

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

6 Capital expenditure

	Goodwill	Property, plant and equipment	Leasehold land
	HK\$'000	HK\$'000	HK\$'000
Opening net book amount as at 1 January 2005	55,342	2,049,844	192,984
Acquisition of minority interest in a subsidiary (note)	115,285	-	-
Additions	-	56,590	-
Disposals	-	(3,815)	-
Depreciation/amortisation charge (note 16)	-	(133,748)	(2,284)
Impairment charge (note 16)	(5,894)	-	-
Exchange differences	-	10,332	-
Closing net book amount as at 30 June 2005	164,733	1,979,203	190,700
Opening net book amount as at 1 January 2004	62,739	2,167,680	197,551
Additions	-	68,488	-
Disposals	-	(670)	-
Depreciation/amortisation charge (note 16)	(3,698)	(137,414)	(2,284)
Reversal of impairment charge	-	7,210	-
Exchange differences	-	(5,514)	-
Closing net book amount as at 30 June 2004	59,041	2,099,780	195,267
Additions	-	74,659	-
Disposals	-	(213)	-
Depreciation/amortisation charge	(3,699)	(135,004)	(2,283)
Exchange differences	-	10,622	-
Closing net book amount as at 31 December 2004	55,342	2,049,844	192,984

Note: On 21 March 2005, the Group acquired 30% interest in Liann Yee Production Co. Ltd. ("LYP") from the minority shareholder at a cash consideration of NT\$900 million (approximately HK\$220,950,000). The excess of the Group's share of the consideration of LYP over the additional 30% shareholding acquired, amounting to NT\$470 million (approximately HK\$115,285,000), has been recognised as goodwill.

7 Goodwill

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and business segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

7 Goodwill (Continued)

A segment-level summary of the goodwill allocation is presented below:

	30 June 2005		
	Overseas satellite pay TV operations	Channel operations	Total
	HK\$'000	HK\$'000	HK\$'000
Europe	49,448	-	49,448
Taiwan	-	115,285	115,285
	49,448	115,285	164,733

	31 December 2004		
	Overseas satellite pay TV operations	Channel operations	Total
	HK\$'000	HK\$'000	HK\$'000
Europe	49,448	-	49,448
Taiwan	-	5,894	5,894
	49,448	5,894	55,342

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The growth rate does not exceed the long-term average growth rate in which the CGU operates. The annual impairment test will be performed at the end of the year to coincide with the completion of the annual budgeting process.

8 Trade and other receivables, prepayments and deposits

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Receivables from:		
Associates	136,934	43,735
An investee company	-	2,167
Related parties	37,535	48,349
Trade receivables	808,197	841,758
Less: provision for impairment of receivables	(71,878)	(66,885)
Prepayments, deposits and other receivables	176,066	155,832
Tax reserve certificates (note 21(b))	23,989	-
	1,110,843	1,024,956

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

8 Trade and other receivables, prepayments and deposits (Continued)

The Group operates a controlled credit policy and allows an average credit period of forty to sixty days to the majority of the Group's customers who satisfy the credit evaluation of the Group. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group. At 30 June 2005 and 31 December 2004, the aging analysis of the trade receivables including trading balances due from associates and an investee company and related parties is as follows:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Current	340,596	403,890
1-2 months	255,832	209,821
2-3 months	143,552	131,528
3-4 months	86,651	65,386
4-5 months	42,140	29,430
Over 5 months	103,753	66,897
	972,524	906,952
Trade receivables from:		
Third parties	808,197	841,758
Associates, an investee company and related parties	164,327	65,194
Non-trading amounts due from associates and related parties	10,142	29,057
	982,666	936,009

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The carrying amounts of trade and other receivables approximate their fair values.

9 Financial assets at fair value through profit or loss

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Unlisted security at fair value - held for trading	338,210	189,432

Note: The unlisted security represents 51% interest in Galaxy Satellite TV Holdings Limited ("GSTV"). The fair value of the security as at 30 June 2005 represents the consideration for the disposal of the security to independent third parties in accordance with a sale and purchase agreement dated 21 April 2005. The transaction was completed on 12 August 2005 subject to the settlement of unpaid capital contribution by the Group to GSTV of HK\$376,882,000. The settlement will take place before 31 December 2005.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

10 Share capital

	Number of ordinary shares of HK\$0.05 each	Nominal value HK\$'000
Authorised:		
At 1 January 2004 and 2005 and 30 June 2005	1,300,000,000	65,000
Issued and fully paid:		
At 1 January 2004 and 2005 and 30 June 2005	438,000,000	21,900

11 Other reserves

	Share premium HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Capital redemption reserve HK\$'000	Translation HK\$'000	Total HK\$'000
Balance at 1 January 2004	602,026	70,000	864	7,831	40,118	(26,468)	694,371
Currency translation differences:							
- Group	-	-	-	-	-	(2,632)	(2,632)
- Jointly controlled entities	-	-	-	-	-	(95)	(95)
Exchange recognised directly in equity	-	-	-	-	-	(1,033)	(1,033)
Balance at 30 June 2004	602,026	70,000	864	7,831	40,118	(30,228)	690,611
Currency translation differences:							
- Group	-	-	-	-	-	8,625	8,625
- Jointly controlled entities	-	-	-	-	-	186	186
Transfer from retained earnings	-	-	-	1,415	-	-	1,415
Exchange recognised directly in equity	-	-	-	-	-	(1,848)	(1,848)
Balance at 31 December 2004	602,026	70,000	864	9,246	40,118	(23,265)	698,989
Balance at 1 January 2005	602,026	70,000	864	9,246	40,118	(23,265)	698,989
Currency translation differences:							
- Group	-	-	-	-	-	909	909
- Jointly controlled entities	-	-	-	-	-	7,474	7,474
Balance at 30 June 2005	602,026	70,000	864	9,246	40,118	(14,882)	707,372