

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 1. GENERAL

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

The address of the register office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The principal activities of the Group are distribution of films, sub-licensing films rights, and investments in securities.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations (Ints) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statement is historical cost as modified for the revaluation of certain financial assets and buildings.

The Group’s books and records are maintained in Hong Kong Dollar (“HK\$”), the currency in which the majority of the Group’s transactions is denominated.

### 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。

本公司之註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本集團之主要業務為發行電影、轉授電影發行權及證券投資。

### 2. 主要會計政策概要

編製本綜合財務報表時應用之主要會計政策載列如下。除另有指明外，該等政策於呈列之所有年度獲貫徹應用。

#### 編製基準

本公司之綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」），當中亦包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（「詮釋」）、香港公認會計原則及香港公司條例之披露規定編製。此外，財務報表符合香港聯合交易所有限公司證券上市規則之適用披露規定。

編製財務報表時採用之計量基準為歷史成本，並已就若干金融資產及樓宇之重估作出修改。

本集團之賬冊及紀錄以港元（「港元」）設置，本集團大部份交易均以該貨幣為單位。

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

#### The adoption of new/revised HKFRSs

In 2005, the Group adopted the new/revised standards and Interpretations of HKFRSs below, which are relevant to its operations. The 2004 comparative figures have been restated as required, in accordance with the relevant requirements.

|             |   |
|-------------|---|
| HKAS 1      | Presentation of Financial Statements                            |
| HKAS 2      | Inventories   |
| HKAS 7      | Cash Flow Statements  |
| HKAS 8      | Accounting Policies, Changes in Accounting Estimates and Errors |
| HKAS 10     | Events after the Balance Sheet Date                             |
| HKAS 16     | Property, Plant and Equipment                                   |
| HKAS 17     | Leases  |
| HKAS 21     | The Effects of changes in Foreign Exchange Rates                |
| HKAS 23     | Borrowing Costs   |
| HKAS 24     | Related Party Disclosures                                       |
| HKAS 27     | Consolidated and Separate Financial Statements                  |
| HKAS 32     | Financial Instruments: Disclosures and Presentation             |
| HKAS 33     | Earnings per Share  |
| HKAS 36     | Impairment of Assets  |
| HKAS 38     | Intangible Assets   |
| HKAS 39     | Financial Instruments: Recognition and Measurement              |
| HKAS-Int 21 | Income Taxes-Recovery of Revalued Non Depreciable Assets        |
| HKFRS 2     | Share-based payment   |
| HKFRS 3     | Business Combinations   |

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

編製財務報表時，管理層須在應用本公司會計政策過程中行使其判斷。涉及高度之判斷或高度複雜性之範疇，或涉及對綜合財務報表屬重大假設和估計之範疇。

#### 採納新訂／經修訂香港財務報告準則

於二零零五年，本集團採納以下與其業務相關之香港財務報告準則新訂／經修訂準則及詮釋。二零零四年比較數字已於需要時按有關規定重列。

|              |                    |
|--------------|--------------------|
| 香港會計準則第1號    | 財務報表之呈列            |
| 香港會計準則第2號    | 存貨                 |
| 香港會計準則第7號    | 現金流量表              |
| 香港會計準則第8號    | 會計政策、會計估計變動及誤差     |
| 香港會計準則第10號   | 結算日後事項             |
| 香港會計準則第16號   | 物業、廠房及設備           |
| 香港會計準則第17號   | 租賃                 |
| 香港會計準則第21號   | 外幣匯率變動之影響          |
| 香港會計準則第23號   | 借貸成本               |
| 香港會計準則第24號   | 關連人士披露             |
| 香港會計準則第27號   | 綜合及獨立財務報表          |
| 香港會計準則第32號   | 金融工具：披露及呈報         |
| 香港會計準則第33號   | 每股盈利               |
| 香港會計準則第36號   | 資產減值               |
| 香港會計準則第38號   | 無形資產               |
| 香港會計準則第39號   | 金融工具：確認及計量         |
| 香港會計準則詮釋第21號 | 所得稅 — 收回經重估之不可折舊資產 |
| 香港財務報告準則第2號  | 以股份形式支付之款項         |
| 香港財務報告準則第3號  | 業務合併               |

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

##### The adoption of new/revised HKFRSs (Continued)

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27 and 33 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27 and 33 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of an asset. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior year, the carrying amount of that asset was expected to be recovered through sale.

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

##### 採納新訂／經修訂香港財務報告準則 (續)

採納新訂／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27及33號並無導致本集團之會計政策出現重大變動。概括而言：

- 香港會計準則第1號影響少數股東權益、應佔聯營公司除稅後淨業績及其他披露之呈報形式。
- 香港會計準則第2、7、8、10、16、23、27及33號對本集團之政策並無重大影響。
- 香港會計準則第21號對本集團之政策並無重大影響。各綜合實體之功能貨幣已根據經修訂準則之指引重新評估。
- 香港會計準則第24號影響關連人士之識別及若干其他關連人士披露。

採納經修訂之香港會計準則第17號導致有關將土地使用權由物業、廠房及設備重新分類為經營租約之會計政策有所變動。就土地使用權作出之首期預付款項在租賃期間以直線法於收益表支銷，或倘出現減值，則將減值於收益表支銷。於過往年度，租賃土地按公平值或成本減累計折舊及累計減值列賬。

採納香港會計準則第32及39號導致有關按公平值計入損益表之金融資產及可供出售之金融資產分類之會計政策有所變動。這亦導致衍生金融工具按公平值確認，及對沖活動之確認及計量有所變動。

採納經修訂之香港會計準則詮釋第21號導致有關計量重估資產所產生之遞延稅項負債之會計政策有所變動。此等遞延稅項負債按照透過使用該資產而可收回之賬面值所得之稅務後果為基準計量。於過往年度，該資產之賬面值預期可透過出售收回。

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二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. With effect from 1 January 2005, the Group recognises the fair value of share options granted as an expense in the income statement over the vesting period with a corresponding increase being recognised in an option reserve. The related option reserve is transferred to share capital and share premium, together with the exercise price, when the option holder exercises its rights.

As transitional provision set out in HKFRS 2, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 shall expense retrospectively in the income statement of the respective periods. The Group has taken the advantages of the transitional provisions under which all of the Company's outstanding share options granted after 7 November 2002 were all vested at the date of granting the share options. As a result, the adoption of HKFRS 2 does not have material impact on the Group's financial position for the year ended 31 December 2005.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortised on a straight line basis over a period ranging from 5 to 20 years; and
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

- The Group ceased amortisation of goodwill from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill; and
- From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂／經修訂香港財務報告準則 (續)

採納香港財務報告準則第2號導致有關以股份形式支付之款項之會計政策有所變動。由二零零五年一月一日起，本集團將所授出購股權之公平值按歸屬期間於收益表列為開支，並將相應增加確認入購股權儲備。有關購股權儲備於購股權持有人行使其權利時連行行使價轉撥至股本及股份溢價。

按香港財務報告準則第2號之過渡條文所載，於二零零二年十一月七日後授出並於二零零五年一月一日仍未歸屬之購股權成本將追溯於有關期間之收益表列作開支。本集團已採用該等過渡條文，據此，所有於二零零二年十一月七日後授出之尚未行使本公司購股權均已於授出購股權日期歸屬。因此，採納香港財務報告準則第2號對本集團截至二零零五年十二月三十一日止年度之財務狀況並無重大影響。

採納香港財務報告準則第3號、香港會計準則第36號及香港會計準則第38號導致商譽之會計政策有所變動。於二零零四年十二月三十一日前，商譽為：

- 按介乎5至20年之期間以直線法攤銷；及
- 於各結算日就減值跡象作出評估。

根據香港財務報告準則第3號之條文：

- 本集團由二零零五年一月一日起不再進行商譽攤銷；
- 於二零零四年十二月三十一日之累計攤銷已經對銷，並相應減少商譽成本；
- 由截至二零零五年十二月三十一日止年度起，商譽每年及出現減值跡象時進行減值測試。

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

The Group has reassessed the useful lives of its film rights in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 16 — the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;
- HKAS 21 — prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- HKAS 39 — does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 “Accounting for investments in securities” to investments in securities and also to hedge relationships for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 January 2005; and
- HKFRS 3 — prospectively after 1 January 2005.

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂／經修訂香港財務報告準則 (續)

本集團已根據香港會計準則第38號之條文重新評估其電影發行權之可使用年期。重新評估後並無導致任何調整。

本集團已根據各有關準則之過渡性條文對會計政策作出所有變更(如適用)。本集團採納之所有準則均需要追溯應用，惟以下除外：

- 香港會計準則第16號 — 在互換資產交易中所購入之物業、廠房及設備項目之初步計量按公平值入賬，僅就生效日期起之未來交易適用；
- 香港會計準則第21號 — 由生效日期起將商譽及公平值調整作為海外業務之一部份記賬；
- 香港會計準則第39號 — 此準則不容許追溯確認、撤銷確認及計量金融資產及負債。本集團對二零零四年比較資料之證券投資及對沖關係，應用以往之會計實務準則第24號「證券投資之會計處理」。會計實務準則第24號與香港會計準則第39號之間之會計差異所需之調整於二零零五年一月一日釐定及確認；及
- 香港財務報告準則第3號 — 由二零零五年一月一日起在未來應用。

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

Effect on the consolidated balance sheet at 1 January 2005:

| At 1 January 2005<br>於二零零五年一月一日   | Effect of adopting<br>採納之影響   |  |  |                                |
|---|---|--|--|--------------------------------|
|   | HKAS 17<br>香港會計準則<br>第17號<br>Interests in<br>leasehold<br>land<br>租賃土地權益<br>HK\$'000<br>千港元 | HKAS 39<br>香港會計準則<br>第39號<br>Financial<br>instruments<br>金融工具<br>HK\$'000<br>千港元 | HKFRS 3<br>香港財務報告<br>準則第3號<br>Business<br>combination<br>業務合併<br>HK\$'000<br>千港元 | Total<br>總計<br>HK\$'000<br>千港元 |
| <b>Effect of new policies</b><br>新政策之影響   |   |  |  |                                |
| <b>Assets</b><br>Decrease in investments<br>in securities<br>Increase in financial assets<br>at fair value through<br>profit and loss<br>Increase in available-for-sale<br>financial assets | <b>資產</b><br>證券投資減少<br>按公平值計入<br>損益表之金融<br>資產增加<br>可供出售金融<br>資產增加                           | —<br><br>—<br>—  | (59,732)<br><br>41,732<br>18,000   | —<br><br>—<br>—                |
|   |   | —  | —  | —                              |

Effect on the consolidated balance sheet at 1 January 2004:

| At 1 January 2004<br>於二零零四年一月一日   | Effect of adopting<br>採納之影響   |  |  |                                |
|---|---|--|--|--------------------------------|
|   | HKAS 17<br>香港會計準則<br>第17號<br>Interests in<br>leasehold<br>land<br>租賃土地權益<br>HK\$'000<br>千港元 | HKAS 39<br>香港會計準則<br>第39號<br>Financial<br>instruments<br>金融工具<br>HK\$'000<br>千港元 | HKFRS 3<br>香港財務報告<br>準則第3號<br>Business<br>combination<br>業務合併<br>HK\$'000<br>千港元 | Total<br>總計<br>HK\$'000<br>千港元 |
| <b>Effect of new policies</b><br>新政策之影響   |   |  |  |                                |
| <b>Assets</b><br>Decrease in property,<br>plant and equipment<br>Increase in interests<br>in leasehold land | <b>資產</b><br>物業、廠房<br>及設備<br>減少租賃土地<br>權益增加   | (3,084)<br><br>1,932   | —<br><br>—   | —<br><br>—                     |
|   |   | (1,152)  | —  | (1,152)                        |

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂/經修訂香港財務報告準則 (續)

對於二零零五年一月一日之綜合資產負債表之影響：

對於二零零四年一月一日之綜合資產負債表之影響：

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

Effect on the balances of equity at 1 January 2004 and 2005

| Effect of new policies<br>新政策之影響              |              | Effect of adopting<br>採納之影響  |  |  | Total<br>總計<br>HK\$'000<br>千港元 |
|---|--------------|--|--|--|--------------------------------|
|   |              | HKAS 17<br>香港會計準則<br>第17號<br>Interests in<br>leasehold land<br>租賃土地權益<br>HK\$'000<br>千港元 | HKAS 39<br>香港會計準則<br>第39號<br>Financial<br>instruments<br>金融工具<br>HK\$'000<br>千港元 | HKFRS 3<br>香港財務報告<br>準則第3號<br>Business<br>combination<br>業務合併<br>HK\$'000<br>千港元 |                                |
| <b>1 January 2004</b>                         | 二零零四年一月一日    |  |  |  |                                |
| Decrease in properties<br>revaluation reserve | 物業重估儲備       | (2,638)  | —  | —  | (2,638)                        |
| Increase in retained profits                  | 減少保留溢利增加     | 1,154  | —  | —  | 1,154                          |
|   |              | (1,484)  | —  | —  | (1,484)                        |
| <b>1 January 2005</b>                         | 二零零五年一月一日    |  |  |  |                                |
| Decrease in properties<br>revaluation reserve | 物業重估<br>儲備減少 | (812)  | —  | —  | (812)                          |

Effect on the consolidated income statement for the years ended 31 December 2004 and 2005

對於二零零四年及二零零五年一月一日之股權結餘之影響：

| Effect of new policies<br>新政策之影響                 |                           | Effect of adopting<br>採納之影響  |  |  | Total<br>總計<br>HK\$'000<br>千港元 |
|--|---------------------------|--|--|--|--------------------------------|
|  |                           | HKAS 17<br>香港會計準則<br>第17號<br>Interests in<br>leasehold land<br>租賃土地權益<br>HK\$'000<br>千港元 | HKAS 39<br>香港會計準則<br>第39號<br>Financial<br>instruments<br>金融工具<br>HK\$'000<br>千港元 | HKFRS 3<br>香港財務報告<br>準則第3號<br>Business<br>combination<br>業務合併<br>HK\$'000<br>千港元 |                                |
| <b>Year ended 31 December 2004</b>               | 截至二零零四年<br>十二月三十一日<br>止年度 |  |  |  |                                |
| Decrease in administrative<br>expenses           | 行政開支減少                    | (43)   | —  | —  | (43)                           |
| Total decrease<br>in loss for the year           | 本年度虧損<br>減少總額             | (43)   | —  | —  | (43)                           |
| Increase in basic loss<br>per share (HK cents)   | 每股基本虧損<br>增加(港仙)          | —  | —  | —  | —                              |
| Increase in diluted loss per<br>share (HK cents) | 每股攤薄虧損<br>增加(港仙)          | —  | —  | —  | —                              |

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂／經修訂香港財務報告準則 (續)

對於二零零四年及二零零五年一月一日之股權結餘之影響：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

Effect on the consolidated income statement for the years ended 31 December 2004 and 2005 (Continued)

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂／經修訂香港財務報告準則 (續)

對截至二零零四年及二零零五年十二月三十一日止年度之綜合收益表之影響：(續)

| Effect of new policies<br>新政策之影響                 | Effect of adopting<br>採納之影響   |  |  | Total<br>總計<br>HK\$'000<br>千港元 |
|--|---|--|--|--------------------------------|
|  | HKAS 17<br>香港會計準則<br>第17號<br>Interests in<br>leasehold<br>land<br>租賃土地權益<br>HK\$'000<br>千港元 | HKAS 39<br>香港會計準則<br>第39號<br>Financial<br>instruments<br>金融工具<br>HK\$'000<br>千港元 | HKFRS 3<br>香港財務報告<br>準則第3號<br>Business<br>combination<br>業務合併<br>HK\$'000<br>千港元 |                                |
| <b>Year ended 31 December 2005</b>               | <b>截至二零零五年<br/>十二月三十一日<br/>止年度</b>  |  |  |                                |
| Increase in prepaid operating<br>lease payments  | 10  | —  | —  | 10                             |
| Total increase in loss for the year              | 10  | —  | —  | 10                             |
| Increase in basic<br>loss per share (HK cents)   | —   | —  | —  | —                              |
| Increase in diluted<br>loss per share (HK cents) | —   | —  | —  | —                              |

There was no material impact on basic and diluted earnings per share from the adoption of HKAS 39 and HKFRS 3.

採納香港會計準則第39號及香港財務報告準則第3號對每股基本及攤薄盈利並無重大影響。

There was no material impact on opening retained profits at 1 January 2004 from the adoption of HKFRS 2 and HKFRS 3.

採納香港財務報告準則第2號及香港財務報告準則第3號對於二零零四年一月一日之期初保留溢利並無重大影響。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of preparation (Continued)

#### The adoption of new/revised HKFRSs (Continued)

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

|                                |   |
|--------------------------------|---|
| HKAS 1 (Amendment)             | Capital Disclosures   |
| HKAS 39 (Amendment)            | Cash Flow Hedge Accounting of Forecast Intragroup Transaction |
| HKAS 39 (Amendment)            | The Fair Value Option   |
| HKFRS 39 & HKFRS 4 (Amendment) | Financial Guarantee Contracts                                 |
| HKFRS 7                        | Financial Instruments: Disclosure                             |
| HK(IFRIC)-Int 4                | Determining whether an Arrangement contain a Lease            |

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosure about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual period beginning on or after 1 January 2007.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

### 2. 主要會計政策概要 (續)

#### 編製基準 (續)

#### 採納新訂／經修訂香港財務報告準則 (續)

下列已發出但仍未生效之新訂準則或詮釋並無提早採納。除另有指明外，該等香港財務報告準則適用於二零零六年一月一日或之後開始之年度期間：

|                             |                    |
|-----------------------------|--------------------|
| 香港會計準則第1號(修訂本)              | 資本披露               |
| 香港會計準則第39號(修訂本)             | 集團間預測交易之現金流量對沖會計處理 |
| 香港會計準則第39號(修訂本)             | 公平值期權              |
| 香港會計準則第39號及香港財務報告準則第4號(修訂本) | 財務擔保合約             |
| 香港財務報告準則第7號                 | 金融工具：披露            |
| 香港財務報告準則詮釋第4號               | 釐定一項安排是否包含租賃       |

香港會計準則第1號(修訂本)適用於二零零七年一月一日或之後開始之年度期間。經修訂準則將影響下列各項之披露：本集團資本管理之目標、政策及程序等實質資料、本公司視為資本之量化數據、對任何資本要求之遵行情形，以及任何不合規情況之後果。

香港財務報告準則第7號將取代香港會計準則第32號，並修訂了香港會計準則第32號有關金融工具之披露要求。此項香港財務報告準則適用於二零零七年一月一日或之後開始之年度期間。

除上述者外，本集團預期採納上列其他公告將不會對本集團於首次應用期間之財務報表構成任何重大影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of significant accounting policies followed by the Group and the Company in the preparation of the financial statements is set out below:

#### (a) Basis of consolidation

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

#### (b) 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 sale of advertising rights is recognised when the right to receive payment is established.

Proceeds from sales of financial assets are recognised when sale and purchase contracts became unconditional.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

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

### 2. 主要會計政策概要 (續)

本集團及本公司於編製財務報表時沿用之主要會計政策概要載列如下：

#### (a) 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。

#### (b) 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。

出售金融資產所得款項乃於買賣合約變得無條件時入賬。

投資之股息收入乃於股東可獲派息之權利確立時入賬。

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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

##### i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

##### ii. Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

### 2. 主要會計政策概要 (續)

#### (c) 資產減值

於每個結算日，均會審閱內在及外來資料來源，以確定是否有任何跡象顯示資產出現減值，或是否有任何跡象顯示早前已確認之減值虧損已不再存在或可能已經減少。倘存在任何該等跡象，則會估計資產之可收回金額。每當資產之賬面值超過其可收回金額時，均會確認減值虧損。減值虧損於產生年度自收益表扣除，惟倘有關資產按重估價值入賬，則根據該重估資產之相關會計政策將減值虧損入賬。

##### i. 計算可收回金額

資產之可收回金額為其淨售價與使用價值兩者中之較高者。淨售價為於公平磋商交易中銷售資產所得之金額，而使用價值則為預期將因持續使用任何資產或自於其可使用年期結束時將其出售所產生之估計未來現金流量之現值。倘資產並無產生在很大程度上獨立於其他資產之現金流入，則可收回金額乃就能獨立產生現金流入之最小組別資產（即現金產生單位）而釐定。

##### ii. 減值虧損撥回

就商譽以外之資產而言，倘用以釐定可收回金額之估計發生變化，則會將減值虧損撥回。商譽之減值虧損僅於虧損乃因性質特殊且預期不會再次發生之特定外來事件所引致，而可收回金額之增加與該特定事件之影響有關，方予撥回。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Impairment of assets (Continued)

##### ii. Reversals of impairment losses (Continued)

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

#### (d) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### Assets carried at amortised cost

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit and loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individual significant, and individually or collectively for financial assets that are not individual significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 2. 主要會計政策概要 (續)

#### (c) 資產減值 (續)

##### ii. 減值虧損撥回 (續)

減值虧損限於倘並無於過往年度確認減值虧損而原應釐定之資產賬面值。減值虧損撥回乃於確認撥回之年度計入收益表。

#### (d) 金融資產減值

本集團於每個結算日評估是否有任何客觀證據顯示一項金融資產或一組金融資產出現減值。

##### 以攤銷成本列賬之資產

倘有客觀證據顯示以攤銷成本列賬之應收款項已產生減值虧損，則虧值虧損金額為資產賬面值與估計未來現金流量(不包括尚未產生之未來信貸損失)以原始實際利率(即於初步確認時計算之實際利率)貼現之現值兩者之差額。有關資產賬面值可通過直接沖減或通過備抵賬目作出抵減。有關減值虧損金額於損益表確認。

本集團首先對具個別重要性之金融資產進行評估，評估是否有客觀證據顯示個別存在減值，並對非具個別重要性之金融資產進行評估，評估是否有客觀證據顯示個別或共同存在減值。倘經個別評估之金融資產(無論具重要性與否)確定並無客觀證據顯示存在減值，則該項資產會歸入一組具有相類信貸風險特性之金融資產內，並對該組金融資產是否存在減值共同作出評估。倘經個別評估減值之資產並就其減值虧損會或將繼續確認入賬，有關資產則不會納入共同減值評估內。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Impairment of financial assets (Continued)

##### **Assets carried at amortised cost (Continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previous recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

##### **Assets carried at cost**

If there is objective that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

#### (e) 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 is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on 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, 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 difference 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 a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

### 2. 主要會計政策概要 (續)

#### (d) 金融資產減值 (續)

##### **以攤銷成本列賬之資產 (續)**

倘於往後期間，減值虧損金額減少，而減少之原因客觀上與減值確認後所發生之事件相關聯，則先前確認之減值虧損可予撥回。於撥回當日，倘資產賬面值並無超出其攤銷成本，則任何減值虧損之其後撥回將於損益表內確認。

##### **以成本列賬之資產**

倘有客觀證據顯示一項由於不能可靠計量公平值而並未按公平值列賬之無報價股本工具出現減值，則會按照該項資產之公平值與類似金融資產按現行市場回報率貼現之估計未來現金流量現值之差額計量虧損金額。該等資產之減值虧損將不予撥回。

#### (e) 稅項

所得稅支出指現時應付稅項及遞延稅項之總和。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利為於應付所得稅時根據稅務機關制定之規則釐定之本年度溢利。

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差額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差額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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investment 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 period 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.

#### (f) Property, plant and equipment

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

### 2. 主要會計政策概要 (續)

#### (e) 稅項 (續)

遞延稅項負債乃按因附屬公司及聯營公司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撥回及暫時差額有可能未必於可見將來撥回之情況除外。

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期間之適用稅率計算。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中扣除或計入股本之情況（在此情況下遞延稅項亦會於股本中處理）除外。

#### (f) 物業、廠房及設備

樓宇根據外部獨立估值師定期（但最少每三年一次）進行之估值按公平值減其後之折舊列賬。在重估日之任何累計折舊與資產賬面值總額對銷，而淨額則重列至資產之重估值。所有其他物業、廠房及設備按歷史成本減折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔之開支。

其後成本只有在與該項目有關之未來經濟利益有可能流入本集團，而該項目之成本能可靠地計量時，方會包括在資產賬面值或確認為獨立資產（如適用）。所有其他維修及保養在產生之財政期間內於收益表支銷。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Property, plant and equipment (Continued)

Increases in the carrying amount arising on revaluation of buildings are credited to properties revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are expensed in the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expensed in the income statement and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

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:

|                        |                                 |
|------------------------|---------------------------------|
| 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   |

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

#### (g) Interest in leasehold land

Interest in leasehold land represents prepaid lease payment made for leasehold land. Interest in leasehold land is stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The cost of interest in leasehold land are amortised on a straight-line basis over the shorter of the relevant interest in leasehold land or the operation period of the relevant company.

### 2. 主要會計政策概要 (續)

#### (f) 物業、廠房及設備 (續)

重估樓宇產生之賬面值增加轉撥至股東權益之物業重估儲備內。對銷同一資產以往增加之減少直接在股權之公平值儲備對銷；所有其他減少在收益表支銷。每年根據資產重估賬面值計算之折舊與根據資產原成本計算之折舊兩者之差額，自公平值儲備中轉撥入保留盈利。

固定資產乃按成本減累計折舊及減值虧損列賬。

物業、廠房及設備之成本或估值，乃按其估計可使用年期及計入其估計剩餘價值以下列年率折舊：

|        |              |
|--------|--------------|
| 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%   |

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，並於收益表確認。

#### (g) 租賃土地權益

租賃土地權益指就租賃土地作出之預付租金。租賃土地權益乃按成本減其後累計攤銷及任何累計減值虧損。租賃土地權益之成本乃以直線基準就有關租賃土地權益與有關公司之經營年期之較短者攤銷。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Film rights

Film rights represent films and television drama series produced by the Group or acquired by the Group and are stated at cost less accumulated amortisation and any identified 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.

#### (i) Investments in subsidiaries

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

#### (j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### 2. 主要會計政策概要 (續)

#### (h) 電影發行權

電影發行權指本集團所製作或本集團所收購之電影及電視連續劇，並按成本減累計攤銷及任何已識別減值虧損列賬。

電影發行權之成本按年內實際賺取之收入與複製與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。

#### (i) 附屬公司投資

附屬公司投資乃按成本減任何已識別減值虧損計入本公司資產負債表。

#### (j) 商譽

商譽指收購成本超出本集團於收購當日所佔所收購附屬公司／聯營公司／共同控制實體可識別資產淨值之公平值之部份。收購附屬公司及共同控制實體產生之商譽包括在無形資產內。收購聯營公司產生之商譽包括在聯營公司投資內。商譽每年進行減值測試，並按成本減累計減值虧損列賬。出售實體盈虧包括有關出售實體之商譽賬面值。

就減值測試而言，商譽乃分配至現金產生單位。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) 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 plus the premium paid on acquisition in so far as it has not already been amortised to the income statement, 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.

#### (l) Club memberships

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

#### (m) Inventories

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

#### (n) 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.

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.

### 2. 主要會計政策概要 (續)

#### (k) 聯營公司權益

綜合收益表包括年內本集團應佔聯營公司之收購後業績。聯營公司權益按本集團應佔聯營公司資產淨值，加收購時已支付之溢價（只要該溢價未於收益表內攤銷）減任何已識別減值虧損，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證據則除外。

#### (l) 會所會籍

會所會籍乃按成本減任何已識別減值虧損入賬。

#### (m) 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。

#### (n) 電影發行權按金

根據特許權協議在指定地區及時限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。

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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (n) Film rights deposits (Continued)

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.

#### (o) Investments

Before adoption of the new HKFRSs, the Group classified the investment in securities into non-trading securities and trading securities except for the investment in subsidiaries, associates and jointly control entities.

##### (i) Non-trading securities

Investments which were held for non-trading purpose were stated at fair value at the balance sheet date. Change in the fair value of individual securities were credited or debited to the investment revaluation reserve until the securities was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with the income statement.

When there was objective evidence that individual investments were impaired the cumulative loss recorded in the revaluation reserve to the income statement.

##### (ii) Trading securities

Trading securities were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities were recognised in the income statements. Profits or losses on disposal of trading securities, representing the difference between the net sale proceeds and the carrying amounts, were recognised in the income statement as the arised.

### 2. 主要會計政策概要 (續)

#### (n) 電影發行權按金 (續)

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撤銷。

#### (o) 投資

於採納新香港財務報告準則前，除附屬公司、聯營公司及共同控制實體投資外，本集團將其證券投資分類為非買賣證券與買賣證券。

##### (i) 非買賣證券

持作非買賣用途之投資按於結算日之公平值列賬。個別證券之公平值變動於投資重估儲備計入或扣除，直至證券出售或釐定出現減值為止。於出售後，累計盈虧指出售所得款項淨額與相關證券賬面值兩者之差額，連同轉撥自投資重估儲備之任何盈餘／虧絀，於收益表處理。

倘有客觀證據顯示個別投資出現減值，則於重估儲備記賬之累計虧損計入收益表。

##### (ii) 買賣證券

買賣證券按公平值列賬。於每個結算日，買賣證券公平值變動產生之未變現盈虧淨額於收益表確認。出售買賣證券之損益指出售所得款項淨額與賬面值兩者之差額，乃在產生時於收益表確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (o) Investments (Continued)

##### (ii) Trading securities (Continued)

From 1 January 2005 onward, the Group classifies its investment in the following categories depends on the purpose of such investment were acquired. Management determines the classification of its investments at initial recognition and re-evaluate this designation at every reporting date.

##### (1) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

##### (2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loan and receivables included loan receivables, convertible notes receivables and trade receivables.

### 2. 主要會計政策概要 (續)

#### (o) 投資 (續)

##### (ii) 買賣證券 (續)

由二零零五年一月一日起，本集團將其投資分類為以下類別，分類視乎收購投資之目的而定。管理層在初步確認時釐定其投資之分類，並於每個報告日期重新評估有關指定分類。

##### (1) 按公平值計入損益表之金融資產

倘收購之主要目的為在短期內出售或倘須按管理層指定，則金融資產會撥歸此類別。倘此類別之資產乃持作買賣或預期將於結算日起12個月內變現，則分類為流動資產。

##### (2) 貸款及應收款項

貸款及應收款項為非衍生金融資產，具有固定或可決定金額，且並無在交投活躍之市場上報價。於本集團直接向債務人提供金錢、貨品或服務而無意買賣應收款項時，則產生貸款及應收款項。彼等計入流動資產內，惟不包括到期日為結算日後逾12個月者之款項(此等貸款及應收款項列作非流動資產)。貸款及應收款項包括應收貸款、應收可換股票據及貿易應收款項。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (o) Investments (Continued)

##### (ii) Trading securities (Continued)

###### (3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

###### (4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

### 2. 主要會計政策概要 (續)

#### (o) 投資 (續)

##### (ii) 買賣證券 (續)

###### (3) 持有至到期日之投資

持有至到期日之投資為非衍生金融資產，具有固定或可決定金額，固定到期日及本集團管理層持正面意向並具能力持有至到期日。年內，本集團並無持有此類別之任何投資。

###### (4) 可供出售之金融資產

可供出售之金融資產指獲指定該類別或並無分類為任何其他類別之非衍生工具。除非管理層擬於結算日後12個月內出售投資，否則該等資產乃列作非流動資產。

投資之買賣於交易日(指本集團承諾買賣該資產之日)確認。所有非按公平值計入損益表之金融資產之投資則按公平值加交易成本作初步確認。當從投資收取現金流量之權利屆滿或已轉讓，而本集團已將全部擁有權風險及回報大致轉讓時，投資將撤銷確認。可供出售之金融資產及按公平值計入損益表之金融資產其後按公平值列賬。貸款及應收款項及持有至到期日之投資按實際利率法以攤銷成本列賬。由於「按公平值計入損益表之金融資產」之公平值出現變動而導致之已變現及未變現盈虧於產生盈虧之期間列入收益表。由於非貨幣證券公平值變動而導致之未變現盈虧乃分類為可供出售並於股權中確認。當分類為可供出售之證券獲出售或出現減值時，累計公平值調整乃列入收益表成為投資證券之收益或虧損。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (o) Investments (Continued)

##### (ii) Trading securities (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### (p) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### 2. 主要會計政策概要 (續)

#### (o) 投資 (續)

##### (ii) 買賣證券 (續)

報價投資之公平值乃根據當時實盤價計算。倘金融資產（及非上市證券）之市場並不活躍，則本集團利用估值方法設定公平值。有關估值方法包括採用最近之公平磋商交易、參考大致相同之其他工具、採用貼現現金流量分析及已調整以反映發行人個別情況之購股權價格模型。

本集團於每個結算日評估是否有客觀證據顯示一項金融資產或一組金融資產出現減值。於股本證券獲分類為可供出售之情況下，在釐定證券是否出現減值時，會考慮證券公平值有否大幅或長期下跌至低於其成本。倘可供出售之金融資產存在任何該等證據，則累計虧損（按收購成本與現行公平值之差額，減該項金融資產以往於收益表確認之任何減值虧損計算）會自股權中剔除並於收益表中確認。就股本工具於收益表確認之減值虧損並無於收益表撥回。

#### (p) 貿易及其他應收款項

貿易及其他應收款項初步以公平值確認，其後則利用實際利率法按攤銷成本除減值撥備計量。倘有客觀證據顯示本集團將無法按應收款項之原有條款收回所有款項，即就貿易及其他應收款項設定減值撥備。撥備金額為資產賬面值與按實際利率貼現之估計未來現金流量之現值兩者之差額。撥備金額於收益表確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (q) Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### (r) Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### (s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### 2. 主要會計政策概要 (續)

#### (q) 現金及等同現金項目

現金及等同現金項目包括手頭現金、銀行通知存款、原到期日為三個月或以下之其他短期高流動性投資，以及銀行透支。銀行透支在資產負債表之流動負債內借貸中列示。

#### (r) 撥備

在出現以下情況時，就環境復修、重建費用及法律索償作出撥備：本集團因已發生之事件而產生現有法律或推定責任；較可能需要有資源流出以償付責任，金額已經可靠估計。重建撥備包括租賃終止罰款及僱員離職付款。概不就未來經營虧損確認撥備。

倘有多項類似責任，則其需要在償付中流出資源之可能性，根據責任之類別整體考慮。即使在同一責任類別所包含之任何一個項目相關之資源流出之可能性極低，仍須確認撥備。

#### (s) 借貸

借貸初步按公平值並扣除產生之交易成本確認。交易成本為收購、發行或出售某項金融資產或金融負債直接所估之新增成本，包括支付予代理人、顧問、經紀及交易商之費用及佣金、監管機關及證券交易所之徵費，以及過戶及印花稅。借貸其後按攤銷成本列賬，所得款項(扣除交易成本)與贖回價值兩者之任何差額採用實際利率法於借貸期間內在收益表確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) 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 cost of the relevant portion of film rights has been charged to the associate's income statement.

#### (u) 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.

#### (v) Foreign currencies

Transactions in foreign currencies are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies 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.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

### 2. 主要會計政策概要 (續)

#### (t) 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成本後，確認付運電影母帶材料時所產生之未變現溢利。

#### (u) 租賃資產

凡於租期內資產擁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。

#### (v) 外幣

外幣交易先按交易日期之適用匯率換算。以外幣計算之貨幣資產及負債按結算日之適用匯率重新換算。匯兌損益計入本年度溢利或虧損淨額。

於綜合賬目時，本集團於香港以外地區之業務之資產及負債按結算日之適用匯率換算。收支項目按本年度平均匯率換算。因此產生之匯兌差額(如有)分類為股權，並撥入本集團之匯兌儲備。該等換算差額乃於出售業務之年度確認為收入或支出。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (w) Employee benefits

##### (i) Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

##### (ii) Retirement benefit obligations

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% to 10% of the employees' relevant income, with the employees' contributions subject to a cap of monthly relevant income of HK\$20,000. The Group's contributions to the scheme are expensed as incurred. 5% of relevant income vests immediately upon the completion of service in the relevant service period, while the remaining portion vests in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

##### (iii) Share-based compensation

The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the profit and loss account.

### 2. 主要會計政策概要 (續)

#### (w) 僱員福利

##### (i) 花紅

本集團於有合約責任及金額能夠可靠地估計時就花紅確認負債。

##### (ii) 退休福利責任

本集團為根據香港強制性公積金計劃條例按排所有按香港僱傭條例聘用之僱員參與強制性公積金計劃(「強積金計劃」)。強積金計劃為定額供款計劃，其資產由獨立信託管理基金持有。

根據強積金計劃，僱主及其僱員均須按僱員相關收入之5%至10%向計劃作出供款，而僱員供款以每月相關收入20,000港元為上限。本集團向計劃作出之供款於產生時支銷。相關收入之5%於相關服務期間服務完成時即時歸屬僱員，而其餘部份乃根據計劃之應享比例歸屬僱員。倘僱員於僱主供款全數歸屬前退出計劃，沒收之供款金額將用作扣減本集團之應付供款。

##### (iii) 以股份形式支付之薪酬

授予購股權及有限制股份獎勵所換取之僱員服務之公平值於損益表確認為支出。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (w) Employee benefits (Continued)

##### (iii) Share-based compensation (Continued)

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised and when the restricted share awards are vested.

Share options granted under the Company's share option scheme are not expensed as the options were all vested and not subject to requirements of HKFRS 2.

#### (x) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influences. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### 2. 主要會計政策概要 (續)

#### (w) 僱員福利 (續)

##### (iii) 以股份形式支付之薪酬

於歸屬期內列作支出之總金額乃參照已授予之購股權及有限制股份獎勵之公平值釐定。於每個結算日，本公司會修訂其估計預期可予以行使之購股權數目及預期可予歸屬之有限制股份獎勵數目，並於損益表內確認修訂原估計數字(如有)之影響及在餘下歸屬期間對資產負債表之股權作相應調整。

當購股權獲行使時及有限制股份獎勵已歸屬時，所收取之款項於扣除任何直接應佔之交易成本後計入股本及股份溢價內。

根據本公司之購股權計劃授出之購股權均不會支銷，原因為該等購股權均已歸屬，且毋須遵守香港財務報告準則第2號之規定。

#### (x) 關連人士交易

倘一方有能力直接或間接控制另一方，或於作出財務及營運決定時發揮重大影響力，則雙方被視為有關連。倘彼等受共同控制或共同重大影響，則亦被視為有關連。倘資源或責任於關連人士間轉移，則該項交易被視為關連人士交易。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### (a) Market risk

###### *Currency risk*

The Group's sales are primarily in Hong Kong Dollars and Renminbi and its purchases are denominated primarily in Hong Kong Dollars. As its sales and purchases are denominated in Hong Kong Dollars and Renminbi, the Group considers there is no material currency risk and the Group do not have any formal hedging policy.

In July 2005, The People's Bank of China announced the introduction of a regulated, managed floating exchange rate system in the PRC based on market supply and demand and with reference to a basket of currencies. Removal of the peg to the United States Dollar allowed more flexibility for the exchange rate system of Renminbi. As a result, the exchange rate between United States Dollar and Renminbi was adjusted from US\$1: RMB8.27 to US\$1: RMB8.11. The Group believes that such appreciation of Renminbi does not have any adverse effect on the current operating results and financial position of the Group.

###### *Price risk*

The Group has financial assets at fair value through profit and loss which are exposed to equity securities price risk.

##### (b) Credit risk

The Group has policies in place to ensure that distribution of films and sub-licensing of film rights to customers with an appropriate credit history. The Group also performs periodic credit evaluations of its customers and believes that adequate impairment loss on provision of bad and doubtful debts has been made in the financial statements.

### 3. 財務風險管理

#### 3.1 財務風險因素

本集團之活動承受多種財務風險：市場風險（包括貨幣風險及價格風險）、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於財務市場之難預測性，務求盡量減低對本集團財務表現之潛在不利影響。

##### (a) 市場風險

###### *貨幣風險*

本集團之銷售主要以港元及人民幣為單位，而其採購則主要以港元為單位。由於本集團之銷售及採購均以港元及人民幣為單位，故其認為並無重大貨幣風險，而本集團亦無任何正式對沖政策。

於二零零五年七月，中國人民銀行公佈於中國推出一項受規管及管理之浮動匯率機制，該機制以市場供求為基礎，並參考一籃子貨幣。解除與美元掛鈎讓人民幣浮動匯率機制更具靈活性。因此，美元兌人民幣之匯率由1美元兌人民幣8.27元調整為1美元兌人民幣8.11元。本集團相信，有關人民幣升值並不會對本集團目前之經營業績及財務狀況構成任何不利影響。

###### *價格風險*

本集團之按公平值計入損益表之金融資產面對股本證券之價格風險。

##### (b) 信貸風險

本集團現行之政策乃為確保向具有妥善信貸紀錄之客戶發行電影及轉授電影發行權。本集團亦對其客戶進行定期信貸評估，並相信已於財務報表就呆壞賬撥備作出足夠減值虧損。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

The Group's principal uses of cash have been for capital expenditure and operational requirements such as purchase of film rights, investments in financial assets and meeting its operating expenses.

The Group finances its operations through cash generated from operations, the issuance of new shares and a one-year loan granted by China Star. At 31 December 2005, the cash and bank balances of the Group amounted to HK\$137,973,000 and its current ratio was 3.43.

The directors believe that cash generated from operations and cash and bank balances in hand will be sufficient to meet the Group's operating cashflow.

##### (d) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets.

#### 3.2 Fair value estimation

The carrying amounts of the Group's financial assets, including cash and bank balances, trade receivables, deposits, prepayments and other receivables, and financial liabilities, including trade payables, other payables, accruals and amounts due to related companies, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 流動資金風險

本集團主要在資本開支及經營需求方面使用現金，該等開支及需求包括購買電影發行權、金融資產之投資及應付其經營開支。

本集團透過經營業務所產生之現金、發行新股份及中國星授出之一年期貸款為其經營業務提供資金。於二零零五年十二月三十一日，本集團之現金及銀行結存為137,973,000港元，而流動比率為3.43。

董事相信，經營業務所產生之現金以及手頭現金及銀行結存將足以應付本集團之經營現金流量。

##### (d) 利率風險

由於本集團並無重大計息資產，故本集團之收入及經營現金流量大致上不受市場利率變動之影響。

#### 3.2 公平值估計

本集團金融資產(包括現金及銀行結存、貿易應收款項、按金、預付款項及其他應收款項)及金融負債(包括貿易應付款項、其他應付款項、應計費用及應付關連公司款項)之賬面值因其於短期內到期，故與其公平值相若。到期日為少於一年之金融資產及負債之面值減該等資產及負債之任何信貸調整乃假設為與其公平值相若。

供披露之金融負債公平值乃按本集團同類金融工具現時之市場利率折現未來合約現金流量而估計。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Fair value estimation (Continued)

In assessing the fair value of financial instruments traded in active markets (such as financial assets at fair value through profit and loss) is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, available-for-sale financial assets) is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted value of future cash flows, and makes assumptions that are based on market conditions existing at each balance sheet date.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

#### (a) Estimated impairment of film rights

The Group tests annually whether film rights have suffered any impairment in accordance with accounting policies stated in note 2 (c) to the financial statements. The recoverable amount of film rights has been determined based on value-in-use calculations using cash flow projection based on financial budgets approved by senior management covering a four-year period. The discount rate applied to cash flow projection is 20%.

### 3. 財務風險管理 (續)

#### 3.2 公平值估計 (續)

在評估於交投活躍市場上買賣之金融工具(如按公平值計入損益表之金融資產)之公平值時,乃根據於結算日之市場報價。用於本集團持有之金融資產之市場報價乃現時之買入價。

並無於交投活躍市場上報價之金融工具(如可供出售之金融資產)之公平值乃採用估值法釐定。本集團採用估計未來現金流量之折現價值等多種方法,並根據於各結算日之市況作出假設。

### 4. 關鍵會計估計及判斷

估算及判斷會被持續評估,並根據過往經驗及其他因素進行評估,包括在有關情況下相信為合理之對未來事件之預測。

本集團對未來作出估計及假設。所得之會計估計如其定義,很少會與其實際結果相同。很大機會導致下個財政年度之資產與負債之賬面值作出重大調整之估計及假設討論如下。

#### (a) 電影發行權之估計減值

本集團每年均按照財務報表附註2(c)所述之會計政策,對電影發行權是否出現任何減值進行測試。電影發行權之可收回金額乃按使用價值計算。使用價值計算方法採用高級管理層所通過之四年期財政預算為依據計算之現金流量預測釐定。現金流量預測所用之貼現率為20%。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with accounting policies stated in note 2 (c) to the financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by senior management covering a period of eight to ten years. The discount rate applied to cash flow projections is 17%.

#### (c) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

#### (d) Useful lives of fixed assets

In accordance with HKAS 16, the Group estimates the useful lives of fixed assets in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

### 4. 關鍵會計估計及判斷 (續)

#### (b) 商譽之估計減值

本集團每年均按照財務報表附註2(c)所述之會計政策，對商譽是否出現任何減值進行測試。現金產生單位之可收回金額乃按使用價值計算。使用價值計算方法採用高級管理層所通過之八至十年期財政預算為依據計算之現金流量預測釐定。現金流量預測所用之貼現率為17%。

#### (c) 貿易應收賬款

本集團定期檢討貿易應收賬款之賬齡，以確保可收回貿易應收賬款餘額，並可於協定信貸期逾期後即時採取跟進行動。然而，本集團收賬不時會出現延誤。倘貿易應收賬款餘額之可收回機會存疑，則本集團會根據客戶之信貸狀況、貿易應收賬款餘額之賬齡分析及撇賬紀錄，作出特別呆壞賬撥備。若干應收款項可初步確認為可收回，惟其後可能無法收回而須於收益表內撇銷相關應收款項。倘未有為收回機會出現變化之貿易應收賬款作出撥備，則可能會對未來之營運業績構成影響。

#### (d) 固定資產之可使用年期

本集團根據香港會計準則第16號估計固定資產之可使用年期，從而判斷所須記賬之折舊費用金額。本集團於購入資產時，根據過往經驗、資產之預期使用量、損耗程度，以及技術會否因市場需求或有變而變成過時，估計其可使用年期。本集團亦會於每年作出檢討，以判斷對資產可使用年期作出之假設是否仍然合理。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

For management purposes, the Group is currently organised into three operating divisions, namely distribution, sub-licensing and investments in securities. 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                         |
| Investments in securities | Investments in listed and unlisted equity securities |

Segment information about these businesses for the years ended 31 December 2005 and 2004 is presented below.

*Consolidated income statement for the year ended 31 December 2005*

### 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、轉授發行權及證券投資三個營運部門。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      |
| 證券投資  | 上市及非上市股本證券投資 |

截至二零零五年及二零零四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。

截至二零零五年十二月三十一日止年度之綜合收益表

|  |                             | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元 |
|--|-----------------------------|---------------------------------------|---|---|---------------------------------------|
| Turnover   | 營業額                         | 9,382                                 | 10,534                                    | 18,423  | 38,339                                |
| Segment profit/(loss) before impairment losses recognised in respect of film rights and goodwill | 已確認電影發行權及商譽之減值虧損前之分部溢利/(虧損) | 2,443                                 | (4,613)                                   | (2,045)   | (4,215)                               |
| Impairment loss recognised in respect of film rights   | 已確認電影發行權減值虧損                | (8,956)                               | —   | —   | (8,956)                               |
| Impairment loss recognised in respect of goodwill  | 已確認商譽減值虧損                   | —                                     | (12,056)                                  | —   | (12,056)                              |
| Segment loss   | 分部虧損                        | (6,513)                               | (16,669)                                  | (2,045)   | (25,227)                              |
| Unallocated corporate income   | 未分配集團收入                     |                                       |   |   | 9,176                                 |
| Unallocated corporate expenses   | 未分配集團開支                     |                                       |   |   | (13,273)                              |
| Loss from operations   | 經營虧損                        |                                       |   |   | (29,324)                              |
| Finance costs  | 融資費用                        |                                       |   |   | (340)                                 |
| Loss before taxation   | 除稅前虧損                       |                                       |   |   | (29,664)                              |
| Taxation charge  | 稅項支出                        |                                       |   |   | —                                     |
| Net loss for the year attributable to equity holders of the Company                              | 本年度本公司股權持有人應佔虧損淨額           |                                       |   |   | (29,664)                              |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Business segments (Continued)

Consolidated balance sheet for the year ended 31 December 2005

|                                   |           | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元 |
|-----------------------------------|-----------|---------------------------------------|---|---|---------------------------------------|
| <b>Assets</b>                     | <b>資產</b> |                                       |   |   |                                       |
| Segment assets                    | 分部資產      | 4,582                                 | 4,729                                     | 41,869  | 51,180                                |
| Unallocated corporate assets      | 未分配集團資產   |                                       |   |   | 184,047                               |
| Consolidated total assets         | 綜合資產總值    |                                       |   |   | 235,227                               |
| <b>Liabilities</b>                | <b>負債</b> |                                       |   |   |                                       |
| Segment liabilities               | 分部負債      | 2,439                                 | 6,172                                     | —   | 8,611                                 |
| Unallocated corporate liabilities | 未分配集團負債   |                                       |   |   | 59,006                                |
| Consolidated total liabilities    | 綜合負債總額    |                                       |   |   | 67,617                                |

Other information for the year ended 31 December 2005

於二零零五年十二月三十一日之綜合資產負債表

截至二零零五年十二月三十一日止年度之其他資料

|                               |         | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Unallocated<br>未分配<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元 |
|-------------------------------|---------|---------------------------------------|---|---|---------------------------------------|---------------------------------------|
| Additions of film rights      | 添置電影發行權 | 3,600                                 | 5,347                                     | —   | —                                     | 8,947                                 |
| Depreciation and amortisation | 折舊及攤銷   | 3,246                                 | 7,086                                     | 1,108   | 10                                    | 11,450                                |
| Impairment losses recognised  | 已確認減值虧損 | 1,661                                 | 8,483                                     | 12,056  | —                                     | 22,200                                |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Business segments (Continued)

Consolidated income statement for the year ended 31 December 2004

### 5. 業務及地區分部 (續)

#### 業務分部 (續)

於二零零四年十二月三十一日之綜合資產負債表

|   |   | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|---|---|---------------------------------------|---|---|---|
| Turnover  | 營業額   | 27,285                                | 16,319                                    | 14,778  | 58,382  |
| Segment loss before amortisation of other asset, impairment losses recognised in respect of film rights, other asset, goodwill and available-for-sale financial assets and allowance for advances to an associate | 其他資產攤銷、已確認電影發行權、其他資產、商譽及可供出售之金融資產之減值虧損及墊付聯營公司款項撥備前之分部虧損 | (3,222)                               | (216)                                     | (1,460)   | (4,898)   |
| Amortisation of other asset   | 其他資產攤銷  | —                                     | (6,644)                                   | —   | (6,644)   |
| Allowance for advances to an associate  | 墊付聯營公司款項撥備  | —                                     | (138,531)                                 | —   | (138,531)   |
| Impairment loss recognised in respect of film rights  | 已確認電影發行權減值虧損  | (980)                                 | (15,233)                                  | —   | (16,213)  |
| Impairment loss recognised in respect of other asset  | 已確認其他資產減值虧損   | —                                     | (46,512)                                  | —   | (46,512)  |
| Impairment loss recognised in respect of goodwill   | 已確認商譽減值虧損   | (20,000)                              | (8,072)                                   | —   | (28,072)  |
| Impairment loss recognised in respect of available-for-sale financial assets  | 已確認可供出售之金融資產減值虧損  | —                                     | —   | (12,000)  | (12,000)  |
| Segment loss  | 分部虧損  | (24,202)                              | (215,208)                                 | (13,460)  | (252,870)   |
| Unallocated corporate income  | 未分配集團收入   |                                       |   |   | 390   |
| Unallocated corporate expenses  | 未分配集團開支   |                                       |   |   | (15,250)  |
| Loss from operations  | 經營虧損  |                                       |   |   | (267,730)   |
| Finance costs   | 融資費用  |                                       |   |   | (340)   |
| Loss before taxation  | 除稅前虧損   |                                       |   |   | (268,070)   |
| Taxation charge   | 稅項支出  |                                       |   |   | (277)   |
| Net loss for the year attributable to equity holders of the Company   | 本年度本公司股權持有人應佔虧損淨額                                       |                                       |   |   | (268,347)   |



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Business segments (Continued)

Consolidated balance sheet for the year ended 31 December 2004

|                                   |           | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Unallocated<br>未分配<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|-----------------------------------|-----------|---------------------------------------|---|---|---------------------------------------|---|
| <b>Assets</b>                     | <b>資產</b> |                                       |   |   |                                       |   |
| Segment assets                    | 分部資產      | 22,974                                | 25,192                                    | 59,732  | 2,108                                 | 110,006   |
| Unallocated corporate assets      | 未分配集團資產   |                                       |   |   |                                       | 22,875  |
| Consolidated total assets         | 綜合資產總值    |                                       |   |   |                                       | 132,881   |
| <b>Liabilities</b>                | <b>負債</b> |                                       |   |   |                                       |   |
| Segment liabilities               | 分部負債      | 1,254                                 | 5,057                                     | —   | —                                     | 6,311   |
| Unallocated corporate liabilities | 未分配集團負債   |                                       |   |   |                                       | 57,999  |
| Consolidated total liabilities    | 綜合負債總額    |                                       |   |   |                                       | 64,310  |

Other information for the year ended 31 December 2004

### 5. 業務及地區分部 (續)

#### 業務分部 (續)

於二零零四年十二月三十一日之綜合資產負債表

截至二零零四年十二月三十一日止年度之其他資料

|  |            | Distribution<br>發行<br>HK\$'000<br>千港元 | Sub-licensing<br>轉授發行權<br>HK\$'000<br>千港元 | Investments<br>in securities<br>證券投資<br>HK\$'000<br>千港元 | Unallocated<br>未分配<br>HK\$'000<br>千港元 | Consolidated<br>綜合<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|--|------------|---------------------------------------|---|---|---------------------------------------|---|
| Additions of property, plant and equipment             | 添置物業、廠房及設備 | 54                                    | 5   | —   | 40                                    | 99  |
| Additions of film rights                               | 添置電影發行權    | 13,358                                | 4,970                                     | —   | —                                     | 18,328  |
| Allowance for inventory obsolescence                   | 陳舊存貨撥備     | 917                                   | —   | —   | —                                     | 917   |
| Allowance for film rights deposits                     | 電影發行權按金撥備  | 1,000                                 | —   | —   | —                                     | 1,000   |
| Allowance for advances to an associate                 | 墊付聯營公司款項撥備 | —                                     | 138,531                                   | —   | —                                     | 138,531   |
| Depreciation and amortisation                          | 折舊及攤銷      | 10,270                                | 18,905                                    | —   | 615                                   | 29,790  |
| Impairment loss on provision of bad and doubtful debts | 呆壞賬撥備減值虧損  | 147                                   | 1,445                                     | —   | 56                                    | 1,648   |
| Impairment losses recognised                           | 已確認減值虧損    | 20,980                                | 69,817                                    | 12,000  | —                                     | 102,797   |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005  
二零零五年十二月三十一日

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Geographical segments

The Group's operations are substantially located in Hong Kong and Macau. Thus, no geographical analysis for the carrying amounts 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:

|                                     | Hong Kong<br>香港                  |                                  | PRC<br>中國                       |                                  | Others<br>其他                     |                                  | Consolidated<br>綜合               |                                  |
|-------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                     | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Segment revenue: 分部收益:              |                                  |                                  |                                 |                                  |                                  |                                  |                                  |                                  |
| Sales to external customers 銷售予對外客戶 | 18,892                           | 15,978                           | 19,447                          | 42,404                           | —                                | —                                | 38,339                           | 58,382                           |
| Other revenue 其他收益                  | 2,066                            | 390                              | —                               | —                                | —                                | —                                | 2,066                            | 390                              |
| Other income 其他收入                   | 7,110                            | —                                | —                               | —                                | —                                | —                                | 7,110                            | —                                |
|                                     | <b>28,068</b>                    | 16,368                           | <b>19,447</b>                   | 42,404                           | —                                | —                                | <b>47,515</b>                    | 58,772                           |

### 5. 業務及地區分部 (續)

#### 地區分部

本集團之業務主要位於香港及澳門，因此並無呈列按地區分析之分部資產賬面值以及物業、廠房及設備和無形資產之添置。

下表為本集團按市場劃分之銷售額分析：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005

二零零五年十二月三十一日

### 6. PROPERTY, PLANT AND EQUIPMENT

#### The Group

|  |                                 | Buildings<br>樓宇<br>HK\$'000<br>千港元<br>(restated)<br>(重列) | Leasehold<br>improvements<br>租賃<br>物業裝修<br>HK\$'000<br>千港元 | Office<br>equipment<br>辦公室設備<br>HK\$'000<br>千港元 | Motor<br>vehicles<br>汽車<br>HK\$'000<br>千港元 | Furniture<br>and<br>fixtures<br>傢俬及裝置<br>HK\$'000<br>千港元 | Total<br>總計<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|--|---------------------------------|--|--|---|--|--|--|
| <b>Cost/revaluation</b>                      | <b>成本/估值</b>                    |  |  |   |  |  |  |
| At 1 January 2004                            | 於二零零四年一月一日                      | 5,930  | 2,136  | 3,971   | 1,633                                      | 2,116  | 15,786   |
| Effect on adoption<br>of HKAS 17             | 採納香港會計準則<br>第17號之影響             | (3,084)  | —  | —   | —  | —  | (3,084)  |
| As restated at<br>1 January 2004             | 於二零零四年一月一日<br>(重列)              | 2,846  | 2,136  | 3,971   | 1,633                                      | 2,116  | 12,702   |
| Additions                                    | 添置                              | —  | —  | 87  | —  | 12   | 99   |
| Surplus on revaluation                       | 重估盈餘                            | 1,440  | —  | —   | —  | —  | 1,440  |
| Effect on adoption of<br>HKAS 17             | 採納香港會計準則<br>第17號之影響             | (749)  | —  | —   | —  | —  | (749)  |
| At 31 December 2004 and<br>at 1 January 2005 | 於二零零四年<br>十二月三十一日及<br>二零零五年一月一日 | 3,537  | 2,136  | 4,058   | 1,633                                      | 2,128  | 13,492   |
| Additions                                    | 添置                              | —  | 39   | 14  | —  | —  | 53   |
| Disposals                                    | 出售                              | (3,537)  | —  | (1)   | —  | —  | (3,538)  |
| <b>At 31 December 2005</b>                   | <b>於二零零五年<br/>十二月三十一日</b>       | <b>—</b>   | <b>2,175</b>   | <b>4,071</b>                                    | <b>1,633</b>                               | <b>2,128</b>   | <b>10,007</b>  |
| <b>Accumulated depreciation</b>              | <b>累計折舊</b>                     |  |  |   |  |  |  |
| At 1 January 2004                            | 於二零零四年一月一日                      | —  | 1,290  | 1,990   | 312  | 765  | 4,357  |
| Charged for the year                         | 本年度費用                           | 56   | 282  | 410   | 264  | 204  | 1,216  |
| Written back on revaluation                  | 重估時撥回                           | (56)   | —  | —   | —  | —  | (56)   |
| At 31 December 2004 and<br>at 1 January 2005 | 於二零零四年<br>十二月三十一日及<br>二零零五年一月一日 | —  | 1,572  | 2,400   | 576  | 969  | 5,517  |
| Charged for the year                         | 本年度費用                           | 35   | 385  | 310   | 211  | 167  | 1,108  |
| Written back on disposals                    | 重估時撥回                           | (35)   | —  | (1)   | —  | —  | (36)   |
| <b>At 31 December 2005</b>                   | <b>於二零零五年<br/>十二月三十一日</b>       | <b>—</b>   | <b>1,957</b>   | <b>2,709</b>                                    | <b>787</b>                                 | <b>1,136</b>   | <b>6,589</b>   |
| <b>Net book value</b>                        | <b>賬面淨值</b>                     |  |  |   |  |  |  |
| At 31 December 2005                          | 於二零零五年<br>十二月三十一日               | —  | 218  | 1,362   | 846  | 992  | 3,418  |
| At 31 December 2004                          | 於二零零四年<br>十二月三十一日               | 3,537  | 564  | 1,658   | 1,057                                      | 1,159  | 7,975  |

There was no asset held under finance lease at 31 December 2005 (2004: HK\$42,000).

### 6. 物業、廠房及設備

#### 本集團

於二零零五年十二月三十一日，本集團並無融資租約持有之資產（二零零四年：42,000港元）。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### 7. INTERESTS IN LEASEHOLD LAND

The Group's interests in leasehold land represented prepaid operating lease payments in respect of leasehold land in Hong Kong under long-term leases.

### 7. 租賃土地權益

本集團之租賃土地權益及土地使用權指有關按長期租約之香港租賃土地之預付經營租約租金。

|   |                             | The Group<br>本集團<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|---|-----------------------------|---|
| <b>Cost</b>   | <b>成本</b>                   |   |
| At 1 January 2004                                   | 於二零零四年一月一日                  | —   |
| Effect of adopting HKAS 17                          | 採納香港會計準則第17號之影響             | 1,932   |
| At 31 December 2004 and<br>1 January 2005           | 於二零零四年十二月三十一日及<br>二零零五年一月一日 | 1,932   |
| Disposals   | 出售                          | (1,932)   |
| <b>At 31 December 2005</b>                          | <b>於二零零五年十二月三十一日</b>        | <b>—</b>  |
| <b>Accumulated Amortisation</b>                     | <b>累計攤銷</b>                 |   |
| At 1 January 2004                                   | 於二零零四年一月一日                  | 332   |
| Amortisation of prepaid operating<br>lease payments | 預付經營租約租金攤銷                  | 20  |
| At 31 December 2004 and<br>1 January 2005           | 於二零零四年十二月三十一日及<br>二零零五年一月一日 | 352   |
| Amortisation of prepaid operating<br>lease payments | 預付經營租約租金攤銷                  | 10  |
| Written back on disposals                           | 出售時撥回                       | (362)   |
| <b>At 31 December 2005</b>                          | <b>於二零零五年十二月三十一日</b>        | <b>—</b>  |
| <b>Net book value</b>                               | <b>賬面淨值</b>                 |   |
| At 31 December 2005                                 | 於二零零五年十二月三十一日               | —   |
| At 31 December 2004                                 | 於二零零四年十二月三十一日               | 1,580   |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 8. FILM RIGHTS

### 8. 電影發行權

|   |                             | The Group<br>本集團<br>HK\$'000<br>千港元 |
|---|-----------------------------|-------------------------------------|
| <b>Cost</b>                               | <b>成本</b>                   |                                     |
| At 1 January 2004                         | 於二零零四年一月一日                  | 163,682                             |
| Additions                                 | 添置                          | 18,328                              |
| At 31 December 2004 and<br>1 January 2005 | 於二零零四年十二月三十一日及<br>二零零五年一月一日 | 182,010                             |
| Additions                                 | 添置                          | 8,947                               |
| <b>At 31 December 2005</b>                | <b>於二零零五年十二月三十一日</b>        | <b>190,957</b>                      |
| <b>Amortisation and impairment</b>        | <b>攤銷及減值</b>                |                                     |
| At 1 January 2004                         | 於二零零四年一月一日                  | 137,562                             |
| Charged for the year                      | 本年度費用                       | 17,894                              |
| Impairment loss recognised                | 已確認減值虧損                     | 16,213                              |
| At 31 December 2004 and<br>1 January 2005 | 於二零零四年十二月三十一日及<br>二零零五年一月一日 | 171,669                             |
| Charged for the year                      | 本年度費用                       | 10,332                              |
| Impairment loss recognised                | 已確認減值虧損                     | 8,956                               |
| <b>At 31 December 2005</b>                | <b>於二零零五年十二月三十一日</b>        | <b>190,957</b>                      |
| <b>Carrying amounts</b>                   | <b>賬面值</b>                  |                                     |
| <b>At 31 December 2005</b>                | <b>於二零零五年十二月三十一日</b>        | <b>—</b>                            |
| At 31 December 2004                       | 於二零零四年十二月三十一日               | 10,341                              |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 8. FILM RIGHTS (Continued)

### 8. 電影發行權 (續)

|                     |       | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|---------------------|-------|----------------------------------|----------------------------------|
| Analysed as:        | 分析為：  |                                  |                                  |
| Non-current portion | 非即期部份 | —                                | 9,236                            |
| Current portion     | 即期部份  | —                                | 1,105                            |
|                     |       | —                                | 10,341                           |

The directors reassessed the recoverable amount of the film rights at 31 December 2005 and recognised a total impairment loss of approximately HK\$8,956,000, which was determined with reference to the estimated amount obtainable from the sale of these assets less cost of disposal.

董事於二零零五年十二月三十一日重估電影發行權之可收回金額並確認合共約8,956,000港元之減值虧損，乃參考出售該等資產減出售成本所得之估計金額而釐定。

### 9. INTERESTS IN SUBSIDIARIES

### 9. 附屬公司權益

|   |                  | The Company<br>本公司               |                                  |
|---|------------------|----------------------------------|----------------------------------|
|   |                  | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Unlisted shares, at cost  | 非上市股份，按成本        | 83,553                           | 83,553                           |
| Less: Impairment loss recognised                                    | 減：已確認減值虧損        | (83,553)                         | —                                |
|   |                  | —                                | 83,553                           |
| Amounts due from subsidiaries                                       | 應收附屬公司款項         | 249,304                          | 255,472                          |
| Less: Impairment loss on provision of amounts due from subsidiaries | 減：應收附屬公司款項撥備減值虧損 | (249,304)                        | (243,000)                        |
|   |                  | —                                | 96,025                           |

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

應收附屬公司款項為無抵押、免息及無固定還款期。董事認為，該款額將不會於未來十二個月償還。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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二零零五年十二月三十一日 (港元)

### 9. INTERESTS IN SUBSIDIARIES (Continued)

Details of the Company's principal subsidiaries at 31 December 2005 are set as follows:

### 9. 附屬公司權益 (續)

本公司之主要附屬公司於二零零五年十二月三十一日之詳情如下：

| Name of subsidiary<br>附屬公司名稱           | Country/place of incorporation<br>註冊成立<br>國家/地點 | Particulars of issued share capital<br>已發行<br>股本詳情                       | Principal activities and place of operation<br>主要業務及營業地點  |
|--|---|--|---|
| Bluelagoon Investment Holdings Limited | British Virgin Islands<br>英屬處女群島                | 1 ordinary share of US\$1<br>1股面值<br>1美元之普通股                             | Investment holding, distribution of films and sub-licensing of film rights in the PRC<br>於中國投資控股、發行電影、轉授電影發行權及銷售廣告權 |
| Dragon Leader Limited                  | British Virgin Islands<br>英屬處女群島                | 1 ordinary share of US\$1<br>1股面值1美元之普通股                                 | Investment holdings in Hong Kong<br>於香港投資控股   |
| Gainful Fortune Limited                | British Virgin Islands<br>英屬處女群島                | 160,000,100 ordinary shares of HK\$1 each<br>16,000,100股每股面值<br>1港元之普通股  | Holding of film rights outside Hong Kong<br>於香港以外地區持有電影發行權  |
| Legend Rich Limited                    | British Virgin Islands<br>英屬處女群島                | 1 ordinary share of US\$1<br>1股面值<br>1美元之普通股                             | Distribution of video products in the PRC through a PRC agent<br>透過中國代理商於中國<br>發行影視產品                               |
| Ocean Shores Licensing Limited         | British Virgin Islands<br>英屬處女群島                | 10,000 ordinary shares of US\$1 each<br>10,000股每股面值<br>1美元之普通股           | Holding of film rights outside Hong Kong<br>於香港以外地區持有電影發行權  |
| Riche Advertising Limited              | British Virgin Islands<br>英屬處女群島                | 1 ordinary share of US\$1<br>1股面值<br>1美元之普通股                             | Investments in securities in Hong Kong<br>於香港投資證券   |
| Riche (BVI) Limited                    | British Virgin Islands<br>英屬處女群島                | 1,000 ordinary shares of US\$1 each<br>1,000股每股面值<br>1美元之普通股             | Investment holding in Hong Kong<br>於香港投資控股  |
| Riche Distribution Limited<br>豐采發行有限公司 | Hong Kong<br>香港                                 | 1,000,000 ordinary shares of HK\$1 each<br>1,000,000股每股<br>面值1港元之<br>普通股 | Sub-licensing of film rights and investments in securities in Hong Kong<br>於香港轉授電影發行權及<br>投資證券                      |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 9. INTERESTS IN SUBSIDIARIES (Continued)

### 9. 附屬公司權益 (續)

| Name of subsidiary<br>附屬公司名稱  | Country/place of<br>incorporation<br>註冊成立<br>國家/地點 | Particulars<br>of issued<br>share capital<br>已發行<br>股本詳情  | Principal activities and<br>place of operation<br>主要業務及營業地點   |
|---|--|---|---|
| Riche International<br>(Macao Commercial<br>Offshore) Limited<br>豐采國際(澳門離岸<br>商業服務)有限公司 | Macau<br>澳門  | 1 share of<br>MOP100,000<br>1股面值澳門幣<br>100,000元之股份  | Distribution of films and<br>sub-licensing of film rights<br>in the PRC<br>於中國發行電影及轉授<br>電影發行權                            |
| Riche Multi-Media Limited<br>豐采多媒體有限公司  | Hong Kong<br>香港                                    | 2 ordinary shares<br>of HK\$1 each<br>2股每股面值<br>1港元之普通股   | Distribution of films and other<br>video features in the PRC<br>於中國發行電影及<br>其他影視特輯  |
| Riche Pictures Limited<br>豐采影畫有限公司  | British Virgin Islands<br>英屬處女群島                   | 1 ordinary share<br>of US\$1<br>1股面值<br>1美元之普通股   | Investment holding in<br>Hong Kong<br>於香港投資控股   |
| Riche Video Limited<br>豐采錄影有限公司   | Hong Kong<br>香港                                    | 10 ordinary share<br>of HK\$100 each<br>20,000 non-voting<br>deferred shares<br>of HK\$100 each*<br>10股每股面值<br>100港元之普通股及<br>20,000股每股面值<br>100港元之無投票權<br>遞延股份* | Distribution of video products<br>in Hong Kong<br>於香港發行影視產品   |
| World East Investments<br>Limited   | British Virgin Islands<br>英屬處女群島                   | 1 ordinary share<br>of US\$1<br>1股面值<br>1美元之普通股   | Distribution of films and<br>sub-licensing of film rights in<br>the PRC through a PRC agent<br>透過中國代理商於中國發行<br>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、接收任何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

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 10. GOODWILL

### 10. 商譽

The Group  
本集團  
HK\$'000  
千港元

|   |                             |               |
|---|-----------------------------|---------------|
| <b>Cost</b>                                       | <b>成本</b>                   |               |
| At 1 January 2004 and<br>31 December 2004         | 於二零零四年一月一日及<br>二零零四年十二月三十一日 | 39,530        |
| Elimination of goodwill on<br>adoption of HKFRS 3 | 採納香港財務報告準則第3號時<br>撤銷商譽      | (7,058)       |
| Acquisition of a subsidiary                       | 收購附屬公司                      | 7,656         |
| <b>At 31 December 2005</b>                        | <b>於二零零五年十二月三十一日</b>        | <b>40,128</b> |
| <b>Amortisation and impairment</b>                | <b>攤銷及減值</b>                |               |
| At 1 January 2004                                 | 於二零零四年一月一日                  | 3,105         |
| Amortised for the year                            | 本年度攤銷                       | 3,953         |
| Impairment loss recognised                        | 已確認減值虧損                     | 28,072        |
| At 31 December 2004 and<br>1 January 2005         | 於二零零四年十二月三十一日及<br>二零零五年一月一日 | 35,130        |
| Elimination of goodwill on<br>adoption of HKFRS 3 | 採納香港財務報告準則第3號時<br>撤銷商譽      | (7,058)       |
| Impairment loss recognised                        | 已確認減值虧損                     | 12,056        |
| <b>At 31 December 2005</b>                        | <b>於二零零五年十二月三十一日</b>        | <b>40,128</b> |
| <b>Carrying amounts</b>                           | <b>賬面值</b>                  |               |
| <b>At 31 December 2005</b>                        | <b>於二零零五年十二月三十一日</b>        | <b>—</b>      |
| At 31 December 2004                               | 於二零零四年十二月三十一日               | 4,400         |

In prior years, the amortisation period adopted for goodwill is 10 years. Following the adoption of HKFRS 3, amortisation of goodwill has ceased since 1 January 2005. The accumulated amortisation of goodwill would be offset against the cost. Annual impairment review was performed.

於過往年度，就商譽採納之攤銷期為10年。於採納香港財務報告準則第3號後，商譽由二零零五年一月一日起不再進行攤銷。商譽之累計攤銷將與成本抵銷。每年會進行減值檢討。

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二零零五年十二月三十一日(港元)

### 10. GOODWILL (Continued)

On 19 April 2005, the Group exercised the right under the convertible notes issued by Gainful Fortune Limited ("Gainful Fortune") to convert the outstanding principal of HK\$160,000,000 into shares of Gainful Fortune at a conversion price of HK\$1 per share. Since then, Gainful Fortune and its wholly-owned subsidiary, Ocean Shores Licensing Limited ("OSLL"), (hereinafter collectively refer as "Gainful Fortune Group") become subsidiaries of the Group. As a result, a positive goodwill of approximately HK\$7,656,000 was arisen from the acquisition of Gainful Fortune.

The directors reassessed the recoverable amounts of goodwill and recognised a total impairment loss of approximately HK\$12,056,000.

### 11. INTERESTS IN ASSOCIATES

|  |              |  |  |
|--|--------------|--|--|
| Convertible notes issued by an associate | 聯營公司發行之可換股票據 |  |  |
| Less: Allowance for convertible notes    | 減：可換股票據撥備    |  |  |

The convertible notes bore interest at 1% per annum, which was payable yearly in arrears, and matured on 17 April 2005. Prior to the maturity, only Gainful Fortune had the right to redeem early part or all of the amount of the convertible notes. The convertible notes carried the right to convert the outstanding principal amount of the convertible notes into ordinary share of HK\$1 each in the share capital of Gainful Fortune at a conversion price of HK\$1 share on the maturity date. However, prior to the maturity, the Group might convert the convertible notes with the consent of Gainful Fortune.

At 31 December 2004, the directors assessed the financial position of Gainful Fortune and considered that the convertible notes cannot be recovered in the future, therefore, an allowance of HK\$160,000,000 had been made.

### 10. 商譽 (續)

於二零零五年四月十九日，本集團已行使 Gainful Fortune Limited (「Gainful Fortune」) 所發行可換股票據項下之權利，按每股1港元之兌換價將未贖回本金額160,000,000港元兌換為 Gainful Fortune 之股份。自此以後，Gainful Fortune 及其全資附屬公司 Ocean Shores Licensing Limited (「OSLL」) (以下統稱「Gainful Fortune 集團」) 成為本集團之附屬公司。因此，收購 Gainful Fortune 產生約7,656,000港元之正商譽。

董事重估商譽之可收回金額，並確認減值虧損合共約為12,056,000港元。

### 11. 聯營公司權益

|  |              | The Group<br>本集團                 |                                  |
|--|--------------|----------------------------------|----------------------------------|
|  |              | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Convertible notes issued by an associate | 聯營公司發行之可換股票據 | —                                | 160,000                          |
| Less: Allowance for convertible notes    | 減：可換股票據撥備    | —                                | (160,000)                        |
|  |              | —                                | —                                |

該等可換股票據按年利率1厘計息，須每年支付前期利息，並將於二零零五年四月十七日到期。於到期前，只有 Gainful Fortune 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港元將可換股票據之未贖回本金額兌換為 Gainful Fortune 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 Fortune 同意後兌換該等票據。

於二零零四年十二月三十一日，董事評估 Gainful Fortune 之財政狀況並認為該等可換股票據之價值將無法於日後收回，因此作出撥備160,000,000港元。

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### 11. INTERESTS IN ASSOCIATES (Continued)

On 17 April 2005, the Group exercised the right under the convertible notes to convert the outstanding principal amount of HK\$160,000,000 into shares of Gainful Fortune at a conversion price of HK\$1 per share. Since then, Gainful Fortune become a subsidiary of the Group.

### 12. INVENTORIES

Finished goods of HK\$6,000 (2004: HK\$15,000) are carried at net realisable value.

### 13. 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:

|              | 零至30日 | 31至60日 | 61至90日 | 90日以上 |
|--------------|-------|--------|--------|-------|
| 0 – 30 days  |       |        |        |       |
| 31 – 60 days |       |        |        |       |
| 61 – 90 days |       |        |        |       |
| Over 90 days |       |        |        |       |

Less: Impairment loss on provision of bad and doubtful debts

The carrying amounts of trade receivables approximate their fair values.

The collectibility of the trade receivables has been assessed in accordance with HKAS 39 and impairment loss on provision of bad and doubtful debts has been recognised in the income statement.

### 11. 聯營公司權益 (續)

於二零零五年四月十七日，本集團已行使可換股票據項下之權利，按每股1港元之兌換價將未贖回本金額160,000,000港元兌換為 Gainful Fortune 之股份。自此以後，Gainful Fortune 成為本集團之附屬公司。

### 12. 存貨

| The Group<br>本集團                 |                                  |
|----------------------------------|----------------------------------|
| 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| 6                                | 15                               |

製成品 6,000 港元 (二零零四年：15,000 港元) 按可變現淨值入賬。

### 13. 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<br>本集團                 |  |
|----------------------------------|--|
| 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
| 386                              | 3,054  |
| 258                              | 92   |
| 426                              | 1,979  |
| 4,743                            | 19,831   |
| 5,813                            | 24,956   |
| (1,084)                          | (1,648)  |
| 4,729                            | 23,308   |

貿易應收款項之賬面值與其公平值相若。

貿易應收款項之可追回性已根據香港會計準則第39號評估，而呆壞賬撥備減值已於收益表確認。

# NOTES TO THE FINANCIAL STATEMENTS

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31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### 14. 按金、預付款項及其他應收款項

|  |               | The Group<br>本集團                 |                                  |
|--|---------------|----------------------------------|----------------------------------|
|  |               | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Deposits   | 按金            | 41,734                           | 270                              |
| Prepayments  | 預付款項          | 1,195                            | 1,394                            |
| Other receivables  | 其他應收款項        | 13,851                           | 2,920                            |
|  |               | <b>56,780</b>                    | 4,584                            |
| Less: Impairment loss recognised in respect of prepayments | 減：已確認預付款項減值虧損 | (1,188)                          | —                                |
| Impairment loss on provision of bad and doubtful debts     | 已確認呆壞賬撥備減值虧損  | (1,390)                          | —                                |
|  |               | <b>54,202</b>                    | 4,584                            |

The carrying amounts of deposits, prepayments and other receivables approximate their fair values.

按金、預付款項及其他應收款項之賬面值與其公平值相若。

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

### 15. 按公平值計入損益表之金融資產

|                                  |              | The Group<br>本集團                 |  |
|----------------------------------|--------------|----------------------------------|--|
|                                  |              | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
| <b>Held-for-trading:</b>         | <b>持作買賣：</b> |                                  |  |
| Equity securities, at fair value | 股本證券，按公平值    |                                  |  |
| — listed in Hong Kong            | — 於香港上市      | 30,567                           | 38,911   |
| — listed outside Hong Kong       | — 於香港以外地區上市  | —                                | 2,821  |
|                                  |              | <b>30,567</b>                    | 41,732   |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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二零零五年十二月三十一日 (港元)

### 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

### 16. 可供出售之金融資產

|                                       |             | The Group<br>本集團                 |  |
|---------------------------------------|-------------|----------------------------------|--|
|                                       |             | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
| Unlisted investment                   | 非上市投資       | 18,000                           | 30,000   |
| Less: Impairment loss recognised      | 減：已確認資本償還   | —                                | (12,000)   |
| Capital repayment                     | 減值虧損        | (7,100)                          | —  |
| Reclassification to other receivables | 重新分類為其他應收款項 | (10,900)                         | —  |
|                                       |             | —                                | 18,000   |

Unlisted investment represented the Group's investment in Rainbow Choice Enterprises Limited ("Rainbow Choice"), a company incorporated in the British Virgin Islands. The Group's investment represented a holding of 40% of the ordinary shares of Rainbow Choice. The principal activities of Rainbow Choice were the production and distribution of entertainment news in the PRC. Rainbow Choice started operations in July 2004 and its operations and assets were controlled by the other shareholder. Although the Group appointed a representative to the board of directors of Rainbow Choice, the Company found that its representative encountered significant difficulty in influencing the management of Rainbow Choice in practice. As a result, Rainbow Choice was reclassified from an associate of the Group to available-for-sale financial assets of the Group.

On 23 April 2005, the Group entered into an agreement with other shareholder of Rainbow Choice pursuant to which both parties agreed that the ownership of all the entertainment news programmes produced by Rainbow Choice would be transferred to the Group and the other shareholder of Rainbow Choice agreed to pay HK\$18,000,000 to the Group. Upon signing the agreement and up to the date of this report, the Group received HK\$18,000,000 from the other shareholder of Rainbow Choice.

非上市投資指本集團於英屬處女群島註冊成立之公司 Rainbow Choice Enterprises Limited (「Rainbow Choice」) 之投資。本集團之投資佔 Rainbow Choice 普通股之 40%。Rainbow Choice 之主要業務為於中國製作及發行娛樂新聞節目。Rainbow Choice 於二零零四年七月開始營運，其營運及資產由另一位股東控制。儘管本集團於 Rainbow Choice 之董事會有一名委任代表，本公司發現其代表實際上難以對 Rainbow Choice 之管理發揮重大影響力。因此，Rainbow Choice 由原本屬本集團之聯營公司重新分類為本集團之可供出售之金融資產。

於二零零五年四月二十三日，本集團與該位 Rainbow Choice 股東達成協議，據此雙方同意 Rainbow Choice 製作之所有娛樂新聞節目之擁有權將轉讓予本集團，而該位 Rainbow Choice 股東同意向本集團支付 18,000,000 港元。在簽訂該協議後及截至本報告日期，本集團自 Rainbow Choice 之其他股東獲得 18,000,000 港元。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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二零零五年十二月三十一日(港元)

### 17. AMOUNT DUE FROM AN ASSOCIATE

#### The Group

The amount was unsecured, non-interest bearing and had no fixed terms of repayment.

### 17. 應收聯營公司款項

#### 本集團

該款項為無抵押、免息及無固定還款期。

### 18. TAX PREPAYMENT

### 18. 預付稅項

|                          |      | The Group<br>本集團                 |                                  |
|--------------------------|------|----------------------------------|----------------------------------|
|                          |      | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Tax reserve certificates | 儲稅券  | 3,055                            | —                                |
| Tax paid in advance      | 預付稅項 | 1,091                            | —                                |
|                          |      | <b>4,146</b>                     | <b>—</b>                         |

Tax reserve certificates bear interest at 0.01% per annum.

儲稅券以年利率0.01厘計息。

### 19. SHARE CAPITAL

### 19. 股本

|   |   | Number of<br>shares<br>股數<br>'000<br>千股 | Amount<br>金額<br>HK\$'000<br>千港元 |
|---|---|---|---------------------------------|
| <b>Authorised:</b>  | <b>法定股本：</b>                              |   |                                 |
| At 31 December 2004 (Ordinary shares of HK\$0.1 each)         | 於二零零四年十二月三十一日<br>(每股面值0.10港元之普通股)         | 2,000,000                               | 200,000                         |
| <b>At 31 December 2005 (Ordinary shares of HK\$0.01 each)</b> | <b>於二零零五年十二月三十一日<br/>(每股面值0.01港元之普通股)</b> | <b>20,000,000</b>                       | <b>200,000</b>                  |
| <i>Issued and fully paid:</i>                                 | <i>已發行及繳足股本：</i>                          |   |                                 |
| At 31 December 2004 and 1 January 2005                        | 於二零零四年十二月三十一日及<br>二零零五年一月一日               | 475,200                                 | 47,520                          |
| Shares subdivision (note i)                                   | 股份拆細(附註i)                                 | 4,276,800                               | —                               |
| Issuance of new shares (notes ii & iii)                       | 發行新股份(附註ii及iii)                           | 402,018                                 | 4,020                           |
| <b>At 31 December 2005</b>                                    | <b>於二零零五年十二月三十一日</b>                      | <b>5,154,018</b>                        | <b>51,540</b>                   |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 19. SHARE CAPITAL (Continued)

Notes:

- (i) At the general meeting of the Company held on 14 January 2005, resolutions were passed to approve, among other things, the share subdivision on the basis of one share of HK\$0.10 in the issued and unissued share capital of the Company be subdivided into 10 subdivided share of HK\$0.01 each in the issued and unissued share capital of the Company. The share subdivision became effective on 17 January 2005.
- (ii) During May and June 2005, 2,018,000 new shares of HK\$0.01 were allotted and issued to independent third parties at a subscription price of HK\$0.36 per share resulting from the exercise of subscription rights attached to the warrants of the Company. An amount of approximately HK\$706,380 has been recognised as share premium during the year.
- (iii) On 12 September 2005, 400,000,000 new shares of HK\$0.01 were allotted and issued to independent third parties at a price of HK\$0.34 per share pursuant to a placing and subscription agreement dated 7 September 2005. The net proceeds of approximately HK\$131,179,000 are intended to use for investment in other relevant business opportunities that may arise in the future and for general working of the Group. An amount of approximately HK\$132,000,000 has been recognised as share premium during the year.

#### Warrants

During the year ended 31 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 27 May 2002. Each warrant entitles the holder to subscribe for one share of HK\$0.10 in the Company at an initial subscription price of HK\$3.60 per share, subject to adjustment, at any time on or after 17 June 2002 up to and including 16 June 2005.

As a result of the share subdivision in January 2005, the subscription price of the warrants was adjusted from HK\$3.60 per share of HK\$0.10 to HK\$0.36 per share of HK\$0.01 with effect from 17 January 2005.

During the year, 2,018,000 warrants were exercised and converted into 2,018,000 shares of HK\$0.01 each at HK\$0.36 per share. All other warrants expired on 16 June 2005.

### 19. 股本 (續)

附註：

- (i) 於本公司於二零零五年一月十四日舉行之股東大會上，通過決議案批准 (其中包括) 股份拆細，基準為本公司已發行及未發行股本中一股每股面值 0.10 港元之股份拆細為本公司已發行及未發行股本中 10 股每股面值 0.01 港元之經拆細股份。股份拆細於二零零五年一月十七日生效。
- (ii) 於二零零五年五月及六月，由於本公司認股權證附有之認股權行使，故向獨立第三方配發及發行 2,018,000 股每股面值 0.01 港元之股份，認購價為每股 0.36 港元。為數約 706,380 港元之金額已於年內確認為股份溢價。
- (iii) 於二零零五年九月十二日，根據於二零零五年九月七日訂立之配售及認購協議按每股 0.34 港元之價格向獨立第三方配發及發行 400,000,000 股每股面值 0.01 港元之股份。所得款項淨額約 131,179,000 港元擬用作投資於其他將來可能出現之有關商機及本集團之一般營運。為數約 132,000,000 港元之金額已於年內確認為股份溢價。

#### 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基準，向股東發行 95,040,000 份紅利認股權證。每份認股權證給予持有人有權於二零零二年六月十七日起 (或之後) 至二零零五年六月十六日 (包括該日) 隨時按每股 3.60 港元 (可予以調整) 之初步認購價認購一股本公司面值 0.10 港元之股份。

由於在二零零五年一月進行股份拆細，故認股權證之認購價由每股 3.60 港元 (可認購每股面值 0.10 港元之股份) 調整至每股 0.36 港元 (可認購每股面值 0.01 港元之股份)，由二零零五年一月十七日起生效。

年內，2,018,000 份認股權證已獲行使，並按每股 0.36 港元兌換為 2,018,000 股每股面值 0.01 港元之股份。所有其他認股權證已二零零五年六月十六日屆滿。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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二零零五年十二月三十一日(港元)

### 20. RESERVES

#### The Group

### 20. 儲備

#### 本集團

|  |                                     | Share<br>premium<br>HK\$'000<br>千港元 | Capital<br>reserve<br>HK\$'000<br>千港元 | Contributed<br>surplus<br>HK\$'000<br>千港元 | Properties<br>revaluation<br>reserve<br>HK\$'000<br>千港元<br>(restated)<br>(重列) | (Accumulated)<br>losses)/<br>retained<br>profits<br>(累計虧損)/<br>保留溢利<br>HK\$'000<br>千港元<br>(restated)<br>(重列) | Total<br>總計<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|--|-------------------------------------|-------------------------------------|---------------------------------------|---|---|--|--|
| At 1 January 2004  | 於二零零四年一月一日                          | —                                   | 19,834                                | 80,103                                    | 5,073   | 185,125  | 290,135  |
| Effect on adoption of<br>HKAS 17   | 採納香港會計準則<br>第17號之影響                 | —                                   | —                                     | —   | (2,638)   | 1,154  | (1,484)  |
| As restated at<br>1 January 2004   | 於二零零四年一月一日<br>(重列)                  | —                                   | 19,834                                | 80,103                                    | 2,435   | 186,279  | 288,651  |
| Revaluation surplus<br>on leasehold<br>land and buildings<br>not recognised<br>in the consolidated<br>income statement | 樓宇重估盈餘<br>(並無於綜合<br>收益表確認)          | —                                   | —                                     | —   | 1,559   | —  | 1,559  |
| Effect on adoption of<br>HKAS 17   | 採納香港會計準則<br>第17號之影響                 | —                                   | —                                     | —   | (812)   | —  | (812)  |
| Net loss for the year  | 本年度虧損淨額                             | —                                   | —                                     | —   | —   | (268,347)  | (268,347)  |
| As restated at<br>31 December 2004<br>and 1 January 2005   | 於二零零四年十二月<br>三十一日及二零零五年<br>一月一日(重列) | —                                   | 19,834                                | 80,103                                    | 3,182   | (82,068)   | 21,051   |
| Reserve realised on<br>disposal of leasehold<br>land and buildings   | 出售租賃土地及<br>樓宇之已變現儲備                 | —                                   | —                                     | —   | (3,182)   | —  | (3,182)  |
| Issuance of new shares   | 發行新股份                               | 132,706                             | —                                     | —   | —   | —  | 132,706  |
| Share issue expenses   | 股份發行開支                              | (4,841)                             | —                                     | —   | —   | —  | (4,841)  |
| Net loss for the year  | 本年度虧損淨額                             | —                                   | —                                     | —   | —   | (29,664)   | (29,664)   |
| At 31 December 2005  | 於二零零五年<br>十二月三十一日                   | 127,865                             | 19,834                                | 80,103                                    | —   | (111,732)  | 116,070  |



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31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 20. RESERVES (Continued)

#### The Company

|   |                                 | Share<br>Premium<br>股份溢價<br>HK\$'000<br>千港元 | Contributed<br>surplus<br>實繳盈餘<br>HK\$'000<br>千港元 | Accumulated<br>losses<br>累計虧損<br>HK\$'000<br>千港元 | Total<br>總計<br>HK\$'000<br>千港元 |
|---|---------------------------------|---|---|--|--------------------------------|
| At 1 January 2004                         | 於二零零四年一月一日                      | —   | 163,456   | (1,972)  | 161,484                        |
| Net loss for the year                     | 本年度虧損淨額                         | —   | —   | (148,631)  | (148,631)                      |
| At 31 December 2004<br>and 1 January 2005 | 於二零零四年十二月<br>三十一日及<br>二零零五年一月一日 | —   | 163,456   | (150,603)  | 12,853                         |
| Issuance of new shares                    | 發行新股份                           | 132,706                                     | —   | —  | 132,706                        |
| Share issue expenses                      | 股份發行開支                          | (4,841)                                     | —   | —  | (4,841)                        |
| Net loss for the year                     | 本年度虧損淨額                         | —   | —   | (93,239)   | (93,239)                       |
| <b>At 31 December 2005</b>                | <b>於二零零五年<br/>十二月三十一日</b>       | <b>127,865</b>                              | <b>163,456 *</b>                                  | <b>(243,842)</b>                                 | <b>47,479</b>                  |

\* 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 22 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:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- 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.

At 31 December 2005, the Company had no reserves available for distribution.

### 20. 儲備 (續)

#### 本公司

|   |                                 | Share<br>Premium<br>股份溢價<br>HK\$'000<br>千港元 | Contributed<br>surplus<br>實繳盈餘<br>HK\$'000<br>千港元 | Accumulated<br>losses<br>累計虧損<br>HK\$'000<br>千港元 | Total<br>總計<br>HK\$'000<br>千港元 |
|---|---------------------------------|---|---|--|--------------------------------|
| At 1 January 2004                         | 於二零零四年一月一日                      | —   | 163,456   | (1,972)  | 161,484                        |
| Net loss for the year                     | 本年度虧損淨額                         | —   | —   | (148,631)  | (148,631)                      |
| At 31 December 2004<br>and 1 January 2005 | 於二零零四年十二月<br>三十一日及<br>二零零五年一月一日 | —   | 163,456   | (150,603)  | 12,853                         |
| Issuance of new shares                    | 發行新股份                           | 132,706                                     | —   | —  | 132,706                        |
| Share issue expenses                      | 股份發行開支                          | (4,841)                                     | —   | —  | (4,841)                        |
| Net loss for the year                     | 本年度虧損淨額                         | —   | —   | (93,239)   | (93,239)                       |
| <b>At 31 December 2005</b>                | <b>於二零零五年<br/>十二月三十一日</b>       | <b>127,865</b>                              | <b>163,456 *</b>                                  | <b>(243,842)</b>                                 | <b>47,479</b>                  |

\* 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：

- 本公司現時或於分派後無法償還其到期負債；或
- 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。

於二零零五年十二月三十一日，本公司並無可供分派儲備。

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## 財務報表附註

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### 20. RESERVES (Continued)

#### 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 Shores (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 22 August 2003.

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

### 21. DEFERRED TAXATION

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

|   |                         | <b>Accelerated<br/>tax<br/>depreciation</b><br>加速稅項折舊<br>HK\$'000<br>千港元 | <b>Estimated<br/>tax<br/>losses</b><br>估計稅務虧損<br>HK\$'000<br>千港元 | <b>Total<br/>總計</b><br>HK\$'000<br>千港元 |
|---|-------------------------|--|--|--|
| At 1 January 2004                       | 於二零零四年一月一日              | 550  | (550)  | —                                      |
| Credit to income statement for the year | 本年度計入收益表                | (123)  | 123  | —                                      |
| At 31 December 2004 and 1 January 2005  | 於二零零四年十二月三十一日及二零零五年一月一日 | 427  | (427)  | —                                      |
| Credit to income statement for the year | 本年度計入收益表                | (173)  | 173  | —                                      |
| <b>At 31 December 2005</b>              | <b>於二零零五年十二月三十一日</b>    | <b>254</b>   | <b>(254)</b>   | <b>—</b>                               |

At the balance sheet date, the Group had unused estimated tax losses of approximately HK\$50,935,000 (2004: HK\$51,200,000) available for offset against future profits. A deferred tax asset of approximately HK\$254,000 (2004: HK\$427,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK\$8,666,000 (2004: HK\$8,533,000) due to the unpredictability of future profit streams.

### 20. 儲備(續)

#### 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 Shores (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。

### 21. 遞延稅項

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：

於結算日，本集團擁有約 50,935,000 港元(二零零四年：51,200,000 港元)之未動用估計稅務虧損可供抵銷日後溢利。約 254,000 港元(二零零四年：427,000 港元)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 8,666,000 港元(二零零四年：8,533,000 港元)確認遞延稅項資產。

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### 22. TRADE PAYABLES

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

### 22. 貿易應付款項

於結算日，貿易應付款項之公平值之賬齡分析如下：

|   |  | <b>The Group</b><br>本集團                        |  |
|---|--|--|--|
|   |  | <b>2005</b><br>二零零五年<br><b>HK\$'000</b><br>千港元 | <b>2004</b><br>二零零四年<br><b>HK\$'000</b><br>千港元 |
| China Star Entertainment Limited and its subsidiaries ("China Star Group"): | China Star Entertainment Limited (中國星集團有限公司)及其附屬公司(「中國星集團」): |  |  |
| 0 – 30 days   | 零至30日  | <b>3</b>                                       | 123  |
| 31 – 60 days  | 31至60日   | —  | 116  |
| 61 – 90 days  | 61至90日   | —  | 85   |
| Over 90 days  | 90日以上  | <b>15</b>                                      | 1  |
|   |  | <b>18</b>                                      | 325  |
| Others:   | 其他:  |  |  |
| 0 – 30 days   | 零至30日  | —  | —  |
| 61 – 90 days  | 61至90日   | —  | —  |
| Over 90 days  | 90日以上  | <b>1,696</b>                                   | 1,658  |
|   |  | <b>1,696</b>                                   | 1,658  |
|   |  | <b>1,714</b>                                   | 1,983  |

China Star Entertainment Limited ("China Star") is a substantial shareholder of the Company.

The carrying amounts of trade payables approximate their fair values.

China Star Entertainment Limited (中國星集團有限公司) (「中國星」) 為本公司之主要股東。

貿易應付款項之賬面值與其公平值相若。

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## 財務報表附註

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### 23. OTHER PAYABLES AND ACCRUALS

### 23. 其他應付款項及應計費用

|                |        | The Group<br>本集團                 |                                  |
|----------------|--------|----------------------------------|----------------------------------|
|                |        | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Accruals       | 應計費用   | 1,971                            | 1,813                            |
| Other payables | 其他應付款項 | 5,648                            | 1,984                            |
|                |        | <b>7,619</b>                     | <b>3,797</b>                     |

The carrying amounts of other payables and accruals approximate their fair values.

其他應付款項及應計費用之賬面值與其公平值相若。

### 24. AMOUNTS DUE TO RELATED COMPANIES

### 24. 應付關連公司款項

|                                     |                | The Group<br>本集團                 |                                  |
|-------------------------------------|----------------|----------------------------------|----------------------------------|
|                                     |                | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| China Star (note i)                 | 中國星(附註i)       | 33,800                           | —                                |
| China Star's subsidiaries (note ii) | 中國星之附屬公司(附註ii) | 1,032                            | 549                              |
|                                     |                | <b>34,832</b>                    | <b>549</b>                       |

|                           |          | The Company<br>本集團               |                                  |
|---------------------------|----------|----------------------------------|----------------------------------|
|                           |          | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| China Star (note i)       | 中國星(附註i) | 33,800                           | —                                |
| China Star's subsidiaries | 中國星之附屬公司 | —                                | —                                |
|                           |          | <b>33,800</b>                    | <b>—</b>                         |

Notes:

- The amount due to China Star was unsecured, interest bearing at 1% per annum and matured on 19 April 2006.
- The amounts due to China Star's subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

附註：

- 應付中國星款項乃無抵押、按年利率1厘計息及已於二零零六年四月十九日到期。
- 應付中國星之附屬公司款項乃無抵押、免息及無固定還款期。

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### 25. OBLIGATIONS UNDER A FINANCE LEASE

The Group

本集團

|  |                    | Minimum lease payments<br>最低租金   |                                  | Present value of minimum lease payments<br>最低租金現值 |                                  |
|--|--------------------|----------------------------------|----------------------------------|---|----------------------------------|
|  |                    | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元                  | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Amounts payable under a finance lease:       | 根據融資租約應付之金額：       |                                  |                                  |   |                                  |
| Within one year                              | 一年內                | —                                | 10                               | —   | 8                                |
| In the second to fifth year inclusive        | 第二至五年內<br>(包括首尾兩年) | —                                | —                                | —   | —                                |
| Less: Future finance charges                 | 減：日後融資費用           | —                                | 10                               | —   | 8                                |
|  |                    | —                                | 2                                | —   | —                                |
| Present value of lease obligations           | 租約承擔現值             | —                                | 8                                | —   | 8                                |
| Less: Amount due for payment within one year | 減：一年內應付金額          |                                  |                                  | —   | 8                                |
| Amount due for payment after one year        | 一年後應付金額            |                                  |                                  | —   | —                                |

The Group leased certain of its equipment under a finance lease. The lease term was 5 years. Interest was charged at commercial rates and was fixed at the contract date.

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。

### 26. CONVERTIBLE NOTES PAYABLE

The Group and the Company

On 5 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 8 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.

### 25. 融資租約承擔

### 26. 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。

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### 26. CONVERTIBLE NOTES PAYABLE (Continued)

#### The Group and the Company (Continued)

The convertible notes bore interest at 1% per annum which was payable semi-annually in arrears and matured on 19 April 2005. Prior to the maturity, neither the holder nor the Company had the right to redeem or request for redemption of the notes. The convertible notes carried 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, subject to adjustment, at any time on or before 19 April 2005. The convertible notes might be transferred in whole or in part of the outstanding principal amount into the share capital of the Company by the holder.

As a result of the share subdivision in January 2005, the conversion price of the convertible notes was adjusted from HK\$4.00 per share of HK\$0.10 to HK\$0.40 per share of HK\$0.01 with effect from 17 January 2005.

On 19 April 2005, the convertible notes issued by the Company matured. China Star Group did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into share capital of the Group and the Company repaid HK\$33,800,000 to China Star Group.

### 27. TURNOVER

|   |                  | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|---|------------------|----------------------------------|----------------------------------|
| Distribution of films   | 發行電影             | 9,382                            | 27,285                           |
| Sub-licensing of film rights                                    | 轉授電影發行權          | 10,534                           | 16,319                           |
| Sales of financial assets at fair value through profit and loss | 銷售按公平值計入損益表之金融資產 | 18,423                           | 14,778                           |
|   |                  | <b>38,339</b>                    | <b>58,382</b>                    |

### 26. 應付可換股票據 (續)

#### 本集團及本公司 (續)

該等可換股票據按年利率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(可予調整)將可換股票據之全部或任何部份未贖回本金額兌換為本公司股本中每股面值0.10港元之普通股，而持有人可將全部或部份未贖回本金額轉換為本公司股本。

由於二零零五年一月進行股份拆細，可換股票據之兌換價由每股面值0.10港元之4.00港元調整為每股面值0.01港元之0.40港元，自二零零五年一月十七日生效。

於二零零五年四月十九日，本公司發行之可換股票據到期，中國星集團並無行使權利將未贖回本金額33,800,000港元兌換為本集團股本，而本公司付還33,800,000港元予中國星集團。

### 27. 營業額

# NOTES TO THE FINANCIAL STATEMENTS

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二零零五年十二月三十一日 (港元)

### 28. OTHER REVENUE AND OTHER INCOME

### 28. 其他收益及其他收入

|   |                     | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|---|---------------------|----------------------------------|----------------------------------|
| <b>Other revenue</b>  | <b>其他收益</b>         |                                  |                                  |
| Dividend income from financial assets at fair value through profit and loss | 按公平值計入損益表之金融資產之股息收入 | 627                              | 315                              |
| Interest income on bank deposits  | 銀行存款之利息收入           | 1,339                            | 14                               |
| Sundry income   | 雜項收入                | 100                              | 61                               |
|   |                     | <b>2,066</b>                     | <b>390</b>                       |
| <b>Other income</b>   | <b>其他收入</b>         |                                  |                                  |
| Gain on disposal of leasehold land and buildings                            | 出售租賃土地及樓宇之收益        | 7,110                            | —                                |

### 29. LOSS FROM OPERATIONS

### 29. 經營虧損

|   |                      | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|---|----------------------|----------------------------------|--|
| Loss from operations has been arrived after charging:                     | 經營虧損已扣除下列各項：         |                                  |  |
| Allowance for film right deposits   | 電影發行權按金撥備            | —                                | 1,000  |
| Allowance for inventory obsolescence                                      | 陳舊存貨撥備               | —                                | 917  |
| Amortisation of prepaid operating lease payments                          | 預付經營租約租金攤銷           | 10                               | 20   |
| Amortisation of film rights   | 電影發行權攤銷              | 10,332                           | 17,894   |
| Amortisation of goodwill  | 商譽攤銷                 | —                                | 3,953  |
| Amortisation of other asset   | 其他資產攤銷               | —                                | 6,644  |
| Auditors' remuneration  | 核數師酬金                | 500                              | 720  |
| Cost of inventories sold  | 已售存貨成本               | 33                               | 1,904  |
| Depreciation of property, plant and equipment:                            | 物業、廠房及設備折舊：          |                                  |  |
| — owned assets  | — 自置資產               | 1,098                            | 1,206  |
| — leased assets   | — 租賃資產               | 10                               | 10   |
|   |                      | <b>1,108</b>                     | <b>1,216</b>   |
| Impairment loss recognised in respect of prepayments                      | 已確認預付款項減值虧損          | 1,188                            | —  |
| Impairment loss on provision of bad and doubtful debts                    | 呆壞賬撥備減值虧損            | 2,474                            | 1,648  |
| Operating leases rental in respect of rented premises                     | 租賃物業之經營租約租金          | 900                              | 1,616  |
| Staff costs including directors' emoluments                               | 員工成本(包括董事酬金)：        |                                  |  |
| — Salaries  | — 薪金                 | 6,813                            | 10,008   |
| — Contribution to retirement benefits scheme                              | — 退休福利計劃供款           | 143                              | 212  |
|   |                      | <b>6,956</b>                     | <b>10,220</b>  |
| Unrealised loss on financial assets at fair value through profit and loss | 按公平值計入損益表之金融資產之未變現虧損 | 3,928                            | 852  |

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### 30. FINANCE COSTS

|   |
|---|
| Interest on borrowing wholly repayable within five years: |
| — convertible notes payable                               |
| — loan payable  |
| — a finance lease   |

|                  |
|------------------|
| 須於五年內悉數償還之借貨之利息： |
| — 應付可換股票據        |
| — 應付貸款           |
| — 融資租約           |

### 30. 融資費用

|                 |                 |
|-----------------|-----------------|
| <b>2005</b>     | <b>2004</b>     |
| <b>二零零五年</b>    | <b>二零零四年</b>    |
| <b>HK\$'000</b> | <b>HK\$'000</b> |
| <b>千港元</b>      | <b>千港元</b>      |

|  |  |            |     |
|--|--|------------|-----|
|  |  |            |     |
|  |  | <b>100</b> | 338 |
|  |  | <b>238</b> | —   |
|  |  | <b>2</b>   | 2   |
|  |  | <b>340</b> | 340 |

### 31. DIRECTORS' EMOLUMENTS

The board of directors of the Company is currently composed of two executive directors and three non-executive directors.

The aggregate amount of emoluments payable to the directors of the Company during the year was HK\$1,710,000 (2004: HK\$1,830,000). The remuneration of every director for the years ended 31 December 2005 and 2004 was as follows:

### 31. 董事酬金

本公司之董事會現由兩名執行董事及三名非執行董事組成。

年內應付予本公司董事之酬金總額為1,710,000港元(二零零四年:1,830,000港元)。截至二零零五年及二零零四年十二月三十一日止年度,每名董事之薪酬如下:

| Name of director<br>董事姓名                   | Fee<br>袍金                        |                                  | Salaries<br>and bonuses<br>薪金及花紅 |                                  | Contribution to<br>retirement<br>benefit scheme<br>退休福利計劃供款 |                                  | Total<br>總計                      |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
|  | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元                            | 2004<br>二零零四年<br>HK\$'000<br>千港元 | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
| Mr. Heung Wah Keung<br>向華強先生               | —                                | —                                | —                                | —                                | —   | —                                | —                                | —                                |
| Ms. Chen Ming Yin, Tiffany<br>陳明英女士        | —                                | —                                | —                                | —                                | —   | —                                | —                                | —                                |
| Mr. Lei Hong Wai (note i)<br>李雄偉先生(附註i)    | —                                | —                                | 1,341                            | 1,548                            | 9   | 12                               | 1,350                            | 1,560                            |
| Mr. Tang Chak Lam, Gilbert<br>鄧澤林先生        | 120                              | 120                              | —                                | —                                | —   | —                                | 120                              | 120                              |
| Mr. Ho Wai Chi Paul<br>何偉志先生               | 120                              | 30                               | —                                | —                                | —   | —                                | 120                              | 30                               |
| Mr. Lien Wai Hung (note ii)<br>連偉雄先生(附註ii) | 90                               | —                                | —                                | —                                | —   | —                                | 90                               | —                                |
| Mr. Lai Hok Lim (note iii)<br>黎學廉先生(附註iii) | 30                               | 120                              | —                                | —                                | —   | —                                | 30                               | 120                              |
|  | <b>360</b>                       | <b>270</b>                       | <b>1,341</b>                     | <b>1,548</b>                     | <b>9</b>  | <b>12</b>                        | <b>1,710</b>                     | <b>1,830</b>                     |

#### Notes:

- Mr. Lei Hong Wai resigned as a director on 13 October 2005.
- Mr. Lien Wai Hung was appointed as a director on 12 April 2005.
- Mr. Lai Hok Lim resigned as a director on 12 April 2005.

#### 附註:

- 李雄偉先生於二零零五年十月十三日辭任董事。
- 連偉雄先生於二零零五年四月十二日獲委任為董事。
- 黎學廉先生於二零零五年四月十二日辭任董事。



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### 32. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals whose emoluments were the highest in the Group for the year include one director (2004: one) whose emoluments are reflected in note 31 above and amounted to HK\$1,350,000 (2004: HK\$1,560,000). The emoluments payable to the remaining four individual (2004: four) during the year were as follow:

|  |          | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|--|----------|----------------------------------|----------------------------------|
| Salaries and other allowances            | 薪金及其他津貼  | 2,244                            | 2,364                            |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 48                               | 48                               |
|  |          | <b>2,292</b>                     | <b>2,412</b>                     |

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.

### 32. 五名最高薪人士

於本集團五名最高薪人士中，其中一名(二零零四年：一名)為董事，其酬金已載於上文附註31，達1,350,000港元(二零零四年：1,560,000港元)。年內應付予其餘四名(二零零四年：四名)人士之酬金如下：

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。

### 33. TAXATION

The taxation (charge)/credit is as follows: 稅項(支出)／抵免如下：

|  |                 | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|--|-----------------|----------------------------------|----------------------------------|
| Hong Kong Profits Tax:   | 香港利得稅：          |                                  |                                  |
| — current year   | — 本年度           | —                                | (284)                            |
| — overprovision in prior years                                   | — 過往年度超額撥備      | —                                | 7                                |
| Taxation charge attributable to the Company and its subsidiaries | 本公司及其附屬公司應佔稅項支出 | —                                | (277)                            |

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2005 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.

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year ended 31 December 2004.

### 33. 稅項

由於本公司及其附屬公司均無估計應課稅溢利或其估計應課稅溢利已獲承前估計稅務虧損全數抵銷，故並無於截至二零零五年十二月三十一日止年度就香港利得稅作出撥備。

香港利得稅乃按截至二零零四年十二月三十一日止年度估計應課稅溢利以17.5%稅率計算。

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### 33. TAXATION (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

|   |                               | 2005<br>二零零五年<br>HK\$'000<br>千港元 |        | 2004<br>二零零四年<br>HK\$'000<br>千港元 |        |
|---|-------------------------------|----------------------------------|--------|----------------------------------|--------|
|   |                               |                                  | %      |                                  | %      |
| Loss before taxation  | 除稅前虧損                         | (29,664)                         |        | (268,070)                        |        |
| Taxation at income tax rate of 17.5%  | 按所得稅稅率<br>17.5%計算之稅項          | 5,191                            | 17.5   | 46,912                           | 17.5   |
| Tax effect of income that is not taxable in determining taxable profit                    | 在決定應課稅溢利時<br>不可課稅收入之<br>稅務影響  | 8,554                            | 28.8   | 606                              | 0.2    |
| Tax effect of expenses that are not deductible in determining tax profit                  | 在決定應課稅溢利<br>時不可扣稅支出<br>之稅務影響  | (11,308)                         | (38.1) | (45,632)                         | (17.0) |
| Underprovision in respect of prior years  | 過往年度撥備不足                      | —                                | —      | 7                                | —      |
| Tax effect of estimated tax losses for which deferred tax assets have not been recognised | 未確認遞延稅項<br>資產之估計稅項<br>虧損之稅務影響 | —                                | —      | (2,170)                          | (0.8)  |
| Tax losses not yet recognised   | 未確認稅項虧損                       | (2,437)                          | (8.2)  | —                                | —      |
| Taxation charge for the year  | 本年度稅項支出                       | —                                | —      | (277)                            | (0.1)  |

In April 2002, April 2003, March 2004, and January 2005, the Inland Revenue Department (the "IRD") of Hong Kong issued estimated assessments to Ocean Shores Licensing Limited ("OSLL") in respect of its potential tax liabilities for the years of assessments from 1995/1996 to 2000/2001 in the amount of HK\$22,971,000. OSLL has formally objected to the estimated assessments. The directors consider appropriate tax provision has already been made in the financial statements.

At the request of the IRD, OSLL has already paid deposits totaling approximately HK\$4,146,000 by way of purchase of tax reserve certificates and payment of instalments in cash. There are possible obligations in penalty and interest arising in respect of the potential tax liabilities in the event that the objection is settled.

### 33. 稅項 (續)

年內，可與綜合收益表內之除稅前虧損對賬之稅項如下：

於二零零二年四月、二零零三年四月、二零零四年三月及二零零五年一月，香港稅務局(「稅務局」)向Ocean Shores Licensing Limited(「OSLL」)就其由一九九五／一九九六年至二零零零／二零零一年評稅年度之潛在稅務負債為數22,971,000港元發出估計評稅。OSLL已就估計評稅提出正面反對。董事認為已在財務報表內作出適當之稅項撥備。

應稅務局要求，OSLL已以儲稅券及分期現金付款之方式支付按金合共約4,146,000港元。倘有關反對獲解決，則可能有責任須支付潛在稅務負債產生須罰款及利息。

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### 34. LOSS PER SHARE

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

|   |                           | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|---|---------------------------|----------------------------------|--|
| Loss for the purposes of basic loss per share — net loss for the year | 於計算每股基本虧損時所用之虧損 — 本年度虧損淨額 | (29,664)                         | (268,347)  |
| 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                 | —                                | —  |
| Loss for the purposes of diluted loss per share                       | 於計算每股攤薄虧損時所用之虧損           | (29,664)                         | (268,347)  |

|   |                       | '000<br>千股 | '000<br>千股 |
|---|-----------------------|------------|------------|
| Number of shares  | 股份數目                  |            |            |
| Weighted average number of ordinary shares for the purpose of basic loss per share    | 於計算每股基本虧損時所用之普通股加權平均數 | 4,865,190  | 4,752,000  |
| Effect of dilutive potential ordinary shares:   | 潛在普通股之攤薄影響：           |            |            |
| Warrants  | 認股權證                  | —          | —          |
| Convertible notes payable   | 應付可換股票據               | —          | —          |
| Share options   | 購股權                   | —          | —          |
| Weighted averaged number of ordinary share for the purposes of diluted loss per share | 於計算每股攤薄虧損時所用之普通股加權平均數 | 4,865,190  | 4,752,000  |

The computation of diluted loss per share for the year ended 31 December 2005 did not assume the exercise of the Company's share options because the effect of exercising an option to subscribe for an additional share in the Company would result in a decrease of net loss per share.

The computation of diluted loss per share for the year ended 31 December 2004 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.

### 34. 每股虧損

每股基本及攤薄虧損乃根據下列數據計算：

|   | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元<br>(restated)<br>(重列) |
|---|----------------------------------|--|
| Loss for the purposes of basic loss per share — net loss for the year | (29,664)                         | (268,347)  |
| Effect of dilutive potential ordinary shares:                         |                                  |  |
| Interest on convertible notes payable                                 | —                                | —  |
| Loss for the purposes of diluted loss per share                       | (29,664)                         | (268,347)  |

|   | '000<br>千股 | '000<br>千股 |
|---|------------|------------|
| Number of shares  |            |            |
| Weighted average number of ordinary shares for the purpose of basic loss per share    | 4,865,190  | 4,752,000  |
| Effect of dilutive potential ordinary shares:   |            |            |
| Warrants  | —          | —          |
| Convertible notes payable   | —          | —          |
| Share options   | —          | —          |
| Weighted averaged number of ordinary share for the purposes of diluted loss per share | 4,865,190  | 4,752,000  |

由於行使本公司之購股權認購本公司額外股份將導致每股虧損淨額減少，故此計算截至二零零五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購股權。

由於本公司認股權證之行使價高於股份平均市價，故此計算截至二零零四年十二月三十一日止年度之每股攤薄虧損時並無假設已行使該等認股權證、應付可換股債券及購股權，原因為行使本公司認股權證、應付可換股票據及購股權以認購額外股份之影響將導致每股虧損淨額有所減少。

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### 35. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2005, the Company acquired 59.99% interest in Gainful Fortune. The fair values of assets acquired and liabilities assumed are as follows:

|                             |             | 2005<br>二零零五年 | 2004<br>二零零四年 |
|-----------------------------|-------------|---------------|---------------|
| Net assets acquired         | 所收購資產淨值     |               |               |
| Other receivables           | 其他應收款項      | 784           | —             |
| Cash and bank balances      | 現金及銀行結存     | 95            | —             |
| Tax prepayment              | 預付稅項        | 4,133         | —             |
| Receipt in advance          | 預收款項        | (8,978)       | —             |
| Other payables and accruals | 其他應付款項及應計費用 | (3,690)       | —             |
|                             |             | (7,656)       | —             |
| Goodwill                    | 商譽          | 7,656         | —             |
|                             |             | —             | —             |
| Satisfied by                | 支付方式        |               |               |
| Cash                        | 現金          | —             | —             |
|                             |             | —             | —             |

Analysis of the net inflow in respect of the acquisition of a subsidiary:

收購附屬公司之流入淨額分析：

|   |               | 2005<br>二零零五年 | 2004<br>二零零四年 |
|---|---------------|---------------|---------------|
| Cash consideration  | 現金代價          | —             | —             |
| Cash and bank balances in hand acquired                       | 所收購現金及銀行結存    | 95            | —             |
| Net cash inflow in respect of the acquisition of a subsidiary | 收購附屬公司之現金流入淨額 | 95            | —             |

No turnover was contributed from the subsidiary acquired during the year ended 31 December 2005. The subsidiary acquired contributed to the Group a loss of approximately HK\$155,000 for the year. The subsidiary acquired contributed approximately HK\$110,000 to the Group's net operating cash flows. There is no significant impact of the Group's cash flows for investing and financing activities and payment of tax.

於截至二零零五年十二月三十一日止年度內，收購之附屬公司並無為本集團之營業額帶來貢獻。所收購附屬公司為本集團之本年度虧損帶來約155,000港元。所收購附屬公司為本集團之經營現金流量淨額帶來約110,000港元。本集團作投資與融資活動及支付稅項之現金流量並無受重大影響。

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### 36. COMMITMENTS

#### (a) Lease commitments

##### As lessee

At 31 December 2005, 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 | 第二至五年內 (包括首尾兩年) |

| The Group<br>本集團 |                 |
|------------------|-----------------|
| 2005<br>二零零五年    | 2004<br>二零零四年   |
| HK\$'000<br>千港元  | HK\$'000<br>千港元 |

|  |  |            |              |
|--|--|------------|--------------|
|  |  | 539        | 981          |
|  |  | 38         | 463          |
|  |  | <b>577</b> | <b>1,444</b> |

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.

##### 作為承租人

於二零零五年十二月三十一日，本集團根據於下列期限屆滿之土地及樓宇不可撤銷經營租約之日後最低租金承擔如下：

經營租金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。

##### As lessor

At 31 December 2005 the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of the Group's property, which fall due as follows:

|                 |     |
|-----------------|-----|
| Within one year | 一年內 |
|-----------------|-----|

| The Group<br>本集團 |                 |
|------------------|-----------------|
| 2005<br>二零零五年    | 2004<br>二零零四年   |
| HK\$'000<br>千港元  | HK\$'000<br>千港元 |

|  |  |   |    |
|--|--|---|----|
|  |  | — | 26 |
|--|--|---|----|

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

##### 作為出租人

於二零零五年十二月三十一日，本集團根據與租戶訂約於下列期限屆滿之本集團物業不可撤銷經營租約之日後最低租金如下：

於結算日，本公司並無任何租賃承擔。

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### 36. COMMITMENTS (Continued)

#### (b) Other commitments

- (i) At 31 December 2004, the Group had commitments for purchase of film rights amounted to approximately HK\$56,000, which were contracted but not provided for in the financial statements.

At 31 December 2005, the Group had no commitments for purchase of film rights.

- (ii) Pursuant to the undertaking letters issued by the owners of 上海昇平文化發展有限公司 during the year ended 31 December 2003, they will transfer their ownership in the company to the Group at price determined by the valuers in the PRC when the laws in the PRC allow foreign investors own more than 51% in the company.

- (iii) On 9 April 2005, the Group entered into a conditional sale and purchase agreement with Leadfirst Limited, a company wholly-owned by Mr. Benny Ki, as a seller, and Mr. Benny Ki, as a guarantor, pursuant to which the Group agreed to acquire 100% of the issued share capital of Best Winning Group Limited from Leadfirst Limited at a consideration of HK\$600,000,000. Upon completion of the conditional sales and purchase agreement, the consideration shall be satisfied by the issue of convertible notes in principal amount of HK\$500,000,000 and the payment of cash of HK\$100,000,000. At 31 December 2005, the Group has paid deposits amounted to HK\$40,000,000 to Leadfirst Limited.

Subsequent to the year end, the Company announced that the conditional sale and purchase agreement ceased and determined on 31 March 2006.

### 36. 承擔 (續)

#### (b) 其他承擔

- (i) 於二零零四年十二月三十一日，本集團擁有購買電影發行權之承擔約為56,000港元，該等承擔乃已訂約但未於財務報表作出撥備。

於二零零五年十二月三十一日，本集團並無購買電影發行權之承擔。

- (ii) 根據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公司之擁有權予本集團。

- (iii) 於二零零五年四月九日，本集團與一間由紀明寶先生全資擁有之公司 Leadfirst Limited (作為賣方) 及紀明寶先生 (作為保證人) 訂立有條件買賣協議，據此，本集團同意以600,000,000港元之代價向 Leadfirst Limited 收購 Best Winning Group Limited 之全部已發行股本。於有條件買賣協議完成後，代價將透過發行本金額為500,000,000港元之可換股票據及支付100,000,000港元現金之方式支付。於二零零五年十二月三十一日，本集團已向 Leadfirst Limited 支付為數40,000,000港元之按金。

於年結日後，本公司宣佈有條件買賣協議已於二零零六年三月三十一日終止。

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### 37. EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### (A) Share option scheme

Pursuant to an ordinary resolution passed at a special general meeting of the company held on 21 January 2002, the Company adopted a share option scheme (the "Option Scheme") to replace the share option scheme adopted by the Company on 19 January 2000.

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

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

### 37. 以股權結算之股份交易

#### (A) 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
  - (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) 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：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (A) Share option scheme (Continued)

(b) (Continued)

(iii) (Continued)

- any person of entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- 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.

### 37. 以股權結算之股份交易 (續)

#### (A) 購股權計劃 (續)

(b) (續)

(iii) (續)

- 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，
- 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或任何顧問、諮詢、專業或其他服務之任何人士或公司，
- 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。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (A) Share option scheme (Continued)

- (c) The maximum number of shares in respect of which share 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 share 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 475,401,800, which represented 9.22% of the issued share capital of the Company at the date of this annual report.
- (d) The maximum number of shares in respect of share which share 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 share 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 period fixed by the board of directors upon grant of the share option but in any event the share 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 share option for a certain period before exercising the share option save as determined by the board of directors and provided in the offer of grant of share option.
- (g) The acceptance of a share 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.

### 37. 以股權結算之股份交易 (續)

#### (A) 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475,401,800股，佔本年報日期本公司已發行股本9.22%。
- (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個月期間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，不得超逾不時已發行股份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購股權之最短期限。
- (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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (A) Share option scheme (Continued)

- (h) The exercise price of a share option must be highest of:
- (i) the closing price of the share of the Company on the date of grant which day must be a trading day;
  - (ii) the average closing price of the share of the Company for the 5 trading days immediately preceding the date of grant; and
  - (iii) the nominal value of the share of the Company.
- (i) The life of the Option Scheme is effective for 10 years from the date of adoption until the date of expiry.

The following table discloses details of the Company's share options granted and the Option Scheme held by the employees and movements during the year.

| Category of participants<br>參與者類別 | Date of grant<br>授出日期           | Exercise price per share<br>每股行使價<br>HK\$<br>港元 | Exercisable period<br>行使期<br>(note i)<br>(附註i)                 | Number of share options<br>購股權數目   |  |
|-----------------------------------|---------------------------------|---|--|--|--|
|                                   |                                 |   |  | Outstanding at 1 January 2004 and 1 January 2005<br>於二零零四年一月一日及二零零五年一月一日尚未行使 | Outstanding at 31 December 2005<br>於二零零五年十二月三十一日尚未行使 |
| 僱員                                | 8 March 2002<br>二零零二年三月八日       | 0.26  | 8 March 2002 – 7 March 2012<br>二零零二年三月八日至二零一二年三月七日             | 190,000,000  | –  |
| 僱員                                | 13 December 2004<br>二零零四年十二月十三日 | 0.194   | 13 December 2004 – 12 December 2014<br>二零零四年十二月十三日至二零一四年十二月十二日 | 275,700,000  | –  |
|                                   |                                 |   |  | 465,700,000  | –  |
|                                   |                                 |   |  |  | 465,700,000  |

### 37. 以股權結算之股份交易 (續)

#### (A) 購股權計劃 (續)

- (h) 購股權之行使價須為下列之最高者：
- (i) 本公司股份於授出日期(必須為交易日)之收市價；
  - (ii) 本公司股份截至授出當日前5個交易日之平均收市價；及
  - (iii) 本公司股份之面值。
- (i) 購股權計劃之有效期自採納日期起計10年至期滿日。

下表披露本公司於年內所授出之購股權及僱員所持之購股權計劃以及其變動之詳情。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (A) Share option scheme (Continued)

##### (i) (Continued)

Notes:

- (i) The exercisable period commenced on the date of grant of the relevant share options.
- (ii) No share option was granted, cancelled nor exercised during the year.

#### (B) Share-based payment compensation

Following to the adoption of HKFRS2, Share-based Payment, the fair value of the employee services received in exchange for the grant of the options after 7 November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

Share options granted under the Option Scheme are not expensed as the options were all vested and not subject to requirements of HKFRS 2.

### 38. RETIREMENT BENEFITS SCHEMES

With effect from the 1 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.

### 37. 以股權結算之股份交易 (續)

#### (A) 購股權計劃 (續)

##### (i) (續)

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、註銷及行使。

#### (B) 以股份形式支付之薪酬

於採納香港財務報告第2號以股份形式支付之款項後，於二零零二年十一月七日後授予購股權所換取之僱員服務之公平值確認為支出。於歸屬期內列作支出之總金額乃參照已授予之購股權之公平值釐定。

根據購股權計劃授出之購股權均不會支銷，原因為該等購股權均已歸屬，且毋須遵守香港財務報告準則第2號之規定。

### 38. 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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 39. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group had the following material transactions with related parties:

- (a) On 5 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 8 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 and an option to acquire the theatrical rights.

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 of refusal to acquire the distribution rights and as security for the license fees payable under the territory supply agreement 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 license fee in respect of each film ranging from approximately HK\$200,000 to 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 year ended 31 December 2005, the Group acquired the distribution rights of five films (2004: 10) from China Star Group at a total consideration of approximately HK\$3,600,000 (2004: HK\$8,500,000) and the theatrical rights of five films (2004: six) from China Star Group at a total license fee of approximately HK\$5,347,000 (2004: HK\$4,970,000) pursuant to the relevant territory distribution agreements.

In April 2005, the territory supply agreement expired and China Star Group settled the deposit of HK\$5,000,000 with the Group.

### 39. 重大關連人士交易

年內，本集團之重大關連人士交易如下：

- (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)及選擇購買放映權。

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供應協議。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。

於截至二零零五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以總代價約3,600,000港元(二零零四年：8,500,000港元)向中國星集團收購五部電影(二零零四年：十部)之發行權，而本集團亦分別以總特許費用約5,347,000港元(二零零四年：4,970,000港元)向中國星集團收購五部(二零零四年：六部)電影之放映權。

於二零零五年四月，地區供應協議已屆滿，而中國星集團已向本集團支付5,000,000港元之按金。

# NOTES TO THE FINANCIAL STATEMENTS

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31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日 (港元)

### 39. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

| Nature of transactions<br>交易性質 | Notes<br>附註 | 2005                     | 2004                     |
|--------------------------------|-------------|--------------------------|--------------------------|
|                                |             | 二零零五年<br>HK\$'000<br>千港元 | 二零零四年<br>HK\$'000<br>千港元 |
| Interest expense               | 利息支出        |                          |                          |
| — Loan                         | — 貸款支出      | 100                      | —                        |
| — Convertible notes payable    | — 應付可換股債券   | 238                      | 338                      |
| Post-production expenses       | 後期製作支出      | 736                      | 1,781                    |

Notes:

- (i) Interest expense was calculated at 1% per annum in accordance with the terms of the loan of HK\$33,800,000 granted by China Star to the Company.
- (ii) Interest expense was calculated at 1% per annum in accordance with the terms of the convertible notes payable issued by the Company.
- (iii) The post-production expenses were determined at prices agreed between the parties.
- (c) During the year ended 31 December 2004, the Group had interest receivable of HK\$1,600,000 from an associate. The interest was calculated at 1% per annum in accordance with the terms of the convertible notes issued by the associate.

During the year ended 31 December 2005, the Group had no interest receivable from the associate as the Group exercised the right under the convertible notes to convert the outstanding principal amount of HK\$160,000,000 into shares of the associate. Details of amount due from and the convertible notes issued by the associate are set out in notes 11 and 17 to the financial statements.

- (d) During the year ended 31 December 2004, the Group granted the hotel and intranet distribution rights in the PRC in respect of 24 films to an associate at a total consideration of HK\$6,384,000 in accordance with the agreements entered into between the parties.

During the year ended 31 December 2005, the Group did not grant any hotel and intranet distribution rights in respect of films to the associate.

### 39. 重大關連人士交易 (續)

- (b) 本集團年內與中國星集團進行下列交易：

| Nature of transactions<br>交易性質 | Notes<br>附註 | 2005                     | 2004                     |
|--------------------------------|-------------|--------------------------|--------------------------|
|                                |             | 二零零五年<br>HK\$'000<br>千港元 | 二零零四年<br>HK\$'000<br>千港元 |
| Interest expense               | 利息支出        |                          |                          |
| — Loan                         | — 貸款支出      | 100                      | —                        |
| — Convertible notes payable    | — 應付可換股債券   | 238                      | 338                      |
| Post-production expenses       | 後期製作支出      | 736                      | 1,781                    |

附註：

- (i) 利息開支根據本公司向中國星授出之貸款33,800,000港元之條款按年利率1厘計算。
- (ii) 利息開支根據本公司所發行應付可換股票據之條款按年利率1厘計算。
- (iii) 後期製作服務支出按各方協定之價格釐定。
- (c) 於截至二零零四年十二月三十一日止年度，本集團應收聯營公司之利息約為1,600,000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。

於截至二零零五年十二月三十一日止年度，本集團概無因本集團行使可換股票據項下之權利，將未贖回本金額160,000,000港元兌換為該聯營公司之股份，而應向該聯營公司收取之利息。聯營公司發行之可換股票據及應收聯營公司款項之詳情分別載於財務報表附註11及17。

- (d) 於截至二零零四年十二月三十一日止年度，本集團根據雙方訂立之協議向一間聯營公司授出有關24部電影在中國之酒店及內聯網之發行權，總代價為6,384,000港元。

於截至二零零五年十二月三十一日止年度，本集團並無向該聯營公司授出有關電影在酒店及內聯網之發行權。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 39. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

- (e) On 19 April 2005, the convertible notes of HK\$33,800,000 issued by the Group to China Star Group matured. China Star Group did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into shares of the Company and the Company repaid HK\$33,800,000 to China Star Group. Details of the convertible notes payable to China Star Group are set out in note 26 to the financial statements.
- (f) On 19 April 2005, China Star granted a one year term loan of HK\$33,800,000 to the Company. The loan is unsecured, interest bearing at 1% per annum and repayable on 19 April 2006. Details of the amount due to China Star are set out in note 24 to the financial statements.
- (g) On 7 July 2007, the Group disposed its leasehold land and buildings to China Star Group at a total consideration of HK\$9,000,000. The consideration was agreed between the parties based on arms' length negotiations with reference to a property valuation done by an independent firm of professional chartered surveyors appointed by China Star Group.

The board of directors of the Company (including the independent non-executive directors) considered the terms of the disposal to be on normal commercial terms and fair and reasonable and in the interests of the Company's shareholders.

The disposal constitutes a discloseable and connected transaction for the Company under the Chapter 14 of the Listing Rules. Please refer to the Company's announcement dated 7 July 2005 and circular dated 29 July 2005 for details.

- (h) Details of the amounts due to China Star Group are set out in note 24 to the financial statements.

### 39. 重大關連人士交易 (續)

- (e) 於二零零五年四月十九日，本公司向中國星集團發行之33,800,000港元之可換股票據到期。中國星集團並無行使權利將未贖回本金額33,800,000港元兌換為本公司股份，故本公司向中國星集團償還33,800,000港元。應付中國星集團之可換股票據之詳情載於財務報表附註26。
- (f) 於二零零五年四月十九日，中國星向本公司授予為期一年之貸款33,800,000港元。該筆貸款為無抵押、按年利率1厘計息及須於二零零五年四月十九日償還。應付中國星款項之詳情載於財務報表附註24。
- (g) 於二零零五年七月七日，本集團向中國星集團出售其租賃土地及樓宇，總代價為9,000,000港元。代價乃由訂約方經參考由中國星集團所委任之獨立專業特許測量師公司所作之物業估值及公平磋商後協定。

本公司董事會(包括獨立非執行董事)認為，出售之條款將為一般商業條款，且屬公平合理，並符合本公司股東之利益。

根據上市規則第14章，出售構成本公司之須予披露及關連交易。詳情請參閱本公司分別於二零零五年七月七日及二零零五年七月二十九日刊發之公佈及通函。

- (h) 應付中國星款項之詳情載於財務報表附註24。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 39. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(i) Compensation for key personnel management

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in notes 31 and 32 to the financial statements, is as follows:

|  |          | 2005<br>二零零五年<br>HK\$'000<br>千港元 | 2004<br>二零零四年<br>HK\$'000<br>千港元 |
|--|----------|----------------------------------|----------------------------------|
| Salaries                                   | 薪金       | 3,276                            | 3,186                            |
| Contribution to retirement benefits scheme | 退休福利計劃供款 | 36                               | 36                               |
|  |          | <b>3,312</b>                     | <b>3,222</b>                     |

### 40. LITIGATION

At the date of this annual report, save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the directors to be pending or threatened against any member of the Group.

The Commissioner of Inland Revenue had issued proceedings on 30 March 2005 against OSLL, a subsidiary of the Company, in respect of an aggregate amount of outstanding taxation of HK\$13,928,226 in respect of the years of assessments from 1998/1999 to 2000/2001. Provision for this amount has been made in the Group's audited financial statements for the year ended 31 December 2005 and OSLL is currently in discussions with the Inland Revenue Department as to whether such taxation is payable and how to settle this matter.

### 39. 重大關連人士交易 (續)

(i) 主要管理人員薪酬

主要管理人員薪酬(包括附註31及附註32所披露支付予本公司董事及若干最高薪僱員之金額)如下:

### 40. 訴訟

於年報日期，除下文所披露者外，本公司或其任何附屬公司並無涉及任何重大訴訟或仲裁，而就董事所知，本集團任何成員公司概無待決或面臨重大訴訟或申索。

於二零零五年三月三十日，稅務局局長就截至一九九八／一九九九年度至二零零零／二零零一年度止財政年度之未繳付稅項合共13,928,226港元向本公司附屬公司OSLL提出法律行動。本公司已於截至二零零五年十二月三十一日止年度之經審核財務報表中就該數額作出撥備，而本公司現正與稅務局商討該筆稅項是否應付及如何解決有關問題。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

31 December 2005 (in HK Dollars)  
二零零五年十二月三十一日(港元)

### 41. SUBSEQUENT EVENTS

- (i) On 17 February 2006, the Group entered into a conditional sale and purchase agreement with Northbay Investments Holdings Limited, pursuant to which the Group would acquire 100% interest in Shinhan-Golden Faith International Development Limited and a sale loan, at an aggregate consideration of approximately HK\$266,064,350. The consideration shall be satisfied by the allotment and issue of 1,330,321,745 shares issued at HK\$0.20 per share. Please refer to the Company's announcement dated 23 February 2006 for details.
- (ii) On 9 April 2005, the Group entered into a conditional sale and purchase agreement with Leadfirst Limited, a company wholly-owned by Mr. Benny Ki, as a seller, and Mr. Benny Ki, as a guarantor, pursuant to which the Group agreed to acquire 100% of the issued share capital of Best Winning Group Limited from Leadfirst Limited at a consideration of HK\$600,000,000. Subsequent to the year end, the Group announced that the conditional sale and purchase agreement ceased and determined on 31 March 2006. Please refer to the Company's announcement dated 31 March 2006 for details.

On 19 April 2006, the Company announced that the repayment date of the initial deposit and further deposit totaling HK\$40,000,0000 in regard to the aforementioned deal, will be extended to a date falling on or before 30 April 2006, of which constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is also subject to the disclosure requirement under Rule 13.13 of the Listing Rules. The initial deposit and further deposit shall be refunded to the Group on or before 30 April 2006 with interest accruing thereon at the rate of 6% per annum. Please refer to the Company's announcement dated 19 April 2006 for details.

### 42. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

### 43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 24 April 2006.

### 41. 結算日後事項

- (i) 於二零零六年二月十七日，本集團與 Northbay Investments Holdings Limited 訂立有條件買賣協議，據此，本集團將按總代價約 266,064,350 港元收購 Shinhan-Golden Faith International Development Limited 之全部權益。代價將以按每股 0.20 港元配發及發行 1,330,321,745 股股份支付。
- (ii) 於二零零五年四月九日，本集團與紀寶明先生之全資公司 Leadfirst Limited (作為買方) 及紀寶明 (作為保證人) 先生訂立有條件買賣協議，據此，本集團同意按代價 600,000,000 港元向 Leadfirst Limited 購買 Best Winning Group Limited 全部已發行股本。於年終後，本集團於二零零六年三十一日，公佈有條件買賣協議經已終止。詳情請參閱於二零零六年三月三十一日發出之公佈。

於二零零六年四月十九日，本公司宣佈，有關上述交易之初步按金及進一步按金總數 40,000,000 港元之還款日期將延長至二零零六年四月三十日或之前，此舉構成上市規則第 14 章下之須予披露交易及須遵守上市規則第 13.13 條之披露要求。初步按金及進一步按金連其後利息年利率六厘將於二零零六年四月三十日或之前退還予本集團。詳情請參閱本公司於二零零六年四月十九日刊發之公佈。

### 42. 比較數字

誠如財務報表附註 2 所進一步闡釋，由於本年度採納新香港財務報告準則，故財務報表中若干項目及結餘之會計處理方法及呈列方式經已作出修訂，以符合新規定。因此，比較數字經已重新分類及重列，以符合本年度之呈列方式及會計處理方法。

### 43. 批准財務報表

財務報表已於二零零六年四月二十四日經董事會批准。