

1. GENERAL

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

The principal activities of the Group are distribution of films, sub-licensing films rights, sale of advertising rights for advertisements placing on video products and videos, and investments in securities.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants, (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "New HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these New HKFRSs in the financial statements for the year ended 31st December 2004.

The Group has commenced considering the potential impact of these New HKFRSs. Based on management's preliminary assessment, the adoption of HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets" in the accounting period beginning on 1st January 2005 will result in cessation of amortisation of goodwill to the income statement. Pursuant to HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", goodwill is to be recognised as an asset and reviewed for impairment at least annually and any impairment is recognised immediately in the income statement while the Group's current policy is to amortise goodwill on a straight-line basis over its useful economic life and reviewed for impairment if there are indicators of impairment at the year end. During the year ended 31st December 2004, the amortisation of goodwill charged to the income statement amounted to approximately HK\$3,953,000.

The Group is still considering the potential impact of other New HKFRSs but is not yet in a position to determine whether other New HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. Other New HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

1. 一般資料

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

本集團之主要業務為發行電影、轉授電影發行權、銷售於影視產品及影帶播放廣告之廣告權以及證券投資。

2. 最近頒佈之會計準則所產生之潛在影響

於二零零四年，香港會計師公會（「會計師公會」）頒佈多項新訂或經修訂之香港會計準則（「會計準則」）及香港財務報告準則（「財務報告準則」）（以下簡稱「新財務報告準則」），由二零零五年一月一日或之後開始之會計期間生效。本集團並無在截至二零零四年十二月三十一日止年度之財務報表提前採納該等新財務報告準則。

本集團已開始研究該等新財務報告準則之潛在影響。根據管理層之初步評估，由二零零五年一月一日開始之會計期間起採納財務報告準則第3條「業務合併」及會計準則第36條「資產減值」將導致商譽不再於收益表攤銷。根據財務報告準則第3條「業務合併」及會計準則第36條「資產減值」，商譽將確認為資產及最少每年檢討減值，任何減值乃即時於收益表確認，而本集團現行之政策是將商譽以直線法按其可用經濟年期攤銷，及如在年結時有減值跡象則檢討減值。於截至二零零四年十二月三十一日止年度，自收益表扣除之商譽攤銷約為3,953,000港元。

本集團仍在研究其他新財務報告準則之潛在影響，暫未能確定該等其他新財務報告準則會否對其經營業績及財政狀況之編製及呈列構成重大影響。其他新財務報告準則可能會改變日後業績及財政狀況之編製及呈列方式。

### 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 investments in securities and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

#### **Basis of consolidation**

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

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

#### **Revenue recognition**

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

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

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

Proceeds from trading of securities are recognised when sale and purchase contracts became unconditional.

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

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

### 3. 主要會計政策

財務報表乃根據香港公認會計原則以歷史成本常規法編製，並已就租賃土地及樓宇以及證券投資之重估作出調整。所採用之主要會計政策如下：

#### **綜合基準**

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日之財務報表。

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

#### **收益確認**

發行電影所得收益於影視產品或電影母帶材料付運予客戶及所有權轉移時入賬。

轉授電影發行權所得收益在將電影母帶材料付運予客戶時入賬。

銷售廣告權之收益乃於確立收款權利時入賬。

證券買賣所得款項乃於買賣合約變得無條件時入賬。

投資之股息收入乃於股東可獲派息之權利確立時入賬。

利息收入乃根據尚未償還本金額及有關利率按時間比例入賬。

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

*(Continued)***Impairment**

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

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

**Taxation**

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

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

**減值**

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

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

**稅項**

所得稅開支指現時應付稅項及遞延稅項。

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

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

*(Continued)***Taxation** *(Continued)*

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is 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.

**Property, plant and equipment**

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

**稅項 (續)**

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

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

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

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

**物業、廠房及設備**

物業、廠房及設備乃按成本或估值減累計折舊與攤銷以及任何累計減值虧損入賬。

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 accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

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

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

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

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

3. 主要會計政策 (續)

**物業、廠房及設備** (續)

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

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

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

租賃土地	按租約剩餘年期
樓宇	以直線法按2%
租賃物業裝修	以餘額遞減法按33.3%
辦公室設備	以餘額遞減法按20%
汽車	以餘額遞減法按20%
傢俬及裝置	以餘額遞減法按15%

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。

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

*(Continued)***Film rights**

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

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

The portion of film rights expected to be amortised within twelve months from the balance sheet date is reported as a current asset. The portion of film rights expected not to be amortised within twelve months from the balance sheet date is reported as a non-current asset.

**Investments in subsidiaries**

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

**Other asset**

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

**Goodwill**

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

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

**Interests in associates**

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

**電影發行權**

電影發行權按成本減累計攤銷及任何累計減值虧損入賬。電影發行權指複製與發行電影之權利及轉授電影發行權。

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

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

**附屬公司投資**

對附屬公司之投資乃按成本減任何已確定減值虧損計入本公司資產負債表。

**其他資產**

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

**商譽**

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

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

**聯營公司權益**

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



**3. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***Interests in associates** *(Continued)*

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

**Club memberships**

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

**Inventories**

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

**Film rights deposits**

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

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

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

**Investments in securities**

Investments in securities are recognised on a trade date basis and are initially measured at cost.

All securities are measured at fair value at subsequent reporting date.

**3. 主要會計政策 (續)****聯營公司權益 (續)**

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

**會所會籍**

會所會籍乃按成本減任何已確定減值虧損入賬。

**存貨**

存貨按成本及可變現淨值兩者之較低者入賬。成本以先入先出法計算。

**電影發行權按金**

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

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

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

**證券投資**

證券投資乃以交易日基準確認及最初按原值列賬。

於隨後之報告日期所有證券乃以公平價值列賬。

**3. SIGNIFICANT ACCOUNTING POLICIES***(Continued)***Investments in securities***(Continued)*

Where securities are held for trading purpose, unrealised gain and losses included in net profit or loss for the year. For other securities, unrealised gains and losses are dealt with in equity, until the securities are disposed of or are determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the year.

**Deferred income**

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

**Leased assets**

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

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

**Convertible notes payable**

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

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

**3. 主要會計政策 (續)****證券投資 (續)**

如證券乃持作買賣，未變現之收益及虧損計入該年度之溢利或虧損淨額。至於其他證券，未變現之收益及虧損乃於股本權益處理，直至有關證券售出或釐定為有所減值，在此等情況下累計之收益或虧損計入該年度之溢利或虧損淨額。

**遞延收入**

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

**租賃資產**

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

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。

**應付可換股票據**

除非應付可換股票據已獲兌換，否則應付可換股票據確認為負債。應付可換股票據之融資費用按各財政年度均以等額分攤應付可換股票據餘額之有關費用計算並在收益表確認。

發行可換股票據之相關費用（如有）於發行期間自收益表扣除。



3. SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

**Retirement benefits costs**

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

**Foreign currencies**

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

4. TURNOVER

Distribution of films	發行電影
Sub-licensing of film rights	轉授電影發行權
Proceeds from sale of securities	出售證券所得款項
Sale of advertising rights	銷售廣告權

3. 主要會計政策 (續)

**退休福利成本**

本集團之退休福利成本在到期時列為開支。

**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重新換算。匯兌溢利及虧損計入年內之溢利或虧損淨額。

4. 營業額

	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Distribution of films	27,285	163,722
Sub-licensing of film rights	16,319	38,006
Proceeds from sale of securities	14,778	—
Sale of advertising rights	—	5,268
	<b>58,382</b>	<b>206,996</b>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

**Business segments**

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

Principal activities are as follows:

Distribution	Distribution of films
Sub-licensing	Sub-licensing of film rights
Sale of advertising rights	Sale of advertising rights for advertisements placing on video products and videos
Investments	Investments in listed and unlisted equity securities

5. 業務及地區分部

**業務分部**

就管理而言，本集團現時分為發行、轉授發行權、銷售廣告權及投資四個營運部門。本集團乃根據該等部門呈報主要分部資料。

主要業務如下：

發行	發行電影
轉授發行權	轉授電影發行權
銷售廣告權	銷售在影視產品及影視節目播放廣告之廣告權
投資	上市及非上市股本證券投資

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

Business segments (Continued)

Segment information about these businesses for the years ended 31st December 2004 and 2003 is presented below.

Consolidated income statement for the year ended 31st December 2004

業務分部 (續)

截至二零零四年及二零零三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。

截至二零零四年十二月三十一日止年度之綜合收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授 發行權 HK\$'000 千港元	Sale of advertising rights 銷售 廣告權 HK\$'000 千港元	Investments 投資 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	27,285	16,319	—	14,778	58,382
Segment loss before amortisation of other asset, impairment losses recognised in respect of film rights, other asset, goodwill and investments in securities and allowance for advances to an associate	其他資產攤銷、已確認電影發行權、其他資產、商譽及證券投資之減值虧損及墊付聯營公司款項撥備前之分部虧損	(3,222)	(216)	—	(1,460)	(4,898)
Amortisation of other asset	其他資產攤銷	—	(6,644)	—	—	(6,644)
Impairment loss recognised in respect of film rights	已確認電影發行權減值虧損	(980)	(15,233)	—	—	(16,213)
Impairment loss recognised in respect of other asset	已確認其他資產減值虧損	—	(46,512)	—	—	(46,512)
Impairment loss recognised in respect of goodwill	已確認商譽減值虧損	(20,000)	(8,072)	—	—	(28,072)
Impairment loss recognised in respect of investments in securities	已確認證券投資減值虧損	—	—	—	(12,000)	(12,000)
Allowance for advances to an associate	墊付聯營公司款項撥備	—	(138,531)	—	—	(138,531)
Segment loss	分部虧損	(24,202)	(215,208)	—	(13,460)	(252,870)
Unallocated corporate income	未分配集團收入					390
Unallocated corporate expenses	未分配集團開支					(15,293)
Loss from operations	經營虧損					(267,773)
Finance costs	融資費用					(340)
Loss before taxation	除稅前虧損					(268,113)
Taxation charge	稅項開支					(277)
Net loss for the year attributable to shareholders	本年度股東應佔虧損淨額					(268,390)

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

Consolidated balance sheet at 31st December 2004

於二零零四年十二月三十一日之綜合資產負債表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale of advertising rights 銷售廣告權 HK\$'000 千港元	Investments 投資 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>					
Segment assets	分部資產	22,974	25,192	2,108	59,732	110,006
Unallocated corporate assets	未分配集團資產					25,128
Consolidated total assets	綜合資產總值					135,134
<b>LIABILITIES</b>	<b>負債</b>					
Segment liabilities	分部負債	1,254	5,057	—	—	6,311
Unallocated corporate liabilities	未分配集團負債					57,999
Consolidated total liabilities	綜合負債總額					64,310

Other information for the year ended 31st December 2004

截至二零零四年十二月三十一日止年度之其他資料

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale of advertising rights 銷售廣告權 HK\$'000 千港元	Investments 投資 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、廠房及設備	54	5	—	—	40	99
Additions of film rights	添置電影發行權	13,358	4,970	—	—	—	18,328
Allowance for bad and doubtful debts	呆壞賬撥備	147	1,445	—	—	56	1,648
Allowance for inventory obsolescence	陳舊存貨撥備	917	—	—	—	—	917
Allowance for film rights deposits	電影發行權按金撥備	1,000	—	—	—	—	1,000
Allowance for advances to an associate	墊付聯營公司款項撥備	—	138,531	—	—	—	138,531
Depreciation and amortisation	折舊及攤銷	10,270	18,905	—	—	595	29,770
Impairment losses recognised	已確認減值虧損	20,980	69,817	—	12,000	—	102,797

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

Consolidated income statement for the year ended 31st December 2003

截至二零零三年十二月三十一日止年度之綜合收益表

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授 發行權 HK\$'000 千港元	Sale of advertising rights 銷售 廣告權 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額	163,722	38,006	5,268	206,996
Segment profit before amortisation of other asset, and impairment loss recognised in respect of film rights	其他資產攤銷及已確認電影發行權減值虧損前之分部溢利	118,077	12,310	3,126	133,513
Amortisation of other asset	其他資產攤銷	—	(6,644)	—	(6,644)
Impairment loss recognised in respect of film rights	已確認電影發行權減值虧損	(62)	(1,400)	—	(1,462)
Segment profit	分部溢利	118,015	4,266	3,126	125,407
Unallocated corporate income	未分配集團收入				1,849
Unallocated corporate expenses	未分配集團開支				(10,827)
Profit from operations	經營溢利				116,429
Finance costs	融資費用				(340)
Profit before taxation	除稅前溢利				116,089
Taxation credit	稅項抵免				1,040
Net profit for the year	本年度溢利淨額				117,129

Consolidated balance sheet at 31st December 2003

截至二零零三年十二月三十一日止年度之綜合收益表

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

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

Other information for the year ended 31st December 2003

截至二零零三年十二月三十一日止年度之其他資料

		Distribution 發行 HK\$'000 千港元	Sub-licensing 轉授發行權 HK\$'000 千港元	Sale of advertising rights 銷售廣告權 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、廠房及設備	—	—	—	1,754	1,754
Additions of film rights	添置電影發行權	18,145	26,226	—	—	44,371
Allowance for bad and doubtful debts	呆壞賬撥備	—	88	—	—	88
Allowance for inventory obsolescence	陳舊存貨撥備	487	—	—	—	487
Depreciation and amortisation	折舊及攤銷	31,375	37,031	—	477	68,883

Geographical segments

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

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

地區分部

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

下表為本集團按市場劃分之銷售額分析：

		TURNOVER 營業額	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The People's Republic of China excluding Hong Kong, Macau and Taiwan (the "PRC")	中華人民共和國 (香港、澳門及台灣除外) (「中國」)	42,404	203,883
Hong Kong and Macau	香港及澳門	15,978	3,113
		58,382	206,996

6. OTHER OPERATING INCOME

6. 其他經營收入

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Dividend income from investments in securities	證券投資之股息收入	315	—
Interest income on bank deposits	銀行存款之利息收入	14	55
Sundry income	雜項收入	61	194
Interest income on convertible notes	可換股票據之利息收入	—	1,600
		390	1,849

# NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For The Year Ended 31st December 2004 截至二零零四年十二月三十一日止年度

## 7. (LOSS) PROFIT FROM OPERATIONS

## 7. 經營(虧損)溢利

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
(Loss) profit from operations has been arrived at after charging:	經營(虧損)溢利已扣除下列各項：		
Allowance for bad and doubtful debts (included in administrative expenses)	呆壞賬撥備(已計入行政開支)	1,648	88
Allowance for film right deposits (included in administrative expenses)	電影發行權按金撥備(已計入行政開支)	1,000	—
Allowance for inventory obsolescence (included in cost of sales)	陳舊存貨撥備(已計入銷售成本)	917	487
Amortisation of film rights (included in cost of sales)	電影發行權攤銷(已計入銷售成本)	17,894	57,818
Amortisation of goodwill (included in administrative expenses)	商譽攤銷(已計入行政開支)	3,953	3,105
Amortisation of other asset (included in administrative expenses)	其他資產攤銷(已計入行政開支)	6,644	6,644
Auditors' remuneration	核數師酬金	720	700
Cost of inventories sold (included in cost of sales)	已售存貨成本(已計入銷售成本)	1,904	4,912
Depreciation of property, plant and equipment:	物業、廠房及設備折舊：		
— owned assets	— 自置資產	1,269	1,303
— leased assets	— 租賃資產	10	13
		1,279	1,316
Operating lease rental in respect of rented premises	租賃物業之經營租約租金	1,616	1,300
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	10,008	8,310
— contributions to retirement benefits scheme	— 退休福利計劃供款	212	152
		10,220	8,462
Unrealised loss on investments in securities (included in cost of sales)	證券投資之未變現虧損(已計入銷售成本)	852	—
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	—	4



8. FINANCE COSTS

8. 融資費用

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Interest on borrowings wholly repayable within five years:	須於五年內悉數償還之借貸之利息：		
— convertible notes payable	— 應付可換股票據	338	338
— a finance lease	— 融資租約	2	2
		<b>340</b>	340

9. DIRECTORS' EMOLUMENTS

9. 董事酬金

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 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	270	240
Other emoluments paid to executive directors:	已付予執行董事之其他酬金：		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物利益	1,548	1,548
— Contributions to retirement benefits scheme	— 退休福利計劃供款	12	12
		<b>1,830</b>	1,800

The emoluments of the directors were within the following bands:

董事之酬金範圍如下：

		2004 二零零四年 Number of directors 董事人數	2003 二零零三年 Number of directors 董事人數
Nil to HK\$1,000,000	零至1,000,000港元	5	4
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1

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

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

## 10. EMPLOYEES' EMOLUMENTS

Of the five individuals with highest emoluments of the Group, one (2003: one) was director of the Company, whose emoluments are set out in note 9 above. The emoluments of the remaining four (2003: four) individuals were as follows:

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,364	1,443
Contributions to retirement benefits scheme	退休福利計劃供款	48	35
		<b>2,412</b>	1,478

The emoluments of the remaining four (2003: four) highest paid individuals fell within the following bands:

		2004 二零零四年 Number of employees 僱員人數	2003 二零零三年 Number of employees 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	3	4
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	—

## 10. 僱員酬金

於本集團五名最高薪人士中，其中一名(二零零三年：一名)為本公司董事，其酬金已載於上文附註9。其餘四名(二零零三年：四名)人士之酬金如下：

其餘四名(二零零三年：四名)最高薪人士之酬金範圍如下：

## 11. TAXATION (CHARGE) CREDIT

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
The taxation (charge) credit are as follows:	稅項(支出)抵免如下：		
Hong Kong Profits Tax	香港利得稅		
— current year	— 本年度	(284)	(283)
— over(under) provision in prior years	— 過往年度超額撥備(撥備不足)	7	(164)
		<b>(277)</b>	(447)
Transfer from deferred taxation (note 29)	轉撥自遞延稅項(附註29)	—	1,487
Taxation (charge) credit attributable to the Company and its subsidiaries	本公司及其附屬公司應佔稅項(支出)抵免	<b>(277)</b>	1,040

## 11. 稅項(支出)抵免

11. TAXATION (CHARGE) CREDIT (Continued)

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) on the estimated assessable profit for the year.

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

11. 稅項(支出)抵免(續)

香港利得稅乃按本年度估計應課稅溢利以17.5%(二零零三年:17.5%)稅率計算。

年內,可與綜合收益表內之(虧損)溢利對賬之稅項(支出)抵免如下:

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
(Loss) profit before taxation	除稅前(虧損)溢利	<b>(268,113)</b>	116,089
Taxation at income tax rate of 17.5%	按利得稅稅率17.5%計算之稅項	<b>46,920</b>	(20,316)
Tax effect of income that is not taxable in determining taxable profit	在決定應課稅溢利時不可課稅收入之稅務影響	<b>606</b>	23,641
Tax effect of expenses that are not deductible in determining taxable profit	在決定應課稅溢利時不可扣稅支出之稅務影響	<b>(45,640)</b>	(444)
(Over)underprovision in respect of prior years	過往年度(超額撥備)撥備不足	<b>7</b>	(164)
Tax effect of estimated tax losses for which deferred tax assets have not been recognised	未確認遞延稅項資產之估計稅項虧損之稅務影響	<b>(2,170)</b>	(1,538)
Increase in opening deferred tax liabilities resulting from an increase in Hong Kong Profits Tax rate	由於香港利得稅稅率增加而產生之承前遞延稅項負債增加	—	(139)
Taxation (charge) credit for the year	本年度稅項(支出)抵免	<b>(277)</b>	1,040

## 12. (LOSS) EARNINGS PER SHARE

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

## 12. 每股(虧損)盈利

每股基本及攤薄(虧損)盈利乃根據下列數據計算：

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
(Loss) earnings for the purposes of basic (loss) earnings per share — net (loss) profit for the year	於計算每股基本(虧損)盈利時所用之(虧損)盈利—本年度(虧損)溢利淨額	<b>(268,390)</b>	117,129
Effect of dilutive potential ordinary shares:	潛在普通股之攤薄影響：		
Interest on convertible notes payable	應付可換股票據利息	—	338
(Loss) earnings for the purposes of diluted (loss) earnings per share	於計算每股攤薄(虧損)盈利時所用之(虧損)盈利	<b>(268,390)</b>	117,467
		<b>'000 千股</b>	<b>'000 千股</b>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	於計算每股基本(虧損)盈利時所用之普通股加權平均數	<b>4,752,000</b>	4,752,000
Effect of dilutive potential ordinary shares:	潛在普通股之攤薄影響：		
Share options	購股權	—	29,717
Convertible notes payable	應付可換股票據	—	84,500
Weighted average number of ordinary share for the purposes of diluted (loss) earnings per share	於計算每股攤薄(虧損)盈利時所用之普通股加權平均數	<b>4,752,000</b>	4,866,217

Subsequent to the balance sheet date, the Company's issued and unissued shares of HK\$0.10 each was subdivided into 10 new shares of HK\$0.01 each. The share subdivision took effect on 17th January 2005. The weighted average number of ordinary shares for both years for the purposes of basic and diluted (loss) earnings per share have been adjusted accordingly.

結算日後，本公司每股面值0.10港元之已發行及未發行股份拆細為10股每股面值0.01港元之新股份。股份拆細於二零零五年一月十七日生效。於計算上述兩個年度之每股基本及攤薄(虧損)盈利時所用之普通股加權平均數已作出相應調整。

The computation of diluted loss per share for the year ended 31st December 2004 did not assume the exercise of the Company's warrants, convertible notes payable and share options because the effect of exercising a warrant, a convertible note payable and an option to subscribe for an additional share in the Company would result in a decrease of net loss per share.

由於行使本公司之認股權證、應付可換股票據及購股權認購本公司額外股份將導致每股虧損淨額減少，故此計算截至二零零四年十二月三十一日止年度每股攤薄虧損時並無假設已行使本公司之認股權證、應付可換股票據及購股權。

The computation of diluted earnings per share for the year ended 31st December 2003 did not assume the exercise of the Company's warrants as the exercise price of these warrants was higher than the average market price for shares.

由於本公司認股權證之行使價高於股份平均市價，故此計算截至二零零三年十二月三十一日止年度之每股攤薄盈利時並無假設已行使該等認股權證。

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

THE GROUP	本集團	Leasehold land and buildings 租賃土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Office equipment 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>COST OR VALUATION</b>	<b>成本或估值：</b>						
At 1st January 2004	二零零四年一月一日	5,930	2,136	3,971	1,633	2,116	15,786
Additions	添置	—	—	87	—	12	99
Surplus on revaluation	重估盈餘	1,440	—	—	—	—	1,440
At 31st December 2004	二零零四年十二月三十一日	7,370	2,136	4,058	1,633	2,128	17,325
Comprising	包括						
At cost	成本	—	2,136	4,058	1,633	2,128	9,955
At 2004 valuation	二零零四年估值	7,370	—	—	—	—	7,370
		7,370	2,136	4,058	1,633	2,128	17,325
<b>DEPRECIATION</b>	<b>折舊</b>						
At 1st January 2004	二零零四年一月一日	—	1,290	1,990	312	765	4,357
Charged for the year	本年度費用	119	282	410	264	204	1,279
Written back on revaluation	重估時撥回	(119)	—	—	—	—	(119)
At 31st December 2004	二零零四年十二月三十一日	—	1,572	2,400	576	969	5,517
<b>NET BOOK VALUES</b>	<b>賬面淨值</b>						
At 31st December 2004	二零零四年十二月三十一日	7,370	564	1,658	1,057	1,159	11,808
At 31st December 2003	二零零三年十二月三十一日	5,930	846	1,981	1,321	1,351	11,429

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

本集團之租賃土地及樓宇均位於香港，並按中期租約持有。

The leasehold land and buildings of the Group were revalued at 31st December 2004 by Grant Sherman Appraisal Limited, an independent firm of professional valuers, on an open market existing use basis. The surplus arising on valuation has been credited to the properties revaluation reserve account.

本集團租賃土地及樓宇於二零零四年十二月三十一日由獨立專業估值師行中證評估有限公司根據當時用途按公開市值作出重估。重估盈餘已計入物業重估儲備賬。

Had the leasehold land and buildings been included in these financial statements at historical cost less accumulated depreciation, the carrying value of these properties at 31st December 2004 would have been stated at approximately HK\$2,232,000 (2003: HK\$2,306,000).

倘租賃土地及樓宇並無按歷史成本減累計折舊計入財務報表，則此等物業於二零零四年十二月三十一日之賬面淨值將會按約2,232,000港元(二零零三年：2,306,000港元)列賬。

The aggregate net book value of assets held under a finance lease at 31st December 2004 amounted to HK\$42,000 (2003: HK\$52,000).

於二零零四年十二月三十一日，根據融資租約持有之資產賬面淨值總額為42,000港元(二零零三年：52,000港元)。

14. FILM RIGHTS

14. 電影發行權

		<b>THE GROUP</b>
		本集團
		HK\$'000
		千港元
<b>COST</b>	<b>成本</b>	
At 1st January 2004	二零零四年一月一日	163,682
Additions	添置	18,328
<b>At 31st December 2004</b>	<b>二零零四年十二月三十一日</b>	<b>182,010</b>
<b>AMORTISATION AND IMPAIRMENT</b>	<b>攤銷及減值</b>	
At 1st January 2004	二零零四年一月一日	137,562
Charged for the year	本年度費用	17,894
Impairment loss recognised	已確認減值虧損	16,213
<b>At 31st December 2004</b>	<b>二零零四年十二月三十一日</b>	<b>171,669</b>
<b>CARRYING AMOUNTS</b>	<b>賬面值</b>	
<b>At 31st December 2004</b>	<b>二零零四年十二月三十一日</b>	<b>10,341</b>
At 31st December 2003	二零零三年十二月三十一日	26,120
		<b>2004</b>
		2003
		二零零四年
		二零零三年
		<b>HK\$'000</b>
		<b>HK\$'000</b>
		千港元
		千港元
Analysed as:	分析為：	
Non-current portion	非即期部份	<b>9,236</b>
Current portion	即期部份	22,134
		<b>1,105</b>
		3,986
		<b>10,341</b>
		26,120

The directors reassessed the recoverable amount of the film rights at 31st December 2004 and recognised a total impairment loss of approximately HK\$16,213,000, which was determined with reference to the estimated amount obtainable from the sale of these assets less cost of disposal.

董事於二零零四年十二月三十一日重估電影發行權之可收回金額並確認合共約16,213,000港元之減值虧損，乃參考出售該等資產減出售成本所得之估計金額而釐定。



15. INTERESTS IN SUBSIDIARIES

15. 附屬公司權益

		THE COMPANY 本公司	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份成本	83,553	83,553
Amounts due from subsidiaries	應收附屬公司款項	255,472	258,177
Allowance for amounts due from subsidiaries	應收附屬公司款項撥備	(243,000)	(99,000)
		12,472	159,177
		96,025	242,730

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 subsidiaries, all of which are wholly-owned, at 31st December 2004 are as follows:

本公司之附屬公司(所有附屬公司均為全資公司)於二零零四年十二月三十一日之詳情如下：

Name of subsidiary 附屬公司名稱	Country/place of incorporation 註冊成立國家／地點	Particulars of issued share capital 已發行股本詳情	Principal activities and place of operation 主要業務及營業地點
Bluelagoon Investment Holdings Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股面值 1美元之普通股	Investment holding, distribution of films, sub-licensing of film rights and sale of advertising rights in the PRC and investments in securities 於中國投資控股、發行電影、轉授電影發行權、銷售廣告權及投資證券
Legend Rich Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股面值 1美元之普通股	Distribution of video products in the PRC through a PRC agent 透過中國代理商於中國發行影視產品
Riche Advertising Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股面值 1美元之普通股	Sale of advertising rights in the PRC and investments in securities 於中國銷售廣告權及投資證券

15. INTERESTS IN SUBSIDIARIES (Continued)

15. 附屬公司權益 (續)

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

15. INTERESTS IN SUBSIDIARIES (Continued)

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

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

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

16. OTHER ASSET

15. 附屬公司權益 (續)

\* 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。

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

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。

16. 其他資產

		THE GROUP 本集團 HK\$'000 千港元
<b>COST</b>	<b>成本</b>	
At 1st January 2004 and 31st December 2004	二零零四年一月一日及 二零零四年十二月三十一日	152,064
<b>AMORTISATION AND IMPAIRMENT</b>	<b>攤銷及減值</b>	
At 1st January 2004	二零零四年一月一日	98,908
Charged for the year	本年度費用	6,644
Impairment loss recognised	已確認減值虧損	46,512
<b>At 31st December 2004</b>	<b>二零零四年十二月三十一日</b>	<b>152,064</b>
<b>CARRYING AMOUNTS</b>	<b>賬面值</b>	
<b>At 31st December 2004</b>	<b>二零零四年十二月三十一日</b>	<b>—</b>
At 31st December 2003	二零零三年十二月三十一日	53,156

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

The directors reassessed the recoverable amount of the other asset at 31st December 2004 and recognised an impairment loss of approximately HK\$46,512,000.

其他資產指與中國發行商訂立特許權協議所產生之權利及利益，按10年年期攤銷。

董事於二零零四年十二月三十一日重估其他資產之可回收金額並確認減值虧損約46,512,000港元。

## 17. GOODWILL

## 17. 商譽

		HK\$'000 千港元
<b>COST</b>	<b>成本</b>	
At 1st January 2004 and 31st December 2004	二零零四年一月一日及 二零零四年十二月三十一日	39,530
<b>AMORTISATION</b>	<b>攤銷</b>	
At 1st January 2004	二零零四年一月一日	3,105
Charged for the year	本年度費用	3,953
Impairment loss recognised	已確認減值虧損	28,072
At 31st December 2004	二零零四年十二月三十一日	35,130
<b>CARRYING AMOUNTS</b>	<b>賬面值</b>	
At 31st December 2004	二零零四年十二月三十一日	4,400
At 31st December 2003	二零零三年十二月三十一日	36,425

The amortisation period adopted for goodwill is 10 years.

商譽採用之攤銷年期為10年。

Due to continuous losses incurred by the subsidiaries, the directors reassessed the recoverable amount of the goodwill arising on acquisition of these subsidiaries and recognised an impairment loss of approximately HK\$28,072,000 which was determined with reference to the estimated amount obtainable from the sale of these subsidiaries less cost of disposal.

由於有關附屬公司之虧損持續，董事已評估因收購有關附屬公司而產生之商譽之可收回數額，並確認減值虧損約28,072,000港元，乃參考出售有關附屬公司之估計可得金額減出售成本而釐定。

## 18. INTERESTS IN ASSOCIATES

## 18. 聯營公司權益

		<b>THE GROUP</b> 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Convertible notes issued by an associate	聯營公司發行之 可換股票據	<b>160,000</b>	160,000
Less: Allowance for convertible notes	減：可換股票據撥備	<b>(160,000)</b>	—
		—	160,000

## 18. INTERESTS IN ASSOCIATES (Continued)

At 31st December 2004, the Group had interests in the following associates:

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

\* Ocean Shores Licensing Limited is a wholly-owned subsidiary of Gainful.

The convertible notes bear interest at 1% per annum, which is payable yearly in arrears, and will mature on 17th April 2005. Prior to the maturity, only Gainful has the right to redeem early part or all of the amount of the convertible notes. The convertible notes carry the right to convert the outstanding principal amount of the convertible notes into ordinary shares of HK\$1 each in the share capital of Gainful at a conversion price of HK\$1 per share on the maturity date. However, prior to the maturity, the Group may convert the convertible notes with the consent of Gainful.

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

## 18. 聯營公司權益 (續)

於二零零四年十二月三十一日，本集團擁有下列聯營公司之權益：

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

\* Ocean Shores Licensing Limited為 Gainful之全資附屬公司。

該等可換股票據按年利率1厘計息，須每年支付前期利息，並將於二零零五年四月十七日到期。於到期前，只有 Gainful可贖回部份或全部可換股票據。該等可換股票據附有權利可於到期日按兌換價每股1港元將可換股票據之未贖回本金額兌換為Gainful股本中每股面值1港元之普通股。然而，本集團可於票據到期前經Gainful同意後兌換該等票據。

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

**18. INTERESTS IN ASSOCIATES (Continued)**

The following details were extracted from the audited consolidated financial statements of Gainful for the year ended 31st December 2004.

**Results for the year ended 31st December 2004**

		2004 二零零四年 HK\$'000 千港元
Turnover	營業額	419
Loss from ordinary activities before taxation	除稅前日常業務虧損	152,385
Loss from ordinary activities before taxation attributable to the Group	本集團應佔除稅前日常業務虧損	—

**Financial position at 31st December 2004**

於二零零四年十二月三十一日之財務狀況

		2004 二零零四年 HK\$'000 千港元
Current assets	流動資產	5,541
Current liabilities	流動負債	177,397
Net liabilities	負債淨額	171,856
Net assets attributable to the Group	本集團應佔資產淨值	—

**19. INVENTORIES**

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Finished goods	製成品	15	1,469

Finished goods of HK\$15,000 (2003: HK\$127,000) are carried at net realisable value.

**18. 聯營公司權益 (續)**

以下資料摘自Gainful截至二零零四年十二月三十一日止年度之經審核綜合財務報表。

截至二零零四年十二月三十一日止年度之業績

		2004 二零零四年 HK\$'000 千港元
營業額		419
除稅前日常業務虧損		152,385
本集團應佔除稅前日常業務虧損		—

於二零零四年十二月三十一日之財務狀況

		2004 二零零四年 HK\$'000 千港元
流動資產		5,541
流動負債		177,397
負債淨額		171,856
本集團應佔資產淨值		—

**19. 存貨**

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
製成品		15	1,469

製成品 15,000 港元 (二零零三年: 127,000 港元) 按可變現淨值入賬。



## 20. TRADE RECEIVABLES

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

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

## 20. 貿易應收款項

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

於結算日，貿易應收款項之賬齡分析如下：

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
0 — 30 days	零至30日	3,054	42,074
31 — 60 days	31至60日	92	5,387
61 — 90 days	61至90日	1,979	6,221
Over 90 days	90日以上	18,183	2,820
		<b>23,308</b>	56,502

## 21. INVESTMENTS IN SECURITIES

## 21. 證券投資

		THE GROUP 本集團	
		Trading securities 證券買賣	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Unlisted other equity securities, at cost (note i)	非上市其他股本證券， 按原值(附註i)	30,000	—
Impairment loss recognised	已確認減值虧損	(12,000)	—
		<b>18,000</b>	—
Listed trading equity securities, at market value:	上市買賣股本證券， 按市值：		
— Hong Kong (note ii)	— 香港(附註ii)	38,911	—
— Overseas	— 海外	2,821	—
		<b>41,732</b>	—
		<b>59,732</b>	—

## 21. INVESTMENTS IN SECURITIES (Continued)

## Notes:

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

Subsequent to the balance sheet date, the Group entered into an agreement with the other shareholder of Rainbow Choice pursuant to which both parties agreed that the ownership of all the television programs produced by Rainbow Choice would be transferred to the Group and the other shareholder of Rainbow Choice agreed to pay HK\$18,000,000 to the Group. Upon signing the agreement, the Group received HK\$6,600,000 from the other shareholder of Rainbow Choice and the remaining balance of HK\$11,400,000 will be paid to the Group by 4 equal quarterly instalments.

- (ii) Included in listed trading equity securities in Hong Kong is the Group's investment in Mainland Headwear Holdings Limited, a company incorporated in Bermuda. The Group's investment represents a holding of 3.29% of the ordinary shares of Mainland Headwear Holdings Limited.

## 22. AMOUNT DUE FROM AN ASSOCIATE

## THE GROUP

The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

## 21. 證券投資 (續)

## 附註：

- (i) 非上市其他股本證券指本集團於英屬處女群島註冊成立之公司 Rainbow Choice Enterprises Limited (「Rainbow Choice」) 之投資。本集團之投資佔 Rainbow Choice 普通股之 40%。Rainbow Choice 之主要業務為製作及發行娛樂新聞節目。Rainbow Choice 於二零零四年七月開始營運，其營運及資產由另一位股東控制。儘管本集團於 Rainbow Choice 之董事會有一名委任代表，本公司發現其代表實際上難以對 Rainbow Choice 之管理發揮重大影響力。因此，Rainbow Choice 由原本屬本集團之聯營公司重新歸類為本集團之另一項投資。

在結算日之後，本集團與該位 Rainbow Choice 股東達成協議，據此雙方同意 Rainbow Choice 製作之所有電視節目之擁有權將轉讓予本集團，而該位 Rainbow Choice 股東同意向本集團支付 18,000,000 港元。在簽訂該協議後，本集團自該位 Rainbow Choice 股東獲得 6,600,000 港元，其餘 11,400,000 港元將平均分四期支付本集團，每期相隔一季。

- (ii) 香港之上市買賣股本證券包括本集團於百慕達註冊成立之公司 Mainland Headwear Holdings Limited (飛達帽業控股有限公司) 之投資。本集團之投資佔飛達帽業控股有限公司普通股之 3.29%。

## 22. 應收聯營公司款項

## 本集團

該款項為無抵押、免息及無固定還款期。

**23. TRADE PAYABLES**

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

**23. 貿易應付款項**

於結算日，貿易應付款項之賬齡分析如下：

		<b>THE GROUP</b>	
		本集團	
		2004	2003
		二零零四年	二零零三年
		<b>HK\$'000</b>	<b>HK\$'000</b>
		千港元	千港元
China Star Entertainment Limited and its subsidiaries ("China Star Group"):	中國星集團有限公司及其附屬公司(統稱「中國星集團」):		
0 — 30 days	零至30日	<b>123</b>	1,010
31 — 60 days	31至60日	<b>116</b>	3,834
61 — 90 days	61至90日	<b>85</b>	595
Over 90 days	90日以上	<b>1</b>	8,864
		<b>325</b>	14,303
Others:	其他:		
0 — 30 days	零至30日	—	975
61 — 90 days	61至90日	—	683
Over 90 days	90日以上	<b>1,658</b>	—
		<b>1,658</b>	1,658
		<b>1,983</b>	15,961

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

中國星集團有限公司(「中國星」)為本公司之主要股東。

**24. AMOUNTS DUE TO RELATED COMPANIES**

The amounts are due to China Star Group and are unsecured, non-interest bearing and have no fixed repayment terms.

**24. 應付關連公司款項**

該等款項應付中國星集團，並為無抵押、免息及無固定還款期。

## 25. OBLIGATIONS UNDER A FINANCE LEASE 25. 融資租約承擔

		Minimum lease payments 最低租金		Present value of minimum lease payments 最低租金現值	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
<b>THE GROUP</b>	<b>本集團</b>				
Amounts payable under a finance lease:	根據融資租約應付之金額：				
Within one year	一年內	10	25	8	23
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	—	10	—	8
		10	35	8	31
Less: Future finance charges	減：日後融資費用	2	4	—	—
Present value of lease obligations	租約承擔現值	8	31	8	31
Less: Amount due for payment within one year	減：一年內應付金額			8	(23)
Amount due for payment after one year	一年後應付金額			—	8

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

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

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

本集團之融資租約承擔均以出租人之租賃資產作為抵押。

## 26. CONVERTIBLE NOTES PAYABLE

**THE GROUP AND THE COMPANY**

On 5th February 2002, the Group and China Star Group entered into a licensing agreement pursuant to which China Star Group granted to the Group the licensing rights in the PRC and Mongolia in respect of 116 motion pictures for a term of 10 years from 8th April 2002 at a total consideration of HK\$33,800,000. The consideration was settled by the issue of convertible notes in an aggregate amount of HK\$33,800,000 by the Company.

## 26. 應付可換股票據

**本集團及本公司**

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

## 26. CONVERTIBLE NOTES PAYABLE (Continued)

**THE GROUP AND THE COMPANY (Continued)**

The convertible notes bear interest at 1% per annum which is payable semi-annually in arrears and will mature on 19th April 2005. Prior to the maturity, neither the holder nor the Company has the right to redeem or request for redemption of the notes. The convertible notes carry the right to convert the whole or any part of the outstanding principal amount of the convertible notes into ordinary shares of HK\$0.10 each in the share capital of the Company at HK\$4.00 per share at any time on or before 19th April 2005. The convertible notes may be transferred in whole or in part of the outstanding principal amount into the share capital of the Company by the holder.

## 27. SHARE CAPITAL

## 26. 應付可換股票據 (續)

**本集團及本公司 (續)**

該等可換股票據按年利率1厘計息，須每半年支付前期股息，並將於二零零五年四月十九日到期。於到期前，持有人或本公司均無權贖回或要求贖回該等可換股票據。該等可換股票據附有權利可於二零零五年四月十九日或之前隨時按每股4.00港元之兌換價將可換股票據之全部或任何部份未贖回本金額兌換為本公司股本中每股面值0.10港元之普通股，而持有人可將全部或部份未贖回本金額轉換為本公司股本。

## 27. 股本

		Number of shares 股數 '000 千股	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股		
Authorised:	法定股本：		
At 31st December 2003 and 31st December 2004	二零零三年十二月三十一日 及二零零四年十二月三十一日	2,000,000	200,000
Issued and fully paid:	已發行及繳足股本：		
At 31st December 2003 and 31st December 2004	二零零三年十二月三十一日及 二零零四年十二月三十一日	475,200	47,520

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

**Warrants**

During the year ended 31st December 2002, the Company issued 95,040,000 warrants by way of bonus to the shareholders on the basis of one warrant for every five shares of HK\$0.10 each in the share capital of the Company held on 27th May 2002. Such warrants carry the subscription rights to subscribe for shares in the Company at the subscription price of HK\$3.60 per share of HK\$0.10 each in the Company. The warrants may be exercised at any time on or after 17th June 2002 up to and including 16th June 2005. During the year, no holders of the warrants exercised their rights to subscribe for shares in the Company. Exercise in full of such warrants would result in the issue of 95,040,000 additional ordinary shares of HK\$0.10 each.

於兩個年度內，本公司之已發行股本均無任何變動。

**認股權證**

於截至二零零二年十二月三十一日止年度內，本公司按於二零零二年五月二十七日每持有五股本公司股本中每股面值0.10港元之股份發行一份認股權證之比例，向股東發行95,040,000份紅利認股權證。該等認股權證附有可按每股3.60港元認購本公司股本中每股面值0.10港元之股份之認購權。認股權證可於二零零二年六月十七日或其後至二零零五年六月十六日(包括該日)隨時行使。年內，並無認股權證持有人行使其權利認購本公司股份。倘全面行使該等認股權證，則本公司須發行95,040,000股每股面值0.10港元之額外普通股。

## 28. RESERVES

## 28. 儲備

		<b>THE COMPANY</b>			
		本公司			
		<b>Share premium</b>	<b>Contributed surplus</b>	<b>Accumulated losses</b>	<b>Total 總計</b>
		股份溢價	實繳盈餘	累計虧損	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Note)		
			(附註)		
At 1st January 2003	二零零三年 一月一日	186,682	83,353	(106,579)	163,456
Cancellation of share premium account and transfer to contributed surplus account	註銷股份溢價賬 及轉撥至 實繳盈餘賬	(186,682)	186,682	—	—
Transfer from contributed surplus account to accumulated losses account	由實繳盈餘 賬轉撥至 累計虧損賬	—	(106,579)	106,579	—
Net loss for the year	本年度虧損淨額	—	—	(1,972)	(1,972)
At 31st December 2003	二零零三年 十二月三十一日	—	163,456	(1,972)	161,484
Net loss for the year	本年度虧損淨額	—	—	(148,631)	(148,631)
At 31st December 2004	二零零四年 十二月三十一日	—	163,456	(150,603)	12,853

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

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

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

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

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

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

**28. RESERVES** (Continued)**THE GROUP**

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

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

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

**29. DEFERRED TAXATION**

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

		<b>Accelerated tax depreciation</b>	<b>Estimated tax losses</b>	<b>Total 總計</b>
		加速 稅項折舊 HK\$'000 千港元	估計 稅務虧損 HK\$'000 千港元	HK\$'000 千港元
At 1st January 2003	二零零三年 一月一日	1,487	—	1,487
Credit to income statement for the year (note 11)	本年度計入收益表 (附註11)	(937)	(550)	(1,487)
At 31st December 2003 and 1st January 2004	二零零三年 十二月三十一日及 二零零四年一月一日	550	(550)	—
Credit to income statement for the year (note 11)	本年度計入收益表 (附註11)	(123)	123	—
At 31st December 2004	二零零四年 十二月三十一日	427	(427)	—

At the balance sheet date, the Group had unused estimated tax losses of approximately HK\$51,200,000 (2003: HK\$38,800,000) available for offset against future profits. A deferred tax asset of approximately HK\$427,000 (2003: HK\$550,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK\$8,533,000 (2003: HK\$6,240,000) due to the unpredictability of future profit streams.

**28. 儲備 (續)****本集團**

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

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

本集團所有儲備均撥歸本公司及其附屬公司。

**29. 遞延稅項**

以下為本集團確認之主要遞延稅項負債及資產及有關變動：

於結算日，本集團擁有約 51,200,000 港元 (二零零三年：38,800,000 港元) 之未動用估計稅務虧損可供抵銷日後溢利。約 427,000 港元 (二零零三年：550,000) 之遞延稅項資產已獲確認。由於未能預計日後之溢利，故並無就餘額約 8,533,000 港元 (二零零三年：6,240,000 港元) 確認遞延稅項資產。



## 30. COMMITMENTS

## (a) Lease commitments

**As lessee**

At 31st December 2004, 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	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Within one year	一年內	981	1,007
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	463	108
		<b>1,444</b>	1,115

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

**As lessor**

At 31st December 2004 the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of group's property which fall due as follows:

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Within one year	一年內	26	—

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

## 30. 承擔

## (a) 租賃承擔

**作為承租人**

於二零零四年十二月三十一日，本集團根據於下列期限屆滿之土地及樓宇不可撤銷經營租約之日後最低租金承擔如下：

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Within one year	一年內	981	1,007
In the second to fifth year inclusive	第二至五年內 (包括首尾兩年)	463	108
		<b>1,444</b>	1,115

經營租約款項指本集團辦公室物業應付之租金。租約主要就兩年租期磋商，而兩年之租金固定不變。

**作為出租人**

於二零零四年十二月三十一日，本集團根據與租戶訂約於下列期限屆滿有關本集團物業之不可撤銷經營租約之日後最低租約款項如下：

		THE GROUP 本集團	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Within one year	一年內	26	—

於結算日，本公司並無任何租賃承擔。

## 30. COMMITMENTS (Continued)

## (b) Other commitments

At 31st December 2004, the Group had the following commitments contracted but not provided for in the financial statements:

	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Purchase of film rights	56	4,330

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

## (b) 其他承擔

於二零零四年十二月三十一日，本集團擁有下列已訂約但未於財務報表作出撥備之承擔：

	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Purchase of film rights	56	4,330

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

## 31. SHARE OPTION SCHEME

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

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

- (a) The purpose was to provide incentives to:
- (i) award and retain the participants who have made contributions to the Group; or
  - (ii) attract potential candidates to serve the Group for the benefit of the development of the Group.

## 31. 購股權計劃

根據本公司於二零零二年一月二十一日舉行之股東特別大會上通過之一項普通決議案，本公司採納一項購股權計劃（「購股權計劃」）取代本公司於二零零零年一月十九日採納之購股權計劃。

購股權計劃之主要條款概述如下：

- (a) 該計劃之目的在於：
- (i) 獎勵及挽留曾向本集團作出貢獻之參與者；或
  - (ii) 吸引有可能為本集團服務之人士，以協助本集團發展。

## 31. SHARE OPTION SCHEME (Continued)

- (b) The participants included:
- (i) — any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
- any individual for the time being seconded to work for,
- any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.
- (ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.
- (iii) — any business or joint venture partner, contractor, agent or representative of,
- any person of entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- any supplier, producer or licensor of films, television programmes, video features, goods or services to,

## 31. 購股權計劃 (續)

- (b) 該計劃之參與者包括：
- (i) 在本集團任何成員公司、任何控權股東或由控權股東控制之任何公司任職之下列人士：
- 任何執行或非執行董事或候任董事(包括任何獨立非執行董事)、全職或兼職僱員或候任僱員，或
- 任何臨時調派之人士。
- (ii) 持有本集團任何成員公司、任何控權股東或由控權股東控制之任何公司所發行任何證券之人士。
- (iii) — 為本集團任何成員公司、任何控權股東或由控權股東控制之任何公司之任何業務或合營夥伴、承包商、代理人或代表，
- 向本集團任何成員公司、任何控權股東或由控權股東控制之任何公司提供研究、開發或其他技術支援、顧問、諮詢、專業或其他服務之任何人士或公司，
- 向本集團任何成員公司、任何控權股東或由控權股東控制之任何公司提供電影、電視節目、影視產品、貨物或服務之任何供應商、製片商或授權人，

## 31. SHARE OPTION SCHEME (Continued)

(b) The participants included: (Continued)

(iii) (Continued)

- any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of, or

- any landlord or tenant (including any sub-tenant) of,

any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder.

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

(c) The maximum number of shares in respect of which share options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Option Scheme and such limit might be refreshed by shareholders in general meeting. The total maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The total number of shares available for issue under the Option Scheme at the date of this annual report was approximately 465,700,000, which represented 9.8% of the issued share capital of the Company at the date of this annual report.

## 31. 購股權計劃 (續)

(b) 該計劃之參與者包括：(續)

(iii) (續)

- 本集團任何成員公司、任何控股股東或由控股股東控制之任何公司之電影、電視節目、影視產品、貨物或服務之任何客戶、受權人(包括任何轉授受權人)或發行商，或

- 本集團任何成員公司、任何控股股東或由控股股東控制之任何公司之任何業主或租戶(包括任何分租租戶)，

且就購股權計劃而言，包括由上述任何類別之一位或以上參與者控制之任何公司。

(c) 根據購股權計劃授出之購股權所涉及之股份最高數目，不得超過批准購股權計劃當日本公司已發行股本10%，該等上限或會由股東於股東大會上更改。惟行使根據購股權計劃及任何其他購股權計劃授出而未行使之所有購股權可發行之股份上限總額，不得超過不時已發行股份30%。於本年報日期根據購股權計劃可供發行之股份總數約為465,700,000股，佔本年報日期本公司已發行股本9.8%。

## 31. SHARE OPTION SCHEME (Continued)

- (d) The maximum number of shares in respect of share which share options might be granted to a participant, when aggregate with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any share option granted to the same participant under the Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.
- (e) The exercise period should be any period fixed by the board of directors upon grant of the share option but in any event the share option period should not go beyond 10 years from the date of offer for grant.
- (f) There was no requirement for a grantee to hold the share option for a certain period before exercising the share option save as determined by the board of directors and provided in the offer of grant of share option.
- (g) The acceptance of a share option, if accepted, must be made within 30 days from the date of grant with a non-refundable payment of HK\$1 from the grantee to the Company.
- (h) The exercise price of a share option must be highest of:
- (i) the closing price of the share of the Company on the date of grant which day must be a trading day;
  - (ii) the average closing price of the share of the Company for the 5 trading days immediately preceding the date of grant; and
  - (iii) the nominal value of the share of the Company.
- (i) The life of the Option Scheme is effective for 10 years from the date of adoption until the date of expiry.

## 31. 購股權計劃 (續)

- (d) 每名參與者獲授之購股權所涉及之股份總數，加上其於任何12個月內根據購股權計劃或任何其他購股權計劃獲授之任何購股權（包括已行使、尚未行使及已註銷之購股權）而已發行及可發行之股份最高數目，不得超逾當時已發行股份1%。
- (e) 行使期為於授出購股權後由董事會釐定之任何期間，惟不得超逾建議授出當日起計10年。
- (f) 除董事會釐定及授出購股權建議所規定者外，並無規定承授人於行使購股權前須持有之最短期限。
- (g) 購股權必須於授出日期起計30日內接納，而承授人於接納時須向本公司支付不可退回之款項1港元。
- (h) 購股權之行使價須為下列之較高者：
- (i) 本公司股份於授出日期（必須為交易日）之收市價；
  - (ii) 本公司股份截至授出當日前5個交易日之平均收市價；及
  - (iii) 本公司股份之面值。
- (i) 購股權計劃之有效期自採納日期起計10年至期滿日。

## 31. SHARE OPTION SCHEME (Continued)

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

Category of participants 參與者類別	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期 (Note i) (附註i)	Number of share options 購股權數目		
				Outstanding at 1.1.2003 and 1.1.2004 於二零零三年一月一日及二零零四年一月一日 尚未行使	Granted during 2004 於二零零四年授出 (Note ii) (附註ii)	Outstanding at 31.12.2004 於二零零四年十二月三十一日 尚未行使
Directors 董事	8.3.2002	2.6	8.3.2002 — 7.3.2012	4,750,000	—	4,750,000
Employees 僱員	8.3.2002	2.6	8.3.2002 — 7.3.2012	14,250,000	—	14,250,000
Employees 僱員	13.12.2004	1.94	13.12.2004 — 12.12.2014	—	27,570,000	27,570,000
				19,000,000	27,570,000	46,570,000

## Notes:

- (i) The exercisable period commenced on the date of grant of the relevant share options.
- (ii) The closing price of the Company's shares immediately before the date of grant of share options in 2004 was HK\$1.94 per share.
- (iii) No share option was cancelled and exercised during the year.

## 附註：

- (i) 行使期於相關購股權授出日期起生效。
- (ii) 本公司股份於二零零四年緊接授出購股權日期前之收市價為每股1.94港元。
- (iii) 年內並無購股權註銷及行使。

## 32. RETIREMENT BENEFITS SCHEME

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

## 32. 退休福利計劃

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

**32. RETIREMENT BENEFITS SCHEME***(Continued)*

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

**33. RELATED PARTY TRANSACTIONS**

- (a) On 5th February 2002, the Group and China Star Group entered into a territory supply agreement whereby China Star Group, during the term of 3 years from 8th April 2002, granted in favour of the Group a first right of refusal to acquire the exclusive distribution rights excluding the theatrical and internet rights in respect of each film in the PRC and Mongolia ("Distribution Rights") and an option to acquire the theatrical rights.

Pursuant to the territory supply agreement, the Group paid an amount of HK\$5,000,000 to China Star Group as a deposit for the grant of the first right of refusal to acquire the Distribution Rights and as security for the licence fees payable under the territory distribution agreements to be entered into. If the Group elects to acquire the Distribution Rights, a territory distribution agreement in respect of the film will be entered into pursuant to which the Group shall pay a licence fee in respect of each film ranging from approximately HK\$200,000 to HK\$1,000,000, calculated by reference to its grading. The Distribution Rights in respect of a film will be for a period of 10 years. In relation to the option to acquire the theatrical rights, the additional license fee shall be equal to the balance of the total income received by the Group in respect of the exploitation of such theatrical rights before payment of any distribution expenses but after deducting a sum equal to 20% of the said total income which shall be retained by the Group.

**32. 退休福利計劃 (續)**

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

**33. 關連人士交易**

- (a) 本集團於二零零二年二月五日與中國星集團訂立地區供應協議，中國星集團自二零零二年四月八日起計3年內向本集團授出優先購買權，以購買每部電影在中國及蒙古之獨家發行權（不包括放映權及互聯網發行權）（「發行權」）及選擇購買放映權。

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



## 33. 關連人士交易 (續)

(a) (Continued)

During the years ended 31st December 2003 and 2004, the Group acquired the Distribution Rights of 15 and 10 films respectively from China Star Group at a total consideration of approximately HK\$9,700,000 and HK\$8,500,000 respectively and the Group acquired the theatrical rights of 7 and 6 films respectively from China Star Group at a total license fee of approximately HK\$15,453,000 and HK\$4,970,000 respectively pursuant to the relevant territory distribution agreements.

At 31st December 2003, the Group paid a deposit of approximately HK\$720,000 to China Star Group for the acquisition of the Distribution Rights. There was no deposit paid to China Star Group as at 31st December 2004.

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

## 33. 關連人士交易 (續)

(a) (續)

於截至二零零三年及二零零四年十二月三十一日止年度內，本集團根據有關地區發行協議分別以總代價約9,700,000港元及8,500,000港元向中國星集團收購15部及10部電影之發行權，而本集團亦分別以總特許費用約15,453,000港元及4,970,000港元向中國星集團收購7部及6部電影之放映權。

截至二零零三年十二月三十一日，本集團就收購發行權向中國星集團支付按金約720,000港元。於二零零四年十二月三十一日，並無已付中國星集團之按金。

(b) 本集團年內與中國星集團進行下列交易：

Nature of transactions	交易性質	2004	2003
		二零零四年 HK\$'000 千港元	二零零三年 HK\$'000 千港元
Interest expense (Note i)	利息開支 (附註i)	338	338
Post-production expense (Note ii)	後期製作服務開支 (附註ii)	1,781	1,269

Notes:

- (i) Interest expense was calculated at 1% per annum in accordance with the terms of the convertible notes issued by the Company.
- (ii) The amounts were determined at prices agreed between the parties.

附註：

- (i) 利息開支根據本公司所發行可換股票據之條款按年利率1厘計算。
- (ii) 金額按各方協定之價格釐定。

## 33. RELATED PARTY TRANSACTIONS (Continued)

- (c) On 3rd December 2002, the Group entered into a cyber cinema rights supply agreement with China Star Group pursuant to which China Star Group agreed to distribute the cyber cinema rights of the films within the PRC for the Group subject to such other terms as may be agreed by the parties to the relevant future distribution agreements to be entered into. In consideration of the provision of services by China Star Group, the Group would pay China Star Group distribution commission equivalent to 35% of the total income received by China Star Group on behalf of the Group. During the year ended 31st December 2003, the Group paid distribution commission of approximately HK\$527,000 to China Star Group pursuant to the relevant Cyber Cinema rights distribution agreements. There was no distribution commission paid or payable to China Star Group during the year ended 31st December 2004.
- (d) Details of the amounts due to and convertible notes payable to China Star Group are set out in notes 24 and 26 respectively.
- (e) During the year, the Group had interest receivable of approximately HK\$1,600,000 (2003: HK\$1,600,000) from an associate. The interest was calculated at 1% per annum in accordance with the terms of the convertible notes issued by the associate. Details of the convertible notes issued by the associate and the amount due from the associate are set out in notes 18 and 22 respectively.
- (f) During the year, the Group granted the hotel and intranet distribution rights in the PRC in respect of 24 (2003: 100) motion pictures to an associate at a total consideration of HK\$6,384,000 (2003: HK\$26,667,000) in accordance with the agreements entered into between the parties.

## 33. 關連人士交易 (續)

- (c) 於二零零二年十二月三日，本集團與中國星集團訂立數碼影院放映權供應協議，據此中國星集團同意向本集團就中國之電影之數碼影院放映權提供服務，惟須受日後可能訂立之有關發行協議之各方所協定之其他條款限制。本集團向中國星集團支付相等於中國星集團代表本集團收取之總收入35%之發行佣金，作為中國星集團提供服務之代價。於截至二零零三年十二月三十一日止年度內，本集團已根據有關數碼影院放映權發行協議向中國星集團支付發行佣金約527,000港元。於截至二零零四年十二月三十一日止年度，並無已付或應付中國星集團之發行佣金。
- (d) 應付中國星集團款項以及應付中國星集團可換股票據之詳情分別載於附註24及26。
- (e) 年內，本集團應收聯營公司之利息約為1,600,000港元(二零零三年：1,600,000港元)。利息根據該聯營公司所發行可換股票據之條款按年利率1厘計算。聯營公司發行之可換股票據及應收聯營公司款項之詳情分別載於附註18及22。
- (f) 年內，本集團根據雙方訂立之協議向一間聯營公司授出有關24部電影(二零零三年：100部)在中國之酒店及內聯網之發行權，總代價為6,384,000港元(二零零三年：26,667,000港元)。

### 34. POST BALANCE SHEET EVENTS

- (a) On 21st December 2004, the Company announced that every one share of HK\$0.10 each in the issued and unissued share capital of the Company be subdivided into 10 shares of HK\$0.01 each in the issued and unissued share capital of the Company. This share subdivision was approved by the shareholders on the special general meeting held on 14th January 2005. The share subdivision took effect on 17th January 2005.
- (b) On 9th April 2005, the Group entered into a conditional sale and purchase agreement with Leadfirst Limited, a company wholly-owned by Mr. Benny Ki, as a seller, and Mr. Benny Ki, as a guarantor, pursuant to which the Group agreed to acquire 100% of the issued share capital of Best Winning Group Limited from Leadfirst Limited at a consideration of HK\$600,000,000. The consideration will be satisfied by the issue of the convertible note in the principal amount of HK\$500,000,000 by the Company and the payment of cash of HK\$100,000,000.

Leadfirst Limited has been appointed by the sole operator of a casino and gaming establishment ("Casino") on board the vessel named Radisson Diamond (to be renamed as Asia Star) ("Vessel") as the sole and exclusive service provider for the promotion and introduction of customers to the Vessel and the provision of rolling and settlement service for customers of the Casino under a binding memorandum of understanding for a term of 3 years with an option to renew for another 3 years. Such functions have been subcontracted to Best Winning Group Limited for a term of 3 years with an option to renew for another 3 years under the sub-marketing agreement entered into between Best Winning Group Limited and Leadfirst Limited whereby Best Winning Group Limited is being appointed as the sole and exclusive service provider for the provision of these services in accordance with its terms.

### 34. 結算日後事項

- (a) 於二零零四年十二月二十一日，本公司宣佈本公司之已發行及未發行股本中每一股面值0.10港元之股份拆細為本公司之已發行及未發行股本中10股每股面值0.01港元之股份。股份拆細已獲股東於二零零五年一月十四日舉行之股東特別大會上批准。股份拆細由二零零五年一月十七日起生效。
- (b) 於二零零五年四月九日，本集團與一間由紀明寶先生全資擁有之公司Leadfirst Limited作為賣方及紀明寶先生作為擔保人訂立有條件買賣協議，據此本集團同意以代價600,000,000港元向Leadfirst Limited收購Best Winning Group Limited之100%已發行股本。該代價將由本公司以發行本金額為500,000,000港元之可換股票據及支付100,000,000港元現金作付。

Leadfirst Limited已獲Radisson Diamond(將改名為Asia Star)(「郵輪」)上賭博及娛樂場所(「賭場」)之唯一營辦商委任為獨家服務提供者，根據為期三年並可選擇續期三年之具約束力備忘錄，為郵輪進行推廣及招攬客戶，以及為賭場之客戶提供轉碼及結算服務。該等工作已根據Best Winning Group Limited與Leadfirst Limited訂立為期三年並可選擇續期三年之市場推廣分包協議分包予Best Winning Group Limited，據此Best Winning Group Limited根據有關條款獲委任為獨家服務提供者而提供該等服務。

## 34. POST BALANCE SHEET EVENTS (Continued)

(b) (Continued)

Under the conditional sale and purchase agreement, Mr. Benny Ki will enter into a service agreement and will be engaged as the general manager of the Company upon completion of the conditional sale and purchase agreement. In consideration of entering into the service agreement and the services to be rendered thereunder, the Company will grant Mr. Benny Ki the share options to subscribe for 500,000,000 shares of HK\$0.01 each of the Company at an exercise price of HK\$0.25 per share, and pay Mr. Benny Ki a monthly salary of HK\$10,000 for a term of one-year from the date of the service agreement (subject to the increase determined by the board of directors of the Company from time to time) and the monthly salary of the highest of HK\$10,000 or one-twelfths of 5% of the net profit of the Group for the immediately preceding service year starting from the date next following the first anniversary of the date of the service agreement.

(c) On 17th April 2005, the Group exercised the right under the convertible notes issued by Gainful to convert the outstanding principal amount of HK\$160,000,000 into share capital of Gainful. Since then, Gainful becomes a subsidiary of the Group.

(d) On 19th April 2005, the convertible notes of HK\$33,800,000 issued by the Company to First-Up Investments Limited ("First-Up"), a wholly-owned subsidiary of China Star, matured. First-Up did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into share capital of the Company and the Company repaid HK\$33,800,000 to First-Up. On the same date, China Star granted a one-year term loan of HK\$33,800,000 to the Company. The loan is unsecured, bears interest at 1% per annum and repayable on demand.

## 34. 結算日後事項 (續)

(b) (續)

根據該有條件買賣協議，紀明寶先生將於該有條件買賣協議完成時訂立服務協議及獲聘為本公司之總經理。作為訂立服務協議及據此提供服務之代價，本公司將向紀明寶先生授予可按每股0.25港元之行使價認購500,000,000股本公司每股面值0.01港元之股份之購股權，支付紀明寶先生由服務協議訂立日期起計為期一年之每月薪金10,000港元（本公司董事會可不時酌情提高）及支付由服務協議訂立日期滿一年之後下一日起以金額為10,000港元或本集團前一個任職年度之純利5%之十二分之一以兩者較高者之月薪。

(c) 於二零零五年四月十七日，本集團行使由Gainful發行之可換股票據之權利，將未贖回本金額160,000,000港元兌換為Gainful之股本。Gainful自此成為本集團之附屬公司。

(d) 於二零零五年四月十九日，本公司向中國星之全資附屬公司First-Up Investments Limited（「First-Up」）發行之33,800,000港元之可換股票據到期。First-Up並無行使權利將未贖回本金額33,800,000港元兌換為本公司股本，故本公司向First-Up償還33,800,000港元。於同日，中國星向本公司授予為期一年之貸款33,800,000港元。該筆貸款為無抵押、按年利率1厘計息及須於通知時償還。