



ANNUAL REPORT 2005 年報

**CHINA STAR
ENTERTAINMENT LIMITED
中國星集團有限公司**

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock code 股份代號: 326)

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公司資料 Corporate Information

董事會

向華強先生 (主席)
陳明英女士 (副主席)
李玉嫦女士 (執行董事)
洪祖星先生 (獨立非執行董事)
何偉志先生 (獨立非執行董事)
馮浩森先生 (獨立非執行董事)

公司秘書

黃淑嫻女士

主要辦事處

香港
九龍
尖沙咀
彌敦道132號
美麗華大廈503C

主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited

香港股份過戶登記分處

香港中央證券登記有限公司

主要往來銀行

中國銀行(香港)有限公司
恒生銀行有限公司
渣打銀行(香港)有限公司
誠興銀行有限公司

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師

法律顧問

羅拔臣律師事務所
李智聰律師事務所
Appleby Spurling Hunter
高偉紳律師行

股份代號

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BOARD OF DIRECTORS

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung (*Executive Director*)
Mr. Hung Cho Sing (*Independent Non-Executive Director*)
Mr. Ho Wai Chi, Paul (*Independent Non-Executive Director*)
Mr. Fung Ho Sum (*Independent Non-Executive Director*)

COMPANY SECRETARY

Ms. Wong Shuk Han, Dorothy

PRINCIPAL OFFICE

Unit 503C, Miramar Tower
132 Nathan Road
Tsimshatsui
Kowloon
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Seng Heng Bank Limited

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

LEGAL ADVISERS

Robertsons
Michael Li & Co.
Appleby Spurling Hunter
Clifford Chance

STOCK CODE

326

主席報告 Chairman's Statement

二零零五年對於香港電影行業而言，經營情況較二零零四年更為艱辛，港產電影的弱勢今年更為清晰。

雖然去年香港經濟開始復甦，電影行業理應受惠，但香港電影業仍然飽受知識產權問題困擾。隨着科技進步，現時除了盜版的VCD、DVD泛濫市場外，電腦盜版技術更有進一步的發展，例如改善BT點對點的技術，以及P2P (Peer-to-peer)日益流行，互聯網侵權上載及下載出現了法律空間，令侵權活動更為猖獗。

知識產權問題多年來一直困擾香港電影行業，甚至由於互聯網的出現而變本加厲，而香港政府雖然表現出積極打擊的決心，甚至對少數侵權者作出檢控，但所做的措施顯然未足以打擊侵權行為，令電影工作者的心血創作及辛勞成果，未能得到充份保障。此問題除大大影響投資開拍電影的利潤收入外，亦影響觀眾入場觀看電影的意欲，並打擊電影從業員開拍電影的熱誠，長遠而言，會令香港電影工業進一步萎縮。

作為香港電影行業的領導公司之一，本公司深明盜版問題對行業前景的影響及其嚴重性，年內積極參與反盜版行動，包括與業界成立香港電影商協會有限公司及電影工業應變小組，旨在尋求方法保全香港電影業的生存空間。

此外，港產電影面對多方面的競爭，生存空間愈來愈少，而投資開拍電影的風險，只有了解市場需要及觀眾口味，作風專業的電影從業人員可以克服。根據本公司對市場的了解及觀察，觀眾對電影製作的水準，要求日益提高；本公司相信，只有成名導演的審慎製作，配合優秀劇本，加上有賣座保證的明星陣容，才可保持不失，因此本公司會維持嚴謹的製作，作為核心業務。

本集團在年內以嚴謹態度製作的電影「黑社會」，就充份體現出本公司對市場需要的了解，以及推動行業發展之誠意，並因而取得市場的積極回應。該電影除在票房及發行收入上，取得驕人成績外，並囊括多個香港電影金像獎的獎項，包括最佳電影、最佳導演、最佳編劇、最佳男主角等殊榮，贏得業內精英的一致認同。

The film industry in Hong Kong encountered greater challenges last year than compared with 2004. It is obvious that the situations for Hong Kong film industry are worsening.

Although Hong Kong's economy generally recovered last year, the film industry did not benefit from it. The industry continues to suffer from the issue of intellectual property rights. In addition to the popularity of copied VCDs and DVDs, the advance of information technology, especially the improvement in BT point to point technology, has facilitated privacy infringement. On the other hand, the rapidly growth of P2P (Peer-to-peer) sharing activity on Internet had created a grey area in copyright protection law and the infringements to intellectual property rights were further aggravated.

The issue of Intellectual Property Rights has been a great concern for the film industry in Hong Kong for sometime but aggravated further by the popularity on the Internet. Although the Hong Kong SAR government has demonstrated its determination to protect intellectual property rights and to initiate actions of prosecution, the extent of which could not be sufficient to protect the creativities and efforts made by the industry. The issue has not only affected the profits derived from the huge investment in the making of films, it has also dissuaded cinema-goers, and that further discouraging film investment. This would eventually threaten the survival of the industry.

As one of the leading film-making companies in Hong Kong, the Group fully understand the detrimental effects of privacy to the industry. During the year, the Group actively participated in actions against privacy, including the establishment of the Hong Kong Chamber of Films and Film Industry Response Group. The aims of these efforts are to explore avenues in protecting the industry.

In addition, Hong Kong film industry faces keen competitions in all fronts. Only those professional film-makers with a full understanding of the market and the audience needs could survive. In accordance with our understanding and knowledge in the industry, the Group recognises the rising needs of audience expectations in film-making. The Group believes that successful film productions are built on prudent production from famed directors, coupled with excellent script writing and hosted by popular movie-stars. The Group would continue to produce high quality films as our core business.

During the year, a high-quality film "Election" produced by the Group received overwhelming response. The film reflects our understanding of the market needs and our seriousness in the positive growth and development of the industry. Apart from achieving outstanding results in ticketing and distribution, the movie had won a number of top awards in the Hong Kong Film Awards, including the Best Film Award, the Best Director's Award, the Best Script Play Award and the Best Actor's Award, fully recognised by the experts in the industry.

主席報告 Chairman's Statement

展望未來，本公司相信只有盜版問題得到有效控制，電影行業才會再現生機。因此，本公司作為行業的領導公司，將會繼續擔當主動角色，積極參與打擊侵權行為，以及推行消費者教育，致力為行業的生存及發展作出貢獻。

基於電影行業的高風險性質，以及對流動資金的龐大需要，本公司會積極尋求其他投資機會，特別是可提供穩定收入貢獻的業務，分散風險之餘，並為公司長遠的發展作出貢獻。

隨著澳門開放博彩專營權，不僅為澳門的娛樂事業引入新的國際投資者，催使澳門的娛樂博彩業走向專業化、多元化及國際化，亦帶來更多業務發展的空間，令澳門成為充滿商機的新興市場。

本公司作為一家地區性的娛樂事業公司，在澳門擁有雄厚的人脈關係及網絡，在開拓澳門這個新興市場上，條件比其他競爭對手優越。目前，本公司正洽商購入一間從事澳門博彩業務的公司，相信該業務將可為公司的長遠發展帶來正面的貢獻。

此外，本公司亦正積極尋求其他投資機會，本公司的聯營公司豐采多媒體有限公司，正開始進行國內房地產的投資，而本公司亦將繼續洽商投資其他可能為公司帶來盈利貢獻的項目，令公司的業務趨向更多元化發展。

過往一年，公司雖然面對行業不景，艱苦經營的局面，但在公司上下一心，旗下各演藝人員及幕後工作人員傾力支持電影製作下，加上管理階層的英明領導，仍能創出佳績，製作出高水準的電影作品，並深受觀眾及業內人士認同。展望將來，本公司仍將秉承一貫對電影行業的熱誠，以及對市場觀眾口味的掌握，在嚴格控制成本，開源節流的完善管理下，源源推出具有賣座優勢的原創電影，並開拓其他有穩定收入貢獻的新業務，以充份利用資源，拓展宏偉商機，降低商業風險，爭取可觀回報，以回饋各位股東多年來對公司的支持。

主席
向華強

香港，二零零六年四月二十四日

In the future, the Group believes that only effective control in privacy could revitalize the film industry. Hence, as a leading company in this field and for the benefit of future growth and development of the industry, the Group will continue to play an active role in stamping out piracy, and to promote consumer education.

The film industry is a highly risk business and requires a huge in-flow of capital. To diversify such risk and for long-term growth, the Group has, therefore, actively diversified the investment portfolio, in particular those that could generate a steady source of income in the long-term.

Following the opening of franchising in gaming business in Macau, it has attracted new international investors to its entertainment businesses, making it more professionalized, diversified and internationalized. It has also generated greater business potential for Macau, a city full of business opportunity and vitality.

As a regional entertainment company, the Group has established a strong business network in Macau market, which enable us to enjoy a competitive edge over other players in this new market. The Group are presently negotiating the acquisition of a gaming business with a company in Macau. The Group believe engaging in this business would bring about positive growth for the company in the long term.

Moreover, the Group is seeking other investment opportunities. Riche Multi-Media Holdings Limited, an associate of the Company has started the investment in China property market. The Group will continue to explore profitable investment opportunities, making a more diversified portfolio.

In the past year, though the Group faced with a difficult and challenging environment, our staff, our artists and colleagues working at the backstage were committed to their work. Led by an elite management team, the Group was able to produce excellent results with high quality film productions recognised by the industry. Looking into the future, the Group will continue to produce best-selling original films which will rely greatly on our commitment to film-making, our understanding of the market needs, stringent control on capital investment and efficient management. The Group will also strive to explore new business opportunities; fully utilise the resources to strengthen business growth while minimising risk for better return for the shareholders over the years.

Heung Wah Keung
Chairman

Hong Kong, 24th April, 2006

管理層論述及分析 Management Discussion and Analysis

財務業績

截至二零零五年十二月三十一日止年度，本集團之營業額下跌44%至約92,200,000港元（二零零四年：165,300,000港元）。本公司權益持有人應佔之虧損約為21,000,000港元，較去年303,200,000港元上升93%。經營虧損約為39,500,000港元（二零零四年：155,900,000港元）。本年度虧損約為21,000,000港元（二零零四年：303,400,000港元）。董事不建議就本年度派發股息。

本年度虧損之所以減少，主要由於已確認減值虧損及應佔聯營公司虧損同時大幅下降，以上兩項總額分別約為15,600,000港元（二零零四年：117,500,000港元）及10,000,000港元（二零零四年：99,100,000港元（經重列））。本集團亦自豐采多媒體集團有限公司（「豐采多媒體」，並與其附屬公司統稱「豐采集團」）確認被視作出售聯營公司之溢利45,000,000港元。於採納新訂及經修訂香港財務匯報準則後，本集團毋須攤銷任何所持有之商譽。於截至二零零四年十二月三十一日止年度攤銷之商譽為28,700,000港元。然而，有關影響受到本集團須將購股權公平價值確認為收入表內開支（於本年度為24,100,000港元）所緩和。

業務回顧

截至二零零五年十二月三十一日止年度，總營業額為92,200,000港元，其中86,000,000港元或93%來自電影發行業務，700,000港元或1%來自錄影帶發行，5,600,000港元或6%則來自其他製作服務。儘管來自電影發行業務之營業額較截至二零零四年十二月三十一日止年度之153,700,000港元下跌44%，而與去年33,500,000港元比較，毛利仍維持於31,400,000港元之相若水平。營業額之所以減少，主要由於新電影推出量下降所致。年內，本集團發行8部電影（包括「最愛女人購物狂」及「黑社會」等熱門電影），而去年則發行11部電影。為應付娛樂行業（尤其是華語電影）疲弱之市況，本集團已採納審慎措施以確保每部新電影之收入，以及控制其財政預算。該等措施均已證明奏效，毛利亦有所增加。然而，電影行業之表現仍受日益猖

FINANCIAL PERFORMANCE

For the year ended 31st December 2005, the Group's turnover decreased by 44% to approximately HK\$92.2 million (2004: HK\$165.3 million). Loss attributable to equity holders of the Company amounted to approximately HK\$21.0 million, representing a 93% improvement over the last year of HK\$303.2 million. Loss from operations amounted to approximately HK\$39.5 million (2004: HK\$155.9 million). Loss for the year of approximately HK\$21.0 million (2004: HK\$303.4 million) was recorded. The directors do not recommend the payment of a dividend for the year.

The decrease in current year's loss was mainly attributable to the substantial reduction in the impairment loss recognised and the share of attributable loss in associates which totally amounted to approximately HK\$15.6 million (2004: HK\$117.5 million) and HK\$10.0 million (2004: HK\$99.1 million, restated) respectively. The Group had also recognised a gain on deemed disposal of an associate of HK\$45.0 million from Riche Multi-Media Holdings Limited ("Riche Multi-Media" and collectively with its subsidiaries, "Riche Group"). Following the adoption of new and revised Hong Kong Financial Reporting Standards, no amortisation of goodwill held by the Group was required. Amortisation of goodwill in the year ended 31st December, 2004 amounted to HK\$28.7 million. The effect was mitigated by the Group required to recognise the fair value of share options granted as an expense in the income statement which amounted to HK\$24.1 million in the year.

BUSINESS REVIEW

For the year ended 31st December, 2005, total turnover was HK\$92.2 million, of which HK\$86.0 million or 93% were generated from film distribution, HK\$0.7 million or 1% was generated from video distribution and HK\$5.6 million or 6% was generated from other production services. Although the turnover from film distribution division had decreased by 44% when compared with HK\$153.7 million for the year ended 31st December, 2004, gross profit maintained at similar amount of HK\$31.4 million when compared with HK\$33.5 million for last year. The decrease in turnover was mainly attributable to the decline in number of new films released. This year, the Group had released eight films including popular films like "The Shopaholic" and "Election" when compared with eleven films in last year. In response to the weak market condition of the entertainment industry, especially for the Chinese language films, the Group has adopted cautious measures to secure the revenue and control budget for each new film. These measures were proved effective and better gross profit was achieved. Nevertheless, the performance of film industry still threaten by

管理層論述及分析 Management Discussion and Analysis

獮之高科技翻版活動之威脅，如「Bit Torrent」下載及「點對點」下載技術，導致本集團整體上蒙受損失。

於二零零五年，香港仍為本集團最大之市場。來自香港及澳門之營業額下跌53%至約49,800,000港元（二零零四年：104,900,000港元），而其分類業績錄得5,400,000港元之溢利（二零零四年：8,800,000港元之虧損）。市場表現所取得之成就主要歸因於對電影製作之審慎甄選以及嚴格控制市場推廣及發行開支。於香港市場之市場推廣及發行開支由二零零四年之36,100,000港元下降至二零零五年之10,500,000港元，降幅為71%。

來自中國之營業額下跌40%至約10,200,000港元（二零零四年：17,000,000港元），而其分類業績則錄得約6,400,000港元（二零零四年：22,900,000港元）之虧損。分類業績錄得虧損，主要因中國一線影院偏向放映荷李活之電影，而導致本集團電影放映之影院位置欠佳及上映時間不理想所致。於二零零五年，該情況稍有改善。近期，本集團已轉授其於中國之放映權予其他發行商，以獲得固定發行費用，從而確保本集團可收取之利潤。此外，本集團與豐采集團於二零零二年二月五日訂立之地區供應協議已於二零零五年四月屆滿。鑑於中國現時之市況，雙方協議不續訂地區供應協議。本集團相信，不續訂地區供應協議可為本集團之發行策略提供更大靈活性。

來自東南亞之營業額下跌21%至約22,600,000港元（二零零四年：28,600,000港元），而其分類業績則錄得約6,700,000港元（二零零四年：5,600,000港元）之溢利。分類溢利上升主要由於若干電影之成本已因往年確認之減值虧損而減少所致。此外，本集團於過往年度發行之部份電影，已於年內重新發行電影發行權，並按最低版權費於本集團之賬目中列賬。

來自歐美之營業額下跌28%至約8,000,000港元（二零零四年：11,200,000港元），而其分類業績則錄得2,600,000港元（二零零四年：8,600,000港元）之溢利。分類溢利下降乃由於去年若干轉授發行權之電影

growing popularity of advance technology in privacy activities such as “Bit Torrent” and “peer-to-peer” downloading, resulting in the overall loss generated by the Group.

In year 2005, Hong Kong remained the Group's largest market. Turnover from Hong Kong and Macau decreased by 53% to approximately HK\$49.8 million (2004: HK\$104.9 million) and its segment result recorded a profit of HK\$5.4 million (2004: loss of HK\$8.8 million). The achievement in the performance of the market was mainly attributable to the cautious selection in film production and the tight control on marketing and distribution expenses. The marketing and distribution expenses spent on Hong Kong market decreased from HK\$36.1 million in the year 2004 to HK\$10.5 million in the year 2005, a drop of 71%.

The turnover from the PRC decreased by 40% to approximately HK\$10.2 million (2004: HK\$17.0 million) and its segment result recorded a loss of approximately HK\$6.4 million (2004: HK\$22.9 million). The segment loss was mainly attributed to the unfavorable cinema locations and screening period in exhibiting the Group's films in the PRC as Chinese first-tier cinemas have strong preference for exhibiting Hollywood films. This preference has little improvement in the year 2005. Recently, the Group has sub-licensed China theatrical rights to other distributor for a fixed amount of distribution fees in order to secure the margin received by the Group. Besides, the territory supply agreement entered into between the Group and the Riche Group on 5th February, 2002 expired in April 2005. In view of the current market condition in the PRC, both parties agreed not to renew the territory supply agreement. The Group believes that the non-renewal of the territory supply agreement provides a greater flexibility in formulating the Group's distribution strategy.

The turnover from South-east Asia decreased by 21% to approximately HK\$22.6 million (2004: HK\$28.6 million) and its segment result recorded a profit of approximately HK\$6.7 million (2004: HK\$5.6 million). The improvement in segment profit was mainly attributed to the costs of certain films had been reduced by impairment losses recognised in previous years. In addition, some of the Group's films released in previous years have been re-licensed during the year which carried minimal royalties in the accounts of the Group.

The turnover from America and Europe decreased by 28% to approximately HK\$8.0 million (2004: HK\$11.2 million) and its segment result recorded a profit of HK\$2.6 million (2004: HK\$8.6 million). The decrease in segment profit was attributed

管理層論述及分析 Management Discussion and Analysis

之成本已於去年全部攤銷，而截至二零零五年十二月三十一日止年度則發行較少轉授發行權之電影所致。

為保持於市場上之競爭力，本集團定期檢討其成本架構。於截至二零零五年十二月三十一日止年度內，本集團實行審慎之成本政策，並減少僱員人數。因此，行政開支減少至37,000,000港元，較去年之49,000,000港元減少24%。

流動資金及財務資源

於二零零五年十二月三十一日，本集團之資產總額約為743,400,000港元，而流動資產淨額則為330,900,000港元，即流動比率4.0(二零零四年：3.6)。本集團之現金及現金等值項目總額約為31,500,000港元(二零零四年：54,100,000港元)。於二零零五年十二月三十一日，本集團之借貸總額為44,800,000港元，包括銀行按揭貸款15,300,000港元(以本集團之投資物業作抵押、按最優惠利率減每年2.5厘計息，並須分97期每月償還)；循環銀行貸款8,300,000港元(以本集團之若干租賃土地及樓宇以及投資物業作抵押、按香港銀行同業拆息加每年1厘計息及須按要求隨時償還)；銀行分期貸款1,800,000港元(以本集團之電影「喜馬拉亞星」之全部版權之第一法定押記作為抵押、按每年6.531厘計息，並須分7期每月償還)；以及無抵押可換股貸款票據(「票據」)19,400,000港元(不包括權益部份600,000港元)(按每年4厘計息，並將於二零零七年六月三十日到期)。於二零零五年十二月三十一日，票據附有權利可按兌換價每股股份5.83港元兌換為本公司股本中每股面值0.05港元之股份(「股份」)。本集團於年內之資本負債比率以債項總額44,800,000港元對股東資金597,600,000港元計算，仍屬偏低。以本集團之借貸總額除以股東資金之基準計算，負債資本比率為0.08。

由於本集團大部份交易、資產與負債均以港元、人民幣及美元計值，故認為匯率波動風險甚低，並認為無需任何對沖活動。於二零零五年十二月三十一日，本集團並無或然負債。

to certain films had been sub-licensed in last year which the costs had fully amortised in previous years. Comparatively, less sub-license titles were distributed for the year ended 31st December, 2005.

To stay competitive in the market, the Group has regularly review its costs structure. During the year ended 31st December, 2005, the Group had exercised prudence measures on cost policies and reduced its headcount. As a result, administrative expenses decreased to HK\$37 million, a 24% decrease from HK\$49.0 million in last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2005, the Group had total assets of approximately HK\$743.4 million and a net current assets of HK\$330.9 million, representing a current ratio of 4.0 (2004: 3.6). The Group had a total cash and cash equivalent of approximately HK\$31.5 million (2004: HK\$54.1 million). As at 31st December, 2005, the Group had total borrowings of HK\$44.8 million comprising a bank mortgage loan of HK\$15.3 million which was secured by the Group's investment properties, interest bearing at 2.5% below the Hong Kong Prime Lending Rate per annum and repayable by 97 monthly instalments; a revolving bank loan of HK\$8.3 million which was secured by certain of the Group's leasehold land and buildings and investment properties, interest bearing at 1% per annum over Hong Kong Interbank Offered Rate and repayable on demand; an instalment loan from a bank of HK\$1.8 million which was secured by a first legal charge over all copyrights on the Group's film, Himalaya Singh, interest bearing at 6.531% per annum and repayable by 7 monthly instalments; and unsecured convertible loan notes ("Notes") of HK\$19.4 million (excluding equity component of HK\$0.6 million) which is bearing interest at 4% per annum and will mature on 30th June, 2007. The Notes carry the right to convert into shares of HK\$0.05 each in the share capital of the Company ("Shares") at the conversion price of HK\$5.83 per share as of 31st December, 2005. The Group's gearing remained low during the year with total debts of HK\$44.8 million against shareholders' funds of HK\$597.6 million. This represents a gearing ratio, calculated in the basis of the Group's total borrowings over shareholders' fund of 0.08.

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollars, Renminbi and United States Dollars, the exposure to fluctuation in exchange rates was considered to be minimal and no hedge activity were considered necessary. As at 31st December, 2005, the Group had no contingent liability.

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於二零零四年十二月十五日，本公司有條件同意按每股股份0.60港元之價格向獨立投資者配售60,765,000股新股份。發行60,765,000股新股份一事已獲本公司股東於二零零五年一月二十一日舉行之股東特別大會上批准。配售事項已於二零零五年一月二十七日完成。所得款項淨額約為35,600,000港元，其中約20,000,000港元已用於兩部電影之製作，而餘額約15,600,000港元則用作本集團之一般營運資金。

於二零零五年一月，若干購股權持有人行使彼等之購股權權利，分別按行使價每股股份0.564港元認購合共7,969,939股股份及按行使價每股股份0.52港元認購合共9,800,000股股份。行使購股權權利之所得款項淨額為9,600,000港元。

於二零零五年二月二十四日，本公司之主要股東Porterstone Limited及本公司之主要股東兼執行董事向華強先生分別與配售代理訂立補足配售協議及與本公司訂立認購協議。根據補足配售協議，Porterstone Limited及向華強先生按每股股份0.50港元之價格向獨立投資者配售合共76,600,000股現有股份。根據認購協議，Porterstone Limited及向華強先生按每股股份0.50港元之價格認購合共76,600,000股新股份。76,600,000股新股份已就認購事項於二零零五年三月七日發行。所得款項淨額約為37,300,000港元，已用作本集團之一般營運資金及／或用於仍有待物色而日後可能進行之任何收購事項。該等新股份乃根據二零零五年一月二十一日本公司股東特別大會上本公司董事獲授之一般授權發行。

聯營公司

豐采多媒體集團有限公司

於二零零五年十二月三十一日，本集團擁有豐采集團約41.07%之股本權益。豐采集團之主要業務為電影發行、轉授電影版權及證券投資。於二零零五年十二月三十一日，豐采集團之淨資產約為167,600,000港元。於截至二零零五年十二月三十一日止年度，豐采集團之營業額及虧損分別約為38,300,000港元及29,700,000港元。因此，本集團於截至二零零五年十二月三十一日止年度分佔虧損約12,200,000港元。此外，於二零零五年九月配售及認購交易（如下文所述）

On 15th December, 2004, the Company had conditionally agreed to place 60,765,000 new Shares to independent investors at a price of HK\$0.60 per Share. The issue of 60,765,000 new Shares was approved by the shareholders of the Company at a special general meeting held on 21st January, 2005. The placing was completed on 27th January, 2005. The net proceeds of approximately HK\$35.6 million were used as to approximately HK\$20 million for the production of two movies and as to the balance of approximately HK\$15.6 million for general working capital of the Group.

In January 2005, certain option holders exercised their option rights to subscribe for an aggregate of 7,969,939 Shares at an exercise price of HK\$0.564 per Share and an aggregate of 9,800,000 Shares at an exercise price of HK\$0.52 per Share. The net proceeds from the exercise of option rights amounted to HK\$9.6 million.

On 24th February, 2005, Porterstone Limited, a substantial shareholder of the Company and Mr. Heung Wah Heung, a substantial shareholder and an executive director of the Company, entered into a top-up placing agreement with a placing agent and a subscription agreement with the Company respectively. Pursuant to the top-up placing agreement, Porterstone Limited and Mr. Heung Wah Heung placed an aggregate of 76,600,000 existing Shares to independent investors at a price of HK\$0.50 per Share. Pursuant to the subscription agreement, Porterstone Limited and Mr. Heung Wah Heung subscribed for an aggregate of 76,600,000 new Shares at a price of HK\$0.50 per Share. 76,600,000 new Shares issued for the subscription on 7th March, 2005. The net proceeds of approximately HK\$37.3 million were used for general working capital of the Group and/or any future possible acquisition which is yet to be identified. These new Shares were issued under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 21st January, 2005.

ASSOCIATES

Riche Multi-Media Holdings Limited

As at 31st December, 2005, the Group held approximately 41.07% equity interest in Riche Group. Riche Group is principally engaged in distribution of films, sub-licensing of film rights, and investments in securities. As at 31st December, 2005, Riche Group had net assets of approximately HK\$167.6 million. Turnover and loss of Riche Group for the year ended 31st December, 2005 were approximately HK\$38.3 million and HK\$29.7 million respectively. Accordingly, the Group had shared a loss of approximately HK\$12.2 million for the year

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完成後，本集團亦自豐采多媒體錄得被視為出售聯營公司之溢利45,000,000港元。

於二零零六年三月三十一日，豐采多媒體宣佈不會完成與Leadfirst Limited及紀明寶先生訂立之有條件協議，據此協議，豐采集團將收購Best Winning Group Limited全部已發行股本，代價為600,000,000港元，原因為豐采集團未能信納有關盡職審查審閱之結果。

於二零零五年九月七日，本公司之全資附屬公司Classical Statue Limited（「Classical」）與配售代理及豐采多媒體訂立配售及認購協議。根據配售及認購協議，Classical已同意按每股豐采多媒體股份（「豐采股份」）0.34港元之價格向不少於六名獨立投資者配售400,000,000股現有之豐采股份，並有條件同意按每股豐采股份0.34港元之價格認購400,000,000股新豐采股份。緊隨配售及認購協議完成後，本集團於豐采多媒體經擴大後之已發行股本中擁有約39.24%權益。

於二零零六年二月十七日，豐采集團與Northbay Investments Holdings Limited（「Northbay」）訂立一項有條件買賣協議，據此，豐采集團將以總代價266,064,350港元收購（i）Shinhan-Golden Faith International Development Limited（「Shinhan-Golden」）已發行股本之100%權益及（ii）Shinhan-Golden結欠Northbay之債項（「收購事項」）。代價將以配發及發行1,330,321,745股豐采股份之形式支付，每股作價0.20港元。Shinhan-Golden之主要資產為持有北京建國房地產開發有限公司（「合資公司」）之96.7%股本權益。合資公司為一項位於中國北京市東城區真園西街9號之物業（「該物業」）之註冊及實益擁有人。該物業現時正在進行翻新，以將該物業由公寓大樓轉型為服務式公寓。翻新工程預期將於二零零六年六月底完成。待該協議項下所載之條件達成後，收購事項預期將於二零零六年五月完成。收購事項完成後，本集團於豐采集團持有之股本權益將從41.07%減少至32.64%。

ended 31st December, 2005. The Group had also recorded a gain of deemed disposal of an associate of HK\$45.0 million from Riche Multi-Media upon the completion of the placing and subscription transactions on September 2005 as stated below.

On 31st March, 2006, Riche Multi-Media announced that it would not complete the conditional agreement with Leadfirst Limited and Mr. Benny Ki, pursuant to which the Riche Group would acquire 100% of the issued share capital of Best Winning Group Limited for a consideration of HK\$600 million because the Riche Group did not satisfy with the results of the due diligence review.

On 7th September, 2005, Classical Statue Limited（「Classical」），a wholly owned subsidiary of the Company, entered into a placing and subscription agreement with a placing agent and Riche Multi-Media. Pursuant to the placing and subscription agreement, Classical has agreed to place 400,000,000 existing shares of Riche Multi-Media（「Riche Shares」）to not less than six independent investors at a price of HK\$0.34 per Riche Share and conditionally agreed to subscribe for 400,000,000 new Riche Shares at a price of HK\$0.34 per Riche Share. Immediately after the completion of the placing and subscription agreement, the Group interested in approximately 39.24% of the enlarged issued share capital of Riche Multi-Media.

On 17th February, 2006, the Riche Group entered into a conditional sale and purchase agreement with Northbay Investments Holdings Limited（「Northbay」），pursuant to which the Riche Group would acquire（i）100% of the issued share capital of Shinhan-Golden Faith International Development Limited（「Shinhan-Golden」）and（ii）the debts owned by Shinhan-Golden to Northbay, at an aggregate consideration of HK\$266,064,350（the「Acquisition」）。The consideration shall be satisfied by the allotment and issue of 1,330,321,745 Riche Shares at HK\$0.20 per share. Shinhan-Golden's major asset is the 96.7% equity interest in Beijing Jiang Guo Real Estate Development Co. Ltd.（the「JV Co.」）。JV Co. is the registered and beneficial owner of a property（the「Property」）located at No. 9, Gongyuan Xijie, Dongcheng District, Beijing, the PRC. The Property is currently under renovation and being transformed from an apartment complex into serviced apartments. The renovation project is expected to be completed by the end of June 2006. Subject to the fulfillment of the conditions set out under the agreement, the Acquisition is expected to be completed in May 2006. Upon completion of the Acquisition, the equity interest in the Riche Group held by the Group will decrease from 41.07% to 32.64%.

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Together Again Limited

於二零零五年十二月三十一日，本集團持有以 Together Again Limited 為首之集團（「TAL 集團」）之 49% 股本權益，該公司乃一家於英屬處女群島註冊成立之有限公司，其間接持有 China Entertainment Group, Inc.（前稱 China Artists Agency Inc.，於美國場外電子交易板買賣之美國公眾公司）之 85% 股本權益。TAL 集團之主要業務為提供藝人管理服務。

於二零零五年十二月三十一日，TAL 集團之淨資產為 9,200,000 港元。TAL 集團於截至二零零五年十二月三十一日止年度之營業額及溢利分別為 23,500,000 港元及 1,400,000 港元。因此，本集團於截至二零零五年十二月三十一日止年度內分佔溢利 700,000 港元。

收購租賃土地及樓宇

於二零零五年七月七日，本集團完成從豐采集團收購租賃土地及樓宇，總代價為 9,000,000 港元。代價乃於有關各方經參考由本集團所委聘之獨立專業特許測量師行所作之物業估值後，按公平原則磋商釐定。收購事項讓本集團可擴充其後期製作物業及電影業務。有關代價乃以本集團之內部資源撥付。

簽署無約束力之意向書

於二零零五年九月十五日，本公司與獨立第三方 Phua Wei Seng 先生訂立一項無約束力之意向書，以讓本公司收購一家參與澳門博彩業務之公司之股本權益。根據無約束力意向書，本公司已將可退回按金 20,000,000 港元交由 Phua Wei Seng 先生保管。倘若建議中之交易未能落實或於二零零五年十二月十四日仍未完成，則有關按金將退回本公司。意向書之訂約雙方已同意將最後截止日期延長至二零零六年六月十二日。倘建議中之交易未能落實或於二零零六年六月十二日仍未完成，則有關按金將退回本公司。

Together Again Limited

As at 31st December, 2005, the Group held 49% equity interest in the group headed by Together Again Limited ("TAL Group"), a company incorporated in British Virgin Islands with limited liability and it indirectly holds 85% equity interest in China Entertainment Group, Inc. (formerly known as China Artists Agency Inc.), a U.S. public company traded on the Over-The-Counter Bulletin Board. TAL Group is principally engaged in the provision of artist management services.

As at 31st December, 2005, TAL Group had net assets of HK\$9.2 million. Turnover and profit of TAL Group for the year ended 31st December, 2005 were HK\$23.5 million and HK\$1.4 million respectively. Accordingly, the Group shared a profit of HK\$0.7 million for the year ended 31st December, 2005.

ACQUISITION OF LEASEHOLD LAND AND BUILDINGS

On 7th July, 2005, the Group completed the acquisition of the leasehold land and buildings from Riche Group at a total consideration of HK\$9,000,000. The consideration has been 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 the Group. The acquisition permitted the Group to expand its post-production premises and business on film. The consideration was satisfied by internal resources of the Group.

SIGNING OF A NON-BINDING LETTER OF INTENT

On 15th September, 2005, the Company entered into a non-binding letter of intent with Mr. Phua Wei Seng, an independent third party, for the acquisition by the Company of an equity interest in a company involved in Macau gaming business. Pursuant to the non-binding letter of intent, a refundable deposit of HK\$20,000,000 was placed by the Company with Mr. Phua Wei Seng. If the proposed transaction does not materialise or fails to complete by 14th December, 2005, the deposit will be returned to the Company. The parties to the letter of intent had agreed to extend the longstop date to 12th June, 2006. If the proposed transaction does not materialise or fails to complete by 12th June, 2006, the deposit will be returned to the Company.

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僱員

於二零零五年十二月三十一日，本集團僱用51名員工（二零零四年：76名員工），當中2名員工（二零零四年：3名員工）駐守中國。董事相信，其優秀員工乃本集團維持聲譽及改善盈利能力之單一最重要元素。員工之酬金乃根據彼等之工作表現、專業經驗及當時之行業慣例而釐定。除基本薪金、公積金及醫療計劃外，若干員工更可按個別表現評估獲授酌情花紅及購股權。

展望

電影行業屬高風險業務，需要投入龐大資金。為分散上述風險並謀求長遠發展，本集團已積極令投資組合多元化，尤其是屬於長遠穩定收入來源之投資組合。

展望未來，本集團將繼續製作賣座原創電影，而此在很大程度上有賴本集團對電影製作之投入、對市場需要之認識、對資本投資之嚴格監控及極具效率之管理。此外，本集團將致力開拓新業務機會，在充分利用資源加強業務發展之餘，亦要將風險盡量降低，務求在未來為股東爭取更佳回報。

EMPLOYEES

As at 31st December 2005, the Group employed 51 staffs (2004: 76 staffs) of which 2 staffs (2004: 3 staffs) are based in China. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staffs are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund and medical schemes, discretionary bonuses and options are awarded to certain staffs according to the assessment of individual performance.

PROSPECT

The film industry is a highly risk business and requires a huge in-flow of capital. To diversify such risk and for long-term growth, the Group has, therefore, actively diversified the investment portfolio, in particular those that could generate a steady source of income in the long term.

Looking into the future, the Group will continue to produce best-selling original films which will rely greatly on our commitment to film-making, our understanding of the market needs, stringent control on capital investment and efficient management. The Group will also strive to explore new business opportunities; fully utilize the resources to strengthen business growth while minimizing risk for better return for the shareholders over the years.

董事及高級管理人員簡介 Profiles of Directors and Senior Management

董事簡介

向華強先生，現年57歲，為本公司之主席。向先生為本公司副主席陳明英女士之丈夫，擁有逾20年影視多媒體業務經驗。向先生所創辦之永盛娛樂製作有限公司（「永盛」）及一百年電影有限公司（「一百年」）之出品皆成為電影觀眾及世界各地片商推薦之電影。向先生亦為另一間香港主板上市公司之主席及執行董事及香港影業協會有限公司之副會長。向先生於一九九六年獲委任為本公司之執行董事。

陳明英女士，現年49歲，為本公司之副主席及向華強先生之妻子，擁有逾15年影視多媒體業務經驗。陳女士曾為永盛及一百年監製多套賣座影片。陳女士亦為另一間香港主板上市公司之執行董事。陳女士於二零零三年榮獲《The Hollywood Reporter》選為國際娛樂界其中一位最具影響力之女性。陳女士於一九九六年獲委任為本公司之執行董事。

李玉嫦女士，現年38歲，為本公司之執行董事，擁有逾10年娛樂及多媒體業務行政之經驗。李女士負責本集團之整體營運，並對本集團系統具有透徹認知。李女士於二零零一年獲委任為執行董事。

洪祖星先生，現年65歲，為本公司之獨立非執行董事，擁有逾30年電影發行經驗，於一九七零年創立狄龍國際電影企業公司。自一九九一年起，洪先生一直擔任香港影業協會有限公司會長，並曾於一九九二年至一九九五年期間擔任香港電影金像獎協會之會長。洪先生於一九九六年獲委任為非執行董事。

何偉志先生，現年55歲，為本公司之獨立非執行董事。何先生為執業會計師何偉志會計師行之獨資經營者，亦為英國英格蘭及威爾斯特許會計師公會之會員及香港會計師公會之資深會員。何先生於一九九六年獲委任為非執行董事。

PROFILES OF DIRECTORS

Mr. HEUNG Wah Keung, aged 57, is the Chairman of the Company. He is the husband of Ms. Chen Ming Yin, Tiffany, Vice Chairman of the Company. He has over 20 years of experience in the entertainment and multimedia industries. He was the founder of Win's Entertainment Limited ("Win's") and One Hundred Years of Film Company Limited ("One Hundred Years"), which produces films recommended by audiences and distributors around the world. He is also a chairman and executive director of another main board listed company in Hong Kong and the vice-chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited. Mr. Heung was appointed as an executive director of the Company in 1996.

Ms. CHEN Ming Yin, Tiffany, aged 49, is the Vice Chairman of the Company. She is the wife of Mr. Heung Wah Keung and has over 15 years of experience in the entertainment and multimedia industries. Ms. Chen has produced a number of blockbuster films for Win's and One Hundred Years. She is also an executive director of another main board listed company in Hong Kong. In 2003, she was selected as one of 2003 Women in Entertainment – International Power by The Hollywood Reporter. Ms. Chen was appointed as an executive director of the Company in 1996.

Ms. LI Yuk Sheung, aged 38, is an executive director of the Company. She has more than 10 years experience of management in the entertainment and multimedia industries. She is responsible for the overall operations, and is familiar with the Group's system. Ms. Li was appointed as an executive director in 2001.

Mr. HUNG Cho Sing, aged 65, is an independent non-executive director of the Company. He has over 30 years of experience in the film distribution industry and founded Delon International Film Corporation in 1970. He has been the chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited since 1991 and was the chairman of Hong Kong Film Awards Association from 1992 to 1995. Mr. Hung was appointed as a non-executive director in 1996.

Mr. HO Wai Chi, Paul, aged 55, is an independent non-executive director of the Company. He is the sole proprietor of Paul W. C. Ho & Company, Certified Public Accountants (Practising), and is an associate of the Institute of Chartered Accountants in England and Wales, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Ho was appointed as a non-executive director in 1996.

董事及高級管理人員簡介 Profiles of Directors and Senior Management

馮浩森先生，現年59歲，於商界不同行業（當中包括製衣、珠寶及金融界）擁有超過40年經驗，而主要為管理及企業發展方面。馮先生現為一間私人金銀業貿易公司利基行之持牌人，利基行為香港金銀業貿易場會員。馮先生亦為多間亞洲區金融貿易公司之顧問。馮先生於二零零四年獲委任為獨立非執行董事。

高級管理人員簡介

李綺媚女士，現年43歲，為本集團藝員部及公關部總監，擁有逾20年演藝文化工作經驗。李女士於一九九六年加入本集團。

曾善美女士，現年41歲，為本集團法律行政部經理，擁有15年電視及電影業務經驗，對於處理製作、發行及版權之法律事務有廣濶之知識及經驗。曾女士於一九九九年加入本集團。

韋家輝先生，現年43歲，於二零零零年加入本集團，為本集團之電影顧問。韋先生擁有逾20年製作及執導電影與電視劇集之經驗，其中多部作品在國際電影節中參展，並奪得多個獎項。韋先生製作之電視劇集「義不容情」及「大時代」均大受歡迎，在放映時曾在華人市場掀起熱潮，收看人數超過一億人。近期之電影作品「孤男寡女」、「瘦身男女」、「嘔咕嘔咕新年財」、「我左眼見到鬼」、「百年好合」、「大隻佬」、「鬼馬狂想曲」及「最愛女人購物狂」，總票房更超過港幣二億港元。

黃淑嫻女士，現年40歲，為本公司之財務總監、合資格會計師及公司秘書。黃女士於一九九零年畢業於城市理工大學並取得會計學士學位。黃女士為香港會計師公會會員。於加入本集團前，黃女士曾於一間國際會計師行任職超過十年。黃女士主要負責監督本集團之會計及財務申報呈序及內部監控系統。黃女士於二零零一年加入本集團。

Mr. FUNG Ho Sum, aged 59, has more than 40 years experience in various sectors of the commercial field, including garment, jewelry and treasury operations, the majority of which are in the management and corporate development aspects. Mr. Fung is currently the license holder of Li Kee Hong, a private bullion trading company and a member of The Chinese Gold and Silver Exchange Society, Hong Kong. Mr. Fung is also the consultant to a number of treasury products traders in the Asian countries. Mr. Fung was appointed as an independent non-executive director in 2004.

PROFILES OF SENIOR MANAGEMENT

Ms. LI Yee Mei, aged 43, is the Talent and PR Controller of the Group, has over 20 years of experience in entertainment business and culture industry. Ms. Li joined the Group in 1996.

Ms. TSANG Anna, aged 41, is the Manager-Legal Administration Department of the Group. She has 15 years of experience in the TV and film industry and with extensive knowledge and expertise in all legal aspects relating to production, distribution and copyright enforcement. Ms. Tsang joined the Group in 1999.

Mr. WAI Kai Fai, aged 43, has served as the Group's Film Consultant since 2000. He has produced and directed films and television drama series for more than 20 years, many of which earned awards and were screened at international film festivals. Mr. Wai's "Look Back with Anger" and "The Greed of Man" were hugely popular television drama series attracting over 100 million viewers when they were on air. His recent feature films "Needing You", "Love On A Diet", "Fat Choi Spirit", "My Left Eye Sees Ghosts", "Love For All Seasons", "Running On Karma", "Fantasia" and "The Shopaholics" have earned a total of over HK\$200 million dollars.

Ms. WONG Shuk Han, Dorothy, aged 40, is the Financial Controller, Qualified Accountant and Company Secretary of the Company. She graduated from the City Polytechnic University with a bachelor degree in Accountancy in 1990. She is a member of the Hong Kong Institute of Certified Public Accountant. Prior to her employment with the Group, she worked with an international accounting firm for over 10 years. Ms. Wong is primarily responsible for the supervision of the Group's accounting and financial reporting procedures and internal control system. She joined the Group in 2001.

董事會報告 Directors' Report

董事會謹此提呈截至二零零五年十二月三十一日止年度本公司及本集團之年報及經審核財務報表。

主要業務

本公司為投資控股公司，而其主要附屬公司及主要聯營公司之業務詳情，分別載於財務報表附註43及44。

附屬公司及聯營公司

有關本公司之主要附屬公司及主要聯營公司於二零零五年十二月三十一日之詳情，分別載於財務報表附註43及44。

業績

本集團截至二零零五年十二月三十一日止年度之業績載於第35頁之綜合收入表。

五年財務概要

本集團截至二零零五年十二月三十一日止年度最近五個財政年度之業績及資產與負債之概要載於第132頁。

物業、機器及設備及投資物業

本集團之物業、機器及設備及投資物業於年內之變動詳情，分別載於財務報表附註6及8。

股本

本公司之股本於年內之變動詳情載於財務報表附註23。

儲備

本集團及本公司於年內之儲備變動詳情載於財務報表附註24。

可分派儲備

於二零零五年十二月三十一日，本公司並無可分派之儲備。

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and principal associates are set out in notes 43 and 44 to the financial statements respectively.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and principal associates as at 31st December, 2005 are set out in notes 43 and 44 to the financial statements respectively.

RESULTS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 35.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years ended 31st December, 2005 is set out on page 132.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 6 and 8 to the financial statements respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 23 to the financial statements.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 24 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December, 2005, the Company had no reserve available for distribution.

董事會報告 Directors' Report

主要客戶及供應商

截至二零零五年十二月三十一日止年度，本集團五大客戶共佔本集團營業額約60.7%。本集團最大客戶佔本集團營業額約21.9%。

截至二零零五年十二月三十一日止年度，本集團五大供應商合共佔本集團採購額約50.8%，本集團最大供應商佔本集團採購額約11.9%。

各董事、彼等之聯繫人士或任何股東（就董事所知擁有本公司已發行股本5%以上者）於本集團五大客戶或五大供應商中概無擁有任何權益。

董事

本年度及截至本年報刊發日期在任之董事如下：

執行董事：

向華強先生
陳明英女士
李玉嫦女士

獨立非執行董事：

洪祖星先生
何偉志先生
馮浩森先生

根據本公司之公司細則第99(A)條，向華強先生、陳明英女士及李玉嫦女士將於即將舉行之股東週年大會上輪值告退，惟彼等符合資格並願意膺選連任。

根據本公司之公司細則，各獨立非執行董事均無特定任期，可留任直至須輪值告退為止。

擬於即將舉行之股東週年大會上膺選連任之董事並無與本公司或其任何附屬公司簽訂任何不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2005, turnover attributable to the five largest customers of the Group accounted for approximately 60.7% of the Group's turnover and turnover attributable to the Group's largest customer accounted for approximately 21.9% of the Group's turnover.

For the year ended 31st December, 2005, purchases attributable to the five largest suppliers of the Group accounted for approximately 50.8% of the Group's purchases and purchases attributable to the Group's largest supplier accounted for approximately 11.9% of the Group's purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had any interests in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Heung Wah Keung
Ms. Chen Ming Yin, Tiffany
Ms. Li Yuk Sheung

Independent non-executive directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Fung Ho Sum

Under Bye-law 99(A) of the Company's Bye-laws, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

董事會報告 Directors' Report

董事之股份及相關股份權益

根據本公司按《證券及期貨條例》(「證券及期貨條例」)第352條存置之登記冊(「權益登記冊」)所載，或本公司及香港聯合交易所有限公司(「聯交所」)根據《上市發行人董事進行證券交易的標準守則》(「標準守則」)接獲之通知，於二零零五年十二月三十一日，各董事及彼等之聯繫人士所擁有本公司及其相聯法團之股份及相關股份權益如下：

1. 本公司普通股權益

董事姓名 Name of director	身份 Capacity	所持股份數目 Number of shares held	所持權益 百分比約數 Approximate percentage of interests held
向華強先生 Mr. Heung Wah Keung (「向先生」) ("Mr. Heung")	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	108,239,410*	20.79
陳明英女士 Ms. Chen Ming Yin, Tiffany (「陳女士」) ("Ms. Chen")	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	108,239,410*	20.79
李玉嫦女士 Ms. Li Yuk Sheung	實益擁有人 Beneficial owner	16	0.00

上述權益皆為好倉。

* 此等股份當中18,395,000股由向先生持有、9,429,410股由陳女士(向先生之配偶)持有、61,905,000股由陳女士全資擁有之Porterstone Limited(「Porterstone」)持有及18,510,000股由Glenstone Investments Limited全資擁有之多實有限公司(「多實」)持有。Glenstone Investments Limited由Porterstone及向先生分別控制其60%及40%權益。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31st December, 2005, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Interests in ordinary shares of the Company

所持股份數目 Number of shares held	所持權益 百分比約數 Approximate percentage of interests held
108,239,410*	20.79
108,239,410*	20.79
16	0.00

All interests stated above represent long positions.

* These shares are held as to 18,395,000 shares by Mr. Heung, as to 9,429,410 shares by Ms. Chen (the spouse of Mr. Heung), as to 61,905,000 shares by Porterstone Limited ("Porterstone") (a company wholly-owned by Ms. Chen) and as to 18,510,000 shares by Dorest Company Limited ("Dorest") (a company wholly-owned by Glenstone Investments Limited which is in turn controlled as to 60% by Porterstone and as to 40% by Mr. Heung).

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

2. 購買本公司股份之權利

於二零零五年十二月三十一日，本公司董事擁有以下所獲授可認購本公司股份之購股權權益：

2. Rights to acquire shares in the Company

As at 31st December, 2005, the directors of the Company had interests in share options to subscribe for shares in the Company granted as follows:

董事姓名 Name of director	行使期 Exercisable period (附註d) (Note d)	每股行使價 Exercise price per share 港元 HK\$	於二零零五年一月一日及 二零零五年十二月三十一日 尚未行使之購股權涉及之相關股份數目 Number of underlying shares comprised in the outstanding share options as at 01.01.2005 and 31.12.2005			所持權益 百分比約數 Approximate percentage of interest held
			直接權益 Direct interest	被視為擁有權益 Deemed interest	總數 Total	
向先生 Mr. Heung	21.11.1996 – 20.11.2006	60.510	337,135	337,134	674,269	0.52
	28.03.2000 – 27.03.2010	16.783	461,061	461,062	922,123	
	02.06.2000 – 01.06.2010	8.134	208,753	208,753	417,506	
	16.07.2002 – 15.07.2012	1.716	110,723	110,723	221,446	
	17.07.2003 – 16.07.2013	0.564	228,500	228,500	457,000	
			1,346,172	1,346,172 (附註a) (Note a)	2,692,344	
陳女士 Ms. Chen	21.11.1996 – 20.11.2006	60.510	337,134	337,135	674,269	0.52
	28.03.2000 – 27.03.2010	16.783	461,062	461,061	922,123	
	02.06.2000 – 01.06.2010	8.134	208,753	208,753	417,506	
	16.07.2002 – 15.07.2012	1.716	110,723	110,723	221,446	
	17.07.2003 – 16.07.2013	0.564	228,500	228,500	457,000	
			1,346,172	1,346,172 (附註b) (Note b)	2,692,344	
李玉嫦女士 Ms. Li Yuk Sheung	16.07.2002 – 15.07.2012	1.716	1,109,557	-	1,109,557	0.65 (附註c) (Note c)
	17.07.2003 – 16.07.2013	0.564	2,285,000	-	2,285,000	
			3,394,557	-	3,394,557	

上述權益皆為好倉。

All interests stated above represent long positions.

附註：

Notes:

- 此等購股權由陳女士(向先生之配偶)持有，向先生因此被視為擁有此等購股權。
- 此等購股權由向先生持有，陳女士因此被視為擁有此等購股權。
- 於二零零五年十二月三十一日，該董事於權益登記冊中所記錄之所持權益百分比為1.49%，此乃基於本公司於二零零三年七月十七日(該董事於二零零五年十二月三十一日前最新呈報之通知函之日期)之228,519,396股已發行股份計算所得。
- 行使期由授出有關購股權當日開始。

- These share options are held by Ms. Chen, the spouse of Mr. Heung. Mr. Heung is therefore deemed to be interested in these share options.
- These share options are held by Mr. Heung. Ms. Chen is therefore deemed to be interested in these share options.
- As at 31st December, 2005, the percentage of interests held by such director was 1.49% as recorded in the Register of Interests, which was calculated based on 228,519,396 issued shares of the Company on 17th July, 2003 (the date of the latest notice filed by such director before 31st December, 2005).
- The exercisable period commenced on the date of grant of the relevant share options.

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

除上述所披露者外，於二零零五年十二月三十一日，根據權益登記冊所記錄或根據標準守則須通知本公司及聯交所之規定，本公司董事及最高行政人員或彼等之聯繫人並無於本公司或任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或淡倉。

除上述所披露者外，本公司或其任何附屬公司於年內任何時間並無參與任何安排，致使本公司之董事、彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法人團體任何股份或債券而獲益。

購股權計劃

本公司購股權計劃之詳情，根據購股權計劃所授出可認購本公司每股面值0.05港元之股份之購股權變動及購股權公平價值詳情，已載於財務報表附註41。

關連人士交易及董事於合約之權益

本集團於年內所訂立、且根據聯交所證券上市規則(「上市規則」)之規定並不構成關連交易之重大關連人士交易，及董事於合約之權益詳情載於財務報表附註43。

除上述所披露者外，於年度終結或年內任何時間並無任何由本公司或其任何附屬公司參與訂立而本公司董事直接或間接擁有重大權益之重大合約。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Other than as set out above, as at 31st December, 2005, none of the directors or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Register of Interests or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes, details of movements in the share options to subscribe for shares of HK\$0.05 each in the Company granted under the share option schemes and the fair value of the share options are set out in note 41 to the financial statements.

RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Details of the significant related party transactions entered into by the Group which do not constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and directors' interests in contracts for the year are set out in note 43 to the financial statements.

Other than as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事會報告 Directors' Report

主要股東

於二零零五年十二月三十一日，根據證券及期貨條例第336條本公司須予備存之主要股東登記名冊所記錄，除上文所披露若干董事之權益外，以下股東擁有本公司已發行股本5%或以上之權益：

名稱 Name	身份 Capacity	所持股份數目 Number of shares held	所持權益 百份比約數 Approximate percentage of interests held
Porterstone	實益擁有人 Beneficial owner	61,905,000	
	受控法團之權益 Interest of controlled corporation	18,510,000 *	
		80,415,000	15.45

上述權益皆為好倉。

附註：

* 此等股份由Glenstone Investments Limited全資擁有之附屬公司多實持有，Glenstone Investments Limited 則由Porterstone實益擁有60%權益。

除上文所披露者外，於二零零五年十二月三十一日，本公司並未獲知會有任何其他人士擁有本公司已發行股本5%或以上之權益或淡倉。

退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註40。

購買、出售及贖回本公司之上市證券

於年內本公司或其任何附屬公司概無購買、出售或贖回任何本公司之上市證券。

優先購買權

本公司之公司細則或百慕達法例均無有關優先購買權之條文，規定本公司須按持股比例向現有股東發售新股份。

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2005, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

所持股份數目 Number of shares held	所持權益 百份比約數 Approximate percentage of interests held
61,905,000	
18,510,000 *	
80,415,000	15.45

All interests stated above represent long positions.

Note:

* These shares are held by Dorest, a wholly-owned subsidiary of Glenstone Investments Limited which is in turn beneficially owned as to 60% by Porterstone.

Other than as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 31st December, 2005.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 40 to the financial statements.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

董事會報告 Directors' Report

企業管治

本公司致力於維持高質素之企業管治水平。有關本公司採納之企業管治常規的資料載於年報第21至29頁「企業管治報告」內。

公眾持股量

根據本公司得悉的公開資料及董事所知悉，本公司於本年度內及截至本報告日止已按照上市規則規定維持指定數額的公眾持股量。

結算日後事項

於結算日後發生之重大事項詳情載於財務報表附註45。

核數師

國衛會計師事務所於二零零五年六月二十九日本公司舉行之股東週年大會（「二零零五年股東週年大會」）上獲委聘為本公司之核數師，以替任於二零零五年五月二十六日通知本公司彼將不會在二零零五年股東週年大會上尋求膺選連任為本公司核數師之德勤•關黃陳方會計師行。

本公司財務報表已由國衛會計師事務所審核，彼將於即將舉行之股東週年大會上退任，惟彼合符資格並願意膺選連任。

承董事會命
主席
向華強

香港，二零零六年四月二十四日

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 21 to 29 to the annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

SUBSEQUENT EVENTS

Details of the significant subsequent events are set out in note 45 to the financial statements.

AUDITORS

Messrs. HLB Hodgson Impey Cheng were appointed as the auditors of the Company in the annual general meeting of the Company held on 29th June, 2005 ("2005 AGM") in succession to Messrs. Deloitte Touche Tohmatsu who advised the Company on 26th May, 2005 that they would not seek re-appointment as auditors of the Company in the 2005 AGM.

The financial statements of the Company have been audited by Messrs. HLB Hodgson Impey Cheng who retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board
Heung Wah Keung
Chairman

Hong Kong, 24th April, 2006

企業管治報告 Corporate Governance Report

企業管治常規

本公司董事會（「董事會」）負責確保維持高質素之企業管治，並對股東負責。於截至二零零五年十二月三十一日止年度，本公司已應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之《企業管治常規守則》（「守則」）之原則，並遵循守則之所有適用守則條文，惟以下偏離事項除外：

1. 守則條文A.4.1

根據守則之A.4.1守則條文，非執行董事的委任應有指定任期，並須接受重新選舉。然而，全體獨立非執行董事均無指定任期，而須根據本公司之公司細則條文於本公司之股東週年大會上輪流退任及接受重新選舉。本公司認為已採取足夠措施，確保本公司之企業管治常規不比守則所訂者寬鬆。

2. 守則條文B.1.4及C.3.4

根據守則之B.1.4及C.3.4守則條文，發行人之薪酬委員會及審核委員會應在有人要求時公開其職權範圍以及將資料登載於發行人之網站上。

由於本公司仍有待設立本身之網站，因此未能達到上述將有關資料登載於網站之要求。然而，兩個委員會將在有人要求時公開其職權範圍。

董事會將定期審閱及批准本公司之企業管治常規及標準，按照不斷改進之標準評估本公司之企業管治常規，以適應日新月異的環境及需求，務求持續提升本公司之企業管治。

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") is responsible for ensuring high standards of corporate governance are maintained and for accounting to shareholders. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31st December, 2005, except for the following deviations:

1. Code Provision A.4.1

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's Bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

2. Code Provisions B.1.4 and C.3.4

Under the code provisions B.1.4 and C.3.4 of the Code, the issuer should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on the issuer's website.

Since the Company has not yet established its own website, the above requirement regard to provide such information on website cannot be met accordingly. However, the terms of reference of the two committees are available on request.

The Board will periodically review and improve the corporate governance practices and standards of the Company with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

企業管治報告 Corporate Governance Report

董事之證券交易

本公司已就本公司董事買賣證券，採納載於上市規則附錄十有關上市發行人董事進行證券交易的標準守則（「標準守則」）。在本公司作出特定查詢後，董事會所有成員已確認彼等於截至二零零五年十二月三十一日止年度內，一直遵守標準守則所載之標準要求。標準守則亦適用於本集團其他指定高級管理層。

董事會

董事會代表本公司股東管理本公司事務。董事會成員須盡可能提高投資回報及本公司的長期價值。

董事會由三位執行董事及三位獨立非執行董事組成。除本公司主席向華強先生為副主席陳明英女士之丈夫外，董事會成員之間並無關係。董事姓名及履歷詳情載於年度報告第12及13頁「董事及高級管理人員簡介」一節。此外，一位獨立非執行董事擁有適當的專業會計資格及財務管理專長。

董事會包括均衡組合，有執行董事與非執行董事（包括獨立非執行董事），能使董事會具有一定獨立性，能夠有效作出獨立判斷，以及使非執行董事有足夠能力及人數，使他們的意見具影響力。

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之書面年度確認。本公司認為所有獨立非執行董事均具獨立性。在所有公司信函中，均明確表明獨立非執行董事之身份。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31st December, 2005. The Model Code also applies to other specified senior management of the Group.

BOARD OF DIRECTORS

The Board represents shareholders of the Company in managing the Company's affairs. Members of the Board are expected to maximize the investment return and the Company's long-term value.

The Board comprises three executive directors and three independent non-executive directors. There is no relationship between members of the Board except that Mr. Heung Wah Keung, the Chairman, is the husband of Ms. Chen Ming Yin, Tiffany, the Vice Chairman of the Company. The names, biographical details of the directors are set out in the "Profiles of Directors and Senior Management" on pages 12 and 13 to the annual report. In addition, one of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise.

The Board includes a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is an independent element on the Board, which can effectively exercise independent judgment, and that non-executive directors should be of sufficient caliber and number for their views to carry weight.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 to the Listing Rules. The Company considers all of the independent non-executive directors are independent. The independent non-executive directors are explicitly identified in all corporate communications.

企業管治報告 Corporate Governance Report

儘管董事會在履行其職責中始終完全負責指引及監督本公司，但若干責任乃授予董事會的各個常務委員會，包括財務委員會、審核委員會、提名委員會及薪酬委員會，以及本公司副主席及高級管理層。

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various standing committees of the Board including Finance Committee, Audit Committee, Nomination Committee and Remuneration Committee, and the Vice Chairman and the senior management of the Company.

保留予董事會之決策類別包括：

The types of decisions which are reserved to be taken by the Board include:

- | | |
|---|--|
| <p>1. 與本公司大股東或董事之利益衝突有關之事項；</p> | <p>1. matters relating to conflict of interest for a substantial shareholder or a director of the Company;</p> |
| <p>2. 制定本公司與整體策略方向及策略計劃有關的政策、主要業務及財務目標、股息政策，或訂立涉及重大資本獲取或支出之合約；</p> | <p>2. formulation of the Company's policies relating to the overall strategic direction and strategic plans, key business and financial objectives, dividend policy or entering into contracts involving significant capital acquisition or expenditure;</p> |
| <p>3. 就年度營運及資本支出預算進行財務控制、監察及風險管理；本公司的財務報告、公佈的報告、股價敏感公告之披露及上市規則或其他規例要求的其他披露；</p> | <p>3. financial controls, compliance and risk management for the approval of annual operating and capital expenditure budgets, the Company's financial statements, published reports, price-sensitive announcements and other disclosure required under the Listing Rules or other statutory requirements;</p> |
| <p>4. 本公司資本架構變動，包括股本減少、股份購回或新證券發行；</p> | <p>4. changes to the Company's capital structure, including reductions of share capital, share buy-backs or issue of new securities;</p> |
| <p>5. 董事會、副主席、本公司財務總監、公司秘書及外部核數師之重大委任或罷免；</p> | <p>5. major appointments or removal to the Board, the Vice Chairman, the Company's chief financial officer, company secretary and external auditors;</p> |
| <p>6. 董事會任何委員會之職權範圍或授予副主席及高級管理層之權限的變動；</p> | <p>6. changes to the terms of reference or membership of any committee of the Board and the authority delegated to the Vice Chairman and the senior management;</p> |
| <p>7. 超出副主席及高級管理層權限的事項；以及</p> | <p>7. matters exceed the authorities of the Vice Chairman and the senior management; and</p> |
| <p>8. 採納、審閱及批准由本集團董事及其他指定管理人員訂立之本公司企業管治常規手冊、道德與證券交易守則，以及集團法律政策（如有）及集團制度監控及風險管理政策。</p> | <p>8. the adoption, review and approval of changes of the Corporate Governance Practice Manual of the Company, the Code of Ethics and Securities Transactions entered into by the directors and other specified senior management of the Group, group legal policy (if any) and group system control and risk management policy.</p> |

企業管治報告 Corporate Governance Report

年內，董事會舉行十五次全體會議（其中四次為定期季度會議），各董事的出席詳情如下：

During the year, fifteen full board meetings (of which four were regular board meetings) were held and the individual attendance of each director is set out below:

董事姓名 Name of director	出席董事會會議次數 Number of board meetings attended	出席率 Attendance rate
向華強 Heung Wah Keung	15	100%
陳明英 Chen Ming Yin, Tiffany	15	100%
李玉嫦 Li Yuk Sheung	15	100%
洪祖星 Hung Cho Sing	12	80%
何偉志 Ho Wai Chi, Paul	13	87%
馮浩森 Fung Ho Sum	10	67%

本公司董事負責根據有關法定要求及現行適用會計準則，編製並及時刊發真實及公平反映本集團財務狀況本集團之財務報表。本公司董事亦負責選擇及始終應用適當會計政策，並確保及時採納香港會計準則及香港財務匯報準則。

The directors of the Company are responsible for the preparation of financial statements of the Group which give a true and fair view, and are prepared in accordance with the relevant statutory requirements and applicable accounting standards in force, and are published in a timely manner. The directors of the Company are also responsible for selecting and applying on a consistent basis suitable accounting policies and ensuring timely adoption of Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards.

本公司董事確認其編製本公司財務報表之責任，並欣然報告，本公司已按上市規則要求，於有關期間結束後及時公佈其年度及中期業績。

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Company and report that the Company has announced its annual and interim results in a timely manner after the end of the relevant period, as laid down in the Listing Rules.

本公司核數師就其報告責任作出之聲明載於年度報告第30及31頁「核數師報告」內。

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Auditors' Report" on pages 30 and 31.

企業管治報告 Corporate Governance Report

主席及副主席

主席與副主席之職責分離，並不由同一人同時兼任，以確保董事會有明確責任分擔，達致權力及權限的平衡。

主席負責領導董事會，確保董事會有效運作，及確保向公眾傳達董事會的意見。在履行此項職責時，主席的責任包括主持董事會會議；確保董事會會議收到有關本公司事務之準確、完整、及時且清晰的資料；確保執行董事與非執行董事之間保持有益的關係；安排就提呈董事會考慮的問題進行討論及作出決定；確保所有董事均適當聽取董事會會議提出的事項之簡報；作為董事會與管理層之間的聯絡人；與副主席及公司秘書或其代表商議，草擬及批准每次董事會會議的議程，在適當情況下考慮其他董事提議納入議程的任何事項；以及至少每年與非執行董事（包括獨立非執行董事）在執行董事不出席的情況下舉行會議。

副主席主要負責建議政策及策略方向，供董事會批准；以及實施董事會採納的策略及政策，及執行本公司之日常營運。

非執行董事之任期

上市規則附錄十四之守則條文A.4.1條要求非執行董事的委任應有指定任期，並須接受重新選舉。本公司獨立非執行董事均無指定任期，惟須根據本公司之公司細則條文至少每三年輪流退任一次及接受重新選舉。本公司之公司細則修訂於二零零五年六月二十九日舉行的本公司股東週年大會上批准，據此，每位董事須至少每三年輪流退任一次。因此，本公司認為已採取足夠措施遵照本守則條文。每位非執行董事之酬金為每年120,000港元。

CHAIRMAN AND VICE CHAIRMAN

The roles of Chairman and Vice Chairman are separate and not performed by the same individual to ensure that there is a clear division of responsibilities at the board level to entail a balance of power and authority.

The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for ensuring communication of the views of the Board to the public. In performing this role, the Chairman's responsibilities include chairing meetings of the Board; ensuring the board meetings receive accurate, complete, timely and clear information concerning affairs of the Company; ensuring constructive relations between executive and non-executive directors; formulating for discussion and decision, questions which have been moved for the consideration of the Board; ensuring that all directors are properly briefed on issues arising at board meetings; acting as liaison between the Board and management; in consultation with the Vice Chairman and the company secretary or his/her designated delegates, drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda; and at least annually hold meetings with non-executive directors (including independent non-executive directors) without the presence of the executive directors.

The Vice Chairman is primarily responsible for recommending policy and strategic directions for Board approval; implementing the strategies and policies adopted by the Board; and conducting the day-to-day operation of the Company.

TERMS OF NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term and should be subject to re-election. The independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at least once every three years in accordance with the provision of the Company's Bye-laws. Amendment to the Bye-laws of the Company was approved by the shareholders at the annual general meeting of the Company held on 29th June, 2005 whereby every director shall be subject to retirement by rotation at least once every three years. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision. Each of the non-executive directors has remunerated at HK\$120,000 per year.

企業管治報告 Corporate Governance Report

薪酬委員會

二零零五年八月三十一日，本公司根據守則條文B.1.1條設立具有成文職權範圍的薪酬委員會。薪酬委員會成員包括兩位獨立非執行董事（即洪祖星先生及馮浩森先生）及一位執行董事（即陳明英女士）。陳明英女士為薪酬委員會之主席。薪酬委員會主要負責制訂本集團有關本公司各董事及本集團各高級管理層成員之薪酬政策及架構，並就此向本公司董事會提供建議。薪酬委員會將在有公眾人士要求時公開其職權範圍。

薪酬委員會須每年至少舉行一次會議，或在負責人力資源職能之董事要求時舉行會議。

在釐定應付董事薪酬時，薪酬委員會考慮類似公司支付之薪金、董事之投入時間及責任、集團內其他職位的僱用條件及應否按表現釐訂薪酬等因素。

年內，薪酬委員會舉行一次會議，審閱薪酬政策及本集團員工之薪酬福利。全體委員會成員出席此次會議。

提名委員會

提名委員會成員包括一位執行董事（即向華強先生）及兩位獨立非執行董事（即洪祖星先生及馮浩森先生）。向華強先生為提名委員會之主席。提名委員會將在有公眾人士要求時提供其職權範圍。

提名委員會的主要職能是在考慮獲提名人士之獨立性及質量的前提下，向董事會作出建議，以確保所有提名均公平及透明。

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in accordance with the code provision B.1.1 on 31st August, 2005. The Remuneration Committee comprises two independent non-executive directors, namely Mr. Hung Cho Sing and Mr. Fung Ho Sum, and an executive director, namely Ms. Chen Ming Yin, Tiffany. Ms. Chen Ming Yin, Tiffany is the chairman of the Remuneration Committee. The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structuring for all remuneration of the directors of the Company and the senior management of the Group. The terms of reference of the Remuneration Committee shall make available to the public on request.

The Remuneration Committee shall meet at least once a year or as requested by the director responsible for human resources function.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

During the year, the Remuneration Committee met once to review the remuneration packages of the staff of the Group. All the committee members attended the meeting.

NOMINATION COMMITTEE

The Nomination Committee comprises one executive director, namely Mr. Heung Wah Keung, and two independent non-executive directors, namely Mr. Hung Cho Sing and Mr. Fung Ho Sum. Mr. Heung Wah Keung is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee shall make available to the public on request.

The main function of the Nomination Committee is, having regard to the independence and quality of nominees, to make recommendations to the Board as to ensure that all nominations are fair and transparent.

企業管治報告 Corporate Governance Report

委員會主席的主要責任是與人力資源負責人及提名委員會秘書商議，草擬及批准每次提名委員會會議之議程。主席須在秘書協助下，確保所有成員及時收到足夠資料，以便在提名委員會會議上進行有效討論。主席須在人力資源負責人協助下，向所有成員簡報每次提名委員會會議提出的事項。秘書須在每次會議之後合理時間內，向所有成員分發會議記錄的草案及最終版本，以供評論及存檔，惟須遵守任何限制該等分發或進行該等報告之法律或監管限制。主席須在即將舉行的定期董事會會議上報告任何重要決定，並須向董事會提呈所討論的會議及事項之索引。提名委員會秘書須記錄提名委員會所有妥當召集的會議之記錄。在選擇過程中，提名委員會須考慮行業經驗、專業及教育背景以及投入時間等準則。

本公司之公司細則所載之重選程序規定，每位現任董事須輪流退任，但在每次股東週年大會上，每一位董事須至少每三年退任一次。退任董事有資格重選連任。

年內，董事會並無舉行任何會議以提名任何新董事。

審核委員會

審核委員會成員包括三位獨立非執行董事，即洪祖星先生、何偉志先生及馮浩森先生。何偉志先生為審核委員會主席。審核委員會之構成及成員符合上市規則第3.21條之要求。審核委員會將在有公眾人士要求時公開其職權範圍。

The chair, in consultation with the person responsible for human resources and the secretary of the Nomination Committee, should be primarily responsible for drawing up and approving the agenda for each Nomination Committee meeting. The chair, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Nomination Committee meeting. The chair shall, with the assistance of the person responsible for human resources, brief all members on issues arising at each Nomination Committee meeting. The secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Nomination Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. The chair shall report in the forthcoming regular board meeting any key decisions made and shall table before the Board an index of meetings and issues discussed. The secretary of the Nomination Committee shall record minutes of all duly constituted meetings of the Nomination Committee. In the selection process, the Nomination Committee shall make reference to criteria including experience in the industry, professional and education background and commitment in respect of available time.

The re-election procedure set in the Company's Bye-laws provides that every director shall be subject to retirement by rotation at the annual general meeting at least once every three years. A retiring director shall be eligible for re-election.

During the year, the Board did not have any meeting to nominate any new director for appointment.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Fung Ho Sum. Mr. Ho Wai Chi, Paul is the chairman of the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 to the Listing Rules. The terms of reference of the Audit Committee shall make available to the public on request.

企業管治報告 Corporate Governance Report

審核委員會之主要職能是協助董事會監督財務報告制度、風險管理及內部控制程序以及內部及外部核數師職能。審核委員會每年根據審核質量及嚴格程度、所提供之審核服務質量、核數師事務所之質量控制程序、外部核數師與本公司之間的關係以及核數師的獨立性，評核外部核數師之委任。

The main function of the Audit Committee is to assist the Board to oversee the financial reporting system, risk management and internal control procedures and the internal and external audit functions. The Audit Committee annually assesses the appointment of the external auditor, taking into account the quality and rigor of the audit, the quality of the audit service provided, the audit firm's quality control procedures, relationships between the external auditors and the Company, and the independence of the external auditors.

年內，審核委員會舉行四次會議，各成員的出席詳情如下：

During the year, four Audit Committee meetings were held and the individual attendance of each member is set out below:

成員姓名 Name of member	出席會議次數 Number of meetings attended	出席率 Attendance rate
何偉志 Ho Wai Chi, Paul	4	100%
洪祖星 Hung Cho Sing	4	100%
馮浩森 Fung Ho Sum	3	75%

審核委員會已審閱本公司採納之會計原則及政策，並與管理層討論內部控制、財務報告事項以及核數師變動。於二零零五年，審核委員會已選擇及向董事會建議本公司新任外部核數師之委任。董事會同意審核委員會之建議，並通過決議案委任國衛會計師事務所為本公司新任核數師。為監管本公司財務報表之完整程度，審核委員會已在二零零五年中期報告、二零零五年年報及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提交予董事會前審閱該等資料。

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management the internal controls and financial reporting matters, and change of auditors. During the year 2005, the Audit Committee has selected and recommended to the Board for new appointment of external auditors of the Company. The Board agreed with the recommendation of the Audit Committee and passed the resolution to appoint Messrs. HLB Hodgson Impey Cheng as new auditors of the Company. To monitor the integrity of the financial statements of the Company, the Audit Committee has reviewed the 2005 interim report, 2005 annual report and the audited financial statements for the year ended 31st December, 2005 before their submission to the Board.

企業管治報告 Corporate Governance Report

核數師酬金

年內，本公司聘請國衛會計師事務所僅執行與審核有關之服務。年內所產生之審核費用約838,000港元。

內部監控

董事會負有本公司內部監控及審閱其有效性之整體責任。董事會致力實施有效及健全的內部監控系統，以保障股東利益及本集團資產。董事會已授權執行管理層在訂明的框架內實施內部監控系統及審閱所有有關財務、營運、監察監控及風險管理職能。

本公司正計劃選擇一位獨立顧問定期對本集團的內部監控系統進行審閱。預期獨立顧問將於二零零六年五月獲委任。

與股東之溝通及投資者關係

為提升透明度，本公司努力透過多種通訊渠道與股東及投資者維持持續對話。

本公司亦借助股東週年大會作為與全體股東溝通的途徑。本公司亦努力在其年度報告、中期報告及新聞稿中提供清晰詳盡的表現資料。

AUDITORS' REMUNERATION

During the year, the Company engaged Messrs. HLB Hodgson Impey Cheng to perform audit related services only. Audit fees of approximately HK\$838,000 was incurred for the year.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Company is in the course of selecting an independent consultant to conduct review the internal controls systems of the Group on a regular basis. It is expected that the independent consultant will be appointed in May 2006.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders and investors through a variety of communication channels.

The annual general meeting is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases.

核數師報告 Auditors' Report



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

香港
中環
畢打街11號
置地廣場
告士打大廈31樓

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

致中國星集團有限公司全體股東
(於百慕達註冊成立之有限公司)

本核數師行已完成審核第32頁至131頁之財務報表，該等財務報表乃按照香港公認會計原則編製。

董事及核數師之個別責任

編製真實兼公正之財務報表乃 貴公司董事之責任。在編製該等真實兼公正之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師行之責任是根據審核之結果，對該等財務報表作出獨立意見，並根據一九八一年百慕達公司法第90條向股東(作為法人)報告，除此以外並無其他用途。本核數師行並不就本報告之內容向任何其他人士承擔責任。

意見之基礎

本核數師行已按照香港會計師公會所頒佈之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時作出之重大估計和判斷、所採用之會計政策是否適合 貴公司與 貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

TO THE SHAREHOLDERS OF CHINA STAR ENTERTAINMENT LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 32 to 131 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

核數師報告 Auditors' Report

本核數師行在策劃和進行審核工作時，均以取得所有本核數師行認為必需之資料及解釋為目標，以便獲得充份憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師行亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師行相信本核數師行之審核工作已為下列意見提供合理之基礎。

意見

本核數師行認為，上述之財務報表足以真實兼公正地顯示 貴公司與 貴集團於二零零五年十二月三十一日之財務狀況，及 貴集團截至該日止年度之虧損及現金流量，並按照香港公司條例之披露規定妥為編製。

國衛會計師事務所
英國特許會計師
香港執業會計師

香港，二零零六年四月二十四日

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2005 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 24th April, 2006

綜合資產負債表 Consolidated Balance Sheet

於二零零五年十二月三十一日 As at 31st December, 2005

			二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
		附註 Notes		
非流動資產	Non-current assets			
物業、機器及設備	Property, plant and equipment	6	19,147	23,147
租賃土地權益	Interest in leasehold land	7	13,684	9,036
投資物業	Investment properties	8	42,190	38,650
商譽	Goodwill	10	59,203	59,203
於聯營公司權益	Interests in associates	11	166,473	75,314
應收貸款	Loan receivable	12	–	25,000
投資按金	Deposit for investment	13	–	12,000
			300,697	242,350
流動資產	Current assets			
應收貸款	Loan receivable	12	25,000	–
存貨	Inventories	14	362	991
應收可換股票據	Convertible notes receivables	15	42,000	85,800
電影版權	Film rights	16	135,998	153,878
製作中電影	Films in progress	17	47,461	31,608
貿易應收賬款	Trade receivables	18	14,597	11,968
按金、預付款項及其他	Deposits, prepayments and other receivables	19	80,547	44,198
透過損益以公平價值列賬之金融資產	Financial assets at fair value through profit or loss	20	23,345	33,816
應收聯營公司款項	Amounts due from associates	21	41,760	9,112
可退回稅款	Taxation recoverable		129	51
現金及現金等值項目	Cash and cash equivalents	22	31,500	54,108
			442,699	425,530
總資產	Total assets		743,396	667,880
股權	Equity			
股本	Share capital	23	26,027	18,270
儲備	Reserves	24	571,529	494,369
			597,556	512,639
少數股東權益	Minority interests		1,432	1,464
			598,988	514,103

綜合資產負債表 Consolidated Balance Sheet

於二零零五年十二月三十一日 As at 31st December, 2005

		附註 Notes	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
非流動負債	Non-current liabilities			
借貸—一年後到期	Borrowings – due after one year	25	13,193	16,407
無抵押可換股貸款票據	Unsecured convertible loan notes	26	19,434	19,434
遞延稅項	Deferred taxation	27	–	–
			32,627	35,841
流動負債	Current liabilities			
貿易應付賬款	Trade payables	28	18,892	25,287
已收取按金、應計項目及 其他應付款項	Deposits received, accruals and other payables	29	80,692	67,856
借貸—一年內到期	Borrowings – due within one year	25	12,197	19,793
一間聯營公司之按金	Deposit from an associate		–	5,000
			111,781	117,936
股權及負債總額	Total equity and liabilities		743,396	667,880
流動資產淨值	Net current assets		330,918	307,594
總資產減流動負債	Total assets less current liabilities		631,615	549,944

於二零零六年四月二十四日由董事會批准

Approved by the Board of Directors on 24th April, 2006

向華強
Heung Wah Keung
董事
Director

陳明英
Chen Ming Yin, Tiffany
董事
Director

隨附之附註為此等財務報表之一部份。

The accompanying notes form an integral part of these financial statements.

資產負債表 Balance Sheet

於二零零五年十二月三十一日 As at 31st December, 2005

		附註 Notes	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
非流動資產	Non-current assets			
於附屬公司權益	Interests in subsidiaries	9	480,058	742,891
流動資產	Current assets			
按金、預付款項及 其他應收款項	Deposits, prepayments and other receivables	19	20,290	215
應收附屬公司款項	Amounts due from subsidiaries	21	145,900	73,026
應收聯營公司款項	Amounts due from associates	21	34,832	–
現金及現金等值項目	Cash and cash equivalents	22	22,063	33,217
			223,085	106,458
總資產	Total assets		703,143	849,349
股權	Equity			
股本	Share capital	23	26,027	18,270
儲備	Reserves	24	550,331	476,847
			576,358	495,117
非流動負債	Non-current liabilities			
借貸 – 一年後到期	Borrowings – due after one year	25	19,434	19,434
應付附屬公司款項	Amounts due to subsidiaries		94,422	320,557
			113,856	339,991
流動負債	Current liabilities			
已收取按金、應計項目及 其他應付款項	Deposits received, accruals and other payables	29	11,105	11,545
應付附屬公司款項	Amounts due to subsidiaries		1,824	2,696
			12,929	14,241
股權及負債總額	Total equity and liabilities		703,143	849,349
流動資產淨值	Net current assets		210,156	92,217
總資產減流動負債	Total assets less current liabilities		690,214	835,108

於二零零六年四月二十四日由董事會批准

Approved by the Board of Directors on 24th April, 2006

向華強
Heung Wah Keung
董事
Director

陳明英
Chen Ming Yin, Tiffany
董事
Director

隨附之附註為此等財務報表之一部份。

The accompanying notes form an integral part of these financial statements.

綜合收入表 Consolidated Income Statement

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

			二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
營業額	Turnover	30	92,234	165,307
銷售成本	Cost of sales	33	(60,825)	(131,849)
毛利	Gross profit		31,409	33,458
其他收益	Other revenue	31	8,204	5,597
其他收入	Other income	32	5,919	1,299
行政開支	Administrative expenses	33	(37,012)	(49,018)
市場推廣及發行開支	Marketing and distribution expenses	33	(22,353)	(51,885)
以股份支付之款項開支	Share-based payment expenses		(24,057)	-
購入附屬公司而產生之商譽攤銷	Amortisation of goodwill arising on acquisition of subsidiaries		-	(15,451)
貿易應收賬款減值	Impairment of trade receivables		(1,101)	(3,961)
購入附屬公司而產生之商譽之已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of subsidiaries		-	(33,500)
電影版權之已確認減值虧損	Impairment loss recognised in respect of film rights		-	(30,104)
製作中電影之已確認減值虧損	Impairment loss recognised in respect of films in progress		-	(9,042)
出售透過損益以公平價值列賬之金融資產之溢利/(虧損)淨額	Net gain/(loss) on disposals of financial assets at fair value through profit or loss		1,493	(893)
投資物業重估盈餘	Revaluation surplus on investment properties		3,540	2,381
透過損益以公平價值列賬之金融資產之未變現虧損	Unrealised loss on financial assets at fair value through profit or loss		(5,510)	(4,744)
經營虧損	Loss from operations		(39,468)	(155,863)
融資成本	Finance costs	35	(1,929)	(1,479)
應佔聯營公司業績	Share of results of associates		(10,013)	(99,128)
購入聯營公司而產生之商譽攤銷	Amortisation of goodwill arising on acquisition of associates		-	(13,281)
應收可換股票據減值	Impairment of convertible notes receivables		(10,000)	-
購入聯營公司而產生之商譽之已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of associates		(4,500)	(40,925)
被視為出售聯營公司之溢利	Gain on deemed disposal of an associate	11(c)	45,021	-
出售附屬公司之溢利	Gain on disposal of subsidiaries		-	7,524
除稅前虧損	Loss before taxation		(20,889)	(303,152)
稅項	Taxation	36	(124)	(268)
年度虧損	Loss for the year		(21,013)	(303,420)
以下人士應佔：	Attributable to:			
本公司之權益持有人	Equity holders of the Company		(20,961)	(303,219)
少數股東權益	Minority interests		(52)	(201)
			(21,013)	(303,420)
年內本公司權益持有人應佔虧損之每股虧損基本及攤薄	Loss per share for loss attributable to the equity holders of the Company during the year Basic and diluted	37	(HK\$0.04)	(HK\$0.99)

綜合股本變動報表 Consolidated Statement of Changes in Equity

於二零零五年十二月三十一日 At 31 December 2005

本集團	The Group	綜合賬目											少數股東權益	總計	
		股本	股份溢價	之負商譽	撥入盈餘	匯兌儲備	投資物業重估儲備	以股份支付員工	可換股貸款票據儲備	股本削減儲備	投資重估儲備	累計虧損			
		Share capital	Share premium	on consolidation	Contributed surplus	Exchange reserve	Investment properties revaluation reserve	Employee share-based payment reserve	Convertible loan notes reserve	Capital reduction reserve	Investment revaluation reserve	Accumulated losses	Sub-total	Minority Interest	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零零四年一月一日	As at 1 January 2004														
先前呈報	As previously reported	15,192	746,090	6,326	186,624	445	-	-	-	316,008	(184)	(496,979)	773,522	-	773,522
採納新訂會計政策之影響	Effect on adoption of new accounting policy														
- 香港會計準則第1號	- HKAS 1	-	-	-	-	-	-	-	-	-	-	-	-	1,665	1,665
- 香港會計準則第32號	- HKAS 32	-	-	-	-	-	-	-	566	-	-	-	566	-	566
經重列	As restated	15,192	746,090	6,326	186,624	445	-	-	566	316,008	(184)	(496,979)	774,088	1,665	775,753
年度虧損淨額	Net loss for the year	-	-	-	-	-	-	-	-	-	-	(303,219)	(303,219)	(201)	(303,420)
配售股份	Placement of shares	3,038	33,421	-	-	-	-	-	-	-	-	-	36,459	-	36,459
股份發行開支	Share issuing expenses	-	(947)	-	-	-	-	-	-	-	-	-	(947)	-	(947)
行使購股權	Exercise of share options	40	411	-	-	-	-	-	-	-	-	-	451	-	451
		18,270	778,975	6,326	186,624	445	-	-	566	316,008	(184)	(800,198)	506,832	1,464	508,296
應佔聯營公司於重估物業時之未變現溢利	Share of an associate's unrealized gain on revaluation of property	-	-	-	-	-	-	-	-	-	663	-	663	-	663
重估投資物業之盈餘	Surplus on revaluation of investment properties	-	-	-	-	-	4,909	-	-	-	-	-	4,909	-	4,909
匯兌調整	Exchange adjustment	-	-	-	-	235	-	-	-	-	-	-	235	-	235
未於綜合收入表內確認之溢利淨額	Net gains not recognized in the consolidated income statement	-	-	-	-	235	4,909	-	-	-	663	-	5,807	-	5,807
於二零零四年十二月三十一日	As at 31 December 2004 as restated	18,270	778,975	6,326	186,624	680	4,909	-	566	316,008	479	(800,198)	512,639	1,464	514,103
分佔：	Attributable to:														
本公司及其附屬公司	Company and subsidiaries	18,270	778,975	6,326	186,624	680	4,909	-	566	316,008	-	(666,888)	645,470	1,464	646,934
聯營公司	Associates	-	-	-	-	-	-	-	-	-	479	(132,310)	(132,831)	-	(132,831)
		18,270	778,975	6,326	186,624	680	4,909	-	566	316,008	479	(800,198)	512,639	1,464	514,103

綜合股本變動報表 Consolidated Statement of Changes in Equity

於二零零五年十二月三十一日 At 31 December 2005

本集團	The Group	股本	股份溢價	綜合類目 之負商譽	撥入盈餘	匯兌儲備	投資物業 重估儲備	以股份 支付員工 款項儲備	可換股 貸款票據 儲備	股本削減 儲備	投資重估 儲備	累計虧損	小計	少數股東 權益	總計
		Share capital	Share premium	on consolidation	Contributed surplus	Exchange reserve	Investment properties revaluation reserve	share-based payment reserve	Convertible loan notes reserve	Capital reduction reserve	Investment revaluation reserve	Accumulated losses	Sub-total	Minority Interest	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	K\$'000
於二零零五年 一月一日	As at 1 January 2005														
先前提報	As previously reported	18,270	778,975	6,326	186,624	680	4,909	-	-	316,008	479	(800,198)	512,073	-	512,073
採納新訂會計 政策之影響	Effect on adoption of new accounting policies														
- 香港會計 準則第40號	- HKAS 40						(4,909)					4,909			
- 香港財務匯報 準則第2號	- HKFRS 2							7,841				(7,841)			
- 香港財務匯報 準則第3號	- HKFRS 3			(6,326)								6,326			
- 香港會計 準則第32號	- HKAS 32								566				566		566
- 香港會計 準則第1號	- HKAS 1													1,464	1,464
經重列	As restated	18,270	778,975	-	186,624	680	-	7,841	566	316,008	479	(796,804)	512,639	1,464	514,103
年度虧損淨額	Net loss for the year	-	-	-	-	-	-	-	-	-	-	(20,961)	(20,961)	(52)	(21,013)
轉撥入於聯營 公司之權益	Transferred to interests in associates	-	-	-	-	-	-	-	-	-	(479)	-	(479)	-	(479)
配售股份	Placement of shares	6,868	67,891	-	-	-	-	-	-	-	-	-	74,759	-	74,759
股份發行開支	Share issuing expenses	-	(1,759)	-	-	-	-	-	-	-	-	-	(1,759)	-	(1,759)
採納新訂會計 政策之影響	Effect on adoption of new accounting policies														
- 香港財務匯報 準則第2號	- HKFRS 2							24,057					24,057		24,057
行使購股權	Exercise of share options	889	8,703	-	-	-	-	-	-	-	-	-	9,592	-	9,592
		26,027	853,810	-	186,624	680	-	31,898	566	316,008	-	(817,765)	597,848	1,412	599,260
匯兌調整	Exchange adjustment	-	-	-	-	(292)	-	-	-	-	-	-	(292)	20	(272)
未於綜合 收入表內確認 之(虧損)/ 溢利淨額	Net (loss)/gains not recognised in the consolidated income statement	-	-	-	-	(292)	-	-	-	-	-	-	(292)	20	(272)
於二零零五年 十二月三十一日	As at 31 December 2005	26,027	853,810	-	186,624	388	-	31,898	566	316,008	-	(817,765)	597,556	1,432	598,988
分佔：	Attributable to:														
本公司及 其附屬公司	Company and subsidiaries	26,027	853,810	-	186,624	388	-	31,898	566	316,008	-	(674,442)	740,879	1,432	742,311
聯營公司	Associates	-	-	-	-	-	-	-	-	-	-	(143,323)	(143,323)	-	(143,323)
		26,027	853,810	-	186,624	388	-	31,898	566	316,008	-	(817,765)	597,556	1,432	598,988

綜合現金流量表 Consolidated Cash Flow Statement

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

	附註 Notes	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
經營業務所得之現金流量	CASH FLOWS FROM OPERATING ACTIVITIES		
除稅前虧損	Loss before taxation	(20,889)	(303,152)
就以下各項所作調整：	Adjustments for:		
利息支出	Interest expenses	1,929	1,479
利息收入	Interest income	(3,053)	(1,487)
貿易應收賬款減值	Impairment of trade receivables	1,101	3,961
貿易應收賬款減值回撥	Reversal of impairment of trade receivables	(3,811)	-
已使用廣告服務 預付款項	Utilisation of prepayment for advertising services	5,345	6,655
商譽攤銷	Amortisation of goodwill	-	28,732
物業、機器及設備折舊 及攤銷	Depreciation and amortisation of property, plant and equipment	9,810	14,144
已確認減值虧損	Impairment losses recognised	14,500	113,571
投資物業 重估值盈餘	Revaluation surplus on investment properties	(3,540)	(2,381)
出售物業、機器及 設備之虧損	Loss on disposal of property, plant and equipment	-	2,301
出售附屬公司之溢利	Gain on disposal of subsidiaries	-	(7,524)
被視為出售聯營公司之溢利 透過損益以公平價值列賬之 金融資產之已變現 (溢利)/虧損淨額	Gain on deemed disposal of an associate Net realised (gain)/loss on financial assets at fair value through profit or loss	(45,021)	-
透過損益以公平價值列賬之 財務費用之未變現虧損	Unrealised loss on financial costs at fair value through profit or loss	5,510	4,744
已確認銷售聯營公司之 未變現溢利於過往年度 綜合賬目內對銷	Recognition of unrealised gain eliminated on consolidation in prior year on sales to associates	(624)	(334)
應佔聯營公司業績	Share of results of associates	10,013	99,128
豁免支付其他應付款項	Waive of other payables	(1,194)	-
以股份支付之款項開支	Share-based payment expenses	24,057	-
營運資金變動前之 經營現金流量	Operating cash flows before movements in working capital	(7,360)	(39,270)
存貨減少	Decrease in inventories	629	296
電影版權減少/(增加)	Decrease/(Increase) in film rights	17,880	(13,723)
製作中電影(增加)/減少	(Increase)/decrease in films in progress	(15,853)	33,809
貿易應收款項(增加)/減少	(Increase)/decrease in trade receivables	(3,730)	13,059
按金、預付款項及其他 應收款項(增加)/減少	(Increase)/decrease in deposits, prepayments and other receivables	(36,689)	91,304
應收聯營公司款項減少/ (增加)	Decrease/(increase) in amounts due from associates	1,152	(9,112)
貿易應付賬款減少	Decrease in trade payables	(6,395)	(6,562)
已收取按金、應計項目及 其他應付款項減少/(增加)	Decrease/(increase) in deposits received, accruals and other payables	7,836	(26,773)
應付聯營公司款項減少	Decrease in amounts due to associates	-	(643)
營運(所用)/產生之現金	Cash (used in)/generated from operations	(42,530)	42,385
退還海外所得稅	Overseas income tax refunded	174	701
經營業務(所用)/產生 之現金淨額	Net cash (used in)/generated from operating activities	(42,356)	43,086

綜合現金流量表 Consolidated Cash Flow Statement

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

	附註 Notes	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
投資業務之 現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
已收利息	Interest received	3,053	1,487
已抵押銀行存款之減少	Decrease in pledged bank deposits	–	4,557
一間聯營公司之已收股息	Dividend received from an associate	–	7,840
出售附屬公司所得款項	Proceeds from disposal of subsidiaries	–	21,000
出售透過損益以公平價值 列賬之金融資產所得款項	Proceeds from disposal of financial assets at fair value through profit or loss	23,416	5,934
出售物業、機器及 設備所得款項	Proceeds from disposal of property, plant and equipment	–	105
所投資公司償還貸款	Repayment of loan from an investee company	–	10,821
墊付予一間聯營公司之貸款	Loan advance to an associate	(33,800)	–
收購一間聯營公司	Acquisition of an associate	–	(38,310)
收購聯營公司之權益	Acquisition of interests in an associate	(60,506)	–
投資按金	Deposit for investment	–	(12,000)
償還／(購入)應收可換股 票據	Repayment/(purchases) of convertible notes receivables	33,800	(52,000)
購入透過損益以公平價值 列賬之金融資產	Purchases of financial assets at fair value through profit or loss	(16,962)	(20,511)
購入物業、機器及設備	Purchases of property, plant and equipment	(10,573)	(2,512)
償還投資按金	Refund of deposit for investment	12,000	12,000
所投資公司所欠貸款	Loan advanced to an investee company	–	(2,054)
已收損害賠償	Liquidated damage received	–	4,000
投資業務所用現金淨額	Net cash used in investing activities	(49,572)	(59,643)
融資業務	FINANCING ACTIVITIES		
新增銀行貸款	New bank loans raised	–	21,250
發行股份所得款項	Proceeds from issue of shares	84,351	36,910
已付利息	Interest paid	(1,929)	(1,479)
股份發行開支	Share issuing expenses	(1,759)	(947)
償還銀行貸款	Repayment of bank loans	(10,810)	(2,268)
融資業務產生之現金 流入淨額	Net cash from financing activities	69,853	53,466
現金及現金等值(減少)／ 增加淨額	Net (decrease)/increase in cash and cash equivalents	(22,075)	36,909
年初之現金及 現金等值	Cash and cash equivalents at beginning of the year	54,108	16,964
外幣匯率變動 之影響	Effect of foreign exchange rate Changes	(533)	235
年終之現金及 現金等值	Cash and cash equivalents at the end of the year	31,500	54,108
銀行結存及現金	Bank balance and cash	31,500	54,108

隨附之附註為此等財務報表之一部份。

The accompanying notes form an integral part of these financial statements.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

1. 一般事項

本公司乃於百慕達註冊成立之受豁免有限公司，其股份在香港聯合交易所有限公司上市（「聯交所」）。本公司之註冊辦事處為香港九龍尖沙咀彌敦道132號美麗華大廈503C。

本集團之主要業務為電影製作、發行電影及電視連續劇、提供藝員管理服務及提供後期製作服務。

2. 主要會計政策概要

編製該等綜合財務報表所採用之主要會計政策載列如下。除另有說明者外，該等政策已於所有呈報年度貫徹應用。

中國星集團有限公司之綜合財務報表乃根據所有適用香港財務匯報準則（「香港財務匯報準則」，為香港會計師公會（「香港會計師公會」）所頒佈之所有適用個別香港財務匯報準則、香港會計準則（「香港會計準則」）及詮釋之統稱）、香港公認之會計原則、香港公司條例之披露規定及香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）之適用披露條文而編製。

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 "Stock Exchange"). The registered office of the Company is Unit 503C, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

The principal activities of the Group are film production, distribution of motion pictures and television drama series, provision of artists management services and provision of post-production services.

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.

The consolidated financial statements of China Star Entertainment Limited 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 and applicable disclosure provisions of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

首次採納並與本集團業務有關之新訂及經修訂香港財務匯報準則概述如下：—

香港會計準則第1號	財務報表之呈報
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、更改會計估計及誤差
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分類報告
香港會計準則第16號	物業、機器及設備
香港會計準則第17號	租賃
香港會計準則第18號	收益
香港會計準則第19號	僱員福利
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28號	於聯營公司之投資
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37號	撥備、或然負債及或然資產
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
香港會計準則第39號 (修訂本)	金融資產及金融負債之過渡性及初步確認
香港會計準則第40號	投資物業
香港會計準則詮釋 第15號	經營租約—獎勵措施
香港會計準則詮釋 第21號	所得稅—於重估非折舊資產之收回
香港財務匯報準則 第2號	以股份形式支付之款項
香港財務匯報準則 第3號	企業合併
香港財務匯報準則 第5號	持作銷售之非流動資產及已終止業務

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the new and revised HKFRSs which are adopted for the first time and are relevant to the Group's operation is set out as below:—

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 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
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 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provision, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKAS-Int 15	Operating leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

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2. 主要會計政策概要 (續)

採納新訂及經修訂香港會計準則第2號、第7號、第8號、第10號、第12號、第14號、第16號、第18號、第19號、第21號、第23號、第24號、第27號、第28號、第33號、第37號、香港會計準則詮釋第15號及香港財務匯報準則第5號並無導致本集團之會計政策出現重大變動。採納其他香港財務匯報準則之影響已概述如下：

- 香港會計準則第1號影響到如何呈報少數股東權益、攤佔聯營公司除稅後淨業績及其他披露事項。於綜合資產負債表內，少數股東權益現顯示於總股權內。於綜合收入表內，少數股東權益列為年度總溢利或虧損之分配項目。
- 香港會計準則第21號對本集團之政策並無構成重大影響。各綜合實體之功能貨幣已根據經修訂準則之指導而重新評估。本集團全部實體均採用同一功能貨幣為實體各自之財務報表之呈報貨幣。
- 香港會計準則第24號影響到有關連人士之識別及若干其他有關連人士之披露事項。
- 採納經修訂香港會計準則第17號導致有關將租賃土地由物業、機器及設備重新分類為經營租約之會計政策變動。開始時就租賃土地而支付之預付款項乃於租約期間按直線法於收入表內支銷，倘出現減值，減值亦於收入表內支銷。土地及樓宇租約會按租約中土地元素及樓宇元素之租賃權益於租約開始時之相對公平價值比例分為土地租約與樓宇租約。土地租約會按成本列值，並於租約期間攤銷，而樓宇則按成本減累積折舊列值。於往年，租賃土地乃分類為物業、機器及設備，並按成本扣除減值列值。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The adoption of new and revised HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 28, 33, 37, HKAS-Int 15 and HKFRS 5 did not result in substantial changes to the Group's accounting policies. The impact of adopting the other HKFRSs is summarised as follows:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now shown within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year.
- 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. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- 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 leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land 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. A lease of land and building is split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in land element and the building element of the lease at the inception of the lease. The lease of land is stated at cost and amortised over the period of the lease whereas the building is stated at cost less accumulated depreciation. In prior years, leasehold land was classified under property, plant and equipment at cost less impairment.

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2. 主要會計政策概要 (續)

- 採納香港會計準則第32號及第39號已導致有關金融工具之確認、計量、不再確認及披露之會計政策出現變動。

根據香港會計準則第32號，所發行之可換股貸款票據乃於初次確認時分為負債部份及權益部份，方式為按公平價值確認負債部份(公平價值乃使用同等不可換股票據之市場利率釐定)，而發行所得款項與負債部份之公平價值兩者之差則歸於權益部份。負債部份其後乃按已攤銷成本列值。權益部份會確認於可換股貸款票據儲備，直至票據被轉換(屆時將轉撥至股份溢價)或票據被贖回(屆時將直接撥至保留盈利)為止。於往年，可換股票據乃按面值列值。融資成本乃使用實際利率法累計。安排可換股貸款票據所招致之發行成本乃於發行年度之收入表內扣除。採納香港會計準則第32號須追溯應用。

根據香港會計準則第39號，按持續基準並已識別長期目的而持有之股權投資乃分類為可供出售之金融資產，由於公平價值不能可靠地計量，故繼續以成本扣除減值列值。倘若有客觀證據顯示個別投資已經減值，則有關減值會確認於收入表。持有作買賣用途之上市權益證券乃分類為持作買賣之金融資產，並繼續按收市價列值，所有已變現及未變現之收益或虧損均確認於收入表。長期應收款項乃分類為其他應收款項，並最初按成本確認及其後按使用實際利率法計算之已攤銷成本扣除減值撥備計量，賬面值之變動會確認於收入表。所有訂立之非對沖衍生金融工具乃按公平價值列值，其變動會確認於收入表。於往年，作長期持有用途之股權投資乃作為長期投資披露，並通過損益按成本扣除減值列值。持有作買賣用途之上市權益證券

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The adoption of HKAS 32 and HKAS 39 has resulted in a change in the accounting policy for recognition, measurement, derecognition and disclosure of financial instruments.

Under HKAS 32, convertible loan notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognized in the convertible loan notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to retained earnings). In prior years, convertible notes were stated at face value. The finance cost was accrued using effective interest rate method. The issuance costs incurred for the arrangement of convertible loan notes were charged to the income statement in the year of issue. Retrospective application is required for adoption of HKAS 32.

Under HKAS 39, equity investments held on a continuing basis for an identifiable long-term purpose are classified as available-for-sale financial assets and are continued to be stated at cost less impairment as the fair value cannot be reliably measured. If there is objective evidence that an individual investment has been impaired, such impairment would be recognised in the income statement. Listed equity securities held for trading purpose are classified as financial assets held for trading and are continued to be stated at closing price with all realised and unrealised gains or losses to be recognised in the income statement. Long-term receivables are classified as other receivables and are recognised initially at cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment with changes in carrying value to be recognised in the income statement. All non-hedging derivative financial instruments entered are stated at fair value with changes recognised in the income statement. In prior years, equity investments for long-term purpose were disclosed as long-term investments and stated

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2. 主要會計政策概要 (續)

乃作為證券投資披露，並按市值列值，有關價值變動乃通過損益入賬。短期應收款項乃按成本扣除減值(如有)列值，任何減值均通過損益入賬。訂立之衍生金融工具乃按現金基準確認。採納香港會計準則第39號規定須採用未來適用法，調整累計虧損於二零零五年一月一日之期初結餘，比較數字並無重列。

- 採納經修訂香港會計準則第40號導致會計政策出現變動，公平價值變動會記錄於收入表，作為投資物業之重估損益。於往年，公平價值增加會計入投資物業重估儲備。公平價值減少首先會按組合基準與先前估值增加互相抵銷，餘額於收入表內支銷。
- 採納經修訂香港會計準則詮釋第21號導致有關計量重估投資物業產生之遞延稅項負債之會計政策出現變動。有關遞延稅項負債乃按透過使用收回資產賬面值可能引致之稅務後果計算。於過往年度，預期該資產之賬面值將透過銷售收回。
- 採納香港財務匯報準則第2號導致有關以股份支付之款項之會計政策出現變動。由二零零五年一月一日起，本集團於歸屬期間在收入表將所授出購股權之公平價值確認為開支，並相應確認有關僱員之以股份支付款項儲備增加。於購股權持有人行使權利時，有關僱員之以股份支付款項儲備會轉撥至股本及股份溢價(連同行使價)。於往年，授出購股權時不會確認任何數額。若購股權持有人選擇行使購股權，則會記入股本面值及股

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

at cost less impairment through profit or loss. Listed equity securities held for trading purpose were disclosed as investments in securities and were stated at market value with changes to such value accounted through profit or loss. Short-term receivables were stated at cost less impairment which, if any, was accounted through profit or loss. Derivative financial instruments entered were recognised on a cash basis. Prospective application is required for adoption of HKAS 39 by way of adjustments to the opening balance of accumulated losses as at 1st January, 2005. Comparative amounts have not been restated.

- The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as gain or loss on revaluation of investment properties. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.
- 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 investment properties. 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 years, the carrying amount of that asset was expected to be recovered through sale.
- The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. With effect from 1st 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 employee share-based payment reserve. The employee share-based payment reserve is transferred to share capital and share premium, together with the exercise price, when the option

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2. 主要會計政策概要 (續)

份溢價，有關數額為應收購股權行使價。按過渡性條文規定，於二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬之購股權之成本乃追溯於各自期間之收入表內支銷。

- 採納香港財務匯報準則第3號、香港會計準則第36號及香港會計準則第38號導致有關正商譽及負商譽之會計政策出現變動，並規定採用未來適用法。直至二零零四年十二月三十一日：

- 正商譽乃撥充資本並於其可使用經濟年限10年期間以直線法攤銷，並須於出現減值跡象時進行減值測試；及

- 負商譽乃於所收購非貨幣資產之加權平均可使用年限10年期間予以攤銷，惟倘於收購日期與已識別預期未來虧損有關，則作別論。在該等情況下，其會於該等預期虧損出現時確認於收入表。

根據香港財務匯報準則第3號之條文：

- 本集團由二零零五年一月一日起不再攤銷商譽；
- 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，商譽會於每年及於出現減值跡象時進行減值測試；及

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

holder exercises its rights. In prior years, no amount was recognized when options were granted. If the option holders chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable. As a transitional provision, the cost of share option granted after 7th November, 2002 and had not yet vested on 1st January, 2005 was expensed retrospectively in the income statement of the respective periods.

- The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for positive goodwill and negative goodwill and prospective application is required. Until 31st December, 2004:

- positive goodwill was capitalised and amortised on a straight line basis over its useful economic life of 10 years and was subject to impairment testing when there were indications of impairment; and

- negative goodwill was amortised over the weighted average useful life of 10 years of the non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the income statement as those expected losses were incurred.

In accordance with the provisions of HKFRS 3:

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

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

- 根據香港財務匯報準則第3號之過渡性條文，所有負商譽已由二零零五年一月一日起不再確認，亦相應增加保留盈利。

本集團已根據香港會計準則第38號之條文重新評估其無形資產之可使用年限。重新評估並無導致任何調整。

會計政策之所有變動均已根據各自準則之過渡性條文作出(倘適用)。本集團所採納之所有準則均規定須追溯應用，惟以下各準則除外：

- 香港會計準則第16號—初次計量於交換資產交易收購之物業、機器及設備項目只會於未來進行之交易中按公平價值入賬；
- 香港會計準則第21號—作為境外業務一部份之商譽及公平價值調整只會於未來入賬；
- 香港會計準則第39號—不准許根據該準則追溯確認、不再確認及計量金融資產及負債。本集團將先前之會計實務準則第24號「證券投資會計」應用於二零零四年比較資料中之證券投資及對沖關係。因會計實務準則第24號與香港會計準則第39號之會計差異而須作出之調整乃於二零零五年一月一日釐定及確認；
- 香港會計準則第40號—由於本集團已採納公平價值模式，故本集團無需重列比較資料，任何調整應對二零零五年一月一日之保留盈利進行(包括將於投資物業重估盈餘持有之任何數額重新分類)；及
- 香港財務匯報準則第3號—由二零零五年一月一日起在未來應用。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- in accordance with the transitional provision in HKFRS 3, all negative goodwill was derecognized as 1st January, 2005 with a corresponding increase in retained earnings.

The Group has reassessed the useful lives of its intangible assets 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 1st January, 2005;
- HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1st January, 2005, including the reclassification of any amount held in revaluation surplus for investment property; and
- HKFRS 3 – prospectively after 1st January, 2005.

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2. 主要會計政策概要 (續)

(a) 對綜合資產負債表之影響

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Effect on the consolidated balance sheet

採納下列會計政策之影響

Effect of adopting

	香港 會計準則 第17號 HKAS 17	香港 會計準則 第32號 HKAS 32	香港 會計準則 第40號 HKAS 40	香港財務 匯報準則 第2號 HKFRS2	香港財務 匯報準則 第3號 HKFRS 3	
新政策之影響 Effect of new policies	租賃 土地權益	金融工具	投資物業 重估盈餘	以股份支付 員工款項	綜合賬目 之負商譽	合計
	Interest in leasehold land	Financial instruments	Revaluation surplus on investment properties	Employee share-based payment	Negative goodwill on consolidation	Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零五年一月一日 At 1st January, 2005						
資產 Assets						
物業、機器及設備 Property, plant and equipment	(9,036)	-	-	-	-	(9,036)
租賃土地權益 Interest in leasehold land	9,036	-	-	-	-	9,036
投資證券 Investments in securities	-	(33,816)	-	-	-	(33,816)
透過損益以公平價值 Financial assets at fair value 列賬之金融資產 through profit or loss	-	33,816	-	-	-	33,816
	-	-	-	-	-	-
負債/股權 Liabilities/equity						
可換股貸款票據 Convertible loan notes	-	(566)	-	-	-	(566)
投資物業重估儲備 Investment properties revaluation reserve	-	-	(4,909)	-	-	(4,909)
可換股貸款票據儲備 Convertible loan notes reserve	-	566	-	-	-	566
綜合時所產生的負商譽 Negative goodwill on consolidation	-	-	-	-	(6,326)	(6,326)
以股份支付員工款項 Employee share-based payment 儲備 reserve	-	-	-	7,841	-	7,841
累計虧損 Accumulated losses	-	-	4,909	(7,841)	6,326	3,394
	-	-	-	-	-	-

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(a) 對綜合資產負債表之影響 (續)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Effect on the consolidated balance sheet (Continued)

採納下列會計政策之影響

Effect of adopting

新政策之影響 Effect of new policies	香港 會計準則 第17號 HKAS 17	香港 會計準則 第32號 HKAS 32	香港 會計準則 第40號 HKAS 40	香港財務 匯報準則 第2號 HKFRS2	香港財務 匯報準則 第3號 HKFRS 3	合計
	租賃 土地權益	金融工具	投資物業 重估盈餘	以股份支付 員工款項	綜合賬目 之負商譽	
	Interest in leasehold land	Financial instruments	Revaluation surplus on investment properties	Employee share-based payment	Negative goodwill on consolidation	Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000

於二零零四年
十二月三十一日

At 31st December, 2004

資產 Assets	負債/股權 Liabilities/equity					
物業、機器及設備 Property, plant and equipment	可換股貸款票據 Convertible loan notes	(9,036)	-	-	-	(9,036)
租賃土地權益 Interest in leasehold land	可換股貸款票據儲備 Convertible loan notes reserve	9,036	(566)	-	-	9,036
投資證券 Investments in securities			566	-	-	(33,816)
透過損益以公平價值 Financial assets at fair value 列賬之金融資產 through profit or loss				-	-	33,816
				-	-	-
				-	-	-

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

- (b) 對於二零零四年一月一日及二零零五年一月一日之股權結餘之影響

新政策之影響
Effect of new policies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (b) Effect on the balances of equity at 1st January, 2004 and at 1st January, 2005

		採納下列會計政策之影響				合計
		Effect of adopting				
		香港會計準則第32號 HKAS 32 可換股 貸款票據	香港會計準則第40號 HKAS 40 投資物業 重估盈餘	香港財務匯報準則第2號 HKFRS2 以股份支付 員工款項	香港財務匯報準則第3號 HKFRS3 綜合賬目 之負商譽	
		Revaluation surplus on Convertible loan notes	Employee share-based payment	Negative goodwill on consolidation	Total	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零四年一月一日	At 1st January, 2004					
可換股貸款票據儲備	Convertible loan notes reserve	566	-	-	-	566
於二零零五年一月一日	At 1st January, 2005					
於綜合時所產生之負商譽	Negative goodwill on consolidation	-	-	-	(6,326)	(6,326)
投資物業重估儲備	Investment properties revaluation reserve	-	(4,909)	-	-	(4,909)
可換股貸款票據儲備	Convertible loan notes reserve	566	-	-	-	566
以股份支付員工款項儲備	Employee share-based payment reserve	-	-	7,841	-	7,841
累計虧損	Accumulated losses	-	4,909	(7,841)	6,326	3,394
		566	-	-	-	566

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(c) 對截至二零零五年及二零零四年十二月三十一日止年度之綜合收入表之影響

新政策之影響
Effect of new policies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

採納下列會計政策之影響
Effect of adopting

		香港 會計準則 第1號 HKAS 1 應佔聯營 公司業績 (不計稅項) Share of associates result net of tax 千港元 HK\$'000	香港 會計準則 第40號 HKAS 40 投資物業 重估盈餘 Revaluation surplus on investment properties 千港元 HK\$'000	香港財務 匯報準則 第2號 HKFRS2 以股份支付 員工款項 Employee share-based payment 千港元 HK\$'000	合計 Total 千港元 HK\$'000
截至二零零五年 十二月三十一日 止年度	Year ended 31st December, 2005				
行政開支增加	Increase in administrative expenses	-	-	(24,057)	(24,057)
投資物業之重估 盈餘增加	Increase in revaluation surplus of investment properties	-	3,540	-	3,540
溢利增加/(減少)總額	Total increase/(decrease) in profit	-	3,540	(24,057)	(20,517)
每股基本及攤薄虧損 增加/(減少)(港仙)	Increase/(decrease) in basic and diluted loss per share (HK cents)	-	0.7	(4.8)	(4.1)
截至二零零四年 十二月三十一日 止年度	Year ended 31st December, 2004				
應佔聯營公司業績 (不計稅項)	Share of associate result net of tax	(594)	-	-	(594)
稅項減少	Decrease in tax	594	-	-	594
溢利增加/(減少)總額	Total increase/(decrease) in profit	-	-	-	-

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

下列已頒佈但尚未生效之新訂準則或詮釋並無獲提早採納。除另有說明者外，該等香港財務匯報準則乃於二零零六年一月一日或之後開始之年度期間生效：

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)	預測集團內公司間交易之現金流量對沖會計處理方法
香港會計準則第39號 (修訂本)	選擇以公平價值入賬
香港財務匯報準則 第39號及香港 財務匯報準則 第4號(修訂本)	財務擔保合約
香港財務匯報準則 第7號	金融工具：披露
香港(國際財務報告 詮釋委員會)－ 詮釋第4號	釐定一項安排是否包括租賃

香港會計準則第1號(修訂本)將於二零零七年一月一日或之後開始之年度期間予以應用。該項經修訂準則將影響有關以下各項之披露：有關本集團管理資本之目標、政策及程序之定性資料；有關本公司視為資本項目之定量資料；以及有關遵守任何資本規定及未遵守有關規定之後果。

香港會計準則第39號(修訂本)－預測集團內公司間交易之現金流量對沖會計處理方法。此項修訂令極有可能進行之預測集團內公司間交易之外幣風險可列為綜合賬目之對沖項目，惟(a)有關交易須以進行交易實體之功能貨幣以外之貨幣列值；及(b)外幣風險將影響綜合溢利或虧損。由於在二零零五年及二零零四年十二月三十一日本集團並無進行任何可列為綜合賬目對沖項目之集團內公司間交易，故此是項修訂不適用於本集團業務。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 1st 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 1st 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.

HKAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions. The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated accounts, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit and loss. This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transactions that would qualify as a hedged item in the consolidated accounts as at 31st December, 2005 and 2004.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

香港會計準則第39號(修訂本)－選擇以公平價值入賬。此項修訂更改分類為透過損益以公平價值列賬之金融工具之定義，並限制指定金融工具作為此種類別之一部份。由於本集團將能夠遵守有關透過損益以公平價值列賬之金融工具之經修訂指定標準，故本集團相信此項修訂對金融工具之分類不會造成重大影響。本集團將自二零零六年一月一日開始之會計期間起遵守此項修訂。

香港會計準則第39號及香港財務匯報準則第4號(修訂本)－財務擔保。此項修訂規定已作出之財務擔保(該實體以往宣稱為保險合約者除外)初步按公平價值確認，其後則按下列兩項之較高者計算：(a)所收取及遞延相關費用之未攤銷結餘；及(b)用以繳付於結算日之承擔之開支。本公司將向其附屬公司提供之財務擔保視為保險合約。

香港財務匯報準則第7號將取代香港會計準則第32號，並已修訂香港會計準則第32號有關金融工具之披露規定。此項香港財務匯報準則將於二零零七年一月一日或之後開始之年度期間獲採納。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKAS 39 (Amendment), The Fair Value Option. This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit or loss. The Group will comply this amendment from accounting periods beginning 1st January, 2006.

HKAS 39 and HKFRS 4 (Amendment), Financial Guarantee. This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognized at their fair value, and subsequently measured at the higher of (a) the unamortized balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. The Company regards its financial guarantees provided to its subsidiaries as insurance contracts.

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 1st January, 2007.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

除上述者外，本集團預期採納上述其他新頒佈準則，於最初應用期間將不會對本集團之財務報表造成任何重大影響。本集團及本公司編製財務報表所遵循之主要會計政策概述如下：

(a) 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

(i) 附屬公司

本集團收購附屬公司乃以購買會計法處理。收購成本乃按互換日期所提供資產、所發行權益性工具及所產生或承擔負債之公平價值，另加收購直接引致之成本計算。不論少數股東權益之多寡，企業合併時所收購之可識別資產及所承擔負債及或然負債，最初均以收購日期之公平價值計量。收購成本超出本集團分佔所收購可識別資產淨值之公平價值部分乃記錄為商譽。倘收購成本低於所收購附屬公司資產淨值之公平價值，則差額會直接於收入表中確認。

集團內公司間之所有重大交易、結餘及集團內公司間之交易之未變現溢利乃於綜合賬目對銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦予以對銷。附屬公司之會計政策已在需要情況下作修訂，以確保與本集團所採納之政策相一致。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 31st December each year.

(i) Subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(a) 綜合基準 (續)

(ii) 聯營公司

聯營公司指本集團對其有重大影響力但無控制權之所有實體，通常附帶有20%至50%投票權之股權。於聯營公司投資以權益會計法入賬，並初步按成本確認。本集團於聯營公司之投資包括收購時之可鑑別商譽(扣除任何減值虧損)。

綜合收入表包括本集團在本年度內應佔聯營公司之收購後業績。於綜合資產負債表內，於聯營公司權益按本集團應佔之聯營公司資產淨額加上至目前為止仍未於收入表攤銷之溢價減可鑑別減值虧損列賬。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，惟以本集團於相關聯營公司之權益為限，倘未變現虧損提供已轉讓資產之減值憑證則除外。

本公司應佔之聯營公司業績按年度內已收或應收之股息為基準計算。於本公司之資產負債表內，於聯營公司投資乃按成本減任何可鑑別減值虧損列賬。

(b) 收入之確認

發行費收入在母帶交付後確認。

錄影帶產品之銷售在貨品付運及擁有權已轉移時確認。

服務收入、廣告收入、管理費用收入及製作費收入於提供服務時確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any impairment loss) identified in acquisition.

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 losses provide evidence of an impairment of the asset transferred.

The results of associates are accounted for by the Company on the basis of dividends received or receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

(b) Revenue recognition

Distribution fee income is recognised when the master materials have been delivered.

Sales of video products are recognised when goods are delivered and title has passed.

Service income, advertising income, management fee income and production fee income are recognised when the services are rendered.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(b) 收入之確認 (續)

投資所產生之股息收入於本集團有權收取有關款項時予以確認。

利息收入根據尚未收回之本金及適用利率按時間比例基準累計。

來自經營租約之租金收入於有關租賃期內按直線法確認。

(c) 物業、機器及設備

物業、機器及設備乃按成本減累計折舊及累計減值虧損列賬。

一項資產之成本包括其購買價及將資產達至其營運狀況及地點作擬定用途所產生之任何直接應計成本。物業、機器及設備投入運作後所產生之支出，如維修及保養，一般於產生支出期間自收入表扣除。倘若可清楚顯示有關支出將令日後使用該物業、機器及設備時會帶來經濟利益，則支出將撥充資本，作為該項資產之額外成本。

折舊乃用以撇銷物業、機器及設備項目之成本，按其估計可使用年限依直線法計算，年率如下：

樓宇	4.5% – 5%
租賃物業裝修	20% – 25%
傢俬及裝置	10% – 20%
機器及設備	18% – 25%
汽車	15% – 20%

當資產出售時，其盈虧為出售資產所得款項及資產賬面值兩者之差額，在收入表內確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (Continued)

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

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

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

(c) Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight line method, over their estimated useful lives. The principal annual rates are as follows:

Buildings	4.5% – 5%
Leasehold improvements	20% – 25%
Furniture and fixtures	10% – 20%
Machinery and equipment	18% – 25%
Motor vehicles	15% – 20%

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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(d) 租賃土地權益

租賃土地權益指就租賃土地之預付租金。租賃土地權益按成本減隨後之累計攤銷及任何累計減值虧損列賬。租賃土地權益之成本於租賃土地有關權益期限或相關公司之經營期限(以較短者為準)內按直線法攤銷。

(e) 投資物業

投資物業為已完成並可作投資用途而持有之物業，其任何租金收入經公平磋商釐定。

投資物業乃以資產負債表公平價值列賬。因重估投資物業而產生之重估增減，直接於收入表內確認。出售投資物業產生之損益，乃按出售所得款項與資產賬面值之差額釐定，並於出售時在收入表內確認。

投資物業之公平價值乃以一位獨立估值師之估值為基準釐定。該獨立估值師須持有相關公認專業資格證明，並曾在近期內對受估物業進行過現場勘查及擁有同類物業之估值經驗。相關公平價值乃根據市值釐定。市值指在進行適當推銷後，自願買方及自願賣方雙方經公平磋商，在知情、審慎及非脅迫之情況下於估值日期買賣一項物業之估計金額。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their fair value at the balance sheet date. Any gain or loss arising from a change in the fair value of the investment properties is recognised directly in the income statement. Gain or loss on disposal of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement upon disposal.

The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(f) 資產減值

本公司會於各結算日對內部及外部資料進行審閱，以確定有否任何跡象顯示資產(不包括存貨、投資物業及除於附屬公司、聯營公司及合營企業權益以外之金融資產)出現減值，或以往已確認之任何減值虧損不再存在或可能減少。倘有任何該等跡象，則會估計資產之可收回數額。當資產賬面值超出其可收回數額時，即確認減值虧損。減值虧損於其產生年度在收入表扣除，除非有關資產按重估金額列賬，則減值虧損根據適用於該項經重估資產之相關政策作會計處理。

(i) 計算可收回數額

資產之可收回數額為其售價淨額及使用價值兩者之較高者。售價淨額乃於公平交易過程中出售資產可取得之款額，而使用價值則為預期因持續使用任何資產並於其可使用年限結束時出售該資產所產生之估計未來現金流量之現值。倘資產未能產生獨立於其他資產之現金流入，可收回數額將按能單獨產生現金流入之最小資產類別(即產生現金單位)釐定。

(ii) 減值虧損撥回

就商譽以外之資產而言，倘用以釐定可收回數額之估計出現變動，減值虧損將會撥回。對於商譽之減值虧損，僅在有關虧損乃由預期不會重複發生且性質特殊之特定外部事項所造成及可收回數額之增加與該特定事項產生之撥回有關時方可撥回。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 (excluding inventories, investment properties and financial assets other than interests in subsidiaries, associates and joint ventures), 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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(f) 資產減值 (續)

(ii) 減值虧損撥回

所撥回之減值虧損以假設過往年度並無確認任何減值虧損情況下應已釐定之資產之賬面值為限。撥回之減值虧損於確認撥回之年度計入收入表。

(g) 金融資產減值

本集團於各結算日評估是否存在客觀證據顯示某項金融資產或某組金融資產已出現減值。

(i) 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出現減值虧損，有關虧損金額按資產之賬面值與估計未來現金流量(不包括尚未發生之未來信貸虧損)以金融資產原始實際利率(即首次確認時計算之實際利率)折現之現值兩者間之差額計算。資產之賬面值可直接或透過使用備抵賬目沖減。減值虧損金額在損益賬內確認。

本集團首先對個別重大之金融資產進行評估，以確定是否有客觀證據顯示個別存在減值，並對非個別重大之金融資產進行評估，以確定是否有客觀證據顯示個別或共同存在減值。倘若個別評估之金融資產被釐定為並無客觀證據顯示存在減值，則無論該項資產重要與否，均歸入具有類似信貸風險特徵之金融資產類別內，並對該類金融資產是否減值共同作出評估。經個別評估減值而減值虧損會或將繼續確認之資產，不會歸入共同減值評估之內。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of assets (Continued)

(ii) Reversals of impairment losses

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.

(g) 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.

(i) 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 (ie. 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 individually significant, and individually or collectively for financial assets that are not individually 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 recognized are not included in a collective assessment of impairment.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(g) 金融資產減值 (續)

(i) 以攤銷成本列賬之資產 (續)
於隨後期間，倘減值虧損金額減少，而減少之原因客觀上與確認減值後所發生之事件相關連，則先前確認之減值虧損予以撥回。隨後撥回之任何減值虧損在收入表確認，惟以有關資產之賬面值在撥回當日不超過其攤銷成本者為限。

(ii) 以成本列賬之資產
倘有客觀證據顯示因公平價值無法可靠計算而未按公平價值列賬之非上市證券出現減值虧損，則有關虧損金額按該資產之賬面值與估計未來現金流量以類似金融資產當時之市場回報率折現之現值兩者間之差額計算。該等資產之減值虧損不予撥回。

(h) 稅項

所得稅開支指現時應付稅項及遞延稅項。現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利為本年度須繳納所得稅之溢利，乃根據有關稅務機關制定之規則而釐定。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of financial assets (Continued)

(i) 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.

(ii) 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.

(h) 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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(h) 稅項 (續)

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

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

遞延稅項乃按預期於負債清償或資產變現之期間之適用稅率計算。遞延稅項於收入表中扣除或計入收入表，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。

(i) 於附屬公司投資

於附屬公司投資按成本減任何可鑑別減值虧損列入本公司之資產負債表。

(j) 商譽

綜合賬目而產生之商譽指本集團所佔附屬公司或聯營公司之可識別資產及負債於收購日期之收購成本高於公平價值之差額。

收購聯營公司而產生之商譽計入聯營公司賬面值。收購附屬公司而產生之商譽以獨立無形資產方式呈報。

商譽每年進行減值測試，並按成本減累計減值虧損列賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

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

Goodwill arising on the acquisition of associates is included in the carrying amount of the associates. Goodwill arising on the acquisition of subsidiaries is presented as a separate intangible asset.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(k) 於聯營公司權益

綜合收入表包括本集團在本年度內應佔聯營公司之收購後業績。於綜合資產負債表內，於聯營公司權益按本集團應佔之聯營公司資產淨額加上至目前為止仍未於收入表攤銷之商譽列賬。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，惟以本集團於相關聯營公司之權益為限，倘未變現虧損提供已轉讓資產之減值憑證則除外。

本公司應佔之聯營公司業績按年度內已收或應收之股息為基準計算。於本公司之資產負債表內，於聯營公司投資乃按成本減任何可鑑別減值虧損列賬。

(l) 存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本按先入先出法計算。

(m) 應收可換股票據

除非實際兌換，否則應收可換股票據列作資產另行披露。有關在收入表確認之應收可換股票據利息收入，按應收可換股票據於各財務年度之結餘計算，以定期定額入賬。

應收可換股票據乃以公平價值列賬。應收可換股票據公平價值變動產生之已變現及未變現溢利及虧損乃於收入表中確認。

(n) 電影版權

電影版權為本集團製作或購入之電影及電視連續劇，乃按成本減累計攤銷及任何可鑑別減值虧損入賬。

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 goodwill 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.

The results of associates are accounted for by the Company on the basis of dividends received or receivables during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

(l) Inventories

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

(m) Convertible notes receivables

Convertible notes receivables are separately disclosed and regarded as assets unless conversion actually occurs. The interest income recognised in the income statement in respect of the convertible notes receivables is calculated so as to produce a constant periodic rate of income on the remaining balances of the convertible notes receivables for each financial year.

Convertible notes receivables are stated at fair value. Realised and unrealised gains or losses arising from changes in the fair value of convertible notes receivables are recognised in the income statement.

(n) 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 loss.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

- (n) **電影版權 (續)**
攤銷按年內實際賺取之收入與銷售電影版權預計可得總收入之比例計入收入表。電影版權之攤銷不會超過二十年。倘出現任何減值，則未攤銷結餘於其估計可收回金額中撇減。
- (o) **製作中電影**
製作中電影指製作中之電影及電視連續劇，按截至入賬日期已動用成本減任何可鑑別之減值虧損入賬。成本將於完成後轉撥為電影版權入賬。
- (p) **貿易及其他應收款項**
貿易及其他應收款項最初按公平價值入賬，其後則採用實際利息法按已攤銷成本(扣除減值撥備)計量。在有客觀證據證明本集團將無法按應收款項之原訂條款收回全部款項時，須就貿易及其他應收款項作出減值撥備。撥備金額為有關資產之賬面值與估計未來現金流量按實際利率貼現之現值兩者間之差額。撥備金額在收入表中確認。
- (q) **投資**
於採納新訂香港財務匯報準則之前，本集團將證券投資(附屬公司、聯營公司及共同控制實體投資除外)歸類為非買賣證券或買賣證券。
- (i) **非買賣證券**
非持作買賣用途之投資於結算日按公平價值列值。個別證券公平價值之變動會計入投資重估儲備或於投資重估儲備中扣除，直至有關證券出售或被確定為減值為止。於出售時，其累計收益或虧損(即出售所得款項淨額與有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/虧絀會列入收入表。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (n) **Film rights (Continued)**
Amortisation is charged to the income statement based on the proportion of actual income earned during the year to the total estimated income from the sale of film rights. The amortisation of film rights will not exceed twenty years. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.
- (o) **Films in progress**
Films in progress represents films and televisions drama series under production and is stated at cost incurred to date, less any identified impairment loss. Cost is transferred to film rights upon completion.
- (p) **Trade and other receivables**
Trade and other receivables are recognized 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.
- (q) **Investments**
Before adoption of the new HKFRSs, the Group classified the investments 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. Changes 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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(q) 投資 (續)

倘有客觀證據證明個別投資出現減值，則累計虧損列入收入表之投資重估儲備內。

(ii) 買賣證券

買賣證券乃按公平價值列值。於各結算日，買賣證券公平價值變動所產生之未變現收益或虧損淨額會於收入表內確認。出售買賣證券之收益或虧損（即出售所得款項淨額與賬面值兩者之差額）於產生時在收入表內確認。

自二零零五年一月一日起，本集團視乎購入有關投資之目的將投資分為以下類別。管理層會於初次確認時為其投資分類及於每個報告日期重新評估分類。

(1) 透過損益以公平價值列賬之金融資產

倘購入之主要目的為於短期內出售或倘管理層指定作此目的，則金融資產會撥歸此類別。倘此類別之資產乃持有作買賣用途或預期將於結算日起計12個月內變現，會歸類為流動資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

When there was objective evidence that individual investments were impaired the cumulative loss recorded in the investment revaluation reserve was dealt with in 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 in the period that arised.

From 1st 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 from the balance sheet date.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(q) 投資 (續)

(ii) 買賣證券 (續)

(2) 貸款及應收款項

貸款與應收款項為並無於活躍市場報價惟具有固定或可釐定付款金額之非衍生工具金融資產。當本集團直接向債務人提供款項、商品或服務且無意買賣應收款項，則產生貸款與應收款項。此等應收款項計入流動資產內，惟不包括到期日為結算日起計12個月後者。該等應收款項會列作非流動資產。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賬款。

(3) 持有至到期日之投資

持有至到期日之投資乃指有固定或可釐定之付款金額，有固定到期日且本集團管理層明確打算並能夠持有至到期日之非衍生工具金融資產。於本年度，本集團並無持有此類投資。

(4) 可供出售之金融資產

可供出售之金融資產乃指定歸入本類別或未歸入任何其他類別之非衍生工具。除非管理層計劃於結算日起計12個月內出售有關投資，否則將計入非流動資產。

買賣投資均於交易日(即本集團承諾收購或出售該資產當日)確認。就所有並非透過損益以公平價值列賬之金融資產而言，投資最初以公平價值加交易成本確認。當本集團從該等投資項目收取現金流量之權利已到期或已轉讓，而本集團已大致上將擁有權之所有風險及回報轉移，則會不再確認該等投資項目。可供出售之金融資產及透過損益以公平價值列賬之金融資產其後按公平價值列值。貸款及應收款項以及持有至到期日之投資均以實際利率法按已攤銷成本列值。「透過損益以公平價值列賬之金融資產」類別之公平價值出現變動，因而產生之

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

(ii) Trading securities (Continued)

(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.

(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 or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(q) 投資 (續)

已變現及未變現收益及虧損均於產生期間內列入收入表。

歸類為可供出售之非貨幣證券，如其公平價值出現變動，則所產生之未變現收益及虧損將於股權內確認。若歸類為可供出售之證券已出售或減值，則其累積公平價值調整將計入收入表，作為投資證券收益或虧損。

報價投資之公平價值以當時買入價為依據。倘某項金融資產之市場並不活躍(以及對非上市證券而言)，本集團則利用估值技術釐定公平價值。估值技術包括利用近期進行之公平交易，參考大致相同之其他投資工具，現金流量貼現分析及經調整以反映發行人特定情況之期權定價模式。

本集團於各結算日評估是否存在客觀證據顯示某項金融資產或某組金融資產已出現減值。倘屬列為可供出售之權益證券，在決定有關證券是否出現減值時，會考慮該證券之公平價值是否大幅或長期低於其成本。倘存在任何證據顯示可供出售之金融資產出現減值，則累積虧損(即購入成本與當時之公平價值兩者間之差額，減該金融資產先前於收入表內確認之任何減值虧損)會自股權剔除，並在收入表中確認。在收入表中確認之權益性工具減值虧損不會透過收入表撥回。

(r) 現金及現金等值

現金及現金等值包括手頭現金、銀行通知存款、原到期日不超過三個月之其他高流動性短期投資及銀行透支。銀行透支列入資產負債表流動負債之借貸項下。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

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 that 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.

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.

(r) Cash and cash equivalents

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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

- (s) **撥備**
當本集團因過往事件而須承擔現時之法定或推定責任，並且履行該責任可能要求資源流出及有關責任金額能可靠估計時，即會確認撥備。倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於結算日之現值。

- (t) **借貸**
借貸最初按公平價值(扣除所產生之交易成本)確認。交易成本為直接與收購、發行或出售金融資產或金融負債有關之增加成本，包括支付予代理、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，以及轉讓稅項和稅收。借貸其後按已攤銷成本列值，所得款項(扣除交易成本)與贖回值兩者間之任何差額，以實際利息法於借貸期間內在收入表中確認。

- (u) **可換股貸款票據**
倘可換股貸款票據之持有人可選擇將票據轉換為股本，且所發行股份之數目不會因其公平價值變動而改變，則有關票據入賬列作複合金融工具。於初步確認時，可換股貸款票據之負債部份按未來利息及本金還款之現值計算，而其現值乃按初步確認時無轉換權之類似負債所適用之市場利率貼現。發行票據所得款項超過初步確認為負債部份之金額之任何盈餘確認為權益部份。發行複合金融工具之相關交易成本按發行所得款項之分配比例攤分至負債及權益部份。

負債部份其後乃按已攤銷成本列值。收入表為確認之負債部份利息開支乃使用實際利率法計算。權益部份會於可換股貸款票據儲備確認，直至票據被轉換或被贖回。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (s) **Provision**
A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

- (t) **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.

- (u) **Convertible loan notes**
Convertible loan notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. At initial recognition the liability component of the convertible loan notes is calculated as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity component in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in the income statement on the liability component is calculated using the effective interest rate method. The equity component is recognised in the convertible loan notes reserve until either the notes are converted or redeemed.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

- (u) **可換股貸款票據 (續)**
倘票據被轉換，可換股貸款票據儲備及票據獲轉換時負債部份之賬面值轉撥至股本及股份溢價，作為已發行股份之代價。一旦票據獲贖回，可換股貸款票據儲備將直接撥至累計虧損。

- (v) **外幣**
外幣交易先按交易日期之通行匯率入賬。以外幣計算之貨幣資產與負債按結算日之通行匯率再換算。匯兌盈虧乃於收入表內處理。

編製綜合賬目時，本集團在香港以外營運之資產與負債乃按結算日通行之匯率換算，收支項目按本年度平均匯率換算。一切匯兌差額(如有)乃列作股本及轉撥入本集團換算儲備。上述換算差額乃於出售業務年度確認為收入及支出。

- (w) **經營租約**
倘出租人仍擁有資產擁有權之絕大部份回報及風險，則有關租約列作經營租約。經營租約之應付租金按有關租期以直線法在收入表中支銷。

- (x) **退休福利成本**
對本集團退休福利計劃之支款於到期應付時列作開支入賬。

- (y) **僱員福利**
(i) **花紅**
當有合約責任且責任金額可作可靠估算時，本集團就花紅確認負債。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (u) **Convertible loan notes (Continued)**
If the notes are converted, the convertible loan notes reserve, together with the carrying value of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the notes are redeemed, the convertible loan notes reserve is released directly to accumulated losses.

- (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 dealt with in the income statement.

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.

- (w) **Operating leases**
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

- (x) **Retirement benefits costs**
Payments to the Group's retirement benefits schemes are charged as an expense as they fall due.

- (y) **Employee benefits**
(i) **Bonuses**
The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)

(y) 僱員福利 (續)

(ii) 退休福利責任

本集團根據香港強制性公積金計劃條例為其受香港僱傭條例所管轄之僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃乃一項定額供款計劃，其資產由獨立信託管理基金持有。

根據強積金計劃，僱主及僱員均須按僱員有關收入之5%向計劃作出供款，惟僱員供款以每月有關收入20,000港元為上限。本集團之計劃供款於產生時支銷，並根據計劃歸屬程度歸屬。倘僱員於有權享有僱主供款之前退出計劃，沒收之供款將用作扣減本集團之應付供款。

(iii) 以股份支付之款項開支

就僱員提供服務而授予購股權及受限制股份獎勵之公平價值於收入表確認為開支。

於歸屬期內列作開支之總金額乃參考所授購股權及受限制股份獎勵之公平價值釐定。於各結算日，本公司修訂其對預期可予以行使之購股權數目及已歸屬受限制股份獎勵數目所作之估計，並於收入表確認修訂原有估計(如有)所產生之影響，並於資產負債表內相應調整餘下歸屬期之股權。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Employee benefits (Continued)

(ii) Retirement benefit obligations

The Group operates a 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% 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 and vested 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 payment expenses

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 income statement.

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 income statement, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 主要會計政策概要 (續)**(y) 僱員福利 (續)****(iii) 以股份支付之薪酬 (續)**

所得款項(扣除任何直接相關交易成本)在行使購股權及受限制股份獎勵歸屬時撥入股本及股份溢價賬。

(z) 關連人士

倘本集團有能力直接或間接控制另一方或在財務及營運決策方面對另一方行使重大影響，該方則被視為本集團之關連人士，反之亦然；或倘本集團及該方受同一控制或同一重大影響，亦被視為關連人士。關連人士可以是個別人士(主要管理人員、重大股東及/或彼等之親密家庭成員)或實體，包括本集團關連人士(身為個別人士)所控制或受其重大影響之實體，以及受僱後福利計劃(為本集團或身為本集團關連人士之任何實體之僱員福利而設)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(y) Employee benefits (Continued)****(iii) Share-based compensation (Continued)**

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.

(z) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are controlled or under the significant influence or related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

3. 金融風險管理

3.1 金融風險因素

本集團之經營活動面臨多種財務風險：市場風險（包括外匯風險及價格風險）、信貸風險、流動資金風險及現金流量及公平價值利率風險。本集團之整體風險管理計劃專注於金融市場之不可預測性，並尋求盡量減低對本集團財務表現之潛在不利影響。本集團之庫務職能作為中央財務風險管理服務及為本集團提供具成本效益之融資。

(a) 市場風險

(i) 外匯風險

本集團主要在中華人民共和國（「中國」）及香港經營業務，且大部份交易乃以美元、港幣及人民幣計值，故而本集團面臨該等貨幣產生之外匯風險，由於港幣及人民幣均與美元掛鈎，故該等貨幣之間所涉及之外匯風險不大。

(ii) 價格風險

本集團面臨股票證券價格風險，原因為本集團所持有之投資於綜合資產負債表內分類為透過損益以公平價值列賬之金融資產，乃按各結算日之公平價值列賬。本集團透過持有具不同風險特徵之投資組合以管理其價格風險。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in both the People's Republic of China ("the PRC") and Hong Kong and majority of transactions are dominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures. Hong Kong dollars and Renminbi are pegged to United States dollars and the foreign exchange exposure between them are considered limited.

(ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss which are measured at fair value at each balance sheet date. The Group manages the price risk exposure by maintaining a portfolio of investments with different risk profiles.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

3. 金融風險管理 (續)

3.1 金融風險因素 (續)

(b) 信貸風險

本集團之信貸風險主要由貿易或其他應收款項產生。本集團並無集中之信貸風險。本集團已制訂政策以確保僅向具有良好信貸紀錄之客戶授出或發行電影。本集團會持續監控其所面臨之信貸風險。

(c) 流動資金風險

本集團管理其流動資金風險之方式包括，定期監控其目前及預期流動資金需求，確保有充足之流動現金及可供變現有價證券，以及向主要金融機構獲取之充分承諾資金信貸額，以滿足本集團之長期及短期流動資金需求。

(d) 現金流量及公平價值利率風險

具浮動利率之長期借貸使本集團面臨現金流量利率風險，而具固定利率之長期借貸使本集團面臨公平價值利率風險。

本集團持續監控利率風險，並於必要時調整借貸組合。

3.2 公平價值估計

於活躍市場買賣之金融工具之公平價值乃以結算日之市場報價為基準。本集團所持有之金融資產所採用之市場報價為當時買入價；而金融負債所適用之市場報價則為當時賣價。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade or other receivables. The Group has no significant concentrations of credit risk. It has policies in place to ensure that films are only licensed or distributed to customers with an appropriate credit history. The exposures to these credit risks are monitored on an ongoing basis.

(c) Liquidity risk

The Group manages its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

(d) Cash flow and fair value interest rate risk

Long term borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk.

The Group monitors the interest rate risk exposure on a continuous basis and adjust the portfolio of borrowings where necessary.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

3. 金融風險管理 (續)

3.2 公平價值估計 (續)

並未於活躍市場買賣之金融工具之公平價值使用估值技術釐定。本集團使用多種方法，並基於各結算日之市況作出假設。長期債務乃採用同類工具之市場報價或交易商報價。釐定其他金融工具之公平價值時則使用其他技術，例如估計貼現現金流量。

貿易應收及應付賬款之面值減估計信貸調整乃假設與其公平價值相若。就披露而言，金融負債之公平價值乃按本集團就同類金融工具可獲取之當時市場利率將日後約定現金流量貼現而估計。

4. 主要會計估計及判斷

估計與判斷會被持續評估，並根據過往經驗及其他因素進行，包括在有關情況下對未來事件相信為合理之預測。

本集團對未來作出估計及假設，而就此得出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及負債之賬面值作出重大調整之估計及假設討論如下。

(a) 無形資產及商譽減值估計

本集團根據附註2(f)所載之會計政策就無形資產是否出現減值進行年度測試。產生現金單位之可收回金額按使用價值之計算而釐定。該等計算須採用管理層就日後業務營運及除稅前折現率所作之估計及假設，以及其他計算使用價值時所作之假設。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables 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 that is available to the Group for similar financial instruments.

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 and liabilities within the next financial year are discussed below.

(a) *Estimated impairment of intangible assets and goodwill*

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2 (f). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

4. 主要會計估計及判斷 (續)

(b) 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結餘，並可於協定之信貸期逾期後即時採取跟進行動。然而，收賬不時會出現延誤。當貿易應收賬款之可收回機會存疑，本集團則會根據客戶之信貸狀況、貿易應收賬款結餘之賬齡分析及撇賬紀錄，計提呆壞賬特別撥備。若干應收款項可初步確認為可收回，但其後可能無法收回而須於收入表內撇銷相關應收款項。如未能為收回機會出現變化之貿易應收賬款作出撥備，可能會對本集團之經營業績構成影響。

(c) 物業、機器及設備之可使用年限

本集團根據香港會計準則第16號之規定估計物業、機器及設備之可使用年限，從而釐定所須列賬之折舊開支。本集團於購入資產之時，根據以往經驗、資產之預期使用量、損耗程度，以及技術會否因市場需求或資產產能有變而變成過時，估計其可使用年限。本集團亦會於每年作出檢討，以判斷就可使用年限所作出之假設是否仍然合理。

(d) 投資物業之估計公平價值

誠如附註8所述，投資物業已由獨立專業估值師於結算日按其現有用途以市值基準重新估值。有關估值乃根據若干假設進行，故當中仍有不明確因素且或會與實際結果有重大差異。

(e) 製作中電影減值

本集團管理層於各結算日檢討賬齡分析，並確定於生產中不再適用之滯銷製作中電影。管理層主要根據最近發票價格及當時市況估計此等製成品及製作中電影之可變現淨值。此外，本集團於各結算日逐項檢討各電影並就不再生產之任何製作中電影作出撥備。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) 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.

(c) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment 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 or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(d) Estimate fair value of investment properties

As described in note 8, the investment properties were revalued at the balance sheet date on market value existing use basis by independent professional valuers. Such valuation were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

(e) Impairment of films in progress

The management of the Group reviews an aging analysis at each balance sheet date, and identify the slow-moving films in progress that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods of the films in progress based primarily on the latest invoice prices and current market conditions. In addition, the Group carries out review on each film at each balance sheet date and makes allowance for any films in progress that production no longer proceed.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

5. 分類資料

董事呈報地區分類為本集團之主要分類資料。

地區分類

下表按市場位置分析本集團之銷售：

截至二零零五年十二月三十一日止年度之收入表：

5. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

Geographical segments

The following table provides an analysis of the Group's sales by location of markets:

Income statement for the year ended 31st December, 2005:

		香港及 澳門 Hong Kong and Macau 千港元 HK\$'000	中華人民 共和國 (不包括 香港、澳門 及台灣) (「中國」) People's Republic of China excluding Hong Kong, Macau and Taiwan ("PRC") 千港元 HK\$'000	歐美 America and Europe 千港元 HK\$'000	東南亞 South-East Asia 千港元 HK\$'000	其他 Other 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
營業額	Turnover	49,805	10,217	8,046	22,589	1,577	92,234
銷售及服務成本	Cost of sales and services	(33,925)	(6,915)	(4,878)	(14,320)	(787)	(60,825)
市場推廣及發行開支	Marketing and distribution expenses	(10,505)	(9,666)	(529)	(1,552)	(101)	(22,353)
分類業績	Segment results	5,375	(6,364)	2,639	6,717	689	9,056
可供出售之金融資產 之未變現虧損	Unrealised loss on available for sale financial assets						(5,510)
以股份形式支付之 款項開支	Share-based payment expenses						(24,057)
出售透過損益以公平價 值列賬之金融資產 之溢利淨額	Net gain on disposals of financial assets of fair value through profit or loss						1,493
其他收益	Other revenue						8,204
其他收入	Other income						5,919
投資物業重估 盈餘	Revaluation surplus on investment properties						3,540
未分類公司開支	Unallocated corporate expenses						(38,113)
經營虧損	Loss from operations						(39,468)
融資成本	Finance costs						(1,929)
應佔聯營公司業績	Share of results of associates	669	(10,682)	-	-	-	(10,013)
應收可換股票據 減值	Impairment of convertible notes receivables	(10,000)	-	-	-	-	(10,000)
購入聯營公司而 產生之商譽之 已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of associates	(4,500)	-	-	-	-	(4,500)
被視作出售附屬公司 之溢利	Gain on deemed disposal of associates						45,021
除稅前虧損	Loss before taxation						(20,889)
稅項支銷	Taxation charge						(124)
未計入少數股東 權益前虧損	Loss before minority interests						(21,013)

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

5. 分類資料 (續)

地區分類 (續)

截至二零零四年十二月三十一日止年度之收入表：

5. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

Income statement for the year ended 31st December, 2004:

		香港及 澳門 Hong Kong and Macau 千港元 HK\$'000	中國 PRC 千港元 HK\$'000	歐美 America and Europe 千港元 HK\$'000	東南亞 South-East Asia 千港元 HK\$'000	其他 Other 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
營業額	Turnover	104,928	17,029	11,175	28,582	3,593	165,307
銷售及服務成本	Cost of sales and services	(77,581)	(27,022)	(1,918)	(20,979)	(4,349)	(131,849)
市場推廣及發行開支	Marketing and distribution expenses	(36,147)	(12,872)	(616)	(2,009)	(241)	(51,885)
分類業績	Segment results	(8,800)	(22,865)	8,641	5,594	(997)	(18,427)
可供出售之金融資產 之未變現虧損	Unrealised loss in available for sale financial assets						(4,744)
購入附屬公司而 產生之商譽攤銷	Amortisation of goodwill arising on acquisition of subsidiaries						(15,451)
購入附屬公司而 產生之商譽之 已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of subsidiaries						(33,500)
製作中電影之 已確認減值虧損	Impairment loss recognised in respect of films in progress						(9,042)
電影版權之 確認減值虧損	Impairment loss recognised in respect of films rights						(30,104)
出售透過損益以公平價 值列賬之金融資產 之虧損淨額	Net loss on disposals of financial assets at fair value through profit or loss						(893)
其他收益	Other revenue						5,597
其他收入	Other income						1,299
投資物業重估 盈餘	Revaluation surplus on investment properties						2,381
未分類公司開支	Unallocated corporate expenses						(52,979)
經營虧損	Loss from operations						(155,863)
融資成本	Finance costs						(1,479)
應佔聯營公司業績	Share of results of associates	9,326	(108,454)	-	-	-	(99,128)
購入聯營公司而 產生之商譽攤銷	Amortisation of goodwill arising on acquisition of associates	(6,541)	(6,740)	-	-	-	(13,281)
購入聯營公司而產生 之商譽之已確認 減值虧損	Impairment loss recognized in respect of goodwill on acquisition of associates	-	(40,925)	-	-	-	(40,925)
出售附屬公司之溢利	Gain on disposal of subsidiaries						7,524
除稅前虧損	Loss before taxation						(303,152)
稅項支銷	Taxation charge						(268)
未計少數股東權益前虧損	Loss before minority interests						(303,420)

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

5. 分類資料 (續)

地區分類 (續)

依董事之意見，由於沒有按市場位置分類資產及負債之合適基準，因此並無呈列按市場位置分類之資產及負債分析。

分類資產、添置物業、機器及設備之賬面值及分類負債之賬面值按資產分佈地區分析如下：

於二零零五年十二月三十一日之資產負債表

		香港及澳門 Hong Kong and Macau 千港元 HK\$'000	中國 PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	<u>743,086</u>	<u>310</u>	<u>743,396</u>
分類負債	Segment liabilities	<u>142,637</u>	<u>1,771</u>	<u>144,408</u>
添置物業、機器 及設備	Additions of property, plant and equipment	<u>5,606</u>	<u>—</u>	<u>5,606</u>
添置租賃土地 權益	Additions of interest in leasehold land	<u>4,967</u>	<u>—</u>	<u>4,967</u>

於二零零四年十二月三十一日之資產負債表

		香港及澳門 Hong Kong and Macau 千港元 HK\$'000	中國 PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	<u>663,090</u>	<u>4,790</u>	<u>667,880</u>
分類負債	Segment liabilities	<u>148,379</u>	<u>5,398</u>	<u>153,777</u>
添置物業、機器 及設備	Additions of property, plant and equipment	<u>2,512</u>	<u>—</u>	<u>2,512</u>

業務分類

由於本集團之營業額及業績主要來自電影發行，因此並無呈列業務分類之分析。

5. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

No analysis of assets and liabilities by location of markets is disclosed as, in the opinion of the directors, there is no appropriate basis in allocating the assets and liabilities by location of markets.

The following is an analysis of the carrying amount of segment assets, additions of property, plant and equipment and interest in leasehold land, and the carrying amount of segment liabilities analysed by the geographical area in which the assets are located:

Balance sheet as at 31st December, 2005

		香港及澳門 Hong Kong and Macau 千港元 HK\$'000	中國 PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	<u>743,086</u>	<u>310</u>	<u>743,396</u>
分類負債	Segment liabilities	<u>142,637</u>	<u>1,771</u>	<u>144,408</u>
添置物業、機器 及設備	Additions of property, plant and equipment	<u>5,606</u>	<u>—</u>	<u>5,606</u>
添置租賃土地 權益	Additions of interest in leasehold land	<u>4,967</u>	<u>—</u>	<u>4,967</u>

Balance sheet as at 31st December, 2004

		香港及澳門 Hong Kong and Macau 千港元 HK\$'000	中國 PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	<u>663,090</u>	<u>4,790</u>	<u>667,880</u>
分類負債	Segment liabilities	<u>148,379</u>	<u>5,398</u>	<u>153,777</u>
添置物業、機器 及設備	Additions of property, plant and equipment	<u>2,512</u>	<u>—</u>	<u>2,512</u>

Business segments

As the Group's turnover and results are substantially derived from film distribution, no analysis by business segment is presented.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

6. 物業、機器及設備

6. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings	租賃 物業裝修 Leasehold improvements	傢俬及裝置 Furniture and fixtures	機器 及設備 Machinery and equipment	汽車 Motor vehicles	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
		(經重列) (restated)					(經重列) (restated)
本集團	THE GROUP						
成本	Cost						
於二零零四年一月一日	As at 1st January, 2004	10,929	5,508	15,742	62,536	3,468	98,183
添置	Additions	-	-	69	2,443	-	2,512
出售附屬公司	Disposal of subsidiaries	-	-	(123)	(4)	-	(127)
出售	Disposals	(479)	-	(577)	(21,294)	(604)	(22,954)
於二零零四年十二月三十一日及 於二零零五年一月一日	As at 31st December, 2004 and 1st January, 2005	10,450	5,508	15,111	43,681	2,864	77,614
添置	Additions	4,412	-	230	728	236	5,606
出售	Disposals	-	-	-	(861)	(625)	(1,486)
於二零零五年十二月三十一日	As at 31st December, 2005	14,862	5,508	15,341	43,548	2,475	81,734
累積折舊	Accumulated depreciation						
於二零零四年一月一日	As at 1st January, 2004	3,478	4,774	8,793	42,236	1,935	61,216
年內折舊	Charge for the year	523	200	2,531	10,238	431	13,923
出售附屬公司時對銷	Eliminated on disposal of subsidiaries	-	-	(123)	(1)	-	(124)
出售時對銷	Eliminated on disposals	(223)	-	(469)	(19,313)	(543)	(20,548)
於二零零四年十二月三十一日及 二零零五年一月一日	As at 31st December, 2004 and 1st January, 2005	3,778	4,974	10,732	33,160	1,823	54,467
年內折舊	Charge for the year	576	200	2,159	6,166	390	9,491
出售時對銷	Eliminated on disposals	-	-	-	(751)	(620)	(1,371)
於二零零五年十二月三十一日	As at 31st December, 2005	4,354	5,174	12,891	38,575	1,593	62,587
賬面淨值	Net book value						
於二零零五年十二月三十一日	At 31st December, 2005	10,508	334	2,450	4,973	882	19,147
於二零零四年十二月三十一日	As at 31st December, 2004	6,672	534	4,379	10,521	1,041	23,147

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

6. 物業、機器及設備 (續)

年內添置之租賃土地及樓宇乃於二零零五年七月七日收購自本集團之聯營公司豐采錄影有限公司，總代價為9,000,000港元（未計法律及專業費用）。交易詳情載於本公司於二零零五年七月七日刊發之公佈內。

於二零零五年十二月三十一日，本集團賬面淨值合共約2,329,000港元（二零零四年：2,595,000港元（經重列））之若干樓宇已抵押作為本集團所獲銀行貸款之擔保。

7. 租賃土地權益

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

The additions of leasehold land and building for the year were acquired from Riche Video Limited, an associate of the Group on 7th July, 2005 at a total consideration of HK\$ 9,000,000 (before legal and professional fee). Details of the transactions are set out in the announcement of the Company dated 7th July, 2005.

As at 31st December, 2005, certain of the Group's buildings with an aggregate net book value of approximately HKD 2,329,000 (2004: HK\$ 2,595,000 (restated)) were pledged to secure banking facilities granted to the Group.

7. INTEREST IN LEASEHOLD LAND

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
成本	Cost		
於一月一日	As at 1st January,		
先前呈報	As previously reported	–	–
採納香港會計準則 第17號之影響	Effect of adopting HKAS 17	10,450	10,450
經重列	As restated	10,450	10,450
添置	Additions	4,967	–
於十二月三十一日	As at 31st December,	15,417	10,450
累積攤銷	Accumulated amortisation		
於一月一日	As at 1st January,		
先前呈報	As previously reported	–	–
採納香港會計準則 第17號之影響	Effect of adopting HKAS 17	1,414	1,193
經重列	As restated	1,414	1,193
年內攤銷	Charge for the year	319	221
於十二月三十一日	As at 31st December,	1,733	1,414
賬面淨值	Net book value		
於十二月三十一日	As at 31st December,	13,684	9,036

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

7. 租賃土地權益 (續)

本集團於租賃土地之權益指預付經營租約款項，其賬面淨值分析如下：

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
根據以下租約持有之 香港土地：	Land in Hong Kong held on:		
長期租約	Long-term leases	3,295	3,341
中期租約	Medium-term leases	10,389	5,695
		13,684	9,036

於二零零五年十二月三十一日，本集團賬面淨值合共約 2,671,000 港元（二零零四年：2,766,000 港元（經重列））之若干租賃土地權益已抵押作為本集團所獲銀行貸款之擔保。

7. INTEREST IN LEASEHOLD LAND (Continued)

The Group's interest in leasehold land represents prepaid operating lease payments and their net book value is analysed as follows:

As at 31 December 2005, certain of the Group's interest in leasehold land with an aggregate net book value of approximately HK\$ 2,671,000 (2004: HK\$ 2,766,000 (restated)) were pledged to secure banking facilities granted to the Group.

8. 投資物業

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
於一月一日	As at 1st January,	38,650	31,360
重估盈餘	Revaluation surplus	3,540	7,290
於十二月三十一日	As at 31st December,	42,190	38,650

投資物業乃由獨立專業估值師行中證評估有限公司以物業於二零零五年十二月三十一日之公開市值進行估值。該等估值產生重估盈餘 3,540,000 港元，而全部金額已根據香港會計準則第 40 號計入收入表中。結轉自上一年度之 4,909,000 港元之投資物業重估儲備已轉撥入累計虧損。

8. INVESTMENT PROPERTIES

Investment properties were valued at their open market value as at 31st December, 2005 by Grant Sherman Appraisal Limited, an independent firm of professional valuers. These valuations gave rise to a revaluation surplus of HK\$3,540,000, which the whole amount has been credited to income statement in accordance with HKAS 40. The investment properties revaluation reserve of HK\$4,909,000 brought forward from last year had been transferred to accumulated losses.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

8. 投資物業 (續)

投資物業包括融資租賃下持有之樓宇成本，其賬面值約42,190,000港元（二零零四年：38,650,000港元）已抵押作為本集團所獲銀行貸款之擔保。最低租金已於租約開始時全額支付。

本集團於投資物業之權益按其賬面淨值分析如下：

根據以下租約持有之
香港投資物業：
中期租約

Investment properties in Hong Kong held on:
Medium-term leases

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
42,190	38,650

9. 於附屬公司權益

非上市股份之成本值
已確認減值虧損

Unlisted shares, at cost
Impairment loss recognised

應收附屬公司款項
應收附屬公司款項撥備

Amounts due from subsidiaries
Provision for amounts due from subsidiaries

本公司 The Company		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
		30,708	30,708
		(30,299)	(30,299)
		409	409
		1,495,633	1,758,466
		(1,015,984)	(1,015,984)
		479,649	742,482
		480,058	742,891

計入應收附屬公司款項52,000,000港元乃無抵押、按年利率1厘計息且須按要求償還。其他應收附屬公司款項乃無抵押、免息且無固定還款期。董事認為該款項應不會於未來十二個月內償還。

本公司於二零零五年十二月三十一日之主要附屬公司詳情載於附註43。

8. INVESTMENT PROPERTIES (Continued)

Investment properties included building cost held under finance leases of which the carrying amount of approximately HK\$42,190,000 (2004: HK\$38,650,000) have been pledged to secure banking facilities granted to the Group. The minimum lease payments have been paid in full at the inception of the lease.

The Group's interests in investment properties at their net book values are analysed as follows:

9. INTERESTS IN SUBSIDIARIES

Included in amounts due from subsidiaries of HK\$52,000,000 is unsecured, bearing interest at 1% per annum and repayable on demand. Other amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of directors, the amount will not be repaid in the next twelve months.

Details of the Company's principal subsidiaries at 31st December, 2005 are set out in note 43.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

10. 商譽

10. GOODWILL

本集團
THE GROUP
千港元
HK\$'000

成本	Cost	
於二零零四年一月一日	As at 1st January, 2004 and	
及二零零四年十二月三十一日：	31st December, 2004:	
先前呈報	As previously reported	175,815
對銷採納香港財務匯報準則第3號	Elimination of accumulated amortisation	
之累計攤銷	upon adoption of HKFRS 3	(67,112)
		<u>108,703</u>
於二零零五年十二月三十一日	As at 31st December, 2005	108,703
攤銷	Amortisation	
於二零零四年一月一日	As at 1st January, 2004	51,661
年內攤銷	Amortised for the year	15,451
		<u>67,112</u>
於二零零四年十二月三十一日	As at 31st December, 2004	67,112
對銷採納香港財務匯報準則	Eliminated against cost as at	
第3號之二零零五年一月一日成本	1st January, 2005 upon adoption	
	of HKFRS 3	(67,112)
		<u>-</u>
於二零零五年十二月三十一日	As at 31st December, 2005	-
減值	Impairment	
於二零零四年一月一日	As at 1st January, 2004	16,000
已確認減值虧損	Impairment loss recognised	33,500
		<u>49,500</u>
於二零零四年十二月三十一日及	As at 31st December, 2004 and	
二零零五年十二月三十一日	31st December, 2005	49,500
賬面值	Carrying amounts	
於二零零五年十二月三十一日	As at 31st December, 2005	59,203
		<u>59,203</u>
於二零零四年十二月三十一日	As at 31st December, 2004	59,203

於過往年度，就商譽採用之攤銷期為十年。採納香港財務匯報準則第3號之後，商譽已自二零零五年一月一日起停止攤銷。商譽之累積攤銷將抵銷成本。本集團進行每年減值審議。

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

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

10. 商譽 (續)

已分配予本集團產生現金單位(「產生現金單位」)之商譽乃根據業務確認如下：

電影製作 Film production

董事已重估商譽於二零零五年十二月三十一日之可收回金額，並根據獨立專業估值師行中證評估有限公司於二零零五年十二月三十一日之估值而計算。專業估值師就產生現金單位釐定之可收回金額，乃按電影發行預計未來收益之現值計算。上述計算方法乃採用折現率17.61%之現金流量預測計算。

10. GOODWILL (Continued)

Goodwill is allocated to the Group's cash generating units ("CGU") identified according to business as follows:

The directors reassessed the recoverable amount of goodwill as at 31st December, 2005 by reference to the valuation as at 31st December, 2005 performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers. The recoverable amount of the CGU determined by the professional valuers is based on the present value of the expected future revenue arising from the distribution of films. These calculations used cash flows projections based on a discount rate of 17.61%.

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
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59,203	59,203
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11. 於聯營公司權益

應佔聯營公司資產淨值 (附註a)
商譽 (附註b)

Share of net assets of associates (Note a)
Goodwill (Note b)

已上市股份之市值 Market value of listed shares

11. INTERESTS IN ASSOCIATES

本集團
The Group

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
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79,704	38,249
86,769	37,065

166,473	75,314
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463,533	627,244
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財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

11. 於聯營公司權益 (續)

附註：

(a) 應佔聯營公司資產淨值

11. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) Share of net assets of associates

		二零零五年 2005 千港元 HK\$'000
於一月一日	As at 1st January,	38,249
年內進一步收購豐采多媒體 之3.7%權益 (附註c)	Further acquisition of 3.7% interest in Riche Multi-Media in the year (Note c)	3,997
應佔聯營公司虧損	Share of losses of associates	(10,013)
確認於綜合賬目時對銷之 未變現溢利	Recognition of unrealised gain eliminated on consolidation	624
(對銷) / 應佔豐采多媒體 之重估儲備	(Elimination) / Share of revaluation reserve of Riche Multi-Media	(479)
視作出售豐采多媒體之 3.3%權益之溢利 (附註c)	Gain on deemed disposal of 3.3% interest in Riche Multi-Media (Note c)	47,326
		79,704
於十二月三十一日	As at 31st December,	79,704
(b) 商譽	(b) Goodwill	

		二零零五年 2005 千港元 HK\$'000
於一月一日 (附註(i))	As at 1st January, (note (i))	37,065
年內進一步收購豐采 多媒體之3.7%權益 (附註c)	Further acquisition of 3.7% interest in Riche Multi-Media in the year (Note c)	56,509
視作出售豐采多媒體 之3.3%權益 (附註c)	Deemed disposal of 3.3% interest in Riche Multi-Media (Note c)	(2,305)
上一年度收購一家 聯營公司之代價調整	Adjustment to consideration for the acquisition of an associates in prior year	-
購入Together Again Limited (「TAL」) 而產生之商譽	Arising on acquisition of Together Again Limited ("TAL")	-
年內攤銷 (附註d)	Amortisation for the year (Note d)	-
年內減值 (附註e)	Impairment for the year (Note e)	(4,500)
於十二月三十一日	As at 31st December,	86,769
相當於：	Represented by:	
採納香港財務匯報準則 第3號後之期初價值	Opening value upon adoption of HKFRS 3	82,990 49,384
年內變動	Movement during the year	54,204 33,606
累計減值	Accumulated impairment	(50,425) (45,925)
		86,769 37,065

(i) 於二零零四年一月一日之商譽為約
62,665,000港元之期初價值減
5,000,000港元之累計減值。

(ii) 於二零零五年一月一日之商譽指約
107,702,000港元之期初價值減採納
香港財務匯報準則第3號24,712,000
港元之累計攤銷對銷。

(i) Goodwill as at 1 January 2004 represented the
opening value of approximately HK\$62,665,000
less accumulated impairment of HK\$5,000,000.

(ii) Goodwill as at 1 January, 2005 represented the
opening value of approximately
HK\$107,702,000 less elimination of
accumulated amortisation upon adoption of
HKFRS 3 of HK\$24,172,000.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

11. 於聯營公司權益 (續)

附註：(續)

(c) 於二零零五年內，本集團進一步在公開市場收購豐采多媒體股本權益。於二零零五年二月，本集團以30,334,000港元之代價收購豐采多媒體普通股(「豐采股份」)90,000,000股，致令本集團於豐采多媒體之股權權益從40.67%增加至42.54%。二零零五年九月十二日，Classical與配售代理及豐采多媒體分別訂立配售及認購協議。根據配售及認購協議，Classical同意向獨立投資者配售400,000,000股豐采股份，每股豐采股份作價0.34港元，並有條件同意按每股豐采股份0.34港元之價格認購400,000,000股新豐采股份。完成配售及認購協議後，本集團於豐采多媒體之股權權益由42.54%攤薄至39.24%，產生被視為出售聯營公司之溢利約45,021,000港元，並已計入收入表內。二零零五年九月至二零零五年十二月，本公司以30,172,000港元之總代價進一步收購94,060,000股豐采股份，令致其於豐采多媒體之股權由39.24%增至41.07%。

(d) 於過往年度，就商譽採用之攤銷期為五至十年。採納香港財務匯報準則第3號後，商譽已自二零零五年一月一日起停止攤銷。本集團進行每年減值審核。詳情載於附註4(a)。

(e) 本公司董事已重估購入豐采集團、Golden Capital及其附屬公司北京澳昌科技有限公司(統稱「Golden Capital Group」)所產生之商譽之可收回金額，且並未確認減值虧損。

本公司董事已重估收購TAL所產生商譽於二零零五年十二月三十一日之可收回金額，並根據獨立專業估值師行中證評估有限公司於二零零五年十二月三十一日之估值而計算，以及釐定於收入表內確認約4,500,000港元之減值虧損。商譽估值乃根據TAL商業企業預期未來收益之現值釐定，而其主要業務為提供藝人管理服務。

主要聯營公司於二零零五年十二月三十一日之詳情載於附註44。

11. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(c) During the year 2005, the Group further acquired the equity interest in Riche-Multi Media in the open market. In February 2005, the Group acquired 90,000,000 ordinary share of Riche Multi-Media ("Riche Shares") with the consideration of HK\$30,334,000 and thereon the Group's equity holdings in Riche Multi-Media increased from 40.67% to 42.54%. On 12th September, 2005, Classical entered into a placing and subscription agreement with a placing agent and Riche Multi-Media respectively. Pursuant to the placing and subscription agreement, Classical agreed to place 400,000,000 Riche Shares to independent investors at a price of HK\$0.34 per Riche Share and conditionally agreed to subscribe for 400,000,000 new Riche Shares at a price of HK\$0.34 per Riche Share. After completion of the placing and subscription agreement, the Group's equity holdings in Riche Multi-Media decreased from 42.54% to 39.24%, resulting in a gain on deemed disposal of an associate of approximately HK\$45,021,000 which had been credited to the income statement. From September 2005 to December 2005, the Company further acquired 94,060,000 Riche Shares with a total consideration of HK\$30,172,000 which increased its shareholding of Riche Multi-Media from 39.24% to 41.07%.

(d) In prior years, the amortisation period for goodwill was 5 to 10 years. Following the adoption of HKFRS 3, the amortisation of goodwill has ceased with effective from 1st January, 2005. Annual impairment review was performed. Details are set out in Note 4(a).

(e) The directors of the Company reassessed the recoverable amount of goodwill arising on the acquisition of the Riche Group and Golden Capital and its subsidiary, 北京澳昌科技有限公司, (herein collectively refer as "Golden Capital Group"), no impairment loss was recognised.

The directors of the Company reassessed the recoverable amount of goodwill arising on the acquisition of TAL as at 31st December, 2005, by reference to the valuation as at 31st December, 2005 performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers, and determined that an impairment of approximately HK\$4,500,000 be recognised in the income statement. The valuation of the goodwill was determined based on the present value of the expected future revenue arising from the business enterprises of TAL and its principal activities are the provision of artist management services.

Details of the principal associates as at 31st December, 2005 are set out in note 44.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

11. 於聯營公司權益 (續)

以下詳情摘錄自本集團主要聯營公司經審核綜合財務報表：

		TAL		豐采多媒體 Riche Multi-Media	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
營業額	Turnover	23,522	25,003	38,339	58,382
除稅前溢利/(虧損)	Profit/(loss) before taxation	1,366	30,368	(29,664)	(268,113)
除稅後本集團應佔溢利/(虧損)	Profit/(loss) after taxation attributable to the Group	669	8,846	(12,183)	(108,880)
非流動資產	Non-current assets	4,244	4,078	3,590	25,616
流動資產	Current assets	30,674	33,625	231,637	109,518
流動負債	Current liabilities	(25,746)	(29,858)	(67,617)	(64,310)
資產淨值	Net assets	9,172	7,845	167,610	70,824
本集團應佔資產淨值	Net assets attributable to the Group	4,494	3,844	68,837	28,804

12. 應收貸款

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
應收貸款	Loan receivable	25,000	25,000
減：流動資產項下一年內之應收貸款	Less: loan receivable within one year under current assets	25,000	-
一年後之應收貸款	Loan receivable after one year	-	25,000

本集團與第三方於二零零二年訂立意向書及契約，以購入一間主要從事中國客車錄影帶廣告業務之公司（「有意所投資公司」）之49%股本權益。因未能信納有意所投資公司於財務及法例方面之盡職審查結果，本集團已於二零零三年終止有關收購。應收貸款將於二零零六年三月二十八日或之前償還。此金額以年利率2厘計息，利息每半年支付，並由另一第三方擔保。該應收貸款賬面值與其公平價值相若。

11. INTERESTS IN ASSOCIATES (Continued)

The following details have been extracted from the audited consolidated financial statements of the Group's significant associates:

		TAL		豐采多媒體 Riche Multi-Media	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
營業額	Turnover	23,522	25,003	38,339	58,382
除稅前溢利/(虧損)	Profit/(loss) before taxation	1,366	30,368	(29,664)	(268,113)
除稅後本集團應佔溢利/(虧損)	Profit/(loss) after taxation attributable to the Group	669	8,846	(12,183)	(108,880)
非流動資產	Non-current assets	4,244	4,078	3,590	25,616
流動資產	Current assets	30,674	33,625	231,637	109,518
流動負債	Current liabilities	(25,746)	(29,858)	(67,617)	(64,310)
資產淨值	Net assets	9,172	7,845	167,610	70,824
本集團應佔資產淨值	Net assets attributable to the Group	4,494	3,844	68,837	28,804

12. LOAN RECEIVABLE

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
應收貸款	Loan receivable	25,000	25,000
減：流動資產項下一年內之應收貸款	Less: loan receivable within one year under current assets	25,000	-
一年後之應收貸款	Loan receivable after one year	-	25,000

The Group entered into letters of intent and deed with a third party during 2002 for the purchase of 49% of equity interest in a company ("Potential Investee Company") which principally engages in video advertising business on coaches in the PRC. The purchases were terminated in 2003 as the Group did not satisfy with the results of the financial and legal due diligence review on the Potential Investee Company. The loan receivables would be repayable on or before 28th March, 2006. The amount bears an interest at 2% per annum, payable semi-annually, and is guaranteed by another third party. The carrying amount of the loan receivable approximates to its fair value.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

13. 投資按金

於二零零四年，本集團與一名第三方訂立有條件買賣協議，據此，本集團同意購買而該第三方同意按12,000,000港元之代價出售一間公司之30%已發行股本。該公司之主要業務為在中國透過需求平台提供流動娛樂。有條件買賣協議須待該公司及其附屬公司之資產、負債、營運及事務之詳盡審核結果獲本集團信納後，方告完成。根據該有條件買賣協議，本集團已向該第三方支付可退回按金12,000,000港元。

同年，本集團並不滿意盡職審查之結果及決定不會收購該公司之30%股本權益。按金12,000,000港元於二零零四年十二月三十一日仍未償還。於二零零五年四月二十日，本集團與第三方訂立結算安排，據此，7,000,000港元將分別於二零零五年六月三十日、二零零五年九月三十日、二零零五年十二月三十一日及二零零六年三月三十一日或之前分四期按定額償還，並已於本報告日期悉數清償。

14. 存貨

製成品 Finished goods

以上金額包括222,000港元(二零零四年：793,000港元)以已變現淨值計賬之製成品。

15. 應收可換股票據

第三方發行之可換股票據(附註(a)) Convertible notes issued by third parties (Note (a))
一間聯營公司發行之可換股票據(附註(b)) Convertible notes issued by an associate (Note (b))

減：應收可換股票據減值 Less: Impairment of convertible notes receivables

13. DEPOSIT FOR INVESTMENT

In 2004, the Group entered into a conditional sale and purchase agreement with a third party pursuant to which the Group agreed to purchase and the third party agreed to sell 30% of the issued share capital of a company at a consideration of HK\$12,000,000. The principal activity of the Company is the provision of mobile entertainment on demand platform in the PRC. The completion of the conditional sale and purchase agreement is conditional on the Group being satisfied with the results of the due diligent review of the assets, liabilities, operations and affairs of the Company and its subsidiaries. Pursuant to the conditional sale and purchase agreement, the Group paid a refundable deposit of HK\$12,000,000 to the third party.

In the same year, the Group did not satisfy with the results of the due diligence review and decided not to acquire the 30% equity interest of such Company. The deposit of HK\$12,000,000 remained unsettled at 31st December, 2004. On 20th April, 2005, the Group entered into a settlement arrangement with the third party pursuant to which HK\$7,000,000 would be refunded by 4 equal instalments on or before 30th June, 2005, 30th September, 2005, 31st December, 2005 and 31st March, 2006 respectively and were fully settled as at the date of this report.

14. INVENTORIES

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
----------------------------------	----------------------------------

362

991

Included above are finished goods of HK\$222,000 (2004: HK\$793,000) which are carried at net realisable value.

15. CONVERTIBLE NOTES RECEIVABLES

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
----------------------------------	----------------------------------

52,000

52,000

—

33,800

52,000

85,800

(10,000)

—

42,000

85,800

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

15. 應收可換股票據 (續)

附註：

- (a) 於二零零四年三月十五日，本集團與TAL之控股公司Colima Enterprises Holdings Inc. (「Colima」)之兩名股東(「票據發行人」)訂立兩項認購協議，據此，本集團認購由票據發行人所發行每批26,000,000港元之兩批可換股票據(「可換股票據」)，總代價為52,000,000港元。每批可換股票據之利息按年利率1厘計算，以有關票據發行人於Colima之全部股本權益之押記作擔保，並將於有關認購協議日期或藝人管理業務之建議控股公司於認可證券交易所之上市日期(以較早者為準)起計36個月後到期。

每批可換股票據均附有權利，可根據有關認購協議載列之公式，由二零零五年三月十五日至二零零七年三月十四日或藝人管理業務之建議控股公司於認可證券交易所之上市日期(以較早者為準)，將可換股票據之全部或部份未償還本金額轉換為有關票據發行人之股份。倘本集團行使其權利以轉換可換股票據之全數款額為每名票據發行人之股份，則本集團將分別持有票據發行人各自約99%直接股本權益及以Colima為首集團之99%間接股本權益。

於二零零五年十二月三十一日之可換股票據之公平價值乃根據二零零五年十二月三十一日由獨立專業估值師行中證評估有限公司之估值而釐定。專業估值師按經攤銷實際利率法釐定可換股票據之公平價值。年內確認10,000,000港元之減值虧損。

應收可換股票據之減值：

於一月一日	As at 1st January,
已確認減值虧損	Impairment loss recognised
於十二月三十一日	As at 31st December,

- (b) 由豐采多媒體發行之33,800,000港元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，本集團或豐采多媒體均無權贖回或要求贖回該等可換股票據。該等可換股票據附有權利可於二零零五年四月十九日或之前隨時按每股4.0港元之初步兌換價將票據之全部或部份未兌換本金兌換為豐采多媒體股本中每股面值0.10港元之普通股，而本集團亦可轉撥可換股票據全部或部份未兌換本金至豐采多媒體之股本。

15. CONVERTIBLE NOTES RECEIVABLES (Continued)

Notes:

- (a) On 15th March, 2004, the Group entered into two subscription agreements with two shareholders ("Note Issuers") of Colima Enterprises Holdings Inc. ("Colima"), the holding company of TAL, pursuant to which the Group subscribed for two convertible notes of HK\$26,000,000 each ("Convertible Notes") issued by the Note Issuers for an aggregate consideration of HK\$52,000,000. Each of the Convertible Notes bears interest at 1% per annum, secured by a charge on the relevant Note Issuers' entire equity interest in Colima and will mature on 36 months from the date of the relevant subscription agreements or the date of the listing of a proposed holding company of the artists management business on a recognised stock exchange, whichever is the earlier.

Each of the Convertible Notes carries the rights to convert the whole or any part of the outstanding principal amount of the Convertible Notes into shares in relevant Note Issuer in accordance with the formula as set out in the relevant subscription agreement from 15th March, 2005 to 14th March, 2007 or the date of the listing of a proposed holding company of the artists management business on a recognised stock exchange, whichever is earlier. If the Group exercises its rights to convert the full amount of the Convertible Notes into shares of each of the Note Issuers, the Group will have approximately 99% direct equity interests in the Note Issuers and 99% indirect equity interest in the group headed by Colima respectively.

The fair value of the Convertible Notes as at 31st December, 2005 was determined by reference to the valuation as at 31st December, 2005 performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers. The fair value of the Convertible Notes determined by the professional valuers is based on the amortised effective interest rate method. Impairment loss of HK\$ 10,000,000 was recognised for the year.

Impairment of convertible notes receivables:

二零零五年
2005
千港元
HK\$'000

—
10,000
10,000

- (b) The convertible notes of HK\$33,800,000 were issued by Riche Multi-Media and bear interest at 1% per annum which is payable semi-annually in arrears and with maturity date on 19th April, 2005. Prior to maturity, neither the Group nor Riche Multi-Media has the right to redeem or request for redemption of the convertible notes. The convertible notes carry the right to convert the whole or any part of the outstanding principal amount of the notes into ordinary shares of HK\$0.10 each in the share capital of Riche Multi-Media at an initial conversion price of HK\$4.0 per share at any time on or before 19th April, 2005. The convertible notes may be transferred in whole or in part of the outstanding principal amount into the share capital of Riche Multi-Media by the Group.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

15. 應收可換股票據 (續)

附註：(續)

於二零零五年四月十九日，豐采多媒體向本集團發行33,800,000港元之可換股票據到期。本集團並未行使權利，將未兌換本金33,800,000港元兌換為豐采多媒體股本，而該筆款項亦因此由豐采多媒體償還。同日，本公司向豐采多媒體授出一年期貸款33,800,000港元。該貸款無抵押、按年息1厘計息，並須按要求償還。於二零零五年十二月三十一日，該貸款計入流動資產之應收聯營公司款項。

15. CONVERTIBLE NOTES RECEIVABLES (Continued)

Notes: (Continued)

On 19th April, 2005, the convertible notes of HK\$33,800,000 issued by Riche Multi-Media to the Group matured. The Group did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into share capital of Riche Multi-Media and the amount was repaid by Riche Multi-Media accordingly. On the same date, the Company granted a one-year term loan of HK\$33,800,000 to Riche Multi-Media. The loan is unsecured, bears interest at 1% per annum and repayable on demand and was included as amounts due from associates in current assets as at 31st December, 2005.

16. 電影版權

16. FILM RIGHTS

本集團
THE GROUP
千港元
HK\$'000

成本	Cost	
於二零零四年一月一日	As at 1st January, 2004	939,046
添置	Additions	132,710
於二零零四年十二月三十一日	As at 31st December, 2004	1,071,756
添置	Additions	39,766
於二零零五年十二月三十一日	As at 31st December, 2005	1,111,522
攤銷及減值	Amortisation and impairment	
於二零零四年一月一日	As at 1st January, 2004	768,787
本年度攤銷	Amortised for the year	118,987
已確認減值虧損	Impairment loss recognised	30,104
於二零零四年十二月三十一日	As at 31st December, 2004	917,878
本年度攤銷	Amortised for the year	57,646
於二零零五年十二月三十一日	As at 31st December, 2005	975,524
賬面值	Carrying amounts	
於二零零五年十二月三十一日	As at 31st December, 2005	135,998
於二零零四年十二月三十一日	As at 31st December, 2004	153,878

董事已重估電影版權於二零零五年十二月三十一日之可收回金額，並根據獨立專業估值師行中證評估有限公司於二零零五年十二月三十一日之估值而計算，以及釐定本年度並無減值虧損於收入表內確認。上述估值乃按折現率18.89%將預計現金流量折現所得之預期日後發行及轉授電影版權收入之現值而計算。

The directors reassessed the recoverable amount of the film rights as at 31st December, 2005 by reference to the valuations as at 31st December, 2005 performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers, and determined that no impairment be recognised for the year in the income statement. The valuations were determined based on the present value of the expected future revenue arising from the distribution and sub-licensing of the film rights, which was derived from discounting the projected cash flows at a discount rate of 18.89%.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

17. 製作中電影

17. FILMS IN PROGRESS

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
製作中電影之成本值	Films in progress, at cost	47,461	40,650
已確認減值虧損	Impairment loss recognised	—	(9,042)
		47,461	31,608

董事已重估電影版權於二零零五年十二月三十一日之可收回金額。董事考慮到該製作中電影所產生之額外成本及預計收益後，因此本年度並無於收入表內確認任何減值虧損。

The directors reassessed the recoverable amount of films in progress as at 31 December 2005. Having taken into account of the additional costs to be incurred and estimated revenue to be generated from these films in progress, the directors determined that no impairment loss be recognised in the income statement for the year.

減值估算詳情載於附註4(e)。

Details of assessment for impairment are set out in Note 4(e).

18. 貿易應收賬款

給予客戶之除賬期為30至90日不等。貿易應收賬款之賬齡分析如下：

18. TRADE RECEIVABLES

The credit period granted to customers ranges from 30 to 90 days. The aged analysis of the trade receivables is as follows:

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
豐采集團	The Riche Group		
0至30日	0 to 30 days	18	123
31至60日	31 to 60 days	—	116
61至90日	61 to 90 days	—	85
91至180日	91 to 180 days	—	1
超過180日	Over 180 days	—	—
		18	325

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

18. 貿易應收賬款 (續)

18. TRADE RECEIVABLES (Continued)

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
其他	Others		
0至30日	0 to 30 days	1,148	1,004
31至60日	31 to 60 days	4,471	270
61至90日	61 to 90 days	300	333
91至180日	91 to 180 days	393	2,316
超過180日	Over 180 days	11,489	13,652
		17,801	17,575
減：貿易應收賬款之減值	Less: Impairment of trade receivables	3,222	5,932
		14,597	11,968

貿易應收賬款之賬面值與其公平價值相若。

The carrying amounts of trade receivables approximate to their fair value.

貿易應收賬款可收回之機會已遵照香港會計準則第39號作評估，並已於收入表內確認為減值虧損。

The collectibility of trade receivables has been assessed in accordance to HKAS 39 and an impairment loss was recognised in the income statement.

19. 按金、預付款項及其他應收款項

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		本集團 THE GROUP		本公司 THE COMPANY	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
按金	Deposits	73,931	24,770	20,025	–
預付款項	Prepayment	1,871	7,679	265	215
其他應收款項	Other receivables	4,745	11,749	–	–
		80,547	44,198	20,290	215

按金、預付款項及其他應收款項之賬面值與其公平價值相若。

The carrying amounts of deposits, prepayment and other receivables approximate to their fair value.

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20. 透過損益以公平價值列賬之 金融資產

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
上市證券： 香港權益證券之市值	Listed securities: Equity securities – Hong Kong, at market value	23,345	33,816

21. 應收聯營公司及附屬公司款 項一本集團及本公司

21. AMOUNTS DUE FROM ASSOCIATES AND SUBSIDIARIES – THE GROUP AND THE COMPANY

分別計入應收本集團及本公司聯營公司款項及應收本公司附屬公司款項之33,800,000港元及25,000,000港元均屬無抵押、按年利率1厘利息及須於要求時歸還。其他應收聯營公司及附屬公司款項為無抵押、免息及須於要求時歸還。

Included in amounts due from associates of the Group and the Company, and amounts due from subsidiaries respectively are of the Company of HK\$33,800,000 and HK\$25,000,000 respectively are unsecured, interest bearing at 1% per annum and repayable on demand and other amounts due from associates and subsidiaries are unsecured, interest free and repayable on demand.

22. 現金及現金等值項目

22. CASH AND CASH EQUIVALENTS

		本集團 The Group		本公司 The Company	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
現金及銀行結餘	Cash and bank balances	5,568	24,108	2,273	3,217
定期存款	Time deposits	25,932	30,000	19,790	30,000
現金及現金等值項目	Cash and cash equivalents	31,500	54,108	22,063	33,217

存放於銀行之現金可依據每日銀行存款利率按浮動利率獲取利息。本集團會存放各段時期之短期定期存款，由一日至三個月不等，視乎當前現金需要而定，並會按各短期定期存款利率收取利息。現金及現金等值項目之賬面值與其公平價值相若。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

23. 股本

23. SHARE CAPITAL

		股份數目 Number of shares		金額 Amount	
		二零零五年 2005 千股 '000	二零零四年 2004 千股 '000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
法定股本	Authorised	20,000,000	20,000,000	1,000,000	1,000,000
已發行及繳足股本：	Issued and fully paid:				
年初	As at beginning of year	365,406	303,841	18,270	15,192
行使購股權 (附註 b)	Exercise of share options (Note b)	17,770	800	889	40
配售股份 (附註 a 及 c)	Placement of shares (Note a and c)	137,365	60,765	6,868	3,038
年終	As at end of year	520,541	365,406	26,027	18,270

附註：

- (a) 於二零零四年十二月十五日，本公司有條件同意按每股股份0.60港元（較本公司股份二零零四年十二月十四日收市價折讓14.29%）之價格向獨立投資者配售60,765,000股新股份。配售事項已於二零零五年一月二十七日完成。所得款項淨額約為35,600,000港元，擬定用於兩部電影之製作（計劃於二零零五年製作），而餘額則用作本集團之一般營運資金。發行新股份一事已獲本公司股東於二零零五年一月二十一日舉行之股東特別大會上批准。
- (b) 於二零零五年一月，若干購股權持有人行使彼等之購股權權利，以總額約9,591,000港元分別按行使價每股股份0.564港元認購合共7,969,939股股份及按行使價每股股份0.52港元認購合共9,800,000股股份。
- (c) 於二零零五年二月二十四日，本公司之主要股東Porterstone Limited及本公司之主要股東兼執行董事向華強先生分別與配售代理訂立補足配售協議及與本公司訂立認購協議。根據補足配售協議，Porterstone Limited及向華強先生按每股股份0.50港元（較本公司股份於二零零五年二月二十四日收市價折讓17.25%）之價格向獨立投資者配售合共76,600,000股現有股份。根據認購協議，Porterstone Limited及向華強先生按每股股份0.50港元之價格認購合共76,600,000股新股份。76,600,000股新股份已就認購事項於二零零五年三月七日發行。所得款項淨額約為37,300,000港元，擬定用作本集團之一般營運資金及／或用於仍有待物色而日後可能進行之任何收購事項。該等新股份乃根據二零零五年一月二十一日本公司股東特別大會上本公司董事獲授之一般授權發行。

Notes:

- (a) On 15th December, 2004, the Company had conditionally agreed to place 60,765,000 new shares to independent investors at a price of HK\$0.60 per share, representing a discount of 14.29% to the closing price of the Company's shares on 14th December, 2004. The placing was completed on 27th January, 2005. Net proceeds of approximately HK\$ 35,600,000 were intended to be used for two movies' production which have been scheduled to be produced in 2005 and as the general working capital of the Group. The issue of these new shares was approved by the shareholders of the Company at a special general meeting held on 21st January, 2005.
- (b) In January, 2005, certain option holders exercised their option rights to subscribe for an aggregate of 7,969,939 shares at an exercise price of HK\$0.564 per share and an aggregate of 9,800,000 shares at an exercise price of HK\$0.52 per share respectively in an aggregate amount of approximately HK\$9,591,000.
- (c) On 24th February, 2005, Porterstone Limited, a substantial shareholder of the Company, and Mr. Heung Wah Keung, a substantial shareholder and an executive director of the Company entered into a top-up placing agreement with a placing agent and a subscription agreement with the Company respectively. Pursuant to the top-up placing agreement, Porterstone Limited and Mr. Heung Wah Keung placed an aggregate of 76,600,000 existing shares to independent investors at a price of HK\$0.50 per share, representing a discount of 17.25% to the closing price of the Company's shares on 24th February, 2005. Pursuant to the subscription agreement, Porterstone Limited and Mr. Heung Wah Keung subscribed for an aggregate of 76,600,000 new shares at a price of HK\$0.50 per share. 76,600,000 new shares issued for the subscription on 7th March, 2005 with net proceeds of approximately HK\$37.3 million were intended to be used for general working capital of the Group and/or any future possible acquisition which is yet to be identified. These new shares were issued under the general mandate granted to the directors at the special general meeting of the Company held on 21st January, 2005.

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24. 儲備

24. RESERVES

		綜合項目之負商譽		撥入盈餘	匯兌儲備	投資物業重估儲備	以股份支付員工款項之儲備	可換股貸款	股本削減儲備	投資重估儲備	累計虧損	少數股東權益		總額	
		股份溢價	Negative goodwill on consolidation									Contributed surplus	Exchange reserve		Investment properties revaluation reserve
	The Group	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零四年一月一日	As at 1st January, 2004														
先前呈報	As previously reported	746,090	6,326	186,624	445	-	-	-	316,008	(184)	(496,979)	758,330	-	758,330	
採納新訂會計政策之影響	Effect on adoption of new accounting policy														
- 香港會計準則第1號	- HKAS 1	-	-	-	-	-	-	-	-	-	-	-	1,665	1,665	
- 香港會計準則第32號	- HKAS 32	-	-	-	-	-	-	566	-	-	-	566	-	566	
經重列	As restated	746,090	6,326	186,624	445	-	-	566	316,008	(184)	(496,979)	758,896	1,665	760,561	
年度虧損淨額	Net loss for the year	-	-	-	-	-	-	-	-	-	(303,219)	(303,219)	(201)	(303,420)	
配售股份	Placement of shares	33,421	-	-	-	-	-	-	-	-	-	33,421	-	33,421	
股份發行開支	Share issuing expenses	(947)	-	-	-	-	-	-	-	-	-	(947)	-	(947)	
行使購股權	Exercise of share options	411	-	-	-	-	-	-	-	-	-	411	-	411	
		778,975	6,326	186,624	445	-	-	566	316,008	(184)	(800,198)	488,562	1,464	490,026	
應佔一間聯營公司之物業重估未變現溢利	Share of an associate's unrealised gain on revaluation of property	-	-	-	-	-	-	-	-	663	-	663	-	663	
投資物業重估盈餘	Surplus on revaluation of investment properties	-	-	-	-	4,909	-	-	-	-	-	4,909	-	4,909	
匯兌調整	Exchange adjustment	-	-	-	235	-	-	-	-	-	-	235	-	235	
未於綜合收入表內確認之溢利淨額	Net gains not recognised in the consolidated income statement	-	-	-	235	4,909	-	-	-	663	-	5,807	-	5,807	
於二零零四年十二月三十一日	As at 31st December, 2004														
經重列	as restated	778,975	6,326	186,624	680	4,909	-	566	316,008	479	(800,198)	494,369	1,464	495,833	
分佔：	Attributable to:														
本公司及附屬公司	Company and subsidiaries	778,975	6,326	186,624	680	4,909	-	566	316,008	-	(666,888)	627,200	1,464	628,664	
聯營公司	Associates	-	-	-	-	-	-	-	-	479	(133,310)	(132,831)	-	(132,831)	
		778,975	6,326	186,624	680	4,909	-	566	316,008	479	(800,198)	494,369	1,464	495,833	

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

24. 儲備 (續)

24. RESERVES (Continued)

		綜合項目之負商譽		匯兌儲備	投資物業重估儲備	以股份支付員工款項之儲備	可換股票據儲備	股本削減儲備	投資重估儲備	累計虧損	少數股東權益		總額	
		股份溢價	Negative goodwill on consolidation								撥入盈餘	Exchange reserve		properties revaluation reserve
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
本集團	The Group													
於二零零五年一月一日	As at 1st January, 2005													
先前呈報	as previously reported	778,975	6,326	186,624	680	4,909	-	-	316,008	479	(800,198)	493,803	-	493,803
採納新訂會計政策之影響	Effect on adopting of new accounting policy													
- 香港會計準則第40號	- HKAS 40	-	-	-	-	(4,909)	-	-	-	-	4,909	-	-	-
- 香港財務匯報準則第2號	- HKFRS 2	-	-	-	-	-	-	-	-	-	-	-	-	-
- 香港財務匯報準則第3號	- HKFRS 3	-	-	-	-	-	7,841	-	-	-	(7,841)	-	-	-
- 香港會計準則第32號	- HKAS 32	-	(6,326)	-	-	-	-	-	-	-	6,326	-	-	-
- 香港會計準則第1號	- HKAS 1	-	-	-	-	-	-	-	-	-	-	566	-	566
- 香港會計準則第1號	- HKAS 1	-	-	-	-	-	-	-	-	-	-	-	1,464	1,464
經重列	As restated	778,975	-	186,624	680	-	7,841	566	316,008	479	(796,804)	494,369	1,464	495,833
年度虧損淨額	Net loss for the year	-	-	-	-	-	-	-	-	-	(20,961)	(20,961)	(52)	(21,013)
轉撥至聯營公司權益	Transferred to interests of associates	-	-	-	-	-	-	-	-	-	(479)	(479)	-	(479)
配售股份	Placement of shares	67,891	-	-	-	-	-	-	-	-	-	67,891	-	67,891
股份發行開支	Share issuing expenses	(1,759)	-	-	-	-	-	-	-	-	-	(1,759)	-	(1,759)
採納新訂會計政策之影響	Effect on adoption of new accounting policies													
- 香港財務匯報準則第2號	- HKFRS 2	-	-	-	-	-	24,057	-	-	-	-	24,057	-	24,057
行使購股權	Exercise of share options	8,703	-	-	-	-	-	-	-	-	-	8,703	-	8,703
		853,810	-	186,624	680	-	31,898	566	316,008	-	(817,765)	571,821	1,412	573,233
匯兌調整	Exchange adjustment	-	-	-	(292)	-	-	-	-	-	-	(292)	20	(272)
未於綜合收入表內確認之(虧損)/溢利淨額	Net (loss)/gains not recognized in the consolidated income statement	-	-	-	(292)	-	-	-	-	-	-	(292)	20	(272)
於二零零五年十二月三十一日	As at 31st December, 2005	853,810	-	186,624	388	-	31,898	566	316,008	-	(817,765)	571,529	1,432	572,961
分佔：	Attributable to:													
本公司及其附屬公司	Company and subsidiaries	853,810	-	186,624	388	-	31,898	566	316,008	-	(674,442)	714,852	1,432	716,284
聯營公司	Associates	-	-	-	-	-	-	-	-	-	(143,323)	(143,323)	-	(143,323)
		853,810	-	186,624	388	-	31,898	566	316,008	-	(817,765)	571,529	1,432	572,961

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

24. 儲備 (續)

24. RESERVES (Continued)

本公司	The Company	股份溢價 Share premium 千港元 HK\$'000 (附註 a) (Note a)	繳入盈餘 Contributed surplus 千港元 HK\$'000 (附註 c) (Note c)	可換股 貸款累積儲備 Convertible loan notes reserve 千港元 HK\$'000 (附註 e) (Note e)	以股份支付員工 款項之儲備 Employee Share-based payment reserve 千港元 HK\$'000 (附註 f) (Note f)	股本削減儲備 Capital reduction reserve 千港元 HK\$'000 (附註 d) (Note d)	累計虧損 Accumulated losses 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零零四年一月一日	As at 1st January, 2004	746,090	207,548	-	-	316,008	(511,902)	757,744
採納新訂會計政策之 影響 - 香港會計準則第32號	Effect on adoption of new accounting policy - HKAS 32	-	-	566	-	-	-	566
年度虧損淨額	Net loss for the year	-	-	-	-	-	(314,348)	(314,348)
以股份支付之款項開支	Share-based payment expenses	-	-	-	7,841	-	(7,841)	-
配售股份	Placement of shares	33,421	-	-	-	-	-	33,421
股份發行開支	Share issuing expenses	(947)	-	-	-	-	-	(947)
行使購股權	Exercise of share options	411	-	-	-	-	-	411
於二零零四年十二月三十一日 及二零零五年一月一日	As at 31st December, 2004 and 1st January, 2005	778,975	207,548	566	7,841	316,008	(834,091)	476,847
年度虧損淨額	Net loss for the year	-	-	-	-	-	(25,408)	(25,408)
以股份支付之款項開支	Share-based payment expenses	-	-	-	24,057	-	-	24,057
配售股份	Placement of shares	67,891	-	-	-	-	-	67,891
股份發行開支	Share issuing expenses	(1,759)	-	-	-	-	-	(1,759)
行使購股權	Exercise of share options	8,703	-	-	-	-	-	8,703
於二零零五年十二月三十一日	As at 31st December, 2005	853,810	207,548	566	31,898	316,008	(859,499)	550,331

附註：

- (a) 根據一九八一年百慕達公司法(修訂本)，本公司之股份溢價可用作繳足本公司之未發行股份，作為繳足紅股發行予本公司股東。
- (b) 本集團之繳入盈餘乃指因股本削減於二零零二年九月十日生效而轉自股本賬之數額。
- (c) 本公司之繳入盈餘為本公司所收購附屬公司之相關有形資產淨值與本公司於一九九二年進行集團重組時所發行之股本面值及因股本削減於二零零二年九月十日生效而轉自股本賬之數額之差額。

Notes:

- (a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the company as fully paid bonus shares.
- (b) The contributed surplus of the Group represents the amount transferred from the capital account due to the capital reduction effective on 10 September 2002.
- (c) The contributed surplus of the Company represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company and the nominal amount of the share capital issued by the Company at the time of the Group reorganisation in 1992 and the amount transferred from the capital account due to the capital reduction effective on 10 September 2002.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

24. 儲備 (續)

附註：(續)

(c) (續)

根據一九八一年百慕達公司法(修訂本)，公司之繳入盈餘賬可供分派。然而，本公司不得在下列情況下於繳入盈餘中宣佈或派發股息或作出分派：

- (i) 公司現時或將於派息後無力償還到期而應償還之債項；或
- (ii) 公司資產之可變現價值因派息而少於其負債加已發行股本及股份溢價賬之總和。

(d) 本集團及本公司之股本削減儲備指於一九九八年將本公司332,640,000股已發行股份之面值由每股面值1.00港元削減至每股面值0.05港元所產生之金額。按董事根據本公司細則第129條而通過之一項決議案，股本削減儲備可用作支付本公司遭索償之金額、負債、或然負債，以及可用作償還資本性貸款、補足股息或其他本公司溢利可運用之用途。

(e) 根據香港會計準則第32號，所發行之可換股貸款票據乃於初次確認時分為負債部份及權益部份，方式為按公平價值確認負債部份(公平價值乃使用同等不可換股票據之市場利率釐定)，而發行所得款項與負債部份之公平價值兩者之差則歸於權益部份。負債部份其後乃按已攤銷成本列值。權益部份會確認於可換股貸款票據儲備，直至票據被轉換(屆時將轉撥至股份溢價)或票據被贖回(屆時將直接撥至累計虧損)為止。

(f) 以股份支付員工薪酬之福利，相當於授出相關購股權後估計可於相關歸屬期間內換得之僱員服務之公平價值，其總數乃以授出當日有關購股權之公平價值為計算基準。至於每段期間之數額，則是將有關購股權之公平價值在相關歸屬期間(倘有)內攤分計算，並作為職員開支及相關支出項目入賬，並相應提高以股份支付員工薪酬款項之儲備。

24. RESERVES (Continued)

Notes: (Continued)

(c) (Continued)

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

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

(d) The capital reduction reserve of the Group and the Company represents the amount arising in relation to the reduction of the nominal value of 332,640,000 issued shares of the Company from HK\$1.00 each to HK\$0.05 each in 1998. Pursuant to a resolution passed by the directors pursuant to a resolution passed by the directors pursuant to a resolution passed by the directors pursuant to Bye-law 129 of the Company's Bye-laws, the capital reduction reserve shall be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied.

(e) Under HKAS 32, convertible loan notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible loan notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to accumulated losses).

(f) Employee share-based compensation benefits represent the fair value of employee services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount for each period is determined by spreading the fair value of the options over the relevant vesting periods (if any) and is recognised as staff costs and related expenses with a corresponding increase in the employee share-based payment reserve.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

24. 儲備 (續)

附註：(續)

- (g) 於二零零五年十二月三十一日及二零零四年十二月三十一日，本公司並無任何可供分派予股東之儲備。

24. RESERVES (Continued)

Notes: (Continued)

- (g) The Company did not have any reserves available for distribution to shareholders as at 31st December, 2005 and 31st December, 2004.

25. 借貸

25. BORROWINGS

		本集團 THE GROUP	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
有抵押銀行貸款	Secured bank loans	25,390	36,200
上述借貸之到期日 如下：	The maturity of the above borrowings is as follows:		
一年內	Within one year	12,197	19,793
一至兩年	Between one and two years	2,252	3,449
兩至五年	Between two and five years	7,538	9,788
五年以上	Over five years	3,403	3,170
		25,390	36,200
減：一年內到期列 入流動負債 之款項	Less: Amount due within one year shown under current liabilities	(12,197)	(19,793)
一年後到期之款項	Amount due after one year	13,193	16,407

有抵押銀行貸款包括循環貸款、分期貸款及按揭貸款，按商業利率計息。分期貸款乃以一項本集團於二零零五年初製作之一部電影之全部版權之第一法律押記作抵押。按揭貸款及循環貸款則以本集團在香港之投資物業，賬面值約為42,190,000港元(二零零四年：38,650,000港元)及租賃土地及樓宇之權益賬面值5,000,000港元(二零零四年：5,361,000港元)作擔保。分期貸款分十八個月償還、循環貸款須按要求隨時償還，而按揭貸款則須於十年內分期攤還。

Secured bank loans comprise revolving loans, an instalment loan and a mortgage loan which bear interest at commercial rates. The instalment loan is secured by a first legal charge over all copyrights on a film produced by the Group in the beginning of 2005. The mortgage loan and the revolving loans are secured by the Group's investment properties, interest in leasehold land and buildings in Hong Kong with carrying value of approximately HK\$42,190,000 (2004: HK\$ 38,650,000), and HK\$5,000,000 (2004: HK\$5,361,000) respectively. The instalment loan is repayable by 18 monthly instalment, the revolving loan is repayable on demand and the mortgage loan is repayable in instalments over a period of ten years.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

25. 借貸 (續)

可換股貸款票據之詳情載於附註26。

所有有息借貸均以港元列賬。於結算日之實際利率如下：

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
有抵押銀行貸款	Secured bank loans	1.7%-6.5%	1.2%-6.5%
無抵押可換股 貸款票據 (附註26)	Unsecured convertible loan notes (Note 26)	4%	4%

非流動借貸之公平價值如下：

The fair value of the non-current borrowings are as follows:

		賬面值 Carrying amount		公平價值 Fair values	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
有抵押銀行貸款	Secured bank loans	25,390	36,200	25,390	36,200
無抵押可換股貸款 票據 (附註26)	Unsecured convertible loan notes (Note 26)	19,434	19,434	19,434	19,434
		44,824	55,634	44,824	55,634

公平價值乃以將現金流量按本集團現時銀行借貸年利率貼現之基準計算。

The fair values are based on cash flows discounted using a rate based on the current bank borrowing rate per annum of the Group.

短期借貸之賬面值與其公平價值相若。

The carrying amounts of short-term borrowings approximate to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

26. 無抵押可換股貸款票據

本公司於二零零四年六月十四日發行按年利率4厘計息、面值20,000,000港元之可換股貸款票據（「該票據」）。

該票據須每半年期末償還利息一次，原於二零零四年六月三十日到期。於二零零四年六月十四日，本公司與票據持有人訂立補充契約，據此，本公司與票據持有人同意將票據之到期日延長至二零零七年六月三十日。票據附有權利，可按每股股份5.83港元（經調整後）之換股價將票據本金總兌換為本公司股本中每股面值0.05港元之股份。自二零零四年六月十四日至緊接二零零七年六月三十日前第14個營業日，票據持有人可兌換票據之餘下本金額為本公司股份，並可要求提早償還票據之未償還本金額連同應計利息。

負債部份之公平價值（包括於長期借貸）乃使用同等不可換股債券之市場利率計算。餘款乃權益轉換部份，已包括於股東權益中（列於可換股貸款票據儲備項下）。

26. UNSECURED CONVERTIBLE LOAN NOTES

The Company issued 20,000,000 4% convertible loan note ("the Note") at a nominal value of HK\$ 20 million on 14th June, 2004.

The Note was repayable semi-annually in arrears. It was originally matured on 30th June, 2004. On 14th June, 2004, the Company and the noteholder entered into a supplementary deed, pursuant to which the Company and the noteholder agreed to extend the maturity date of the Note to 30th June, 2007. The Note carries the right to convert the principal amount of the Note into shares of HK\$0.05 each in the share capital of the Company at a conversion price of HK\$5.83 per share (after adjustments), subject to adjustment. From 14th June, 2004 to the 14th business day immediately preceding 30th June, 2007, the noteholder can convert the outstanding principal amount of the Note into shares of the Company and may request early repayment of the outstanding principal amount of the Note together with accrued interest.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The remaining balance represented the equity conversion component, is included in shareholders' equity named as convertible loan notes reserve.

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
於二零零四年六月十四日 已發行票據之面值	Face value of the Note issued on 14th June, 2004	20,000	20,000
權益部份	Equity component	(566)	(566)
於二零零四年六月十四日 初次確認之負債部份	Liability component on initial recognition at 14th June, 2004	19,434	19,434
利息開支	Interest expenses	800	800
已付利息	Interest paid	(800)	(800)
		19,434	19,434

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

26. 無抵押可換股貸款票據 (續)

於二零零五年十二月三十一日，票據之負債部份之公平價值為19,434,000港元。公平價值乃將現金流量按本集團借貸年利率貼現計算。

27. 遞延稅項

本集團

以下為本集團確認之主要遞延稅項負債及資產及有關變動：

於二零零四年 一月一日	As at 1 January, 2004	(1,791)	1,791	–
自收入表計入/ (扣除)	Credit/(charge) to income statement	353	(353)	–
於二零零四年 十二月三十一日	As at 31 December, 2004	(1,438)	1,438	–
自收入表計入/ (扣除)	Credit/(charge) to income statement	–	–	–
於二零零五年 十二月三十一日	As at 31 December, 2005	(1,438)	1,438	–

於二零零五年十二月三十一日，本集團擁有約319,928,000港元(二零零四年：467,066,000港元)之未動用估計稅務虧損可供抵銷日後溢利。該虧損中約55,988,000港元(二零零四年：81,737,000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263,940,000港元(二零零四年：458,849,000港元)確認遞延稅項資產。

本公司

由於未能預計日後之溢利，故並無就估計稅項虧損約2,397,000港元(二零零四年：64,433,000港元)確認遞延稅項資產。

26. UNSECURED CONVERTIBLE LOAN NOTES (Continued)

The fair value of the liability component of the Notes as at 31st December, 2005 amounted to HK\$19,434,000. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate per annum of the Group.

27. DEFERRED TAXATION

The Group

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

加速稅項折舊 Accelerated tax depreciation 千港元 HK\$'000	估計稅務虧損 Estimated tax losses 千港元 HK\$'000	總計 Total 千港元 HK\$'000
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As at 31st December, 2005, the Group had unused estimated tax losses of approximately HK\$319,928,000 (2004: HK\$467,066,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$55,988,000 (2004: HK\$81,737,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK\$263,940,000 (2004: HK\$458,849,000) due to the unpredictability of future profit streams.

The Company

No deferred tax assets has been recognised in respect of estimated tax losses of approximately HK\$2,397,000 (2004: HK\$64,433,000) due to the unpredictability of future profit streams.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

28. 貿易應付賬款

貿易應付賬款之賬齡分析如下：

		本集團 The Group	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
0至30日	0 to 30 days	2,680	1,875
31至60日	31 to 60 days	836	4,391
61至90日	61 to 90 days	1,368	4,135
91至180日	91 to 180 days	3,123	3,480
超過180日	Over 180 days	10,885	11,406
		18,892	25,287

29. 已收按金、應計項目及其他應付款項

29. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

		本集團 The Group		本公司 The Company	
		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
已收按金	Deposits received	77,692	62,116	10,000	10,000
應計項目	Accruals	2,188	3,105	1,027	1,442
其他應付款項	Other payables	812	2,635	78	103
		80,692	67,856	11,105	11,545

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

30. 營業額

30. TURNOVER

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
發行費收入	Distribution fee income	85,970	153,745
銷售錄影帶產品	Sales of video products	661	1,387
服務收入	Service income	240	1,419
製作費收入	Production fee income	5,363	8,756
		92,234	165,307

31. 其他收益

31. OTHER REVENUE

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
銀行利息收入	Bank interest income	1,792	141
應收貸款利息收入	Loan receivable interest income	741	592
應收可換股票據收入	Convertible notes receivables income	520	754
投資物業之租金收入	Rental income from investment properties	291	250
應收聯營公司管理費收入	Management fee income from associates	4,860	3,860
		8,204	5,597

32. 其他收入

32. OTHER INCOME

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
其他應收款項減值之回撥	Reversal of impairment of other receivables	3,811	–
匯兌收益	Exchange gain	820	–
貸款豁免	Waiver of loan	1,194	1,194
其他	Others	94	105
		5,919	1,299

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

33. 開支類別

列於銷售成本、行政開支、以及市場推廣及發行開支之開支之分析如下：

33. EXPENSES BY NATURE

Expenses included on cost of sales, administrative expenses and marketing and distribution expenses are analysed as follows:

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
電影版權(包括銷售成本)攤銷	Amortisation of film rights (included in cost of sales)	57,646	118,987
核數師酬金	Auditors' remuneration	838	1,093
存貨(包括銷售成本)成本	Cost of inventories (included in cost of sales)	664	642
物業、機器及設備折舊	Depreciation of property, plant and equipment	9,491	13,923
租賃土地攤銷	Amortisation of leasehold land	319	221
出售物業、機器及設備(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(104)	2,301
外匯虧損淨額	Net foreign exchange losses	-	7
有關土地及樓宇之經營租賃	Operating lease rental in respect of land and buildings	2,174	2,356
僱員福利開支	Employee benefit expenses	39,740	18,999

34. 僱員福利開支

34. EMPLOYEE BENEFIT EXPENSES

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
董事酬金	Directors' remuneration	4,464	4,464
董事袍金	Directors' fee	360	190
薪金及花紅	Salaries and bonuses	10,360	13,695
以股份支付之款項開支	Share-based compensation expenses	24,057	-
強制性公積金	Mandatory provident fund	428	530
僱員福利開支	Staff welfare expenses	71	120
		39,740	18,999

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

34. 僱員福利開支 (續)

(a) 董事酬金

本公司董事會目前由三名非執行董事及三名執行董事組成。

年內應付本公司董事酬金總額為4,860,000港元(二零零四年: 4,690,000港元)。各董事截至二零零五年十二月三十一日及二零零四年十二月三十一日止年度之酬金如下:-

34. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Directors' emoluments

The Company's Board is currently composed of three non-executive Directors and three executive Directors.

The aggregate amount of emoluments payable to the Directors of the Company during the year was HK\$4,860,000 (2004: HK\$4,690,000). The remuneration of every director for the year ended 31st December, 2005 and 31st December, 2004 is as below:-

董事姓名	Name of director	袍金		薪金及花紅		強制性公積金		以股份支付之款項		總額	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000		HK\$'000		HK\$'000		Employee share-based payment		Total	
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
向華強先生	Mr. Heung Wah Keung	-	-	2,160	2,160	12	12	-	-	2,172	2,172
陳明英女士	Ms. Chen Ming Ying, Tiffany	-	-	1,800	1,800	12	12	-	-	1,812	1,812
李玉嫦女士	Ms. Li Yuk Sheung	-	-	504	504	12	12	-	-	516	516
洪祖星先生	Mr. Hung Cho Sing	120	80	-	-	-	-	-	-	120	80
何偉志先生	Mr. Ho Wai Chi, Paul	120	80	-	-	-	-	-	-	120	80
馮浩森先生	Mr. Fung Ho Sum	120	30	-	-	-	-	-	-	120	30
		360	190	4,464	4,464	36	36	-	-	4,860	4,690

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

34. 僱員福利開支 (續)

(b) 五名最高薪酬人士

本集團年度內五名最高薪酬之人士包括兩名(二零零四年: 兩名)董事, 其薪酬達3,984,000港元(二零零四年: 4,500,000港元), 並已於上文附註(a)列示。於本年度應付其餘人士(二零零四年: 三名人士)之酬金如下: -

薪金及其他津貼	Salaries and other allowances
退休福利計劃供款	Retirement benefits scheme contributions
以股份支付之款項開支	Share-based payment expenses

其餘三名(二零零四年: 三名)最高薪酬僱員每位之酬金總額範圍於兩年內均為零至1,000,000港元不等。

董事酬金範圍如下:

零至1,000,000港元	Nil to HK\$1,000,000
1,500,001港元至 2,000,000港元	HK\$1,500,001 to HK\$2,000,000
2,000,001港元至 2,500,000港元	HK\$2,000,001 to HK\$2,500,000

年內, 本集團概無向董事支付酬金作為加入本集團或加盟時之獎勵或失去職位之補償。亦無董事於年內放棄任何酬金。

34. EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2004: two) Directors whose emoluments are reflected in note (a) above and amounted to HK\$3,984,000 (2004: HK\$4,500,000). The emoluments payable to the remaining individuals (2004: three) during the year were as follow:-

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
948	2,232
24	36
4,635	-
5,607	2,268

The aggregated emoluments of each of these remaining three (2004: three) highest paid individuals fell within the band from Nil to HK\$1,000,000 for both years.

The emoluments of the directors fell within the following bands:

董事人數 Number of directors	
二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
4	4
1	1
1	1
6	6

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.

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

35. 融資成本

35. FINANCE COSTS

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
須於五年內全數償還之 可換股貸款票據利息	Interest on convertible loan notes wholly repayable within five years	800	800
須於五年內全數償還之 銀行借貸利息	Interest on bank borrowings wholly repayable within five years	524	182
不須於五年內全數償還之 銀行借貸利息	Interest on bank borrowings not wholly repayable within five years	605	497
		1,929	1,479

36. 稅項

36. TAXATION

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
稅項支銷如下：	The taxation charge is as follows:		
其他司法權區之稅項：	Taxation in other jurisdictions:		
本年度撥備	Provision for the year	124	239
過往年度撥備不足	Underprovision for prior years	-	29
本公司及其附屬公司 應佔稅項	Taxation attributable to the Company and its subsidiaries	124	268

由於本公司及其附屬公司均無任何源自香港之應課稅溢利或該等應課稅溢利已全數計入承前估計稅項虧損，故並無就此兩年度之香港利得稅作出撥備。

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

其他司法權區之稅項按有關司法權區之通行稅率計算。

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

財務報表附註 Notes to the Financial Statements

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36. 稅項 (續)

年內，可與綜合收入表內除稅前虧損對賬之稅項如下：

		二零零五年 2005 千港元 HK\$'000		二零零四年 2004 千港元 HK\$'000 (restated) (經重列)	
除稅前虧損	Loss before taxation	20,889		303,152	
按本地所得稅稅率 17.5%計算之稅項	Taxation at domestic income tax rate of 17.5%	3,656	17.5	53,052	17.5
過往年度撥備不足	Underprovision for prior years	—	—	(29)	(0.1)
不可扣稅支出之 稅務影響	Tax effect of expenses not deductible for tax purpose	(1,649)	(7.9)	(40,362)	(13.3)
不應課稅收入之 稅務影響	Tax effect of income not taxable for tax purpose	705	3.4	509	0.2
未確認之估計稅項 虧損稅務影響	Tax effect of estimated tax loss not recognised	(3,260)	(15.6)	(15,151)	(5.0)
過往未確認之 可使用估計稅項 虧損之稅務影響	Tax effect of utilisation of estimated tax losses previously not recognised	424	2.0	1,713	0.6
年內稅項支銷	Taxation charge for the year	(124)	(0.6)	(268)	(0.1)

36. TAXATION (Continued)

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

37. 每股虧損

每股基本及攤薄虧損乃按以下數據計算：

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
本公司權益持有人 應佔虧損	Loss attributable to equity holders of the Company	20,961	303,219
股份數目 計算每股普通股基本 及攤薄虧損之 加權平均股數	Number of shares Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	501,724,214	306,504,409

37. LOSS PER SHARE

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

計算每股攤薄虧損並無假設於年內行使本公司尚未行使購股權及可換股貸款票據，因該等行使會使每股虧損下降。

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and convertible loan notes existed during the year since their exercise would reduce loss per share.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

38. 出售附屬公司

於出售日期之全資附屬公司資產淨值如下：

38. DISPOSAL OF SUBSIDIARIES

The net assets of the wholly owned subsidiaries at the date of disposal were as follows:

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
物業、機器及設備	Property, plant and equipment	-	3
貿易應收賬款	Trade receivables	-	788
按金、預付款項及 其他應收賬款	Deposits, prepayments and other receivables	-	18,656
透過損益以公平價值 列賬之金融資產	Financial assets at fair value through profit or loss	-	13,476
貿易應付賬款	Trade payables	-	(34)
已收按金、應計項目及 其他應付賬款	Deposits received, accruals and other payables	-	(8,526)
所出售資產淨額	Net assets disposed of	-	24,363
出售溢利	Gain on disposal	-	7,524
總代價	Total consideration	-	31,887
支付方式：	Satisfied by:		
現金 (附註i)	Cash (Note i)	-	21,000
於一間聯營公司 之權益 (附註ii)	Interest in an associate (Note ii)	-	10,887
		-	31,887

附註：

- (i) 年內，並無收購或出售附屬公司。於二零零四年內，本集團與一名第三方訂立買賣協議，據此，本集團同意出售及該第三方同意購買本集團全資附屬公司 Health Basic Limited 之全部之已發行股本，總代價為 21,000,000 港元。Health Basic Limited 之主要資產為於香港上市股份之投資。

Notes:

- (i) During the year, there is no acquisition or disposal of subsidiaries. During the year 2004, the Group entered into a sale and purchase agreement with a third party pursuant to which the Group agreed to dispose of and the third party agreed to purchase the entire issued share capital of Health Basic Limited, a wholly-owned subsidiary of the Group and its principal asset was investment in equity shares listed in Hong Kong, at a total consideration of HK\$21,000,000.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

38. 出售附屬公司 (續)

- (ii) 於二零零四年三月十五日，本集團與TAL訂立買賣協議。據此，本集團同意出售及TAL同意購買本公司之全資附屬公司 Imperial International Limited (「Imperial」) 之全部已發行股本。Imperial之主要資產為於中國星演藝管理有限公司及 Anglo Market International Limited 之100%股權權益。買賣Imperial之全部已發行股本之代價已透過TAL向本集團配發及發行TAL之股本中每股面值1美元之新股份8,080股(列作繳足股款)支付。自此，本集團持有TAL合共49%股本權益。

於二零零四年內，已出售之附屬公司對本集團之業績及現金流量並無任何重大貢獻。

39. 租賃承擔

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租賃物業不可撤回經營租約之日後最低租金承擔如下：

一年內	Within one year
第二至第五年內 (包括首尾兩年)	In the second to fifth year inclusive

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

38. DISPOSAL OF SUBSIDIARIES (Continued)

- (ii) On 15th March, 2004, the Group entered into a sale and purchase agreement with TAL pursuant to which the Group agreed to sell and TAL agreed to purchase the entire issued share capital of Imperial International Limited ("Imperial"), a wholly-owned subsidiary of the Company. The principal assets of Imperial are the 100% shareholding interests in China Star Management Limited and Anglo Market International Limited. The consideration for the sale and purchase of the entire issued share capital of Imperial was satisfied by the allotment and issued of 8,080 new shares of US\$1 each in the share capital of TAL, credited as fully paid, by TAL to the Group. Since then, the Group holds an aggregate 49% equity interest in TAL.

The subsidiaries disposed of during the year 2004 did not make any significant contribution to the results and cash flows of the Group.

39. LEASE COMMITMENTS

As at 31st December, 2005, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
一年內	Within one year	1,059	1,867
第二至第五年內 (包括首尾兩年)	In the second to fifth year inclusive	—	1,253
		1,059	3,120

Operating lease payments represented 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.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

40. 退休福利計劃

- (a) 本集團根據強制性公積金計劃條例之規則及規例為其所有香港僱員設立強制性公積金計劃(「強積金計劃」)，並於二零零零年十二月一日終止定額供款退休金計劃(「舊計劃」)。本集團所有香港僱員均須參加強積金計劃。本集團已選擇最低法定供款規定，即合資格僱員每月有關收入之5%供款，但每月收入上限為法定之20,000港元。供款於產生時在收入表扣除。僱員於有權悉數享有僱主之自願供款(即自舊計劃轉撥之資產)前在合資格服務期限完成前辭任本集團，則被沒收自願供款之有關部份將歸屬本集團。強積金計劃之資產與本集團之資產分開持有，並由一項獨立管理基金持有。

- (b) 受僱於中國附屬公司之僱員均屬中國政府所管理之中央退休金計劃之成員。此等附屬公司須將工資之若干百分比向中央退休金計劃供款，作為有關福利資金。本集團對中央退休金計劃之唯一責任為根據中央退休金計劃作出所需之供款。

年內，退休福利計劃供款減已沒收供款19,000港元(二零零四年：42,000港元)後之淨額為428,000港元(二零零四年：522,000港元)。

40. RETIREMENT BENEFITS SCHEMES

- (a) The Group operates Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong and terminated the defined contribution pension scheme ("Old Scheme") on 1st December, 2000. All the employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK\$20,000. The contributions are charged to income statements as incurred. In respect of those employees who leave the Group prior to completion of qualifying service period for the employer's voluntary contributions (represents become fully vested, the relevant portion of the voluntary contributions (represents the assets transferred from the Old Scheme) become fully vested, the relevant portion of the voluntary contributions forfeited will be reverted to the Group. The assets of the MPF Scheme is held separately from those of the Group in an independently administrative fund.

- (b) Employees of subsidiaries in the PRC are members of the Central Pension Scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the Central Pension Scheme to fund the benefits. The only obligation of the Group with respect to the Central Pension Scheme is the required contribution under the Central Pension Scheme.

During the year, the retirement benefits schemes contributions net of forfeited contributions of HK\$19,000 (2004: HK\$42,000) amounted to HK\$428,000 (2004: HK\$522,000).

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易

本公司根據於二零零二年五月二十七日舉行之股東週年大會上通過之一項決議案，終止了本公司於一九九六年十月二十三日採納之購股權計劃（「舊購股權計劃」），並採納了一項新購股權計劃（「新購股權計劃」）。

(a) 舊購股權計劃

舊購股權計劃之主要條款概述如下：

- (i) 旨在鼓勵參與者。
- (ii) 參與者包括本集團任何成員公司之僱員或董事。
- (iii) 授出之購股權所涉及之股份上限數目不得超逾本公司不時之已發行股本10%。
- (iv) 每名參與者可獲授之購股權所涉及之股份上限，加上根據任何購股權而已發行及可發行之股份總數，不得超逾不時股份上限之25%。
- (v) 購股權可於視為授出當日後隨時全部或部份行使。
- (vi) 購股權之行使期不得超逾接納日期起計十年。
- (vii) 承授人須於授出日期起計30日內接納購股權（如接納），並向本公司支付1港元不可退回款項。

41. EQUITY SETTLED SHARE-BASED TRANSACTION

Pursuant to a resolution passed at the annual general meeting of the Company held on 27th May, 2002, the share option scheme adopted by the Company on 23rd October, 1996 (the "Old Option Scheme") was terminated and a new share option scheme (the "New Option Scheme") was adopted.

(a) The Old Option Scheme

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

- (i) The purpose was to provide incentives to the participants.
- (ii) The participants included any employee or director of any members of the Group.
- (iii) The maximum number of shares in respect of which share options might be granted must not exceed 10% of the issued share capital of the Company from time to time.
- (iv) The maximum number of shares in respect of which share options might be granted to a participant, when aggregated with shares issued and issuable under any share option granted to the same participant, must not exceed 25% of the maximum shares from time to time.
- (v) Any share option may be exercised in whole or in part at any time after the date on which the share option is deemed to be granted.
- (vi) The exercisable period of a share option must not exceed a period of 10 years commencing on the date of acceptance.
- (vii) The acceptance of a share option, if accepted, must be made within 30 days from the date of the offer of the grant with a non-refundable payment of HK\$1 from the grantee to the Company.

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41. 以股權結算以股份支付之交易 (續)

(a) 舊購股權計劃 (續)

(viii) 購股權之行使價須為下列之較高者：

- 不低於緊接在授出購股權日期前五個交易日本公司每股股份之平均收市價80%之價格；及
- 本公司每股股份之面值。

由於舊購股權計劃已於二零零二年五月二十七日終止，因此再無購股權可根據舊購股權計劃而授出。惟所有於該終止前按舊購股權計劃已授出而尚未行使之購股權則仍然有效，並可根據舊購股權計劃之條款予以行使。

(b) 新購股權計劃

新購股權計劃之主要條款概述如下：

- (i) 旨在作為參與者對本集團所作出或可能作出之貢獻之獎勵及報酬。
- (ii) 參與者包括：
 - (1) (a) 在本公司或本公司直接或間接持有任何股本權益之任何實體（統稱「持有權益團體」）之任何成員公司、本公司主要股東或由本公司主要股東控制之任何公司任職之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；

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(a) The Old Option Scheme (Continued)

(viii) The exercise price of a share option must be the higher of:

- a price not less than 80% of the average closing price of a share of the Company for the 5 trading days immediately preceding the grant; and
- the nominal value of a share of the Company.

As the Old Option Scheme was terminated on 27th May, 2002, no further share options can be granted under the Old Option Scheme thereafter. However, all outstanding share options granted under the Old Option Scheme prior to the said termination shall remain valid and exercisable in accordance with the provisions of the Old Option Scheme.

(b) The New Option Scheme

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

- (i) The purpose is to provide incentives and rewards to the participants for their contribution or potential contribution to the Group.
- (ii) The participants include:
 - (1) (a) any director or proposed director (whether executive or non-executive including any independent non-executive director), employee or proposed employee (whether full time or part time) of any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interests (collectively the "Interested Group") or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

(b) 新購股權計劃 (續)

(ii) 參與者包括：(續)

(b) 在持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司任職之任何臨時調派之人士；

(c) 持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司所發行任何證券之任何人士；

(d) 持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司之業務或合營夥伴、承辦商、代理商或代表；

(e) 向持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司提供服務之任何研究人員、技術員、諮詢人、顧問、藝員、演員，以及任何研究公司、技術支援公司、諮詢公司、顧問公司、製作公司、廣告公司、發行公司及專業服務公司；

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(b) The New Option Scheme (Continued)

(ii) The participants include: (Continued)

(b) any individual for the time being seconded to work for any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(c) any holder of any securities issued by any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(d) any business or joint venture partner, contractor, agent or representative of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(e) any research assistant, technician, adviser, consultant, artist, actor, actress of, and any research company, technical support company, advisory company, consultancy company, production company, advertising company, distribution company and professional services company to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

(b) 新購股權計劃 (續)

(ii) 參與者包括：(續)

(f) 向持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何供應商、監製、導演或特許權授出人；

(g) 由持有權益團體任何成員公司或本公司主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何客戶、特許權承授人(包括特許權轉授人)或分銷商；

(h) 持有權益團體任何成員公司或本公司主要股東或由本公司主要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)；及

(2) 由一名或多名上述任何類別參與者所控制之公司。

(iii) 根據新購股權計劃可授出之購股權所涉及之股份上限數目不得超過本公司批准新購股權計劃時之已發行股本10%，惟該上限可由股東於股東大會上更新。因行使所有根據新購股權計劃及任何其他購股權計劃已授出而尚未行使之購股權而發行之股份上限數目，不得超過不時已發行股份之30%。於本年報刊發日期，根據新購股權計劃(經更新)而可供發行之購股權總數為54,160份，佔

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(b) The New Option Scheme (Continued)

(ii) The participants include: (Continued)

(f) any supplier, producer, director or licensor of films, television programmes, video features, goods or services to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(g) any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(h) any landlord or tenant (including any sub-tenant) of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company; and

(2) any company controlled by one or more persons belonging to any of the above classes of participants.

(iii) The maximum number of shares in respect of which share options may be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by the shareholders in general meeting. The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

(b) 新購股權計劃 (續)

本公司於本年報刊發日期已發行股本約0.01%。

- (iv) 除非獲得股東批准，否則每名參與者於十二個月內獲授之購股權（包括已行使，已註銷及尚未行使之購股權）予以行使時所發行及將發行之股份總數，不得超過不時已發行股份之1%。
- (v) 行使期由董事會於授出購股權時決定，惟無論如何不得超逾授出日期起計十年。
- (vi) 除董事會另有決定及於授出相關購股權時另有規定外，並無規定購股權於行使前須持有之最短限期。
- (vii) 承授人須於授出日期起計30日內接納購股權（如接納），並向本公司支付1港元不可退回收項。
- (viii) 購股權之行使價須為下列之最高者：
- 授出日期當日本公司每股股份之收市價；
 - 緊接授出日期前五個交易日本公司每股股份之平均收市價；及
 - 本公司每股股份之面值。
- (ix) 新購股權計劃自採納日期起至二零一二年五月二十六日止十年內有效。

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(b) The New Option Scheme (Continued)

- time. The total number of share options available for issue under the New Option Scheme (after refreshment) as at the date of this annual report was 54,160, which represented approximately 0.01% of the issued share capital of the Company at the date of this annual report.
- (iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in 12 month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.
- (v) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.
- (vi) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.
- (vii) 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.
- (viii) The exercise price of a share option must be the highest of:
- the closing price of a share of the Company on the date of grant;
 - the average closing price of a share of the Company for the 5 trading days immediately preceding the date of grant; and
 - the nominal value of a share of the Company.
- (ix) The New Option Scheme is effective for 10 years from the date of adoption until 26th May, 2012.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

下表披露本公司主要股東、董事、本集團僱員及其他參與者所持本公司購股權之詳情及該等所持權益之變動：

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The following table discloses details of the Company's share options held by the Company's substantial shareholders, directors, the Group's employees and other participants and movements in such holdings:

參與者類別 Category of Participants	計劃名稱 Name of scheme	授出日期 Date of grant	行使期限 Exercisable period	每股行使價 Exercise price per share	購股權數目 Number of share options									
					於二零零四年一月一日尚未行使 Outstanding as at 01.01.2004					於二零零五年十二月三十一日尚未行使 Outstanding as at 31.12.2005				
					授出 Granted	行使 Exercised	失效 Lapsed	授出 Granted	行使 Exercised	失效 Lapsed	授出 Granted	行使 Exercised	失效 Lapsed	授出 Granted
				港元 HK\$	(附註i) (Note i)	(附註ii) (Note ii)		(附註iii) (Note iii)	(附註iv) (Note iv)					
本公司主要股東及董事*	舊購股權計劃 Old Option Scheme	21.11.1996 28.03.2000	21.11.1996 – 20.11.2006 28.03.2000 – 27.03.2010	60.510 16.783	674,269 922,123	- -	- -	- -	674,269 922,123	- -	- -	- -	674,269 922,123	
Substantial shareholders and directors of the Company [*]	新購股權計劃 New Option Scheme	02.06.2000 16.07.2002 17.07.2003	02.06.2000 – 01.06.2010 16.07.2002 – 15.07.2012 17.07.2003 – 16.07.2013	8.134 1.716 0.564	417,506 221,446 457,000	- -	- -	- -	417,506 221,446 457,000	- -	- -	- -	417,506 221,446 457,000	
					2,692,344	-	-	-	2,692,344	-	-	-	2,692,344	
本公司董事**	新購股權計劃 New Option Scheme	16.07.2002 17.07.2003	16.07.2002 – 15.07.2012 17.07.2003 – 16.07.2013	1.716 0.564	1,109,557 2,285,000	- -	- -	- -	1,109,557 2,285,000	- -	- -	- -	1,109,557 2,285,000	
Director of the Company ^{**}					3,394,557	-	-	-	3,394,557	-	-	-	3,394,557	
本集團僱員	舊購股權計劃 Old Option Scheme	05.01.1999 28.03.2000	05.01.1999 – 04.01.2009 28.03.2000 – 27.03.2010	5.011 16.783	44 285,337	- -	- -	- (34,798)	44 250,539	- -	- -	- (10,440)	44 240,099	
Employees of the Group	新購股權計劃 New Option Scheme	02.06.2000 16.07.2002 17.07.2003	02.06.2000 – 01.06.2010 16.07.2002 – 15.07.2012 17.07.2003 – 16.07.2013	8.134 1.716 0.564	417,508 3,328,671 10,254,939	- -	- -	- -	417,508 3,328,671 10,254,939	- -	- (7,969,939)	- (1,109,557)	417,508 2,219,114 2,285,000	
		13.12.2004	13.12.2004 – 12.12.2014	0.520	-	15,800,000	-	-	15,800,000	-	(9,800,000)	-	6,000,000	
		04.02.2005	04.02.2005 – 03.02.2015	0.538	-	-	-	-	28,110,000	-	-	-	28,110,000	
		30.12.2005	30.12.2005 – 29.12.2015	0.242	-	-	-	-	18,005,000	-	-	-	18,005,000	
					14,286,499	15,800,000	-	(34,798)	30,051,701	46,115,000	(17,769,939)	(1,119,997)	57,276,765	
其他參與者	新購股權計劃 New Option Scheme	16.07.2002 17.07.2003	16.07.2002 – 15.07.2012 17.07.2003 – 16.07.2013	1.716 0.564	4,438,228 7,855,000	- -	- (800,000)	- -	4,438,228 7,055,000	- -	- -	- -	4,438,228 7,055,000	
Other participants		13.12.2004	13.12.2004 – 12.12.2014	0.520	-	11,820,000	-	-	11,820,000	-	-	-	11,820,000	
		04.02.2005	04.02.2005 – 03.02.2015	0.538	-	-	-	-	10,205,000	-	-	-	10,205,000	
		30.12.2005	30.12.2005 – 29.12.2015	0.242	-	-	-	-	33,995,000	-	-	-	33,995,000	
					12,293,228	11,820,000	(800,000)	-	23,313,228	44,200,000	-	-	67,513,228	
					32,666,628	27,620,000	(800,000)	(34,798)	59,451,830	90,315,000	(17,769,939)	(1,119,997)	130,876,894	

* 代表本公司之主要股東及董事向華強先生及陳明英女士所持之購股權。

** 代表本公司董事李玉嫦女士所持之購股權。

* Represented the share options held by Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, the substantial shareholders and directors of the Company.

** Represented the share options held by Ms. Li Yuk Sheung, a director of the Company.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

附註：

- (i) 本公司股份緊接二零零四年授出購股權日期前之收市價為每股0.475港元。
- (ii) 本公司股份緊接購股權於二零零四年獲行使日期前之收市價為每股0.700港元。
- (iii) 本公司股份緊接二零零五年授出購股權日期前之收市價分別為每股0.500港元及每股0.248港元。
- (iv) 本公司股份緊接購股權於二零零五年獲行使日期前之收市價分別為每股1.110港元(就800,000股股份而言)及每股0.720港元(就16,969,939股股份而言)。
- (v) 並無購股權於年內註銷。

以本公司現時之股本架構，於二零零五年十二月三十一日悉數行使尚未行使之130,876,894份購股權，將導致本公司按未計開支現金總代價約130,084,000港元發行130,876,894股額外普通股。

年內從承授人接納獲授購股權時所得之總代價為28港元(二零零四年：15港元)。

以股份支付之款項開支

於採納香港財務匯報準則第2號之後，以股份形式支付之款項，即於二零零二年十一月七日之後就僱員提供服務而授予購股權之公平價值，確認為開支。於歸屬期內列作開支之總金額乃參考所授購股權之公平價值釐定。

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

Notes:

- (i) The closing price of the Company's shares immediately before the date of grant of share options in 2004 was HK\$0.475 per share.
- (ii) The closing price of the Company's shares immediately before the date on which the share options were exercised in 2004 was HK\$0.700 per share.
- (iii) The closing prices of the Company's shares immediately before the dates of grant of share options in 2005 were HK\$0.500 per share and HK\$0.248 per share.
- (iv) The closing prices of the Company's shares immediately before the dates on which the share options were exercised in 2005 were HK\$1.110 per share in respect of 800,000 shares and HK\$0.720 per share in respect of 16,969,939 shares.
- (v) No share option was cancelled during the year.

The exercised in full of the outstanding 130,876,894 share options as at 31st December, 2005 would, under the present capital structure of the Company, result in the issue of 130,876,894 additional ordinary shares for a total cash consideration, before expenses, of approximately HK\$130,084,000.

Total consideration received during the year from the grantees for taking up the share options granted amounted to HK\$28 (2004: HK\$15).

Share-based payment expenses

Following to the adoption of HKFRS 2, Share-based Payment, the fair value of the employee services received in exchange for the grant of the share options after 7th 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 share options granted.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

以股份支付之薪酬 (續)

- (i) 於年內生效之授予條款及條件如下，據此，所有購股權均透過實際交付股份之形式結算：

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

Share-based payment compensation (Continued)

- (i) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	工具數目 Number of Instruments	行使期限 Exercisable period
授予主要股東及董事之購股權 Options granted to substantial shareholders and directors		
— 於二零零三年七月十七日 — on 17th July, 2003	457,000	二零零三年七月十七日至二零一三年七月十六日 17th July, 2003 – 16th July, 2013
授予董事之購股權 Options granted to directors		
— 於二零零三年七月十七日 — on 17th July, 2003	2,285,000	二零零三年七月十七日至二零一三年七月十六日 17th July, 2003 – 16th July, 2013
授予本集團僱員之購股權 Options granted to employees of the Group		
— 於二零零三年七月十七日 — on 17th July, 2003	11,254,939	二零零三年七月十七日至二零一三年七月十六日 17th July, 2003 – 16th July, 2013
— 於二零零四年十二月十三日 — on 13th December, 2004	15,800,000	二零零四年十二月十三日至二零一四年十二月十二日 13th December, 2004 – 12th December, 2014
— 於二零零五年二月四日 — on 4th February, 2005	28,110,000	二零零五年二月四日至二零一五年二月三日 4th February, 2005 – 3rd February, 2015
— 於二零零五年十二月三十日 — on 30th December, 2005	18,005,000	二零零五年十二月三十日至二零一五年十二月二十九日 30th December, 2005 – 29th December, 2015
授予其他參與者之購股權 Options granted to other participants		
— 於二零零三年七月十七日 — on 17th July, 2003	8,855,000	二零零三年七月十七日至二零一三年七月十六日 17th July, 2003 – 16th July, 2013
— 於二零零四年十二月十三日 — on 13th December, 2004	11,820,000	二零零四年十二月十三日至二零一四年十二月十二日 13th December, 2004 – 12th December, 2014
— 於二零零五年二月四日 — on 4th February, 2005	10,205,000	二零零五年二月四日至二零一五年二月三日 4th February, 2005 – 3rd February, 2015
— 於二零零五年十二月三十日 — on 30th December, 2005	33,995,000	二零零五年十二月三十日至二零一五年十二月二十九日 30th December, 2005 – 29th December, 2015
	<u>140,786,939</u>	

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

41. 以股權結算以股份支付之交易 (續)

以股份支付之薪酬 (續)

- (ii) 購股權之估計公平價值按柏力克－舒爾斯模式計算。該模式所採用之變量如下：－

41. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

Share-based payment compensation (Continued)

- (ii) The estimated fair value of the options is measured based on Black-Scholes Model. The variables input into the model are as follows:－

		二零零五年 2005	二零零四年 2004 (經重列) (Restated)
於計量日期之加權平均股價	Weighted average share price at measurement date	HK\$0.35港元	－
加權平均行使價	Weighted average exercise price	HK\$0.37港元	－
預期波幅(以按柏力克－舒爾斯模式計算之加權平均波幅列示)	Expected volatility (expressed as weighted average volatility used in the modeling of Black-Scholes Model)	65.82%	－
購股權年期(以按柏力克－舒爾斯模式計算之加權平均年期列示)	Option life (expressed as weighted average life used in the modeling of Black-Scholes Model)	10 年 years	－
預期股息	Expected dividends	－	－
無風險利率	Risk-free interest rate	4.0%	－
於計量日期之加權平均公平價值	Weighted average fair value at measurement date	HK\$0.27港元	－

預期波幅乃以過往波幅(按購股權之平均加權剩餘年期計算)為基準。預期股息則以過往股息為基準。所採用之主觀假設之變動或會對公平價值之估計產生重大影響。

購股權乃根據服務條件而授出。服務條件並無計入所收取之服務於授出日期之公平價值計量。所授出之購股權與市場條件並無關連。

The expected volatility is based on historical volatility (calculated based on the weighted average remaining life of the share options). Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

42. 主要非現金交易

本集團於年內進行下列主要非現金交易：

- (a) 12,000,000港元之投資按金已用作換取廣告代理向本集團提供廣告服務，並於資產負債表中計入按金、預付款項及其他應收賬款賬目內。年內，本集團已使用之廣告服務之費用約5,345,000港元，且於結算日，並無仍未償還之結餘。
- (b) 年內，就本集團於二零零四年收購一間主要業務為在中國透過需求平台提供流動娛樂之公司之30%已發行股本，賣方股東同意向本集團支付可退回按金12,000,000港元。本集團年內合共收到5,000,000港元，而本集團已於結算日後收取餘額7,000,000港元，該數額已於資產負債表中計入按金、預付款項及其他應收賬款賬目內。該交易之詳情載於附註13。

42. MAJOR NON-CASH TRANSACTIONS

During the year, the Group had the following major non-cash transactions:

- (a) Deposit for investment of HK\$12,000,000 was exchanged for the advertising services to be provided by an advertising agent to the Group and is included in deposits, prepayments and other debtors account in the balance sheet. During the year, the Group utilised advertising services amounted to approximately HK\$5,345,000 and no balance remained outstanding as at the balance date.
- (b) During the year, in respect of the acquisition of 30% of the issued share capital of a company which principal activity was the provision of mobile entertainment on demand platform in PRC, by the Group in 2004, the vendor's shareholder agreed to repay the refundable deposit of HK\$12,000,000 to the Group. A total amount of HK\$5,000,000 was received by the Group during the year. The remaining amount of HK\$7,000,000, which was received by the Group after the balance sheet date, is included in deposits, prepayments and other debtors account in the balance sheet. Details of this transaction are set out in note 13.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

43. 關連人士交易

(a) 年內，本集團與豐采集團訂立以下交易：

43. RELATED PARTY TRANSACTION

(a) During the year, the Group entered into the following transactions with Riche Group:

			二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
交易性質	Nature of transactions	附註		
利息開支 — 貸款利息	Interest expense — Loan interest	(i)	238	—
— 可換股票據利息	— Interest on convertible notes	(i)	100	338
定期貸款	Term loan	(i)	33,800	—
已付後期製作費用	Post-production fee paid	(ii) & (iv)	736	1,781
已收影展收入	Film exhibition income received	(i)	7,947	13,470
收購租賃土地及樓宇	Acquisition of leasehold land and buildings	(iii)	9,000	—
已付薪金開支	Salary expense paid		1,032	1,032

附註：

- (i) 於二零零五年四月十九日，本集團發行之33,800,000港元可換股票據到期。本集團並無行使權利以兌換未償還本金額33,800,000港元為豐采多媒體股本，而豐采多媒體已償還33,800,000港元。同日，本公司同意向豐采多媒體授出一年期貸款33,800,000港元。該筆貸款為無抵押、按年息1厘計息，並須於二零零六年四月十九日償還。請參閱附註15(b)。
- (ii) 金額按各方協定之價格釐定。
- (iii) 於二零零五年年度內，本集團向豐采集團收購租賃土地及樓宇，總代價9,000,000港元。收購事項之代價於二零零五年七月七日以現金償還。

Notes:

- (i) On 19 April 2005, the convertible notes of HK\$33,800,000 issued by the Group were matured. The Group did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into share capital of Riche Multi-Media and Riche Multi-Media repaid HK\$33,800,000 to the Group. On the same date, the Company granted a one year term loan of HK\$33,800,000 to Riche Multi-Media. The loan is unsecured, bears interest at 1% per annum and repayable on 19 April 2006. Please also refer to note 15(b).
- (ii) The amounts were determined at prices agreed between the parties.
- (iii) During the year 2005, the Group acquired leasehold land and buildings from the Riche Group at a total consideration of HK\$9,000,000. The consideration for the acquisition was settled in cash on 7 July 2005.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

43. 關連人士交易 (續)

- (iv) 本集團於二零零二年二月五日與豐采集團訂立地區供應協議，據此，本集團自二零零二年四月八日起計三年內向豐采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）及有權選擇購買放映權。

- (b) 本集團年內與TAL集團進行下列交易：

43. RELATED PARTY TRANSACTION (Continued)

- (iv) On 5 February 2002, the Group and the Riche Group entered into a territory supply agreement whereby the Group, during the term of three years from 8th April, 2002, granted in favour of the Riche Group a first right of refusal to acquire the exclusive distribution rights 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.

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

交易性質	Nature of transactions	附註 Notes	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000
來自TAL集團之 管理費收入	Management fee income from the TAL Group	(i) & (ii)	4,860	3,860
已支付及應支付 TAL集團之服務費	Services charges paid and payable to the TAL Group	(i) & (ii)	2,880	11,540
已支付及應支付 TAL集團之藝人 宣傳費	Artists promotion charges paid and payable to the TAL Group	(i) & (ii)	4,382	10,349

附註：

- (i) 金額按各方協定之價格釐定。
(ii) 陳明英女士亦為TAL之董事。

Notes:

- (i) The amounts were determined at prices agreed between the parties.
(ii) Ms. Chen Ming Yin, Tiffany is also a director of TAL.

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

43. 關連人士交易 (續)

- (c) 年內，本公司向董事及其聯繫人士發行 137,365,000 股普通股 (二零零四年：60,765,000 股)。該認購之詳情載於附註 23(a) 及 (c)。
- (d) 年內，向華強先生和陳明英女士向一間銀行提供個人擔保，以擔保本集團獲得之銀行貸款。本集團沒有就其支付費用 (二零零四年：無)。
- (e) 應收及應付關連人士款項之詳情載於附註 21。
- (f) 主要管理人員
如附註 24 所披露，主要管理人員酬金 (包括支付予本公司董事及若干最高薪僱員之款項) 如下：—

43. RELATED PARTY TRANSACTION (Continued)

- (c) During the year, the Company issued 137,365,000 (2004: 60,765,000) ordinary shares to the directors and their associates. Details of these subscriptions are set out in note 23(a) and (c).
- (d) During the year, Mr. Heung Wah Keung and Ms Chen Ming Yin, Tiffany provided personal guarantees to a bank to secure banking facilities granted to the Group. No fee was paid to them by the Group (2004: Nil).
- (e) Details of the amounts due from and to related parties are set out in note 21.
- (f) Key management personnel
Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in note 24, is as follows:—

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
薪金及其他短期福利	Salaries and other short-term benefits	1,104	2,040
退休金計劃供款	Pension scheme contributions	24	36
以股份支付之款項	Share-based payment	3,981	—
		5,109	2,076

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

44. 主要附屬公司詳情

下表載列董事認為主要影響本集團業績或資產之本公司附屬公司。董事認為，呈列其他附屬公司之資料會使篇幅過於冗長。

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

附屬公司名稱 Name of subsidiary	業務架構 形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	所持股份 類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Business First Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元 之股份 1 share of US\$1	持有有線播映權 Holding of cable right
China Star Entertainment (BVI) Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	200股每股面值1美元 之股份 200 shares of US\$1 each	投資控股 Investment holding
中國星娛樂控股 有限公司 China Star Entertainment Holding Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元普通股 及1,000,000股 每股面值1港元之 無投票權遞延股 (附註b) 2 ordinary shares of HK\$1 each and 1,000,000 non-voting deferred shares of HK\$1 each (Note b)	投資控股 Investment holding

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

44. 主要附屬公司詳情 (續)

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	業務架構 形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	所持股份 類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
中國星香港發行有限公司 China Star HK Distribution Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	100,000股 每股面值1港元 普通股 100,000 ordinary shares of HK\$1 each	電影及電視 連續劇 發行 Distribution of motion pictures and television drama series
中國星香港娛樂有限公司 China Star HK Entertainment Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	1,000,000股 每股面值1港元 普通股 1,000,000 ordinary shares of HK\$1 each	錄像版權 發行及 投資控股 Distribution of video rights and investment holding
China Star International Distribution Limited (附註a) (Note a)	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	8,001股每股 面值1美元之股份 8,001 shares of US\$1 each	電影及電視 連續劇 發行 Distribution of motion pictures and television drama series
中國星鐳射影碟有限公司 China Star Laser Disc Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	15,000股每股面值 100港元 普通股 15,000 ordinary shares of HK\$100 each	提供管理 服務及 投資控股 Provision of management services and investment holding
中國星影畫有限公司 China Star Pictures Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元 普通股 2 ordinary shares of HK\$1 each	持有電影 版權 Holding of film rights
中國星製作服務有限公司 China Star Production Services Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元 普通股 2 ordinary shares of HK\$1 each	提供後期 製作服務 Provision of post- production services

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截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

44. 主要附屬公司詳情 (續)

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	業務架構 形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	所持股份 類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
中國星商標有限公司 China Star Trademark Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	持有商標及 版權 Holding of trademark and copyrights
China Star Worldwide Distribution B.V. (附註a) (Note a)	註冊成立 Incorporated	荷蘭 Netherlands	普通股 Ordinary	100	400股每股 面值100荷蘭盾 之普通股 400 ordinary shares of Dutch Guilders 100 each	電影及電視 連續劇 發行 Distribution of motion pictures and television drama series
Classical Statue Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	投資控股 Investment holding
Exceptional Gain Profits Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	物業投資 Property investment
安樂(香港)有限公司 Newrich (H.K.) Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each	持有物業 Property holding
一百年電影有限公司 One Hundred Years of Film Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	3,000,000股每股 面值1港元 之普通股 3,000,000 ordinary shares of HK\$1 each	電影製作 Film production
思維娛樂有限公司 S & W Entertainment Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each	製作電影及 電視連續劇 Production of motion pictures and television drama series

財務報表附註 Notes to the Financial Statements

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44. 主要附屬公司詳情 (續)

附註：

- (a) 在全球經營業務。
- (b) 無投票權遞延股份實際並無權利分享該公司股息、接收該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。

China Star Entertainment (BVI) Limited 及 China Star Worldwide Distribution B.V. 由本公司直接擁有，而所有其他附屬公司均由本公司間接擁有。

除另有指明者外，附屬公司之主要營業地點為香港。

所有附屬公司於年結日或年中任何時間概無任何未贖回之債務證券。

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- (a) Operating internationally.
- (b) The non-voting deferred shares practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the company nor to participate in any distribution on winding up.

China Star Entertainment (BVI) Limited and China Star Worldwide Distribution B.V. are directly held by the Company. All other subsidiaries are indirectly held by the Company.

Except otherwise stated, the principal place of operation of the subsidiaries is Hong Kong.

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

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45. 主要聯營公司詳情

下表載列董事認為主要影響本集團業績及資產之本集團聯營公司。董事認為，呈列其他聯營公司之資料會使篇幅過於冗長。

45. PARTICULARS OF PRINCIPAL ASSOCIATES

The following table lists the associates of the Group which, in the opinion of the directors, principally affected the results and assets of the Group. To give details of other associates would, in the opinion of directors, result in particulars of excessive length.

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊成立 國家/地點 Country/ place of incorporation	本公司間接持 已發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/registered capital held indirectly by the Company %	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Golden Capital International Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	36.50	1,000股每股 面值1美元 之普通股 1,000 ordinary shares of US\$1 each	於中國投資控股 Investment holding in the PRC
北京澳昌科技有限公司*	外商獨資企業 Wholly foreign -owned enterprise	中國 PRC	20.08	註冊資本 人民幣 10,000,000元 Registered capital RMB10,000,000	於中國開發及 生產電訊、資訊 科技及解決方案 Development and production of telecommunication and information technology and solution in the PRC
豐采多媒體集團有限公司*** Riche Multi-Media Holdings Limited ***	註冊成立 Incorporated	百慕達 Bermuda	41.07	5,154,018,000股 每股面值0.01港元 之普通股 5,154,018,000 ordinary shares of HK\$0.01 each	投資控股 Investment holding
Bluelagoon Investment Holdings Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值 1美元之普通股 1 ordinary share of US\$1	於中國投資控股、 投資證券、 發行電影及轉授電影 發行權 Investment holding, investment in securities, distribution of films and sub-licensing of film rights in the PRC
Dragon Leader Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值1美元之 普通股 1 ordinary share of US\$1	於香港投資控股 Investment holdings in Hong Kong
Gainful Fortune Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	160,000,100股 每股面值1港元 之普通股 160,000,100 ordinary shares of HK\$1 each	於香港以外地區 持有電影發行權 Holding of film rights outside Hong Kong

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45. 主要聯營公司詳情 (續)

45. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊成立 所在國家/地點 Country/ place of incorporation	本公司間接所持 已發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/registered capital held indirectly by the Company %	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Legend Rich Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值 1美元之普通股 1 ordinary share of US\$1	透過中國代理商於 中國發行影視產品 Distribution of video products in the PRC through a PRC agent
Ocean Shores Licensing Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	10,000股每股面值 1美元之普通股 10,000 ordinary shares of US\$1 each	於香港以外地區持有 電影發行權 Holding of film rights outside Hong Kong
Riche Advertising Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值 1美元之普通股 1 ordinary share of US\$1	於香港投資證券 Investments in securities in Hong Kong
Riche (BVI) Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1,000股每股面值 1美元之普通股 1,000 ordinary shares of US\$1 each	於香港投資控股 Investment holding in Hong Kong
豐采發行有限公司 ** Riche Distribution Limited **	註冊成立 Incorporated	香港 Hong Kong	41.07	1,000,000股每股面值 1港元之普通股 1,000,000 ordinary shares of HK\$1 each	於香港轉授電影發行權 及投資證券 Sub-licensing of film rights and investments in securities in Hong Kong
豐采國際(澳門離岸商業服務) 有限公司 ** Riche International (Macao Commercial Offshore) Limited **	註冊成立 Incorporated	澳門 Macau	41.07	1股面值澳門幣 100,000元之股份 1 share of MOP100,000	於中國發行電影及 轉授電影發行權 Distribution of films and sub-licensing of film rights in the PRC
豐采多媒體有限公司 ** Riche Multi-Media Limited **	註冊成立 Incorporated	香港 Hong Kong	41.07	2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each	於中國發行電影及 其他影視特輯 Distribution of films and other video features in the PRC
豐采影畫有限公司 ** Riche Pictures Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值 1美元之普通股 1 ordinary share of US\$1	於香港投資控股 Investment holding in Hong Kong
豐采錄影有限公司 ** Riche Video Limited **	註冊成立 Incorporated	香港 Hong Kong	41.07	10股每股面值 100港元之普通股及 20,000股每股面值 100港元之無投票權 遞延股份 ^Δ 10 ordinary shares of HK\$100 each 20,000 non-voting deferred shares of HK\$100 each ^Δ	於香港發行影視產品 Distribution of video products in Hong Kong

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

45. 主要聯營公司詳情 (續)

45. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊成立 所在國家/地點 Country/ place of incorporation	本公司間接所持 已發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/registered capital held indirectly by the Company %	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
World East Investments Limited **	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.07	1股面值 1美元之普通股 1 ordinary share of US\$1	透過中國代理商於中國 發行電影及轉授電影 發行權 Distribution of films and sub-licensing of film in the PRC through a PRC agent
Together Again Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	49.00	48,080股每股面值 1美元之股份 48,080 shares of US\$1 each	投資控股及 提供藝人管理服務 Investment holding and provision of artists management services
Imperial International Limited****	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	49.00	100股每股面值 1美元之股份 100 shares of US\$1 each	投資控股 Investment holding
China Entertainment Group, Inc. (formerly known as China Artists Agency Inc.)*****	註冊成立 Incorporated	美國 United States of America	41.65	128,963,425股 每股面值0.001美元 之普通股 128,963,425 common stock of US\$0.001 each	投資控股 Investment holding
Metrolink Pacific Limited****	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.65	120股每股面值 1美元之股份 120 shares of US\$1 each	投資控股 Investment holding
中國星演藝管理有限公司**** China Star Management Limited****	註冊成立 Incorporated	香港 Hong Kong	41.65	1,000,000股 每股面值1港元 之普通股 1,000,000 ordinary shares of HK\$1 each	提供藝人管理服務 Provision of artists management services
Anglo Market International Limited ****	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.65	1股每股面值 1美元之股份 1 share of US\$1 each	提供藝人管理服務 Provision of artists management services
Metrolink Global Limited ****	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.65	100股每股面值 1美元之股份 100 shares of US\$1 each	提供藝人管理服務 Provision of artists management services

財務報表附註 Notes to the Financial Statements

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

45. 主要聯營公司詳情 (續)

- * 北京澳昌科技有限公司乃Golden Capital之一間附屬公司。
- ** 該等公司乃豐采多媒體之全資附屬公司。
- *** 豐采多媒體之股份在香港聯合交易所有限公司上市。
- **** 該等公司為TAL之附屬公司。
- # China Entertainment Group, Inc.乃一間美國公眾公司，於美國場外電子交易板(Over-The-Counter Bulletin Board)進行買賣。
- △ 無投票權遞延股份實際並無權利分享股息、接收任何本公司股東大會之通告、出席該等大會或在會上投票或在清盤時享有任何分派。

46. 結算日後事項

於二零零四年三月十五日，本集團聯營公司Golden Capital股東向本集團授出一項期權(「期權」)，規定Golden Capital股東按總代價25,000,000港元(「代價」)向本集團購入Golden Capital股本中合共356股每股1美元之股份(相等於本集團在Golden Capital之全部股權)。倘Golden Capital於截至二零零四年十二月三十一日止年度之經審核賬目(「經審核賬目」)所示之除稅後但未扣除特殊項目溢利淨額少於14,600,000港元之情況下，則本集團可行使該期權。應Golden Capital股東之要求，由於有關編製經審核賬目若干不可預測之困難，經審核賬目將於二零零六年一月十九日或以前可供查閱。

於結算日後，根據本集團於二零零六年四月取得之經審核賬目，由於除稅後但未扣除特殊項目溢利淨額少於14,600,000港元，故本集團行使期權，且Golden Capital之股東已同意向本集團償還代價。

47. 批准財務報表

財務報表已於二零零六年四月二十四日獲董事會批准。

45. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

- * Beijing Aochang Technology Co., Ltd. is a subsidiary of Golden Capital.
- ** These companies are wholly-owned subsidiaries of Riche Multi-Media.
- *** The shares of Riche Multi-Media are listed on The Stock Exchange of Hong Kong Limited.
- **** These companies are subsidiaries of TAL.
- # China Entertainment Group, Inc. is a U.S. public company traded on the Over-The-Counter Bulletin Board.
- △ The non-voting deferred shares practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the Company nor to participate in any distribution on winding up.

46. SUBSEQUENT EVENTS

On 15th March, 2004, the shareholder of Golden Capital, an associate of the Group, granted to the Group an option ("Option") to require Golden Capital's shareholder to purchase from the Group an aggregate of 356 shares of US\$1 each in the share capital of Golden Capital which represents the Group's entire shareholding in Golden Capital, at an aggregate consideration of HK\$25,000,000 ("Consideration"). The Group may exercise the Option in the event that the net profits after taxation but before extraordinary items as shown in the audited accounts ("Audited Accounts") of Golden Capital for year ended 31st December, 2004 is less than HK\$14,600,000. As requested by the shareholder's of Golden Capital, the Audited Accounts will be available on or before 19th January, 2006 due to certain unforeseeable difficulties relating to the preparation of the Audited Accounts.

Subsequent to the balance sheet date, the Group exercised the Option as the net profits after taxation but before extraordinary items was less than HK\$14,600,000 as per the Audited Accounts received by the Group in April, 2006 and the shareholder of Golden Capital has agreed to repay the Consideration to the Group.

47. APPROVAL OF FINANCIAL STATEMENTS

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

五年財務概要 Five Year Financial Summary

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

業績

RESULTS

截至十二月三十一日止年度

Year ended 31st December

		二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)	二零零三年 2003 千港元 HK\$'000	二零零二年 2002 千港元 HK\$'000	二零零一年 2001 千港元 HK\$'000
營業額	Turnover	92,234	165,307	213,907	241,515	253,218
除稅前虧損	Loss before taxation	(20,889)	(303,152)	(54,431)	(397,756)	(190,963)
稅項(支銷)/抵免	Taxation (charge)/credit	(124)	(268)	155	360	(307)
未計少數股東權益 之虧損	Loss before minority interests	(21,013)	(303,420)	(54,276)	(397,396)	(191,270)
少數股東權益	Minority interests	52	201	798	1,706	63
年度虧損淨額	Net loss for the year	(20,961)	(303,219)	(53,478)	(395,690)	(191,207)
股息	Dividends	-	-	-	-	-

資產及負債

ASSETS AND LIABILITIES

於十二月三十一日

At at 31st December

		二零零五年 2005 港元 HK\$	二零零四年 2004 港元 HK\$ (經重列) (restated)	二零零三年 2003 港元 HK\$	二零零二年 2002 港元 HK\$	二零零一年 2001 港元 HK\$
資產總值	Total assets	743,396	667,880	953,086	970,724	1,167,190
負債及少數股東 權益總額	Total liabilities and minority interests	(145,840)	(155,241)	(179,564)	(172,058)	(278,466)
股東權益	Shareholders' funds	597,556	512,639	773,522	798,666	888,724