

財務報表附註 Notes to the Financial Statements

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

1. 一般事項

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

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

2. 主要會計政策概要

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

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

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is Unit 503C, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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2. 主要會計政策概要 (續)

首次採納並與本集團業務有關之新訂及經修訂香港財務匯報準則概述如下：—

香港會計準則第1號	財務報表之呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、更改會計估計及誤差
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分類報告
香港會計準則第16號	物業、機器及設備
香港會計準則第17號	租賃
香港會計準則第18號	收益
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	於聯營公司之投資
香港會計準則第32號	金融工具：披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則第39號 (修訂本)	金融資產及金融負債之過渡性及初步確認
香港會計準則第40號	投資物業
香港會計準則詮釋 第15號	經營租約—獎勵措施
香港會計準則詮釋 第21號	所得稅—於重估非折舊資產之收回
香港財務匯報準則 第2號	以股份形式支付之款項
香港財務匯報準則 第3號	企業合併
香港財務匯報準則 第5號	持作銷售之非流動資產及已終止業務

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provision, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKAS-Int 15	Operating leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

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2. 主要會計政策概要 (續)

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now shown within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.
- The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. A lease of land and building is split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in land element and the building element of the lease at the inception of the lease. The lease of land is stated at cost and amortised over the period of the lease whereas the building is stated at cost less accumulated depreciation. In prior years, leasehold land was classified under property, plant and equipment at cost less impairment.

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2. 主要會計政策概要 (續)

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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2. 主要會計政策概要 (續)

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as gain or loss on revaluation of investment properties. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.
- The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.
- The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. With effect from 1st January, 2005, the Group recognises the fair value of share options granted as an expense in the income statement over the vesting period with a corresponding increase being recognised in employee share-based payment reserve. The employee share-based payment reserve is transferred to share capital and share premium, together with the exercise price, when the option

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2. 主要會計政策概要 (續)

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

- 採納香港財務匯報準則第3號、香港會計準則第36號及香港會計準則第38號導致有關正商譽及負商譽之會計政策出現變動，並規定採用未來適用法。直至二零零四年十二月三十一日：
 - 正商譽乃撥充資本並於其可使用經濟年限10年期間以直線法攤銷，並須於出現減值跡象時進行減值測試；及
 - 負商譽乃於所收購非貨幣資產之加權平均可使用年限10年期間予以攤銷，惟倘於收購日期與已識別預期未來虧損有關，則作別論。在該等情況下，其會於該等預期虧損出現時確認於收入表。

根據香港財務匯報準則第3號之條文：

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for positive goodwill and negative goodwill and prospective application is required. Until 31st December, 2004:
 - positive goodwill was capitalised and amortised on a straight line basis over its useful economic life of 10 years and was subject to impairment testing when there were indications of impairment; and
 - negative goodwill was amortised over the weighted average useful life of 10 years of the non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the income statement as those expected losses were incurred.

In accordance with the provisions of HKFRS 3:

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

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2. 主要會計政策概要 (續)

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

- HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;
- HKAS 21 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 “Accounting for investments in securities” to investments in securities and also to hedge relationships for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st January, 2005;
- HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1st January, 2005, including the reclassification of any amount held in revaluation surplus for investment property; and
- HKFRS 3 – prospectively after 1st January, 2005.

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(a) 對綜合資產負債表之影響

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Effect on the consolidated balance sheet

採納下列會計政策之影響

Effect of adopting

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(a) 對綜合資產負債表之影響 (續)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

採納下列會計政策之影響

Effect of adopting

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

於二零零四年
十二月三十一日

At 31st December, 2004

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

- (b) 對於二零零四年一月一日及二零零五年一月一日之股權結餘之影響

新政策之影響
Effect of new policies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(c) 對截至二零零五年及二零零四年十二月三十一日止年度之綜合收入表之影響

新政策之影響
Effect of new policies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

採納下列會計政策之影響
Effect of adopting

		香港會計準則第1號 HKAS 1 應佔聯營公司業績 (不計稅項) Share of associates result net of tax 千港元 HK\$'000	香港會計準則第40號 HKAS 40 投資物業重估盈餘 Revaluation surplus on investment properties 千港元 HK\$'000	香港財務匯報準則第2號 HKFRS2 以股份支付員工款項 Employee share-based payment 千港元 HK\$'000	合計 Total 千港元 HK\$'000
截至二零零五年十二月三十一日止年度	Year ended 31st December, 2005				
行政開支增加	Increase in administrative expenses	-	-	(24,057)	(24,057)
投資物業之重估盈餘增加	Increase in revaluation surplus of investment properties	-	3,540	-	3,540
溢利增加/(減少)總額	Total increase/(decrease) in profit	-	3,540	(24,057)	(20,517)
每股基本及攤薄虧損增加/(減少)(港仙)	Increase/(decrease) in basic and diluted loss per share (HK cents)	-	0.7	(4.8)	(4.1)
截至二零零四年十二月三十一日止年度	Year ended 31st December, 2004				
應佔聯營公司業績(不計稅項)	Share of associate result net of tax	(594)	-	-	(594)
稅項減少	Decrease in tax	594	-	-	594
溢利增加/(減少)總額	Total increase/(decrease) in profit	-	-	-	-

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

香港會計準則第1號 (修訂本)	資本披露
香港會計準則第39號 (修訂本)	預測集團內公司間交易之現金流量對沖會計處理方法
香港會計準則第39號 (修訂本)	選擇以公平價值入賬
香港財務匯報準則 第39號及香港 財務匯報準則 第4號(修訂本)	財務擔保合約
香港財務匯報準則 第7號	金融工具：披露
香港(國際財務報告 詮釋委員會)－ 詮釋第4號	釐定一項安排是否包括租賃

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

(a) 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

(i) 附屬公司

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application. A summary of significant accounting policies followed by the Group and the Company in the preparation of the financial statements is set out below:

(a) Basis of consolidation

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

(i) Subsidiaries

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(a) 綜合基準 (續)

(ii) 聯營公司

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

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

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

(b) 收入之確認

發行費收入在母帶交付後確認。

錄影帶產品之銷售在貨品付運及擁有權已轉移時確認。

服務收入、廣告收入、管理費用收入及製作費收入於提供服務時確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Associates

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

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium paid on acquisition in so far as it has not already been amortised to the income statement, less any identified impairment loss. When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

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

(b) Revenue recognition

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(b) 收入之確認 (續)

投資所產生之股息收入於本集團有權收取有關款項時予以確認。

利息收入根據尚未收回之本金及適用利率按時間比例基準累計。

來自經營租約之租金收入於有關租賃期內按直線法確認。

(c) 物業、機器及設備

物業、機器及設備乃按成本減累計折舊及累計減值虧損列賬。

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (Continued)

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

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

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

(c) Property, plant and equipment

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

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(d) 租賃土地權益

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

(e) 投資物業

投資物業為已完成並可作投資用途而持有之物業，其任何租金收入經公平磋商釐定。

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Interest in leasehold land

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

(e) Investment properties

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(f) 資產減值

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

(i) 計算可收回數額

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

(ii) 減值虧損撥回

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of assets

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

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment losses

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(f) 資產減值 (續)

(ii) 減值虧損撥回

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

(g) 金融資產減值

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

(i) 以攤銷成本列賬之資產

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of assets (Continued)

(ii) Reversals of impairment losses

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

(g) Impairment of financial assets

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

(i) Assets carried at amortised cost

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(g) 金融資產減值 (續)

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

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

(h) 稅項

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of financial assets (Continued)

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

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

(ii) *Assets carried at cost*

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

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(h) 稅項 (續)

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

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

遞延稅項乃按預期於負債清償或資產變現之期間之適用稅率計算。遞延稅項於收入表中扣除或計入收入表，惟倘遞延稅項直接在股本中扣除或計入股本之情況(在此情況下遞延稅項亦會於股本中處理)除外。

(i) 於附屬公司投資

於附屬公司投資按成本減任何可鑑別減值虧損列入本公司之資產負債表。

(j) 商譽

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

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

商譽每年進行減值測試，並按成本減累計減值虧損列賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Taxation (Continued)

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

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

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

(i) Investments in subsidiaries

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

(j) Goodwill

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(k) 於聯營公司權益

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

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

(l) 存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本按先入先出法計算。

(m) 應收可換股票據

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

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

(n) 電影版權

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus goodwill in so far as it has not already been amortised to the income statement, less any identified impairment loss. When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised loss provide evidence of an impairment of the asset transferred.

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

(l) Inventories

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

(m) Convertible notes receivables

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

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

(n) Film rights

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (n) **Film rights (Continued)**
Amortisation is charged to the income statement based on the proportion of actual income earned during the year to the total estimated income from the sale of film rights. The amortisation of film rights will not exceed twenty years. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.
- (o) **Films in progress**
Films in progress represents films and televisions drama series under production and is stated at cost incurred to date, less any identified impairment loss. Cost is transferred to film rights upon completion.
- (p) **Trade and other receivables**
Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.
- (q) **Investments**
Before adoption of the new HKFRSs, the Group classified the investments in securities into non-trading securities and trading securities except for the investment in subsidiaries, associates and jointly control entities.
- (i) **Non-trading securities**
Investments which were held for non-trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the securities was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with the income statement.

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(q) 投資 (續)

倘有客觀證據證明個別投資出現減值，則累計虧損列入收入表之投資重估儲備內。

(ii) 買賣證券

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

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

(1) 透過損益以公平價值列賬之金融資產

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

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

(ii) Trading securities

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(q) 投資 (續)

(ii) 買賣證券 (續)

(2) 貸款及應收款項

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

(3) 持有至到期日之投資

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

(4) 可供出售之金融資產

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

(ii) Trading securities (Continued)

(2) Loans and receivables

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

(3) Held-to-maturity investments

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

(4) Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(q) 投資 (續)

已變現及未變現收益及虧損均於產生期間內列入收入表。

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

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

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

(r) 現金及現金等值

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investments (Continued)

investments are carried at amortised cost using effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period that arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

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

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

(r) Cash and cash equivalents

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- (v) **Foreign currencies**
Transactions in foreign currencies are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(y) 僱員福利 (續)

(ii) 退休福利責任

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

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

(iii) 以股份支付之款項開支

就僱員提供服務而授予購股權及受限制股份獎勵之公平價值於收入表確認為開支。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Employee benefits (Continued)

(ii) Retirement benefit obligations

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

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

(iii) Share-based payment expenses

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

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

財務報表附註 Notes to the Financial Statements

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

2. 主要會計政策概要 (續)

(y) 僱員福利 (續)

(iii) 以股份支付之薪酬 (續)

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

(z) 關連人士

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Employee benefits (Continued)

(iii) Share-based compensation (Continued)

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

(z) Related parties

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

財務報表附註 Notes to the Financial Statements

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

3. 金融風險管理

3.1 金融風險因素

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

(a) 市場風險

(i) 外匯風險

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

(ii) 價格風險

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

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

財務報表附註 Notes to the Financial Statements

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

3. 金融風險管理 (續)

3.1 金融風險因素 (續)

(b) 信貸風險

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

(c) 流動資金風險

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

(d) 現金流量及公平價值利率風險

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

本集團持續監控利率風險，並於必要時調整借貸組合。

3.2 公平價值估計

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

(c) Liquidity risk

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

(d) Cash flow and fair value interest rate risk

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

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

3.2 Fair value estimation

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

財務報表附註 Notes to the Financial Statements

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

3. 金融風險管理 (續)

3.2 公平價值估計 (續)

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

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

4. 主要會計估計及判斷

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

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

(a) 無形資產及商譽減值估計

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

4. 主要會計估計及判斷 (續)

(b) 貿易應收賬款

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

(c) 物業、機器及設備之可使用年限

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

(d) 投資物業之估計公平價值

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

(e) 製作中電影減值

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Trade debtors

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

(c) Useful lives of property, plant and equipment

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

(d) Estimate fair value of investment properties

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

(e) Impairment of films in progress

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

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5. 分類資料

董事呈報地區分類為本集團之主要分類資料。

地區分類

下表按市場位置分析本集團之銷售：

截至二零零五年十二月三十一日止年度之收入表：

5. SEGMENT INFORMATION

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

Geographical segments

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

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

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

財務報表附註 Notes to the Financial Statements

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

5. 分類資料 (續)

地區分類 (續)

截至二零零四年十二月三十一日止年度之收入表：

5. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

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

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

財務報表附註 Notes to the Financial Statements

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

5. 分類資料 (續)

地區分類 (續)

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

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

於二零零五年十二月三十一日之資產負債表

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

於二零零四年十二月三十一日之資產負債表

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

業務分類

由於本集團之營業額及業績主要來自電影發行，因此並無呈列業務分類之分析。

5. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

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

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

Balance sheet as at 31st December, 2005

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

Balance sheet as at 31st December, 2004

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

Business segments

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

財務報表附註 Notes to the Financial Statements

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

6. 物業、機器及設備

6. PROPERTY, PLANT AND EQUIPMENT

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

財務報表附註 Notes to the Financial Statements

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

6. 物業、機器及設備 (續)

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

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

7. 租賃土地權益

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

7. INTEREST IN LEASEHOLD LAND

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

財務報表附註 Notes to the Financial Statements

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

7. 租賃土地權益 (續)

本集團於租賃土地之權益指預付經營租約款項，其賬面淨值分析如下：

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

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

7. INTEREST IN LEASEHOLD LAND (Continued)

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

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

8. 投資物業

於一月一日	As at 1st January,	38,650	31,360
重估盈餘	Revaluation surplus	3,540	7,290
於十二月三十一日	As at 31st December,	42,190	38,650

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

8. INVESTMENT PROPERTIES

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

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

財務報表附註 Notes to the Financial Statements

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

8. 投資物業 (續)

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

本集團於投資物業之權益按其賬面淨值分析如下：

根據以下租約持有之
香港投資物業：
中期租約

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

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

9. 於附屬公司權益

非上市股份之成本值
已確認減值虧損

Unlisted shares, at cost
Impairment loss recognised

應收附屬公司款項
應收附屬公司款項撥備

Amounts due from subsidiaries
Provision for amounts due from subsidiaries

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

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

本公司於二零零五年十二月三十一日之主要附屬公司詳情載於附註43。

8. INVESTMENT PROPERTIES (Continued)

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

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

9. INTERESTS IN SUBSIDIARIES

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

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

財務報表附註 Notes to the Financial Statements

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

10. 商譽

10. GOODWILL

本集團
THE GROUP
千港元
HK\$'000

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

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

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

財務報表附註 Notes to the Financial Statements

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

10. 商譽 (續)

已分配予本集團產生現金單位(「產生現金單位」)之商譽乃根據業務確認如下：

電影製作 Film production

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

10. GOODWILL (Continued)

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

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

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

應佔聯營公司資產淨值
(附註a) Share of net assets of associates
(Note a)
商譽(附註b) Goodwill (Note b)

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

11. INTERESTS IN ASSOCIATES

本集團
The Group

二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000 (經重列) (restated)
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79,704	38,249
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86,769	37,065
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166,473	75,314
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463,533	627,244
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財務報表附註 Notes to the Financial Statements

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

11. 於聯營公司權益 (續)

附註：

(a) 應佔聯營公司資產淨值

11. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) Share of net assets of associates

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

		二零零五年 2005 千港元 HK\$'000	
於一月一日 (附註(i))	As at 1st January, (note (i))		37,065
年內進一步收購豐采 多媒體之3.7%權益 (附註c)	Further acquisition of 3.7% interest in Riche Multi-Media in the year (Note c)		56,509
視作出售豐采多媒體 之3.3%權益 (附註c)	Deemed disposal of 3.3% interest in Riche Multi-Media (Note c)		(2,305)
上一年度收購一家 聯營公司之代價調整	Adjustment to consideration for the acquisition of an associates in prior year		-
購入Together Again Limited (「TAL」) 而產生之商譽	Arising on acquisition of Together Again Limited ("TAL")		-
年內攤銷 (附註d)	Amortisation for the year (Note d)		-
年內減值 (附註e)	Impairment for the year (Note e)		(4,500)
			86,769
於十二月三十一日	As at 31st December,		86,769

相當於：	Represented by:		
採納香港財務匯報準則 第3號後之期初價值	Opening value upon adoption of HKFRS 3	82,990	49,384
年內變動	Movement during the year	54,204	33,606
累計減值	Accumulated impairment	(50,425)	(45,925)
		86,769	37,065

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

11. 於聯營公司權益 (續)

附註：(續)

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

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

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

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

主要聯營公司於二零零五年十二月三十一日之詳情載於附註44。

11. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

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

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

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

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

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

財務報表附註 Notes to the Financial Statements

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

11. 於聯營公司權益 (續)

以下詳情摘錄自本集團主要聯營公司經審核綜合財務報表：

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

12. 應收貸款

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

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

11. INTERESTS IN ASSOCIATES (Continued)

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

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

12. LOAN RECEIVABLE

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

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