

UNIVERSE



Management Discussion and Analysis
管理層討論及分析

UNIVERSE
寰宇



管理層討論及分析

Management Discussion and Analysis

業務回顧

經營業績



截至二零零五年六月三十日止年度，本集團之綜合營業額為約港幣176,000,000元，較去年同期下跌22.7%。提早採納香港會計準則第四十號及香港註冊常務委員會註釋第二十一號後之股東應佔溢利為約港幣9,800,000元，而

去年之虧損則為約港幣19,500,000元。倘不計及重估投資物業產生之影響，則除稅後溢利為約港幣2,700,000元。

綜合營業額下跌主要由於香港錄像發行市場持續萎縮所致。然而，管理層欣然報告，授出電影版權業務錄得令人鼓舞之營業額及溢利增長。藉着一連串嚴謹之成本控制措施得以有效地推行，此等正面發展緩和本地錄像發行業務之欠佳表現，因此，本集團之經營業務錄得溢利。

業務回顧

錄像發行

錄像發行分部之營業額由去年港幣124,800,000元減少42.6%至本年度港幣71,600,000元，佔本集團綜合營業額40.7%（二零零四年：54.8%）。營業額減少主要由於(a)可供錄像發行之新影片數量減少；及(b)香港錄像發行市場持續呆滯所致。

REVIEW OF OPERATIONS

Operating Results

For the year ended 30th June 2005, the Group recorded consolidated turnover of approximately HK\$176.0 million, representing a decrease of 22.7% over the same period last year. Profit attributable to shareholders was approximately HK\$9.8 million with the early adoption of the Hong Kong Accounting Standard 40 and Hong Kong (SIC) Interpretation 21, compared with losses of approximately HK\$19.5 million in the previous year. If the effects arising from revaluation of investment properties were not to be taken into account, the profit after taxation amounted to approximately HK\$2.7 million.

The decrease in consolidated turnover was mainly due to continued contraction of the Hong Kong video distribution market. Notwithstanding, the management is pleased to report that the film licensing business recorded encouraging growth in turnover and profit together with a series of stringent cost control measures was effectively implemented. Such positive developments more than offset the disappointing performance of local video distribution business, and consequently, the Group's operations reported a profit.

Business Review

Video distribution

The video distribution segment recorded a decline in turnover of 42.6% from last year's HK\$124.8 million to the current year's HK\$71.6 million. This business segment contributed 40.7% (2004: 54.8%) of the Group's consolidated turnover. Such decrease was mainly due to (a) fewer numbers of new titles available for video distribution; and (b) the continued sluggish video distribution market in Hong Kong.

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錄像發行 (續)

回顧年度，錄像發行業務充滿挑戰。儘管本地經濟及零售業在中華人民共和國（「中國」）旅客獲放寬個人遊計劃而好轉，然而本集團之錄像發行業務並無因此而直接受惠。同時，隨著本地市場競爭日趨激烈，該業務分部仍面對種種挑戰。除業界競爭激烈外，有版權影片透過點對點檔案共享活動在互聯網上非法流傳，這對經營環境而言更是雪上加霜。



此等不利因素難免影響該業務分部之業績。因此，於回顧年度，該業務分部之毛利下降港幣19,700,000元至港幣3,100,000元，而去年同期則錄得港幣22,800,000元。

為舒解該業務分部所面對之困境，本集團實施連串嚴謹的成本控制措施藉以精簡業務，並更務實而審慎地購買可供錄像發行之新影片。

電影放映、授出及轉授電影版權



於回顧年度，電影放映、授出及轉授電影版權之營業額由去年港幣96,600,000元輕微增加0.2%至港幣96,800,000元，佔本集團綜合營業額55.0%（二零零四年：42.4%）。

電影放映之營業額為港幣8,000,000元，較去年下跌約67.6%。除香港電影放映市場持續萎縮外，電影放映之營業額下跌亦由於本集團採取謹慎之電影投資策略，同時專注投資於製作電視連續劇，以致所製作電影數量減少所致。透過管理層致力嚴格控制製作和宣傳成本，此業務分部之虧損由去年港幣23,500,000元收窄至港幣9,800,000元。

Video distribution (Continued)

The year under review was full of challenges for the video distribution business. Despite improvement in the local economy and retail sector as boosted by the relaxed individual visit scheme for the tourists of the People's Republic of China (the "PRC"), these have not directly benefited the Group's video distribution business. Meanwhile, challenges for this business segment remain as competition in local market intensified. In addition to the severe competition within this industry, the operating environment was adversely affected by illegal distribution of copyrighted films on the internet through peer-to-peer file-sharing activities.

These unfavorable factors inevitably impacted the results of the business segment. Consequently, during the year under review, gross profit of this segment declined by HK\$19.7 million to HK\$3.1 million, compared with HK\$22.8 million recorded in the same period last year.



In response to the difficulties of this business segment, the Group implemented a series of stringent cost control measures with a view to streamlining its operations and adopted a more pragmatic approach when acquiring new titles for video distribution.

Film exhibition, film licensing and film sub-licensing

During the year under review, turnover derived from film exhibition, film licensing and sub-licensing increased marginally by 0.2% to HK\$96.8 million from HK\$96.6 million in the previous year. This business segment contributed 55.0% (2004: 42.4%) of the Group's consolidated turnover.

Turnover from film exhibition was HK\$8.0 million, representing a decrease of approximately 67.6% compared to the previous year. Apart from the continued contraction of the film exhibition market in Hong Kong, such decrease in turnover was also due to fewer films being produced as the Group adopted a prudent approach in investment in film production while focusing its efforts on investing in television series production. Through management's disciplined efforts in controlling production and promotional costs, losses of this business segment narrowed from HK\$23.5 million in the previous year to HK\$9.8 million.

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電影放映、授出及轉授電影版權 (續)

對本集團授出電影版權業務而言，二零零五年財政年度實在令人鼓舞。年內，該業務分部受惠於成功分散投資於製作電視連續劇之策略。本集團製作之首套電視連續劇「功夫足球」為本集團帶來可觀貢獻，已足見本集團藉着預測市場需求轉變而物色及抓緊商機之能力。受惠於此一方面之成功，該業務分部分別錄得港幣88,800,000元及港幣36,300,000元之營業額及毛利，較去年大幅增長23.7%及165.0%。

在採取多元化內容製作策略下，本集團亦致力減少依賴香港市場，因管理層相信擴大地域分佈對本集團之長遠發展有利。於回顧年度，來自海外市場之營業額由港幣49,800,000元增加至港幣59,800,000元，佔本集團綜合營業額34.0%（二零零四年：21.9%）。截至二零零五年六月三十日止年度，中國市場之發展尤其令本集團振奮，中國市場佔本集團總營業額約17.0%（二零零四年：11.0%）。本集團預期中國市場將成為本集團未來之主要增長來源。



在投資電影製作方面採取謹慎策略之同時，本集團一直以製作優質電影為目標。在此方面，電影「旺角黑夜」於第二十四屆香港電影金像獎頒獎典禮中獲頒發最佳導演及最佳編劇、於第十屆金紫荊頒獎典禮中獲頒發最佳導演及於第十一屆香港電影評論學會頒獎典禮中獲頒發最佳導演及推薦電影等獎項。

Film exhibition, film licensing and film sub-licensing (Continued)

The financial year 2005 was an encouraging year for the Group's film licensing business. During the year, this business



segment benefited from the success of the diversification strategy of investing in television series production. Our first television series titled "Kung Fu Soccer" provided remarkable contributions to the Group, demonstrating our ability of identifying and capturing business opportunities by anticipating shifts in market demands. Benefiting from this success, the turnover and gross profit from this business segment were HK\$88.8 million and HK\$36.3 million respectively, representing a substantial increase of 23.7% and 165.0% over the previous year.

While implementing such multi-faceted content production strategy, the Group also strived to reduce its reliance on the Hong Kong market as the management believes geographical diversification is beneficial to the long term development of the Group. During the year under review, the turnover generated from overseas markets increased from HK\$49.8 million to HK\$59.8 million, contributing 34.0% (2004: 21.9%) to the Group's consolidated turnover. For the year ended 30th June 2005, we are particularly encouraged by the development of the PRC market where it accounted for approximately 17.0% (2004: 11.0%) of the total turnover of the Group. We anticipate that the PRC market will become a major source of growth for the Group in the future.

While adopting a prudent approach in investment in film production, the Group always aims to produce high quality films. In this respect, the film "One Nite in Mongkok" had been awarded the Best Director and the Best Screenplay at the 24th Hong Kong Film Awards Presentation Ceremony, the Best Director at the 10th Golden Bauhinia Awards Presentation Ceremony and the Best Director and Films of Merit at the 11th Hong Kong Film Critics Society Awards Presentation Ceremony.

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出租投資物業及光碟複製機器

來自出租投資物業之營業額由去年港幣2,900,000元增加至港幣3,800,000元。有見物業市道向好，本集團已撥出若干物業作出租用途，以收取穩定租金收入。

與此同時，來自出租光碟複製機器之營業額則由去年同期港幣2,000,000元逐步下降至港幣800,000元。該業務分部過去表現欠佳，乃由於本地錄像發行市場不景，加上行內價格競爭激烈所致。營業額減少乃由於本集團決定撤出此業務分部所致；本集團已於二零零五年一月將所有光碟複製機器售予一獨立第三者，並得到約為港幣900,000元收益。管理層已將此業務分部之資源分配至較有利可圖之業務。



展望

考慮到現時之市場需求，本集團將透過與多個中國合作夥伴聯合製作，繼續專注投資電視連續劇。管理層相信，長遠而言，此將可提升本集團強勁增長之優勢。於回顧年度，本集團開始製作三部電視連續劇，包括「伙頭智多星」、「昭君出塞」及「阿有正傳」。

為配合其擴大地域分佈策略，本集團旨在製作針對主要市場，亦可打入其他潛在海外市場之優質電影。於回顧年度，本集團開始製作由彭氏兄弟執導之電影「鬼域」及杜琪峰執導之電影「文雀」。

Leasing of investment properties and machinery for replication of optical discs

Turnover from leasing of investment properties increased to HK\$3.8 million from HK\$2.9 million in the previous year. In view of the buoyant property market, the Group had allocated certain properties for rental purposes with a view to securing stable rental income.

Meanwhile, the turnover from leasing of machinery for replication of optical discs has progressively decreased to HK\$0.8 million, compared with HK\$2.0 million in the same period last year. This business segment had unsatisfactory performance in the past due to the poor local video distribution market and keen price competition within the industry. The decrease in turnover was due to the Group's decision to wind up this business segment where the Group has disposed of all machinery for replication of optical discs to an independent third party at gain of approximately HK\$0.9 million in January 2005. The management has reallocated the resources of this business segment to more profitable businesses.



Outlook

In view of current market demand, the Group will continue to focus on investments in television series productions through joint-production with various partners in the PRC. The management believes that this will favorably position the Group for stronger growth in the long run. During the year under review, the Group has commenced its production of three television series, namely "Magic Chef", "Legend of Wang Zhao Jun" and "The Myth of Ah You".

In line with its geographical diversification strategy, the Group aims to produce high quality films which not only target the major markets, but also allow for expansion into other potential overseas markets. During the year under review, the Group has commenced on the production of the film "Recycle", directed by Pang Bros. and the film "The Sparrow" directed by Johnny To.

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展望 (續)

與此同時，儘管香港經濟復甦，本地錄像發行業務之前景仍然不明朗，本集團預期，不利之經營環境將持續至來年。面對種種困難，本集團將繼續集中精簡及改組此業務分部之業務。



董事會相信，本集團在達致其目標方面進展良好。董事會深信，憑藉其專業知識及經驗，本集團將能迎接未來之挑戰，並對其未來表現持謹慎樂觀態度。

財務資源／流動資金及資本結構

於二零零五年六月三十日，本集團之現金結存為港幣93,900,000元及尚未使用之銀行融資為港幣55,000,000元，而去年同期則分別為港幣87,300,000元及港幣65,000,000元。

於二零零五年六月三十日，本集團之資產總值約為港幣321,500,000元，較二零零四年六月三十日減少港幣25,500,000元。

本集團於二零零五年六月三十日之資產負債比率約為0.1% (二零零四年：6.8%)，乃根據本集團之長期借貸約港幣179,000元 (其中港幣77,000元須於一年內償還，港幣77,000元須於第二年內償還及港幣25,000元須於第三至第五年內償還)，以及股東資金約港幣288,900,000元計算。此重大跌幅全因於年內償還所有物業抵押貸款所致。

由於本集團之借貸減少，令利息開支下降，故財務成本相應減少48.9%。

由於本集團大部份交易均以港元及美元計算，故此管理層認為所面對之外匯波動風險有限及本集團並無採用任何財務工具作對沖之用。

Outlook (Continued)

Meanwhile, notwithstanding Hong Kong's economic recovery, the outlook of local video distribution business remains uncertain and the Group expects the unfavorable operating environment to continue in the coming year. To respond to such difficulties, the Group will continue to emphasize on streamlining and rationalizing the operations of this business segment.

The Board believes the Group is making good progress towards achieving its goals. The Board is confident that, leveraging on its expertise and experience, the Group will be able to meet with the challenges ahead and remain cautiously optimistic with its future performance.

Financial Resources/Liquidity and Capital Structure

As at 30th June 2005, the Group had cash balances of HK\$93.9 million and unutilized banking facilities amounted to HK\$55.0 million while the corresponding figures in last year were HK\$87.3 million and HK\$65.0 million respectively.

As at 30th June 2005, the Group had total assets of approximately HK\$321.5 million, representing a decrease of HK\$25.5 million over that of 30th June 2004.

The Group's gearing ratio as at 30th June 2005 was approximately 0.1% (2004: 6.8%), which was calculated on the basis of the Group's long term borrowings of approximately HK\$179,000 (of which HK\$77,000, HK\$77,000 and HK\$25,000 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\$288.9 million. Such significant decrease was wholly due to all properties mortgage loans were repaid during the year.

Finance costs had been reduced by 48.9%, mainly due to a drop in interest expenses as a result of Group's reduced borrowings.

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars and US 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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集團資產抵押

於二零零五年六月三十日，本集團名下賬面值合共港幣73,900,000元（二零零四年：港幣65,800,000元）之資產已用作附屬公司所用銀行融資之抵押。



僱員及薪酬政策

於二零零五年六月三十日，本集團僱用63名（二零零四年：120名）員工。薪酬會每年作出檢討，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之花紅、醫療保險計劃及強制性公積金。

購股權計劃

根據於二零零三年十一月二十六日舉行之股東週年大會（「二零零三年股東週年大會」）上通過之決議案，本公司根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）採納一購股權計劃（「購股權計劃」）。

於二零零三年十一月二十六日至二零零五年六月三十日期間，本公司並無根據購股權計劃授出任何購股權。



The Pledge of Group Assets

As at 30th June 2005, certain assets of the Group with aggregate carrying value of HK\$73.9 million (2004: HK\$65.8 million) were pledged to secure banking facilities utilised by subsidiaries.

Employees and Remuneration Policies

As at 30th June 2005, the Group employed 63 staffs (2004: 120).

Remuneration is reviewed annually and certain staffs are entitled to commission.

In addition to the basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.



Share Option Scheme

Pursuant to a resolution passed in the annual general meeting held on 26th November 2003 (the "2003 AGM"), the Company has adopted a share option scheme (the "Share Option Scheme") in compliance with Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

There was no share options granted by the Company under the Share Option Scheme for the period from 26th November 2003 to 30th June 2005.

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註銷諒解備忘錄及更改配售股份所得款項用途

茲提述本公司於二零零三年十一月五日及二零零三年十一月十七日發出之公佈，內容分別有關與廣東省電影公司就建議成立中外合資經營企業在中國投資及經營電影院業務訂立諒解備忘錄（「備忘錄」），以及以每股港幣0.2元之價格配售190,000,000股股份（「配售」），以集資約港幣37,700,000元作為此電影院經營項目之額外資金。

管理層在簽訂備忘錄後，就投資經營電影院業務（「該電影院項目」）之可行性已採取審慎態度進行深入研究，並在此一年多時間內密切觀察此行業之發展。

考慮該電影院項目時，管理層已審慎評估國內盜版猖獗之問題，並注意到儘管有關當局已作出努力，卻始終無明顯改善迹象。事實上，透過點對點文件共享活動在互聯網上非法流傳有版權影片之舉，亦使問題更趨嚴峻。因此，管理層相信此行業實存在甚高不穩定性及風險，因而決定中止該電影院項目。



Cancellation of the Memorandum of Understanding and Change of Use of Net Proceeds from Placement of Shares

Reference is made to the announcement of the Company dated 5th November 2003 and 17th November 2003 with regard to the entering into of the memorandum of understanding (the "MOU") with GD Film in relation to the proposed setting up of a sino-foreign equity joint venture company to invest in and operate cinema business in the PRC and the placing of 190,000,000 shares at a price of HK\$0.20 each (the "Placing") to raise approximately HK\$37.7 million for additional capital for the cinema venture.



The management has taken a prudent approach and conducted in-depth study on the feasibility of investing in the cinema operation business (the "Cinema Project") after the signing of the MOU and has closely observed the development of the industry for over a year.

When considering the Cinema Project, the management has carefully assessed the problems of rampant piracy in the PRC and noted that despite efforts from the relevant authorities, there have not been clear signs of improvement. As a matter of fact, the problem has further aggravated as a result of illegal distribution of copyrighted films on the Internet through peer-to-peer file-sharing activities, adding further concerns to the Cinema Project. The management therefore believes there are high uncertainties and risks and has decided to abort the Cinema Project.

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註銷諒解備忘錄及更改配售股份所得款項用途 (續)

與此同時，本公司於年內成功將業務拓展至發行電視連續劇，首套電視連續劇「功夫足球」反應熱烈，並帶來穩定之收益貢獻。按管理層之觀察，電視連續劇在性質上較不受盜版影響，盈利率又比電影院項目相對為高。隨着有線電視網絡及多間電視台之衛星電視在東南亞及中國紛紛出現，亦促進對電視連續劇之需求。管理層相信，電視連續劇之投資回報期會比投資電影院項目的回報期較短。因此在經過周詳考慮後，管理層已於二零零五年三月二十三日公佈將配售所得款項用途更改為投資製作電視連續劇。管理層相信，此改變有助本集團為股東帶來更佳及更高回報。

截至二零零五年六月三十日，本集團已動用約港幣11,900,000元於投資製作電視連續劇上。

Cancellation of the Memorandum of Understanding and Change of Use of Net Proceeds from Placement of Shares (Continued)

Meanwhile, the Company has successfully expanded into the distribution of television series during the year and the release of its first television series “Kung Fu Soccer” has received overwhelming response and has proven to contribute steady revenue. Based on the management’s observations, television series is by nature less susceptible to piracy, while yielding comparatively higher profit margins than the Cinema Project. There is also an increasing number of cable networks and satellite multi-channel television in South East Asia and the PRC, spurring the demand for television series. The management is confident that the payoff period for investments in television series will be considerably shorter than investing in the Cinema Project. Therefore, after due consideration, the management has announced to change the use of the proceeds from the Placing for investment in the production of television series on 23rd March 2005. The management believes that the change will enable the Group to generate optimal and higher returns for its shareholders.

As of the year ended 30th June 2005, the Group has applied approximately HK\$11.9 million for investment in the production of television series.