

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

1. General

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

The principal activities of the Group are distribution of video programmes, sub-licensing video programme rights, film exhibition and provision of video conversion services.

2. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted, for the first time, a number of revised and new Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants.

The adoption of these revised and new SSAPs has not resulted in any changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods. However, these revised and new SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative disclosures have been restated in order to achieve a consistent presentation.

1. 一般資料

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

本集團之主要業務為發行影視節目、轉授影視節目發行權、電影放映及提供影視制式轉換服務。

2. 採用會計實務準則

於本年度，本集團首次採用多項由香港會計師公會修訂及新頒佈之會計實務準則（「會計實務準則」）。

於採用該等經修訂及新頒佈之會計實務準則後，本集團毋須更改會計政策而對本期間或過往期間已呈報之數額有所影響。然而，本財務報表已採用該等經修訂及新頒佈會計實務準則之新增及經修訂披露規定。為使呈報方式一致，比較數字均已重列。

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截至二零零一年十二月三十一日止年度

3. Significant accounting policies

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

Basis of consolidation

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

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

Investments in subsidiaries

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

Property, plant and equipment

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

3. 主要會計政策

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

綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日之財務報表。

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

附屬公司之投資

對附屬公司之投資乃按成本減已確定減值虧損計入本公司資產負債表。

物業、廠房及設備

物業、廠房及設備乃按成本或估值減折舊及累積減值虧損入賬。

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3. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

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

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

3. 主要會計政策 (續)

物業、廠房及設備 (續)

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

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

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

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

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For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

3. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Impairment

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

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

3. 主要會計政策 (續)

物業、廠房及設備 (續)

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

減值

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

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

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財務報表附註

For the year ended 31 December 2001
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3. Significant accounting policies (continued)

Leased assets

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

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

Inventories

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

Other asset

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

3. 主要會計政策 (續)

租賃資產

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

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。

存貨

存貨按成本及可變現淨值兩者之較低者入賬。成本以先入先出法計算。

其他資產

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

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For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

3. Significant accounting policies (continued)

Film rights

Film rights are stated at cost less amortisation and accumulated impairment losses. They are rights for the production and distribution of audio-visual products and sub-licensing of film titles, mainly in the form of video programmes.

The cost of film rights is amortised in the proportion that actual income earned during the year bears to the total estimated income from the reproduction and distribution of audio visual products and sub-licensing of film rights.

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

Film right deposits

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

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

3. 主要會計政策 (續)

電影發行權

電影發行權按成本減累計攤銷及累計減值虧損入賬。電影發行權指製作與發行有關電影之影音產品並轉授發行權(主要以影視節目形式)之權利。

電影發行權之成本按年內實際賺取之收入與複製發行影音產品及轉授電影發行權預計可得總收入之比例而攤銷。

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

電影發行權按金

根據授權協議在指定地區及時間內複製與發行有關電影之影音產品並轉授發行權(主要以影視節目形式)而製作影片時預付及/或分期繳付之版權費，均列作電影發行權按金。根據授權協議而須繳付之未償還款項則列作承擔。

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

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For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

3. Significant accounting policies (continued)

Film right deposits (continued)

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

Club memberships

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

Revenue recognition

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

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

Film exhibition income is recognised when the right to receive payment is established.

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

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

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

3. 主要會計政策 (續)

電影發行權按金 (續)

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

會所會籍

會所會籍乃按成本減任何已確定減值虧損入賬。

收益確認

發行影視節目所得收益於影視節目付運予客戶及所有權轉移時入賬。

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

電影放映之收入乃於確立收款權利時入賬。

影視制式轉換收入乃於錄像轉換過程完成時入賬。

經營租約之租金收入乃以直線法按有關租期入賬。

利息收入乃根據尚未償還本金額及有關利率按時間比例入賬。

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財務報表附註

For the year ended 31 December 2001
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3. Significant accounting policies (continued)

Taxation

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

Foreign currencies

Transactions in currencies other than Hong Kong dollar are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollar 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.

Retirement benefits scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

4. Turnover

Distribution of video programmes	發行影視節目
Sub-licensing of video programme rights	轉授影視節目發行權
Film exhibition income	電影放映之收入
Video conversion fee income	影視制式轉換收入

3. 主要會計政策 (續)

稅項

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

外幣

外幣交易先按交易日期之匯率入賬。以外幣計算之貨幣資產及負債按結算日之匯率換算。匯兌溢利及虧損計入收益表。

退休福利計劃

自收益表扣除之退休福利成本指本年度應付之本集團強制性公積金計劃供款。

4. 營業額

THE GROUP	
本集團	
2001	2000
二零零一年	二零零零年
HK\$'000	HK\$'000
千港元	千港元
18,469	98,145
9,104	45,489
128	429
306	502
28,007	144,565

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5. Business and geographical segments

Business segments

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

Principal activities are as follows:

Distribution	Distribution of video programmes
Sub-licensing	Sub-licensing of video programme rights

Segment information about these businesses for the years ended 31 December 2001 and 2000 is presented below.

Income statement for the year ended 31 December 2001

5. 業務及地區分部

業務分部

就管理而言，本集團現時分為發行及轉授發行權兩個營運部門。本集團乃根據該等部門呈報主要分部資料。

主要業務如下：

發行	發行影視節目
轉授發行權	轉授影視節目發行權

截至二零零一年及二零零零年十二月三十一日止年度有關該等業務之分部資料呈報如下

截至二零零一年十二月三十一日止年度之收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	18,469	9,104	434	28,007
Segment (loss) profit	分部(虧損)溢利	(35,093)	(65,882)	434	(100,541)
Finance costs	融資費用				(190)
Loss before taxation	除稅前虧損				(100,731)
Taxation credit	稅項抵免				2,234
Loss attributable to shareholders	股東應佔虧損				(98,497)

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5. Business and geographical segments (continued)

Business segments (continued)

Balance sheet as at 31 December 2001

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產				
Segment assets	分部資產	59,234	202,395	8,414	270,043
Unallocated corporate assets	未分配集團資產				2,809
Consolidated total assets	綜合資產總值				272,852
LIABILITIES	負債				
Segment liabilities	分部負債	2,946	23,201	—	26,147
Unallocated corporate liabilities	未分配集團負債				442
Consolidated total liabilities	綜合負債總額				26,589

Other information for the year ended 31 December 2001

截至二零零一年十二月三十一日止年度之其他資料

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、廠房及設備	902	—	552	1,454
Additions of film rights	添置電影發行權	2,166	7,000	—	9,166
Additions of other asset	添置其他資產	—	152,064	—	152,064
Depreciation and amortisation	折舊及攤銷	5,334	4,573	1,686	11,593
Impairment losses recognised in income statement	已於收益表確認之減值虧損	11,964	69,075	—	81,039
Allowance for bad and doubtful debts	呆壞賬撥備	3,173	1,674	—	4,847
Allowance for inventory obsolescence	陳舊存貨撥備	1,034	—	—	1,034

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5. Business and geographical segments (continued)

Business segments (continued)

Income statement for the year ended 31 December 2000

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	98,145	45,489	931	144,565
Segment profit	分部溢利	3,341	26,944	931	31,216
Unallocated corporate expenses	未分配集團 開支				(488)
Profit from operations	經營溢利				30,728
Finance costs	融資費用				(363)
Profit before taxation	除稅前虧損				30,365
Taxation	稅項				(6,336)
Profit attributable to shareholders	股東應佔 溢利				24,029

5. 業務及地區分部 (續)

業務分部 (續)

截至二零零零年十二月三十一日止年度之收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	98,145	45,489	931	144,565
Segment profit	分部溢利	3,341	26,944	931	31,216
Unallocated corporate expenses	未分配集團 開支				(488)
Profit from operations	經營溢利				30,728
Finance costs	融資費用				(363)
Profit before taxation	除稅前虧損				30,365
Taxation	稅項				(6,336)
Profit attributable to shareholders	股東應佔 溢利				24,029

Balance sheet as at 31 December 2000

於二零零零年十二月三十一日之資產負債表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS					
Segment assets	資產 分部資產	82,896	102,063	9,935	194,894
Unallocated corporate assets	未分配集團 資產				1,805
Consolidated total assets	綜合資產總值				196,699
LIABILITIES					
Segment liabilities	負債 分部負債	7,894	34,020	—	41,914
Unallocated corporate liabilities	未分配集團 負債				933
Consolidated total liabilities	綜合負債總額				42,847

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

5. Business and geographical segments (continued)

Business segments (continued)

Other information for the year ended 31 December 2000

	Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	8,053	—	10,271	18,324
Additions of film rights	14,968	45,230	—	60,198
Depreciation and amortisation	11,560	17,192	795	29,547

Geographical segments

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

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

		Turnover 營業額		Contribution to (loss) profit from operations 經營(虧損)溢利	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Hong Kong and Macau	香港及澳門	19,079	99,340	(104,527)	4,272
Asia (other than Hong Kong and Macau)	亞洲(香港及澳門除外)	—	31,625	—	18,842
North America	北美	8,928	3,000	3,986	1,787
Australia	澳洲	—	10,600	—	6,315
		28,007	144,565	(100,541)	31,216
Unallocated corporate expenses	未分配集團開支			—	(488)
(Loss) profit from operations	經營(虧損)溢利			(100,541)	30,728

5. 業務及地區分部 (續)

業務分部 (續)

截至二零零零年十二月三十一日止年度之其他資料

地區分部

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

下表為本集團按市場劃分之銷售額分析(不論貨品/服務來源地)：

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

6. Other revenue

6. 其他收入

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Rental income in respect of plant and machinery	廠房及機器 租金收入	3,038	3,150
Rental income in respect of studio and lighting equipment	影樓及燈光設備 租金收入	2,534	728
Interest income	利息收入	317	1,080
Sundry income	雜項收入	808	—
		6,697	4,958

7. (Loss) profit from operations

7. 經營(虧損)溢利

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
(Loss) profit from operations has been arrived at after charging (crediting):	經營(虧損)溢利已扣除(計入)下列各項:		
Amortisation of film rights (included in cost of sales)	電影發行權攤銷(已計入銷售成本)	5,516	25,402
Amortisation of other asset	其他資產攤銷	793	—
Auditors' remuneration	核數師酬金	400	820
Cost of inventories (included in cost of sales)	存貨成本(已計入銷售成本)	15,029	73,756
Depreciation and amortisation:	折舊和攤銷:		
— owned assets	— 自置資產	5,264	3,239
— leased assets	— 租賃資產	20	906
		5,284	4,145
Operating lease rental in respect of rented premises	租賃物業之經營租約租金	815	746
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	1,900	—
Allowance for bad and doubtful debts	呆壞賬撥備	4,847	—
Allowance for inventories obsolescence	陳舊存貨撥備(包括銷售成本)	1,034	—
Staff costs including directors' emoluments	員工成本(包括董事酬金)		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物利益	12,638	7,234
— Contributions to retirement benefits scheme	— 退休福利計劃供款	392	19
		13,030	7,253
Bad debts recovered	已收回壞賬	(533)	—

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

8. Finance costs

8. 融資費用

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	須於五年內全數償還之銀行貸款、透支及其他借貸之利息	188	330
Interest on finance leases	融資租約之利息	2	33
		190	363

9. Directors' emoluments

9. 董事酬金

		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Fees:	袍金：		
— Executive directors	— 執行董事	—	—
— Independent non-executive directors	— 獨立非執行董事	100	200
Other emoluments paid to executive directors:	已付予執行董事之其他酬金：		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物利益	1,800	2,007
— Contributions to retirement benefits schemes	— 退休福利計劃供款	31	4
— Discretionary bonus	— 不定額花紅	600	—
		2,531	2,211

The aggregated emoluments of each of the directors fell within the HK\$1,000,000 band for both years.

兩年度每名董事之酬金總額均在1,000,000港元之內。

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

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

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

10. Employees' emoluments

Of the five individuals with highest emoluments of the Group, one (2000: two) was director of the Company, whose emoluments are set out in note 9 above. The emoluments of the remaining four (2000: three) individuals were as follows:

	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Salaries, allowances and benefits in kind	2,441	1,508
Contributions to retirement benefits scheme	41	2
	2,482	1,510

The aggregated emoluments of each these remaining four (2000: three) highest paid individuals fell within the HK\$1,000,000 band for both years.

10. 僱員酬金

於本集團五名最高薪人士中，其中一名(二零零零年：兩名)為本公司董事，彼等之酬金已載於上文附註9。其餘四名(二零零零年：三名)人士之酬金如下：

兩年度內，其餘四名(二零零零年：三名)最高薪人士之酬金總額均在1,000,000港元之內。

11. Taxation credit (charge)

	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Hong Kong Profits Tax		
— current year	—	(4,665)
— overprovision in prior year	—	33
Transfer from (to) deferred taxation (note 24)	2,234	(1,704)
	2,234	(6,336)

11. 稅項抵免(支出)

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

11. Taxation credit (charge) (continued)

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

Hong Kong Profits Tax in year 2000 was calculated at 16% on the estimated assessable profits for that year.

12. Basic and diluted (loss) earnings per share

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

		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
(Loss) profit attributable to shareholders	股東應佔(虧損)溢利	(98,497)	24,029
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	於計算每股基本及攤薄(虧損)盈利時所用之普通股加權平均數	370,828,219	290,778,688

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

The weighted average number of ordinary shares for the year ended 31 December 2000 for the purpose of basic earnings per share has been adjusted for the bonus issue of shares in November 2001.

11. 稅項抵免(支出)(續)

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

二零零零年之香港利得稅乃就年內估計應課稅溢利按稅率16%撥備。

12. 每股基本及攤薄(虧損)盈利

每股基本及攤薄(虧損)盈利乃根據下列數據計算：

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

截至二零零零年十二月三十一日止年度計算每股基本盈利時所用之普通股加權平均數已就二零零一年十一月之紅利發行作出調整。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

13. Property, plant and equipment

13. 物業、廠房及設備

THE GROUP		Leasehold land and buildings	Leasehold improvements	Plant and machinery	Office equipment	Studio and lighting equipment	Motor vehicles	Furniture and fixture	Total
本集團		租賃土地 及樓宇	租賃物業 裝修	廠房及 機器	辦公室 設備	影樓及 燈光設備	汽車	傢俬及 裝置	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
COST OR VALUATION	成本或 估值：								
At 1 January 2001	於二零零零年 一月一日	7,830	1,164	26,662	20,385	7,100	4,614	4,173	71,928
Additions	增購	—	63	535	367	—	—	489	1,454
Deficit on revaluation	重估減值	(1,210)	—	—	—	—	—	—	(1,210)
Disposals	出售	—	—	—	(17,192)	—	(3,959)	(2,528)	(23,679)
At 31 December 2001	於二零零一年 十二月 三十一日	6,620	1,227	27,197	3,560	7,100	655	2,134	48,493
DEPRECIATION	折舊								
At 1 January 2001	於二零零零年 一月一日	—	258	6,065	15,532	462	3,253	2,187	27,757
Charged for the year	本年度費用	151	261	2,108	1,026	1,212	180	346	5,284
Written back on revaluation	重估時 撥回	(151)	—	—	—	—	—	—	(151)
Eliminated on disposals	出售時撇銷	—	—	—	(15,532)	—	(3,200)	(2,181)	(20,913)
At 31 December 2001	於二零零一年 十二月 三十一日	—	519	8,173	1,026	1,674	233	352	11,977
NET BOOK VALUES	賬面淨值								
At 31 December 2001	於二零零一年 十二月 三十一日	6,620	708	19,024	2,534	5,426	422	1,782	36,516
At 31 December 2000	於二零零零年 十二月 三十一日	7,830	906	20,597	4,853	6,638	1,361	1,986	44,171
The analysis of the cost or valuation as at 31 December 2001 of the above assets is as follows:	上述資產於 二零零一年 十二月 三十一日之 成本或估值 分析如下：								
At cost	成本	—	1,227	27,197	3,560	7,100	655	2,134	41,873
At 2001 valuation	二零零一年估值	6,620	—	—	—	—	—	—	6,620
		6,620	1,227	27,197	3,560	7,100	655	2,134	48,493

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

13. Property, plant and equipment (continued)

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

The leasehold land and buildings of the Group were revalued at 31 December 2001 by Adonis Appraised Limited, an independent firm of professional valuers, on an open market existing use basis. The net deficit arising on valuation has been charged to the properties revaluation reserve account.

If the leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation HK\$2,457,000 (2000: HK\$2,528,000).

The aggregate net book value of assets held under a finance lease at 31 December 2001 amounted to HK\$81,000 (2000: HK\$101,000).

13. 物業、廠房及設備 (續)

本集團之租賃土地及樓宇均位於香港，並按中期租約持有。

本集團租賃土地及樓宇於二零零一年十二月三十一日由獨立專業估值師行安迪評值有限公司根據當時用途按公開市值作出重估。重估減值淨額已自物業重估儲備賬扣除。

倘租賃土地及樓宇並無作出重估，則該等土地及樓宇應按歷史成本減累積折舊2,457,000港元(二零零零年：2,528,000港元)計入財務報表。

於二零零一年十二月三十一日，根據融資租約持有之資產賬面淨值總額為81,000港元(二零零零年：101,000港元)。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

14. Interests in subsidiaries

Unlisted shares, at cost	非上市股份成本
Amounts due from subsidiaries	應收附屬公司款項
Allowance for amount due from a subsidiary	應收附屬公司款項撥備

THE COMPANY	
本公司	
2001	2000
二零零一年	二零零零年
HK\$'000	HK\$'000
千港元	千港元
83,553	83,553
206,852	42,072
(69,000)	—
221,405	125,625

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

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

Details of the Company's wholly-owned subsidiaries at 31 December 2001 are as follows:

本公司全資附屬公司於二零零一年十二月三十一日之詳情如下：

Name 公司名稱	Place of incorporation 註冊成立地點	Particulars of issued share capital 已發行股本	Principal activities and place of operation 主要業務及營業地點
Ocean Shores (BVI) Limited	British Virgin Islands 英屬處女群島	1,000 ordinary shares of US\$1 each 1,000股每股面值1美元之普通股	Investment holding in Hong Kong 於香港投資控股
Ocean Shores Distribution Limited 海岸發行有限公司	Hong Kong 香港	1,000,000 ordinary shares of HK\$1 each 1,000,000股每股面值1港元之普通股	Sub-licensing of video programme rights in Hong Kong 於香港轉授影視節目發行權
Ocean Shores Licensing Limited	British Virgin Islands 英屬處女群島	10,000 ordinary shares of US\$1 each 10,000股每股面值1美元之普通股	Sub-licensing of video programme rights outside Hong Kong and Macau 於香港及澳門以外地區轉授影視節目發行權
Ocean Shores Pictures Limited (formerly known as Plexwood Limited) 海岸影畫有限公司 (前稱Plexwood Limited)	British Virgin Islands 英屬處女群島	1 ordinary shares of US\$1 each 1股每股面值1美元之普通股	Investment holding in Hong Kong 於香港投資控股

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

14. Interests in subsidiaries (continued)

14. 附屬公司權益 (續)

Name 公司名稱	Place of incorporation 註冊成立地點	Particulars of issued share capital 已發行股本	Principal activities and place of operation 主要業務及營業地點
Ocean Shores Video Limited 海岸錄影有限公司	Hong Kong 香港	10 ordinary shares of HK\$100 each and 20,000 non-voting deferred shares of HK\$100 each* 10股每股面值100港元 之普通股及20,000股 每股面值100港元之 無投票權遞延股份	Distribution of video programmes, film exhibition, provision of video conversion services in Hong Kong and Macau 於香港及澳門發行影視 節目、電影放映， 並提供影視制式轉換服務
Smart Choice Investments Limited 多彩投資有限公司	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股每股面值1港元 之普通股	Distribution of video programmes, television programmes, and other video features in Hong Kong 於香港發行影視節目、 電視節目、其他特輯及 影視產品

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

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

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

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

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

各附屬公司於年結時或本年度任何時間均無任何尚未贖回之債務證券。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

15. Film rights

15. 電影發行權

THE GROUP
本集團
HK\$'000
千港元

Cost	成本		
At 1 January 2001	二零零一年一月一日		162,114
Additions	添置		9,166
At 31 December 2001	二零零一年十二月三十一日		171,280
Depreciation and impairment	折舊及減值		
At 1 January 2001	二零零一年一月一日		49,018
Charge for the year	本年度費用		5,516
Impairment loss recognised	已確認減值虧損		24,175
At 31 December 2001	二零零一年十二月三十一日		78,709
Carrying amounts	賬面值		
At 31 December 2001	二零零一年十二月三十一日		92,571
At 31 December 2000	二零零零年十二月三十一日		113,096
		2001	2000
		二零零一年	二零零零年
		HK\$'000	HK\$'000
		千港元	千港元
Analysed as:	分析為：		
Non-current portion of film rights	電影發行權之非即期部份	68,418	80,569
Current portion of film rights	電影發行權之即期部份	24,153	32,527
		92,571	113,096

As the price for old titles remained low due to keen competition, the directors reassessed the recoverable amount of the film rights at the balance sheet date. Total impairment loss of approximately HK\$24,175,000 was recognised. In the opinion of the directors, the carrying value of the film rights as at 31 December 2001 represented the net selling price of this asset which was determined by reference to valuations as at 31 December 2001. The valuations were performed by Adonis Appraisal Limited, an independent firm of professional valuers, and were determined based on the present value of the expected future revenue arising from the distribution and sub-licensing of the film rights, which was derived from discounting the projected cash flow by a discount rate. The discount rate used was 22%.

由於舊電影價格在競爭激烈下仍偏低，故董事於結算日重估電影發行權之可收回金額，結果確認約24,175,000港元之減值虧損。董事認為，電影發行權於二零零一年十二月三十一日之賬面值反映該資產之銷售價淨額，乃參考二零零一年十二月三十一日之估值而釐定。估值由獨立專業估值師行安迪評值有限公司進行，乃以發行及轉授電影發行權預期所得日後收益之現值計算，而該現值則以折現率將預計現金流量折現而得出，所使用之折現率為22%。

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16. Other asset

16. 其他資產

		HK\$'000 千港元
COST	成本	
Rights and benefits arising from the licensing agreement with a distributor in the People's Republic of China (the "PRC") acquired on acquisition of subsidiaries and at 31 December 2001	於收購附屬公司時因與所收購中華人民共和國(「中國」)發行商訂立特許權協議而產生及於二零零一年十二月三十一日之權利及利益	152,064
Depreciation and impairment	折舊及減值	
Amortisation charged for the year	年內攤銷	793
Impairment loss recognised	已確認減值虧損	56,864
At 31 December 2001	二零零一年十二月三十一日	57,657
Carrying amount	賬面值	
At 31 December 2001	二零零一年十二月三十一日	<u>94,407</u>

The amortisation period adopted for the other asset is 10 years.

其他資產所採用之攤銷期為10年。

In the opinion of the directors, the carrying value of other asset as at 31 December 2001 represented the net selling price of this asset which was determined by reference to the valuation as set out in the valuation report issued by Adonis Appraisal Limited, an independent firm of professional valuers, dated 22 November 2001. The valuation was determined based on the present value of the expected future revenue arising from the licensing agreement, which was derived from discounting the projected cash flow by a discount rate. The discount rate used was 22%. After making due enquiry, the directors were satisfied that the value at 22 November 2001 was not materially different from that at 31 December 2001.

董事認為，其他資產於二零零一年十二月三十一日之賬面值指有關資產之售價淨額，而該售價淨額乃按獨立專業估值師行安迪評值有限公司於二零零一年十一月二十二日刊發之估值報告所載之估值而計算，而該估值則以折現率將預計現金流量折現所得之預期特許權協議日後收入現值計算。所用之折現率為22%。經諮詢後，董事認為二零零一年十一月二十二日之估值與二零零一年十二月三十一日並無任何重大差異。

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17. Inventories

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Raw materials	原料	596	1,637
Finished goods	製成品	3,244	3,428
		3,840	5,065

Finished goods of HK\$1,921,000 (2000: nil) are carried at net realisable value.

18. Trade receivables

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

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

17. 存貨

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Raw materials	原料	596	1,637
Finished goods	製成品	3,244	3,428
		3,840	5,065

存貨1,921,000港元(二零零零年：無)按可變現淨值入賬。

18. 貿易應收款項

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

於結算日，貿易應收款項之賬齡分析如下：

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
0 – 30 days	零至30日	197	178
31 – 60 days	31至60日	425	1,450
61 – 90 days	61至90日	71	1,968
Over 90 days	90日以上	853	873
		1,546	4,469

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19. Amounts due from related companies

19. 應收及應付關連公司款項

		At 31.12.2001 於二零零一年 十二月三十一日 HK\$'000 千港元	At 1.1.2001 於二零零一年 一月一日 HK\$'000 千港元	Maximum amount outstanding during the year 年內未償還 最高數額 HK\$'000 千港元
THE GROUP	本集團			
China Star Entertainment Limited ("China Star")	中國星集團有限 公司("中國星")	146	—	146
China Star HK Distribution Limited ("CSDL")	中國星香港發行 有限公司 ("CSDL")	44	—	44
		<u>190</u>	<u>—</u>	

Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are directors of and have beneficial interests in these two companies.

向華強先生及陳明英女士均為董事，並於該兩間公司擁有實際權益。

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

該等款項為無抵押及免息，且無固定還款期。

20. Trade payables

20. 貿易應付款項

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

於結算日，貿易應付款項之賬齡分析如下：

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
0 – 30 days	零至30日	156	—
31 – 60 days	31至60日	17	329
61 – 90 days	61至90日	—	141
Over 90 days	90日以上	31	—
		<u>204</u>	<u>470</u>

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21. Obligations under a finance lease

21. 融資租約承擔

	Minimum lease payments 最低租金		Present value of lease payments 租金現值	
	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Amounts payable under a finance lease:	根據融資租約應付之金額：			
Within one year	26	27	23	23
In the second to fifth year inclusive	60	84	55	78
	86	111	78	101
Less: Future finance charges	8	10	—	—
Present value of lease obligations	78	101	78	101
Less: Amount due for payment within one year			(23)	(23)
Amount due for payment after one year			55	78

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

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

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

本公司之融資租約承擔均以出租人之租賃資產作為抵押。

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22. Share capital

22. 股本

		Number of shares	Amount
		股數	金額
		'000	HK\$'000
		千股	千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股		
Authorised:	法定股本：		
At 1 January 2000	二零零零年一月一日	1,000	100
Increase in authorised share capital (note a)	法定股本增加(註a)	999,000	99,900
At 31 December 2000 and at 31 December 2001	二零零零年十二月三十一日及 二零零一年十二月三十一日	<u>1,000,000</u>	<u>100,000</u>
Issued and fully paid:	已發行及繳足股本：		
At 1 January 2000	二零零零年一月一日	1,000	—
1,000,000 shares issued on 5 November 1999 credited as fully paid (note a)	1,000,000股入賬列為 繳足股份(註a)	—	100
Issue of shares by capitalisation of capital reserve account (note a)	將資本儲備賬撥充資本而 發行股份(註a)	1,000	100
Issue of shares by public offer (note b)	以公開發售方式發行股份(註b)	37,500	3,750
Issue of shares by capitalisation of share premium account (note c)	將股份溢價賬撥充資本而 發行股份(註c)	110,500	11,050
At 31 December 2000 and at 1 January 2001	二零零零年十二月三十一日及 二零零一年一月一日	150,000	15,000
Exercise of share options (note d)	行使購股權(註d)	15,000	1,500
Subscription of shares (note e)	認購股份(註e)	33,000	3,300
Bonus issue of shares (note f)	發行紅股(註f)	198,000	19,800
Issued of shares as consideration for acquisition of subsidiaries (note g)	為支付收購附屬公司代價而 發行股份(註g)	79,200	7,920
At 31 December 2001	二零零一年十二月三十一日	<u>475,200</u>	<u>47,520</u>

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22. Share capital (continued)

Notes:

- (a) Pursuant to written resolutions of sole shareholder of the Company passed on 19 January 2000, the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000,000 by the creation of an additional 999,000,000 shares of HK\$0.10 each. On the same date, 1,000,000 shares of HK\$0.10 each of the Company were issued at par and credited as fully paid. The 1,000,000 shares previously issued nil paid on 5 November 1999 were also credited as fully paid at par.

The then shareholders of Ocean Shores (BVI) Limited exchanged their shares in Ocean Shores (BVI) Limited for these 2,000,000 shares of the Company. As a result, the proportion of their shareholding interests in the Company after the share exchange was the same as that of their shareholding interests in Ocean Shores (BVI) Limited before the share exchange.

- (b) On 15 February 2000, 37,500,000 ordinary shares of HK\$0.10 each were issued for cash to the public at HK\$1.33 per share (the "New Issue"). The excess of the New Issue proceeds over the par value of the shares issued was credited to the share premium account of the Company.
- (c) On 15 February 2000, 110,500,000 ordinary shares of HK\$0.10 each were issued and allotted as fully paid at par to the shareholders whose names appeared on the register of members of the Company as at the close of business on 19 January 2000 in proportion to their then respective shareholdings in the Company by way of capitalisation of a sum of HK\$11,050,000 out of the share premium account of the Company.

22. 股本 (續)

註：

- (a) 根據本公司唯一股東於二零零零年一月十九日通過之書面決議案，本公司增設999,000,000股每股面值0.10港元之股份，將法定股本由100,000港元增至100,000,000港元。同日，本公司按面值發行1,000,000股每股面值0.10港元之入賬列為繳足股份。於一九九九年十一月五日以前未繳股款方式發行之1,000,000股股份亦已按面值入賬列為繳足。

Ocean Shores (BVI) Limited當時之股東將所持之Ocean Shores (BVI) Limited股份交換2,000,000股本公司股份。因此，彼等於換股後所持之本公司股權比例與彼等於換股前所持有之Ocean Shores (BVI) Limited股權比例相同。

- (b) 二零零零年二月十五日，本公司按每股1.33港元之價格向公眾人士發行37,500,000股每股面值0.10港元之普通股以換取現金（「發行新股」）。發行新股所得款項超逾已發行股份面值之差額已撥入本公司之股份溢價賬。
- (c) 二零零零年二月十五日，本公司將股份溢價賬於發售新股後出現之進賬11,050,000港元撥充資本，按面值向二零零零年一月十九日辦公時間結束時名列本公司股東名冊之股東，就彼等當時各自所持本公司股權比例發行及配發110,500,000股每股面值0.10港元之繳足普通股。

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22. Share capital (continued)

Notes: (continued)

- (d) During the year, 15,000,000 share options were granted and exercised as follows:

Date of exercise	行使日期	Exercise price per share 每股行使價 HK\$ 港元	Number of shares 股份數目	Total cash consideration before expenses 未扣除開支之 現金總代價 HK\$ 港元
12 February 2001	二零零一年二月十二日	0.3610	6,000,000	2,166,000
10 April 2001	二零零一年四月十日	0.3610	1,000,000	361,000
12 April 2001	二零零一年四月十二日	0.3610	3,000,000	1,083,000
17 April 2001	二零零一年四月十七日	0.5488	1,500,000	823,200
20 April 2001	二零零一年四月二十日	0.6240	500,000	312,000
29 May 2001	二零零一年五月二十九日	0.9776	1,500,000	1,466,400
4 June 2001	二零零一年六月四日	0.9936	1,500,000	1,490,400
			15,000,000	7,702,000

No share options were outstanding as at 31 December 2001.

22. 股本 (續)

註：(續)

- (d) 年內，15,000,000份已授出及行使之購股權如下：

二零零一年十二月三十一日，並無尚未行使之購股權。

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22. Share capital (continued)

Notes: (continued)

- (e) In October 2001, the Company issued 33,000,000 new shares of HK\$0.1 each to Classical Statue Limited, a wholly-owned subsidiary of China Star, the substantial shareholder of the Company, at a price of HK\$1 per share, which represented a discount of approximately 16.67% to the closing market price of HK\$1.2 per share on 28 September 2001. The proceeds were used as working capital by the Company. These shares rank pari passu with other shares in issue in all respects. Details of this transaction are set out in the Company's announcement dated 4 October 2001.
- (f) In November 2001, the Company issued one bonus share for every share held by the shareholders whose names appeared on the register of members of the Company at the close of business on 31 October 2001. An aggregate of 19,800,000 bonus shares were issued and credited as fully paid at par by capitalisation of a sum of HK\$19,800,000 of the share premium account. Details of this transaction are set out in the Company's announcement dated 4 October 2001.
- (g) In November 2001, the Group acquired the entire issued share capital of Plexwood Limited (now re-named Ocean Shores Pictures Limited) by issue of 79,200,000 new ordinary shares of HK\$0.10 each in the Company. The total market value of the shares issued by the Company on the date of acquisition was HK\$152,064,000. These shares rank pari passu with other shares in issue in all respects. Details of this transaction are set out in the Company's circular dated 7 December 2001.

22. 股本 (續)

註：(續)

- (e) 二零零一年十月，本公司向本公司主要股東中國星之全資附屬公司Classical Statue Limited發行33,000,000股每股面值0.1港元之新股，每股作價1港元，較股份於二零零一年九月二十八日之收市價每股1.2港元折讓約16.67%。所得款項均已用作本公司之營運資金。該等股份在各方面均與其他已發行股份享有同等權利。上述交易之詳情載於本公司於二零零一年十月四日刊發之公佈。
- (f) 二零零一年十一月，本公司按二零零一年十月三十一日辦公時間結束時名列本公司股東名冊之股東所持每股份可獲發一股紅股之比例發行紅股。本公司將股份溢價賬19,800,000港元撥充資本，按面值發行合共19,800,000股入賬列為繳足紅股。上述交易之詳情載於本公司於二零零一年十月四日刊發之公佈。
- (g) 二零零一年十一月，本集團發行79,200,000股每股面值0.10港元本公司新普通股，以收購海岸影畫有限公司全部已發行股本。該等由本公司發行之股份於收購當日之總市值為152,064,000港元。該等股份在各方面均與其他已發行股份享有同等權利。上述交易之詳情載於本公司於二零零一年十二月七日刊發之通函。

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23. Reserves

23. 儲備

		Share premium 股份溢價 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Properties revaluation reserve 物業 重估儲備 HK\$'000 千港元	Retained profits (Accumulated losses) 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE GROUP	本集團					
At 1 January 2000	二零零零年一月一日	—	16,079	6,304	61,170	83,553
Revaluation surplus on leasehold land and buildings	租賃土地及 樓宇重估增值	—	—	280	—	280
Capital reserve arising from additional consideration received from previous issue of shares by a subsidiary	附屬公司上年度 發行股份已 收額外代價 所產生之 資本儲備	—	3,955	—	—	3,955
Capitalisation (note 22(a))	資本化發行 (附註22(a))	—	(200)	—	—	(200)
Share issue expenses	發行股份開支	(7,840)	—	—	—	(7,840)
Issue of shares by public offer (note 22(b))	根據公開發售發行 股份，已扣除有關 開支 (附註22(b))	46,125	—	—	—	46,125
Capitalisation (note 22(c))	資本化發行 (附註22(c))	(11,050)	—	—	—	(11,050)
Profit for the year	本年度溢利	—	—	—	24,029	24,029
At 31 December 2000 and at 1 January 2001	二零零零年 十二月三十一日及 二零零一年一月一日	27,235	19,834	6,584	85,199	138,852
Revaluation deficit on leasehold land and buildings	租賃土地及 樓宇重估減值	—	—	(1,059)	—	(1,059)
Share issue expenses	發行股份開支	(799)	—	—	—	(799)
Exercise of share options (note 22(d))	行使購股權 (附註22(d))	6,202	—	—	—	6,202
Subscription of shares (note 22(e))	認購股份 (附註22(e))	29,700	—	—	—	29,700
Capitalisation (note 22(f))	資本化發行 (附註22(f))	(19,800)	—	—	—	(19,800)
Issue of shares as consideration for acquisition of subsidiaries (note 22(g))	於收購附屬公司 時發行股份作為代價 (附註22(g))	144,144	—	—	—	144,144
Loss for the year	本年度虧損	—	—	—	(98,497)	(98,497)
At 31 December 2001	二零零一年十二月三十一日	<u>186,682</u>	<u>19,834</u>	<u>5,525</u>	<u>(13,298)</u>	<u>198,743</u>

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23. Reserves (continued)

23. 儲備 (續)

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE COMPANY	本公司				
At 1 January 2000	二零零零年一月一日	—	—	—	—
Shares issued in exchange for shares of a subsidiary (note 22(a))	為交換附屬公司 股份而發行股份 (附註22(a))	—	83,353	—	83,353
Share issue expenses	發行股份開支	(7,840)	—	—	(7,840)
Issue of shares by public offer (note 22(b))	根據公開發售發行股份， 已扣除有關開支(附註22(b))	46,125	—	—	46,125
Capitalisation (note 22(c))	資本化發行(附註22(c))	(11,050)	—	—	(11,050)
Loss for the year	本年度虧損	—	—	(201)	(201)
At 31 December 2000 and at 1 January 2001	二零零零年十二月三十一日 及二零零一年一月一日	27,235	83,353	(201)	110,387
Share issue expenses	發行股份開支	(799)	—	—	(799)
Exercise of share options (note 22(d))	行使購股權 (附註22(d))	6,202	—	—	6,202
Subscription of shares (note 22(e))	認購股份 (附註22(e))	29,700	—	—	29,700
Capitalisation (note 22(f))	資本化發行(附註22(f))	(19,800)	—	—	(19,800)
Issue of shares as consideration for acquisition of subsidiaries (note 22(g))	於收購附屬公司 時發行股份 作為代價 (附註22(g))	144,144	—	—	144,144
Loss for the year	本年度虧損	—	—	(71,455)	(71,455)
At 31 December 2001	二零零一年十二月三十一日	<u>186,682</u>	<u>83,353</u>	<u>(71,656)</u>	<u>198,379</u>

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

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

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For the year ended 31 December 2001
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23. Reserves (continued)

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

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

23. 儲備 (續)

根據百慕達一九八一年公司法(修訂本)，倘有理由相信出現下列情況，則實繳盈餘不得分派予股東：

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

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24. Deferred taxation

24. 遞延稅項

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
At 1 January	一月一日	4,907	3,203
Transfer (to) from income statement (note 11)	轉撥(往)自收益表(附註11)	(2,234)	1,704
At 31 December	十二月三十一日	2,673	4,907

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

於結算日，已撥備遞延稅項資產(負債)包括下列各項：

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Tax effect of timing difference because of:	下列時差之稅務影響：		
Excess of tax allowance over depreciation	免稅額超逾折舊之差額	4,109	4,907
Estimated tax losses	估計稅務虧損	(1,436)	—
		2,673	4,907

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

於結算日，並無任何重大未撥備遞延稅項。

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

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

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25. Reconciliation of (loss) profit before taxation to net cash outflow from operating activities

25. 除稅前(虧損)溢利與經營業務之現金流出淨額之對賬

		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
(Loss) profit before taxation	除稅前(虧損)溢利	(100,731)	30,365
Interest income	利息收入	(317)	(1,080)
Interest expenses	利息開支	190	363
Amortisation of film rights	電影發行權攤銷	5,516	25,402
Amortisation of other asset	其他資產攤銷	793	—
Depreciation	折舊	5,284	4,145
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	1,900	—
Impairment loss recognised on other asset	其他資產之已確認減值虧損	56,864	—
Impairment loss recognised on film rights	已確認電影發行權減值虧損	24,175	—
Allowance for bad and doubtful debts	呆壞賬撥備	4,847	—
Allowance for inventories obsolescence	陳舊存貨撥備	1,034	—
Additions of film rights	添置電影發行權	(9,166)	(60,198)
Decrease (increase) in inventories	存貨減少(增加)	191	(2,095)
Increase in film rights deposits	電影發行權按金增加	(4,184)	(9,035)
Increase in trade receivables	貿易應收款項增加	(1,924)	(1,616)
Decrease (increase) in other receivables, prepayments and deposits	其他應收款項、預付款項及按金減少(增加)	6,568	(1,574)
Increase in amounts due from related companies	應收關連公司款項增加	(190)	—
Decrease in trade payables	貿易應付款項減少	(266)	(221)
Decrease in other payables and accruals	其他應付款項及應計費用減少	(1,816)	(957)
(Decrease) increase in receipt in advance	預收款項(減少)增加	(10,268)	9,822
Net cash outflow from operating activities	經營業務之現金流出淨額	(21,500)	(6,679)

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財務報表附註

For the year ended 31 December 2001
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26. Acquisition of subsidiaries

26. 收購附屬公司

		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
NET ASSET ACQUIRED	所收購資產		
Rights and benefits arising from the licensing agreement with a distributor in the PRC:	與中國一間發行商訂立特許權協議所產生之權利及利益：	152,064	—
SATISFIED BY	支付方式		
Shares allotted	配發股份	152,064	—

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

自收購以來，附屬公司並無為本集團於本年度之現金流量、營業額及股東應佔綜合純利帶來任何重大貢獻。收購之詳情載於本公司於二零零一年十二月七日發出之通函。

27. Analysis of changes in financing during the year

27. 年內融資變動分析

		Share capital including share premium 股本(包括溢價) HK\$'000 千港元	Bank loans 銀行貸款 HK\$'000 千港元	Obligations under a finance lease 融資租約承擔 HK\$'000 千港元
At 1 January 2000	二零零零一月一日	—	10,486	1,318
Issue of shares up to completion of the group reorganisation	完成集團重組前發行股份	200	—	—
Issue of shares after the group reorganisation	集團重組後發行股份	49,875	—	—
Expenses incurred in connection with the issue of shares	發行股份開支	(7,840)	—	—
Repayment of bank loans	償還銀行貸款	—	(10,486)	—
Inception of a finance lease	訂立融資租約	—	—	117
Payment of capital element of finance lease	支付融資租約之資本部份	—	—	(1,334)
At 31 December 2000 and at 1 January 2001	二零零零年十二月三十一日及二零零一年一月一日	42,235	—	101
Issue of shares	發行股份	40,702	—	—
Issue of shares for acquisition of subsidiaries (note 22(g))	為收購附屬公司而發行股份(附註22(g))	152,064	—	—
Expenses incurred in connection with the issue of shares	發行股份開支	(799)	—	—
Payment of capital element of finance lease	支付融資租約之資本部份	—	—	(23)
At 31 December 2001	二零零一年十二月三十一日	234,202	—	78

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For the year ended 31 December 2001
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28. Major non cash transactions

On 26 November 2001, the Group acquired the entire issued share capital of Plexwood Limited (now re-named Ocean Shores Pictures Limited) by issue 79,200,000 new ordinary shares of HK\$0.10 each in the Company. The total market value of the shares issued by the Company on the date of acquisition was HK\$152,064,000.

For the year ended 31 December 2000, the Group entered into a finance lease in respect of assets with a total capital value of the inception of the finance lease of approximately HK\$117,000.

29. Pledge of assets

At 31 December 2000, the Group's banking facilities utilised of approximately HK\$2,402,000 were secured by certain of the Group's leasehold land and buildings located in Hong Kong with a total net book value of HK\$7,580,000. During the year ended 31 December 2001, the banking facilities expired and the pledge was released.

28. 主要非現金交易

二零零一年十一月二十六日，本集團發行79,200,000股每股面值0.10港元本公司新普通股，以收購Plexwood Limited(現已易名為海岸影畫有限公司)全部已發行股本。該等由本公司發行之股份於收購當日之總市值為152,064,000港元。

截至二零零零年十二月三十一日止年度，本集團就若干資產訂立融資租約，該等資產於融資租約開始時之資本總值約為117,000港元。

29. 資產抵押

二零零零年十二月三十一日，本集團已使用之銀行信貸約2,402,000港元，以本集團若干賬面淨值合共7,580,000港元之租賃土地及樓宇作為抵押。截至二零零一年十二月三十一日止年度，該等銀行信貸均已屆滿，而有關抵押亦已解除。

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30. Commitments

(a) Lease commitments

At 31 December 2001, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Within one year	一年內	815	815
In the second to fifth year inclusive	於第二至五年(包括首尾兩年)	204	1,019
		1,019	1,834

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

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

(b) Other commitments

At 31 December 2001, the Group had commitments contracted but not provided for in the financial statements in respect of purchase of film rights amounting to HK\$9,928,000 (2000: HK\$10,276,000).

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

30. 承擔

(a) 租約承擔

二零零一年十二月三十一日，本集團根據於下列期限屆滿之土地及樓宇不可撤回經營租約之日後最低租金承擔如下：

		THE GROUP 本集團	
		2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元
Within one year	一年內	815	815
In the second to fifth year inclusive	於第二至五年(包括首尾兩年)	204	1,019
		1,019	1,834

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

於結算日，本公司並無任何租賃承擔。

(b) 其他承擔

二零零一年十二月三十一日，本集團就收購電影發行權有已訂約但未撥備之承擔9,928,000港元(二零零零年：10,276,000港元)。

於結算日，本公司並無其他承擔。

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31. Related party transactions

- (a) In July 2001, Mr. Hung Leung Tak, Jackson (a former director of the Company and resigned on 31 August 2001) acquired motor vehicles with a total net book value of approximately HK\$753,000 and a club membership with a carrying amount of approximately HK\$300,000 from the Group at a consideration of HK\$700,000 and HK\$300,000 respectively.
- (b) In October 2001, the Company issued 33,000,000 new shares of HK\$0.1 each to Classical Statue Limited, a wholly-owned subsidiary of China Star, at a price of HK\$1 per share, which represented a discount of approximately 16.67% to the closing market price of HK\$1.2 per share on 28 September 2001. Details of this transaction are set out in the Company's announcement dated 4 October 2001.
- (c) On 29 November 2001, the Group entered into agreements with CSDL and China Star International Distribution Limited ("CSID") respectively, pursuant to which both companies agreed to grant to the Group the exclusive right which included the theatrical rights, video rights and other medium rights (except internet rights) of three movie titles for a total consideration of HK\$9,100,000. The consideration was determined at a price agreed between the parties. At the balance sheet date, the Group paid a deposit of HK\$2,730,000 pursuant to the terms of agreements. Details of this transaction are set out in the Company's announcement dated 30 November 2001. Both CSDL and CSID are wholly-owned subsidiaries of China Star.
- (d) During the year, the Group received the following amounts from related companies:

31. 有關連人士交易

- (a) 二零零一年七月，洪良德先生(本公司前任董事，已於二零零一年八月三十一日辭任)分別以代價700,000港元及300,000港元向本集團收購賬面淨值合共約753,000港元之汽車及賬面值約300,000港元之會籍。
- (b) 二零零一年十月，本公司按每股1港元之價格向中國星之全資附屬公司 Classical Statue Limited 發行 33,000,000 股每股面值 0.1 港元之新股，有關價格較每股股份於二零零一年九月二十八日之收市價 1.2 港元折讓約 16.67%。上述交易之詳情載於本公司於二零零一年十月四日刊發之公佈。
- (c) 二零零一年十一月二十九日，本集團分別與中國星香港發行有限公司及 China Star International Distribution Limited (「CSID」) 訂立協議，該等公司均同意向本集團授出三套電影之獨家影院放映權、錄像發行權及其他媒介放映權(互聯網放映權除外)，總代價為 9,100,000 港元。該代價由各訂約方協定。於結算日，本集團已根據該等協議之條款支付按金 2,730,000 港元。上述交易之詳情載於本公司於二零零一年十一月三十日刊發之公佈。該等公司均為中國星之全資附屬公司。
- (d) 年內，本集團向有關連公司收取以下數額：



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31. Related party transactions (continued)

Name of Company 公司名稱	Nature 性質
China Star 中國星	Rental income (Note i) 租金收入 (附註i)
CSDL 中國星香港發行有限公司	Rental income (Note i) 租金收入 (附註i)
China Star HK Entertainment Company Limited 中國星香港娛樂有限公司	Proceeds from sales of property, plant and equipment (Note ii) 出售物業、廠房及設備 (附註ii)
China Star Pictures Limited 中國星影畫有限公司	Sub-licensing fee (Note iii) 轉授發行權之款項 (附註iii)

China Star HK Entertainment Limited and China Star Pictures Limited are wholly-owned subsidiaries of China Star.

Note:

- (i) Rental income was received and receivable by the Group for the use of certain studio and lighting equipment. The prices were similar to the prices offered to other customers.
- (ii) The Group sold these assets at their carrying amount.
- (iii) The Group received in advance 50% future sub-licensing proceeds for video programme rights of 14 films. The consideration was determined at a price agreed between the parties. The deposit was refunded during the year ended 31 December 2001 as the agreement was cancelled.

- (e) Details of amounts due from related companies are set out in note 19.

31. 有關連人士交易 (續)

THE GROUP 本集團	
2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元

361 213

44 —

— 900

— 10,000

中國星香港娛樂有限公司及中國星影畫有限公司為中國星之全資擁有附屬公司。

註：

- (i) 本集團因租用人使用若干影樓及燈光設備而取得及應收取租金收入。該等價格與向其他客戶收取之價格相若。
- (ii) 本集團按面值出售該等資產。
- (iii) 本集團預先收取日後轉授14套電影之影視節目發行權之所得款項50%。該代價乃按各方協定之價格釐定。按金已於截至二零零一年十二月三十一日止年度取消協議時退回。

- (e) 應收關連公司賬款之詳情載於附註19。

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32. Post balance sheet events

On 11 February 2002, the Company announced the following transactions:

- (a) On 5 February 2002, the Group entered into an agreement with Gainful Fortune Limited (“Gainful Fortune”) under which the Group conditionally agreed to grant to Gainful Fortune the hotel and intranet distribution rights in respect of an aggregate of up to 300 pictures in the PRC for a term of not less than 6 months from the commencement date of the respective licence agreements for a total consideration of HK\$80,000,000. The consideration was satisfied by the issue of convertible notes by Gainful Fortune to the Group with principal amount of HK\$80,000,000.

The convertible notes bear interest at 1% per annum which will be payable yearly in arrears. The maturity of the convertible notes is three years from the date of the issue of the convertible notes. However, between the issue date and maturity, only Gainful Fortune has the right to redeem whole or any part of the convertible notes. The convertible notes carry the right to convert the whole of the outstanding principal amount of the convertible notes into Gainful Fortune’s shares at a conversion price of HK\$4 (subject to adjustment) per share on the maturity date. However, the holder of the convertible notes may convert the convertible notes with the consent of Gainful Fortune.

32. 結算日後事項

二零零二年二月十一日，本公司公佈下列交易：

- (a) 二零零二年二月五日，本集團與 Gainful Fortune Limited (「Gainful Fortune」) 訂立協議，本集團有條件同意向 Gainful Fortune 授出有關最多達 300 套影片之中國酒店及內聯網發行權，有效期不少於自有關特許權協議開始生效當日起計 6 個月，總代價為 80,000,000 港元。該代價以 Gainful Fortune 向本集團發出本金額為 80,000,000 港元之可換股票據支付。

可換股票據須按年息率 1 厘支付利息，須每年支付前期利息。可換股票據由發行可換股票據日期起計三年到期。然而，於發行期及到期日間，僅 Gainful Fortune 有權贖回全部或部份可換股票據。可換股票據附有權利，可於到期日按兌換價每股 4 港元（或會調整）將可換股票據之未贖回本金額兌換為 Gainful Fortune 股份。然而，可換股票據持有人兌換可換股票據須獲 Gainful Fortune 同意。

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32. Post balance sheet events (continued)

- (b) On 5 February 2002, the Group and Gainful Fortune entered into a sale and purchase agreement pursuant to which the Group conditionally agreed to sell to Gainful Fortune the entire issued capital of Ocean Shores Licensing Limited for an aggregate consideration of HK\$80,000,000. The consideration was satisfied by the issue of convertible notes by Gainful Fortune to the Group with principal amount of HK\$80,000,000. Upon completion of the sale and purchase agreement, the Group acquired a 40% interest in Gainful Fortune at the par value of HK\$1 each for such number of shares (being not more than 1,000) issued by Gainful Fortune to the Group.

The convertible note bears interest at 1% per annum which will be payable yearly in arrears. The maturity of the convertible notes is three years from the date of the issue of the convertible notes. However, between the issue date and maturity, only Gainful Fortune has the right to redeem whole or any part of the convertible notes. The convertible notes carry the right to convert the whole of the outstanding principal amount of the convertible notes into Gainful Fortune's shares at a conversion price of HK\$4 (subject to adjustment) per share on the maturity date. However, the holder of the convertible notes may convert the convertible notes with the consent of Gainful Fortune.

32. 結算日後事項 (續)

- (b) 二零零二年二月五日，本集團與 Gainful Fortune 訂立買賣協議，本集團有條件同意向 Gainful Fortune 出售 Ocean Shores Licensing Limited 全部已發行股本，總代價為 80,000,000 港元。該代價以 Gainful Fortune 向本集團發出本金額為 80,000,000 港元之可換股票據支付。於完成買賣協議後，本集團按面值每股 1 港元收購 Gainful Fortune 40% 股權 (但發行股份不多於 1,000 股)。

可換股票據須按年息率 1 厘支付利息，須每年支付前期利息。可換股票據由發行可換股票據日期起計三年到期。然而，於發行期及到期日間，僅 Gainful Fortune 有權贖回全部或部份可換股票據。可換股票據附有權利，可於到期日按兌換價每股 4 港元 (或會調整) 將可換股票據之未贖回本金額兌換為 Gainful Fortune 股份。然而，可換股票據持有人兌換可換股票據須獲 Gainful Fortune 同意。

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32. Post balance sheet events (continued)

- (c) On 5 February 2002, the Group and CSID entered into a licensing agreement pursuant to which CSID conditionally agreed to grant to the Group the licensing rights in the PRC (except Hong Kong, Macau and Taiwan) and Mongolia in respect of 116 movies for a term of 10 years from the date of completion of the licensing agreement at a total consideration of HK\$33,800,000. The consideration was determined based on the valuation report prepared by Adonis Appraisal Limited, an independent firm of professional valuers, dated 31 January 2002. The consideration would be settled by the issue of convertible notes with principal amount of HK\$33,800,000 by the Company.

The convertible notes bear interest at 1% per annum which will be payable semi-annually in arrears. The convertible notes will mature on three years from the date of the issue of the convertible notes and are redeemable only on the maturity date. The convertible notes carry the right at any time between the issue date and maturity to convert the whole or any part of the outstanding principal amount of the convertible notes into the Company's share at a conversion price of HK\$4 (subject to adjustment) per share.

- (d) On 5 February 2002, the Group and CSID entered into a territory supply agreement whereby CSID conditionally agreed to, during the term of three years from completion of the territory supply agreement, grant in favour of the Group a first right of refusal to acquire the exclusive distribution rights in respect of each film in the PRC (except Hong Kong, Macau and Taiwan) and Mongolia ("Distribution Rights").

32. 結算日後事項 (續)

- (c) 二零零二年二月五日，本集團與CSID訂立特許權協議，CSID有條件同意自特許權協議完成日期起計10年內，向本集團授出116套電影在中國（香港、澳門及台灣除外）及蒙古之特許權，總代價為33,800,000港元。代價乃按獨立專業估值師行安迪評值有限公司於二零零二年一月三十日編製之估值計算。該代價以海岸集團有限公司發行本金額為33,800,000港元之可換股票據支付。

可換股票據須按年息率1厘支付利息，須每半年支付前期利息。可換股票據由發行可換股票據日期起計三年到期及僅於到期日可予贖回。可換股票據附有權利，可於發行日至到期日間隨時按兌換價每股4港元（或會調整）將可換股票據之全部或部份未贖回本金額兌換為本公司股份。

- (d) 二零零二年二月五日，本集團與CSID訂立地區供應協議，CSID有條件同意自地區供應協議完成日期起計三年內，向本集團授出優先購買權以購買每部電影在中國（香港、澳門及台灣除外）及蒙古之獨家發行權（「發行權」）。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2001
截至二零零一年十二月三十一日止年度

32. Post balance sheet events (continued)

Pursuant to the territory supply agreement, the Group shall pay an amount of HK\$5,000,000 to CSID as a deposit for the grant of the first right of refusal to acquire the Distribution Rights and as security for the licence fees payable under the territory distribution agreements to be entered into. If the Group elects to acquire the Distribution Rights, a territory distribution agreement in respect of the film will be entered into pursuant to which the Group shall pay a licence fee in respect of each film calculated by reference to its grading, ranging between HK\$200,000 for a grade C film (cost of production not more than HK\$5,000,000) to HK\$1,000,000 for a grade A++ film (cost of production of at least HK\$30,000,000). The territory distribution rights in respect of a film will be for a period of 10 years.

The transactions (a) and (b) were approved by the shareholders and the transactions (c) and (d) were approved by the independent shareholders in a special general meeting held on 8 April 2002.

32. 結算日後事項 (續)

根據地區供應協議，本集團須向CSID支付5,000,000港元之按金，以取得購買發行權之優先購買權，並作為將予訂立之地區發行協議之特許費用保證金。倘本集團選擇購買發行權，則須就電影訂立地區發行協議。而根據地區發行協議，本集團須就每套電影支付按照電影級別計算之特許費用，由C級電影(製作成本不超過5,000,000港元)之200,000港元至A++級電影(製作成本超過30,000,000港元)之1,000,000港元不等。每套電影之地區發行權為10年。

於二零零二年四月八日舉行之股東特別大會上，第(a)及(b)項交易由股東批准，而(c)及(d)項交易則由獨立股東批准。