

## 管理層論述及分析 Management Discussion and Analysis

### 財務業績

截至二零零四年十二月三十一日止年度，本集團之營業額下跌23%至約165,300,000港元（二零零三年：213,900,000港元）。未確認減值虧損前之經營虧損約為83,200,000港元（二零零三年：82,000,000港元）。經營虧損約為155,900,000港元（二零零三年：110,500,000港元），並錄得股東應佔虧損淨額約303,200,000港元（二零零三年：53,500,000港元）。董事不建議就本年度派發股息。

本年度虧損之所以增加，主要由於年內製作中電影、電影版權及購入附屬公司而產生之商譽出現已確認減值虧損合共約72,600,000港元（二零零三年：28,500,000港元）。同時，本集團分佔以本集團之聯營公司豐采多媒體集團有限公司（「豐采多媒體」，與其附屬公司統稱「豐采集團」）為首之集團之虧損約137,900,000港元（確認商譽攤銷及減值虧損後），而去年本集團則分佔溢利約43,500,000港元。

### 業務回顧

截至二零零四年十二月三十一日止年度，總營業額為165,300,000港元，其中153,700,000港元來自電影發行業務，其餘則來自錄影帶發行及其他服務收入。來自電影發行業務之營業額較截至二零零三年十二月三十一日止年度之200,300,000港元下跌23%。營業額之所以減少，主要由於業界整體上疲弱不振及有較少新電影推出。年內，本集團發行11部電影，而去年則發行18部電影。電影市道疲弱，除了由於存在已久之翻版活動外，還有利用先進技術之侵權行為日益猖獗，例如透過互聯網下載電影，以及以可重寫光碟複製電影等。

於二零零四年，香港仍為本集團最大之市場。來自香港之營業額下跌12%至約104,900,000港元，而其分類業績錄得約8,800,000港元（二零零三年：2,400,000港元）之虧損。縱然香港電影院之成績未如理想，宣傳及推廣方面仍有龐大開支而加深香港地區之分類虧損。然而，宣傳及推廣開支對遠銷外地之電影乃相當重要，蓋因此舉乃讓世界各地分銷商認識電影之唯一方法。來自中國之營業額下跌49%至約17,000,000港元，而其分類業績則錄得約22,900,000港元之虧損（二零零三年：3,900,000港元之溢利）。業績錄得虧損，主要因本集團電影放映之影院選址欠佳及上映時間不理想所致。由於中國一線影院偏向放映荷李活之電影，故在取消外國電影配額限制後，荷李活與香港之競爭更趨激烈。在荷李活電影主導之情況下，本集團無法為旗下電影爭取到位置優越之影院及延長放映期間，因此中國方面之貢獻受到不利因素之影響。於二零零四年下半年，本集團嘗試在二線影院放映旗下電影，惟由於受鄰近影院非法放映之影響，業績未如理想。豐采集團獲授可優先收購獨家發行權（可安排由本集團出品之每部電影於中國及蒙古發行，且不包括放映權及互聯網發行權）及可選擇收購放映權之地區供應

### FINANCIAL PERFORMANCE

For the year ended 31st December, 2004, the Group's turnover decreased by 23% to approximately HK\$165.3 million (2003: HK\$213.9 million). Loss from operations before impairment losses recognised amounted to approximately HK\$83.2 million (2003: HK\$82.0 million). Loss from operations amounted to approximately HK\$155.9 million (2003: HK\$110.5 million) and a net loss attributable to shareholders of approximately HK\$303.2 million (2003: HK\$53.5 million) was recorded. The directors do not recommend the payment of a dividend for the year.

The increase in current year's loss was mainly attributable to the impairment losses recognised in respect of films in progress, film rights and goodwill arising on acquisition of subsidiaries during the year in aggregate of approximately HK\$72.6 million (2003: HK\$28.5 million). The Group has also share the attributable loss of the group headed by Riche Multi-Media Holdings Limited ("Riche Multi-Media" and collectively with its subsidiaries "Riche Group"), an associate of the Group, of approximately HK\$137.9 million (after goodwill amortisation and impairment loss recognised) whereas the Group had shared a profit of approximately HK\$43.5 million in last year.

### REVIEW OF OPERATIONS

For the year ended 31st December, 2004, total turnover was HK\$165.3 million, of which HK\$153.7 million were derived from film distribution and the balance from video distribution and other services income. The turnover from film distribution division had decreased by 23% when compared with HK\$200.3 million for the year ended 31st December, 2003. The decline was mainly due to overall poor industry climate and fewer new films released. This year, the Group had released eleven films when compared with eighteen films in last year. The poor industry climate was resulted from the increasing popularity of copyright infringement behaviour using advanced technology such as downloading through Internet and copying through re-writable disc drives in addition to the traditional piracy activities.

In year 2004, Hong Kong remained the Group's largest market. The turnover from Hong Kong decreased by 12% to approximately HK\$104.9 million and its segment result recorded a loss of approximately HK\$8.8 million (2003: HK\$2.4 million). Despite the unsatisfactory result from Hong Kong theatres, the substantial marketing and promotional expenses also worsen to the segment loss in the Hong Kong territories. Nevertheless, the marketing and promotional expenses were crucial for the sale of the films in other territories because this was the only means for the worldwide distributors to know the films more. The turnover from the PRC decreased by 49% to approximately HK\$17.0 million and its segment result recorded a loss of approximately HK\$22.9 million (2003: profit of HK\$3.9 million). The loss was mainly attributed to the unfavourable cinema locations and screening period in exhibiting the Group's films in the PRC. As Chinese first-tier cinemas have strong preference for exhibiting Hollywood films, the lifting of foreign film quota restrictions intensifies the competition between Hollywood and Hong Kong. With the dominance of Hollywood films, the Group is not able to negotiate favourable cinema locations and screening period for our films. The contribution

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協議已於二零零五年四月八日屆滿。本集團將享有更大靈活性，能為日後新出品之電影選擇適合中國市場之市場推廣策略及發行方式。來自東南亞及歐美之營業額分別下跌至約28,600,000港元及11,200,000港元，減幅分別為29%及41%。營業額下降，乃由於本年度新電影數目下降及該等地區存有漲價壓力所致。然而，其分類業績有所改善，分別達約5,600,000港元（二零零三年：5,400,000港元）及8,600,000港元（二零零三年：7,400,000港元），蓋因本集團於過往年度發行之部份電影，已於東南亞或歐美重新發行電影發行權。為保守起見，本集團已將該等電影之所有版權費記錄為其首次發行年度之銷售成本。因此，該等重新發行所有權並無附帶任何剩餘版權費。

本集團已定期審閱其經營成本及行政開支，令本集團於市場上保持競爭力。截至二零零四年十二月三十一日止年度之除折舊及攤銷前行政開支減少約21%至約34,900,000港元。職員開支及租金開支分別大幅減少25%及29%至約19,000,000港元及約2,400,000港元。

### 流動資金及財務資源

於二零零四年十二月三十一日，本集團之資產總額約為667,900,000港元，而流動資產淨額則為307,600,000港元，即流動比率3.6（二零零三年：3.0）。本集團之現金及銀行結存總額約為54,100,000港元（二零零三年：21,500,000港元）。於二零零四年十二月三十一日，本集團之借貸總額約為56,200,000港元，包括銀行按揭貸款約17,500,000港元、有抵押銀行貸款約18,700,000港元及無抵押可換股貸款票據（「票據」）20,000,000港元。本集團於年內之資本負債比率以債項總額約56,200,000港元與股東資金約512,100,000港元比較計算，仍屬偏低。以本集團之借貸總額除以股東資金之基準計算，負債資本比率為11%（二零零三年：5%）。本集團之按揭貸款及銀行貸款以商業利率計算利息。有抵押銀行貸款包括循環貸款及分期付款。分期付款乃以一項本集團於二零零五年初製作之一部電影之全部版權進行之第一法律押記作抵押。而其他銀行貸款及按揭貸款則以賬面值分別為38,650,000港元及約5,400,000港元之本集團若干投資物業及香港租賃土地及樓宇作抵押。分期付款須分十八期每月償還，循環貸款須於要求時償還，而按揭貸款須於十年內分期償還。票據以年利率4厘計息，並附有權利轉換為本公司股本中每股面值0.05港元之股份（「股份」），於二零零四年十二月三十一日，換股價為每股5.83港元。票據原定於二零零四年六月三十日

from the PRC was adversely affected accordingly. In the second half of 2004, the Group tried to distribute its films in second-tier cinemas, but the results were not satisfactory due to the illegal exhibition by the nearby cinemas. A territory supply agreement which granted Riche Group a first right of refusal to acquire the exclusive distribution rights excluding the theatrical and internet rights in respect of each film produced by the Group in the PRC and Mongolia and an option to acquire the theatrical rights was expired on 8th April, 2005. The Group will have more flexibility in selection its marketing strategy and the means of distribution for future new films produced in the PRC market. The turnover from South-East Asia and America & Europe decreased by 29% and 41% to approximately HK\$28.6 million and HK\$11.2 million respectively. The decreases could be explained by decrease in the number of new films released this year and the high price pressure in these territories. However, their segment results improved to approximately HK\$5.6 million (2003: HK\$5.4 million) and HK\$8.6 million (2003: HK\$7.4 million) respectively because some of the Group's films released in previous years had re-licensed in South-East Asia or America & Europe. Being conservative, the Group had recorded all their royalties as cost of sales in the year of their first releases. Therefore, these re-licensing titles did not carry any remaining royalties.

The Group had regularly reviewed its operating costs and administrative expenses and made the Group stay competitive in the market. Administrative expenses before depreciation and amortisation decreased by about 21% to approximately HK\$34.9 million for the year ended 31st December, 2004. Staff costs and rental expenses decreased substantially by 25% and 29% to approximately HK\$19.0 million and approximately HK\$2.4 million respectively.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2004, the Group had total assets of approximately HK\$667.9 million and a net current assets of HK\$307.6 million, representing a current ratio of 3.6 (2003: 3.0). The Group had a total cash and bank balances of approximately HK\$54.1 million (2003: HK\$21.5 million). As at 31st December, 2004, the Group had total borrowings of approximately HK\$56.2 million comprising mortgage loan from a bank of approximately HK\$17.5 million, secured bank loans of approximately HK\$18.7 million and unsecured convertible loan note ("Note") of HK\$20 million. The Group's gearing remained low during the year with total debts of approximately HK\$56.2 million against shareholders' funds of approximately HK\$512.1 million. This represents a gearing ratio, calculated in the basis of the Group's total borrowings over shareholders' fund, of 11% (2003: 5%). The Group's mortgage loan and bank loans bear interest at commercial rate. The secured bank loans included revolving loans and a instalment loan. The instalment loan is secured by a first legal charge over all copyrights on a film produced by the Group in the beginning of 2005. The other bank loans and the mortgage loan are secured by certain of the Group's investment properties and leasehold land and buildings in Hong Kong with carrying values of HK\$38.65 million and approximately HK\$5.4 million respectively. The instalment loan is repayable by 18 monthly

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到期。於二零零四年六月十四日，本公司與票據持有人同意將票據之到期日延長至二零零七年六月三十日。除延長到期日外，票據之其他條款及條件仍具備十足效力。

於二零零四年十二月十五日，Porterstone Limited (「Porterstone」)、向華強先生(「向先生」)及陳明英女士(「陳女士」)分別與配售代理及本公司訂立補足配售協議及認購協議。根據補足配售協議，Porterstone、向先生及陳女士按每股0.60港元之價格向獨立投資者配售合共60,765,000股現有股份。根據認購協議，Porterstone、向先生及陳女士按每股0.60港元之價格認購合共60,765,000股新股份。於二零零四年十二月二十九日，60,765,000股新股份之認購已獲發行，所得款項淨額約為35,600,000港元，其中約20,000,000港元撥作兩部電影之製作費用，而該兩部電影已訂於二零零五年開始製作，電影劇本及主要製作人員均已安排妥當，而約15,600,000港元則用作本集團一般營運資金。該等新股份乃根據二零零四年六月二十五日本公司股東週年大會上董事獲授之一般授權發行。

同日，本公司有條件同意按每股0.60港元之價格向獨立投資者配售60,765,000股新股份。配售已於二零零五年一月二十七日完成。所得款項淨額約35,600,000港元，其中約20,000,000港元計劃撥作兩部電影之製作費用，而該兩部電影已訂於二零零五年開始製作，電影劇本及主要製作人員均已安排妥當，而約15,600,000港元則用作本集團一般營運資金。60,765,000股股份之發行事宜，已獲本公司股東於二零零五年一月二十一日舉行之股東特別大會上批准。

同日，一名購股權持有人行使其購股權，藉以按行使其價每股0.564港元認購合共800,000股股份，總金額約為450,000港元。因此，當日共發行800,000股股份。

於結算日後，Porterstone及向先生分別與配售代理及本公司訂立補足配售協議及認購協議。根據補足配售協議，Porterstone及向先生按每股0.50港元之價格向獨立投資者配售合共76,600,000股現有股份。根據認購協議，Porterstone及向先生按每股0.50港元之價格認購合共76,600,000股新股份。於二零零五年三月七

instalments, the revolving loans are repayable on demand and the mortgage loan is repayable in instalments over a period of ten years. The Note bears interest at 4% per annum and carry the right to convert into shares ("Shares") of HK\$0.05 each in the share capital of the Company at the conversion price of HK\$5.83 per share as at 31st December, 2004. The Note was originally matured on 30th June, 2004. On 14th June, 2004, the Company and the holder of the Note agreed to extend the maturity date of the Note to 30th June, 2007. Save for the extension of the maturity date, the other terms and conditions of the Note shall remain in full force and effect.

On 15th December, 2004, Porterstone Limited ("Porterstone"), Mr. Heung Wah Keung ("Mr. Heung") and Ms. Chen Ming Yin, Tiffany ("Ms. Chen") entered into a top-up placing agreement with a placing agent and a subscription agreement with the Company respectively. Pursuant to the top-up placing agreement, Porterstone, Mr. Heung and Ms. Chen placed an aggregate of 60,765,000 existing Shares to independent investors at a price of HK\$0.60 per Share. Pursuant to the subscription agreement, Porterstone, Mr. Heung and Ms. Chen subscribed for an aggregate of 60,765,000 new Shares at a price of HK\$0.60 per Share. 60,765,000 new Shares were issued for the subscription on 29th December, 2004 with net proceeds of approximately HK\$35.6 million, of which approximately HK\$20 million were used for two movies' production which have been scheduled to be produced in 2005, planned screenplay and principal production personal have been arranged and approximately HK\$15.6 million were used as the general working capital of the Group. These new Shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 25th June, 2004.

On the same date, the Company had conditionally agreed to place 60,765,000 new Shares to independent investors at a price of HK\$0.60 per Share. The placing was completed on 27th January, 2005. Net proceeds amounted to approximately HK\$35.6 million, of which approximately HK\$20 million were intended to be used for two movies' production which have been scheduled to be produced in 2005, planned screenplay and principal production personal have been arranged and approximately HK\$15.6 million were used as the general working capital of the Group. The issue of 60,765,000 Shares was approved by the shareholders of the Company at a special general meeting held on 21st January, 2005.

On the same date, an option holder exercised his option right to subscribe for an aggregate of 800,000 Shares at an exercise price of HK\$0.564 per Share in an aggregate amount of approximately HK\$450,000. Accordingly, 800,000 Shares were issued on the same day.

Subsequent to the balance sheet date, Porterstone and Mr. Heung entered into a top-up placing agreement with a placing agent and a subscription agreement with the Company respectively. Pursuant to the top-up placing agreement, Porterstone and Mr. Heung placed an aggregate of 76,600,000 existing Shares to independent investors at a price of HK\$0.50

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日，76,600,000股新股份已獲發行以供認購，所得款項淨額約為37,300,000港元，該等款項計劃撥作本集團一般營運資金及／或未來可能進行之收購事項（仍有待確認）。該等新股份乃根據二零零五年一月二十一日本公司股東週年大會上本公司董事獲授之一般授權發行。

於結算日後，若干購股權持有人行使其購股權，藉以按行使價每股0.564港元認購合共7,969,939股股份，以及按行使價每股0.52港元認購合共9,800,000股股份，總金額約為9,600,000港元。

為提高本集團資產之回報，本集團採納一套妥能平衡現金及上市證券之財資政策。於二零零四年十二月三十一日，本集團持有之上市證券重估值約為33,800,000港元，而約為4,700,000港元之未變現虧損則已於年內作出撥備。

由於本集團大部份交易、資產及負債均以港元、美元及人民幣列賬，故本集團毋須承擔重大的匯兌風險。因此，本集團並無採用任何對沖財務工具。於二零零四年十二月三十一日，本集團並無任何或然負債。

### 聯營公司

於二零零四年十二月三十一日，本集團於豐采集團持有40.67%股本權益。豐采集團主要從事電影發行、轉授電影版權及銷售廣告權或其他與娛樂行業相關之業務。豐采集團之資產淨額約為70,800,000港元。截至二零零四年十二月三十一日止年度，豐采集團之營業額約為58,400,000港元，而本集團分佔之虧損約為137,900,000港元，包括商譽攤銷約3,600,000港元及已確認商譽減值虧損約25,500,000港元。於二零零五年二月，本集團於公開市場以合共約30,300,000港元收購豐采多媒體之額外1.89%股本權益。

per Share. Pursuant to the subscription agreement, Porterstone and Mr. Heung subscribed for an aggregate of 76,600,000 new Shares at a price of HK\$0.50 per Share. 76,600,000 new Shares issued for the subscription on 7th March, 2005 with net proceeds of approximately HK\$37.3 million were intended to be used for general working capital of the Group and/or any future possible acquisition which was yet to be identified. These new Shares were issued under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 21st January, 2005.

Subsequent to the balance sheet date, certain option holders exercised their option rights to subscribe for an aggregate of 7,969,939 Shares at an exercise price of HK\$0.564 per Share and an aggregate of 9,800,000 Shares at an exercise price of HK\$0.52 per Share respectively in an aggregate amount of approximately HK\$9.6 million.

In order to generate higher return on the Group's assets, it adopts a set of treasury policies to ensure well balance between cash and listed securities. As at 31st December, 2004, the revalued amount of listed securities held by the Group amounted to approximately HK\$33.8 million and an unrealized loss of approximately HK\$4.7 million was provided during the year.

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi, the exchange risk of the Group is considered to be minimal. Accordingly, no financial instruments for hedging purposes have been used by the Group. As at 31st December, 2004, the Group had no contingent liability.

### ASSOCIATES

As at 31st December, 2004, the Group had 40.67% equity interest in Riche Group. Riche Group is principally engaged in distribution of films, sub-licensing of film rights and, sale of advertising rights or otherwise related to the entertainment industry. It had net assets of approximately HK\$70.8 million. The turnover of Riche Group amounted to approximately HK\$58.4 million and the Group had shared a loss of approximately HK\$137.9 million including goodwill amortisation of approximately HK\$3.6 million and impairment loss recognised on goodwill of approximately HK\$25.5 million for the year ended 31st December, 2004. In February 2005, the Group acquired additional 1.89% equity interest in Riche Multi-Media for a total payment of approximately HK\$30.3 million on the open market.

## 管理層論述及分析 Management Discussion and Analysis

於二零零五年四月九日，豐采集團訂立一項交易，藉以收購一間公司之100%權益。該公司已獲委任為唯一及獨家服務供應商以推廣及向客戶介紹六星級豪華遊輪，以及就於遊輪上經營之博彩場所為客戶提供轉碼及結算服務。收購預期於二零零五年八月完成。

於二零零四年三月，本集團收購 Together Again Limited (「TAL」) 15,480股每股面值1美元之股份，佔TAL已發行股本38.7%，總代價為38,310,000港元。TAL主要從事提供藝人管理服務。同日，本集團向TAL出售本集團之全資附屬公司 Imperial International Limited (「Imperial」) 之全部已發行股本。Imperial 之主要資產為其於中國星演藝管理有限公司及 Anglo Market International Limited 之100%股本權益。出售 Imperial 之全部已發行股本之代價，已透過TAL向本集團配發及發行TAL之股本中8,080股每股面值1美元之入賬列作繳足新股份支付。自此，本集團持有TAL合共49%股本權益。收購事項預期可提升本集團提供藝人管理服務之能力，並繼而令旗下藝人之數目及電影製作之成本更為穩定。於本年內，本集團已分佔以TAL為首之新集團除商譽攤銷後溢利約2,800,000港元。

### 展望

面對本港電影行業不景氣及外埠市場之激烈競爭，本集團認為須採取靈活之經營方式，發展多元化之娛樂事業，方能突破困局，闖出明天。因此，本集團將利用過往累積所得之資源，發揮電影創作優勢，積極研究各種下游行業之可行方案，開拓嶄新服務單元，並積極為產品重新包裝定位，率先部署具發展潛力之業務方針。

### 僱員

於二零零四年十二月三十一日，本集團僱用76名員工(二零零三年：84名員工)，當中3名員工(二零零三年：3名員工)駐守中國。董事相信，其優秀員工乃本集團維持聲譽及改善盈利能力之最重要元素。員工之酬金乃根據彼等之工作表現、專業經驗及當時之行業慣例而釐定。除基本薪金、公積金及醫療計劃及酌情花紅外，若干員工更可按個別表現評估獲授購股權。

On 9th April, 2005, Riche Group 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 of the cruise ship. The acquisition is expected to be completed in August 2005.

In March 2004, the Group acquired 15,480 shares of US\$1 each in Together Again Limited ("TAL"), represented 38.7% of the issued share capital of TAL for a total consideration of HK\$38.31 million. TAL is principally engaged in the provision of artist management services. On the same date, the Group sold the entire issued share capital of Imperial International Limited ("Imperial"), a wholly-owned subsidiary of the Group to TAL. The principal assets of Imperial are its 100% equity interest in China Star Management Limited and Anglo Market International Limited. The consideration for the sale of the entire issued share capital of Imperial was satisfied by the allotment and issued of 8,080 new shares of US\$1 each in the share capital of TAL, credited as fully paid, by TAL to the Group. Since then, the Group has an aggregate 49% equity interest in TAL. The acquisition was expected to strengthen ability on provision of artist management services of the Group and in turn stabilised the supply of artists and the production costs of films. During the year, the Group had shared a profit after goodwill amortisation of approximately HK\$2.8 million from the new group headed by TAL.

### PROSPECT

Confronted by the downturn of the local film industry and fierce competition from overseas, and in order to achieve breakthroughs from the present difficulties, the Group must be flexible in its operations and diversify its entertainment business portfolio. As such, the Group will utilise its resources accumulated over the years and advantages in film production, and explore all possible opportunities in downstream industries. It will develop new services, re-package and re-position its products, and spearhead its development with businesses that have good potential.

### EMPLOYEES

As at 31st December, 2004, the Group employed 76 staffs (2003: 84 staffs) of which 3 staffs (2003: 3 staffs) are based in PRC. 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. The staffs are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, medical schemes and discretionary bonuses, options are awarded to certain staffs according to the assessment of individual performance.