

2002年，香港的經濟環境持續疲弱，經濟低迷，令市民的消费意慾下降，香港的娛樂事業與其他行業一樣大受打擊。據資料顯示，就2001及2002年比較，電影業的業務收益是眾服務行業中下調幅度第二大的行業，反映了經營的嚴峻。本集團作為電影業內一家具規模的娛樂及多媒體製作及發行企業，同樣地面對嚴峻的經營考驗。

本集團擁有一個龐大的影片庫，大部份影片的收益均來自海外銷售。不過由於經濟疲弱不只是香港的問題，而是全球性的問題，環球經濟表現疲弱直接導致片庫的收益下降。因此，管理層採取審慎的態度，為影片庫減值確認入賬。

面對嚴峻的經營環境及收益的減少，管理層並沒有因此而氣餒。相反地，管理層積極嚴格實行各項的成本控制措施，包括將非核心業務如市場推廣等營運外判控制員工薪酬、營運成本及電影製作支出等。我們相信，積極實行有效的成本控制措施，可有助我們面對逆境。

雖然本集團正積極節省開支，但並沒有改變本集團一向致力製作高質素電影的宗旨。於2002年，本集團共有四齣影片躋身於十大賣座港產片的名單中，分別為「我左眼見到鬼」、「嚟咕嚟咕新年財」、「絕世好B」及「我家有一隻河東獅」。成績的優異令本集團感到十分鼓舞。本集團承諾於未來的日子，將繼續本著一向的宗旨，製作更多高質素的電影。本集團深信，即使經濟如何疲弱，市民的消费意慾如何低沉，憑藉我們對電影的熱誠及努力，定能吸引觀眾購票入場觀看，為電影業的復甦作出貢獻。

In 2002, the Hong Kong economy remained slack. Like other industries, the entertainment industry suffered greatly as a result of the decline of consumption desire. Statistics show that the movie industry suffered the second steepest decline in business earnings in 2002 compared with the year 2001 among other service industries, reflecting critical business conditions. Even as an established entertainment, multimedia production and distribution enterprise in film industry, the Group was faced with a harsh challenge of operation.

With its huge film library, most of the Group's earnings are derived from overseas sales. However, as the economic downturn is not only a problem for Hong Kong but also a worldwide issue, the global economic hardship directly causes a reduction in earnings attributable to film library. Therefore, the Management takes a prudent approach to recognise the impairment of film library.

Nevertheless, the Management was not discouraged by the difficult operating climate and decrease in earnings. Instead, the Management initiated various stringent cost control measures, which included outsourcing non-core businesses such as marketing, controlling staff costs, operating costs and film production expenses. We believe that the active implementation of effective cost control measures can help us survive the hard time.

Although the Group is taking active measures to cut expenditure, the motto of the Group to produce top-notch films has never changed. In 2002, four of the Group's films were listed among the top ten best selling Hong Kong produced films, namely "My Left Eye Sees Ghosts", "Fat Choi Spirit", "Mighty Baby" and "The Lion Roars". Encouraged by these outstanding performances, the Group is committed to making more quality films under our motto. The Group is confident that we will drive audience into the cinemas for our films and contribute to the recovery of the film industry with our zeal and dedication for films, amid the gloomy economy and low consumption desire.

另外，隨著中國加入世界貿易組織及緊隨而來的強勁經濟增長，中國電影發行市場的前景非常樂觀。於2002年，經過本集團不斷努力，加上於2001年成功收購一百年電影有限公司及豐采多媒體集團有限公司，憑藉其國內廣泛的發行網絡及穩固的地位，成功開展中國的電影發行市場。此成功將為集團未來的收益作出很大的貢獻。我們正熱切期待豐盛的收成。

展望未來，本集團將致力培育新的演員及創作人員，不斷注入新元素以刺激影片的製作，有助提高電影的質素。另外，為了更全面開發國內市場，本集團將製作更多更適合國內觀眾口味的電影，相信可藉國內龐大的市場令電影的收入相應增加。隨著集團成功開發國內的電影發行市場，本集團預期可提高電影每年的生產量，並保持一定的產品質素。

眼前的困難並未令我們感到氣餒及沮喪。相反，我們正積極努力目前，為將來電影業的復甦作好準備。在此，本人謹代表董事會向於此困難時期仍一直鼎力支持我們的股東致謝，多謝股東們對我們的信任及支持，與集團一起共渡時艱，亦衷心向一直孜孜不倦為集團效力的員工獻上感謝。

主席
向華強

香港，二零零三年四月二十五日

Meanwhile, with the strong growth of the PRC economy after its entry into WTO, the Chinese films distribution market shows promising prospects. In addition to the Group's dedicated efforts in 2002, its acquisition of One Hundred Years of Film Company Limited and Riche Multi-Media Holdings Limited in 2001 enabled it to take advantage of the acquired extensive distribution networks and established positions. As a result, the Group succeeded in stretching into the PRC film distribution market, which we believe will greatly drive future earnings for the Group. We are expecting to reap a great harvest in coming years.

Looking ahead, the Group will concentrate on nurturing new actors and production personnel, and continue to add in new elements to stimulate film production and improve the quality of our films. In addition, the Group will tailor more films for the PRC audience preferences in order to further develop the PRC market. We believe that the huge PRC market will boost our film earnings. With its successful development of the PRC film distribution market, the Group anticipates that annual film output will be enhanced and product quality will be maintained.

We are not discouraged or depressed by the present difficulties. Instead, we are moving forward to prepare for the future recovery of the film industry. I would like to express my gratitude for our shareholders who are always with us through hard times for their trust and support, and our staff for their dedicated efforts for the Group.

Heung Wah Keung
Chairman

Hong Kong, 25th April, 2003