

MANAGEMENT DISCUSSION & ANALYSIS

UNIVERSE INTERNATIONAL HOLDINGS LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

整體回顧

對本集團及整體經濟而言，回顧年度可算荊棘滿途。環顧全球，美國及主要華語片賣埠市場所在的大部份亞洲經濟體系仍然飽受九·一一恐怖襲擊後進一步衰退的困擾。除此之外，香港持續通縮及失業率高企的情況亦削弱市民的消费信心及消費力，令經營環境惡劣。

除經濟放緩外，本地電影業亦面對愈來愈激烈的海外競爭，包括荷里活的大製作以及日漸受歡迎的亞洲(包括韓國、日本及泰國)電影。

整體而言，在如此環境下，管理層對本集團於回顧年度的表現仍然感到滿意。

經營業績

於截至二零零二年六月三十日止年度，雖然本集團的綜合營業額達港幣306,700,000元，仍能維持與去年相若

OVERALL REVIEW

The year under review has been tough for the Group and the whole economy. Globally, both the United States and most of the Asian economies representing the major film licensing markets of Chinese-language films, are still suffering from further depression after the 11 September terrorists attack. Besides, persistent deflation along with high unemployment in Hong Kong also gives rise to an unfavourable operating environment with weak consumer confidence and consumption power.

Apart from the slowdown of economy, the local film industry is also facing increasing challenges from overseas including Hollywood, as well as the emerging popularity of films produced in Asia including Korea, Japan and Thailand.

Overall, given such circumstances, the management is nevertheless satisfied with the performance of the Group in the year under review.

OPERATING RESULTS

During the year ended 30th June 2002, whilst the Group's consolidated turnover of HK\$306.7 million was maintained at a similar level to last year, the profit attributable to shareholders



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的水平，但股東應佔溢利則下跌至約港幣10,000,000元，跌幅達75.1%，主要下跌原因為：

1. 錄像發行及授出電影版權的毛利率分別下降6.2%及1.9%；
2. 因整體電影版權授出市場的購買力減弱及零售市場不景氣而就電影版權按金及電影版權作出港幣24,300,000元之撥備；及
3. 因於財政年度結算日後贖回可換股票據而須向其持有人支付額外利息港幣7,000,000元。

業務回顧

錄像發行

錄像發行分部錄得令人鼓舞的增長達10.1%，由上年度的港幣217,600,000元增至本年度的港幣239,500,000元，佔本集團的綜合營業額78.1%（二零零一年：71.0%）。

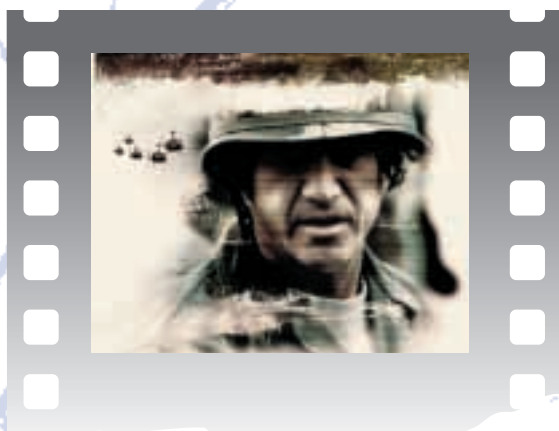
experienced a decline by 75.1% to approximately HK\$10.0 million. The major reasons for such decline are:—

1. Gross profit ratio of video distribution and film licensing decreased by 6.2% and 1.9% respectively;
2. Provision made for film right deposits and film rights amounted to HK\$24.3 million due to the reduced buying power of overall film licensing markets and stagnant retail market; and
3. Additional interest of HK\$7.0 million payable to convertible note holder on redemption of convertible notes subsequent to the financial year end.

BUSINESS REVIEW

Video distribution

The video distribution segment shows an encouraging growth of 10.1%, representing an increase from last year's HK\$217.6 million to current year's HK\$239.5 million, contributing 78.1% (2001: 71.0%) of the Group's consolidated turnover.



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於本年度，為求緩和市場需求呆滯所帶來的不利影響，本集團繼續在釐定影視產品的售價及推行產品多元化上採取積極進取的政策，而此政策亦明顯見效。除採取具競爭力定價政策外，增加宣傳及包裝亦有助刺激銷路及維持市場佔有率，但邊際利潤下跌則持續影響錄像發行業務的業績。因此，令本項業務分部的毛利較去年同期下跌8.8%。

During the year, in an attempt to mitigate the adverse impact of slack market demand, the Group continues to apply an aggressive approach on the pricing of the video products and product diversification, which have proven to be useful. Apart from the competitive pricing, increased efforts in promotions and packaging also helped to stimulate turnover and maintain our market share, although lower profit margins have continued to affect the results of the video distribution business. As a result, the gross profit on this segment has dropped by 8.8%, compared with the same period last year.



授出、轉授電影版權及電影放映

於回顧年度，授出、轉授電影版權及電影放映的毛利減少了約港幣1,500,000元。

Film licensing, film sub-licensing and film exhibition

The gross profit from the film licensing, film sub-licensing and film exhibition showed a decrease by approximately HK\$1.5 million in the year under review.

除受到荷里活鉅大製作的競爭外，近年韓國、日本及泰國電影在香港的受歡迎程度亦與日俱增，這從二零零二年上半年華語片佔票房總收入的比例大幅下降中可見一斑。鑑於香港的電影放映業務普遍呈現萎縮，本集團在投資拍攝電影上採取較審慎的政策，令本年度製作的電影總數減少。於本年度，本集團共製作16齣電影（如「少林足球」、「慳錢家族」及「戀愛行星」），而上



Apart from challenges from mega-productions from Hollywood, Korean, Japanese and Thai movies are becoming more popular in Hong Kong in recent years. This is evident from a significant decrease in the total box office takings of the Chinese-language films in the first half of year 2002. In view of the contracted overall film exhibition business in Hong Kong, the Group has adopted a more prudent approach in investing in film productions resulting in a reduction of the total number of titles produced in the year. During the year, the Group has produced 16 titles such as "Shaolin Soccer", "Frugal Game" and "Tiramisu"

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年度則共製作28齣。然而，電影票房收入淨額較上年度增加89.2%。有此佳績主要是由於賣座影片「少林足球」的票房總收入逾港幣60,000,000元。

授出及轉授電影版權的收入由上年度的港幣66,600,000元下跌至本年度的港幣43,000,000元，減少35.4%，主要原因為片商（尤以經濟環境持續欠佳的東南亞片商為然）的出價普遍下降所致。互動電視停止提供服務及若干新成立的收費電視頻道延遲廣播或退出，亦導致本項業務之業績有所下降。

雖然本集團授出及轉授電影版權佔整體業績的比重下降，但對於來自中國的收入及溢利均錄得可觀增長，我們仍感到十分欣喜。上年度來自中國的收入僅為港幣600,000元，本年度已達港幣7,200,000元。溢利貢獻亦見顯著增加。

光碟複製

光碟複製業內的激烈競爭令本項業務在收入和盈利能力上均備受壓力，總收入由上財政年度的港幣9,000,000元減至港幣4,000,000元。

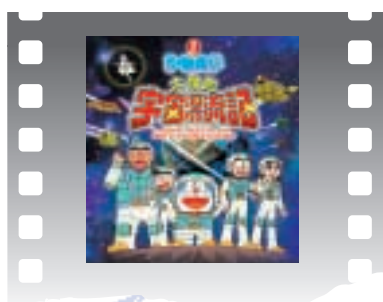
as compared to 28 titles in the last year. However, the total net theatrical income increased by 89.2% over last year. Such encouraging result is mainly due to the box office hit “Shaolin Soccer”, with gross box office takings of over HK\$60 million.

The film licensing and sub-licensing business however experienced a decline in revenue from HK\$66.6 million in the last year to HK\$43.0 million in current year, representing a decrease by 35.4%. Such decline is mainly attributable to a general reduction of price offered by licensees particularly in South East Asia where the adverse economic climate persisted. The termination of the video-on-demand service offered by PCCW IMS and the delay in broadcast or withdrawal of new pay TV channels also led to reduced contribution from this segment of our business.

Although the Group has experienced a decline in overall contribution from film licensing and sub-licensing, we are delighted to see both the revenue and profit generated from the PRC show significant growth. While the revenue generated from the PRC was only HK\$0.6 million in the last year, it reaches HK\$7.2 million in the current year. Contribution in terms of profit also shows a significant increase.

Replication of optical discs

Keen competition within the optical disc replication industry has led to pressure on our revenue and profitability on this business. The total revenue generated from this business decreased to HK\$4.0 million, compared to HK\$9.0 million in the last financial year.



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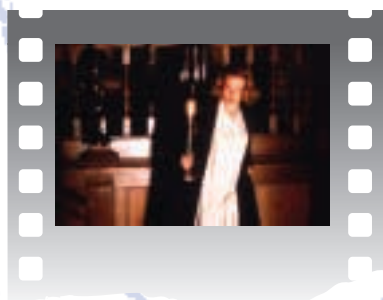
管理層討論及分析

展望

本地經濟的前景仍然不明朗，現階段尚無明顯迹象顯示通縮持續及失業率高企的情況將會有所改善。零售市場及娛樂事業市道疲弱，令本集團面對十分艱辛之經營環境。鑑於此不明朗因素，本集團將繼續採取務實而審慎的態度拓展業務，藉以維持長遠穩定增長和盈利能力。



本集團作為娛樂事業全面化經營者，在繼續推行產品及市場多元化策略之餘，亦擔當其內容供應商的角色，不斷投資於電影製作。於回顧年度之後，本集團已先後攝製多齣電影，包括「賤精先生」及「我老婆唔夠秤」。除獨資攝製本地電影製作外，本集團亦向日本、韓國及中國大陸物色策略夥伴合作攝製電影。本集團現正與國內的製作公司合作在中國拍攝「五月八月」一片，並計劃於短期內安排該片在中國各地公映。是次合作除令雙方有機會交流心得和製作技術外，亦有助開闢渠道，有利日後與香港以外地區的同業合作。



OUTLOOK

The outlook of the local economy remains uncertain and at present there is yet to be any clear indication of recovery from persistent deflation and high unemployment. Weak sentiment in the retail market and the entertainment industry as a whole create a difficult operating environment for the Group. In view of this uncertainty, the Group will continue to develop its business in a pragmatic and prudent approach so as to maintain long-term growth and profitability.

As an all-round player in the entertainment industry, diversification of products and markets will continue and the Group will, as a content provider, continue to invest in film productions. Subsequent to the year under review, the Group have produced several films, including "If you care" and "My wife is 18". Apart from investing solely in local film productions, the Group will also seek strategic partners from Japan, Korea and mainland China to participate in film productions. The Group is co-producing a film titled "May & August" with a PRC film production company, which is shot in the PRC, and plans to release this film to cinema audiences across the PRC soon. Such co-operation will not only provide a chance to exchange ideas and production techniques, but will also establish a channel for alliances among other operators in the industry outside of Hong Kong.

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除致力維持在本地市場的領導地位外，本集團將計劃在中國成立合營公司以便拓展當地龐大的錄像發行市場。管理層預料本集團將可把握中國開放娛樂事業及改革有關法例所帶來的機遇，令業務發展更上一層樓。

展望未來，本集團深信憑藉本身在錄像發行及轉授電影版權方面的獨到專業知識及經驗、在市場上的穩固領導地位及在業內維持最高盈利能力，定能在任何環境下脫穎而出及繼續增加市場佔有率。

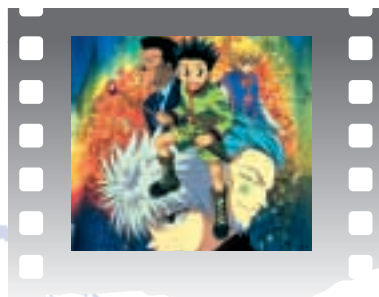
流動資金及財務狀況

於二零零二年六月三十日，本集團的現金結存為港幣98,600,000元，未使用的銀行融資約為港幣67,000,000元，而去年同期則分別為港幣58,000,000元及港幣36,100,000元。

負債比率(不包括已於結算日後贖回之可換股票據)由上年度的21.4%進一步減至於二零零二年六月三十日的

Apart from maintaining our leading position in the local market, the Group is planning to establish a joint venture company in the PRC for developing its huge video distribution market. The management expects the further growth of the Group will be fueled by opportunities arising from the deregulation and reformation of laws governing the entertainment industry in the PRC.

Looking ahead, we are confident that our exceptional expertise in video distribution and film licensing, strong leadership position and ability to generate the highest level of profitability in the industry will enable the Group to outperform in any environment and grow our market share.



LIQUIDITY AND FINANCIAL POSITION

As at 30th June 2002, the Group had cash balances of HK\$98.6 million and unutilised banking facilities amounted to approximately HK\$67.0 million while the corresponding figures in the last year were HK\$58.0 million and HK\$36.1 million respectively.

The gearing ratio (excluding convertible notes which have been redeemed after the year end) was further reduced to 14.3% as at 30th June 2002 as compared to 21.4% in the last year. The

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14.3%。負債比率是以本集團的銀行貸款及融資租賃承擔約港幣35,700,000元(其中港幣14,300,000元須於一年內償還,港幣9,800,000元須於第二年償還及港幣11,600,000元須於第三至第五年償還),以及股東資金約港幣248,900,000元計算。

於二零零二年六月三十日,本集團名下賬面值合共港幣76,500,000元(二零零一年:港幣90,100,000元)的若干資產已用作附屬公司所使用銀行融資的抵押。

於結算日之後,本集團已自內部資源撥款贖回總值7,000,000美元的可換股票據。

由於本集團進行的交易均主要以港幣為單位,管理層認為匯率波動風險有限,故本集團並無使用金融工具進行對沖。



calculation of gearing ratio is based on the sum of the Group's bank loans and obligations under finance leases of approximately HK\$35.7 million (of which HK\$14.3 million, HK\$9.8 million and HK\$11.6 million are repayable within one year, in the second year and in the third to fifth year respectively) and on the shareholders' fund of approximately HK\$248.9 million.

As at 30th June 2002, certain assets of the Group with aggregate carrying value of HK\$76.5 million (2001: HK\$90.1 million) were pledged to secure banking facilities utilised by subsidiaries.

Subsequent to the balance sheet date, the Group had redeemed the US\$7.0 million convertible notes which is funded from internal resources.

In light of the fact that most of the Group's transactions are denominated in Hong Kong 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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僱員及薪酬政策

於二零零二年六月三十日，本集團僱用209名員工。工資將每年作出檢討，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的花紅、醫療保險計劃及強制性公積金。



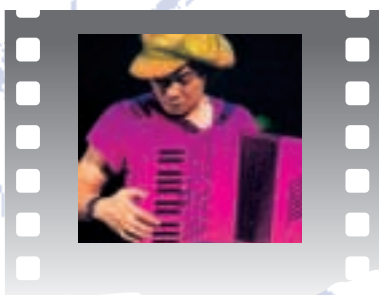
EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2002, the Group employed 209 staffs. Remuneration is reviewed annually and certain staffs are entitled to commission. In addition to basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.

審核委員會

本公司參考香港會計師公會出版的「成立審核委員會指引」編訂及採納詳述審核委員會權力及職責的書面職權範圍。

審核委員會乃董事會與本集團核數師就本集團審核事務進行溝通的重要聯繫，亦負責檢討審計工作、內部監控及風險評估各方面的成效。審核委員會現由兩名非執行董事組成，即伍國棟先生及趙善改先生。審核委員會於本財政年度內已先後召開兩次會議。



AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

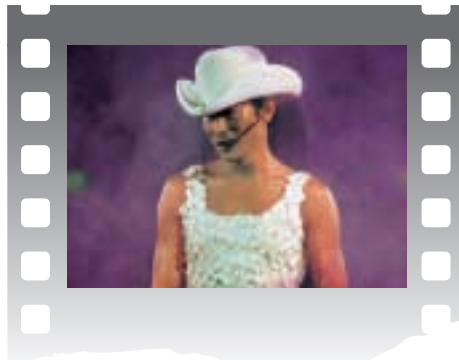
The Audit Committee provides an important link between the Board of Directors and the Group's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The Audit Committee currently comprises two non-executive directors, namely Messrs. NG Kwok Tung and CHIU Shin Koi. Two meetings were held during the current financial year.

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最佳應用守則

就本公司各董事所知，並無任何資料顯示本公司目前或截至二零零二年六月三十日止年度內不遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之最佳應用守則。



CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 30th June 2002.

買賣或贖回本公司的上市證券

本公司於年內並無贖回任何股份。本公司與其任何附屬公司於年內概無購買或出售本公司任何上市證券。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.