

主席報告

CHAIRMAN'S STATEMENT

業績

由於經濟環境有所改善，電影業於二零零零年下半年再現生機。

本年度本集團之營業額增加15%至65,200,000港元(一九九九年：56,600,000港元)，經營虧損為29,000,000港元(一九九九年：22,600,000港元)，而股東應佔虧損為31,100,000港元(一九九九年：溢利7,700,000港元)。一九九九年之溢利，主要是由於出售附屬公司之收益45,300,000港元。

董事將於二零零一年五月三十日舉行之股東週年大會上，不建議就本年度派發末期股息(一九九九年：無)。

業務回顧

錄影帶發行

於本年度，本集團之錄影帶發行業務產生虧損約為300,000港元。此項業務表現欠佳之原因為發行新片之數目較少，而舊片之價格因激烈競爭而仍然偏低。由於本集團產品主要由外間之發行商負責發行，所以此部門之營業額下跌至約8,300,000港元(一九九九年：9,300,000港元)。

然而，客戶仍繼續視本集團為高質素影音光碟及數碼影像光碟之供應商。鑑於政府打擊翻版影音光碟取得成效及市況亦有所改善，本集團將透過其已擴大之營銷隊伍，發行更多新片之影音光碟產品，並預期此部門之業績於來年將會有所改善。

RESULTS

As the economic conditions improved, sentiment has returned for the film industry during the second half of the year 2000.

Group turnover for the year increased by 15% to HK\$65.2 million (1999: HK\$56.6 million). Loss from operations amounted to HK\$29.0 million (1999: HK\$22.6 million) and a loss of HK\$31.1 million attributable to shareholders was recorded (1999: profit of HK\$7.7 million). The profit in 1999 was mainly attributable to gain on disposal of a subsidiary amounted to HK\$45.3 million.

At the Annual General Meeting to be held on 30 May 2001, the directors do not recommend the payment of a final dividend for the year. (1999: Nil)

REVIEW OF OPERATIONS

Video Distribution

During the year, the Group's video distribution operation incurred a loss of approximately HK\$0.3 million. The main reason for the weak performance because fewer new titles were released and price for old titles remained low due to keen competition. The turnover of this division dropped to approximately HK\$8.3 million (1999: HK\$9.3 million) because the Group has mainly used outside distributors to distribute its products.

The Group nevertheless continues to be well regarded by customers as a supplier of high quality video compact discs and digital video disc products. In view of the positive results against VCD piracy from the government and improved market condition; the Group will distribute video disc products of more new titles through its expanded sales team and expects to improve the results of this division in the coming year.



電影發行

於回顧年度內，由於個別電影深受觀眾歡迎，故此電影發行部門之貢獻增至約11,900,000港元（一九九九年：5,500,000港元）。

本年度上映之兩套電影《孤男寡女》及《決戰紫禁之巔》票房成績非常理想，顯示本港電影業正在復甦。

為了鞏固在潛力優厚之中國大陸市場之優勢，本集團不遺餘力並投入財務資源，透過收購一間在國內統籌戲院電影播放之附屬公司，發展一個遍及全國多個人口稠密之電影發行網絡。

本集團與兩間著名美國電影發行商訂立合約，透過這兩間發行商於美國發行兩套影片《蜀山正傳》及《殺手之王》，而《黑俠II》之合約正處於最後磋商階段。這三部電影很可能會為本集團帶來大量收益，並有助本集團打入包括美國及歐洲等有可觀回報之新市場。

於二零零零年六月，本集團與衛星電視有限公司訂立合約，授予其若干權利，可於未來三年播放由本集團發行之電影。本集團預期此舉將大大增加其在香港及其他東南亞市場之滲透，並帶來穩定之收入來源。

電視連續劇發行

於年內，此部門錄得虧損約為2,600,000港元，而該部門於去年之貢獻約為7,900,000港元。

Film Distribution

For film distribution division, the year under review showed a more positive consumer response to individual film productions. The division's contribution has increased to approximately HK\$11.9 million (1999: HK\$5.5 million).

Two titles, "Needing You..." and "The Duel", were launched, and cinema ticket sales showed that these were very enthusiastically received which indicated the local film industry were recovering.

With a view to strengthening its position in mainland China, a market with enormous potential, the Group devoted significant efforts and financial resources to the development of film distribution networks covering many of the country's major centres of population by acquiring a subsidiary company which is engaged in co-ordinating film broadcast through cinemas in China.

The Group secured contracts to distribute in the U.S.A. two films, "The Legend of Zu" and "Hitman" through two well known US film distributors and the contract for "Black Mask II" is in the final negotiation stage. These are likely to generate substantial revenue and will also help the Group to penetrate new and lucrative markets, including the U.S.A. and Europe.

In June 2000, the Group signed a contract with Satellite Television Asian Region Limited granting it certain rights to films released by the Group within the coming three years. The Group thereby expects to significantly increase its penetration into the Hong Kong and other South East Asia markets and to create a stable revenue stream.

Television Drama Series Distribution

During the year, this division recorded a loss of approximately HK\$2.6 million whereas contribution from this division was approximately HK\$7.9 million last year.

主席報告 (續)

CHAIRMAN'S STATEMENT (continued)

由於本集團將資源集中於電影而非電視連續劇，而本年度只推出兩部自行製作之電視連續劇，故此錄得虧損。

為了擴大電視連續劇之市場，本集團現正計劃與新加坡及台灣之電視台合作，製作電視連續劇，使日後發行之電視連續劇得以伸展至其他主要華語市場。

流動資金及財務資源

於二零零零年十二月三十一日，本集團之總資產為1,202,900,000港元，而資金來源為170,400,000港元之流動負債、4,200,000港元之少數股東權益及1,028,300,000港元之股東權益。於二零零零年十二月三十一日，本集團之現金及銀行結存總額約為315,700,000港元及沒有尚未償還之債務。

於二零零零年二月十一日，Well Hope Management Limited認購本公司股本中每股面值0.05港元之新普通股110,000,000股，認購價為每股0.70港元。所得款項淨額約為74,300,000港元，其中約50,000,000港元用作擴充本集團之業務，而餘額約24,300,000港元則用作一般營運資金。

於二零零零年三月四日，本公司之主要股東，包括向華強先生、陳明英女士、Porterstone Limited及多實有限公司透過牽頭經辦人唯高達香港有限公司，同意按包銷基準向獨立私人、專業及機構投資者配售本公司股本中每股面值0.05港元現有普通股合共280,000,000股，每股股份作價1.50港元（「配售」），並以相同價格減與配售有關之支出，認購本公司股本中每股面值0.05港元之新普通股合共280,000,000股（「認購」）。認購所得款項淨額合共約409,000,000港元，其中約

The loss occurred because resources were concentrated on films not on television drama series and the Group had launched only two self produced television drama series for the year.

To broaden the market for such series, we are currently planning to co-operate with Singapore and Taiwan TV stations for producing television drama series and that the distribution of future television drama series will be extended to other major Chinese-speaking markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2000, the Group had total assets of HK\$1,202.9 million. These were financed by current liabilities of HK\$170.4 million, minority interests of HK\$4.2 million, and shareholders' equity of HK\$1,028.3 million. The Group had a total cash and bank balances of approximately HK\$315.7 million and with no outstanding debts as at 31 December 2000.

On 11 February 2000, Well Hope Management Limited subscribed 110,000,000 new ordinary shares of HK\$0.05 each in the share capital of the Company at a price of HK\$0.70 per share. The net proceeds of approximately HK\$74.3 million were used as to approximately HK\$50 million for the expansion of the Group's business and as to the balance of approximately HK\$24.3 million for general working capital purpose.

On 4 March 2000, the substantial shareholders of the Company, comprising Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany, Porterstone Limited and Dorest Company Limited, had sold, through Vickers Ballas Hong Kong Limited as lead manager who had agreed to place on an underwritten basis, a total of 280,000,000 existing ordinary shares of HK\$0.05 each in the share capital of the Company to independent private, professional and institutional investors at a price of HK\$1.50 per share (the "Placing") and to subscribe for 280,000,000 new ordinary shares of HK\$0.05 each in the share capital of the Company at the

243,000,000港元用於為電影製作提供資金，約120,000,000港元用於擴充本集團其他業務，包括拓展電影分銷網絡，而餘額約46,000,000港元則用作一般營運資金。

於二零零零年八月一日，本集團按發行價每份認股權證0.075港元發行340,000,000份認股權證，該等認股權證賦予權利，認購本公司股本中每股面值0.05港元之新普通股，認購價為每股股份0.35港元。所得款項淨額合共約為23,900,000港元，其中約20,000,000港元用作本集團在香港購置額外生產線（主要包括機器及設備），增加其影像光碟／數碼影像光碟生產數量，而餘額約3,900,000港元則用作營運資金，擴充及改善本集團在香港及中國之錄像產品分銷網絡。

在年內，本集團所得之資金已按照上述擬定用途予以動用。

展望

董事對於本集團之長遠發展，已採納穩健之策略，加上新科技所帶來之商機，因此對未來一年前景充滿信心。預計香港及中國大陸電影市場將會復甦，加上有線電線及收費電視日趨普及，市場對不同電影均有龐大需求。董事亦注意到，政府不遺餘力打擊翻版電影已取得成效。

same price less the expenses associated with the Placing (the "Subscription"). The net proceeds from the Subscription of approximately HK\$409 million were used as to approximately HK\$243 million to finance film production, approximately HK\$120 million for expansion of the Group's other businesses, including the expansion of film distribution network, and with the balance of approximately HK\$46 million as general working capital.

On 1 August 2000, the Group issued 340,000,000 warrants conferring rights to subscribe for new ordinary shares of HK\$0.05 each in the share capital of the Company at an issue price of HK\$0.075 per warrant and at a subscription price of HK\$0.35 per share. The net proceeds of approximately HK\$23.9 million were used as to approximately HK\$20 million for increasing the Group's production capacity of VCDs/DVDs via the acquisition of additional production lines (comprising mainly machinery and equipment) in Hong Kong and the balance of approximately HK\$3.9 million is used as working capital for the expansion and enhancement of the Group's distribution network of video products in Hong Kong and the PRC.

During the year, the fund raised by the Group has been utilised in accordance with the intended applications as stated above.

OUTLOOK

The directors look on the year ahead with optimism, seeing it as a time when prudent long term strategies matched with the benefits of new technologies will bring their rewards. They foresee a recovery of the film markets in Hong Kong and mainland China together with a rising popularity for cable TV and pay TV with its concomitant high demand for a great variety of film titles. They also note the effectiveness of action against film piracy resulting from unremitting government efforts.

主席報告 (續)

CHAIRMAN'S STATEMENT (continued)

本集團於二零零一年初完成收購著名電影製作公司一百年電影有限公司(「一百年」)，將確保提供高質量影片給本集團新近建立之發行網絡(特別是中國市場)。本集團向永盛娛樂製作有限公司收購多部電影，亦有助增加電影庫之庫存量。

這些收購行動，將可縱向精簡本集團現時之發行業務，使本集團成為提供娛樂內容給各種媒體之綜合服務供應商。而電影之製作、市場推廣及發行之整個過程將可控制得更好。本集團未來的盈利潛力，在長遠來說亦將受惠，原因為本集團擁有一百年電影庫及其所製作之永久權利及發行所帶來之全部收益。

本集團將於美國及歐洲市場尋找發行更多新片之機會，原因為這些地區之華語人口對新片需求殷切，本集團將可就此賺取可觀回報。

繼本集團在中國大陸成功建立發行網絡後，現時之目標為於二零零二年將這個網絡進一步擴展至覆蓋超過一百間電影院。

由於中國籌備加入世界貿易組織已接近最後階段，董事預期中國全國各地將會出現發行電影及其他娛樂節目之新商機。由於進口其他娛樂節目措施放寬，獲准在中國放映之外語片數量亦相對地增加。

The completion of the acquisition by the Group during early 2001 of One Hundred Years of Film Company Limited ("One Hundred Years"), a well recognised film producer, will secure the quantity and quality of films to be provided to the Group's newly established distribution network especially for the China market. The acquisition of various films from Win's Entertainment Limited also enriches the film library of the Group.

These acquisitions will vertically streamline with the existing distribution operation of the Group so that it will become a comprehensive service provider of entertainment content to a variety of media. The entire process of producing, marketing and distribution of films can be better controlled. The Group's future earnings potential will also be benefitted in the long run because the Group has now got perpetual rights and full entitlement to the distribution earnings from the film library and productions of One Hundred Years.

The Group will put more efforts to distribute more new films in the U.S.A. and European markets for such films are likely to be well rewarded, given the appetite for new films of the Chinese-speaking community throughout these areas.

Following on from the successful setting up of the distribution network in mainland China, further expansion to cover more than 100 cinemas is targeted for 2002.

As the preparations for China's accession to the World Trade Organisation gather final momentum, the Directors foresee previously untapped opportunities for the distribution of film and other entertainment content throughout the country. The increase in the number of foreign movies allowed to be shown will be paralleled by import liberalisation for other entertainment content.



與Yahoo! Holdings (Hong Kong) Limited合作以雙方品牌在互聯網上推出播映頻道之籌備工作持續，而整項計劃將為本集團之優質產品發展一個更廣受歡迎之渠道。

綜合上述市場變化以及本集團有系統地開拓新商機，將可令下個財政年度之業績得到改善。

僱員

於二零零零年十二月三十一日，本集團僱用152名員工。董事相信，聘用優秀員工乃本集團維持聲譽及改善盈利能力之不二法門。除基本薪金及強制性公積金外，員工福利包括醫療計劃及購股權。

鳴謝

本人謹向各董事會成員及本集團所有員工致意，感謝各位於過去充滿挑戰之一年努力不懈。在各方面鼎力支持下，本集團將可實現成為首屈一指之優質華語電影供應商以及內容豐富之網上節目主要供應商之目標。

向華強
主席

香港，二零零一年四月二十三日

Preparation for the launch of co-branded broadcast channels on the Internet (in cooperation with Yahoo! Holdings (Hong Kong) Limited) is ongoing and the entire venture will help to develop a broader and highly popular avenue for the Group's quality products.

The cumulative effect of the above changes in the market and the Group's systematic efforts to explore new opportunities should lead to improved results in the coming financial year.

EMPLOYEES

As at 31 December 2000, the Group employed 152 staff. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. In addition to basic salaries and Mandatory Provident Fund, staff benefits include a medical scheme and share options.

APPRECIATION

I would like to express my gratitude to my fellow directors and to all the staff for the sustained efforts they have made throughout a testing and challenging year. Our vision of leadership as a provider of quality Chinese language films and a dominant position as a provider of rich content in cyberspace has become a realistic one given such support.

Heung Wah Keung
Chairman

Hong Kong, 23 April 2001