

CEO'S REPORT

Mr. Francis Kao
Deputy Chairman and
Chief Executive Officer



The financial year ended 31st March 2005 marks yet another leap in Imagi's rapid and surefooted climb towards the summit of state-of-the-art CG animation.

Imagi has always taken pride in cooperating with leading studios around the world. During the year, we completed *Digital Monster X-Evolution* ("Digimon"), a direct-to-video feature film co-produced with Bandai Co., Limited ("Bandai") and Toei Animation Co., Limited ("Toei"), and *Father of the Pride* ("FOTP"), a 13-episode CG animation TV series produced under an exclusive service contract with DreamWorks Television Animation LLC ("DreamWorks"). *Digimon's* airing in Japan in January 2005 was well received and its video products were put to market in March 2005. On the other side of the ocean, *FOTP's* edgy humor, combined with top quality CG animation produced by the Group, brought laughters to the American primetime audiences through the second half of 2004. The Group has not only gained valuable experience and exposure from the production of these two projects, but has also proven to itself

as well as to the world's audiences its capability in producing first-class CG animation.

Zentrix™, the Group's first CG animation production, continued to make its way into homes all around the world. DVD products in English and Japanese are available in North America and Japan respectively since late 2004 and its PlayStation 2 video game has also been released in April 2005 to put the fast-paced action into the hands of *Zentrix™* fans everywhere.

With a colorful portfolio established and techniques and technologies cumulated, the Group has readied itself to embark on the fantastic world of animation movie production.

Teenage Mutant Ninja Turtles ("TMNT") is a familiar name to audiences in all corners of the world. The Group successfully obtained the rights from Mirage Studios, Inc. to produce and exploit the first-ever CG animated movie of *TMNT*

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franchise. Moreover, leading international film distribution companies Warner Bros. Pictures, Inc. and The Weinstein Company LLC have entered into global distribution agreements with the Group for releasing the movie worldwide in early 2007. *TMNT* has enjoyed over 20 years of success around the globe with its live-action movies, television series and toy collections. I believe that *TMNT* fans worldwide would be as excited as we are in bringing the humor and action of the turtles to life via stunning CG animation.

In Japan, anime master Yoshiaki Kawajiri of *Ninja Scroll* and *Animatrix* fame is currently directing the production of *The Highlander: The Search for Vengeance* (tentative title) ("*Highlander SV*"), a direct-to-video anime film which the Group has outsourced to prestigious Japanese animation studio Kabushiki Kaisha Mad House. The Group has already entered into distribution agreements for territories of North America, United Kingdom and Japan. The Group is confident that, upon its release in the second half of 2006, this new East meets West genre of animation film will bring a new experience to animation fans around the globe.

The Group believes that leveraging on the established fame and fan base of proven franchises such as *TMNT* and *Highlander* provides a direct and efficient throughway for Imagi's animation to reach the broadest audience in the most efficient manner. Consistent with the Group's prudent approach, the Group strives to secure global distribution arrangements with renowned international distributors before main production begins to ensure that the Group's exposure to production costs is well covered.

The entertainment industry never sits still. The Group continues and will continue to secure new and attractive projects on which the Group will further build its portfolio and capabilities. From Imagi's perspective, our quest for the best is not only a quest for Imagi, but also a quest for Asia to reach new heights in the world's CG animation industry. I am confident that our team of enthusiastic CG talents is ready, willing and able to achieve such goal.

Kao Wai Ho, Francis*Deputy Chairman and Chief Executive Officer*

Hong Kong, 15th July 2005