

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are distribution of programmes, sub-licensing programme rights, and sales of advertising rights for advertisements placing on video programmes.

2. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. The adoption of these new and revised SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has no effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

Cash flow statements

Under SSAP 15 (Revised) "Cash Flow Statements", cash flows are classified under three headings, namely, operating, investing and financing, rather than the previous five headings. Interest received and paid, which were previously presented under a separate heading, are classified as investing and financing cash flows respectively. Cash flows arising from taxes on income are classified as operating activities unless they can be separately identified with investing or financing activities.

Employee benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefits plans. Because the Group participates only in a defined contribution retirement benefits scheme, the adoption of SSAP 34 has not had any impact on the financial statements.

1. 一般資料

本公司為於百慕達註冊成立之受豁免有限公司，而其股份在香港聯合交易所有限公司上市。

本集團之主要業務為發行節目、轉授節目發行權及銷售影視節目刊登廣告之廣告權。

2. 採用會計實務準則

於本年度，本集團首次採用多項由香港會計師公會修訂及新頒佈之會計實務準則（「會計實務準則」）。採用該等新頒佈及經修訂之會計實務準則後，現金流量表及股本變動表之呈報形式因而有所變動，惟對本會計年度及過往會計年度之業績並無影響，故毋須作出前期調整。

現金流量表

根據會計實務準則第15號（經修訂）「現金流量表」之規定，現金流量分為經營、投資及融資三個項目，而並非以往之五個項目。過往獨立分類之已收及已付利息分別歸納為投資活動及融資活動。利得稅所產生之現金流量歸納為經營活動，惟可確定屬於投資或融資活動者則除外。

僱員福利

於本年度，本集團採用會計實務準則第34號（「僱員福利」），列明有關僱員福利之規定，其中包括退利福利計劃。由於本集團參與定額退休金供款計劃，故採用會計實務準則第34號對財務報表並無任何影響。

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3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of the leasehold land and buildings and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation and any accumulated impairment losses.

Leasehold land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

3. 主要會計政策

財務報表乃根據香港普遍採納之會計原則以歷史成本常規法編製，並已就租賃土地及樓宇之重估作出調整。所採用之主要會計政策如下：

綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日之財務報表。

年內所收購或出售附屬公司之業績均自收購生效日期起或截至出售生效日期（視乎情況而定）計入綜合收益表。

附屬公司之投資

對附屬公司之投資乃按成本減任何已確定減值虧損計入本公司資產負債表。

於聯營公司之權益

綜合收益表包括年內本集團應佔收購後聯營公司之業績。聯營公司之權益按本集團應佔聯營公司資產淨值減任何已確定減值虧損，在綜合資產負債表入賬。

物業、廠房及設備

物業、廠房及設備乃按成本或估值減折舊及任何累積減值虧損入賬。

租賃土地及樓宇按估值（即重估當日之公開市值），減其後之累積折舊及減值虧損計入資產負債表。土地及樓宇將定期進行重估，以確定有關賬面值與根據結算日公平值計算所得之數額並無出現重大差異。

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3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Any revaluation increase arising on revaluation of leasehold land and buildings is credited to the properties revaluation reserve account, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the properties revaluation reserve account relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or valuation of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, at the following rates per annum:

Leasehold land	Over the unexpired period of the lease
Buildings	2% straight-line basis
Leasehold improvements	33.3% reducing balance basis
Plant and machinery	10% reducing balance basis
Office equipment	20% reducing balance basis
Studio and lighting equipment	20% reducing balance basis
Motor vehicles	20% reducing balance basis
Furniture and fixtures	15% reducing balance basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

租賃土地及樓宇重估增值將計入重估儲備賬項，惟同一資產原已確認為開支之物業重估減值減少，則有關重估增值將計入收益表，但以已扣除之重估減值數額為限。倘因重估資產而產生之賬面淨值減少超逾有關資產上次重估之重估儲備結餘(如有)，其差額列作開支。於其後出售或棄用已重估資產時，應佔之重估增值將轉撥往保留溢利。

物業、廠房及設備乃根據其估計剩餘價值就其估計可使用年期計算折舊撥備，以撇銷成本或估值，而所用之年率如下：

租賃土地	按租約剩餘年期
樓宇	以直線法按2%
租賃物業裝修	以餘額遞減法按33.3%
廠房及機器	以餘額遞減法按10%
辦公室設備	以餘額遞減法按20%
影樓及燈光設備	以餘額遞減法按20%
汽車	以餘額遞減法按20%
傢俬及裝置	以餘額遞減法按15%

出售或棄用資產之收益或盈虧乃指出售所得款項與有關資產賬面值之差額，並會計入收益表。

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3. Significant Accounting Policies (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase under the SSAP.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at the lower of fair values or the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

3. 主要會計政策 (續)

減值

本集團會於每年結算日檢討有形及無形資產之賬面值，以確定該等資產有否出現減值虧損。倘估計資產之可收回數額降低於其賬面值，則該資產之賬面值將調減至可收回數額之水平，並會即時將減值虧損列作開支，惟倘有關資產根據會計實務準則其他規定按重估價值入賬，則有關減值虧損將根據會計實務準則列作重估減值。

倘減值虧損其後減少，則有關資產之賬面值將回升至重新估計之可收回數額，而所增加之賬面值不得超過假設該資產於過往年度並無確認減值虧損而釐定之賬面值。減值虧損之減少將即時列作收入，惟倘有關資產根據會計實務準則其他規定按重估價值入賬，則有關減值虧損之減少將根據會計實務準則列作重估增值。

租賃資產

凡於租期內資產所有權之絕大部份風險及回報轉移往本集團之租約，均列作融資租約。根據融資租約持有之資產按最低租金之公平值或現值（以較低者為準）撥充資本。向出租人履行之有關責任（已扣除有關利息支出）於資產負債表內列作融資租約承擔。融資費用指租金承擔總額與所收購資產公平值之差額，將按有關租約年期自收益表扣除，以定期定額扣除出每個會計年度之承擔餘額。

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。

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3. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Other asset

Other asset is initially measured at cost less amortisation and accumulated impairment losses, if any, and amortised on a straight-line basis over its estimated useful life.

Film rights

Film rights are stated at cost less amortisation and any accumulated impairment losses. They are rights for the production and distribution of programmes and sub-licensing of programme right.

The cost of film rights is amortised in the proportion that actual income earned during the year bears to the total estimated income from the reproduction and distribution of programmes and sub-licensing of programme rights. The amortisation period will not exceed twenty years.

The portion of film rights expected to be amortised within twelve months from the balance sheet date is reported as a current asset. The portion of film rights expected to be amortised in more than twelve months from the balance sheet date is reported as a non-current asset.

Film right deposits

Licence fees paid in advance and/or by instalments during the production of films under licensing agreements for the reproduction and distribution of programmes and sub-licensing of programme rights. In specific geographical areas and time periods, are accounted for as film right deposits. The balance payable under the licensing agreement is disclosed as a commitment.

3. 主要會計政策 (續)

存貨

存貨按成本及可變現淨值兩者之較低者入賬。成本以先入先出法計算。

其他資產

其他資產開始時按成本減累計攤銷及累計減值虧損(如有)入賬，並按估計可使用年期以直線法攤銷。

電影發行權

電影發行權按成本減累計攤銷及任何累計減值虧損入賬。電影發行權指製作與發行節目之權利及轉授節目發行權。

電影發行權之成本按年內實際賺取之收入與複製發行節目及轉授節目發行權預計可得總收入之比例而攤銷。攤銷期不會超過二十年。

預期由結算日起計十二個月內攤銷之電影發行權部份列作流動資產，而預期於結算日起計十二個月後方會攤銷之電影發行權部份則列作非流動資產。

電影發行權按金

根據特許權協議在指定地區及時間內複製與發行節目之權利及轉授節目發行權而製作影片時預付及／或分期繳付之特許權費用，均列作電影發行權按金。根據特許權協議而須繳付之未償還款項則列作承擔。

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3. Significant Accounting Policies (continued)

Film right deposits (continued)

In those cases where the Group is unable to exercise its rights under a licensing agreement because the film producer fails to complete the film, the Group writes off the difference between the advances made and the estimated recoverable amount from the film producer.

When the Group decides not to exercise its rights under a particular licensing arrangement after the licensor has fulfilled all the licensing conditions, all advances made under that licensing arrangement will be written off to the income statement.

Club memberships

Club memberships are stated at cost less any identified impairment loss.

Deferred income

Deferred income comprises convertible notes receipt in advance under the licensing agreement with an associate and unrealised profit arising from the delivery of master materials to an associate under the licensing agreement. Receipt in advance will be taken up as income upon delivery of master materials and unrealised profit arising from delivery of master materials will be recognised by the Group when the relevant portion of film rights in the associate's accounting records has been charged to the associate's income statement.

Convertible notes

Convertible notes are recognised as liabilities unless conversion actually occurs. The finance cost recognised in the income statement in respect of the convertible notes is calculated so as to produce a constant periodic rate of charge on the remaining balance of the convertible notes for each financial year.

The costs, if any, incurred in connection with the issue of convertible notes are charged to the income statement in the period of issue.

3. 主要會計政策 (續)

電影發行權按金 (續)

倘製片商未能完成電影，導致本集團無法根據特許權協議行使權利，則本集團將撇銷已預付之款項與估計可從製片商取回款項之差額。

倘本集團在授權人達成所有特許權條件後決定不行使個別特許權安排所賦予之權利，則所有根據該特許權安排預付之款項將從收益表撇銷。

會所會籍

會所會籍乃按成本減任何已確定減值虧損入賬。

遞延收入

遞延收入包括根據與聯營公司訂立之特許權協議預收可換股票據及根據特許權協議向聯營公司出售影片付運材料時所產生之未變現溢利。預收款項將於出售影片付運材料後計入收入，而本集團將於聯營公司收益表扣除會計紀錄所載電影發行權之有關部份後，確認出售影片付運材料時所產生之未變現溢利。

可換股票據

除非可換股票據已獲兌換，否則可換股票據確認為負債。可換股票據之財務費用按各財政年度均以等額分攤可換股票據餘額之有關費用計算並在收益表確認。

發行可換股票據之相關費用(如有)於發行期間自收益表扣除。

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3. Significant Accounting Policies (continued)

Revenue recognition

Revenue from the distribution of video programmes is recognised when the video programmes are delivered to customers and the title has passed.

Revenue from sub-licensing of programme rights is recognised upon delivery of the pre-recorded audio visual products and other materials for the video programme rights including the master tapes to the customers.

Revenue from sales of advertising rights and film exhibition income are recognised when the right to receive payment is established.

Video conversion fee income is recognised when the video conversion process has been completed.

Rental income under operating leases is recognised on a straight-line basis over the relevant lease term.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

3. 主要會計政策 (續)

收益確認

發行影視節目所得收益於影視節目付運予客戶及所有權轉移時入賬。

轉授節目發行權所得收益在將預錄之影音產品及其他影視節目發行權材料(包括母帶)付運予客戶時入賬。

銷售廣告權之收益及電影放映之收入乃於確立收款權利時入賬。

影視制式轉換收入乃於錄像轉換過程完成時入賬。

經營租約之租金收入乃以直線法按有關租期入賬。

利息收入乃根據尚未償還本金額及有關利率按時間比例入賬。

稅項

稅項支出乃按本年度已就不應課稅或不獲寬減之項目作出調整後之業績計算。若干收支項目因在計算稅務時與在財務報表確認時計入不同會計期而有時差。倘時差之稅務影響有可能在可見將來確定為負債或資產，則按負債法在財務報表確認為遞延稅項。

外幣

港元以外之貨幣交易先按交易日期之匯率入賬。以港元以外之貨幣計算之貨幣資產及負債按結算日之匯率換算。匯兌溢利及虧損計入年內之溢利或虧損淨額。

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3. Significant Accounting Policies (continued)

Retirement benefits costs

Payments to the Group's retirement benefits scheme are charged as an expense as they fall due.

3. 主要會計政策 (續)

退休福利成本

本集團之退休福利成本在到期時列為開支。

4. Turnover

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Distribution of programmes	發行節目	34,320	18,469
Sub-licensing of programme rights	轉授節目發行權	43,523	9,104
Sales of advertising rights	銷售廣告權	11,600	—
Film exhibition income	電影放映收入	—	128
Video conversion fee income	影視制式轉換收入	—	306
		89,443	28,007

4. 營業額

5. Business and Geographical Segments

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely distribution, sub-licensing and sales of advertising rights. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Distribution	Distribution of programmes
Sub-licensing	Sub-licensing of programme rights
Sales of advertising rights	Sales of advertising rights for advertisements placing on video programmes

5. 業務及地區分部

業務分部

就管理而言，本集團現時分為發行、轉授發行權及銷售廣告權三個營運部門。本集團乃根據該等部門呈報主要分部資料。

主要業務如下：

發行	發行節目
轉授發行權	轉授節目發行權
銷售廣告權	銷售在影視節目播放廣告之廣告權

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5. Business and Geographical Segments (continued) 5. 業務及地區分部 (續)

Business segments (continued)

Segment information about these businesses for the years ended 31st December, 2002 and 2001 is presented below.

Income statement for the year ended 31st December, 2002

業務分部 (續)

截至二零零二年及二零零一年十二月三十一日止年度有關該等業務之分部資料呈報如下。

截至二零零二年十二月三十一日止年度之收益表

		Distribution 發行 HK\$'000 千港元	Sub- licensing 轉授發行權 HK\$'000 千港元	Sales of advertising rights 銷售廣告權 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	34,320	43,523	11,600	89,443
Segment profit before amortisation and impairment loss of other asset and loss on disposal of property, plant and equipment	其他資產之攤銷及減值虧損及出售物業、廠房及設備虧損前之分部溢利	5,231	15,737	9,332	30,300
Amortisation of other asset	其他資產攤銷	—	(9,520)	—	(9,520)
Impairment loss recognised in respect of other asset	其他資產經確認減值虧損	—	(25,087)	—	(25,087)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(13,574)	—	—	(13,574)
Segment (loss) profit	分部(虧損)溢利	(8,343)	(18,870)	9,332	(17,881)
Unallocated corporate income	未分配集團收入				1,218
Unallocated corporate expenses	未分配集團開支				(8,468)
Loss from operations	經營虧損				(25,131)
Finance costs	融資費用				(240)
Loss on disposal of a subsidiary	出售附屬公司虧損				(1,100)
Loss before taxation	除稅前虧損				(26,471)
Taxation credit	稅項抵免				1,186
Net loss for the year	年內虧損淨額				(25,285)

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

5. Business and Geographical Segments 5. 業務及地區分部 (續) (continued)

Business segments (continued)

業務分部 (續)

Balance sheet as at 31st December, 2002

於二零零二年十二月三十一日之資產
負債表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sales of advertising rights 銷售廣告權 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產				
Segment assets	分部資產	74,083	89,064	—	163,147
Interests in associates	聯營公司權益	—	160,000	—	160,000
Unallocated corporate assets	未分配集團資產				8,345
Consolidated total assets	綜合資產總值				331,492
LIABILITIES	負債				
Segment liabilities	分部負債	8,625	43,979	—	52,604
Unallocated corporate liabilities	未分配集團負債				58,784
Consolidated total liabilities	綜合負債總額				111,388

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

5. Business and Geographical Segments 5. 業務及地區分部 (續) (continued)

Business segments (continued)

業務分部 (續)

Other information for the year ended
31st December, 2002

截至二零零二年十二月三十一日止年
度之其他資料

		Distribution 發行 HK\$'000 千港元	Sub- licensing 轉授發行權 HK\$'000 千港元	Sales of advertising rights 銷售廣告權 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、 廠房及設備	405	405	—	169	979
Additions of film rights	添置電影發行權	39,238	12,615	—	—	51,853
Allowance for bad and doubtful debts	呆壞賬撥備	989	—	—	55	1,044
Allowance for inventory obsolescence	陳舊存貨撥備	1,757	—	—	—	1,757
Depreciation and amortisation	折舊及攤銷	12,378	20,815	2,268	366	35,827
Impairment losses recognised in consolidated income statement	已於綜合收益表 確認之減值 虧損	4,465	28,201	—	—	32,666
Loss on disposal of property, plant and equipment	出售物業、廠房 及設備虧損	13,574	—	—	934	14,508

Income statement for the year ended
31st December, 2001

截至二零零一年十二月三十一日止年
度之收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	18,469	9,104	434	28,007
Segment (loss) profit before amortisation and impairment loss of other asset and loss on disposal of property, plant and equipment	其他資產之攤銷及減值 虧損及出售物業、 廠房及設備虧損前之 分部(虧損)溢利	(33,193)	(8,225)	434	(40,984)
Amortisation of other asset	其他資產攤銷	—	(793)	—	(793)
Impairment loss recognised in respect of other asset	其他資產經確認 減值虧損	—	(56,864)	—	(56,864)
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備虧損	(1,900)	—	—	(1,900)
Segment (loss) profit	分部(虧損)溢利	(35,093)	(65,882)	434	(100,541)
Finance costs	融資費用				(190)
Loss before taxation	除稅前虧損				(100,731)
Taxation credit	稅項抵免				2,234
Net loss for the year	年內虧損淨額				(98,497)

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

5. Business and Geographical Segments 5. 業務及地區分部 (續) (continued)

Business segments (continued)

業務分部 (續)

Balance sheet as at 31st December, 2001

於二零零一年十二月三十一日之資產
負債表

		Distribution 發行 HK\$'000 千港元	Sub- licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產				
Segment assets	分部資產	59,234	202,395	8,414	270,043
Unallocated corporate assets	未分配集團資產				2,809
Consolidated total assets	綜合資產總值				272,852
LIABILITIES	負債				
Segment liabilities	分部負債	195	663	—	858
Unallocated corporate liabilities	未分配集團負債				25,731
Consolidated total liabilities	綜合負債總額				26,589

Other information for the year ended
31st December, 2001

截至二零零一年十二月三十一日止年
度之其他資料

		Distribution 發行 HK\$'000 千港元	Sub- licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、廠房 及設備	902	—	552	1,454
Additions of film rights	添置電影發行權	2,166	7,000	—	9,166
Addition of other asset	添置其他資產	—	152,064	—	152,064
Allowance for bad and doubtful debts	呆壞賬撥備	2,640	1,674	—	4,314
Allowance for inventory obsolescence	陳舊存貨撥備	1,034	—	—	1,034
Depreciation and amortisation	折舊及攤銷	5,334	4,573	1,686	11,593
Impairment losses recognised in consolidated income statement	已於綜合收益表確認 之減值虧損	11,964	69,075	—	81,039
Loss on disposal of property, plant and equipment	出售物業、廠房 及設備虧損	1,900	—	—	1,900

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

5. Business and Geographical Segments (continued)

Geographical segments

All the Group's operations are located in Hong Kong and Macau. Thus, no geographical analysis for the carrying amount of segment assets and additions to property, plant and equipment and intangible assets is presented.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

5. 業務及地區分部 (續)

地區分部

本集團所有業務均位於香港及澳門。因此，並無呈列有關分部資產、添置物業、廠房及設備及無形資產賬面值之地區分析。

下表為本集團按市場劃分之銷售額分析(不論貨品/服務來源地)：

		Turnover 營業額	
		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Hong Kong and Macau	香港及澳門	14,375	19,079
The People's Republic of China excluding Hong Kong, Macau and Taiwan (the "PRC")	中華人民共和國 (香港、澳門及台灣 除外) (「中國」)	75,068	—
North America	北美	—	8,928
		89,443	28,007

6. Other Operating Income

6. 其他經營收入

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Interest income on bank deposits	銀行存款之利息收入	78	317
Interest income on convertible notes	可換股票據之 利息收入	1,135	—
Sundry income	雜項收入	5	808
Rental income in respect of plant and machinery	廠房及機器 租金收入	—	3,038
Rental income in respect of studio and lighting equipment	影樓及燈光設備 租金收入	—	2,534
		1,218	6,697

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

7. Loss from Operations

7. 經營虧損

	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Loss from operations has been arrived at after charging :		
Allowance for bad and doubtful debts (included in administrative expenses)	1,044	4,314
Allowance for inventory obsolescence (included in cost of sales)	1,757	1,034
Amortisation of film rights (included in cost of sales)	24,069	5,516
Amortisation of other asset (included in administrative expenses)	9,520	793
Auditors' remuneration	723	400
Cost of inventories (included in cost of sales)	3,197	15,029
Depreciation of property, plant and equipment:		
— owned assets	2,222	5,264
— leased assets	16	20
	2,238	5,284
Operating lease rental in respect of rented premises	815	815
Staff costs including directors' emoluments:		
— Salaries, allowances and benefits in kind	6,373	12,638
— Contributions to retirement benefits scheme	177	392
	6,550	13,030

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

8. Finance Costs

8. 融資費用

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Interest on convertible notes payable	應付可換股票據之利息	238	—
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	須於五年內全數償還 之銀行貸款、透支 及其他借貸之利息	—	188
Interest on finance leases	融資租約之利息	2	2
		240	190

9. Directors' Emoluments

9. 董事酬金

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Fees:	袍金：		
— Executive directors	— 執行董事	—	—
— Independent non-executive directors	— 獨立非執行董事	240	100
Other emoluments paid to executive directors:	已付予執行董事之 其他酬金：		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物利益	1,548	1,800
— Contributions to retirement benefits scheme	— 退休福利計劃	12	31
— Discretionary bonus	— 不定額花紅	—	600
		1,800	2,531

The emoluments of the directors were within the following bands:

董事之酬金範圍如下：

		2002 二零零二年 Number of directors 董事人數	2001 二零零一年 Number of directors 董事人數
Nil to HK\$1,000,000	零至1,000,000港元	5	11
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	—

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

9. Directors' Emoluments (continued)

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

10. Employees' Emoluments

Of the five individuals with highest emoluments of the Group, one (2001: one) was director of the Company, whose emoluments are set out in note 9 above. The emoluments of the remaining four (2001: four) individuals were as follows:

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,195	2,441
Compensation for loss of office	離職補償	500	—
Contributions to retirement benefits scheme	退休福利計劃供款	35	41
		1,730	2,482

The aggregated emoluments of each of these remaining four (2001: four) highest paid individuals fell within the HK\$1,000,000 band for both years.

11. Taxation Credit

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Transfer from deferred taxation (note 26)	轉撥自遞延稅項 (附註26)	1,186	2,234

9. 董事酬金 (續)

年內，本集團並無向董事支付任何酬金，作為加入本集團之獎勵或離職補償。概無董事於年內放棄任何酬金。

10. 僱員酬金

於本集團五名最高薪人士中，其中一名(二零零一年：一名)為本公司董事，其酬金已載於上文附註9。其餘四名(二零零一年：四名)人士之酬金如下：

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,195	2,441
Compensation for loss of office	離職補償	500	—
Contributions to retirement benefits scheme	退休福利計劃供款	35	41
		1,730	2,482

兩年度內，其餘四名(二零零一年：四名)最高薪人士之酬金總額均在1,000,000港元之內。

11. 稅項抵免

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Transfer from deferred taxation (note 26)	轉撥自遞延稅項 (附註26)	1,186	2,234

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

11. Taxation Credit (continued)

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries either have no estimated assessable profits or their estimated assessable profits are wholly absorbed by estimated tax losses brought forward.

No tax is payable for the year ended 31st December, 2001 since the Group had no estimated assessable profits.

12. Loss per Share

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Loss for the purposes of basic and diluted loss per share	於計算每股基本及攤薄 虧損時所用之虧損	(25,285)	(98,497)
		'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	於計算每股基本及攤薄 虧損時所使用之普通股 加權平均數	475,200	370,828

The computation of diluted loss per share in the current year does not assume the exercise of the Company's warrants, convertible notes and share options because the effect of exercising a warrant, a convertible note and an option to subscribe for an additional share of the Company would result in a decrease of net loss per share.

The computation of diluted loss per share for the year ended 31st December, 2001 does not assume the exercise of the Company's share options because the effect of exercising an option to subscribe for an additional share of the Company would result in a decrease of net loss per share.

11. 稅項抵免 (續)

由於本公司及其附屬公司並無估計應課稅溢利或其估計應課稅溢利已全數計入承前估計稅項虧損，故並無香港利得稅撥備。

由於本集團並無估計應課稅溢利，故此截至二零零一年十二月三十一日止年度並無任何應付稅項。

12. 每股虧損

每股基本及攤薄盈利(虧損)乃根據下列數據計算：

	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Loss for the purposes of basic and diluted loss per share	(25,285)	(98,497)
	'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	475,200	370,828

由於行使認股權證、可換股票據及購股權以認購本公司額外股份會導致每股虧損淨額下跌，故此計算本年度之每股攤薄虧損時，並無假設已行使本公司之認股權證、可換股票據及購股權。

由於行使購股權認購本公司額外股份將導致每股淨虧損減少，故此計算每股攤薄虧損時並無假設截至二零零一年十二月三十一日止年度已行使本公司尚未行使之購股權。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

13. Property, Plant and Equipment

13. 物業、廠房及設備

The Group		Leasehold	Plant and	Studio and		Motor	Furniture	Total
		land and		improvements	Office		lighting	
		buildings	machinery	equipment	equipment	vehicles	fixtures	
本集團		租賃土地 及樓宇	租賃物業 裝修	廠房及 機器	辦公室 設備	影樓及 燈光設備	傢俬及 裝置	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
COST OR VALUATION	成本或估值：							
At 1st January, 2002	於二零零二年一月一日	6,620	1,227	27,197	3,560	7,100	2,134	48,493
Additions	增購	—	810	—	—	—	169	979
Disposals	出售	—	—	(27,197)	(3)	(7,100)	(324)	(34,746)
Deficit on revaluation	重估減值	(1,000)	—	—	—	—	—	(1,000)
At 31st December, 2002	於二零零二年 十二月三十一日	5,620	2,037	—	3,557	—	533	13,726
Comprising:	包括：							
At cost	成本	—	2,037	—	3,557	—	533	8,106
At 2002 valuation	二零零二年估值	5,620	—	—	—	—	—	5,620
		5,620	2,037	—	3,557	—	533	13,726
DEPRECIATION	折舊							
At 1st January, 2002	於二零零二年一月一日	—	519	8,173	1,026	1,674	233	11,977
Charged for the year	本年度費用	126	358	950	507	—	75	2,238
Eliminated on disposals	出售時撇銷	—	—	(9,123)	(1)	(1,674)	(97)	(10,936)
Written back on revaluation	重估時撥回	(126)	—	—	—	—	—	(126)
At 31st December, 2002	於二零零二年 十二月三十一日	—	877	—	1,532	—	211	3,153
NET BOOK VALUES	賬面淨值							
At 31st December, 2002	於二零零二年 十二月三十一日	5,620	1,160	—	2,025	—	322	10,573
At 31st December, 2001	於二零零一年 十二月三十一日	6,620	708	19,024	2,534	5,426	422	36,516

The leasehold land and buildings of the Group are situated in Hong Kong and are held under medium-term leases.

The leasehold land and buildings of the Group were revalued at 31st December, 2002 by Adonis Appraised Limited, an independent firm of professional valuers, on an open market existing use basis. The net deficit arising on valuation has been charged to the properties revaluation reserve account.

本集團之租賃土地及樓宇均位於香港，並按中期租約持有。

本集團租賃土地及樓宇於二零零二年十二月三十一日由獨立專業估值師行安迪評值有限公司根據當時用途按公開市值作出重估。重估減值淨額已自物業重估儲備賬扣除。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

13. Property, Plant and Equipment (continued)

If the leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation of approximately HK\$2,331,000 (2001: HK\$2,457,000).

The aggregate net book value of assets held under a finance lease at 31st December, 2002 amounted to HK\$65,000 (2001: HK\$81,000).

13. 物業、廠房及設備(續)

倘租賃土地及樓宇並無作出重估，則該等土地及樓宇應按歷史成本減累積折舊約2,331,000港元(二零零一年：2,457,000港元)計入財務報表。

於二零零二年十二月三十一日，根據融資租約持有之資產賬面淨值總額為65,000港元(二零零一年：81,000港元)。

14. Interests in Subsidiaries

14. 附屬公司權益

		The Company	
		本公司	
		2002	2001
		二零零二年	二零零一年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份成本	83,553	83,553
Amounts due from subsidiaries	應收附屬公司款項	261,524	206,852
Allowance for amounts due from subsidiaries	應收附屬公司款項撥備	(99,000)	(69,000)
		162,524	137,852
		246,077	221,405

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of directors, the amounts will not be repaid in the next twelve months.

應收附屬公司款項為無抵押及免息，且無固定還款期。董事認為，未來十二個月內將不會獲償還該等款項。

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14. Interests in Subsidiaries (continued)

Details of the Company's subsidiaries, all of which are wholly-owned, at 31st December, 2002 are as follows:

14. 附屬公司權益 (續)

本公司之附屬公司(所有附屬公司均為全資公司)於二零零二年十二月三十一日之詳情如下:

Name of subsidiary 附屬公司名稱	Country/place of incorporation 註冊成立國家/地點	Particulars of issued share capital 已發行股本	Principal activities and place of operation 主要業務及營業地點
Bluelagoon Investment Holdings Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股每股面值1美元之普通股	Distribution of programmes sub-licensing of programme rights and sales of advertising rights in the PRC 於中國發行節目、轉授節目發行權及銷售廣告權
Riche Advertising Limited (formerly known as Top Dolphin Limited) (前稱Top Dolphin Limited)	British Virgin Islands 英屬處女群島	1 ordinary shares of US\$1 1股每股面值1美元之普通股	Inactive 暫無營業
Riche (BVI) Limited (formerly known as Ocean Shores (BVI) Limited) (前稱Ocean Shores (BVI) Limited)	British Virgin Islands 英屬處女群島	1,000 ordinary shares of US\$1 each 1,000股每股面值1美元之普通股	Investment holding in Hong Kong 於香港投資控股
Riche Distribution Limited 豐采發行有限公司 (formerly known as Ocean Shores Distribution Limited) (前稱海岸發行有限公司)	Hong Kong 香港	1,000,000 ordinary shares of HK\$1 each 1,000,000股每股面值1港元之普通股	Sub-licensing of programme rights in Hong Kong 於香港轉授節目發行權
Riche Multi-Media Limited 豐采多媒體有限公司 (formerly known as Smart Choice Investments Limited) (前稱多彩投資有限公司)	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股每股面值1港元之普通股	Distribution of video programmes, and other video features in the PRC 於中國發行影視節目及其他特輯及影視產品

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

14. Interests in Subsidiaries (continued)

14. 附屬公司權益 (續)

Name 公司名稱	Country/place of incorporation 註冊成立國家/地點	Particulars of issued share capital 已發行股本	Principal activities and place of operation 主要業務及營業地點
Riche Pictures Limited 豐采影畫有限公司 (formerly known as Ocean Shores Pictures Limited and Plexwood Limited) (前稱海岸影畫有限公司 及Plexwood Limited)	British Virgin Islands 英屬處女群島	1 ordinary shares of US\$1 1股每股面值1美元 之普通股	Investment holding in Hong Kong 於香港投資控股
Riche Video Limited 豐采錄影有限公司 (formerly known as Ocean Shores Video Limited) (前稱海岸錄影有限公司)	Hong Kong 香港	10 ordinary shares of HK\$100 each 20,000 non-voting deferred shares of HK\$100 each * 10股每股面值100港元 之普通股及20,000股 每股面值100港元之 無投票權遞延股份*	Distribution of video programmes in Hong Kong 於香港發行影視節目

* The non-voting deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

* 該等無投票權遞延股份實際並無權利分享股息、接收有關公司股東大會之通告、出席該等大會或在會上投票之權利，在清盤時亦不可享有任何分派。

The Company directly holds the interest in Riche (BVI) Limited. All other subsidiaries are indirectly held by the Company.

本公司直接持有Riche (BVI) Limited之權益。所有其他附屬公司均由本公司間接持有。

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

各附屬公司於年結時或本年度任何時間均無任何尚未贖回之債務證券。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

15. Film Rights

15. 電影發行權

		The Group 本集團 HK\$'000 千港元
COST	成本	
At 1st January, 2002	二零零二年一月一日	171,280
Additions	添置	51,853
On disposal of a subsidiary	出售附屬公司	(114,410)
At 31st December, 2002	二零零二年十二月三十一日	108,723
Amortisation and Impairment	折舊及減值	
At 1st January, 2002	二零零二年一月一日	78,709
Charged for the year	本年度費用	24,069
On disposal of a subsidiary	出售附屬公司	(42,663)
Impairment loss recognised	已確認減值虧損	7,579
At 31st December, 2002	二零零二年十二月三十一日	67,694
Carrying Amounts	賬面值	
At 31st December, 2002	二零零二年十二月三十一日	41,029
At 31st December, 2001	二零零一年十二月三十一日	92,571
		2002 二零零二年 HK\$'000 千港元
Analysed as:	分析為：	2001 二零零一年 HK\$'000 千港元
Non-current portion	非即期部份	26,172 68,418
Current portion	即期部份	14,857 24,153
		41,029 92,571

As the price for old titles remained low due to keen competition, the directors reassessed the recoverable amount of the film rights at 31st December, 2002. Total impairment loss of approximately HK\$7,579,000 was recognised. In the opinion of the directors, the carrying value of the film rights as at 31st December, 2002 represented the net selling price of these assets which was determined by reference to valuations as at 31st December, 2002. The valuations were performed by Adonis Appraisal Limited, an independent firm of professional valuers, and were determined based on the present value of the expected future revenue arising from the distribution and sub-licensing of the film rights, which was derived from discounting the projected cash flows by a discount rate. The discount rate used is 20%.

由於舊電影價格在競爭激烈下仍偏低，故董事於二零零二年十二月三十一日重估電影發行權之可收回金額，結果確認合共約7,579,000港元之減值虧損。董事認為，電影發行權於二零零二年十二月三十一日之賬面值反映該資產之售價淨額，乃參考二零零二年十二月三十一日之估值而釐定。估值由獨立專業估值師行安迪評值有限公司進行，乃以發行及轉授電影發行權預期所得日後收益之現值計算，而該現值則以折現率將預計現金流量折現而得出，所使用之折現率為20%。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

16. Other Asset

16. 其他資產

		The Group 本集團 HK\$'000 千港元
COST	成本	
At 1st January, 2002 and at 31st December, 2002	二零零二年一月一日及 二零零二年十二月三十一日	152,064
Amortisation and Impairment	折舊及減值	
At 1st January, 2002	二零零二年一月一日	57,657
Charged for the year	本年度費用	9,520
Impairment loss recognised	已確認減值虧損	25,087
At 31st December, 2002	二零零二年十二月三十一日	92,264
Carrying Amounts	賬面值	
At 31st December, 2002	二零零二年十二月三十一日	59,800
At 31st December, 2001	二零零一年十二月三十一日	94,407

Other asset represents rights and benefits arising from the licensing agreement with a distributor in the PRC. It is amortised over a period of 10 years.

其他資產指與中國發行商訂立特許權協議所產生之權利及利益，按10年年期攤銷。

Due to prevailing uncertain and sluggish economic condition, the directors reassessed the recoverable amount of the other asset at the balance sheet date. An impairment loss of approximately HK\$25,087,000 was recognised. In the opinion of the directors, the carrying value of the other asset as at 31st December, 2002 represented the net selling price of this asset which was determined by reference to the valuation as at 31st December, 2002. The valuation was performed by Adonis Appraisal Limited, an independent firm of professional valuers, and was determined based on the present value of the expected future revenue arising from the licensing agreement, which was derived from discounting the projected cash flows by a discount rate. The discount rate used was 23%.

鑑於目前經濟狀況不明朗及不景氣，董事於結算日重估其他資產之可收回金額，並已確認減值虧損約25,087,000港元。董事認為，其他資產於二零零二年十二月三十一日之賬面值指有關資產之售價淨額，乃參考獨立專業估值師行安迪評值有限公司於二零零二年十二月三十一日刊發之估值報告所載之估值而計算，而該估值則以折現率將預計現金流量折現所得之預期特許權協議日後收入現值計算。所用之折現率為23%。

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17. Interests In Associates

17. 聯營公司權益

	The Group	
	本集團	
	2002	2001
	二零零二年	二零零一年
	HK\$'000	HK\$'000
	千港元	千港元
Convertible notes issued by an associate	160,000	—
	聯營公司發行之 可換股票據	

As at 31st December, 2002, the Group had interests in the following associates:

於二零零二年十二月三十一日，本集團擁有下列聯營公司之權益：

Name of associate 聯營公司名稱	Form of business structure 業務架構	Country of incorporation 註冊成立國家	Class of share held 所持股份類別	Proportion of nominal value of issued capital held by the Group 本集團持有已發行股本面值比例 %	Nature of business and place of operation 業務性質及經營地點
Gainful Forture Limited ("Gainful")	Incorporated 註冊成立	British Virgin Islands 英屬處女群島	Ordinary 普通股	40	Sub-licensing of hotel and intranet distribution rights in the PRC 於中國轉授酒店及內聯網發行權
Ocean Shores Licensing Limited	Incorporated 註冊成立	British Virgin Islands 英屬處女群島	Ordinary 普通股	40	Sub-licensing of video programme rights outside Hong Kong and Macau 於香港及澳門以外地區轉授影視節目發行權

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

17. Interests In Associates (continued)

During the year, Gainful issued convertible notes in an aggregate amount HK\$160 million for the purchase of the hotel and intranet distribution rights in the PRC in respect of an aggregate of up to 300 motion pictures and the entire issued share capital of Ocean Shores Licensing Limited, a former subsidiary of the Company, from the Group. The notes bear interest at 1% per annum which is payable yearly in arrears and will mature on 17th April, 2005. Prior to the maturity, only Gainful has the right to redeem early part or all of the amount of the convertible notes. The notes carry the right to convert the outstanding principal amount of the notes into ordinary shares of HK\$1 each in the share capital of Gainful at a conversion price of HK\$1 per share on the maturity date. However, prior to the maturity, the Group may convert the notes with the consent of Gainful.

The following details were extracted from the audited consolidated financial statements of Gainful.

Results for the period

Turnover	營業額	—
Loss from ordinary activities before taxation	除稅前日常業務虧損	(16,806)
Loss from ordinary activities before taxation attributable to the Group	本集團分佔除稅前日常業務虧損	—

Financial position

Non-current assets	非流動資產	82,096
Current assets	流動資產	63,350
Current liabilities	流動負債	(2,252)
Non-current liabilities	非流動負債	(160,000)
Net liabilities	負債淨額	(16,806)
Net assets attributable to the Group	本集團分佔資產淨額	—

17. 聯營公司權益 (續)

年內，Gainful發行合共160,000,000港元之可換股票據，向本集團收購最多達300套影片在中國之酒店及內聯網發行權及本公司前附屬公司Ocean Shores Licensing Limited全部已發行股本。該等票據按年利率1厘計息，須每年償還前期利息，並將於二零零五年四月十七日到期。於到期前，只有Gainful可贖回部份或全部可換股票據。該等票據附有權利可於到期日按兌換價每股1港元將尚未償還本金之票據兌換為每股面值1港元之Gainful普通股。然而，本集團可於票據到期前經Gainful同意後兌換該等票據。

以下資料摘自Gainful之經審核綜合財務報表。

期內業績

2002
二零零二年
HK\$'000
千港元

財務狀況

2002
二零零二年
HK\$'000
千港元

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

18. Inventories

		The Group 本集團	
		2002 二零零二年	2001 二零零一年
		HK\$'000 千港元	HK\$'000 千港元
Raw materials	原料	—	596
Finished goods	製成品	656	3,244
		656	3,840

Finished goods of HK\$656,000 (2001: HK\$1,921,000) are carried at net realisable value.

製成品 656,000 港元 (二零零一年 : 1,921,000 港元) 按可變現淨值入賬。

19. Trade Receivables

The distribution of video programmes, film exhibition income and video conversion fee income are on open account terms with credit terms of 30 to 60 days. The sub-licensing of video programme rights are covered by customers' deposits placed with the Group.

The following is an aged analysis of the trade receivables at the balance sheet date:

		The Group 本集團	
		2002 二零零二年	2001 二零零一年
		HK\$'000 千港元	HK\$'000 千港元
0 — 30 days	零至30日	7,386	197
31 — 60 days	31至60日	823	425
61 — 90 days	61至90日	—	71
Over 90 days	90日以上	—	853
		8,209	1,546

18. 存貨

19. 貿易應收款項

發行影視節目、電影放映收入及影視制式轉換收入均以記賬形式付款，信貸期介乎30日至60日不等。至於轉授影視節目發行權，客戶須向本集團支付按金。

於結算日，貿易應收款項之賬齡分析如下：

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

20. Amounts due from Related Companies

		Balance at 31.12.2002 於二零零二年 十二月三十一日之結餘 HK\$'000 千港元	Balance at 1.1.2002 於二零零二年 一月一日之結餘 HK\$'000 千港元	Maximum amount outstanding during the year 年內未償還 最高數額 HK\$'000 千港元
The Group	本集團			
China Star Entertainment Limited ("China Star") and its subsidiaries (collectively the "China Star Group")	中國星集團有限公司(「中國星」)及其附屬公司(合稱「中國星集團」)	—	190	190

China Star is the substantial shareholder of the Company. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, directors of the Company, are also directors of and have beneficial interests in China Star.

The amounts were unsecured, non-interest bearing and repaid during the year.

中國星乃本公司之主要股東，而本公司董事向華強先生及陳明英女士亦為中國星董事並於該公司擁有實際權益。

該等款項為無抵押及免息，且須於年內償還。

21. Amount due from an Associate

The Group

The amount mainly represents interest receivable from the convertible notes issued by an associate and has been settled subsequent to the balance sheet date. The remaining amount is unsecured, non-interest bearing and has no fixed terms of repayment.

21. 應收一間聯營公司款項

本集團

該款項主要為應收聯營公司發行之可換股票據利息，並已於結算日其後繳付。其餘數額乃無抵押及免息，且無固定還款期。

22. TRADE PAYABLES

The following is an aged analysis of the trade payables at the balance sheet date:

China Star Group:	中國星集團：		
0 — 30 days	零至30日	3,134	—
61 — 90 days	61至90日	2,180	—
Over 90 days	90日以上	3,189	—
		8,503	—
Others:	其他：		
0 — 30 days	零至30日	—	156
31 — 60 days	31至60日	—	17
Over 90 days	90日以上	—	31
		—	204
		8,503	204

22. 貿易應付款項

於結算日，貿易應付款項之賬齡分析如下：

The Group 本集團	
2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
3,134	—
2,180	—
3,189	—
8,503	—
—	156
—	17
—	31
—	204
8,503	204

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23. Obligations under a Finance Lease

23. 融資租約承擔

		Minimum lease payments		Present value of minimum lease payments	
		最低租金		最低租金現值	
		2002	2001	2002	2001
		二零零二年	二零零一年	二零零二年	二零零一年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
The Group	本集團				
Amounts payable under a finance lease:	根據融資租約應付之金額：				
Within one year	一年內	26	26	24	23
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	35	60	31	55
		61	86	55	78
Less: Future finance charges	減：日後融資費用	6	8	—	—
		55	78	55	78
Present value of lease obligations	租約承擔現值	55	78	55	78
Less: Amount due for payment within one year	減：一年內應付金額			24	23
Amount due for payment after one year	一年後應付金額			31	55

It is the Group's policy to lease certain of its equipment under finance leases. The average lease term is 5 years. Interest is charged at commercial rates and is fixed at the respective contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under a finance lease are secured by the lessor's charge over the leased assets.

本集團一向以融資租約方式租用若干設備。平均租期為5年。利息乃按商業利率計算，並於訂立有關合約當日釐定。所有租約均訂有固定還款額，惟並無就或然租金訂立任何安排。

本集團之融資租約承擔均以出租人之租賃資產作為抵押。

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

24. Share Capital

24. 股本

		Number of shares 股數 '000 千股	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股		
Authorised:	法定股本：		
At 1st January, 2001 and at 31st December, 2001	二零零一年一月一日 及二零零一年 十二月三十一日	1,000,000	100,000
Increase in authorised share capital	法定股本增加	1,000,000	100,000
At 31st December, 2002	二零零二年十二月三十一日	2,000,000	200,000
Issued and fully paid:	已發行及繳足股本：		
At 1st January, 2001	二零零一年一月一日	150,000	15,000
Exercise of share options	行使購股權	15,000	1,500
Subscription of shares	認購股份	33,000	3,300
Bonus issue of shares	發行紅股	198,000	19,800
Issue of shares as consideration for acquisition of subsidiaries	為支付收購附屬公司 代價而發行股份	79,200	7,920
At 31st December, 2001 and at 31st December, 2002	二零零一年十二月三十一日 及二零零二年十二月三十一日	475,200	47,520

Pursuant to an ordinary resolution passed at a special general meeting held on 27th May, 2002, the authorised share capital of the Company was increased from HK\$100,000,000, comprising 1,000,000,000 shares of HK\$0.10 each to HK\$200,000,000 comprising 2,000,000,000 shares of HK\$0.10 each in the share capital of the Company by the creation of 1,000,000,000 additional new shares of HK\$0.10 each. These new shares rank pari passu in all respects with the then existing shares in the share capital of the Company.

根據二零零二年五月二十七日舉行特別週年大會通過之普通決議案，本公司藉增設1,000,000,000股每股0.10港元之額外新股份，將法定股本由100,000,000港元，分為1,000,000,000股每股面值0.10港元之股份，增加至200,000,000港元，分為2,000,000,000股每股面值0.10港元之股份。該等新股份在各方面均與本公司當時股本內已發行股份享有同等權益。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

24. Share Capital (continued)

Warrants

During the year, the Company issued 95,040,000 warrants by way of bonus to the shareholders on the basis of one warrant carrying the subscription rights of HK\$3.60 per share of HK\$0.10 each in the share capital of the Company for every five shares of HK\$0.10 each in the share capital of the Company held on 27th May, 2002. The warrants may be exercised at any time on or after 17th June, 2002 up to and including 16th June, 2005. During the year, no holders of the warrants exercised their rights to subscribe for shares in the Company. Exercise in full of such warrants would result in the issue of 95,040,000 additional ordinary shares of HK\$0.10 each.

24. 股本(續)

認股權證

年內，本公司按於二零零二年五月二十七日每持有五股本公司每股面值0.10港元之股份發行一份認股權證之比例，向股東發行95,040,000份紅利認股權證。該等認股權證附有可按每股3.60港元認購本公司每股面值0.10港元之股份之認購權。認股權證可於二零零二年六月十七日或其後至二零零五年六月十六日(包括該日)隨時行使。年內，並無認股權證持有人行使其權利認購本公司股份。倘全面行使該等認股權證，則本公司須發行95,040,000股每股面值0.10港元之額外普通股。

25. Reserves

25. 儲備

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
The Company	本公司				
At 1st January, 2001	二零零一年 一月一日	27,235	83,353	(201)	110,387
Share issue expenses	發行股份開支	(799)	—	—	(799)
Exercise of share options	行使購股權	6,202	—	—	6,202
Subscription of shares	認購股份	29,700	—	—	29,700
Capitalisation	資本化發行	(19,800)	—	—	(19,800)
Issue of shares as consideration for acquisition of subsidiaries	於收購附屬公司 時發行股份 作為代價	144,144	—	—	144,144
Net loss for the year	本年度虧損淨額	—	—	(71,455)	(71,455)
At 31st December, 2001 and at 1st January, 2002	二零零一年十二月 三十一日及 二零零二年 一月一日	186,682	83,353	(71,656)	198,379
Net loss for the year	本年度虧損淨額	—	—	(34,923)	(34,923)
At 31st December, 2002	二零零二年 十二月三十一日	186,682	83,353	(106,579)	163,456

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

25. Reserves (continued)

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued shares of Riche (BVI) Limited and the value of net assets of the underlying subsidiaries upon completion of the group reorganisation on 19th January, 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

25. 儲備(續)

本公司實繳盈餘指為交換Riche (BVI) Limited已發行股份而發行之本公司股份面值與二零零零年一月十九日完成集團重組當時附屬公司資產淨值兩者之差額。

根據百慕達一九八一年公司法(修訂本)，本公司之實繳盈餘賬可分派予股東。倘出現下列情況，本公司不得宣派或派付股息或在實繳盈餘中作出分派：

- (a) 本公司現時或於分派後無法償還到期負債；或
- (b) 本公司資產可變現價值降至低於其負債、已發行股本及股份溢價賬之總和。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

26. Deferred Taxation

26. 遞延稅項

		The Group 本集團	
		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
At 1st January	一月一日	2,673	4,907
Transfer to income statement (note 11)	轉撥往收益表 (附註11)	(1,186)	(2,234)
At 31st December	十二月三十一日	1,487	2,673

At the balance sheet date, the components of provided deferred taxation assets (liabilities) were as follows:

於結算日，已撥備遞延稅項資產(負債)包括下列各項：

		The Group 本集團	
		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Tax effect of timing difference because of:	下列時差之稅務 影響：		
Excess of tax allowance over depreciation	免稅額超逾折舊 之差額	1,487	4,109
Estimated tax losses	估計稅務虧損	—	(1,436)
		1,487	2,673

There were no material unprovided deferred taxation at the balance sheet date.

於結算日，並無任何重大未撥備遞延稅項。

Deferred tax has not been provided on the valuation deficit or surplus arising on the revaluation of the leasehold land and buildings as loss or profit arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purpose.

由於出售租賃土地及樓宇所得之虧損或溢利毋須繳付任何稅項，故此並無就該等資產之重估減值或增值作出任何遞延稅項撥備。因此，重估並不構成稅務時差。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

27. Convertible Notes Payable

The Group and the Company

During the year, the Company issued convertible notes in an aggregate amount of HK\$33.8 million to the China Star Group for the purchase of licensing rights in the PRC and Mongolia in respect of 116 motion pictures. The notes bear interest at 1% per annum which is payable semi-annually in arrears and will mature on 19th April, 2005. Prior to the maturity, neither the holder nor the Company has the right to redeem or request for redemption of the notes. The notes carry the right to convert the whole or any part of the outstanding principal amount of the notes into ordinary shares of HK\$0.10 each in the share capital of the Company at HK\$4.00 per share at any time on or before 19th April, 2005 and may be transferred in whole or in part of the outstanding principal amount by the holder.

28. Acquisition of Subsidiaries

NET ASSET ACQUIRED

Rights and benefits arising from the licensing agreement with a distributor in the PRC

所收購資產淨值

與中國一間發行商訂立特許權協議所產生之權利及利益：

SATISFIED BY

Shares allotted

支付方式

配發股份

During the period since acquisition to 31st December, 2001, the subsidiaries made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated net profit attributable to shareholders. Details of this acquisition are set out in the circular issued by the Company dated 7th December, 2001.

27. 應付可換股票據

本集團及本公司

年內，本公司向中國星集團發行合共33,800,000港元之可換股票據，以收購116套影片在中國及蒙古之特許權。該等票據按年利率1厘計息，須每半年支付前期利息，並將於二零零五年四月十九日到期。於到期前，持有人或本公司均無權贖回或要求贖回該等票據。該等票據附有權利可於二零零五年四月十九日或之前隨時按每股4.00港元之兌換價將全部或部份尚未贖回本金之票據兌換為本公司每股面值0.10港元之普通股，而持有人亦可轉讓全部或部份尚未贖回本金之票據。

28. 收購附屬公司

2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
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—	152,064
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—	152,064
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自收購至二零零一年十二月三十一日期間，附屬公司並無為本集團之現金流量、營業額及股東應佔綜合純利帶來任何重大貢獻。收購之詳情載於本公司於二零零一年十二月七日發出之通函。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

29. Disposal of a Subsidiary

29. 出售附屬公司

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
NET ASSETS DISPOSED OF	所出售資產淨值		
Film rights	電影發行權	71,747	—
Film right deposits	電影發行權按金	8,928	—
Taxation recoverable	可退回稅項	1,078	—
Bank balances and cash	銀行結餘及現金	10	—
Other payables and accruals	其他應付款項及應計費用	(185)	—
Receipt in advance	預付收據	(478)	—
		81,100	—
Loss on disposal	出售虧損	(1,100)	—
Total consideration	總代價	80,000	—
SATISFIED BY	支付方式：		
Convertible notes issued by an associate (note 17)	聯營公司所發行之可換股票據 (附註17)	80,000	—
NET CASH OUTFLOW ARISING ON DISPOSAL	出售產生之現金流出淨額：		
Bank balances and cash disposed of	所出售現金及銀行結餘	(10)	—

The subsidiary disposed of during the year made no significant contribution to the Group in respect of the cash flows, turnover and net loss attribution to the shareholders. Details of this disposal are set out in the circular issued by the Company dated 13th March, 2002.

年內出售之附屬公司在現金流量、營業額及股東應佔虧損淨額方面對本集團並無重大貢獻。出售詳情載於本公司於二零零二年三月十三日刊發之通函。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

30. Major Non Cash Transactions

- (a) During the year, the Group sold the entire issued capital of Ocean Shores Licensing Limited to Gainful for a consideration of HK\$80 million. The consideration was satisfied by the issue of convertible notes in an aggregate amount of HK\$80 million by Gainful. Upon the completion of the sale of Ocean Shores Licensing Limited, the Group subscribed 40% of the issued share capital of Gainful at the nominal value of HK\$40. Details of the convertible notes issued by Gainful are set out in note 17. Details of this transaction are set out in the circular issued by the Company dated 13th March, 2002.
- (b) During the year, the Group sold the hotel and intranet distribution rights in the PRC in respect of an aggregate of up to 300 motion pictures for a total consideration of HK\$80 million. The consideration was satisfied by the issue of convertible notes in an aggregate amount of HK\$80 million by Gainful. Details of the convertible notes issued by Gainful are set out in note 17. Details of this transaction are set out in the circular issued by the Company dated 13th March, 2002. During the year, the Group delivered 200 motion pictures to Gainful and recognised a realised profit of approximately HK\$36,380,000 in the consolidated income statement.
- (c) During the year, the Group purchased licensing rights in the PRC and Mongolia in respect of 116 motion pictures for a term of ten years from 8th April, 2002 at a total consideration of HK\$33.8 million from the China Star Group. The consideration was settled by the issue of convertible notes in an aggregate amount of HK\$33.8 million by the Company. Details of the convertible notes issued by the Company are set out in note 27.
- (d) For the year ended 31st December, 2001, the Group acquired the entire issued share capital of Riche Pictures Limited (formerly known as Ocean Shores Pictures Limited and Plexwood Limited) by issue of 79,200,000 new ordinary shares of HK\$0.10 each in the Company. The total market value of the shares issued by the Company on the date of acquisition was HK\$152,064,000.

30. 主要非現金交易

- (a) 年內，本集團向Gainful出售Ocean Shores Licensing Limited全部已發行股本，總代價為80,000,000港元。代價乃按Gainful發行合共80,000,000港元之可換股票據之方式支付。當出售Ocean Shores Licensing Limited完成時，本集團按面值40港元認購Gainful已發行股本40%。有關Gainful發行可換股票據之詳情載於附註17。有關此項交易之詳情載於本公司於二零零二年三月十三日刊發之通函。
- (b) 年內，本集團出售合共達300套影片在中國酒店及內聯網發行權，總代價為80,000,000港元。代價乃按Gainful發行合共80,000,000港元之可換股票據之方式支付。有關Gainful發行可換股票據之詳情載於附註17。有關此項交易之詳情載於本公司於二零零二年三月十三日刊發之通函。年內，本集團向Gainful提供200套影片，並於綜合收益表確認為已變現溢利約36,380,000港元。
- (c) 本集團年內向中國星集團購入116套影片在中國及蒙古之特許權，特許權自二零零二年四月八日起計為期十年，總代價為33,800,000港元，由本公司發行總額33,800,000港元之可換股票據支付。有關本公司發行可換股票據之詳情載於附註27。
- (d) 截至二零零一年十二月三十一日止年度，本集團發行79,200,000股每股面值0.10港元之本公司新普通股，以收購豐采影畫有限公司(前稱海岸影畫有限公司及Plexwood Limited)全數已發行股本。該等由本公司發行之股份於收購當日之總市值為152,064,000港元。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

31. Commitments

(a) Lease commitments

At 31st December, 2002, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

Within one year	一年內
In the second to fifth year inclusive	於第二至五年 (包括首尾兩年)

Operating lease payments represent rentals payable by the Group for its office premises. Leases are mainly negotiated for an average term of three years and rentals are fixed for an average of three years.

At the balance sheet date, the Company did not have any lease commitments.

(b) Other commitments

At 31st December, 2002, the Group had commitments contracted but not provided for in the financial statements in respect of purchase of film rights amounting to HK\$873,000 (2001: HK\$9,928,000) and acquisition of 100% of the entire issued share capital of Legend Rich Limited amounting to HK\$3,000,000 (2001: nil). Details of the acquisition of Legend Rich Limited are set out in note 35.

At the balance sheet date, the Company did not have any other commitments.

31. 承擔

(a) 租約承擔

二零零二年十二月三十一日，本集團根據於下列期限屆滿之土地及樓宇不可撤回經營租約之日後最低租金承擔如下：

The Group	
本集團	
2002	2001
二零零二年	二零零一年
HK\$'000	HK\$'000
千港元	千港元
204	815
—	204
204	1,019

經營租約款項指本集團辦公室物業應付之租金。租約主要就平均三年租期磋商，而平均三年之租金固定不變。

於結算日，本公司並無任何租賃承擔。

(b) 其他承擔

二零零二年十二月三十一日，本集團分別就收購電影發行權有已訂約但未撥備之承擔873,000港元(二零零一年：9,928,000港元)及收購Legend Rich Limited全部已發行股本100%共3,000,000港元(二零零一年：無)。有關收購Legend Rich Limited之詳情載於附註35。

於結算日，本公司並無其他承擔。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 21st January, 2002, the Company adopted a new option scheme (the "New Option Scheme") to replace the share option scheme adopted by the Company on 19th January, 2000 (the "Old Option Scheme"). Upon termination of the Old Option Scheme, no further share options can be granted under the Old Option Scheme. No option was granted during the year and outstanding at the beginning and end of the year under the Old Option Scheme.

The major terms of the New Option Scheme are summarised as follows:

- (i) The purpose was to provide incentives to:
 - (a) award and retain the participants who have made contributions to the Group; or
 - (b) attract potential candidates to serve the Group for the benefit of the development of the Group.
- (ii) The participants include:
 - (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
 - (b) any individual for the time being seconded to work for,

any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder
- (ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder

32. 購股權計劃

根據本公司於二零零二年一月二十一日舉行之股東特別大會上通過之普通決議案，本公司採納新購股權計劃（「新購股權計劃」）以取代本公司於二零零零年一月十九日採納之購股權計劃（「舊購股權計劃」）。於舊購股權計劃終止時，不得根據舊購股權計劃再行授出購股權。年內並無根據舊購股權計劃授出任何購股權，於年初及年終亦無舊購股權計劃所授出之購股權未獲行使。

新購股權計劃之主要條款概述如下：

- (i) 該計劃之目的在於：
 - (a) 獎勵及挽留曾向本集團作出貢獻之參與者；或
 - (b) 吸引有可能為本集團服務之人士，以協助本集團發展。
- (ii) 該計劃之參與者包括：
 - (i) 在本集團任何成員公司、任何控權股東或由控權股東控制之任何公司任職之下列人士：
 - (a) 任何執行或非執行董事或候任董事（包括任何獨立非執行董事）、全職或兼職僱員或候任僱員，或
 - (b) 任何臨時調派之人士
 - (ii) 持有本集團任何成員公司、任何控權股東或由控權股東控制之任何公司所發行任何證券之人士

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme (continued)

- (iii) (a) any business or joint venture partner, contractor, agent or representative of,
- (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- (c) any supplier, producer or licensor of films, television programmes, video features, goods or services to,
- (d) any customer, licensee (including any sublicensee) or distributor of films, television programmes, video features, goods or services of, or
- (e) any landlord or tenant (including any sub-tenant) of,
- any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder

and, for the purposes of the New Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants;

32. 購股權計劃 (續)

- (iii) (a) 為本集團任何成員公司、任何控權股東或由控權股東控制之任何公司之任何業務或合營夥伴、承包商、代理人或代表，
- (b) 向本集團任何成員公司、任何控權股東或由控權股東控制之任何公司提供研究、開發或其他技術支援、顧問、諮詢、專業或其他服務之任何人士或公司，
- (c) 向本集團任何成員公司、任何控權股東或由控權股東控制之任何公司提供電影、電視節目、影視產品、貨物或服務之供應商、製作商或版權持有人，
- (d) 本集團任何成員公司、任何控權股東或由控權股東控制之任何公司之電影、電視節目、影視產品、貨物或服務之任何客戶、受權人(包括任何轉授受權人)或發行商，或
- (e) 本集團任何成員公司、任何控權股東或由控權股東控制之任何公司之任何業主或租戶(包括任何分租租戶)

且就新購股權計劃而言，包括由上述任何類別之一位或以上參與者控制之任何公司；

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme (continued)

- (iii) The maximum number of shares in respect of which options might be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by shareholders in general meeting. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The total number of shares available for issue under the New Option Scheme at the date of this annual report was approximately 27,570,000, which represent 5.80% of the issued share capital of the Company at the date of this annual report.
- (iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregate with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the New Option Scheme or any other share option scheme within any 12-month period, must not exceed 1% of the shares in issue from time to time.
- (v) The exercisable period should be any period fixed by the board of directors upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.
- (vi) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors and provided in the offer of grant of option.
- (vii) The acceptance of an option, if accepted, must be made within 30 days from the date of grant with a non-refundable payment of HK\$1 from the grantee to the Company.

32. 購股權計劃 (續)

- (iii) 根據新購股權計劃授出之購股權所涉及之股份總數，不得超過批准新購股權計劃當日本公司已發行股本10%，該等上限或會由股東於股東大會上更改。惟行使根據新購股權計劃及任何其他購股權計劃授出而未行使之所有購股權可發行之股份上限總額，不得超過時已發行股份30%。於本年報日期根據新購股權計劃可供發行之股份總數約為27,570,000股，佔本年報日期本公司已發行股本5.80%。
- (iv) 每名參與者獲授之購股權所涉及之股份總數，加上其於任何12個月內根據新購股權計劃或任何其他購股權計劃獲授之任何購股權(包括已行使、尚未行使及已註銷之購股權)而已發行及可發行之股份總數，不得超過當時已發行股份1%。
- (v) 行使期必須於授出購股權後由董事會釐定，惟不得超過授出當日起計10年。
- (vi) 除董事會釐定及授出購股權建議所規定外，並無規定承授人於行使購股權前須持有之最低期限。
- (vii) 購股權必須於授出日期起計30日內接納，而承授人於接納時須向本公司支付不可退回之款項1港元。

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme (continued)

- (viii) The exercise price of an option must be highest of:
- (a) the closing price of the share on the date of grant which day must be a trading day;
 - (b) the average closing price of the share for the 5 trading days immediately preceding the date of grant; and
 - (c) the nominal value of the share.
- (ix) The life of the New Option Scheme is effective for 10 years from the date of adoption until 20th January, 2012.

The following table discloses details of the Company's share options granted under the New Option Scheme held by the directors and the employees and movements in such holdings during the year:

Category of participants 參與者類別	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期 (Note i) (註i)	Number of options 購股權數目			Outstanding at 31.12.2002 於二零零二年十二月三十一日 尚未行使
				Outstanding at 1.1.2002 於二零零二年一月一日尚未行使	Granted during the year 年內授出 (Note ii) (註ii)	Cancelled during the year 年內註銷 (Note iii) (註iii)	
Directors 董事	8.3.2002	2.60	8.3.2002 – 7.3.2012	—	5,700,000	(950,000)	4,750,000
Employees 僱員	8.3.2002	2.60	8.3.2002 – 7.3.2012	—	14,250,000	—	14,250,000
				—	19,950,000	(950,000)	19,000,000

32. 購股權計劃 (續)

- (viii) 購股權之行使價須為下列之較高者：
- (a) 股份於授出日期 (必須為交易日) 之收市價；
 - (b) 股份截至授出當日止5個交易日之平均收市價；或
 - (c) 股份面值。
- (ix) 新購股權計劃之有效期自採納日期起計10年至二零一二年一月二十日。

下表載列董事及僱員持有根據新購股權計劃授出之本公司購股權詳情及年內所持購股權比例之變動：

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme (continued)

Notes:

- (i) The exercisable period commenced on the date of grant of the relevant share options.
- (ii) The closing price of the share immediately before the date of grant was HK\$2.525.
- (iii) Pursuant to the minutes of the directors' meeting dated 23rd May, 2002, the unexercised options of 475,000 held by Mr. Heung Wah Keung and 475,000 held by Ms. Chen Ming Yin, Tiffany at 23rd May, 2002 were cancelled.
- (iv) No option was exercised during the year.

The following table discloses details of the Company's share options granted under the Old Option Scheme held by the employees and movements in such holdings during year 2001:

32. 購股權計劃 (續)

註：

- (i) 行使期於相關購股權授出日期起生效。
- (ii) 股份於授出日期前當時之收市價為2.525港元。
- (iii) 根據於二零零二年五月二十三日舉行董事會議之會議紀錄，向華強先生及陳明英女士於二零零二年五月二十三日各自持有之475,000份尚未行使購股權已註銷。
- (iv) 年內並無購股權獲行使。

下表載列僱員持有根據舊購股權計劃授出之本公司購股權詳情及於二零零一年所持購股權比例之變動：

Category of participants 參與者類別	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Outstanding at 1.1.2001 於二零零一年一月一日尚未行使	Granted during the year 年內授出	Number of options 購股權數目		Closing prices per share prior to the date of grant 授出購股權前每股之收市價
						Exercised during the year 年內行使	31.12.2001 於二零零一年十二月三十一日 尚未行使	
Employees 僱員	7.2.2001	0.3610	7.2.2001 – 18.1.2010	—	10,000,000	(10,000,000)	—	0.44
	17.4.2001	0.5488	17.4.2001 – 18.1.2010	—	1,500,000	(1,500,000)	—	0.69
	20.4.2001	0.6240	20.4.2001 – 18.1.2010	—	500,000	(500,000)	—	0.90
	29.5.2001	0.9776	29.5.2001 – 18.1.2010	—	1,500,000	(1,500,000)	—	1.24
	1.6.2001	0.9936	1.6.2001 – 18.1.2010	—	1,500,000	(1,500,000)	—	1.22
				—	15,000,000	(15,000,000)	—	

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

32. Share Option Scheme (continued)

Note:

The above exercise prices and closing prices had not been adjusted for the effect of bonus issue in November 2001 as all the options were exercised before the bonus issue.

The exercise in full of the outstanding 19,000,000 share options at 31st December, 2002 would, under the present capital structure of the Company, result in the issue of 19,000,000 additional shares for a total cash consideration, before expenses, of approximately HK\$49,400,000.

Total consideration received during the year from directors and employees for taking up the options granted is amounted to HK\$6 (2001: HK\$5).

No charge is recognised in the income statement in respect of the value of options granted in the year.

33. Retirement Benefits Scheme

With effect from the 1st December, 2000, the Group has set up a defined contribution retirement scheme, the Mandatory Provident Fund Scheme (the "MPF Scheme"), for all the eligible employees of the Group. The Group did not provide retirement benefits for its employees prior to set up of the MPF Scheme.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to maximum of HK\$1,000 per employee and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HK\$1,000. The employees are entitled to 100% of the employer's mandatory contribution upon their retirement at the age of 65 years old, death or total incapacity.

32. 購股權計劃 (續)

註：

由於所有購股權已於紅利發行前獲行使，故此上述行使價及收市價並無就紅利發行於二零零一年十一月作出調整。

在本公司現有資本架構下，於二零零二年十二月三十一日全數行使尚未行使之19,000,000份購股權而額外發行19,000,000股份以換取之現金總代價約為49,400,000港元(未計開支)。

董事及僱員於年內接納已授出購股權而支付之總代價為6港元(二零零一年：5港元)。

年內授出之購股權價值並無自收益表扣除。

33. 退休福利計劃

自二零零零年十二月一日起，本集團為所有合資格僱員設立一項定額供款退休計劃——強制性公積金計劃(「強積金計劃」)。於設立強積金計劃前，本集團並無為僱員提供任何退休福利。

根據強積金計劃，僱員均須按其月薪5%(最多以每員工1,000港元為限)作出供款，並可選擇作出額外供款。僱主每月之供款乃按各僱員月薪5%(最多以1,000港元為限)計算。僱員可於65歲退休、逝世或完全失去工作能力時全數獲得僱主之強制性供款。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

34. Related Party Transactions

- (a) On 29th November, 2001, the Group entered into an agreement with the China Star Group pursuant to which the Group would purchase the exclusive rights which included the theatrical rights, video rights and other medium rights (except internet rights) of three movies for a total consideration of HK\$9.1 million from the China Star Group. At 31st December, 2001, the Group paid a deposit of HK\$2,730,000 pursuant to the terms of the agreement. During the year, the Group paid the remaining amount of HK\$6,370,000 to the China Star Group upon receipt of the master materials of these three movies. Details of this transaction are set out in the Company's announcement dated 30th November, 2001.
- (b) On 5th February, 2002, the Group and the China Star Group entered into a licensing agreement pursuant to which the China Star Group granted to the Group the licensing rights in the PRC and Mongolia in respect of 116 motion pictures for a term of ten years from 8th April, 2002 at a total consideration of HK\$33.8 million. The consideration was determined based on the valuation report prepared by Adonis Appraisal Limited, an independent firm of professional valuers, dated 31st January, 2002. The consideration was settled by the issue of convertible notes in an aggregate amount of HK\$33.8 million by the Company. Details of this transaction are set out in the circular issued by the Company dated 13th March, 2002.
- (c) On 5th February, 2002, the Group and the China Star Group entered into a territory supply agreement whereby the China Star Group, during the term of three years from 8th April, 2002, granted in favour of the Group a first right of refusal to acquire the exclusive distribution rights excluding the theatrical rights in respect of each film in the PRC and Mongolia ("Distribution Rights") and an option to acquire the theatrical rights.

34. 有關連人士交易

- (a) 於二零零一年十一月二十九日，本集團與中國星集團訂立協議，據此本集團於年內向中國星集團購入三套電影之獨家影院放映權、錄像發行權及其他媒介放映權（互聯網放映權除外），總代價為9,100,000港元。於二零零一年十二月三十一日，本集團已根據該等協議之條款支付按金2,730,000港元。年內，本集團已於獲得該三套電影之材料時向中國星集團支付其餘款項6,370,000港元。上述交易之詳情載於本公司於二零零一年十一月三十日刊發之公佈。
- (b) 本集團於二零零二年二月五日與中國星集團訂立特許權協議，中國星集團自二零零二年四月八日起計十年內向本集團授出116套電影在中國及蒙古之特許權，總代價為33,800,000港元。代價乃按獨立專業估值師行安迪評值有限公司於二零零二年一月三十一日編製之估值報告計算。該代價以本公司發行本金額為33,800,000港元之可換股票據支付。交易詳情載於本公司於二零零二年三月十三日刊發之通函。
- (c) 本集團於二零零二年二月五日與中國星集團訂立地區供應協議，中國星集團自二零零二年四月八日起計三年內向本集團授出優先購買權，以購買每套電影在中國及蒙古之獨家發行權（不包括放映權）（「發行權」）及選擇購買放映權。

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34. Related Party Transactions (continued)

(c) (continued)

Pursuant to the territory supply agreement, the Group paid an amount of HK\$5 million to the China Star Group as a deposit for the grant of the first right of refusal to acquire the Distribution Rights and as security for the licence fees payable under the territory distribution agreements to be entered into. If the Group elects to acquire the Distribution Rights, a territory distribution agreement in respect of the film will be entered into pursuant to which the Group shall pay a licence fee in respect of each film calculated by reference to its grading, ranging between HK\$0.2 million for a grade C film (cost of production of not more than HK\$5 million) to HK\$1 million for a grade A++ film (cost of production of at least HK\$30 million). The territory distribution rights in respect of a film will be for a period of ten years. In relation to the option to acquire the theatrical rights, the additional license fee shall be equal to the balance of the total income received by the Group in respect of the exploitation of such theatrical rights before payment of any distribution expenses but after deducting a sum equal to 20% of the said total income which shall be retained by the Group.

During the year, the Group purchased 7 films' Distribution Rights from the China Star Group at a total consideration of approximately HK\$5.5 million and paid HK\$10.6 million additional license fee for the purchase of the theatrical rights pursuant to the relevant territory supply agreements.

34. 關連人士交易 (續)

(c) (續)

根據地區供應協議，本集團已向中國星集團支付5,000,000港元之按金，以取得購買發行權之優先購買權，並作為將訂立地區發行協議應付之特許費用保證金。倘本集團選擇購買發行權，則須就電影訂立地區發行協議。根據地區發行協議，本集團須就每套電影支付按照電影級別計算之特許費用，由C級電影（製作成本不超過5,000,000港元）之200,000港元至A++級電影（製作成本超過30,000,000港元）之1,000,000港元不等。每套電影之地區發行權為10年。至於選擇購買其影院放映權之電影，該電影院放映權應付之額外特許費用將相等於本集團就運用上述影院放映權所獲總收入（未計發行開支）扣除由本集團保留款項（上述總收入20%）後之餘額。

年內，本集團根據有關地區供應協議分別以總代價約5,500,000港元及10,600,000港元額外特許權費用向中國星集團購買七套電影發行權及放映權。

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

34. Related Party Transactions (continued)

(d) During the period from January to November 2002, the Group entered into a series of distribution agreements with the China Star Group under which China Star Group agreed to distribute the cyber cinema rights of the films within the PRC for periods of up to three years from the respective dates of the distribution agreements. In consideration of the provision of services by the China Star Group, the Group would pay the China Star Group distribution commission equivalent to 35% of the total income received by the China Star Group on behalf of the Group. During the year, the Group paid distribution commission of approximately HK\$1,666,000 (2001: nil) to the China Star Group pursuant to the distribution agreements.

(e) On 3rd December, 2002, the Group entered into a cyber cinema rights supply agreement with the China Star Group pursuant to which the China Star Group agreed to distribute the cyber cinema rights of the films within the PRC for the Group subject to such other terms as may be agreed by the parties to the relevant future distribution agreements to be entered into. In consideration of the provision of services by the China Star Group, the Group would pay the China Star Group distribution commission equivalent to 35% of the total income received by the China Star Group on behalf of the Group. During the year, the Group paid distribution commission of approximately HK\$53,000 (2001: nil) to the China Star Group pursuant to the distribution agreements.

(f) During the year, the Group also entered into the following transactions with the China Star Group:

34. 關連人士交易 (續)

(d) 由二零零二年一月至十一月期間，本集團與中國星集團訂立多項發行協議，據此中國星集團同意就中國之電影之數碼影院放映權提供服務，自彼等訂立發行協議之日期起計為期三年。本集團向中國星集團支付相等於中國星集團代表本集團收取之總收入35%之發行佣金，作為中國星集團提供服務之代價。年內，本集團已根據發行協議向中國星集團支付發行佣金約1,666,000港元(二零零一年：無)。

(e) 於二零零二年十二月三日，本集團與中國星集團訂立數碼影院放映權供應協議，據此中國星集團同意向本集團就中國之電影之數碼影院放映權提供服務，惟須受日後可能訂立之有關發行協議之各方所協定之其他條款限制。本集團向中國星集團支付相等於中國星集團代表本集團收取之總收入35%之發行佣金，作為中國星集團提供服務之代價。年內，本集團根據發行協議已向中國星集團支付發行佣金約53,000港元(二零零一年：無)。

(f) 本集團年內與中國星集團進行下列交易：

	2002	2001
	二零零二年	二零零一年
	HK\$'000	HK\$'000
	千港元	千港元

Nature of transactions

交易性質

Interest expense (Note i)	利息開支 (註i)	238	—
Video production expense (Note ii)	製作影視節目開支 (註ii)	726	—
Rental income (Note iii)	租金收入 (註iii)	—	405

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For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

34. Related Party Transactions (continued)

Notes:

- (i) Interest expense was calculated at 1% per annum in accordance with the terms of the convertible notes issued by the Company.
- (ii) The amounts were determined at prices agreed between the parties.
- (iii) Rental income was received and receivable by the Group for the use of certain studio and lighting equipment. The prices were similar to the price offered to other customers.
- (g) Details of the amounts due from/to and convertible notes payable to the China Star Group are set out in notes 20, 22 and 27 respectively.
- (h) During the year, the Company granted options of 5,700,000 to the directors and cancelled options of 950,000 granted to the directors. Details of these are set out in note 32.
- (i) During the year, the Group sold the hotel and intranet distribution rights in the PRC in respect of an aggregate of up to 300 motion pictures to Gainful at a total consideration of HK\$80 million. Pursuant to the agreement, the Group delivered 200 motion pictures to Gainful and recognised a realised profit of approximately HK\$36,380,000 million.
- (j) During the year, the Group had interest received and receivable of approximately HK\$1,135,000 from an associate. The interest was calculated at 1% per annum in accordance with the terms of the convertible notes issued by an associate. Details of amount due from an associate and convertible notes issued by an associate are set out in notes 21 and 17 respectively.
- (k) In July 2001, Mr. Hung Leung Tak, Jackson (a former director of the Company and resigned on 31st August, 2001) acquired motor vehicles with a total net book value of approximately HK\$753,000 and a club membership with a carrying amount of approximately HK\$300,000 from the Group at a consideration of HK\$700,000 and HK\$300,000 respectively.

34. 關連人士交易 (續)

註：

- (i) 利息開支根據本公司所發行可換股票據之條款按年利率1厘計算。
- (ii) 金額按各方協定之價格釐定。
- (iii) 本集團因租賃人使用若干影樓及燈光設備而取得及應收租金收入。該等價格與向其他客戶收取之價格相若。
- (g) 應付／應收中國星集團款項以及應付中國星集團可換股票據之詳情分別載於附註20、22及27。
- (h) 年內，本公司向董事授出5,700,000份購股權，並註銷已向董事授出之950,000份購股權，有關詳情載於附註32。
- (i) 年內，本集團向Gainful出售最多達300套影片在中國之酒店及內聯網發行權，總代價為80,000,000港元。根據協議，本集團向Gainful提供200套影片，確認之已變現溢利約為36,380,000港元。
- (j) 年內，本集團已收及應收聯營公司之利息約為1,135,000港元。利息根據該聯營公司所發行可換股票據之條款按年利率1厘計算。應收一間聯營公司款項及一間聯營公司發行可換股票據之詳情分別載於附註21及17。
- (k) 於二零零一年七月，洪良德先生(本公司前任董事，已於二零零一年八月三十一日辭任)分別以代價700,000港元及300,000港元向本集團收購賬面淨值合共約753,000港元之汽車及賬面值約300,000港元之會籍。

Notes to the Financial Statements ■ 財務報表附註

For the year ended 31st December, 2002 截至二零零二年十二月三十一日止年度

34. Related Party Transactions (continued)

- (i) In October 2001, the Company issued 33,000,000 new shares of HK\$0.10 each to Classical Statue Limited, a wholly-owned subsidiary of China Star, at a price of HK\$1.00 per share, which represented a discount of approximately 16.67% to the closing market price of HK\$1.20 per share on 28th September, 2001. Details of this transaction are set out in the Company's announcement dated 4th October, 2001.

35. Post Balance Sheet Event

On 22nd November, 2002, the Group entered into a conditional sale and purchase agreement with a third party pursuant to which the Group agreed to purchase 100% of the entire issued share capital and debt of Legend Rich Limited at a total consideration of HK\$26 million. The principal activities of Legend Rich Limited and its subsidiary are provision of marketing services to a distributor in the distribution of video compact disc and digital compact disc in Tianjin and distribution and retailing of audio-visual material. At 31st December, 2002, the Group paid a deposit of HK\$23 million pursuant to the terms of agreement. This acquisition was completed subsequent to the balance sheet date.

34. 關連人士交易 (續)

- (i) 於二零零一年十月，本公司按每股1.00港元之價格向中國星之全資附屬公司Classical Statue Limited發行33,000,000股每股面值0.10港元之新股份，有關價格較於二零零一年九月二十八日之收市價每股1.20港元折讓約16.67%。上述交易之詳情載於本公司於二零零一年十月四日刊發之公佈。

35. 結算日後事項

於二零零二年十一月二十二日，本集團與第三者訂立一項有條件買賣協議。根據協議，本集團同意以總代價26,000,000港元收購Legend Rich Limited全部已發行股本及債項。Legend Rich Limited及其附屬公司之主要業務為向分銷商提供市場推廣服務，以在天津發行影音光碟及數位影音光碟，以及發行及零售影音內容。於二零零二年十二月三十一日，本集團根據協議條款支付按金23,000,000港元。上述收購於結算日後完成。