to streamline its business operation with a view of further enhancing operational efficiency and productivity.

Capitalizing on our experience and competitive advantage, we are confident that the Group can overcome the market challenges in the future.

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財務資源／流動資金及資本結構

Financial Resources/Liquidity and Capital Structure

於二零零六年六月三十日，本集團之現金結存為港幣118,400,000元及尚未使用之銀行融資為港幣50,000,000元，而去年同期則分別為港幣93,900,000元及港幣55,000,000元。



As at 30th June 2006, the Group had cash balances of HK\$118.4 million and unutilized banking facilities amounted to HK\$50 million while the corresponding figures in last year were HK\$93.9 million and HK\$55.0 million respectively.

於二零零六年六月三十日，本集團之資產總值約為港幣375,500,000元，較二零零五年六月三十日增加港幣54,000,000元。該顯著上升主要是由於投資物業公平值及已收訂金上升所致。

As at 30th June 2006, the Group had total assets of approximately HK\$375.5 million, representing an increase of HK\$54.0 million over that of 30th June 2005. Such significant increase was mainly due to increase in fair value of investment properties and deposits received.

本集團於二零零六年六月三十日之資產負債比率約為0.1% (二零零五年：0.1%)，乃根據本集團之長期借貸約港幣194,000元 (其中港幣95,000元須於一年內償還，港幣44,000元須於第二年內償還及港幣55,000元須於第三至第五年內償還)，以及本公司之總權益約港幣316,700,000元計算。

The Group's gearing ratio as at 30th June 2006 was approximately 0.1% (2005: 0.1%), which was calculated on the basis of the Group's long term borrowings of approximately HK\$194,000 (of which HK\$95,000, HK\$44,000 and HK\$55,000 are repayable within one year, in the second year and in the third to fifth year respectively) and on the total equity of the Company of approximately HK\$316.7 million.



由於本集團之所有銀行物業按揭貸款已於上一財政年度全數償還，令利息開支下降，故財務成本相應減少99.4%至港幣2,000元。

Finance costs had been reduced by 99.4% to HK\$2,000, mainly due to a drop in interest expenses as a result of all properties mortgage loans fully repaid in last financial year.

由於本集團大部份交易均以港元及美元計算，故此管理層認為所面對之外滙波動風險有限及本集團並無採用任何財務工具作對沖之用。



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

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集團資產抵押

於二零零六年六月三十日，本集團名下賬面值合共港幣107,500,000元(二零零五年：港幣73,900,000元)之若干資產已用作附屬公司所用銀行融資之抵押。

僱員及薪酬政策

於二零零六年六月三十日，本集團僱用69名(二零零五年：63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」)有條件批准及採納一購股權計劃(「購股權計劃」)。

於二零零三年十一月二十六日至二零零六年六月三十日期間，本公司並無根據購股權計劃授出任何購股權。

The Pledge of Group's Assets

As at 30th June 2006, certain assets of the Group with aggregate carrying value of HK\$107.5 million (2005: HK\$73.9 million) were pledged to secure banking facilities utilized by subsidiaries.

Employees and Remuneration Policies

As at 30th June 2006, the Group employed 69 staff (2005: 63). 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 a resolution passed in the annual general meeting held on 26th November 2003, the Company conditionally approved and adopted a share option scheme (the "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 were no share options granted by the Company under the Scheme for the period from 26th November 2003 to 30th June 2006.