

2004 was no doubt a challenging year for the Hong Kong film industry and our Company. Our results were adversely affected by the rampant piracy, a decline in popularity of Hong Kong films and the introduction of macro economic control measures in the People's Republic of China (the "PRC").

We started the year by accelerating our expansion plans but then adopted a more conservative position as the difficult market conditions placed price pressures on our films. In the second half of 2004, we implemented a series of cost control measures, which included restructuring our PRC offices to ensure a lean overhead and cost effective operating structure. Under this difficult operating environment, we become more cost cautious in acquiring film rights and exploring new distribution media. With a more efficient infrastructure and a cost cautious approach in acquiring film rights, I believe that we are well positioned to fully capitalize on opportunities when market conditions improve.

To enhance our profile in South East Asia and enable our Company to gain access to Singapore's capital markets, we made an application to the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") for a proposed secondary listing of and a quotation for the Company's shares on the Singapore Exchange in January 2004. As we recorded a loss in our interim results for the six months ended 30th June 2004, we voluntarily withdrew the application in October 2004.

In view of the downturn of our film distribution and sub-licensing of film rights businesses, our goal in 2005 is to diversify our businesses and broaden our revenue sources. On 9th April 2005, we entered into a transaction for acquiring 100% interest of a company, which has been appointed as the sole and exclusive service provider for the promotion and introduction of customers to a six-star luxurious cruise ship and the provision of rolling and settlement services for customers of the gaming establishment on board the cruise ship. The acquisition is expected to be completed in August 2005. I believe that the transaction will diversify our earnings base and improve our profitability.

I would like to thank our board of directors, shareholders, customers and industry partners for their continued support and our employees for contributing their energy and skills this past year. We are operating as a company with an unparalleled committed team and I look forward to a productive year in 2005.

Heung Wah Keung
Chairman

Hong Kong
25th April 2005

對香港電影業及本公司而言，二零零四年確實是困難重重的一年。本集團業績受到盜版活動猖獗、港產片受歡迎程度下降以及中華人民共和國（「中國」）實施宏觀調控政策的影響。

本集團於年初加快其擴展計劃，但由於市道欠佳令本集團之影片價格受壓，本集團其後採取較審慎的經營方針。於二零零四年下半年，本集團實施一系列成本控制措施，包括重組其中國辦事處，以減低經常性開支及令營運架構更具成本效益。在困難之經營環境下，本集團在購入電影發行權及發掘新發行媒體時更注重控制成本。由於架構效率提高及購入電影發行權時致力控制成本，本人相信本集團已具備足夠條件在市道好轉時充份把握機會。

為提高本公司在東南亞之知名度，並打入新加坡之資本市場，本公司於二零零四年一月向Singapore Exchange Securities Trading Limited（「新加坡證交所」）申請建議本公司股份在新加坡證交所作第二上市及報價。由於本集團於截至二零零四年六月三十日止六個月之中期業績錄得虧損，本公司於二零零四年十月自動撤回有關申請。

鑑於本集團之電影發行及轉授電影發行權業務停滯不前，本集團於二零零五年之目標乃分散業務及擴闊收入來源。於二零零五年四月九日，本集團進行一項交易購入一間公司之100%權益，該公司已獲委任為獨家服務提供者，負責推廣一艘六星級豪華郵輪及為其招徠客戶，並為該郵輪上之賭博場所之客戶提供轉碼及結算服務。收購事項預期於二零零五年八月完成。本人相信，該項交易將擴大本集團之盈利基礎及提高其盈利能力。

本人謹此多謝過去一年董事會、股東、客戶及業內夥伴不斷的支持及員工的貢獻及努力。本公司上下一心，致力爭取成績，期望二零零五年有所收成。

主席
向華強

香港
二零零五年四月二十五日