

## Chairman's Statement 主席報告

I would like to thank our team for their valuable contributions and support in the year 2006. Many changes to the Group were instituted by our team during the year to adjust for the tough market conditions in Hong Kong film industry. These changes have diversified the Group's revenue sources and positioned it to better in the year to come.

2006 continues to be a difficult year for Hong Kong film industry. In addition to the decline in popularity of Hong Kong-made movies in Mainland China, the emerging of stream broadcasting technology makes piracy much more easier and further erodes the box office receipts of Hong Kong-made movies in Mainland China. As a result, Hong Kong film companies are conservative in film investments. In view of the sluggish market condition, we have slowed down our film distribution activities.

Despite a challenging year, we achieved an important milestone during 2006. We have diversified and broadened our revenue sources by acquiring a property investment company in June 2006. The major asset of the property investment company is a property located at the centre of Beijing, China. The property is currently under renovation and being transformed from an apartment complex into serviced apartments. As there is an upward trend in the Mainland China's property market and demand exists for high-quality serviced apartments in Beijing, we currently intend to hold the property as a long-term investment for rental purposes. We again restructured our film distribution division to ensure a lean overhead and cost effective operating structure.

On behalf of the board of directors, I would like to take this opportunity to thank our dedicated team, shareholders and other stakeholders for their continued support.

**Heung Wah Keung**

*Chairman*

Hong Kong, 26 April 2007

本人僅此向本集團員工於二零零六年度所作出之寶貴貢獻及支持致以衷心謝意。年內本集團員工為使本集團能更好地適應香港影視業所面對之嚴峻市況作出了許多變化。該等變化已使本集團收入來源多樣化，並使其來年之前景更為樂觀。

對香港影視業而言，二零零六年仍是困難重重的一年。串流廣播技術之興起使得盜版變得更加容易，進一步侵蝕港產電影在中國大陸的票房收入，此外港產電影於中國大陸之受歡迎程度也有所下降。因此香港電影公司在電影投資方面表現較為保守。鑑於市況低迷，本集團已放慢電影發行活動。

儘管充滿挑戰，但二零零六年是本集團發展的一個重要里程碑。集團於二零零六年六月透過收購物業投資公司，增加並拓展了收入來源。該物業投資公司之主要資產為位於中國北京市中心區之物業。該物業現正進行翻新，並將由分層住宅大樓轉換為服務式住宅。鑑於北京市對於高尚服務式住宅之需求日益殷切，及中國大陸之房地產市場持續升溫，本集團現擬將該物業持作長期投資用作租賃用途。本集團再次對集團之電影發行部門進行重組，以確保費用減少及經營架構具成本效益。

本人謹借此機會代表董事會，對本集團不懈努力的員工，股東及其他股東的不斷支持，致以衷心謝意。

主席

向華強

香港，二零零七年四月二十六日