

Notes to the Financial Statements | 財務報表附註

For the year ended 31st December, 2003 截至二零零三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 films, sub-licensing of film rights and sale of advertising rights for advertisements placing on video products and videos.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (“HKFRS”) issued by the Hong Kong Society of Accountants (“HKSA”). The term HKFRS is inclusive of Statements of Standard Accounting Practice (“SSAP(s)”) and Interpretations approved by the HKSA:

SSAP 12 (Revised): Income Taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The adoption of this SSAP has had no material effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

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電影、轉授電影發行權及銷售影視產品及影帶刊登廣告之廣告權。

2. 採用香港財務申報準則

於本年度，本集團首次採用以下由香港會計師公會（「香港會計師公會」）頒佈之香港財務申報準則（「香港財務申報準則」）。香港財務申報準則之條款已涵蓋香港會計師公會批准之會計實務準則（「會計實務準則」）及詮釋：

會計實務準則第12號： 所得稅
（經修訂）

實施會計實務準則第12號（經修訂）之影響主要與遞延稅項有關。過往年度，遞延稅項乃按收益表負債法作出部份撥備，即除預期不會於可見將來回撥之時差外，所產生之時差均會確認為負債。會計實務準則第12號（經修訂）要求採用資產負債表負債法，即就財務報表中資產及負債之賬面值與計算應課稅溢利所用相應稅基間之所有暫時差額（除極少數情況例外）確認作遞延稅項。採用此會計實務準則對本會計年度或過往會計年度之業績並無重大影響。因此，毋須作出上年度調整。

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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.

Revenue recognition

Revenue from the distribution of films is recognised when the video products or master materials of films are delivered to customers and the title has passed.

Revenue from sub-licensing of film rights is recognised upon delivery of the master materials of films to customers.

Revenue from sales of advertising rights is recognised when the right to receive payment is established.

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

3. 主要會計政策

財務報表乃根據香港公認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。

收益確認

發行電影所得收益於影視產品或電影母帶材料付運予客戶及所有權轉移時入賬。

轉授電影發行權所得收益在將電影母帶材料付運予客戶時入賬。

銷售廣告權之收益乃於確立收款權利時入賬。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(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 that SSAP.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

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至低於其賬面值，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。

稅項

所得稅開支指現時應付稅項及遞延稅項。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與收益表中所報溢利淨額不同，乃由於前者不包括在其他年度應課稅或可扣稅收入及開支，並且不包括收益表內從未課稅及扣稅之項目。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項為就財務報表中資產及負債之賬面值及計算應課稅溢利所用相應稅基間之差額而須支付或收回之稅項，並採用資產負債表負債法處理。遞延稅項負債通常會就所有應課稅暫時差額確認，而遞延稅項資產乃按可能出現可利用暫時時差扣稅之應課稅溢利時提撥。若於一項交易中，因商譽(或負商譽)或因業務合併以外原因開始確認其他資產及負債而引致之暫時時差既不影響應課稅溢利、亦不影響會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃按因於附屬公司及聯營公司之投資而引致之應課稅暫時差額而確認，惟若本集團可令暫時差額回撥及暫時差額有可能未必於可見將來回撥之情況除外。

遞延稅項資產之賬面值於每個結算日作檢討，並於沒可能會有足夠應課稅溢利恢復全部或部份資產價值時作調減。

遞延稅項乃按預期於負債清償或資產變現之年度之適用稅率計算。遞延稅項於收益表中扣除或計入收益表。惟倘遞延稅項直接在股本權益中扣除或計入股本權益之情況(在此情況下遞延稅項亦會於股本權益中處理)除外。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and amortisation 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.

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% on straight-line basis
Leasehold improvements	33.3% on reducing balance basis
Office equipment	20% on reducing balance basis
Motor vehicles	20% on reducing balance basis
Furniture and fixtures	15% on reducing balance basis

物業、廠房及設備

物業、廠房及設備乃按成本或估值減累計折舊與攤銷以及任何累計減值虧損入賬。

租賃土地及樓宇按估值(即重估當日之公開市值),減其後之累計折舊及任何累計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。

租賃土地及樓宇重估增值將計入物業重估儲備賬,惟同一資產原已確認為開支之重估減值減少,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,應佔之重估盈餘將轉撥往保留溢利。

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%
辦公室設備	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%

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

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.

Film rights

Film rights, which are rights for the reproduction and distribution of films and sub-licensing of film rights, are stated at cost less accumulated amortisation and any accumulated impairment losses.

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 films and sub-licensing of film 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 not to be amortised within twelve months from the balance sheet date is reported as a non-current asset.

Investments in subsidiaries

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

Other asset

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

3. 主要會計政策 (續)

物業、廠房及設備 (續)

出售或棄用資產之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。

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。電影發行權指複製與發行電影之權利及轉授電影發行權。

電影發行權之成本按年內實際賺取之收入與複製發行電影及轉授電影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內不會攤銷之電影發行權部份則列作非流動資產。

附屬公司投資

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。

其他資產

其他資產按成本減累計攤銷及任何累計減值虧損(如有)入賬，並按估計可使用年期以直線法攤銷。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet.

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. When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised loss provide evidence of an impairment of the asset transferred.

Club memberships

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

Inventories

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

Film rights deposits

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

商譽

於綜合賬目時產生之商譽指收購成本超出本集團於收購當日在附屬公司可識別資產及負債之公平價值中所佔權益之部份。

商譽撥充資本，並根據其可使用經濟年期以直線法攤銷。收購附屬公司而產生之商譽在綜合資產負債表中單獨呈列。

聯營公司權益

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。倘本集團與其聯營公司進行交易，未變現溢利及虧損將予抵銷，惟以本公司於相關聯營公司之權益為限，倘未變現虧損提供已轉讓資產之減值憑證則除外。

會所會籍

會所會籍乃按成本減任何已確定減值虧損入賬。

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。

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電影之權利及轉授電影發行權而製作電影時預付及／或分期繳付之特許費用，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 rights 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 agreement after the licensor has fulfilled all the terms and conditions of a licensing agreement, all advances made under that licensing agreement will be written off to the income statement.

Deferred income

Deferred income represents unrealised profit arising from the delivery of master materials in respect of the sub-licensing of film rights to an associate under the sub-licensing agreement. Unrealised profit arising from delivery of master materials will be recognised by the Group when the loss of the relevant portion of film rights has been charged to the associate's income statement.

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 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)

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收回款項之差額。

倘本集團在授權人達成所有特許權安排條款及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。

遞延收入

遞延收入指根據轉授發行權協議向聯營公司就轉授電影發行權而出售付運電影母帶材料時所產生之未變現溢利。本集團將於聯營公司收益表扣除電影發行權有關部份之虧損後，確認付運電影母帶材料時所產生之未變現溢利。

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期間之承擔餘額。

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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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續) (Continued)

Convertible notes payable

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

Retirement benefits costs

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

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.

4. TURNOVER

Distribution of films	發行電影
Sub-licensing of film rights	轉授電影發行權
Sale of advertising rights	銷售廣告權

應付可換股票據

除非應付可換股票據已獲兌換，否則應付可換股票據確認為負債。應付可換股票據之融資費用按各財政年度均以等額分攤應付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。

退休福利成本

本集團之退休福利成本在到期時列為開支。

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重新換算。匯兌溢利及虧損計入年內之溢利或虧損淨額。

4. 營業額

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
		163,722	34,320
		38,006	43,523
		5,268	11,600
		206,996	89,443

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS 5. 業務及地區分部

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely distribution, sub-licensing and sale 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 films
Sub-licensing	Sub-licensing of film rights
Sale of advertising rights	Sale of advertising rights for advertisements placing on video products and videos

Segment information about these businesses for the years ended 31st December, 2003 and 2002 is presented below.

Consolidated income statement for the year ended 31st December, 2003

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	發行電影
轉授發行權	轉授電影發行權
銷售廣告權	銷售在影視產品及影視節目播放廣告之廣告權

截至二零零三年及二零零二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。

截至二零零三年十二月三十一日止年度之綜合收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale 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	163,722	38,006	5,268	206,996
Segment profit before amortisation of other asset, impairment loss recognised in respect of film rights and loss on disposal of property, plant and equipment	其他資產攤銷及電影發行權之已確認減值虧損及出售物業、廠房及設備虧損前之分部溢利	118,081	12,310	3,126	133,517
Amortisation of other asset	其他資產攤銷	—	(6,644)	—	(6,644)
Impairment loss recognised in respect of film rights	電影發行權之已確認減值虧損	(62)	(1,400)	—	(1,462)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(4)	—	—	(4)
Segment profit	分部溢利	118,015	4,266	3,126	125,407
Unallocated corporate income	未分配集團收入				1,849
Unallocated corporate expenses	未分配集團開支				(10,827)
Profit from operations	經營溢利				116,429
Finance costs	融資費用				(340)
Profit before taxation	除稅前溢利				116,089
Taxation credit	稅項抵免				1,040
Net profit for the year	本年度溢利淨額				117,129

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued) 5. 業務及地區分部 (續)

Consolidated balance sheet at 31st December, 2003

於二零零三年十二月三十一日之綜合資產負債表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale 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	85,397	98,166	5,269	188,832
Interests in associates	聯營公司權益	—	160,000	—	160,000
Unallocated corporate assets	未分配集團資產				98,269
Consolidated total assets	綜合資產總值				447,101
LIABILITIES	負債				
Segment liabilities	分部負債	18,437	32,343	—	50,780
Unallocated corporate liabilities	未分配集團負債				58,666
Consolidated total liabilities	綜合負債總額				109,446

Other information for the year ended 31st December, 2003

截至二零零三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	Sale 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	—	—	—	1,754	1,754
Additions of film rights	添置電影發行權	18,145	26,226	—	—	44,371
Allowance for bad and doubtful debts	呆壞賬撥備	—	88	—	—	88
Allowance for inventory obsolescence	陳舊存貨撥備	487	—	—	—	487
Depreciation and amortisation	折舊及攤銷	31,375	37,031	—	477	68,883

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued) 5. 業務及地區分部 (續)

Consolidated income statement 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綜合收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale 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 of other asset, impairment losses recognised in respect of other asset and film rights and loss on disposal of property, plant and equipment	其他資產攤銷、其他資產及電影發行權之已確認減值虧損及出售物業、廠房及設備虧損前之分部溢利	9,696	18,851	9,332	37,879
Amortisation of other asset	其他資產攤銷	—	(9,520)	—	(9,520)
Impairment loss recognised in respect of film rights	電影發行權之已確認減值虧損	(4,465)	(3,114)	—	(7,579)
Impairment loss recognised in respect of other asset	其他資產之已確認減值虧損	—	(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				(7,534)
Loss on disposal of property, plant and equipment — unallocated	出售物業、廠房及設備虧損 — 未分配				(934)
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	本年度虧損淨額				(25,285)

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued) 5. 業務及地區分部 (續)

Consolidated balance sheet at 31st December, 2002

於二零零二年十二月三十一日之綜合資產負債表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale 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

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	Sale 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	23,203	—	—	62,441
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	22,966	20,815	2,268	366	46,415

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued) 5. 業務及地區分部 (續)

Geographical segments

The Group's operations are substantially 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:

地區分部

本集團之業務主要位於香港及澳門。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：

		Turnover 營業額	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
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」)	203,883	75,068
Hong Kong and Macau	香港及澳門	3,113	14,375
		206,996	89,443

6. OTHER OPERATING INCOME 6. 其他經營收入

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Interest income on bank deposits	銀行存款之利息收入	55	78
Interest income on convertible notes	可換股票據之 利息收入	1,600	1,135
Sundry income	雜項收入	194	5
		1,849	1,218

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

7. PROFIT (LOSS) FROM OPERATIONS

7. 經營溢利(虧損)

	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Profit (loss) from operations has been arrived at after charging:		
Allowance for bad and doubtful debts (included in administrative expenses)	88	1,044
Allowance for inventory obsolescence (included in cost of sales)	487	1,757
Amortisation of film rights (included in cost of sales)	57,818	34,657
Amortisation of goodwill (included in administrative expenses)	3,105	—
Amortisation of other asset (included in administrative expenses)	6,644	9,520
Auditors' remuneration	700	723
Cost of inventories sold (included in cost of sales)	4,912	3,197
Depreciation of property, plant and equipment:		
— owned assets	1,303	2,222
— leased assets	13	16
	1,316	2,238
Operating lease rental in respect of rented premises	1,300	815
Staff costs including directors' emoluments:		
— salaries, allowances and benefits in kind	8,310	6,373
— contributions to retirement benefits scheme	152	177
	8,462	6,550

8. FINANCE COSTS

8. 融資費用

	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Interest on borrowings wholly repayable within five years:		
— convertible notes payable	338	238
— a finance lease	2	2
	340	240

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

9. DIRECTORS' EMOLUMENTS

9. 董事酬金

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 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	240
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	1,548
— Contributions to retirement benefits scheme	— 退休福利計劃供款	12	12
		1,800	1,800

The emoluments of the directors were within the following bands:

董事之酬金範圍如下：

		Number of directors 董事人數 2003 二零零三年	Number of directors 董事人數 2002 二零零二年
Nil to HK\$1,000,000	零至1,000,000港元	4	5
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1

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.

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。

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with highest emoluments of the Group, one (2002: one) was director of the Company, whose emoluments are set out in note 9 above. The emoluments of the remaining four (2002: four) individuals were as follows:

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,443	1,195
Compensation for loss of office	離職補償	—	500
Contributions to retirement benefits scheme	退休福利計劃供款	35	35
		1,478	1,730

The aggregated emoluments of each of these remaining four (2002: four) highest paid individuals fell within the HK\$1,000,000 band for both years.

於本集團五名最高薪人士中，其中一名（二零零二年：一名）為本公司董事，其酬金已載於上文附註9。其餘四名（二零零二年：四名）人士之酬金如下：

兩年度內，其餘四名（二零零二年：四名）最高薪人士之酬金總額均在1,000,000港元之內。

11. TAXATION CREDIT

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
The taxation (charge) credit are as follows:	稅項（支出）抵免如下：		
Hong Kong Profits Tax	香港利得稅		
— current year	— 本年度	(283)	—
— underprovision in prior years	— 過往年度撥備不足	(164)	—
		(447)	—
Transfer from deferred taxation (Note 27)	轉撥自遞延稅項（附註27）	1,487	1,186
Taxation credit attributable to the Group	本集團應佔稅項抵免	1,040	1,186

Hong Kong Profits Tax for the year is calculated at 17.5% on the estimated assessable profit for the year. No provision for Hong Kong Profits Tax was made in prior year as the Group either had no estimated assessable profits or its estimated assessable profits were wholly absorbed by estimated tax losses brought forward.

香港利得稅乃按本年度估計應課稅溢利以17.5%稅率計算。由於本集團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，故並無就去年之香港利得稅作出撥備。

11. 稅項抵免

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

II. TAXATION CREDIT (Continued)

II. 稅項抵免 (續)

The taxation credit for the year can be reconciled to the profit (loss) per the consolidated income statement as follows:

年內，可與綜合收益表內之溢利(虧損)對賬之稅項抵免如下：

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Profit (loss) before taxation	除稅前溢利(虧損)	116,089	(26,471)
Taxation at income tax rate of 17.5% (2002: 16%)	按利得稅稅率17.5% (二零零二年：16%) 計算之稅項	20,316	(4,235)
Tax effect of income that is not taxable in determining taxable profit	在決定應課稅溢利時 不可課稅收入之 稅務影響	(23,641)	(3,816)
Tax effect of expenses that are not deductible in determining taxable profit	在決定應課稅溢利時 不可扣稅支出之 稅務影響	444	5,523
Underprovision in respect of prior years	過往年度撥備不足	164	—
Tax effect of estimated tax losses for which deferred tax assets have not been recognised	未確認遞延稅項資產 之估計稅項虧損之 稅務影響	1,538	1,342
Increase in opening deferred tax liabilities resulting from an increase in Hong Kong Profits Tax rate	由於香港利得稅稅率 增加而產生之承前 遞延稅項負債增加	139	—
Taxation credit for the year	本年度稅項抵免	(1,040)	(1,186)

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

12. EARNINGS (LOSS) PER SHARE

12. 每股盈利(虧損)

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

每股基本及攤薄盈利(虧損)乃根據下列數據計算：

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Earnings (loss) for the purposes of basic earnings (loss) per share — net profit (loss) for the year	於計算每股基本盈利(虧損)時所用之盈利(虧損) — 本年度溢利(虧損)淨額	117,129	(25,285)
Effect of dilutive potential ordinary shares:	潛在普通股之攤薄影響：		
Interest on convertible notes payable	應付可換股票據利息	338	—
Earnings (loss) for the purposes of diluted earnings (loss) per share	於計算每股攤薄盈利(虧損)時所用之盈利(虧損)	117,467	(25,285)
		'000 千股	'000 千股
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	於計算每股基本盈利(虧損)時所用之普通股加權平均數	475,200	475,200
Effect of dilutive potential ordinary shares:	潛在普通股之攤薄影響：		
Share options	購股權	2,972	—
Convertible notes payable	應付可換股票據	8,450	—
Weighted average number of ordinary share for the purposes of diluted earnings (loss) per share	於計算每股攤薄盈利(虧損)時所用之普通股加權平均數	486,622	475,200

The computation of diluted earnings per share for the year did not assume the exercise of the Company's warrants as the exercise price of these warrants was higher than the average market price for shares.

由於此等認股權證之行使價高於每股平均市價，故此計算本年度之每股攤薄盈利時並無假設已行使本公司之認股權證。

The computation of diluted loss per share for the year ended 31st December, 2002 did not assume the exercise of the Company's warrants, convertible notes payable and share options because the effect of exercising a warrant, a convertible note payable and an option to subscribe for an additional share in the Company would result in a decrease of net loss per share.

由於行使認股權證、應付可換股票據及購股權認購本公司額外股份將導致每股虧損淨額減少，故此計算截至二零零二年十二月三十一日止年度每股攤薄虧損時並無假設已行使本公司之認股權證、應付可換股票據及購股權。

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For the year ended 31st December, 2003 截至二零零三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	本集團	Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Office equipment 辦公室 設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Furniture and fixtures 傢俬及 裝置 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST OR VALUATION	成本或估值：						
At 1st January, 2003	二零零三年一月一日	5,620	2,037	3,557	533	1,979	13,726
Additions	添置	—	100	414	1,100	140	1,754
Disposals	出售	—	(1)	—	—	(3)	(4)
Surplus on revaluation	重估盈餘	310	—	—	—	—	310
At 31st December, 2003	二零零三年 十二月三十一日	5,930	2,136	3,971	1,633	2,116	15,786
Comprising	包括						
At cost	成本	—	2,136	3,971	1,633	2,116	9,856
At 2003 valuation	二零零三年估值	5,930	—	—	—	—	5,930
		5,930	2,136	3,971	1,633	2,116	15,786
DEPRECIATION	折舊						
At 1st January, 2003	二零零三年一月一日	—	877	1,532	211	533	3,153
Charged for the year	本年度費用	112	413	458	101	232	1,316
Written back on revaluation	重估時撥回	(112)	—	—	—	—	(112)
At 31st December, 2003	二零零三年 十二月三十一日	—	1,290	1,990	312	765	4,357
NET BOOK VALUES	賬面淨值						
At 31st December, 2003	二零零三年 十二月三十一日	5,930	846	1,981	1,321	1,351	11,429
At 31st December, 2002	二零零二年 十二月三十一日	5,620	1,160	2,025	322	1,446	10,573

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, 2003 by Grant Sherman Limited, an independent firm of professional valuers, on an open market existing use basis. The surplus arising on valuation has been credited 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二零零三年十二月三十一日由獨立專業估值師行中證評估有限公司根據當時用途按公開市值作出重估。重估盈餘已計入物業重估儲備賬。

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13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備 (續)

(Continued)

Had the leasehold land and buildings been included in these financial statements at historical cost less accumulated depreciation, the carrying value of these properties at 31st December, 2003 would have been stated at of approximately HK\$2,306,000 (2002: HK\$2,380,000).

The aggregate net book value of assets held under a finance lease at 31st December, 2003 amounted to HK\$52,000 (2002: HK\$65,000).

倘租賃土地及樓宇並無按歷史成本減累計折舊計入財務報表，則此等物業於二零零三年十二月三十一日之賬面值將會按約2,306,000港元(二零零二年：2,380,000港元)列賬。

於二零零三年十二月三十一日，根據融資租約持有之資產賬面淨值總額為52,000港元(二零零二年：65,000港元)。

14. FILM RIGHTS

14. 電影發行權

		The Group 本集團 HK\$'000 千港元
COST	成本	
At 1st January, 2003	二零零三年一月一日	119,311
Additions	添置	44,371
At 31st December, 2003	二零零三年十二月三十一日	163,682
AMORTISATION AND IMPAIRMENT	攤銷及減值	
At 1st January, 2003	二零零三年一月一日	78,282
Charged for the year	本年度費用	57,818
Impairment loss recognised	已確認減值虧損	1,462
At 31st December, 2003	二零零三年十二月三十一日	137,562
CARRYING AMOUNTS	賬面值	
At 31st December, 2003	二零零三年十二月三十一日	26,120
At 31st December, 2002	二零零二年十二月三十一日	41,029
		2003 二零零三年 HK\$'000 千港元
		2002 二零零二年 HK\$'000 千港元
Analysed as:	分析為：	
Non-current portion	非即期部份	22,134
Current portion	即期部份	3,986
		26,120
		41,029

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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

14. FILM RIGHTS (Continued)

The directors reassessed the recoverable amount of the film rights at 31st December, 2003. Total impairment loss of approximately HK\$1,462,000, which was determined by reference to valuations at 31st December, 2003 performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers, was recognised.

14. 電影發行權 (續)

董事於二零零三年十二月三十一日重估電影發行權之可收回金額。已確認合共約1,462,000港元之減值虧損，乃參考獨立專業估值師行中證評估有限公司於二零零三年十二月三十一日進行之估值而計算。

15. INTERESTS IN SUBSIDIARIES

15. 附屬公司權益

		The Company 本公司	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 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	258,177	261,524
Allowance for amounts due from subsidiaries	應收附屬公司款項撥備	(99,000)	(99,000)
		159,177	162,524
		242,730	246,077

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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For the year ended 31st December, 2003 截至二零零三年十二月三十一日止年度

15. INTERESTS IN SUBSIDIARIES (Continued)

Details of the Company's subsidiaries, all of which are wholly-owned, at 31st December, 2003 are as follows:

15. 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)於二零零三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 股本詳情	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	Investment holding, distribution of films, sub-licensing of film rights and sale of advertising rights in the PRC 於中國投資控股、發行電影、轉授電影發行權及銷售廣告權
Legend Rich 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 video products in the PRC through a PRC agent 透過中國代理商於中國發行影視產品
Riche Advertising 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	Sale of advertising rights in the PRC 於中國銷售廣告權
Riche (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	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 film rights in Hong Kong 於香港轉授電影發行權
Riche International (Macao Commercial Offshore) Limited 豐采國際(澳門離岸商業服務)有限公司	Macau 澳門	1 share of MOPI00,000 1股澳門幣100,000元之股份	Distribution of films, sub-licensing of film rights and sales of advertising rights in the PRC 於中國發行電影、轉授電影發行權及銷售廣告權

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15. INTERESTS IN SUBSIDIARIES (Continued)

15. 附屬公司權益 (續)

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 股本詳情	Principal activities and place of operation 主要業務及營業地點
Riche Multi-Media Limited 豐采多媒體有限公司	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 films and other video features in the PRC 於中國發行電影及 其他影視特輯
Riche Pictures Limited 豐采影畫有限公司	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	Investment holding in Hong Kong 於香港投資控股
Riche Video Limited 豐采錄影有限公司	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 products in Hong Kong 於香港發行影視產品
World East Investments 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 films and sub-licensing of film rights in the PRC through a PRC agent 透過中國代理商於中國發行 電影及轉授電影發行權

* 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 company 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。

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16. OTHER ASSET

16. 其他資產

The Group
本集團
HK\$'000
千港元

COST	成本	
At 1st January, 2003 and 31st December, 2003	二零零三年一月一日及 二零零三年十二月三十一日	152,064
AMORTISATION AND IMPAIRMENT	攤銷及減值	
At 1st January, 2003	二零零三年一月一日	92,264
Charged for the year	本年度費用	6,644
At 31st December, 2003	二零零三年十二月三十一日	98,908
CARRYING AMOUNTS	賬面值	
At 31st December, 2003	二零零三年十二月三十一日	53,156
At 31st December, 2002	二零零二年十二月三十一日	59,800

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。

The directors reassessed the recoverable amount of the other asset at 31st December, 2003 by reference to the valuation at 31st December, 2003 and determined that there was no impairment at 31st December, 2003. The valuation was performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers.

董事於二零零三年十二月三十一日重估其他資產之可回收金額，乃參考於二零零三年十二月三十一日進行之估值所計算，並斷定於二零零三年十二月三十一日並無減值。該估值乃由獨立專業估值師行中證評估有限公司作出。

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17. GOODWILL

17. 商譽

		HK\$'000 千港元
COST	成本	
Arising on acquisitions of subsidiaries during the year and balance at 31st December, 2003	於年內自收購附屬公司產生及於二零零三年十二月三十一日之結存	39,530
AMORTISATION	攤銷	
Charged for the year and balance at 31st December, 2003	本年度費用及於二零零三年十二月三十一日之結存	3,105
CARRYING AMOUNT	賬面值	
At 31st December, 2003	於二零零三年十二月三十一日	36,425

The amortisation period adopted for goodwill is 10 years.

商譽採用之攤銷年期為10年。

18. INTERESTS IN ASSOCIATES

18. 聯營公司權益

		The Group 本集團	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Convertible notes issued by an associate	聯營公司發行之可換股票據	160,000	160,000

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18. INTERESTS IN ASSOCIATES (Continued)

At 31st December, 2003, the Group had interests in the following associates:

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 share capital held by the Group 本集團持有已發股股本面值比例 %	Nature of business and place of operation 業務性質及營業地點
Gainful Fortune 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 film rights outside Hong Kong and Macau 於香港及澳門以外地區轉授電影發行權

During the year ended 31st December, 2002, Gainful issued convertible notes to the Group 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. The convertible 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 convertible 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.

18. 聯營公司權益 (續)

於二零零三年十二月三十一日，本集團擁有下列聯營公司之權益：

於截至二零零二年十二月三十一日止年度內，Gainful向本集團發行合共160,000,000港元之可換股票據，以收購最多達300部電影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。該等可換股票據按年利率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。該等可換股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Gainful股本中每股面值1港元之普通股。然而，本集團可於票據到期前經Gainful同意後兌換該等票據。

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18. INTERESTS IN ASSOCIATES (Continued)

The following details were extracted from the audited consolidated financial statements of Gainful for the year ended 31st December, 2003.

Results for the year ended 31st December, 2003

		2003 二零零三年 HK\$'000 千港元
Turnover	營業額	365
Loss from ordinary activities before taxation	除稅前日常業務虧損	(2,478)
Loss from ordinary activities before taxation attributable to the Group	本集團應佔除稅前日常業務虧損	—

Financial position at 31st December, 2003

		2003 二零零三年 HK\$'000 千港元
Non-current assets	非流動資產	96,070
Current assets	流動資產	49,969
Current liabilities	流動負債	(5,510)
Non-current liabilities	非流動負債	(160,000)
Net liabilities	負債淨額	(19,471)
Net assets attributable to the Group	本集團應佔資產淨值	—

以下資料摘自Gainful截至二零零三年十二月三十一日止年度之經審核綜合財務報表。

截至二零零三年十二月三十一日止年度之業績

於二零零三年十二月三十一日之財務狀況

19. INVENTORIES

Finished goods 製成品

Finished goods of HK\$127,000 (2002: HK\$656,000) are carried at net realisable value.

19. 存貨

The Group 本集團	
2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
1,469	656

製成品 127,000 港元 (二零零二年 : 656,000 港元) 按可變現淨值入賬。

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20. TRADE RECEIVABLES

The granting of distribution rights and sub-licensing of film rights are covered by customers' deposits placed with the Group. The balance is receivable upon delivery of the master materials to customers.

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

0 — 30 days	零至30日
31 — 60 days	31至60日
61 — 90 days	61至90日
Over 90 days	90日以上

20. 貿易應收款項

至於授出之電影發行權及轉授電影發行權，客戶須向本集團支付按金。餘額於電影母帶材料付運予客戶時收取。

於結算日，貿易應收款項之賬齡分析如下：

		The Group 本集團	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
		42,074	7,386
		5,387	823
		6,221	—
		2,820	—
		56,502	8,209

21. AMOUNT DUE FROM AN ASSOCIATE

The Group

The amount mainly represents interest receivable on the convertible notes issued by an associate. The remaining amount is unsecured, non-interest bearing and has no fixed terms of repayment.

21. 應收聯營公司款項

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。餘額乃無抵押、免息及無固定還款期。

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22. TRADE PAYABLES

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

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	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
China Star Entertainment Limited and its subsidiaries (collectively "China Star Group"):	中國星集團有限公司及其附屬公司(統稱「中國星集團」):		
0 — 30 days	零至30日	1,010	3,134
31 — 60 days	31至60日	3,834	—
61 — 90 days	61至90日	595	2,180
Over 90 days	90日以上	8,864	3,189
		14,303	8,503
Others:	其他:		
0 — 30 days	零至30日	975	—
61 — 90 days	61至90日	683	—
		1,658	—
		15,961	8,503

China Star Entertainment Limited is a controlling shareholder of the Company.

中國星集團有限公司為本公司之控股股東。

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23. OBLIGATIONS UNDER A FINANCE LEASE 23. 融資租約承擔

		Minimum lease payments 最低租金		Present value of minimum lease payments 最低租金現值	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 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	25	26	23	24
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	10	35	8	31
		35	61	31	55
Less: Future finance charges	減：日後融資費用	(4)	(6)	—	—
Present value of lease obligations	租約承擔現值	31	55	31	55
Less: Amount due for payment within one year	減：一年內應付金額			(23)	(24)
Amount due for payment after one year	一年後應付金額			8	31

The Group has leased certain of its equipment under a finance lease. The lease term is 5 years. Interest is charged at commercial rates and is fixed at the contract date. The lease is on a fixed repayment basis and no arrangement has 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 asset.

本集團以融資租約方式租用若干設備。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。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。

24. BANK OVERDRAFTS

Bank overdrafts of the Group and the Company at 31st December, 2002 were unsecured.

24. 銀行透支

於二零零二年十二月三十一日，本集團及本公司之銀行透支乃無抵押。

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25. SHARE CAPITAL

25. 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, 2002	二零零二年一月一日	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 and 31st December, 2003	二零零二年十二月三十一日及二零零三年十二月三十一日	2,000,000	200,000
At 31st December, 2002 and 31st December, 2003	二零零二年十二月三十一日及二零零三年十二月三十一日	475,200	47,520

There was no movement in the issued share capital of the Company during both years.

於兩個年度內，本公司之已發行股本均無任何變動。

Warrants

During the year ended 31st December, 2002, the Company issued 95,040,000 warrants by way of bonus to the shareholders on the basis of one warrant for every five shares of HK\$0.10 each in the share capital of the Company held on 27th May, 2002. Such warrants carry the subscription rights to subscribe for shares in the Company at the subscription price of HK\$3.60 per share of HK\$0.10 each in the Company. 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.

認股權證

於截至二零零二年十二月三十一日止年度內，本公司按於二零零二年五月二十七日每持有五股本公司股本中每股面值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港元認購本公司股本中每股面值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。

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26. RESERVE

26. 儲備

		The Company 本公司			
		Share premium 股份溢價 HK\$ 千港元	Contribution surplus 實繳盈餘 HK\$ 千港元 (Note ii) (附註ii)	Accumulated losses 累計虧損 HK\$ 千港元	Total 總計 HK\$ 千港元
At 1st January, 2002	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 and 1st January, 2003	二零零二年 十二月三十一日及 二零零三年一月一日	186,682	83,353	(106,579)	163,456
Cancellation of share premium account and transfer to contributed surplus account (Note i)	註銷股份溢價賬及 轉撥至實繳 盈餘賬 (附註i)	(186,682)	186,682	—	—
Transfer from contributed surplus account to accumulated losses account (Note i)	由實繳盈餘賬轉撥 至累計虧損賬 (附註i)	—	(106,579)	106,579	—
Net loss for the year	本年度虧損淨額	—	—	(1,972)	(1,972)
At 31st December, 2003	二零零三年十二月三十一日	—	163,456	(1,972)	161,484

Notes:

- (i) Pursuant to a special resolution passed at a special general meeting on 22nd August, 2003, the Company:
- (a) cancelled the entire amount of approximately HK\$186,682,000 standing to the credit of the share premium account of the Company ("Share Premium Cancellation");
- (b) the credit amount standing of approximately HK\$186,682,000 arising from the Share Premium Cancellation was applied to the contributed surplus account of the Company; and
- (c) the credit amount of approximately HK\$106,579,000 was transferred from the contributed surplus account of the Company to the accumulated losses account of the Company to eliminated the accumulated losses of the Company of approximately HK\$106,579,000 at 31st December, 2002.

附註：

- (i) 根據於本公司二零零三年八月二十二日之股東特別大會上通過之特別決議案，本公司：
- (a) 註銷本公司股份溢價賬全數約186,682,000港元之進賬（「註銷股份溢價」）；
- (b) 應用註銷股份溢價所產生約186,682,000港元之進賬金額至本公司之實繳盈餘賬；及
- (c) 自本公司之實繳盈餘賬轉撥約106,579,000港元之進賬金額至本公司之累計虧損賬，以撇銷本公司於二零零二年十二月三十一日約106,579,000港元之累計虧損。

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26. RESERVE (Continued)

Notes: (Continued)

- (ii) The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganisation and the nominal amount of the Company's share capital issued as consideration for the acquisition as well as the net amount transferred from the share premium account and to the accumulated losses account pursuant to the special resolution passed at a special general meeting on 22nd August, 2003.

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

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

The Group

The Capital reserve of the Group represents the difference of the share capital and share premium of the subsidiaries and the nominal value of the 880 shares issued by Ocean Shares (BVI) Limited (now renamed Riche (BVI) Limited) prior to the allotment of 120 shares to Classical Statue Limited and the amount arising from issue of shares by a subsidiary.

The contributed surplus of the Group represents the net amount transferred from the share premium account and to the accumulated losses account pursuant to the special resolution passed at a special general meeting on 22nd August, 2003.

All the reserves of the Group are attributable to the Company and its subsidiaries.

26. 儲備 (續)

附註：(續)

- (ii) 根據於二零零三年八月二十二日之股東特別大會上通過之特別決議案，本公司之實繳盈餘指本公司所收購之附屬公司於集團重組日期之相關資產淨值與本公司作為收購代價之所發行股本之面值及自股份溢價賬轉撥至累計虧損賬之淨額之差額。

根據百慕達一九八一年公司法(經修訂)，本公司之實繳盈餘賬可予分派。惟倘出現下列情況，則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其到期負債；或
- (b) 本公司資產可變現價值降至於其負債、已發行股本及股份溢價賬之總和。

本集團

本集團之股本儲備指附屬公司之股本及股份溢價與向Classical Statue Limited配發120股股份前Ocean Shares (BVI) Limited(現改稱Riche (BVI) Limited)所發行之880股股份之面值及因附屬公司發行股份所產生之款項之差額。

本集團之實繳盈餘指根據於二零零三年八月二十二日之股東特別大會上通過之特別決議案自股份溢價賬轉撥至累計虧損賬之淨額。

本集團所有儲備均撥歸本公司及其附屬公司。

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27. DEFERRED TAXATION

THE GROUP

The followings are the major deferred tax liabilities and assets recognised by the Group and movements thereon:

		Accelerated tax depreciation	Estimated tax losses	Total 總計
		加速 稅項折舊 HK\$'000 千港元	估計 稅務虧損 HK\$'000 千港元	HK\$'000 千港元
At 1st January, 2002	二零零二年一月一日	4,109	(1,436)	2,673
(Credit) charge to income statement for the year (Note 11)	本年度(計入收益表)自收益表扣除(附註11)	(2,622)	1,436	(1,186)
At 31st December, 2002 and 1st January, 2003	二零零二年十二月三十一日及二零零三年一月一日	1,487	—	1,487
Credit to income statement for the year (Note 11)	本年度計入收益表(附註11)	(937)	(550)	(1,487)
At 31st December, 2003	二零零三年十二月三十一日	550	(550)	—

At the balance sheet date, the Group has unused estimated tax losses of approximately HK\$38,800,000 (2002: HK\$27,300,000) available for offset against future profits. A deferred tax asset of approximately HK\$550,000 (2002: nil) has been recognised. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK\$6,240,000 (2002: HK\$4,368,000) due to the unpredictability of future profit streams.

THE COMPANY

No deferred tax assets has been recognised in respect of estimated tax losses of approximately HK\$6,800,000 (2002: HK\$3,600,000) due to the unpredictability of future profit streams.

27. 遞延稅項

本集團

以下為本集團確認之主要遞延稅項負債及資產及有關變動：

		Accelerated tax depreciation	Estimated tax losses	Total 總計
		加速 稅項折舊 HK\$'000 千港元	估計 稅務虧損 HK\$'000 千港元	HK\$'000 千港元
At 1st January, 2002	二零零二年一月一日	4,109	(1,436)	2,673
(Credit) charge to income statement for the year (Note 11)	本年度(計入收益表)自收益表扣除(附註11)	(2,622)	1,436	(1,186)
At 31st December, 2002 and 1st January, 2003	二零零二年十二月三十一日及二零零三年一月一日	1,487	—	1,487
Credit to income statement for the year (Note 11)	本年度計入收益表(附註11)	(937)	(550)	(1,487)
At 31st December, 2003	二零零三年十二月三十一日	550	(550)	—

於結算日，本集團擁有約38,800,000港元(二零零二年：27,300,000港元)之未動用估計稅務虧損可供抵銷日後溢利。約550,000港元(二零零二年：無)之遞延稅項資產已獲確認。由於未能預計日後之溢利，故並無就餘額約6,240,000港元(二零零二年：4,368,000港元)確認遞延稅項資產。

本公司

由於未能預計日後之溢利，故並無就餘額約6,800,000港元(二零零二年：3,600,000港元)確認遞延稅項資產。

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28. CONVERTIBLE NOTES PAYABLE

The Group and the Company

On 5th February, 2002, the Group and China Star Group entered into a licensing agreement pursuant to which 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 10 years from 8th April, 2002 at a total consideration of HK\$33,800,000. The consideration was settled by the issue of convertible notes in an aggregate amount of HK\$33,800,000 by the Company.

The convertible 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 convertible notes. The convertible notes carry the right to convert the whole or any part of the outstanding principal amount of the convertible 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. The convertible notes may be transferred in whole or in part of the outstanding principal amount into the share capital of the Company by the holder.

29. ACQUISITION OF SUBSIDIARIES

During the year, the Group acquired 100% of the issued share capital of and the shareholder's loan of HK\$1,000,000 to Legend Rich Limited at a total cash consideration of HK\$26,000,000. The Group also acquired 100% of the issued share capital of World East Investments Limited at a total cash consideration of HK\$15,000,000.

These transactions have been accounted for using the acquisition method of accounting.

28. 應付可換股票據

本集團及本公司

於二零零二年二月五日，本集團與中國星集團訂立特許權協議，據此，中國星集團以總代價33,800,000港元將116部電影在中國及蒙古之特許權授予本集團，由二零零二年四月八日起為期10年。該代價以本公司發行合共33,800,000港元之可換股票據支付。

該等可換投票據按年利率1厘計息，須每半年支付前期股息，並將於二零零五四月十九日到期。於到期前，持有人或本公司均無權贖回或要求贖回該等可換股票據。該等可換股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股本中每股面值0.10港元之普通股，而持有人亦可轉撥全部或部份尚未贖回本金至本公司股本。

29. 收購附屬公司

年內，本集團以總現金代價26,000,000港元收購Legend Rich Limited全部已發行股本及1,000,000港元之股東貸款。本集團亦以總現金代價15,000,000港元收購World East Investments Limited全部已發行股本。

該等交易乃根據會計收購法記賬。

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29. ACQUISITION OF SUBSIDIARIES (Continued) 29. 收購附屬公司 (續)

The effects of the acquisitions are summarised as follows:

收購之影響概述如下：

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
NET ASSETS ACQUIRED	所收購資產淨值		
Other receivables, prepayments and deposits	其他應收款項、預付款項及按金	1,470	—
Goodwill arising on acquisitions	收購所產生之商譽	39,530	—
		41,000	—
SATISFIED BY	支付方式		
Cash consideration	現金代價	41,000	—
NET CASH OUTFLOW ARISING ON ACQUISITION	收購所產生之現金流出淨額		
Cash consideration	現金代價	41,000	—
Deposit paid in prior year	上年度已付按金	(23,000)	—
		18,000	—

During the period since acquisition to the balance sheet date, the subsidiaries acquired contributed approximately HK\$15,940,000 to the Group's turnover and incurred losses of approximately HK\$1,032,000.

自收購至結算日期間，所收購之附屬公司為本集團帶來營業額約15,940,000港元貢獻及引致虧損約1,032,000港元。

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30. DISPOSAL OF A SUBSIDIARY

30. 出售附屬公司

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 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 rights deposits	電影發行權按金	—	8,928
Taxation recoverable	可退回稅項	—	1,078
Bank balances and cash	銀行結存及現金	—	10
Other payables and accruals	其他應付款項及應計費用	—	(185)
Receipt in advance	預付款項	—	(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 18)	聯營公司所發行之 可換股票據 (附註18)	—	80,000
NET CASH OUTFLOW ARISING ON DISPOSAL	出售所產生之 現金流出淨額		
Bank balances and cash disposed of	所出售銀行結存及現金	—	(10)

The subsidiary disposed of during the year ended 31st December, 2002 made no significant contribution to the Group in respect of the cash flows, turnover and net loss attribution to the shareholders.

於截至二零零二年十二月三十一日止年度內所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。

31. MAJOR NON CASH TRANSACTIONS

31. 主要非現金交易

During the year ended 31st December, 2002, 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\$80,000,000. The consideration was satisfied by the issue of convertible notes in an aggregate amount of HK\$80,000,000 by Gainful. Details of the convertible notes issued by Gainful are set out in note 18. During the years ended 31st December, 2002 and 2003, the Group delivered 200 and 100 motion pictures respectively to Gainful and recognised an income of approximately HK\$36,380,000 and HK\$20,733,000 respectively.

於截至二零零二年十二月三十一日止年度內，本集團出售最多達300部電影在中國之酒店及內聯網發行權，總代價為80,000,000港元。代價以由Gainful發行合共80,000,000港元之可換股票據之方式支付。Gainful所發行之可換股票據之詳情載於附註18。於截至二零零二年及二零零三年十二月三十一日止年度內，本集團分別向Gainful提供200部及100部電影，確認之收入分別約為36,380,000港元及20,733,000港元。

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32. COMMITMENTS

32. 承擔

(a) Lease commitments

At 31st December, 2003, 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:

		The Group 本集團	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Within one year	一年內	1,007	204
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	108	—
		1,115	204

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

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

(a) 租賃承擔

於二零零三年十二月三十一日，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	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Within one year	一年內	1,007	204
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	108	—
		1,115	204

經營租約款項指本集團辦公室物業應付之租金。租約主要就平均兩年租期磋商，而平均兩年之租金固定不變。

於結算日，本公司並無任何租賃承擔。

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32. COMMITMENTS (Continued)

(b) Other commitments

At 31st December, 2003, the Group had the following commitments contracted but not provided for in the financial statements:

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Purchase of film rights	購買電影發行權	4,330	873
Acquisition of 100% of the entire issued share capital of Legend Rich Limited (Note 29)	收購Legend Rich Limited全部已發行股本(附註29)	—	3,000
		4,330	3,873

In addition, pursuant to the undertaking letters issued by the owners of天津市星滙音像制品銷售有限公司and上海昇平文化發展有限公司during the year ended 31st December, 2003, they will transfer their ownership in these two companies to the Group at prices determined by the valuers in the PRC when the laws in the PRC allow foreign investors own more than 51% in these two companies.

32. 承擔 (續)

(b) 其他承擔

於二零零三年十二月三十一日，本集團擁有下列已訂約但未於財務報表作出撥備之承擔：

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
		4,330	873
		—	3,000
		4,330	3,873

此外，根據天津市星滙音像制品銷售有限公司及上海昇平文化發展有限公司之擁有人於截至二零零三年十二月三十一日止年度內發出之承諾書，倘中國法例容許外國投資者擁有該兩間公司超過51%之權益，則彼等將按中國估值師釐定之價格轉讓其於該兩間公司之擁有權予本集團。

33. 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 an option scheme (the "Option Scheme") to replace the share option scheme adopted by the Company on 19th January, 2000.

The major terms of the Option Scheme are summarised as followings:

- (a) The purpose was to provide incentives to:
- (i) award and retain the participants who have made contributions to the Group; or

33. 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一項普通決議案，本公司採納一項購股權計劃（「購股權計劃」）取代本公司於二零零零年一月十九日採納之購股權計劃。

購股權計劃之主要條款概述如下：

- (a) 該計劃之目的在於：
- (i) 獎勵及挽留曾向本集團作出貢獻之參與者；或

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33. SHARE OPTION SCHEME (Continued)

33. 購股權計劃 (續)

(a) (Continued)

- (ii) attract potential candidates to serve the Group for the benefit of the development of the Group.

(b) The participants included:

- (i) — 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
- 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.
- (iii) — any business or joint venture partner, contractor, agent or representative of,
- any person of entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

(a) (續)

- (ii) 吸引有可能為本集團服務之人士，以協助本集團發展。

(b) 該計劃之參與者包括：

- (i) 在本集團任何成員公司、任何控股股東或由控股股東控制之任何公司任職之下列人士：
- 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
- 任何臨時調派之人士。
- (ii) 持有本集團任何成員公司、任何控股股東或由控股股東控制之任何公司所發行任何證券之人士。
- (iii) — 為本集團任何成員公司、任何控股股東或由控股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，
- 向本集團任何成員公司、任何控股股東或由控股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，

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33. SHARE OPTION SCHEME (Continued)

(b) (Continued)

(iii) (Continued)

- any supplier, producer or licensor of films, television programmes, video features, goods or services to,
- any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of, or
- 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 Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants.

33. 購股權計劃 (續)

(b) (續)

(iii) (續)

- 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、貨物或服務之任何供應商、製片商或授權人，
- 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
- 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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33. SHARE OPTION SCHEME (Continued)

- (c) The maximum number of shares in respect of which options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the 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 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 Option Scheme at the date of this annual report was approximately 27,570,000, which represented 5.8% of the issued share capital of the Company at the date of this annual report.
- (d) 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 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.
- (e) The exercise period should be any 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.
- (f) 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.
- (g) 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.

33. 購股權計劃 (續)

- (c) 根據購股權計劃授出之購股權所涉及之股份最高數目，不得超過批准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，不得超逾不時已發行股份30%。於本年報日期根據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5.8%。
- (d) 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最高數目，不得超逾當時已發行股份1%。
- (e) 行使期為於授出購股權後由董事會釐定之任何期間，惟不得超逾建議授出當日起計10年。
- (f) 除董事會釐定及授出購股權建議所規定者外，並無規定承授人於行使購股權前須持有之最短期限。
- (g) 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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33. SHARE OPTION SCHEME (Continued)

- (h) The exercise price of an option must be highest of:
- (i) the closing price of the share on the date of grant which day must be a trading day;
- (ii) the average closing price of the share for the 5 trading days immediately preceding the date of grant; and
- (iii) the nominal value of the share.
- (i) The life of the 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 Option Scheme held by the directors and the employees and movements in such holdings during the year:

33. 購股權計劃 (續)

- (h) 購股權之行使價須為下列之較高者：
- (i) 股份於授出日期(必須為交易日)之收市價；
- (ii) 股份截至授出當日前5個交易日之平均收市價；及
- (iii) 股份面值。
- (i) 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。

下表披露董事及僱員持有根據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：

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) (附註i)	Number of share 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 2002 於二零零二年內授出	Cancelled during 2002 於二零零二年內註銷	
Directors 董事	8.3.2002	2.6	8.3.2002 — 7.3.2012	—	5,700,000	(950,000)	4,750,000
Employees 僱員	8.3.2002	2.6	8.3.2002 — 7.3.2012	—	14,250,000	—	14,250,000
				—	19,950,000	(950,000)	19,000,000

Notes:

- (i) The exercisable period commenced on the date of grant of the relevant share options.
- (ii) No share option was granted and exercised during the year.

附註：

- (i) 行使期於相關購股權授出日期起生效。
- (ii) 年內並無購股權獲授出及行使。

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34. 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 “Mandatory Contribution”). 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.

35. RELATED PARTY TRANSACTIONS

- (a) On 5th February, 2002, the Group and China Star Group entered into a territory supply agreement whereby China Star Group, during the term of 3 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 and internet rights in respect of each film in the PRC and Mongolia (the “Distribution Rights”) and an option to acquire the theatrical rights.

34. 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%（最多以每僱員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（「強制性供款」）。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。

35. 關連人士交易

- (a) 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3年內向本集團授出優先購買權，以購買每部電影在中國及蒙古之獨家發行權（不包括放映權及互聯網發行權）（「發行權」）及選擇購買放映權。

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35. RELATED PARTY TRANSACTIONS (Continued) 35. 關連人士交易 (續)

(a) (Continued)

Pursuant to the territory supply agreement, the Group paid an amount of HK\$5,000,000 to 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, ranging from approximately HK\$200,000 and HK\$1,000,000 calculated by reference to its grading. The Distribution Rights in respect of a film will be for a period of 10 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 years ended 31st December, 2002 and 2003, the Group acquired the Distribution Rights of 7 and 15 films respectively from China Star Group at a total consideration of approximately HK\$5,500,000 and HK\$9,700,000 respectively and the Group acquired the theatrical rights of 4 and 7 films respectively from China Star Group at a total license fee of approximately HK\$10,558,000 and HK\$15,453,000 respectively pursuant to the relevant territory distribution agreements.

(a) (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。根據發行協議，本集團須就每部電影支付按照電影級別計算之特許費用，由約200,000港元至1,000,000港元不等。每部電影之地區發行權為期10年。至於選擇購買其放映權之電影，該放映權應付之額外特許費用將相等於本集團就運用上述放映權所獲總收入(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。

於截至二零零二年及二零零三年十二月三十一日止年度內，本集團根據有關地區發行協議分別以總代價約5,500,000港元及9,700,000港元向中國星集團收購7部及15部電影之發行權，而本集團亦分別以總特許費用約10,558,000港元及15,453,000港元向中國星集團收購4部及7部電影之放映權。

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35. RELATED PARTY TRANSACTIONS (Continued) 35. 關連人士交易 (續)

(a) (Continued)

At 31st December, 2003, the Group paid a deposit of approximately HK\$720,000 for the acquisition of the Distribution Rights which is included in the film rights deposits account in the balance sheet.

- (b) On 3rd December, 2002, the Group entered into a cyber cinema rights supply agreement with China Star Group pursuant to which 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 China Star Group, the Group would pay China Star Group distribution commission equivalent to 35% of the total income received by China Star Group on behalf of the Group. During the year ended 31st December, 2003, the Group paid distribution commission of approximately HK\$527,000 (2002: HK\$53,000) to China Star Group pursuant to the relevant cyber cinema rights distribution agreements.

- (c) During the year, the Group entered into the following transactions with China Star Group:

2003

Nature of transactions	交易性質	2003	2002
		HK\$'000	二零零二年
		千港元	千港元
Interest expense (Note i)	利息開支 (附註i)	338	238
Post-production service expense (Note ii)	後期製作服務開支 (附註ii)	1,269	726

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.

(a) (續)

截至二零零三年十二月三十一日，本集團就收購發行權支付按金(已計入資產負債表內電影發行權按金一項)約720,000港元。

- (b) 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。於截至二零零三年十二月三十一日止年度內，本集團已根據有關數碼影院放映權發行協議向中國星集團支付發行佣金約527,000港元(二零零二年：53,000港元)。

- (c) 本集團年內與中國星集團進行下列交易：

附註：

- (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。

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35. RELATED PARTY TRANSACTIONS (Continued)

35. 關連人士交易 (續)

- (d) Details of the amounts due to and convertible notes payable to China Star Group are set out in notes 22 and 28 respectively.
- (e) During the year, the Group had interest received and receivable of approximately HK\$1,600,000 (2002: 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 the associate. Details of the convertible notes issued by the associate and the amount due from the associate are set out in notes 18 and 21 respectively.
- (f) During the year ended 31st December, 2002, the Group granted 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\$80,000,000. During the years ended 31st December, 2002 and 2003, the Group delivered 200 and 100 motion pictures to Gainful respectively.
- (g) During the period from January to November 2002, the Group entered into a series of distribution agreements with 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 3 years from the respective dates of the distribution agreements. In consideration of the provision of services by China Star Group, the Group would pay China Star Group distribution commission equivalent to 35% of the total income received by China Star Group on behalf of the Group. During the year ended 31st December, 2002, the Group paid distribution commission of approximately HK\$1,660,000 to China Star Group pursuant to the distribution agreements.
- (d) 應付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22及28。
- (e) 年內，本集團已收及應收聯營公司之利息約為1,600,000港元(二零零二年：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。聯營公司發行可換股票據及應收聯營公司款項之詳情分別載於附註18及21。
- (f) 於截至二零零二年十二月三十一日止年度內，本集團向Gainful出售最多達300部電影在中國之酒店及內聯網發行權，總代價為80,000,000港元。於截至二零零二年及二零零三年十二月三十一日止年度內，本集團分別給予Gainful 200部及100部電影。
- (g) 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3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。於截至二零零二年十二月三十一日止年度內，本集團已根據發行協議向中國星集團支付發行佣金約1,660,000港元。

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35. RELATED PARTY TRANSACTIONS (Continued) 35. 關連人士交易 (續)

- (h) On 5th February, 2002, the Group and China Star Group entered into a licensing agreement pursuant to which 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 10 years from 8th April, 2002 at a total consideration of HK\$33,800,000. 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\$33,800,000 by the Company.
- (i) During the year ended 31st December, 2002, the Company granted options of 5,700,000 to the directors and cancelled options of 950,000 granted to the directors.
- (h) 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，據此中國星集團自二零零二年四月八日起計10年內向本集團授出116部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。
- (i) 於截至二零零二年十二月三十一日止年度內，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。

36. POST BALANCE SHEET EVENT

- (a) On 9th January, 2004, the board of directors of the Company announced that Ernst & Young Corporate Finance Pte Ltd, as lead manager, had made an application on behalf of the Company to the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") for the proposed secondary listing of the Company's shares on the Singapore Exchange.

36. 結算日後事項

- (a) 於二零零四年一月九日，本公司董事會公佈作為牽頭經辦人之安永財務諮詢私人有限公司 (Ernst & Young Corporate Finance Pte Ltd)，已代表本公司向新加坡交易所 (Singapore Exchange Securities Trading Limited) 申請建議本公司股份在新加坡交易所作第二上市。

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36. POST BALANCE SHEET EVENT (Continued)

- (b) Subsequent to the balance sheet date, a third party entered into a conditional sale and purchase agreement with the major shareholder of Gainful, an associate of the Group, pursuant to which the third party agreed to acquire a 60% equity interest in Gainful from the major shareholder of Gainful. In addition, the third party entered into an option deed with the Group, pursuant to which the third party agreed to grant to the Group an option to require the third party to purchase from the Group the convertible notes issued to the Group by Gainful in the aggregate principal amount of HK\$10,000,000 at an option price of HK\$10,000,000. The option may be exercised by the Group at any time during the period from 1st January, 2005 to 17th April, 2005 (both dates inclusive). Moreover, the third party also gave an undertaking to the Group pursuant to which the third party undertook to the Group that should Gainful fails to repay the convertible notes in the aggregate principal amount of HK\$160,000,000 on the maturity date, the third party will provide or procure the provision of funding arrangement to Gainful to finance the repayment of the convertible notes in proportion to the third party's interest in Gainful.

36. 結算日後事項 (續)

- (b) 於結算日後，第三者與本集團聯營公司 Gainful 之主要股東訂立有條件買賣協議，據此，該第三者同意向 Gainful 之主要股東收購 Gainful 之 60% 股本權益。此外，該第三者與本集團訂立購股權契約，據此，該第三者同意向本集團授出購股權以要求該第三者按購股權之價格 10,000,000 港元向本集團購買 Gainful 將向本集團發行本金總額達 10,000,000 港元之可換股票據。本集團可於二零零五年一月一日至二零零五年四月十七日 (包括首尾兩日) 期間隨時行使。此外，該第三者亦向本集團作出承諾，據此，該第三者向本集團承諾，倘 Gainful 未能於到期日償還本金總額為 160,000,000 港元之可換股票據，則該第三者將提供或促使提供集資安排予 Gainful，以籌集資金按該第三者於 Gainful 之權益比例償還該等可換股票據。