

# 2005 ANNUAL REPORT

年報



嘉禾深圳影城  
Golden Harvest Shenzhen

嘉禾娛樂事業(集團)有限公司

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED



## Mission 嘉禾的使命

At Golden Harvest we operate by the motto:  
**LOVE LIFE, LIVE LIFE.** We possess:

- Passion for our industry
- Creativity to produce top products
- Openness in our deals
- Responsibility to our public
- Teamwork for success

To expand horizons and to enable people to live outside the realms of their lives through the world of films and television. By providing creative entertainment, Golden Harvest enriches and inspires people to live life to the fullest.

嘉禾一直以「熱愛生活・享受生活」為目標和發展路向。我們：

- 對娛樂事業滿載 熱誠理想
- 對每個製作注入 無窮創意
- 對每宗交易謹守 公平公開
- 對社會大眾抱有 責任承擔
- 為達致成功堅守 團隊精神

嘉禾積極提供各種創意無限的娛樂節目，讓大眾透過電影及電視去體會另一個超乎想像的空間，將目光和視野無限擴闊，從而令生活昇華至更豐盛、更美滿的境界。

## Vision 嘉禾的目標

To be the world's leading Chinese entertainment company  
成為全球具領導地位的華語娛樂企業



## CONTENTS 目錄

<p><b>002</b> Corporate Information 公司資料</p> <p><b>004</b> Directors and Senior Management 董事及高級管理人員</p> <p><b>012</b> Chairman's Statement 主席報告書</p> <p><b>018</b> Management Discussion and Analysis 管理層討論及分析</p>	<p>財 務 資 料</p> <p>Financial Information</p>	<p><b>027</b> Report of the Directors 董事會報告書</p> <p><b>044</b> Report of the Auditors 核數師報告書</p> <p><b>047</b> Consolidated Profit and Loss Account <b>108</b> 綜合損益表</p> <p><b>048</b> Consolidated Balance Sheet <b>109</b> 綜合資產負債表</p> <p><b>049</b> Consolidated Statement of Changes in Equity <b>110</b> 綜合權益變動報表</p> <p><b>051</b> Consolidated Cash Flow Statement <b>112</b> 綜合現金流量表</p> <p><b>053</b> Balance Sheet <b>114</b> 資產負債表</p> <p><b>054</b> Notes to Financial Statements <b>115</b> 財務報表附註</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**CHAIRMAN**

主席

Raymond CHOW Ting Hsing

鄒文懷

**EXECUTIVE DIRECTORS**

執行董事

PHOON Chiong Kit

潘從傑

David CHAN Sik Hong

陳錫康

Roberta CHIN CHOW Chung Hang

陳鄒重珩

LAU Pak Keung

劉柏強

(alternate to PHOON Chiong Kit)

(潘從傑之替任董事)

**NON-EXECUTIVE DIRECTOR**

非執行董事

Eric Norman KRONFELD

**INDEPENDENT****NON-EXECUTIVE DIRECTORS**

獨立非執行董事

Paul MA Kah Woh

馬家和

Frank LIN

林輝波

Prince Chatrichalerm YUKOL

**COMPANY SECRETARY**

公司秘書

LEE So Ching

李素貞

**REGISTERED OFFICE**

註冊辦事處

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPAL PLACE OF BUSINESS

### 主要營業地址

16th Floor  
The Peninsula Office Tower  
18 Middle Road  
Tsimshatsui  
Kowloon  
Hong Kong  
香港九龍尖沙咀  
中間道十八號  
半島寫字樓大廈十六樓

## PRINCIPAL BANKER

### 主要往來銀行

The Hongkong and Shanghai  
Banking Corporation Limited  
香港上海滙豐銀行有限公司

## AUDITORS

### 核數師

Ernst & Young  
Certified Public Accountants  
18th Floor  
Two International Finance Centre  
8 Finance Street  
Central Hong Kong  
安永會計師事務所  
執業會計師  
香港中環金融街八號  
國際金融中心二期十八樓

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### 主要股份過戶登記處

Butterfield Fund Services  
(Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

## HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

### 股份過戶登記處香港分處

Tengis Limited  
Ground Floor  
Bank of East Asia Harbour  
View Centre  
56 Gloucester Road  
Wanchai  
Hong Kong  
登捷時有限公司  
香港灣仔  
告士打道五十六號  
東亞銀行港灣中心地下

## WEBSITE

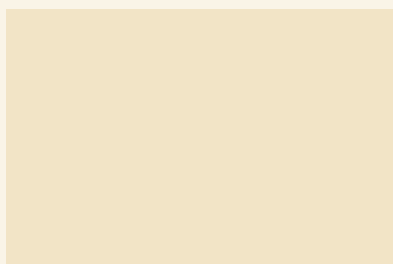
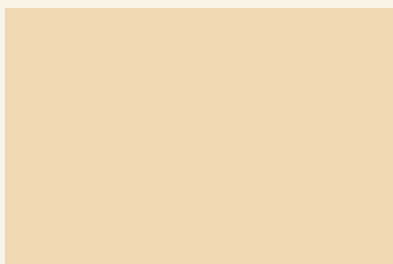
### 網址

<http://www.goldenharvest.com>

## STOCK CODE

### 股份代號

1132





Mr. Raymond CHOW Ting Hsing  
鄒文懷先生

## EXECUTIVE DIRECTORS

Mr. Raymond CHOW Ting Hsing, GBS, OBE, OST, aged 78, is the Chairman of the Company and is jointly responsible for the business and the strategic planning of the Group. He graduated from St. John's University in Shanghai, majoring in journalism. He co-founded the Golden Harvest Group in 1970 and has more than 45 years' experience in the film industry. Among the many awards that he has received for his contribution to the film industry are "International Showman of the Year" from the National Association of Theatre Owners of the United States and the Golden Horse Award for "The Most Outstanding International Producer from Taiwan", both in 1980, and the "Lifetime Achievement Award" at the 1996 CineAsia film industry convention in Singapore. Mr. Chow was also honoured in 1987 by Her Majesty Queen Elizabeth II with the Order of the British Empire, in 1996 by the Emperor of Japan with the Order of the Sacred Treasure, Gold Rays with Rosette, and in 1998 by the Government of the Hong Kong Special Administrative Region with the Gold Bauhinia Star. Mr. Chow is also a director of certain subsidiaries of the Company.

## 執行董事

鄒文懷先生，GBS，OBE，OST，78歲，本公司主席，負責本集團之業務及策略性規劃事宜。彼畢業於上海聖約翰大學，主修新聞。彼於一九七零年共同創辦嘉禾集團，於電影業已積累逾四十五年經驗，且因為對電影業所作出貢獻而屢獲殊榮，其中包括於一九八零年獲美國 National Association of Theatre Owners 頒譽為「International Showman of the Year」及台灣金馬獎「中國傑出國際影人獎」，彼亦於一九九六年獲新加坡 CineAsia 電影業展頒發「終生成就獎」。鄒先生亦於一九八七年獲頒英女皇依莉莎伯二世之大英帝國勳章，於一九九六年獲日皇授勳四等瑞寶章及於一九九八年獲香港特別行政區政府頒授金紫荊勳章。鄒先生亦為本公司若干附屬公司之董事。

Mr. PHOON Chiong Kit, aged 53, is the Managing Director of the Company, graduated with a Bachelor of Business Administration Degree from the University of Singapore. He has 21 years' experience as an investment banker and corporate finance consultant. Mr. Phoon is also a director of certain subsidiaries of the Company.

潘從傑先生，53歲，本公司之董事總經理，畢業於新加坡大學，持有工商管理學士學位。彼從事投資銀行及機構財務顧問達二十一年。潘先生亦為本公司若干附屬公司之董事。



Mr. PHOON Chiong Kit  
潘從傑先生

Mr. David CHAN Sik Hong, aged 54, holds a Bachelor's Degree in Art from St. John's University of Minnesota, US and a Master's Degree from the University of Kansas Graduate School of Radio-Television-Film, US. Mr. Chan joined the Golden Harvest Group in 1975. During his 30 years tenure with the Group, he has worked on 22 international films and over 100 Chinese films. Among his many screen credits, Mr. Chan was the producer of one of Hollywood's most successful independent screen series, "Teenage Mutant Ninja Turtles" and its two sequels, which grossed more than USD250 million in North America alone. He is a member of the Producers' Branch of the Academy of Motion Picture Arts and Sciences in America. Mr. Chan is also a director of certain subsidiaries of the Company.

陳錫康先生，54歲，持有美國明尼蘇達州聖約翰大學之藝術系文學士學位及美國肯薩斯大學電台－電視－電影研究院之碩士學位。彼於一九七五年加入嘉禾集團。彼在本集團之三十年期間曾為二十二部國際電影及逾一百部華語電影工作。彼為電影「忍者龜」及其兩部續集之監製，此系列為荷李活最成功之獨立製作之一，單在北美洲之票房收入已逾二億伍千萬美元。彼為美國電影藝術及科學學院之監製分院會員。陳先生亦為本公司若干附屬公司之董事。



Mr. David CHAN Sik Hong  
陳錫康先生

Mrs. Roberta CHIN CHOW Chung Hang, aged 42, has co-produced various films with the Golden Harvest Group in the past. She holds a Bachelor of Arts Degree in English Literature from Dominican University of California, US and a Master's Degree in Communication – Documentary Film from Stanford University, US. Mrs. Chin has had more than 20 years' experience in the film production and distribution industry. Mrs. Chin is also a director and an alternate director of certain subsidiaries of the Company.

陳鄒重珩女士，42歲，過往曾與嘉禾集團共同製作多套不同類型之電影。彼持有美國Dominican University of California之英國文學學士學位及美國史丹福大學之傳意(紀錄片)系碩士學位。彼於電影製作及發行業擁有逾二十年之經驗。陳女士亦為本公司若干附屬公司之董事及替任董事。



Mrs. Roberta CHIN CHOW Chung Hang  
陳鄒重珩女士

Mr. LAU Pak Keung, aged 47, was appointed as Group Financial Controller of the Group, Chief Representative of Shanghai Office in January 2004 and an alternate director to Mr. Phoon Chiong Kit on 22 November 2004. He has over 24 years' experience in the auditing and accounting field. He began his professional career in KPMG and Ernst & Young. Prior to joining Golden Harvest in March 1992, he worked in an international transportation group of a listed company as Vice President – Finance & Administration and acted as a director of its joint venture in the PRC. Mr. Lau is the supervisor of a Taiwanese subsidiary as well as a director, an alternate director and the company secretary of certain other subsidiaries of the Company.

劉柏強先生，47歲，於二零零四年一月獲委任為本集團之集團財務總監及上海辦事處之首席代表，並於二零零四年十一月二十二日獲委任為潘從傑先生之替任董事。彼於審核及會計行業擁有逾二十四年經驗。彼初期任職於畢馬域會計師事務所及安永會計師事務所，而於一九九二年三月加入嘉禾之前，他曾於一家上市公司之國際運輸集團，擔任財務及行政副總裁，並出任其中國合營公司之董事。劉先生亦為一家台灣附屬公司之監事，以及本公司若干其他附屬公司之董事、替任董事及公司秘書。



Mr. LAU Pak Keung  
劉柏強先生



## NON-EXECUTIVE DIRECTOR 非執行董事

**Mr. Eric Norman KRONFELD**, aged 64, graduated with a Bachelor of Arts Degree with distinction from Swarthmore College in 1962 and a Bachelor of Laws degree from the Harvard Law School in the US in 1965.

After he had worked as a law clerk to The Hon. J. Edward Lumbard, the Chief Judge of the United States Court of Appeals, Second Circuit, he joined Machat & Kronfeld in 1966, a law firm with one of the world's largest music business client lists where he became a partner and remained with the law firm until 1980.

Mr. Kronfeld was a co-founder and the former Chairman of Philadelphia International Records from 1969 to 1975. He is also the founder of Maverick Productions, Ltd. ("Maverick") and has been the Chairman and Chief Executive Officer of Maverick since 1973. Maverick has produced albums by The Eagles, Eric Clapton, The Who, Faces, etc. and acted as the strategic consultant for multinational corporations in media including UST, Inc. (formally known as US Tobacco, Inc.), PolyGram Inc., Time-Warner Inc., EMI, etc. From 1991 onwards until 1998, Mr. Kronfeld was the President and Chief Operating Officer of PolyGram Holding, Inc. and was a board member of PolyGram International Management. From 1999 to 2003, he was a member of the board of directors of listen.com which was sold to Real Networks Inc., a Nasdaq-listed company. Mr. Kronfeld has almost 41 years of experience in strategic management and consultancy in the worldwide music industry.

**Eric Norman KRONFELD**先生，64歲，一九六二年畢業於Swarthmore College並以優異成績取得文學士學位，並於一九六五年取得美國哈佛法律學院之法律學士學位。

彼於擔任美國第二巡迴上訴法院首席法官The Hon. J. Edward Lumbard之律政書記後，於一九六六年加入Machat & Kronfeld，該法律事務所為擁有全世界最多音樂行業客戶之法律事務所之一，彼其後成為該法律事務所之合夥人及留任至一九八零年。

彼為Philadelphia International Records之共同創辦人，並於一九六九年至一九七五年間擔任該公司主席。彼亦為Maverick Productions, Ltd. (「Maverick」)之創辦人，並自一九七三年起擔任Maverick之主席及行政總裁。Maverick曾製作The Eagles、Eric Clapton、The Who、Faces等藝人之專輯，並曾擔任UST, Inc. (前稱US Tobacco, Inc.)、PolyGram Inc.、Time-Warner Inc.、EMI等跨國傳媒企業之策略顧問。於一九九一年至一九九八年，他曾擔任PolyGram Holding, Inc.之總裁及首席營運總監，亦曾擔任PolyGram International Management之董事會成員。於一九九九年至二零零三年，他曾擔任listen.com之董事會成員，而該公司其後已售予納斯達克上市公司Real Networks, Inc.。彼於全球音樂行業之策略管理及顧問業務擁有約四十一年經驗。



**Mr. Eric Norman KRONFELD**

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### 獨立非執行董事

Mr. Paul MA Kah Woh, aged 58, was a senior partner of KPMG Singapore, where, he was in charge of the Audit & Risk Advisory Practice and Risk Management for many years until his retirement in September 2003.

Mr. Ma sits on the Boards and Audit Committees of Mapletree Investment Pte Ltd, Mapletree Logistics Trust Management Limited, SMRT Corporation Limited and Asia General Holdings Limited. Mapletree Investment Pte Ltd is a Singapore Government-linked holding company involved in property investment and development; Mapletree Logistics Trust Management Limited is the Manager of the Mapletree Logistics Trust, a logistics REIT listed in Singapore; SMRT Corporation Limited is a listed company which is principally involved in rapid transit services and bus and taxi operations in Singapore; Asia General Holdings Limited is a public investment holding company with its principal investments in two life and general insurance companies in Singapore and Malaysia.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore. He has worked in England, the US and Singapore.

馬家和先生，58歲，為KPMG Singapore之高級合夥人，曾掌管Audit & Risk Advisory Practice及Risk Management多年，直至彼於二零零三年九月退休為止。

馬先生擔任Mapletree Investment Pte Ltd、Mapletree Logistics Trust Management Limited、SMRT Corporation Limited及Asia General Holdings Limited之董事會及審核委員會成員。Mapletree Investment Pte Ltd為與新加坡政府聯繫之控股公司，從事物業投資及發展；Mapletree Logistics Trust Management Limited為於新加坡上市之物流房地產投資信託(REIT) Mapletree Logistics Trust之管理人；SMRT Corporation Limited為主要於新加坡從事捷運服務及公共汽車及計程車業務之上市公司；Asia General Holdings Limited為公眾投資控股公司，其主要投資為新加坡及馬來西亞之兩家人壽及綜合保險公司。

彼為英格蘭及威爾斯特許會計師公會資深會員及新加坡執業會計師公會會員。彼曾任職於英國、美國及新加坡。



Mr. Paul MA Kah Woh  
馬家和先生

**Mr. Frank LIN**, OBE, J.P., aged 78, received his education at St. John's University, Shanghai. He is presently the Chairman of Milo's International Corporation Limited and the Honorary Chairman of the Textile Council of Hong Kong Limited and the Hong Kong Knitwear Exporters & Manufacturers Association.

**林輝波先生**，OBE，J.P.，78歲，畢業於上海聖約翰大學。彼現任美羅國際有限公司主席，以及香港紡織業聯會有限公司及香港毛織出口廠商會榮譽主席。



**Mr. Frank LIN**  
林輝波先生

**Prince Chatrichalerm YUKOL**, aged 63, attended the prestigious Geelong Grammar School in Australia where he completed his high school education. Thereafter he continued his tertiary education at UCLA in California where he gained a Bachelor's Degree in Geology. In 2000, Prince Chatrichalerm was awarded a Honorary PhD in Mass Communications from Thammasart University in Thailand.

After his graduation, Prince Chatrichalerm embarked on his filmmaking career by working on a number of his father's films. In 1972, Prince Chatrichalerm made his first feature film as a director, and has since made a total of 24 feature films. His last film, "Suriyothai" (2001) gained international acclaim, and was the subject of collaboration with Francis Ford Coppola, who re-edited the film for international release.

Prince Chatrichalerm has served on many advisory panels on Thai film, and was honored with the "National Artist" award for his services to the film industry in Thailand.

**Prince Chatrichalerm YUKOL**，63歲，於澳洲著名學府 Geelong Grammar School 完成高中課程，其後於洛杉磯加州大學取得地質學學士學位。於二零零零年，彼於泰國 Thammasart University 取得大眾傳播榮譽博士學位。

Prince Chatrichalerm 於畢業後投身製片業，協助其父製作若干電影。彼於一九七二年執導首齣劇情片，其後陸續製作共二十四齣劇情片。最近一齣「Suriyothai」（二零零一年）更使他蜚聲國際，而哥普拉更為該片之國際發行重新進行剪接。

Prince Chatrichalerm 曾參與多個泰國電影顧問團之工作，更因對泰國電影業貢獻良多而獲頒「National Artist」之榮譽。



**Prince Chatrichalerm YUKOL**

## SENIOR MANAGEMENT

## 高級管理人員

**Mr. FOO Ying Sung**, aged 74, is the General Manager of Cine Art Laboratory Limited (“Cine Art”) and is responsible for the film processing activities of the Group. He joined the Group in 1971 as a Director of Cine Art.

**傅應淞先生**，74歲，天工彩色沖印有限公司(「天工」)之總經理，負責本集團之電影沖印業務。彼於一九七一年加入本集團，出任天工之董事。



**Mr. FOO Ying Sung**  
傅應淞先生

**Ms. Ada FOO York Ching**, aged 35, General Manager of Panasia Films Marketing. Ms Foo is responsible for the film marketing activities of the Group and has had more than 12 years' experience in the Advertising and Film industry. She joined the Group in 1995 as a Media Manager of Panasia Films Limited and has worked in China and Hong Kong.

**傅若菁女士**，35歲，泛亞影業市場部之總經理。傅女士負責本集團之電影市場推廣工作，在廣告及電影業已積累逾十二年豐富經驗。彼於一九九五年加入本集團擔任泛亞影業有限公司之媒體經理，並在中港兩地工作。



**Ms. Ada FOO York Ching**  
傅若菁女士

**Ms. LEE So Ching**, aged 36, was appointed as Company Secretary and Senior Accounting Manager of the Group in September 2005. Prior to joining Golden Harvest in 2001, she had worked in listed companies in Hong Kong for years. Ms. Lee holds a Master of Business Administration degree from the University of Westminster, England, and is a Fellow of The Association of Chartered Certified Accountants, as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. She is also the company secretary of various subsidiaries of the Company.

**李素貞女士**，36歲，於二零零五年九月獲委任為本集團之公司秘書及高級會計經理。於二零零一年加入嘉禾之前，彼已擁有多年在香港之上市公司工作經驗。李女士持有英國University of Westminster之工商管理碩士學位，並為特許公認會計師公會資深會員及香港會計師公會會計師。彼亦為本公司多間附屬公司之公司秘書。



**Ms. LEE So Ching**  
李素貞女士

**Mr. Alan LEE Yu**, aged 63, the General Manager of Golden Harvest Entertainment (Taiwan) Company Limited and is responsible for the Group's strategic planning and film distribution in Taiwan. He graduated from Tamkang University in Taiwan and joined the Golden Harvest Group in 1981. Mr. Lee has more than 30 years' experience as a TV programme producer and has held other related positions in Taiwan's entertainment industry. He is currently an executive member of the board of supervisors of the Motion Picture Association of Taipei.

**李渝先生**，63歲，嘉禾國際娛樂股份有限公司總經理，負責執行本集團台灣事業之策略規劃及電影發行工作。彼畢業於台灣淡江大學，並於一九八一年加入台灣嘉禾機構服務至今，曾擔任電視製作人及相關工作，彼於台灣娛樂傳播圈中擁有逾三十年豐富經驗，彼現時為台北市影片商業同業公會監事委員會之執行董事。



**Mr. Alan LEE Yu**  
李渝先生

**Mr. Simon TAN Boon Pin**, aged 37, General Manager, Exhibition, graduated from Western Illinois University with a Degree in Business with majors in Finance and Economics and holds a MBA from Nanyang Technological University's Nanyang Fellows Program. He joined the Group's joint venture partnership in Singapore in May 1992 and has since worked in Thailand, Malaysia and Taiwan. Mr. Tan joined Golden Harvest in 2001 as General Manager, Exhibition, and currently manages Golden Harvest's cinema operations in Hong Kong and Taiwan.



**Mr. Simon TAN Boon Pin**  
陳文彬先生

**陳文彬先生**，37歲，為本集團戲院部之總經理，畢業於美國伊利諾西大學，持有財務及經濟學士學位，並持有南洋科技大學Nanyang Fellows Program之工商管理碩士學位。彼於一九九二年五月加入本集團於新加坡之合資公司，並於泰國、馬來西亞及台灣工作。彼於二零零一年加入嘉禾擔任戲院部之總經理，現時管理嘉禾之香港及台灣戲院業務。

**Ms. Belinda TANG Siu Wai**, aged 37, General Manager of Distribution & Acquisition Division of Golden Harvest. She holds a Bachelor Degree of Commerce from Deakin University of Australia. She joined Golden Harvest in 1996.



**Ms. Belinda TANG Siu Wai**  
鄧小慧女士

**鄧小慧女士**，37歲，嘉禾之發行及購片部之總經理。彼持有Deakin University of Australia之商業學士學位。彼於一九九六年加入嘉禾。

**Mr. YUEN Kwok On**, aged 40, is the Financial Controller of Golden Harvest since 2004. He graduated with a Bachelor Degree of Economics with major in Accounting from La Trobe University of Australia in 1990 and holds a MBA Degree from Hong Kong Baptist University in 1998. He is a CPA member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Prior to joining Golden Harvest in October 1996, he had spent five years with international accounting firms in Hong Kong.



**Mr. YUEN Kwok On**  
袁國安先生

**袁國安先生**，40歲，自二零零四年起擔任嘉禾之財務總監。彼於一九九零年畢業於澳洲La Trobe University，取得經濟學士學位（主修會計學），並於一九九八年取得香港浸會大學之工商管理碩士學位。彼為澳洲特許公認會計師公會及香港會計師公會之會計師。於一九九六年十月加入嘉禾之前，彼曾於香港國際會計師行任職五年。



During the financial year, our company achieved two major milestones. In December 2004, we opened our latest multiplex in Shenzhen. In February 2005, we completed the acquisition of the Warner Village chain of cinemas in Taiwan. Both are critical pieces in our ongoing mission to build the largest distribution and exhibition business within the Chinese language film markets in Asia.

In Shenzhen, we have built what we believe is the best multiplex in Southeast Asia and China at the MIXC Mall. We were given the opportunity by the landlord, China Resources, to design for them, and ourselves, every aspect of the multiplex. We are grateful for their confidence in us and I am pleased to

於本財政年度內，本公司成功達到兩個主要里程碑。於二零零四年十二月，本公司於深圳開設首家影城。於二零零五年二月，本公司完成收購台灣華納威秀院線。上述事項均為本公司於亞洲華語電影市場建立最大規模發行及戲院經營業務之持續目標邁向關鍵一步。

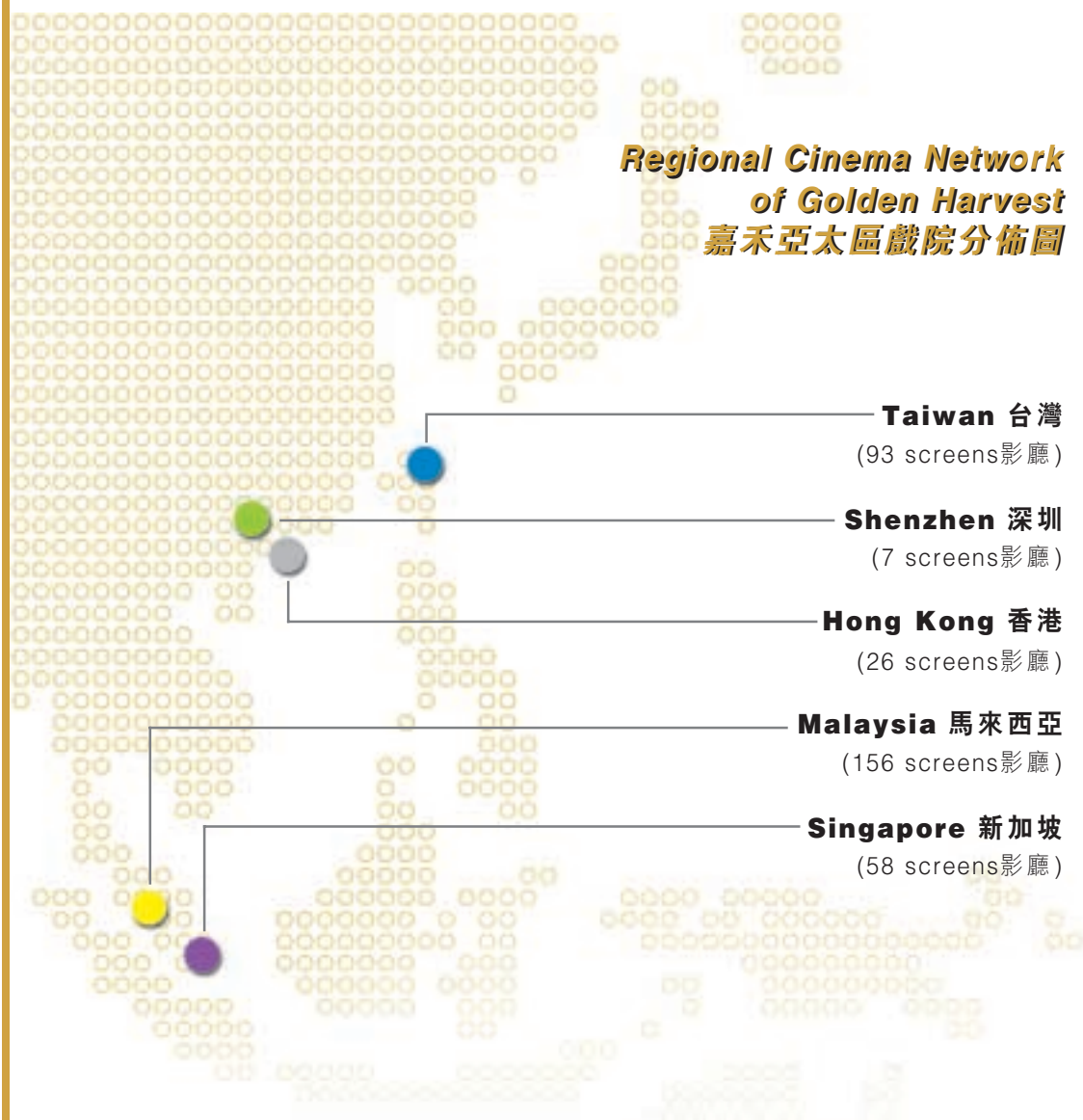
深圳方面，本公司已於萬象城興建一家本集團相信為東南亞及中國設計最完美之影城。業主華潤給予本公司設計影城每一部分之機會。本公司感激華潤對本公司之信任，而本人欣然呈報售票成績非常理想。單靠影城七間影廳，包括一個貴賓



report that the results have been most gratifying. With only 7 halls, including one Gold Class premier hall, we have steadily improved our performance over the last few months. In July and August 2005, Golden Harvest Shenzhen was ranked No. 2 in terms of box office takings in the whole of China. This is a signal achievement for us and due recognition must be given to the hard work put in by our diligent and passionate employees determined to rebuild Golden Harvest in these very challenging times for the film industry.

廳，本公司於過去數月之表現已見穩健改善。於二零零五年七月及八月，嘉禾深圳影城之票房收入在全中國高踞第二位。這成績對本公司而言屬一大成就，而在電影業面對重重挑戰之情況下，本公司之員工仍然滿腔熱誠，默默耕耘，決意重建嘉禾之品牌，實在應記一功。

## Regional Cinema Network of Golden Harvest 嘉禾亞太區戲院分佈圖



It has also proved that our decision to move the cinema industry up-market, to avoid the impossible low prices brought about by piracy, to be correct. There is a select group of moviegoers who will pay a premium for first run films screened in a conducive environment in a well-designed and well-built cinema hall. Cinema going cannot be cast as mass-market entertainment any more.

We intend to strengthen our present preeminent position in Shenzhen and have therefore planned to develop a second site and are also in discussions with China Resources to begin construction of phase 2 to add 5 more

票房報捷亦證明本公司決定提高電影院之質素，避開因盜版打擊而被迫採取超低價之策略是正確的。市場上有一批優質電影愛好者，願意花錢到設計優良之豪華影廳欣賞首輪電影。入場觀賞電影再不單單是大眾市場之娛樂。

本公司有意提高公司現時在深圳之卓越地位，因此已計劃興建第二家影城，並正與華潤商討興建第二期以加建五間影廳。隨著深圳與香港之經濟關係加強，本公司對於橫跨



screens. With the strengthening economic relationship between Shenzhen and Hong Kong, we are quietly optimistic that the possibility of a “common market” across the Lowu border may become a distinct possibility.

In Taiwan, we have, after very long drawn negotiations, secured ownership of the largest cinema circuit there in partnership with a few key Taiwanese partners. Warner Village has 9 sites under lease and management, which accounts for approximately 42% of Taiwan’s box office. Added to our existing presence in Singapore, Malaysia and Hong Kong, we now have a dominant presence in the exhibition industry in the overseas Chinese market.

We have worked hard to ensure that upon completion of the acquisition, the business terms under which Warner Village operates, is fundamentally sound. Warner Village had been unprofitable since they started business 7 years ago and I am therefore very pleased to report that Warner Village has hit the ground running and have been in profit this year. Even more pleasing, the business is growing at a steady pace. Much credit for this is due to the dedicated staff we have assigned there, working closely with our local partners. This is again quite an achievement for Golden Harvest and I am personally committed to restoring Taiwan as a major market for Chinese language films, as it once was, 20 years ago.

羅湖邊境的「共同市場」發展之可能性非常樂觀。

台灣方面，經過漫長之磋商後，本公司終與數名主要台灣合作夥伴以合夥方式取得當地最大院線之擁有權。華納威秀租賃及管理九家影城，佔台灣票房約42%。再加上本公司現時在新加坡、馬來西亞及香港市場之發展，本公司於海外華人市場戲院業之地位可謂傲視同群。

本公司致力確保華納威秀於收購事項完成時之經營情況大致上良好。華納威秀自七年前開展業務以來始終未能獲得盈利，因此，本人欣然呈報，華納威秀全情投入工作，並於本年度轉虧為盈。更令人欣喜的是業務正穩步增長。這項功勞是屬於本公司委派於當地之員工的，他們盡心盡力，與本公司之當地合作夥伴緊密合作，造就嘉禾之另一項成就。本人將全力以赴協助台灣重建其二十年前華語電影主要市場之地位。





We are now turning our attention to Hong Kong, where we were founded 35 years ago. The industry remains in the doldrums but there are now exciting collaborative efforts in co-producing films between Hong Kong and the PRC. This joint effort will be the future focus of the Chinese language film industry. I earnestly support all efforts to make this a success.

To bring people in Hong Kong back to the cinemas, we will also want to move up-market. We have spent substantially in upgrading our cinemas at Grand Century Place in Mongkok, as we will our other locations. However, the best cinemas still need to be designed from the ground up in early collaboration with property developers. Our success in Shenzhen has attracted the interest of some developers in Hong Kong and we are hopeful that with the forthcoming amendments to the Hong Kong Fire Code, we will be able to bring the best of high quality multi-screen cinema entertainment to Hong Kong soon.

Hong Kong has been the centre of the Chinese language film industry for many years. Talent and capital are attracted here because of its open system of government, the liberal press and the independence of its courts. Those who work in the creative industries and deal with intellectual property are no different. Hong Kong is uniquely positioned to join together the

至於本公司創業35年之香港市場，電影市道仍然低迷，但現時業界致力促成中港兩地合拍電影。合拍電影可謂華語電影業未來之焦點。本人全力支持業界同儕以達至成果。

為了令更多香港觀眾入場觀賞電影，本公司亦有意走高檔次路線。本公司已調撥大筆資金提高位於旺角新世紀廣場之影院質素，其他地點之影院亦會相繼裝修。然而，最佳影院仍需由基層開始設計，因此需要在早期便與地產發展商合作。本公司深圳影城之成功，吸引了部分香港發展商的興趣，而本公司希望隨著即將實施修訂之香港消防守則，本公司日後能為香港觀眾帶來最佳之優質多銀幕影院娛樂。

多年以來，香港一直是華語電影業之中心。香港能吸納人才及資金，是由於香港政府體系開放，言論自由及司法制度獨立。於創意工業工作之人士與處理知識產權之人士無異。香港之地位特別，能聯合海外華人市場及中國之龐大市場。嘉禾全人上下一心，務必達成此目標，

overseas Chinese markets and the huge market within the PRC. All of us at Golden Harvest are working hard to bring about the fulfillment of this vision, not only for ourselves and our shareholders, but also for Hong Kong and the Chinese film industry.

All our employees are dedicated to this mission and on behalf of our shareholders, I wish to thank them for their hard work during the past year. Much remains to be done but the achievements last year make me that much more confident for the future.

這不單是為了我們本身或本公司股東，亦是為了中港兩地之電影業之利益著想。

本公司全體員工致力邁向此目標，而本人謹此代表本公司股東感激員工於過去一年辛勤工作。儘管尚有很多工作須著手進行，去年之成就令本人對未來更富信心。



**Raymond CHOW Ting Hsing**

鄒文懷

*Chairman*

主席

Hong Kong, 13 October 2005

香港，二零零五年十月十三日





#### Review of Operations

Hong Kong's economy has seen a rebound since 2004, after several years of deflation period triggered by the collapse of the property market and the Asian financial crisis. Unfortunately, the local film industry has not benefited from this and remained in the doldrums for the period under review. The market in general was lackluster due to the shortage of commercially appealing products. Hong Kong produced only 64 Chinese language films in the year 2004. This low number has affected the Group in several areas: we had fewer films to distribute, fewer films to screen in our cinemas, and fewer films using our laboratory services. In contrast to the weak performance in Hong Kong, our overseas associates and joint ventures have continued to perform strongly this year. Net profit contributed by the overseas exhibition businesses have improved nearly 3 times to some HK\$22 million since its turnaround in 2003.

The Group continues to focus on its core businesses of distribution and exhibition. During the year, the Group succeeded in making several strategic investments, which have largely consolidated our market position in the region. In February 2005, the Group acquired a 40% equity interest in Warner Village Cinemas Co., Ltd. ("WVT"), the largest cinema chain in Taiwan. We have also increased our stake in TGV Cinemas Sdn. Bhd. ("TGV"), one of our joint ventures in Malaysia, to 50%,

#### 業務回顧

經過地產物業市場泡沫爆破及亞洲金融風暴引發數年通縮期後，香港經濟自二零零四年起已見反彈。不幸的是，本地電影業並未受惠，於回顧期間內仍未走出谷底。由於具商業吸引力之產品短缺，整體市場了無生氣。二零零四年，香港只製作了64齣華語電影。製作量偏低對本集團造成多方面影響，包括電影發行，戲院放映，及使用本集團電影沖印服務之電影數目皆相應減少。相對於香港之疲弱表現，本集團海外聯營公司及合營公司於本年度之表現持續強勁。海外戲院經營業務自二零零三年轉虧為盈後，純利改善近3倍至約22,000,000港元。

本集團將繼續專注於發行及戲院經營等核心業務。本年度內，本集團成功作出多項策略性投資，大大鞏固了本集團於區內之市場地位。於二零零五年二月，本集團收購了台灣最大之院線公司華納威秀電影公司（「華納威秀」）之40%股本權益。本集團亦已增加了於本集團其中一家馬來西亞合營公司TGV Cinemas



and opened our flagship multiplex cinema in Shenzhen. These investments were financed by the issue of new shares and bank borrowings, which are further discussed in the Liquidity and Financial Resources section of this report. The above investments have been performing to our satisfaction, and we expect them to contribute profits to the Group in the years ahead.

### Finance

For the financial year ended 30 June 2005, the Group incurred a loss of HK\$13 million, as compared to a loss of HK\$12 million last year. The loss before tax of HK\$0.7 million included a gain of HK\$43 million, representing a negative goodwill arising from the acquisition of the WVT cinema chain, and from increasing our stakes in TGV. The investments in Taiwan's WVT and Malaysia's TGV are classified as jointly-controlled entities under the current accounting standards and are equity accounted for in the financial statement. The exhibition business of our overseas associates and joint ventures continued to be robust, and contributed approximately HK\$33 million profit before tax to the Group. In contrast, the Hong Kong market remains weak due to an insufficient supply of quality Chinese language films. Consequently, our local exhibition, distribution as well as the processing businesses in Hong Kong were badly hit. Our turnover dropped by 7% despite the opening of the Shenzhen multiplex during the year which partially offset the drop in turnover. Gross profit was down by HK\$24 million mainly due to an under-performance in the distribution segment, both for Chinese language films and Panasia-licensed non-Chinese language films. We have continued to keep our total operating costs to the minimum and the increase of HK\$7 million for the year came mostly from our newly-opened flagship cinema in Shenzhen. Other operating expenses were up HK\$8 million to HK\$14 million mainly due to the write-off of certain assets and one-off expenses incurred for exhibition business.

Sdn. Bhd. (「TGV」)之股權至50%，並於深圳開設旗艦影城。該等投資乃透過發行新股份及銀行借款撥付所需資金，有關詳情於本年報之「流動資金及財務資源」一節內作進一步討論。上述投資項目表現理想，而本集團預期該等投資項目來年將為本集團帶來溢利貢獻。

### 財務

截至二零零五年六月三十日止財政年度，本集團錄得之虧損為13,000,000港元，而去年錄得之虧損則為12,000,000港元。除稅前虧損為700,000港元，包括來自收購華納威秀院線及增加本集團於TGV之股權而產生之負商譽收益43,000,000港元。根據現有之會計準則，於台灣華納威秀及馬來西亞TGV之投資項目被分類為共同控制公司，並根據會計權益法於財務報表列賬。本集團海外聯營公司及合營公司之戲院經營業務表現保持強勁，並為本集團帶來除稅前溢利貢獻約33,000,000港元。相反，由於高質素之華語電影供應不足，香港市道依然低迷。因此，本集團於本地戲院經營、發行，以至電影沖印業務均受到嚴重打擊。儘管年內開設深圳影城抵銷了部分營業額跌幅，本集團之營業額仍減少7%。毛利亦減少了24,000,000港元，主要原因是發行分部包括華語電影及泛亞購入版權之非華語電影表現未如理想。本集團已不斷將經營成本總額減至最低，而本年度所增加之7,000,000港元，主要來自於深圳新開設之旗艦影城。其他營運費用增加8,000,000港元至14,000,000港元，主要原因是撇銷若干戲院資產及一次性業務開銷。

### Film Distribution

Total box office of Hong Kong films was HK\$905 million, down 7% from HK\$973 million the previous year. Of this, Chinese language films grossed a total of HK\$344 million, a drop of 32% from HK\$506 million last year.

The Group distributed 15 Chinese language films and 36 non-Chinese language films in the current financial year, versus 21 Chinese language films and 21 non-Chinese language films last year. As a distributor, although the Group handled some of the stronger local films such as “Initial D” and “New Police Story”, our market share fell to 28% from 34% due to a lesser number of films and the lack of success of the other films. Our Chinese language film library proved valuable by contributing a royalty income of HK\$13 million to the Group during the year. The Group’s overall distribution income of Chinese language films however, fell by HK\$13 million from last year.

The box office takings for non-Chinese language films increased 20% to HK\$561 million. This year, we released a total of 36 films, 15 more than last year, and improved box office takings to HK\$109 million, compared to HK\$65 million last year. The Group started to distribute DreamWorks pictures through United International Pictures (“UIP”) during the year. With a greater number of commercially successful non-Chinese language films from Panasia and UIP, the Group’s market share increased from last year’s 14% to this year’s 20%.

### 電影發行

香港電影票房總收入為905,000,000港元，較去年之973,000,000港元減少7%。其中華語電影票房總收入為344,000,000港元，較去年之506,000,000港元減少32%。

本集團於本財政年度合共發行15齣華語電影及36齣非華語電影，而去年則發行21齣華語電影及21齣非華語電影。作為發行商，儘管本集團已負責發行部分本地大製作，例如《頭文字D》及《新警察故事》，但由於整體電影數目減少，而其他電影賣座未如理想，本集團之市場佔有率由34%減至28%。本集團之華語電影庫於本年度為本集團帶來版權收入13,000,000港元，由此證明電影庫非常寶貴。然而，本集團之華語電影整體發行收入較去年減少13,000,000港元。

非華語電影票房收入增加20%至561,000,000港元。本年度內，本集團合共發行36齣電影，較去年增加15齣，而票房收入增加至109,000,000港元，去年之票房則為65,000,000港元。本集團於本年度開始透過聯合國際影片（「聯合」）發行DreamWorks電影。隨著泛亞及聯合帶來更多叫座之非華語電影，本集團之市場佔有率由去年之14%增加至本年度之20%。





### Exhibition

With the acquisition of the largest cinema chain in Taiwan and opening of our flagship multiplex in Shenzhen, the Group now operates 340 screens in 48 cinemas in the Asia region. Golden Harvest is the dominant market player in the territories in which it operates, except Hong Kong where the market still suffers from over competition.

In Hong Kong, performance was dismal due to the weak market as explained above. The Group took advantage of this lull in business to renovate one of our cinemas, GH Mongkok. Our market share slightly dropped to 14% accordingly.

In Mainland China, the Group's flagship cinema, the Golden Harvest (Shenzhen) Cinema, posted encouraging results since its opening in December 2004. The box office takings amounted to RMB12 million in its six and a half months of operation and was consistently ranked among the top three in box office takings in the People's Republic of China. The Group's market share in Shenzhen is approximately 40%.

In Malaysia, the market box office was up 14% to RM158 million, representing a consecutive four-year double digit growth since 2002. The Group maintained its market share above 80% through its two joint ventures in Malaysia, TGV and Golden Screens Cinemas Sdn. Bhd. ("GSC"). To take advantage of this strong growth in the Malaysian market, the Group has increased its stakes in TGV to 50% in March 2005. Although TGV's market share slightly slipped from 35% to 33% due to opening of new multiplexes by GSC and independent competitors, its EBT and its net contribution to the

### 戲院經營

收購台灣最大院線及於深圳開設旗艦影城後，本集團現時於亞洲區經營48家影城，共有340間影廳。除競爭過熱之香港市場外，嘉禾在各經營地區均穩佔領先地位。

誠如上文解釋，由於市道疲弱，香港戲院業務表現遜色。本集團乘此淡市裝修其中一家影院－嘉禾旺角。因此，本集團之市場佔有率輕微下跌至14%。

中國內地方面，本集團之旗艦影城－嘉禾深圳影城，自二零零四年十二月開幕以來獲得令人鼓舞之業績。嘉禾深圳影城只經營了六個半月，票房收入已高達人民幣12,000,000元，票房一直穩佔中國首三位。本集團在深圳之市場佔有率約為40%。

馬來西亞方面，市場票房收入上升14%至158,000,000馬幣，自二零零二年起連續四年錄得雙位數字增長。本集團透過其於馬來西亞兩間合營公司－TGV及Golden Screens Cinemas Sdn. Bhd. (「GSC」)維持其市場佔有率於80%之上。為把握馬來西亞市場穩健增長所帶來之商機，本集團已於二零零五年三月增加其於TGV之股權至50%。儘管由於GSC及獨立競爭者開設了新影城，TGV之市場佔有率由35%輕微下跌至33%，其除稅前溢利

Group improved significantly. TGV's EBT was up by HK\$3 million from the previous year to HK\$23 million and contribution to the Group also improved by HK\$2 million to HK\$6 million.

GSC opened 2 multiplexes with 22 screens during the year. GSC's revenue increased by 16% to HK\$217 million this year, with EBT up HK\$3 million to HK\$24 million as compared to the same period last year.

Singapore's market continued to grow steadily at 8% to S\$118 million. Golden Village Multiplex Pte Ltd ("GVM"), the Group's associate, contributed a net profit of HK\$14 million, up HK\$2 million from HK\$12 million last year. One of the GVM's key cinemas in Marina Square closed for renovation work for a large part of the year, but in spite of this, GVM's market share was maintained at 44% with EBT up HK\$12 million to HK\$44 million. In May 2005 the Group commenced proceedings in the Hong Kong court to wind up Dartina Development Limited, the holding company of the Singapore joint venture with Village Roadshow, on the grounds that the Group had not been properly included in the management of the joint venture. The Group is hopeful for a positive outcome of these proceedings, thereby preserving the integrity of the Group's investment.

以至對本集團之貢獻有顯著改善。TGV之除稅前溢利較去年上升3,000,000港元至23,000,000港元，對本集團之溢利貢獻亦增加了2,000,000港元至6,000,000港元。

GSC於本年度開設兩家影城，共有22間影廳。GSC於本年度之收入增加16%至217,000,000港元，而除稅前溢利較去年同期上升3,000,000港元至24,000,000港元。

新加坡之市場繼續穩定增長8%至118,000,000新加坡元。本集團之聯營公司Golden Village Multiplex Pte Ltd (「GVM」)帶來純利貢獻14,000,000港元，較去年之12,000,000港元增加2,000,000港元。GVM位於Marina Square之主要影院暫停營業大半年進行裝修，但GVM仍能維持市場佔有率44%，除稅前溢利上升12,000,000港元至44,000,000港元。於二零零五年五月，本集團已向香港法院申請將嘉年華影業有限公司（與Village Roadshow成立之新加坡合營公司之控股公司）清盤，理據為本集團未能有效地參與管理上述合營公司。本集團希望透過司法程序圓滿解決有關爭議，從而保存本集團投資項目之完整性。







In Taiwan, the market box office grew with an aggressive programming strategy adopted by the Group. WVT had ended its seven years of losses and turned around this year. However, the Group shared a loss subsequent to the completion of acquisition in February 2005 as March to May is traditionally a slack period in Taiwan. With the right marketing and programming strategies, we are optimistic that WVT will now consistently post a positive contribution to the Group in the years ahead.

#### Prospects

Hong Kong will continue to be the base of the Group's operations, strongly supported by our regional network. The Group will continue to focus on development of the Greater China market and strengthening its pan-Asian footprint. The Group is currently taking careful steps to explore new sites for our cinemas.

#### Liquidity and Financial Resources

During the year, the Group successfully raised new fundings through new share placements, rights issue and bank borrowings in an aggregate amount of approximately HK\$200 million. The funds were used to finance a variety of new projects and planned investments as well as providing general working capital to the Group. Some of these projects include the opening of a multiplex cinema in Shenzhen, the acquisition of a 40% interest in WVT, and increasing our stake in our Malaysian joint venture TGV.

In August 2004, the Group placed new shares to Typhoon Music (PRC) Limited, an independent third party. Net proceeds of HK\$36.3 million were raised. In January 2005, the Group raised net proceeds of HK\$60.9 million from a rights issue. The Group further placed new shares to an independent third party, Asset Managers (China) Fund Co., Ltd. in March 2005, in the amount of HK\$7.6 million.

台灣方面，隨著本集團採取積極之放映編排策略，市場票房收入得以上升。於本年度，華納威秀結束了七年之虧損，成功轉虧為盈。然而，由於三月至五月在傳統上是台灣之淡季，本集團於二零零五年二月完成收購後攤佔虧損。配合合適之市場推廣及放映編排策略，本集團對華納威秀來年能為本集團帶來正面貢獻非常樂觀。

#### 前瞻

香港將繼續作為本集團之業務總部，並以區內網絡作為強大支援。本集團將繼續集中發展大中華市場，並加強其於泛亞市場之發展步伐。本集團現採取審慎策略為影院開拓新據點。

#### 流動資金及財務資源

本年度內，本集團成功透過新股份配售、供股事項及銀行借款籌集新資金合共約200,000,000港元。資金乃用作撥付多項新項目及計劃投資，並為本集團提供一般營運資金。該等項目包括於深圳開設影城、收購華納威秀之40%權益，以及增加本集團於馬來西亞合營公司TGV之股權。

於二零零四年八月，本集團配售新股份予一獨立第三者—Typhoon Music (PRC) Limited，所得款項淨額為36,300,000港元。於二零零五年一月，本集團透過供股事項籌得所得款項淨額60,900,000港元。於二零零五年三月，本集團進一步配售新股份予一獨立第三者—Asset Managers (China) Fund Co., Ltd.，所得款項為7,600,000港元。

In addition, the Group obtained four bank loans during the year and as at 30 June 2005, the bank borrowing balance stood at HK\$90 million. The terms of the loans are spread over a period of less than one year to five years. These loans are secured by the pledge of certain assets/ fixed assets and bank balance of the Group and the shares in a wholly-owned subsidiary and a jointly-controlled entity. The bank borrowings are in Hong Kong dollars, Renminbi and US dollars with interest rates ranging from 5% to 9% per annum.

As at 30 June 2005, the Group's cash balances was at HK\$16.7 million and the net current liabilities stood at HK\$38.7 million. Gearing ratio, calculated on the basis of external borrowings over total assets, was 14.3%. The Group had contingent liabilities of HK\$17.3 million at the year-end date (30 June 2004: HK\$17.1 million) in respect of a guarantee of a banking facility granted to an associate.

The Group's assets and liabilities are principally denominated in Hong Kong dollars except certain assets and liabilities associated to the investments located in Singapore, Malaysia, Taiwan and the PRC. Since the exchange rate of the currencies in these territories have been relatively stable for the past two years, the directors are of the view that the Group's exposure to currency exchange risk is minimal. Accordingly, the Group did not carry out any hedging of foreign currencies.

此外，本集團於本年度取得四項銀行貸款，而於二零零五年六月三十日，銀行借款結餘為90,000,000港元。貸款年期介乎少於一年至五年不等。該等貸款乃以質押本集團之若干資產／固定資產及銀行結餘，以及一家全資附屬公司及一家共同控制公司之股份作抵押。銀行借款以港元、人民幣及美元定值，年息率介乎5厘至9厘。

於二零零五年六月三十日，本集團之現金結餘為16,700,000港元，而流動負債淨額則為38,700,000港元。資本負債比率（按外間借款除以總資產計算）為14.3%。本集團因擔保一家聯營公司所獲銀行融資而產生或然負債，於年度結算日之數額為17,300,000港元（二零零四年六月三十日：17,100,000港元）。

本集團之資產及負債主要以港元定值，惟與位於新加坡、馬來西亞、台灣及中國之投資項目相關之若干資產及負債除外。由於該等地區之貨幣匯率於過去兩年均相對穩定，董事認為本集團之外匯風險偏低，故本集團並無採取任何外匯對沖措施。





Subsequent to 30 June 2005, the Group obtained another bank loan facility of HK\$2.3 million in July 2005 to improve its general working capital. The banking facility is secured by the leasehold land and building of the Group.

In July 2005, the Malaysia Ringgit and Renminbi were unpegged from the United States dollars. The directors will continue to assess the exchange risk and exposures, and will consider all possible hedging measures in order to minimise the risk at a reasonable cost.

On 10 October 2005, the Group entered into a Letter of Intent to dispose of its 5% equity interests in a jointly-controlled entity at a cash consideration of US\$2.15 million, approximately HK\$16.7 million.

In order to improve the Group's financial position and to finance new projects, the Group will continue to seek support from its bankers; explore opportunities for different sources of financing and implement measures to tighten cost controls over various general and administrative expenses to attain profitable and positive cash flow operations.

#### Employees and Remuneration Policies

As at 30 June 2005, the Group had 228 (2004: 186) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions, mandatory provident fund and discretionary bonuses, share options are granted to certain employees based on individual merit.

於二零零五年六月三十日後，本集團於二零零五年七月取得另一項銀行貸款融資2,300,000港元，以改善其一般營運資金。該筆銀行融資乃以本集團之租賃土地及樓宇抵押。

於二零零五年七月，馬來西亞幣及人民幣與美元脫鈎。董事將繼續評估匯率風險，並將考慮所有可行之對沖措施，以按合理成本盡量將風險減低。

於二零零五年十月十日，本集團訂立一份意向書，按現金代價2,150,000美元（約16,700,000港元）出售其於一家共同控制公司之5%股本權益。

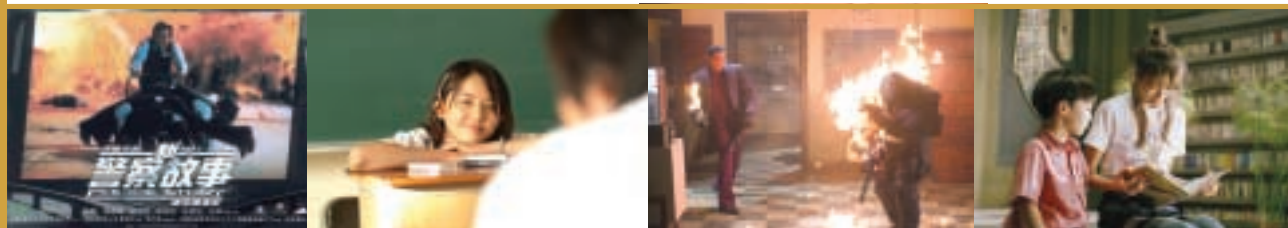
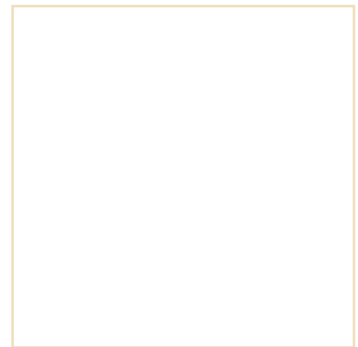
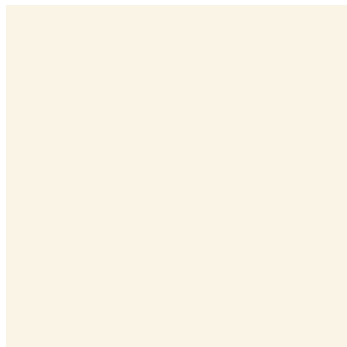
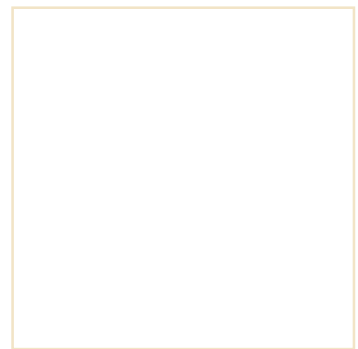
為了改善本集團之財政狀況及為新項目融資，本集團將繼續爭取往來銀行之支持；開拓各種融資機會，並對各項一般及行政開支實施收緊成本控制措施，務求令到業務賺取利潤及錄得正現金流量。

#### 僱員及薪酬政策

於二零零五年六月三十日，本集團有228名（二零零四年：186名）全職僱員。本集團主要根據行業慣例釐定僱員薪酬。除薪金、佣金、強制性公積金及酌情發放之花紅外，若干僱員更可就個人表現而獲授購股權。



FINANCIAL INFORMATION  
財務資料



## REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 30 June 2005.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China, the operation of a film processing business in Hong Kong and film and television drama series production.

### RESULTS AND DIVIDENDS

The Group's results for the year ended 30 June 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 47 to 107.

The directors do not recommend the payment of any dividend for the year ended 30 June 2005.

董事會謹此提呈董事會報告及本公司及本集團截至二零零五年六月三十日止年度之經審核財務報表。

### 主要業務

本公司為一間投資控股公司。本集團之主要業務則包括全球性電影及影碟發行及在香港、馬來西亞、新加坡、台灣與中國內地經營戲院，亦包括在香港經營電影沖印業務與及電影及電視劇集製作。

### 業績及股息

本集團截至二零零五年六月三十日止年度之業績，與及本公司與本集團於該日之財政狀況載於第108至第168頁之財務報表內。

董事會不建議派發截至二零零五年六月三十日止年度之股息。

## REPORT OF THE DIRECTORS 董事會報告書

### SUMMARY FINANCIAL INFORMATION

Set out below is a summary of the consolidated results and of the assets, liabilities and minority interests of the Group for the last five financial years as extracted from the audited financial statements and restated/reclassified as appropriate.

### 財務資料摘要

以下為本集團過去五個財政年度摘錄自經審核財務報表及經重新編列之綜合業績、資產、負債及少數股東權益匯總表。

	Year ended 30 June				
	截至六月三十日止年度				
	2005	2004	2003	2002	2001
	二零零五年	二零零四年	二零零三年	二零零二年	二零零一年
RESULTS	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
業績	千港元	千港元	千港元	千港元	千港元
TURNOVER	203,239	218,477	210,270	264,030	269,694
營業額					
LOSS BEFORE TAX	(687)	(900)	(135,778)	(82,489)	(69,858)
除稅前虧損					
Tax	(12,251)	(10,763)	(5,611)	(4,134)	(4,622)
稅項					
LOSS BEFORE MINORITY INTERESTS	(12,938)	(11,663)	(141,389)	(86,623)	(74,480)
未計少數股東權益前虧損					
Minority interests	-	-	6	5	5
少數股東權益					
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(12,938)	(11,663)	(141,383)	(86,618)	(74,475)
股東應佔日常業務虧損淨額					

# REPORT OF THE DIRECTORS 董事會報告書

## SUMMARY FINANCIAL INFORMATION 財務資料摘要 (續) (continued)

	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	As at 30 June 於六月三十日 2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
<b>ASSETS, LIABILITIES AND MINORITY INTERESTS</b> 資產、負債及少數股東權益					
FIXED ASSETS 固定資產	86,590	55,753	73,632	88,947	101,460
INTERESTS IN JOINTLY-CONTROLLED ENTITIES 於共同控制公司之權益	178,619	-	-	-	-
INTERESTS IN ASSOCIATES 於聯營公司之權益	159,374	182,613	160,130	159,509	169,794
INVESTMENTS IN CLUB MEMBERSHIPS 會籍投資	4,380	4,380	4,380	4,380	4,380
RENTAL DEPOSITS 租務按金	11,413	11,869	13,134	13,179	14,206
LONG TERM INVESTMENT 長期投資	-	-	-	2,297	8,097
TRADEMARKS 商標	79,421	79,421	79,203	79,073	78,572
CURRENT ASSETS 流動資產	112,642	89,173	107,199	177,015	213,794
<b>TOTAL ASSETS</b> 資產總值	<b>632,439</b>	<b>423,209</b>	<b>437,678</b>	<b>524,400</b>	<b>590,303</b>
CURRENT LIABILITIES 流動負債	(151,362)	(97,813)	(124,513)	(109,053)	(93,805)
NON-CURRENT PORTION OF BANK LOANS, SECURED 非本期有抵押銀行貸款	(65,325)	-	-	-	-
NON-CURRENT PORTION OF FINANCE LEASE PAYABLES 非本期融資租賃應付賬款	(298)	(709)	(1,174)	(473)	-
PROVISION FOR LONG SERVICE PAYMENTS 長期服務金撥備	(3,661)	(3,800)	(3,091)	(2,478)	(1,274)
DEFERRED TAX 遞延稅項	(825)	(878)	(931)	(1,010)	(1,058)
<b>TOTAL LIABILITIES</b> 負債總額	<b>(221,471)</b>	<b>(103,200)</b>	<b>(129,709)</b>	<b>(113,014)</b>	<b>(96,137)</b>
MINORITY INTERESTS 少數股東權益	-	-	(22)	(28)	(33)
<b>NET ASSETS</b> 資產淨值	<b>410,968</b>	<b>320,009</b>	<b>307,947</b>	<b>411,358</b>	<b>494,133</b>

## REPORT OF THE DIRECTORS 董事會報告書

### FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 12 to the financial statements.

### SHARE CAPITAL

Details of movements on the Company's share capital, together with the reasons therefor, are set out in note 26 to the financial statements.

### PRE-EMPTIVE RIGHTS

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

### RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

### DISTRIBUTABLE RESERVES

As at 30 June 2005, the Company had no retained profits available for cash distribution and/or distribution in specie. Under the Companies Act of Bermuda 1981 (as amended), the Company's contributed surplus of HK\$191,644,000 is currently not available for distribution. However, the Company's share premium account and capital redemption reserve of HK\$639,881,000 and HK\$145,000, respectively, as at 30 June 2005 may be distributed to shareholders in certain circumstance prescribed by Section 54 of the said Act.

### 固定資產

本集團固定資產之變動詳情載於財務報表附註12。

### 股本

本公司股本之變動詳情以及有關理由載於財務報表附註26。

### 優先購買權

本公司之公司細則或百慕達公司法例並無關於優先購買權之規定，以致本公司須向現有股東按比例發售新股。

### 儲備

本公司及本集團之年內儲備變動詳情分別載於財務報表附註28及綜合權益變動報表。

### 可分派儲備

本公司於二零零五年六月三十日並無可供現金分派及／或實物分派之保留溢利。根據一九八一年百慕達公司法（經修訂）之規定計算，本公司之繳入盈餘191,644,000港元暫時不可分派。惟本公司於二零零五年六月三十日之股份溢價賬結餘及資本贖回儲備分別為639,881,000港元及145,000港元，並可以根據前述之公司法第54條按情況分派給股東。



## REPORT OF THE DIRECTORS 董事會報告書

### DIRECTORS

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

*Executive directors:*

Raymond Chow Ting Hsing

Phoon Chiong Kit

David Chan Sik Hong

Roberta Chin Chow Chung Hang

(appointed on 2 August 2004)

Lau Pak Keung

(appointed on 22 November 2004)

(alternate to Phoon Chiong Kit)

Stephen Chu Siu Tsun

(resigned on 25 October 2004)

*Non-executive director:*

Eric Norman Kronfeld

(appointed on 7 September 2004)

*Independent non-executive directors:*

Paul Ma Kah Woh

(appointed on 2 August 2004)

Frank Lin

Prince Chatrichalerm Yukol

In accordance with Bye-law 87 of the Company's Bye-laws, David Chan Sik Hong and Prince Chatrichalerm Yukol will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

### 董事

年內及截至本報告日期在任之本公司董事為：

*執行董事：*

鄒文懷

潘從傑

陳錫康

陳鄒重珩

(於二零零四年八月二日獲委任)

劉柏強

(於二零零四年十一月二十二日獲委任)

(潘從傑之替任董事)

諸兆俊

(於二零零四年十月二十五日辭任)

*非執行董事：*

Eric Norman Kronfeld

(於二零零四年九月七日獲委任)

*獨立非執行董事：*

馬家和

(於二零零四年八月二日獲委任)

林輝波

Prince Chatrichalerm Yukol

根據本公司之公司細則第87條，陳錫康及 Prince Chatrichalerm Yukol 將於應屆股東週年大會上退任，惟符合資格並願意膺選連任。

擬於應屆股東週年大會上膺選連任之董事與本公司並無訂立本公司不可於一年內不付賠償（法定賠償除外）而終止之服務合約。

## REPORT OF THE DIRECTORS 董事會報告書

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2005, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### 董事及主要行政人員於股份、相關股份或債權證之權益及淡倉

於二零零五年六月三十日，本公司之董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債權證所持有並須記入本公司遵照證券及期貨條例第XV部第352條存置之登記冊內或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司與聯交所之權益及淡倉如下：

(i) Shares of the Company			(i) 本公司股份		
Name of director	Capacity	Notes	Number of shares	Percentage	
			(L) = Long Position (S) = Short Position 股份數目 (L)=好倉 (S)=淡倉	of shareholding in the Company 於本公司之 股權百分比	
董事姓名	身份	附註			
Raymond Chow Ting Hsing	Interest of controlled corporations	1 and 6	313,121,527 (L) 262,117,118 (S)	23.54 19.70	
鄒文懷	受控法團權益	1及6			
Phoon Chiong Kit 潘從傑	Beneficial owner 實益擁有人	2 and 5 2及5	44,500,000 (L)	3.43	
David Chan Sik Hong 陳錫康	Beneficial owner 實益擁有人	3 and 5 3及5	12,109,375 (L)	0.93	
Lau Pak Keung (alternate to Phoon Chiong Kit)	Beneficial owner	5	1,600,000 (L)	0.12	
劉柏強（潘從傑之 替任董事）	實益擁有人	5			

## REPORT OF THE DIRECTORS 董事會報告書

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (continued)

### 董事及主要行政人員於股份、相關股份或債權證之權益及淡倉 (續)

(i) Shares of the Company (continued)			(i) 本公司股份 (續)	
Name of director	Capacity	Notes	Number of shares (L) = Long Position (S) = Short Position 股份數目 (L)=好倉 (S)=淡倉	Percentage of shareholding in the Company 於本公司之 股權百分比
董事姓名	身份	附註		
Eric Norman Kronfeld	Beneficial owner 實益擁有人	4 and 6 4及6	350,000 (L)	0.03
Paul Ma Kah Woh 馬家和	Beneficial owner 實益擁有人	4 and 6 4及6	350,000 (L)	0.03
Frank Lin 林輝波	Beneficial owner 實益擁有人	4 and 6 4及6	350,000 (L)	0.03
Prince Chatrichalerm Yukol	Beneficial owner 實益擁有人	4 and 6 4及6	350,000 (L)	0.03

Notes:

附註：

- Raymond Chow Ting Hsing was deemed to be interested in 313,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited, which held 183,210,590 shares and 129,910,937 shares of the Company, respectively.
- Out of 44,500,000 shares in which Phoon Chiong Kit ("Mr. Phoon") was deemed to be interested, 37,000,000 shares were shares issuable upon the exercise of share options granted by the Company to Mr. Phoon under the Company's share option scheme.

- 鑑於鄒文懷實益擁有 Planet Gold Associates Limited 及 Net City Limited 全部股權，而該等公司分別持有 183,210,590 股及 129,910,937 股之本公司股份，故此彼被視為擁有 313,121,527 股本公司股份之權益。
- 潘從傑（「潘先生」）被視為擁有 44,500,000 股之股份中，37,000,000 股股份為本公司根據其購股權計劃授予潘先生之購股權獲行使時可予發行之股份。

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (continued)

### (i) Shares of the Company (continued)

Notes: (continued)

3. Out of 12,109,375 shares in which David Chan Sik Hong ("Mr. Chan") was deemed to be interested, 6,250,000 shares were the shares issuable upon the exercise of share options granted by the Company to Mr. Chan under the Company's share option scheme.
4. Each of Eric Norman Kronfeld, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol was deemed to be interested in 350,000 shares issuable upon the exercise of share options granted by the Company to each of them under the Company's share option scheme.
5. The relevant percentage of shareholding in the Company was calculated by expressing the relevant number of shares as a percentage of the number of shares in issue (as enlarged by the rights shares) which was 1,299,109,375.
6. The relevant percentage of shareholding in the Company was calculated by expressing the relevant number of shares as a percentage of the number of shares in issue (as enlarged by the rights shares and placement of new shares) which was 1,330,309,375.

### (ii) Shares of Associated Corporations

Raymond Chow Ting Hsing is also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially holds 114,000,000 non-voting deferred shares of Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

In addition to the above, Raymond Chow Ting Hsing has non-beneficial equity interests in certain subsidiaries which are held for the benefit of the Group.

## 董事及主要行政人員於股份、相關股份或債權證之權益及淡倉 (續)

### (i) 本公司股份 (續)

附註：(續)

3. 陳錫康(「陳先生」)被視為擁有12,109,375股之股份中，6,250,000股股份為本公司根據其購股權計劃授予陳先生之購股權獲行使時可予發行之股份。
4. Eric Norman Kronfeld、馬家和、林輝波及Prince Chatrichalerm Yukol各自被視為擁有350,000股之股份為本公司根據其購股權計劃授予彼等各自之購股權獲行使時可予發行之股份。
5. 於本公司之有關股權百分比乃按有關股份數目佔已發行股份數目(經供股股份擴大)1,299,109,375股之百分比計算。
6. 於本公司之有關股權百分比乃按有關股份數目佔已發行股份數目(經供股股份及配售新股份擴大)1,330,309,375股之百分比計算。

### (ii) 相聯法團之股份

鄒文懷同時亦為Golden Harvest Film Enterprises Inc.全部已發行股本之實益擁有人，而該公司實益持有本公司全資附屬公司嘉禾娛樂事業有限公司114,000,000股無投票權遞延股份。

除上述者外，鄒文懷代本集團持有若干附屬公司股權，但並無實際權益。

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (continued)

### (ii) Shares of Associated Corporations (continued)

Save as disclosed above and save for the disclosure referred to under "Adjustments to share options and exercise prices" set out in Note 27 to the financial statements, as at 30 June 2005, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares or debentures" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SHARE OPTION SCHEME

Details of the share option scheme and movements in share options of the Company are set out in note 27 to the financial statements.

## DIRECTORS' INTERESTS IN CONTRACTS

Except as detailed in note 30 to the financial statements, no director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

## 董事及主要行政人員於股份、相關股份或債權證之權益及淡倉 (續)

### (ii) 相聯法團之股份 (續)

除上文所披露者及財務報表附註27所載之「對購股權及行使價之調整」一節所述之披露事項外，於二零零五年六月三十日，本公司各董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中並無任何權益或淡倉而須記入本公司遵照證券及期貨條例第XV部第352條存置之登記冊內或須根據標準守則須知會本公司與聯交所。

## 董事收購股份或債權證之權利

除上文「董事及主要行政人員於股份、相關股份或債權證之權益及淡倉」所作之披露以外，本公司或其任何附屬公司於本年度內概無參與任何安排，令本公司董事、彼等各自之配偶或未滿18歲之子女可藉收購本公司或任何其他法人團體之股份或債權證而獲益。

## 購股權計劃

本公司之購股權計劃及購股權之變動詳情載於財務報表附註27。

## 董事於合約之權益

除財務報表附註30所詳述者外，各董事並無於本公司或其任何附屬公司年內參與訂立任何重大合約中擁有實際權益。

## REPORT OF THE DIRECTORS 董事會報告書

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's purchases from its largest supplier and its five largest suppliers accounted for 6 and 30 percent of the Group's purchases, respectively.

The Group's sales to its largest customer and its five largest customers accounted for 4 and 13 percent of the Group's sales, respectively.

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

### SUBSTANTIAL SHAREHOLDERS

So far as is known to any director of the Company, as at 30 June 2005, the following persons had the following interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

### 主要客戶及供應商

年內，本集團向其最大供應商及五大供應商採購之購貨額分別佔本集團購貨額之6%及30%。

本集團向其最大客戶及五大客戶售出之銷售額則分別佔本集團銷售額之4%及13%。

本公司各董事或彼等任何聯繫人士或任何股東（就董事所知擁有本公司已發行股本5%以上之股東）並無擁有本集團五大客戶及供應商任何權益。

### 主要股東

就任何本公司董事所知，於二零零五年六月三十日，根據本公司遵照證券及期貨條例第XV部第336條存置之登記冊所記載，下列人士持有以下本公司股份或相關股份之權益或淡倉：

Name of shareholder	Capacity	Notes	Number of shares (L) = Long position (S) = Short position 股份數目 (L)=好倉 (S)=淡倉	Percentage of shareholding in the Company 於本公司之 股權百分比
Raymond Chow Ting Hsing	Interest of controlled corporations	1 and 6	313,121,527 (L) 262,117,118 (S)	23.54 19.70
鄧文懷	受控法團權益	1及6		
Felicia Chow Yuan Hsi Hua	Spouse's interest	1 and 6	313,121,527 (L) 262,117,118 (S)	23.54 19.70
鄧袁曦華	配偶權益	1及6		
Planet Gold Associates Limited	Beneficial owner	1 and 6	183,210,590 (L) 174,617,118 (S)	13.77 13.13
	實益擁有人	1及6		

# REPORT OF THE DIRECTORS 董事會報告書

## SUBSTANTIAL SHAREHOLDERS (continued)

## 主要股東 (續)

Name of shareholder	Capacity	Notes	Number of shares (L) = Long position (S) = Short position 股份數目 (L)=好倉 (S)=淡倉	Percentage of shareholding in the Company 於本公司之 股權百分比
股東名稱	身份	附註		
Net City Limited	Beneficial owner	1 and 6	129,910,937 (L)	9.77
	實益擁有人	1及6	87,500,000(S)	6.58
Li Ka-Shing	Interest of controlled corporations	2 and 6	222,567,500 (L)	16.73
李嘉誠	受控法團權益	2及6		
Mayspin Management Limited	Interest of controlled corporations	2 and 6	222,567,500 (L)	16.73
	受控法團權益	2及6		
Garex Resources Limited	Beneficial owner	2 and 6	188,017,500 (L)	14.13
	實益擁有人	2及6		
Typhoon Music (PRC) Limited	Beneficial owner	3 and 5	155,000,000 (L)	11.93
	實益擁有人	3及5		
EMI Group Plc	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93
	受控法團權益	3及5		
Virgin Music Group Limited	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93
	受控法團權益	3及5		
EMI Group Worldwide Limited	Interest of controlled corporation	3 and 5	155,000,000 (L)	11.93
	受控法團權益	3及5		
Norman Cheng Tung Hon	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93
鄭東漢	受控法團權益	3及5		
Typhoon Records Limited	Interest of controlled corporation	3 and 5	155,000,000 (L)	11.93
	受控法團權益	3及5		
Lily Feng Yuen Cheung	Spouse's interest	3 and 5	155,000,000 (L)	11.93
馮元璋	配偶權益	3及5		
PAMA Group Inc.	Investment Manager	4 and 5	123,284,027 (L)	9.49
寶銘集團有限公司	投資經理	4及5		

## SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. Raymond Chow Ting Hsing was deemed to be interested in 313,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited which holds 183,210,590 shares and 129,910,937 shares of the Company, respectively. Felicia Chow Yuan Hsi Hua, the spouse of Raymond Chow Ting Hsing, was deemed to be interested in the same shares in which Raymond Chow Ting Hsing was interested.
2. Li Ka-Shing was deemed to be interested in 222,567,500 shares of the Company by virtue of his 100% beneficial holding in Mayspin Management Limited which in turn owned the entire interest in each of Garex Resources Limited, which held 188,017,500 shares of the Company, Podar Investment Limited, which held 31,250,000 shares of the Company, and Oscar Resources Limited, which held 3,300,000 shares of the Company.
3. EMI Group Plc has 100% control of Virgin Music Group Limited, which has 100% control of EMI Group Worldwide Limited, which in turn has a 50% shareholding in Typhoon Music (PRC) Limited. Norman Cheng Tung Hon has 100% control of Typhoon Records Limited, which has a 50% shareholding in Typhoon Music (PRC) Limited. Each of EMI Group Plc, Virgin Music Group Limited, EMI Group Worldwide Limited, Norman Cheng Tung Hon and Typhoon Records Limited was deemed to be interested in the 155,000,000 shares of the Company held by Typhoon Music (PRC) Limited. Lily Feng Yuen Cheung, the spouse of Norman Cheng Tung Hon, was deemed to be interested in the same shares in which Norman Cheng Tung Hon was interested.
4. PAMA Group Inc. is the manager of DIF Investment Trust X and DIF Investment Trust XI, which was deemed to be interested in 123,284,027 shares of the Company.
5. The relevant percentage of shareholding in the Company was calculated by expressing the relevant number of shares as a percentage of the number of shares in issue (as enlarged by the rights shares) which was 1,299,109,375.

## 主要股東 (續)

附註：

1. 鑑於鄧文懷實益擁有 Planet Gold Associates Limited及Net City Limited全部股權，而該等公司分別持有183,210,590股及129,910,937股之本公司股份，故此彼被視為擁有313,121,527股本公司股份之權益。鄧文懷之配偶鄧袁曦華被視為擁有鄧文懷於股份中之相同權益。
2. 鑑於李嘉誠實益擁有 Mayspin Management Limited全部股權，而 Mayspin Management Limited持有 Garex Resources Limited (持有188,017,500股之本公司股份)、Podar Investment Limited (持有31,250,000股之本公司股份)及Oscar Resources Limited (持有3,300,000股之本公司股份)全部權益，故此彼被視為擁有222,567,500股本公司股份之權益。
3. EMI Group Plc於Virgin Music Group Limited中擁有全部控制權，Virgin Music Group Limited擁有EMI Group Worldwide Limited全部控制權，而EMI Group Worldwide Limited擁有Typhoon Music (PRC) Limited 50%股權。鄭東漢擁有Typhoon Records Limited全部控制權，而Typhoon Records Limited擁有Typhoon Music (PRC) Limited 50%股權。EMI Group Plc、Virgin Music Group Limited、EMI Group Worldwide Limited、鄭東漢及Typhoon Records Limited被視為擁有由Typhoon Music (PRC) Limited所擁有之155,000,000股本公司股份之權益。鄭東漢之配偶馮元璋被視為擁有鄭東漢於股份中之相同權益。
4. 寶銘集團有限公司為DIF Investment Trust X及DIF Investment Trust XI之經理，故此被視為擁有123,284,027股本公司股份之權益。
5. 於本公司之有關股權百分比乃按有關股份數目佔已發行股份數目(經供股股份擴大)1,299,109,375股之百分比計算。



# REPORT OF THE DIRECTORS 董事會報告書

## SUBSTANTIAL SHAREHOLDERS

(continued)

Notes: (continued)

6. The relevant percentage of shareholding in the Company was calculated by expressing the relevant number of shares as a percentage of the number of shares in issue (as enlarged by the rights shares and placement of new shares) which was 1,330,309,375.

Save as disclosed above, no other person had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

## CONNECTED/RELATED PARTY TRANSACTIONS

Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement on 14 July 2004 (the "JV Agreement") with an independent third party and a connected person of the Company, Typhoon Music (PRC) Limited ("Typhoon") to establish a joint venture company (the "JV Company"), solely for the purpose of making loans for Chinese language motion picture production and each venturer subscribed in cash for 60%, 30% and 10%, respectively, of the share capital of the JV Company.

Typhoon is a substantial shareholder of the Company and is a connected person of the Company for the Listing Rules purposes. The formation of the joint venture under the JV Agreement therefore constituted a connected transaction for the Company for the purpose of the Listing Rules.

Save as disclosed above, details of the other material related party transactions are set out in note 30 to the financial statements.

## 主要股東 (續)

附註：(續)

6. 於本公司之有關股權百分比乃按有關股份數目佔已發行股份數目(經供股股份及配售新股份擴大)1,330,309,375股之百分比計算。

除上文所披露者外，根據本公司遵照證券及期貨條例第XV部第336條存置之登記冊所記錄，並無其他人士持有本公司股份或相關股份之權益或淡倉。

## 購買、出售及贖回上市證券

本公司或其任何附屬公司於本年度內概無購買、出售或贖回本公司之任何上市證券。

## 關連交易／關連人士交易

本公司之全資附屬公司嘉禾娛樂事業有限公司於二零零四年七月十四日與一名獨立第三者及本公司之關連人士Typhoon Music (PRC) Limited (「Typhoon」)訂立合營協議(「合營協議」)，以成立一家純粹為華語電影製作提供貸款之合營公司(「合營公司」)，而每名合營方已以現金認購分別為60%、30%及10%之合營公司股本。

Typhoon為本公司之主要股東及上市規則所界定之本公司關連人士。根據合營協議成立合營公司構成上市規則所界定之本公司關連交易。

除上文所披露者外，其他主要關連人士交易之詳情載於財務報表附註30。

### CONNECTED/RELATED PARTY TRANSACTIONS (continued)

Other than those disclosed above, certain related party transactions also constituted connected or continuing connected transactions which amounted to de minimis transactions, as defined in the Listing Rules, which were exempt from the reporting, announcement and independent shareholders' approval requirements. The independent non-executive directors have reviewed and confirmed that these connected or continuing connected transactions were conducted in the ordinary and usual course of the business of the Group, on normal commercial terms or on terms no less favourable to the Group than terms to or from independent third parties, and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

The Group has made available to Dartina Development Limited ("Dartina") and Dartina's indirect wholly-owned subsidiary, namely Golden Village Pictures Pte Ltd, all of which are associated companies of the Company, two advances which stood at the aggregate amount of HK\$84,175,000 as at 30 June 2005. The balance of the said advances (which are interest-free, unsecured and have no fixed repayment terms and are not expected to be repaid within the next twelve months) as at 30 June 2005 represented more than 8% of the relevant percentage ratios (as defined in the Listing Rules).

The Company and an independent third party each, through their respective 50% shareholding in Dartina, hold a 50% attributable interest in Golden Village Multiplex Pte Ltd ("GVM"). The Company has provided a guarantee in favour of a bank under which the Company has a maximum liability limited to 50% of the banking facility outstanding from GVM but in any event not exceeding HK\$17,325,000.

### 關連交易／關連人士交易 (續)

除上文所披露者外，根據上市規則之定義，若干關連人士交易亦屬關連交易或持續關連交易（構成少額交易），可豁免遵守報告、宣佈及獨立股東批准之規定。獨立非執行董事已審閱及確認此等關連或持續關連交易乃於本集團之日常及一般業務過程中，按正常商業條款或按不遜於本集團向獨立第三者提供或獨立第三者向本集團提供之條款，根據規管有關交易而條款乃公平合理且符合本公司股東之整體利益之有關協議進行。

### 根據上市規則第13.20條作出披露

本集團向本公司之聯營公司嘉年華影業有限公司（「嘉年華」）及嘉年華之間接全資附屬公司Golden Village Pictures Pte Ltd提供兩筆墊款，於二零零五年六月三十日合共84,175,000港元。於二零零五年六月三十日，上述墊款（為免息、無抵押及無固定還款期，並預期毋須於未來十二個月內償還）之結餘超過有關百分比比率（定義見上市規則）之8%。

本公司及一名獨立第三者分別透過彼等各自於嘉年華之50%股權持有Golden Village Multiplex Pte Ltd（「GVM」）之50%應佔權益。本公司向銀行提供擔保，據此本公司承擔之最高責任限於GVM尚未償還之銀行信貸額之50%，惟在任何情況下不得超過17,325,000港元。

**DISCLOSURE PURSUANT TO RULE  
13.20 OF THE LISTING RULES  
(continued)**

The Group has also made available to Warner Village Cinema Co., Ltd., a jointly-controlled entity of the Company, an advance of HK\$111,169,000 as at 30 June 2005. The balance of the said advance, is interest-free, unsecured and is not expected to be repaid within the next twelve months, apart from HK\$30,000,000 which is expected to be repaid within the next twelve months as at 30 June 2005, represented more than 8% of the relevant percentage ratios (as defined in the Listing Rules).

**DISCLOSURE PURSUANT TO RULE  
13.22 OF THE LISTING RULES**

During the year ended 30 June 2005, the Group made advances and provided a guarantee for a facility granted to certain affiliated companies (including those associated companies and a jointly-controlled entity referred to in the immediately preceding paragraph) in an aggregate amount of approximately HK\$245,470,000 which represented more than 8% of the relevant percentage ratios (as defined in the Listing Rules). A pro forma combined balance sheet of these affiliated companies and the Group's attributable interests in these affiliated companies as at 30 June 2005 are as follows:

**根據上市規則第13.20條作出披露  
(續)**

本集團亦向本公司之共同控制公司 Warner Village Cinema Co., Ltd. 提供墊款，於二零零五年六月三十日為111,169,000港元。於二零零五年六月三十日，除30,000,000港元乃預期須於未來十二個月內償還外，上述墊款為免息、無抵押，並預期毋須於未來十二個月內償還，其結餘超過有關百分比比率（定義見上市規則）之8%。

**根據上市規則第13.22條作出披露**

截至二零零五年六月三十日止年度，本集團向若干聯屬公司（包括上段所指之聯營公司及一間共同控制公司）提供墊款及就其獲授之一項信貸提供擔保合共約245,470,000港元，超過有關百分比比率（定義見上市規則）之8%。於二零零五年六月三十日，該等聯屬公司之備考合併資產負債表與及本集團於該等聯屬公司之應佔權益如下：

		Pro forma combined balance sheet 備考合併 資產負債表 HK\$'000 千港元
Non-current assets	非流動資產	753,286
Current assets	流動資產	264,191
Current liabilities	流動負債	(332,774)
Non-current liabilities	非流動負債	(453,270)
		231,433
Group's attributable interests	本集團應佔權益	109,805

## CORPORATE GOVERNANCE

### *Code of Best Practice*

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules during the year under review, except that the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's Bye-laws.

The Code was replaced by the Code on Corporate Governance Practices which will be applied by the Company for the next accounting period commencing on 1 July 2005. Appropriate actions are being taken by the Company for compliance with the Code on Corporate Governance Practices.

### *Model Code*

The Company has adopted its own code on terms no less exacting than those set out in the Model Code of the Listing Rules. The Company has made specific enquiries with all the directors and all of them have confirmed that they had complied with the requirements set out in the Company's code for the year ended 30 June 2005.

### *Independence of Independent Non-executive Directors*

The Company has received from each independent non-executive director a written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive directors are independent by way of their written confirmation of independence.

### *Remuneration of Directors and Senior Management*

The Board of Directors (the "Board") has established a Remuneration Committee on 8 October 2004. Members include one executive director, Raymond Chow Ting Hsing, one non-executive director, Eric Norman Kronfeld, and three independent non-executive directors, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol.

The Remuneration Committee made or will make recommendation to the Board on the Company's policy and structure for the remuneration packages of all the directors and senior management of the Company according to its terms of reference, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment. The remuneration is based on factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

## 企業管治

### *最佳應用守則*

董事認為，本公司於回顧年度內一直遵守上市規則附錄十四所載之最佳應用守則（「守則」），惟本公司之獨立非執行董事並無指定任期，因彼等須根據本公司之公司細則規定在本公司之股東週年大會上輪值退任及膺選連任。

本公司將於二零零五年七月一日開始之下個會計期間採用已取代守則之企業管治常規守則。本公司已採取適當行動，以遵守企業管治常規守則。

### *標準守則*

本公司已採納條款與上市規則之標準守則所載者同樣嚴謹之守則。本公司已向所有董事作出特定查詢，而彼等均已確認彼等於截至二零零五年六月三十日止年度內一直遵守本公司守則所載之規定。

### *獨立非執行董事之獨立性*

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。憑藉彼等之獨立性確認書，本公司認為所有獨立非執行董事均具有獨立性。

### *董事及高級管理人員之薪酬*

董事會（「董事會」）已於二零零四年十月八日成立薪酬委員會，薪酬委員會成員包括一名執行董事鄧文懷、一名非執行董事Eric Norman Kronfeld及三名獨立非執行董事馬家和、林輝波及Prince Chatrichalerm Yukol。

薪酬委員會已或將會根據其委員會守則向董事會就本公司對本公司之所有董事及高級管理人員之薪酬組合實施政策及架構作出推薦意見，包括實物利益、退休金權利及賠償費用（包括就失去或終止職務或委任而應付之任何賠償）。薪酬乃按照可資比較公司支付之薪金、董事及高級管理人員付出之時間及職責、於本集團其他成員公司之僱傭條件及願意接受薪酬與表現掛鈎之程度等因素而釐定。

# REPORT OF THE DIRECTORS 董事會報告書

## CORPORATE GOVERNANCE (continued)

### Audit Committee

The Company established an Audit Committee (the "Audit Committee") on 9 October 1998 in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules. The work of the Audit Committee covered the full financial year ended 30 June 2005. The members of the Audit Committee at the date of this report are Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is public available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year.

## AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Raymond CHOW Ting Hsing

Chairman

Hong Kong

13 October 2005

## 企業管治 (續)

### 審核委員會

本公司已遵照上市規則附錄十四所載最佳應用守則之規定，於一九九八年十月九日成立審核委員會（「審核委員會」）。審核委員會之工作涵蓋截至二零零五年六月三十日止整個財政年度。截至本報告刊發日期，審核委員會之成員為馬家和、林輝波及Prince Chatrichalerm Yukol。

## 足夠公眾持股量

按照截至本報告刊發日期本公司公開可得之資料及就董事所知，本公司於年內一直維持上市規則規定之足夠公眾持股量。

## 核數師

本公司核數師安永會計師事務所之任期將告屆滿，本公司將於應屆股東週年大會上提呈續聘其為本公司核數師之決議案。

代表董事會

主席

鄒文懷

香港

二零零五年十月十三日



To the members  
Golden Harvest Entertainment (Holdings) Limited  
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 47 to 107 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### BASIS OF OPINION

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

致：嘉禾娛樂事業(集團)有限公司股東  
(於百慕達註冊成立之有限公司)

本核數師已完成審核刊於第108頁至第168頁按照香港公認會計原則編製之財務報表。

### 董事及核數師的責任

貴公司之董事須編製真實與公平之財務報表。在編製該等財務報表時，董事必須貫徹採用合適之會計政策。根據一九八一年百慕達公司法(經修訂)第90條，吾等的責任是根據審核工作的結果，對該等財務報表作出獨立的意見，並僅向閣下(作為一團體)報告，除此之外概無其他用途。吾等概不就本報告的內容向任何其他人士承擔責任。

### 意見的基礎

本核數師是按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹運用並充分披露該等會計政策。

## REPORT OF THE AUDITORS 核數師報告書

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

### FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the adoption of the going concern basis, being the basis on which the financial statements have been prepared. As explained in note 3 to the financial statements, the Group is currently undertaking a number of measures to relieve its current profitability and liquidity problem. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful completion of the disposal of equity interest in a jointly-controlled entity, the arrangement for long term financing with its existing bankers, the proposal currently developed by the Group for issuance of convertible bonds and the attainment of profitable and cash flow positive operations, to meet the Group's future working capital and financing requirements. The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

本核數師在策劃和進行審核工作時，均以取得一切本核數師認為必需之資料及解釋為目標，使能獲得充分之憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報表所載資料在整體上是否足夠。本核數師相信，本核數師之審核工作已為下列意見建立合理之基礎。

### 有關持續經營基準之基本不明朗因素

本核數師於作出意見時，已考慮財務報表附錄3就有關採納持續經營基準為本財務報表之編製基準所作之披露是否足夠。誠如財務報表附註3所解釋，貴集團現正採取多項措施以提高其現有之盈利能力及舒緩流動資金問題。財務報表乃按持續經營基準編製，其有效性視乎是否能成功完成出售一間共同控制公司之股本權益、與其現有往來銀行之長期融資安排、貴集團現時就發行可換股債券所發展之建議，以及所經營業務達至利潤及錄得正現金流量，以應付貴集團之未來營運資金及財務需要。財務報表並不包括倘該等措施未能奏效而可能作出之任何調整。本核數師認為貴集團已作出適當估計及披露，因此，本核數師無保留意見。

## REPORT OF THE AUDITORS 核數師報告書

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

*Certified Public Accountants*

Hong Kong

13 October 2005

### 意見

本核數師認為財務報表真實與公平地反映貴公司及貴集團於二零零五年六月三十日之財政狀況，及貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定而恰當編製。

執業會計師

安永會計師事務所

香港

二零零五年十月十三日



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2005

	Notes	2005 HK\$'000	2004 HK\$'000
TURNOVER	5, 6	203,239	218,477
Cost of sales		(103,207)	(94,093)
Gross profit		100,032	124,384
Interest income		56	14
Other revenue		7,149	12,506
Selling and distribution costs		(109,534)	(106,229)
General and administrative expenses		(56,109)	(52,488)
Other operating expenses, net		(14,076)	(5,751)
Impairment of film rights		–	(3,543)
LOSS FROM OPERATING ACTIVITIES	7	(72,482)	(31,107)
Recognition of Negative goodwill	2	43,032	–
Impairment of interests in an associate		–	(1,413)
Finance costs	8	(3,073)	(363)
Share of profits and losses of jointly-controlled entities		1,763	–
Share of profits and losses of associates		30,073	31,983
LOSS BEFORE TAX		(687)	(900)
Tax	9	(12,251)	(10,763)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	10	(12,938)	(11,663)
LOSS PER SHARE	11		
Basic		(1.1 cents)	(1.3 cents)
Diluted		N/A	N/A

# CONSOLIDATED BALANCE SHEET

30 June 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	12	86,590	55,753
Interests in jointly-controlled entities	14	178,619	–
Interests in associates	15	159,374	182,613
Investments in club memberships		4,380	4,380
Rental deposits		11,413	11,869
Trademarks	16	79,421	79,421
		519,797	334,036
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables		29,898	23,387
Inventories	17	571	556
Film rights	18	18,384	20,184
Accounts receivable	19	17,104	22,471
Due from a jointly-controlled entity	14	30,000	–
Pledged bank balance	20	486	–
Cash and bank balances		16,199	22,575
		112,642	89,173
<b>CURRENT LIABILITIES</b>			
Accounts payable	21	55,016	52,070
Accrued liabilities and other payables		55,125	30,509
Customer deposits		3,380	2,330
Interest-bearing bank loans, secured	22	24,697	–
Current portion of finance lease payables	23	413	471
Provision for employee benefits	24	1,680	1,319
Tax payable		11,051	11,114
		151,362	97,813
<b>NET CURRENT LIABILITIES</b>		(38,720)	(8,640)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		481,077	325,396
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans, secured	22	65,325	–
Non-current portion of finance lease payables	23	298	709
Provision for long service payments	24	3,661	3,800
Deferred tax	25	825	878
		70,109	5,387
		410,968	320,009
<b>CAPITAL AND RESERVES</b>			
Issued share capital	26	133,031	88,429
Reserves	28(a)	277,937	231,580
		410,968	320,009

Raymond CHOW Ting Hsing  
Director

PHOON Chiong Kit  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2005

	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Reserves					Exchange fluctuation reserve HK\$'000	Total reserves HK\$'000	Total HK\$'000
				Capital reserve HK\$'000	Accumulated losses HK\$'000	Surplus reserve HK\$'000	Revaluation reserve HK\$'000				
At 1 July 2003	80,089	565,577	145	(12,483)	(299,065)	480	6,933	(33,729)	227,858	307,947	
Issue of shares	8,340	15,012	-	-	-	-	-	-	15,012	23,352	
Share issue expenses	-	(924)	-	-	-	-	-	-	(924)	(924)	
Exchange adjustments on translation of:											
- overseas subsidiaries	-	-	-	-	-	-	-	(654)	(654)	(654)	
- overseas associates	-	-	-	-	-	-	-	2,016	2,016	2,016	
Net gains and losses not recognised in the profit and loss account	-	-	-	-	-	-	-	1,362	1,362	1,362	
Deferred tax credited to equity (note 25)	-	-	-	-	-	-	53	-	53	53	
Net loss for the year	-	-	-	-	(11,663)	-	-	-	(11,663)	(11,663)	
Realisation of exchange fluctuation reserve on disposal of subsidiaries and associates	-	-	-	-	-	-	-	(118)	(118)	(118)	
At 30 June 2004 and 1 July 2004	88,429	579,665	145	(12,483)	(310,728)	480	6,986	(32,485)	231,580	320,009	
Issue of shares (note 26)	44,602	66,903	-	-	-	-	-	-	66,903	111,505	
Share issue expenses (note 26)	-	(6,687)	-	-	-	-	-	-	(6,687)	(6,687)	
Exchange adjustments on translation of:											
- overseas subsidiaries	-	-	-	-	-	-	-	(570)	(570)	(570)	
- overseas jointly-controlled entities	-	-	-	-	-	-	-	(1,059)	(1,059)	(1,059)	
- overseas associates	-	-	-	-	-	-	-	655	655	655	
Transfer from associates	-	-	-	-	(12,830)	-	-	701	(12,129)	(12,129)	
Transfer to a jointly-controlled entity (note 15)	-	-	-	-	12,681	-	-	(701)	11,980	11,980	
Transfer to a subsidiary (note 15)	-	-	-	-	149	-	-	-	149	149	
Transfer to reserves (notes 2, 28)	-	-	-	12,483	(12,483)	-	-	-	-	-	
Net gains and losses not recognised in the profit and loss account	-	-	-	12,483	(12,483)	-	-	(974)	(974)	(974)	
Deferred tax credited to equity (note 25)	-	-	-	-	-	-	53	-	53	53	
Net loss for the year	-	-	-	-	(12,938)	-	-	-	(12,938)	(12,938)	
At 30 June 2005	133,031	639,881	145	-	(336,149)	480	7,039	(33,459)	277,937	410,968	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 30 June 2005

	Reserves									Total
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Surplus reserve HK\$'000	Revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Total reserves HK\$'000	
Reserves retained by:										
Company and subsidiaries	133,031	639,881	145	-	(326,544)	-	7,039	115	320,636	453,667
Jointly-controlled entities	-	-	-	-	12,248	-	-	(1,760)	10,488	10,488
Associates	-	-	-	-	(21,853)	480	-	(31,814)	(53,187)	(53,187)
At 30 June 2005	133,031	639,881	145	-	(336,149)	480	7,039	(33,459)	277,937	410,968
Company and subsidiaries	88,429	579,665	145	(12,483)	(281,484)	-	6,986	685	293,514	381,943
Associates	-	-	-	-	(29,244)	480	-	(33,170)	(61,934)	(61,934)
At 30 June 2004	88,429	579,665	145	(12,483)	(310,728)	480	6,986	(32,485)	231,580	320,009

\* The surplus reserve represents an amount transferred from retained profits in accordance with statutory requirements and the articles of association of an associate in Taiwan. The surplus reserve may only be applied to make up any losses and for the capitalisation by the way of fully paid bonus issues of the shares of the associate in Taiwan.

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2005

<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(687)	(900)
Adjustments for:		
Interest income	(56)	(14)
Finance costs	3,073	363
Depreciation	16,947	16,245
Loss on disposal of fixed assets	3,577	1,345
Recognition of Negative goodwill on acquisition of a subsidiary and a jointly-controlled entity	(43,032)	-
Gain on disposal of associates	-	(47)
Impairment of interests in an associate	-	1,413
Loss on disposal of subsidiaries	-	161
Exchange gains arising from translation of advances to overseas jointly-controlled entities and associates and other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date	(321)	(2,352)
Share of profits and losses of jointly-controlled entities	(1,763)	-
Share of profits and losses of associates	(30,073)	(31,983)
Impairment of film rights	-	3,543
Write-back of provision for doubtful debts, net	(16)	(2,927)
Exchange adjustments	(895)	(636)
Operating loss before working capital changes	(53,246)	(15,789)
Decrease/(increase) in prepayments, deposits and other receivables	(6,476)	8,007
Increase in inventories	(15)	(155)
Decrease in film rights	1,800	3,971
Decrease in accounts receivable	5,383	486
Increase/(decrease) in accounts payable	2,905	(17,624)
Increase/(decrease) in accrued liabilities and other payables	13,278	(6,950)
Increase/(decrease) in customer deposits	1,050	(2,107)
Increase/(decrease) in provision for employee benefits	361	(296)
Increase/(decrease) in provision for long service payments	(139)	709
Cash used in operations	(35,099)	(29,748)
Interest received	56	14
Interest and finance charges paid	(2,899)	(264)
Interest element on finance lease rental payments	(78)	(99)
Hong Kong profits tax paid	(182)	-
Overseas tax paid	(250)	(445)
Overseas tax refunded	166	474
Net cash outflow from operating activities	(38,286)	(30,068)

## CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 30 June 2005

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
Net cash outflow from operating activities		(38,286)	(30,068)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets		(51,364)	(1,694)
Proceeds from disposal of fixed assets		17	210
Investment in a jointly-controlled entity		(123,134)	–
Proceeds from disposal of associates		–	1,632
Acquisition of subsidiaries	29(a)	(5,367)	(101)
Proceeds from disposal of subsidiaries	29(b)	–	898
Repayment from associates, net	29(c)	17,106	324
Rental deposits paid		(517)	(647)
Refund of rental deposits		973	1,912
Additions to trademarks		–	(218)
Increase in pledged bank balance		(486)	–
Net cash inflow/(outflow) from investing activities		(162,772)	2,316
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares, net		104,818	22,428
New bank loans raised		94,755	–
Repayment of bank loans		(4,442)	–
Repayment of finance lease obligations		(469)	(439)
Net cash inflow from financing activities		194,662	21,989
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(6,396)	(5,763)
Cash and cash equivalents at beginning of year		22,575	28,357
Exchange adjustments		20	(19)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>16,199</b>	<b>22,575</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		16,199	22,575

## BALANCE SHEET

30 June 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Interests in subsidiaries	13	411,362	320,314
<b>CURRENT ASSETS</b>			
Prepayments		176	135
Cash and bank balances		23	20
		199	155
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables		593	460
<b>NET CURRENT LIABILITIES</b>			
		(394)	(305)
		410,968	320,009
<b>CAPITAL AND RESERVES</b>			
Issued share capital	26	133,031	88,429
Reserves	28(b)	277,937	231,580
		410,968	320,009

Raymond CHOW Ting Hsing  
*Director*

PHOON Chiong Kit  
*Director*

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China, the operation of a film processing business in Hong Kong and film and television drama series production.

## 2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS"), hereinafter collectively referred to as the new HKFRSs, which are generally effective for the Company's accounting period beginning on 1 July 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30 June 2005, except for the following standards:

- HKFRS 3 Business Combinations;
- HKAS 36 Impairment of Assets; and
- HKAS 38 Intangible Assets.

Changes in the accounting policies have been made in accordance with the provisions of HKFRS 3, HKAS 36 and HKAS 38, which were prospectively applied from 1 July 2004.

- (i) The early adoption of HKFRS 3 and HKAS 36 has resulted in a change in the accounting policy for goodwill and excess of the fair values of the identifiable assets, liabilities and contingent liabilities acquired over cost ("Negative goodwill").

Prior to the adoption of HKFRS 3 and HKAS 36:

- goodwill arising from acquisitions after 1 July 2001 was amortised on the straight-line basis over its estimated useful life;
- goodwill was assessed for impairment if there was any indication of impairment of such; and
- on disposal of subsidiaries or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition was written back and included in the calculation of the gain or loss on disposal.



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

In accordance with the provisions of HKFRS 3 and HKAS 36:

- from the year ended 30 June 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment;
- Negative goodwill is recognised immediately in the consolidated profit and loss account;
- on disposal of subsidiaries, jointly-controlled entities or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition is transferred to the accumulated losses as a movement in reserves and not included in the calculation of the gain or loss on disposal; and
- reversal of impairment losses for goodwill is prohibited.

HKFRS 3 is prospectively applied and the effect of its adoption on these financial statements for year ended 30 June 2005 is summarised as follows:

- the Negative goodwill arising from the companies acquired by the Group during the year over the cost of business combinations in an aggregate amount of HK\$43,032,000 was fully recognised as income for the year ended 30 June 2005; and
  - the attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition in an aggregate amount of HK\$12,483,000, was transferred to the accumulated losses as a movement in reserves for the year ended 30 June 2005.
- (ii) The early adoption of HKAS 38 has had no significant impact on these financial statements in respect of the accounting policy for intangible assets.

The Group has already commenced an assessment of the impact of other new HKFRSs, which are generally effective for the Company's accounting periods beginning on 1 July 2005, but is not yet in a position to state whether these new HKFRSs would have a significant impact on its result of operations and financial position.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 3. BASIS OF PRESENTATION

The Group sustained a consolidated net loss attributable to shareholders of HK\$12,938,000 for the year ended 30 June 2005 and had net current liabilities of HK\$38,720,000 at the balance sheet date.

In order to improve the Group's working capital position, immediate liquidity and cash flow position of the Group, the directors have implemented the following measures:

- (a) subsequent to the balance sheet date, on 10 October 2005, the Group entered into a Letter of Intent with an existing shareholder to dispose of a 5% equity interest in a jointly-controlled entity for a cash consideration of US\$2,150,000 (approximately HK\$16,700,000). The disposal, when completed, will generate a cash inflow of approximately HK\$16,700,000 to the Group which will improve the working capital and cash flow positions of the Group;
- (b) the directors of the Company are seeking support from its bankers to re-arrange the Group's secured short-term bank and other borrowings to longer term financing. The management is negotiating with a bank to extend two installments of a total of HK\$12,400,000 which fall due within one year at the balance sheet date to be repaid after 30 June 2006 and the management is optimistic about the outcome based on the negotiation so far;
- (c) the Group continues to implement measures to tighten cost controls over various general and administrative expenses and to attain profitable and positive cash flow operations. The directors may consider in the future to close down certain non-profit making cinemas in Hong Kong following which the operating expenses shared by the Group can be reduced; and
- (d) the Group is currently considering the issuance of convertible bonds and continues to seek support from the potential investors to strengthen the Group's working capital position.

In the opinion of the directors, in light of the various measures/arrangements implemented to date and the support from the Group's bankers and the potential investors, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position and tight liquidity as at 30 June 2005.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these financial statements.

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice (“SSAPs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain fixed assets, as further explained below.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2005, together with the Group's share of the results for the year and post-acquisition reserves of its jointly-controlled entities and associates, as set out below. The results of the subsidiaries, jointly-controlled entities and associates acquired or disposed of during the year are consolidated/equity accounted for from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

### Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

### Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Joint venture companies *(continued)*

A joint venture company is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

#### Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is calculated based on the audited results after making appropriate adjustments to conform to the Group's accounting policies and are included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets of the joint venture company under the equity method of accounting less any impairment losses.

Unrealised gains arising from transactions with jointly-controlled entities are eliminated to the extent of the Group's interests in the enterprises. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### *Associates (continued)*

In the current year, the Group's share of the post-acquisition results and reserves of its associates was calculated from the latest available audited and management financial statements of the associates which were made up to 30 June 2005.

### **Goodwill**

Goodwill on the acquisition of subsidiaries, jointly-controlled entities and associates is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill arising on the acquisition of subsidiaries is recognised in the consolidated balance sheet as an asset and in the case of jointly-controlled entities and associates, the goodwill was included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill on acquisitions after 1 July 2004 is not amortised and goodwill already carried in the consolidated balance sheet before 1 July 2004 is not amortised after 1 July 2004. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill arising on acquisitions before 1 July 2001 was eliminated against the consolidated capital reserve in the year of acquisition. The Group applied the transitional provision of HKFRS 3 that permitted such goodwill to remain eliminated against the consolidated capital reserve and that required such goodwill not to be recognised in the consolidated profit and loss account when the Group disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates become impaired.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Negative goodwill**

On acquisition of subsidiaries, jointly-controlled entities and associates, if the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of an entity being acquired recognised as at the date of acquisition exceeds the cost of the business combination, the Group shall reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities of that entity and the measurement of the cost of the business combination; and recognise immediately in the consolidated profit and loss account any excess remaining after that reassessment.

### **Impairment of assets**

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the assets does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period 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 accounting policy for that revalued asset.

A previously recognised impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset. Any impairment losses made against goodwill is not reversed.

### **Fixed assets and depreciation**

Fixed assets are stated at cost or valuation less accumulated depreciation and any 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 fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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 fixed asset, the expenditure is capitalised as an additional cost of that asset.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fixed assets and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Long term leasehold land	over the unexpired terms of the leases
Buildings	4%
Leasehold improvements	8 <sup>1</sup> / <sub>3</sub> % – 33 <sup>1</sup> / <sub>3</sub> %
Machinery and equipment	10% – 33 <sup>1</sup> / <sub>3</sub> %
Furniture and fixtures	10% – 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	20%
Air-conditioning systems	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in retained profits or accumulated losses is transferred directly to retained profits or accumulated losses.

#### Investments in club memberships

Investments in club memberships are stated at cost less any impairment losses. Cost includes fees and expenses directly related to the acquisition of the club memberships.

#### Trademarks

Trademarks with indefinite life are stated at cost less any impairment losses.

#### Long term investments

Long term investments in unlisted equity securities, which are intended to be held on a continuing basis, and which are held for identified long term purposes documented at the time of acquisition or change of purpose and are clearly identifiable for the documented purpose, are stated at cost less any impairment losses, on an individual investment basis.

When impairments in values have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors, and the amounts of the impairments are charged to the profit and loss account in the period in which they arise.

When the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the appreciation in fair value is credited to the profit and loss account, on an individual investment basis, to the extent of the amount previously charged.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Accounts receivable

Accounts receivable, which generally have credit terms of one to three months, are recognised and carried at the original invoiced amount. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

#### Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices, less any further costs expected to be incurred to completion and disposal.

#### Film rights and amortisation

##### (i) *Film rights*

Film rights represent films and television drama series and are stated at cost less accumulated amortisation and any impairment losses.

Amortisation is charged to the profit and loss account based on the proportion of actual income earned during the year to the total estimated income from the sale of film rights. Where there is an impairment in value, the unamortised balance is written down to its estimated recoverable amount.

##### (ii) *Films in progress*

Films in progress are stated at cost less any impairment losses. Costs include all direct costs associated with the production of films or television drama series. Impairment losses are made for costs which are in excess of the expected future revenue generated by these films or television drama series. Costs are transferred to film rights upon completion.

#### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

#### Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and the Group's share of net assets of overseas jointly-controlled entities and associates expressed in foreign currencies are translated to Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars as the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

#### Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

#### Employee benefits

##### *Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Employee benefits *(continued)*

#### *Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employee Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

#### *Retirement benefits scheme*

The Group operates a defined contribution retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions to the Scheme are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme. The Group's employer contributions are fully and immediately vested with the employees when contributed to the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries in the People's Republic of China (the "PRC") are members of the state-sponsored retirement scheme (the "State Scheme") operated by the government of the PRC. Contributions to the State Scheme are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the State Scheme.

#### *Share option scheme*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

Provisions for long service payments are made based on relevant labour laws and regulations governing retirement payments and are reviewed by the directors on an annual basis and adjusted where applicable.

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) film royalties income, theatre advertising income and video distribution income, on an accrual basis;
- (b) film distribution commission income, film developing and printing service income, advertising agency fee income, production control fee income and consultancy service income, on completion of the services;
- (c) gross box office takings, when the services have been rendered to the buyers;
- (d) income from confectionery sales and compact disc sales, at the point of sales when the confectionery and audio visual products are given to the customers;

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Revenue recognition (*continued*)

- (e) rental income, in the period in which the properties are let and on the straight-line basis over the lease terms;
- (f) interest, on a time proportion basis taking into account the principal outstanding and the effective rate of interest applicable; and
- (g) dividends, when the shareholders' right to receive payment is established.

### 5. SEGMENT INFORMATION

Segment information is presented by way of segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the film and video distribution segment engages in worldwide distribution of films and audio visual products related to films and television programmes;
- (b) the film exhibition segment engages in film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China; and
- (c) the others segment comprises film processing business, which provide film processing services and sell soundtrack albums, and film and television drama series production.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 5. SEGMENT INFORMATION (continued)

### (a) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments.

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
	(Note)									
Segment revenue:										
Sales to external customers	52,508	51,225	137,851	146,271	12,880	20,981	-	-	203,239	218,477
Inter-segment sales	3,427	1,762	-	-	294	294	(3,721)	(2,056)	-	-
Other revenue	1,583	5,748	3,852	2,470	910	1,811	(884)	(1,305)	5,461	8,724
<b>Total</b>	<b>57,518</b>	<b>58,735</b>	<b>141,703</b>	<b>148,741</b>	<b>14,084</b>	<b>23,086</b>	<b>(4,605)</b>	<b>(3,361)</b>	<b>208,700</b>	<b>227,201</b>
Segment results	(13,657)	126	(53,309)	(24,394)	(7,260)	(7,092)	-	-	(74,226)	(31,360)
Interest income and unallocated gains									1,744	3,796
Impairment of film rights	-	(3,543)	-	-	-	-	-	-	-	(3,543)
Loss from operating activities									(72,482)	(31,107)
Recognition of Negative goodwill	-	-	43,032	-	-	-	-	-	43,032	-
Impairment of interests in an associate	-	-	-	(1,413)	-	-	-	-	-	(1,413)
Finance costs									(3,073)	(363)
Share of profits and losses of jointly-controlled entities	-	-	1,763	-	-	-	-	-	1,763	-
Share of profits and losses of associates	926	2,372	29,147	29,611	-	-	-	-	30,073	31,983
Loss before tax									(687)	(900)
Tax									(12,251)	(10,763)
Net loss from ordinary activities attributable to shareholders									(12,938)	(11,663)

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 5. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

#### Group

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment assets	54,977	58,201	131,744	64,698	11,882	15,509	-	-	198,603	138,408
Interests in jointly- controlled entities	-	-	178,619	-	-	-	-	-	178,619	-
Interests in associates	66	405	159,308	182,208	-	-	-	-	159,374	182,613
Trademarks									79,421	79,421
Unallocated assets									16,422	22,767
<b>Total assets</b>									<b>632,439</b>	<b>423,209</b>
Segment liabilities	35,791	25,041	39,655	23,841	7,236	5,286	-	-	82,682	54,168
Unallocated liabilities									138,789	49,032
<b>Total liabilities</b>									<b>221,471</b>	<b>103,200</b>
Other segment information:										
Depreciation	215	529	14,725	12,976	710	1,147	-	-	15,650	14,652
Unallocated amounts									1,297	1,593
									<b>16,947</b>	<b>16,245</b>
Amortisation of film rights	13,498	14,093	-	-	-	-	-	-	13,498	14,093
Provision/(write-back of provision) for doubtful debts, net	3	(3,282)	-	151	(19)	204	-	-	(16)	(2,927)
Capital expenditure	125	68	49,465	1,314	-	133	-	-	49,590	1,515
Unallocated amounts									1,774	179
									<b>51,364</b>	<b>1,694</b>

Note: Due to the decreasing of significance of film and television drama series production segment to the Group, it has not been separately disclosed as a separate segment in the current year. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 5. SEGMENT INFORMATION *(continued)*

### (b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

#### Group

	Hong Kong		Mainland China		Elsewhere in Asia		Others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	184,783	201,748	14,810	3,697	6,651	3,407	716	11,681	(3,721)	(2,056)	203,239	218,477
Other segment information:												
Segment assets	145,421	155,104	38,484	4,663	30,863	1,383	257	25	-	-	215,025	161,175
Interests in jointly-controlled entities											178,619	-
Interests in associates											159,374	182,613
Trademarks											79,421	79,421
											<u>632,439</u>	<u>423,209</u>
Capital expenditure	20,564	1,607	30,800	68	-	19	-	-	-	-	51,364	1,694

## 6. TURNOVER

Turnover represents proceeds from the sale of film, video and television rights, motion picture distribution and theatre operation, advertising agency fees earned, invoiced value of film developing and printing services rendered, production control fees earned, consultancy fee income, and proceeds from sale of audio visual products.



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 7. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2005 HK\$'000	2004 HK\$'000
Cost of inventories sold	5,733	9,410
Cost of services provided*	83,976	70,590
Amortisation of film rights**	13,498	14,093
Auditors' remuneration	1,734	1,348
Depreciation	16,947	16,245
Loss on disposal of fixed assets	3,577	1,345
Loss on disposal of subsidiaries	-	161
Operating lease rental payments in respect of land and buildings		
Minimum lease payments	35,689	37,002
Contingent rents	3,092	1,424
	38,781	38,426
Staff costs, excluding directors' remuneration (see note 31)		
Wages, salaries and staff welfare***	43,875	45,763
Pension contributions	1,535	1,557
	45,410	47,320
Provision/(write-back of provision) for long service payments	(139)	709
Exchange gains arising from translation of advances to overseas jointly-controlled entities and associates and other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date	(321)	(2,352)
Exchange gains, net	(748)	(1,109)
Write-back of provision for doubtful debts, net	(16)	(2,927)
Rental income, net	(130)	(365)
Interest income on bank deposits	(56)	(14)
Gain on disposal of associates	-	(47)
Write-off of aged liabilities	-	(12,044)

\* The cost of services provided includes approximately HK\$2,890,000 (2004: HK\$2,974,000) relating to staff costs which is also included in the amount disclosed above.

\*\* The amortisation of film rights for the year is included in "Cost of sales" on the face of the consolidated profit and loss account.

\*\*\* Balance also included the amount of "Provision/(write-back of provision) for long service payments" disclosed above.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 8. FINANCE COSTS

	2005 HK\$'000	2004 HK\$'000
Interest on bank loans wholly repayable within five years	2,418	–
Bank loans arrangement fee	399	–
Interest on accounts payable	178	264
Interest on finance leases	78	99
	3,073	363

### 9. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on country legislation, interpretations and practices in respect thereof.

	2005 HK\$'000	2004 HK\$'000
Group:		
Hong Kong	182	642
Elsewhere	21	(130)
	203	512
Share of tax attributable to:		
Jointly-controlled entities		
Charge for the year	1,789	–
Deferred	407	–
	2,196	–
Associates		
Charge for the year	8,405	2,893
Deferred	1,447	7,358
	9,852	10,251
Total tax charge for the year	12,251	10,763

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 9. TAX (continued)

At the date of approval of the financial statements, a subsidiary of the Group has ongoing disputes with the Hong Kong Inland Revenue Department ("HKIRD") in respect of a non-taxable claim of certain non-Hong Kong sourced income for the years of assessment 1995/1996 and 1996/1997. The subsidiary is pursuing its objection to HKIRD's assessments and as at the date of the financial statements, the directors consider that sufficient tax provision has been made in this regard.

A reconciliation of the tax expense applicable to loss before tax using the statutory rates ranging from 17.5% to 33% for the countries in which the Company and its subsidiaries, jointly-controlled entities and associates are domiciled to the tax expense at the effective tax rates, is as follows:

Group	2005 HK\$'000	2004 HK\$'000
Loss before tax	(687)	(900)
Tax at statutory rates	(120)	(157)
Higher tax rate for specific provinces or local authority	2,976	1,612
Effect on opening deferred tax of decrease in tax rates	–	(951)
Adjustments in respect of current tax of previous periods	182	(2,159)
Income not subject to tax	(9,212)	(3,103)
Expenses not deductible for tax	5,966	6,555
Temporary differences not recognised	(27)	1,671
Tax losses not recognised	13,008	9,522
Tax losses from previous periods utilised	(522)	(2,227)
Tax charge at the Group's effective rate	12,251	10,763

### 10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$13,859,000 (2004: HK\$11,297,000).

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 11. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$12,938,000 (2004: HK\$11,663,000) and the weighted average of 1,140,535,574 shares (2004: 877,223,566 shares) in issue during the year.

The comparative basic and diluted loss per share amounts have been adjusted to reflect the rights issue of shares, as further detailed in note 26 to the financial statements.

No disclosure of diluted loss per share for both current year and prior year is shown as the exercise prices of the Company's outstanding share options granted prior to 1 July 2004 were higher than the average market price of the Company's ordinary shares during the year and thus the share options have no diluting effect.

### 12. FIXED ASSETS

#### Group

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Air- conditioning systems HK\$'000	Total HK\$'000
Cost or valuation:							
At beginning of year	9,300	68,691	29,352	18,236	3,055	588	129,222
Additions	-	28,840	15,273	7,251	-	-	51,364
Disposals	-	(2,224)	(6,471)	(6,220)	-	(53)	(14,968)
Exchange adjustments	-	-	18	-	18	-	36
At 30 June 2005	9,300	95,307	38,172	19,267	3,073	535	165,654
Accumulated depreciation:							
At beginning of year	3,365	38,654	18,106	11,268	1,496	580	73,469
Provided during the year	358	9,023	4,206	2,739	617	4	16,947
Disposals	-	(2,102)	(4,660)	(4,563)	-	(49)	(11,374)
Exchange adjustments	-	(2)	14	(1)	11	-	22
At 30 June 2005	3,723	45,573	17,666	9,443	2,124	535	79,064
Net book value:							
At 30 June 2005	5,577	49,734	20,506	9,824	949	-	86,590
At 30 June 2004	5,935	30,037	11,246	6,968	1,559	8	55,753
Analysis of cost or valuation:							
At cost	-	95,307	38,172	19,267	3,073	535	156,354
At valuation	9,300	-	-	-	-	-	9,300
	9,300	95,307	38,172	19,267	3,073	535	165,654

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 12. FIXED ASSETS (continued)

The leasehold land and buildings are situated in Hong Kong and are held under long term leases.

The net book values of the Group's fixed assets held under finance leases included in the total amount of machinery and equipment and motor vehicles at 30 June 2005, amounted to HK\$26,000 (2004: HK\$48,000) and HK\$794,000 (2004: HK\$1,361,000), respectively.

The long term leasehold land and buildings were revalued on 30 September 1994 by an independent firm of professionally qualified valuers, C.Y. Leung & Company Limited, at HK\$9,300,000 at open market value assuming sale with vacant possession. The surplus arising from the revaluation was credited to the revaluation reserve account. The Group has adopted the transitional provision, as permitted under paragraph 80 of SSAP 17 issued in 1995 and revised in 2001, of not making further regular valuations on its revalued assets.

Had the Group's land and buildings been carried at cost less accumulated depreciation and any impairment losses, they would have been included in the financial statements at approximately HK\$629,000 (2004: HK\$668,000).

As at 30 June 2005, certain of the Group's fixed assets which are situated in the PRC with a net book value of approximately HK\$28,800,000 were pledged as security to a bank for a bank loan granted to the Group (note 22).

### 13. INTERESTS IN SUBSIDIARIES

	Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	167,647	167,647
Due from subsidiaries	845,585	741,247
	1,013,232	908,894
Provision for impairment	(601,870)	(588,580)
	411,362	320,314

The balances with subsidiaries are unsecured, interest-free and not expected to be repaid within the next twelve months.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 13. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and principal operations	Issued and fully paid share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Cine Art Laboratory Limited	Hong Kong	Ordinary HK\$2,500 Deferred* HK\$997,500	100	Film developing and printing
City Entertainment Corporation Limited	Hong Kong	Ordinary HK\$2	100	Theatre operation
Conneway Films Company Limited	Hong Kong	Ordinary HK\$31,610,000	100	Theatre operation
Gala Film Distribution Limited	Hong Kong	Ordinary HK\$49,990,000** Deferred* HK\$10,000	100	Distribution of motion pictures
Global Entertainment and Management Systems Sdn. Bhd.#	Malaysia	Ordinary RM300,000	100	Investment holding
Golden Harvest Cinemas Holding Limited	British Virgin Islands	Ordinary US\$1	100	Investment holding
Golden Harvest Entertainment Company Limited	Hong Kong	Ordinary HK\$100 Deferred* HK\$114,000,000	100	Investment holding
Golden Harvest Entertainment International Limited	British Virgin Islands	Ordinary US\$1,000	100	Investment holding
Golden Harvest Films Distribution Holding Limited	British Virgin Islands	Ordinary US\$1	100	Investment holding
Golden Harvest Film Productions Limited	Hong Kong	Ordinary HK\$100,000	100	Provision of production controller and film producer services
Golden Harvest (Marks) Limited	British Virgin Islands	Ordinary US\$1	100	Holding of trademarks
Golden Harvest Multiplex (Pte) Limited	Singapore	Ordinary S\$2	100	Investment holding
Golden Harvest (Shenzhen) Cinemas Company Limited##	PRC	Registered RMB10,000,000	100	Theatre operation

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 13. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and principal operations	Issued and fully paid share/registered capital	Percentage of equity attributable to the Company	Principal activities
Golden Movies International Limited	British Virgin Islands	Ordinary US\$1	100	Sale of film rights and distribution of motion pictures
Golden Screen Limited	Hong Kong	Ordinary HK\$8,750,000	100	Investment holding
Golden Touch Licencing B.V.	Netherlands	Ordinary EUR18,151.21	100	Distribution of motion pictures
Happy Way Limited	Hong Kong	Ordinary HK\$10,000	100	Distribution of audio visual products related to films and programmes
Kotewall Limited	British Virgin Islands	Ordinary US\$1	100	Sale of film rights and distribution of motion pictures
Panasia Films Limited	Hong Kong	Ordinary HK\$2,600,000	100	Distribution of motion pictures and its related audio visual products and acting as an advertising agent
Real Merry Limited	Hong Kong	Ordinary HK\$16,831,002	100	Theatre operation
Shanghai Golden Harvest Media Management Company Limited***	PRC	Registered US\$500,000	90	Distribution of motion pictures
Splendid Ventures Limited	Hong Kong	Ordinary HK\$2	100	Theatre operation
United Harvest Asia Limited	Hong Kong	Ordinary HK\$2	100	Provision of finance to group companies

Except for Golden Harvest Entertainment International Limited, all of the above subsidiaries are indirectly held by the Company.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 13. INTERESTS IN SUBSIDIARIES (continued)

- # During the year, the Group acquired the remaining 66.67% equity interests in Global Entertainment and Management Systems Sdn. Bhd. ("GEMS"). GEMS became a wholly-owned subsidiary of the Group upon the acquisition (note 14). GEMS is not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.
- ## Golden Harvest (Shenzhen) Cinemas Company Limited, established during the year, is 75% directly held by the Group as at 30 June 2005. The remaining 25% is held by an independent third party on behalf of the Group. As at 30 June 2005, the transfer of legal title on 25% equity interests from the independent third party to the Group is still in progress.
- \* For Golden Harvest Entertainment Company Limited, the deferred shares carry no rights to dividends and carry the right to receive one half of the surplus on a return of capital exceeding HK\$1,000,000,000,000,000. Apart from the above, all other deferred shares carry rights to dividends for any given financial year of the respective companies when the net profit available for distribution exceeds HK\$1,000,000,000. They also carry rights to receive one half of the surplus on a return of capital of the respective companies exceeding HK\$500,000,000,000. None of the deferred shares carry any rights to vote at general meetings.
- \*\* The authorised and issued ordinary share capital of Gala Film Distribution Limited was increased from HK\$10,000 to HK\$49,990,000 during the year. The new shares rank pari passu in all respects with the existing ordinary shares in issue of the company.
- \*\*\* Shanghai Golden Harvest Media Management Company Limited is a Sino-foreign equity joint venture enterprise under the PRC Law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 14. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2005 HK\$'000	2004 HK\$'000
Share of net assets	72,163	–
Due from jointly-controlled entities	106,456	–
	178,619	–



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 14. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

The balances with jointly-controlled entities are unsecured, interest-free and not expected to be repaid within the next twelve months except for HK\$30,000,000 which is expected to be repaid within the next twelve months and classified as a current asset.

On 10 March 2005, the Group completed the acquisition of the remaining 66.67% equity interests in GEMS at a consideration of approximately HK\$18,318,000 and Negative goodwill of approximately HK\$3,709,000 was credited to the consolidated profit and loss account for the year ended 30 June 2005. GEMS became a wholly-owned subsidiary of the Group upon the acquisition. Through this acquisition, the Group's total equity interests in TGV Cinemas Sdn. Bhd. ("TGV") increased from 33.33% to 50%. Pursuant to the joint venture and shareholders' agreement dated 8 February 2002 and the change in equity interests in TGV shared by the Group, TGV was reclassified as a jointly-controlled entity upon the acquisition of GEMS during the year.

On 24 February 2005, the Group completed the acquisition of 40% equity interests in Warner Village Cinemas Co., Ltd. ("WVT") at a consideration of US\$15,200,000 (approximately HK\$118,560,000) and Negative goodwill of approximately HK\$39,323,000 was credited to the consolidated profit and loss account for the year ended 30 June 2005. WVT is principally engaged in film exhibition and leisure operation in Taiwan.

Details of the financial position as at 30 June 2005 and the results for the year then ended of TGV and WVT are as follows:

#### TGV

	2005	2004
	HK\$'000	HK\$'000
Total assets	122,148	124,627
Total liabilities	91,895	106,328
Turnover	158,867	152,219
Profit before tax	23,105	20,488
Profit after tax attributable to the Group*	5,883	3,633

\* Included profit after tax attributable to the Group when acting as an associate of HK\$2,807,000 and a jointly-controlled entity of HK\$3,076,000 for the year ended 30 June 2005.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 14. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

WVT

	2005 HK\$'000
Total assets	502,028
Total liabilities	373,315
Turnover	530,755
Profit before tax	53,513
Loss after tax attributable to the Group from date of acquisition to 30 June 2005	(3,509)

Particulars of the principal jointly-controlled entities are as follows:

Name	Business structure	Place of incorporation and principal operations	Class of shares held	Percentage of paid-up share capital held by the Group	Principal activities
TGV Cinemas Sdn. Bhd. (formerly know as "Tanjong Golden Village Sdn. Bhd.")	Corporate	Malaysia	Ordinary	50	Theatre operation
Warner Village Cinemas Co., Ltd.	Corporate	Taiwan	Ordinary	40	Theatre operation and leisure operation

### 15. INTERESTS IN ASSOCIATES

	Group	
	2005 HK\$'000	2004 HK\$'000
Share of net assets other than goodwill	69,980	57,581
Due from associates	91,689	126,571
Due to associates	(882)	(126)
	160,787	184,026
Provision for impairment	(1,413)	(1,413)
	159,374	182,613

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 15. INTERESTS IN ASSOCIATES (continued)

All balances with associates are unsecured, interest-free and not expected to be repaid within the next twelve months.

The Group's share of the post-acquisition accumulated reserves of associates as at 30 June 2005 amounted to accumulated losses of HK\$21,853,000 (2004: HK\$29,244,000). During the year, the Group acquired additional interests in certain associates which became a wholly-owned subsidiary and a jointly-controlled entity of the Group thereafter. The related retained profits in relation to those former associates that became a wholly-owned subsidiary and a jointly-controlled entity of the Group amounted to HK\$149,000 and HK\$12,681,000, respectively. In addition, the related exchange reserve in relation to a former associate that became a jointly-controlled entity of the Group amounted to HK\$701,000.

Included in below are the results of GSC and GVM which, in the opinion of the directors, are material to the Group's financial results. Details of the financial positions as at 30 June 2005 and results for the year then ended of the respective associates are as follows:

#### GSC

	2005 HK\$'000	2004 HK\$'000
Total assets	235,298	205,345
Total liabilities	138,977	122,989
Turnover	216,664	285,331*
Profit before tax	26,098	28,455*
Profit after tax attributable to the Group	6,404	8,575*

\* Included results from 1 January 2003 to 30 June 2004. Profit after tax attributable to the Group for the additional 6 months amounted to approximately HK\$2,495,000.

#### GVM

	2005 HK\$'000	2004 HK\$'000
Total assets	367,447	357,116
Total liabilities	227,974	253,432
Turnover	328,527	292,029
Profit before tax	44,208	32,599
Profit after tax attributable to the Group	14,524	12,249

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 15. INTERESTS IN ASSOCIATES (*continued*)

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation and principal operations	Class of shares held	Percentage of paid-up share capital held by the Group	Principal activities
Dartina Development Limited	Corporate	Hong Kong	Ordinary	50	Investment holding
Golden Access Pte Ltd	Corporate	Singapore	Ordinary	50	Computer programming
Golden Screen Cinemas Sdn. Bhd. #	Corporate	Malaysia	Ordinary	40.22	Distribution of motion pictures and theatre operation
Golden Village Entertainment (Singapore) Pte Ltd	Corporate	Singapore	Ordinary	50	Investment holding
Golden Village Pictures Pte Ltd	Corporate	Singapore	Ordinary	50	Distribution of motion pictures
Golden Village Holdings Pte Ltd	Corporate	Singapore	Ordinary	50	Investment holding
Golden Village Multiplex Pte Ltd	Corporate	Singapore	Ordinary	50	Theatre operation
Rich Will Limited	Corporate	Hong Kong	Ordinary	50	Theatre operation

# Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 16. TRADEMARKS

The trademarks represent the perpetual licence for the use of the brand name "Golden Harvest" which takes the form of sign, symbol, name, logo, design or any combination thereof.

The trademarks with indefinite life are stated at cost less any impairment.

The directors are of the opinion that the Group's trademarks have indefinite useful life due to the following reasons:

- (i) the trademarks, which were acquired by the Group in 2000, have been in use for a considerable number of years and will continue to be used for the long term; and
- (ii) the Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to profit and loss account when incurred, to maintain and increase the market value of its trademarks.

Vigers Appraisal & Consulting Ltd., a firm of independent professionally qualified valuers, has confirmed, in their valuation of the Group's trademarks, that the market value of the trademarks exceeded the carrying value as at 30 June 2005. Accordingly, the directors consider that no impairment provision is necessary at the balance sheet date.

### 17. INVENTORIES

	Group	
	2005 HK\$'000	2004 HK\$'000
Raw materials	396	426
Chemicals	54	39
Machinery parts	121	91
	571	556

### 18. FILM RIGHTS

As at 30 June 2005, there was no impairment loss (2004: HK\$3,543,000) on film rights charged to the consolidated profit and loss account for the year. The impairment loss was determined by management with reference to the net realisable values of film rights as at the balance sheet date in accordance with the Group's accounting policy.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 19. ACCOUNTS RECEIVABLE

The Group usually grants credit periods ranging from one to three months. The age analysis of the accounts receivable, net of provision at 30 June, is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Current to 3 months	14,180	19,929
4 to 6 months	2,254	1,084
7 to 12 months	31	528
Over 1 year	639	930
	17,104	22,471

The accounts receivable of the Group included trading balances due from Golden Harvest Private Group companies totaling HK\$481,000 (2004: HK\$20,000). All of the balances with the Golden Harvest Private Group companies are unsecured, repayable in accordance with normal trading terms and interest-free.

The Golden Harvest Private Group represents the private companies in the Golden Harvest Group, a group of companies controlled by Raymond Chow Ting Hsing, a director of the Company, which were not included in the Group reorganisation in November 1994.

The accounts receivable of the Group also included amounts due from GH Media Management Pte Ltd, GH Pictures (China) Limited, Best Creation International Limited and Wigston Co. Limited of HK\$332,000 (2004: Nil), Nil (2004: HK\$36,000), HK\$269,000 (2004: HK\$269,000) and HK\$179,000 (2004: Nil), respectively. The amounts are unsecured and have no fixed repayment terms. Raymond Chow Ting Hsing, Phoon Chiong Kit, David Chan Sik Hong, who are directors of the Company and Stephen Chu Siu Tsun, who was a then director of the Company, and a relative of Raymond Chow Ting Hsing, were/are also directors and/or beneficial shareholders of certain of these related companies.

### 20. PLEDGED BANK BALANCE

The pledged bank balance of HK\$486,000 (2004: Nil) was pledged as security to a bank for a bank loan granted to the Group (note 22).

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 21. ACCOUNTS PAYABLE

The age analysis of trade creditors included in accounts payable at 30 June is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Current to 3 months	36,645	27,437
4 to 6 months	4,455	534
7 to 12 months	896	920
Over 1 year	13,020	23,179
	<hr/> 55,016	<hr/> 52,070

The accounts payable of the Group included trading balances due to Golden Harvest Private Group companies totaling HK\$67,000 (2004: HK\$40,000). The amounts are unsecured, interest-free and repayable in accordance with normal trading terms.

The accounts payable of the Group also included amounts due to GH Pictures (China) Limited, Harvest Crown Limited and Pinetree Production Services, Inc. of HK\$9,987,000 (2004: HK\$20,421,000), HK\$618,000 (2004: HK\$390,000) and HK\$206,000 (2004: Nil), respectively. The amounts are unsecured and have no fixed repayment terms. Except for an amount of HK\$9,769,000 due to GH Pictures (China) Limited which bears interest at Hong Kong dollars short term time deposits rate plus 1% per annum, the other balances are interest-free and have no fixed repayment terms. Raymond Chow Ting Hsing, Phoon Chiong Kit and David Chan Sik Hong, who were directors of the Company, Stephen Chu Siu Tsun, who was a then director of the Company, and a relative of Raymond Chow Ting Hsing were/are also directors and/or beneficial shareholders of certain of these related companies.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 22. INTEREST-BEARING BANK LOANS, SECURED

	Group	
	2005 HK\$'000	2004 HK\$'000
Bank loans, secured	90,022	–
Bank loans repayable:		
Within one year	24,697	–
In the second year	21,577	–
In the third to fifth years, inclusive	43,748	–
Total bank loans	90,022	–
Portion classified as current liabilities	(24,697)	–
Non-current portion	65,325	–

The Group's bank loans as at 30 June 2005 were secured by:

- (i) the assets of a wholly-owned subsidiary;
- (ii) 70% share holdings in a wholly-owned subsidiary;
- (iii) 40% equity interests in a jointly-controlled entity;
- (iv) fixed assets of a subsidiary (*note 12*); and
- (v) pledged bank balance (*note 20*).



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 23. FINANCE LEASE PAYABLES

At 30 June 2005, the total future minimum lease payments under finance leases and their present values, were as follows:

#### Group

	Minimum lease payments		Present value of minimum lease payments	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Amounts payable:				
Within one year	456	548	413	470
In the second year	309	456	298	412
In the third to fifth years, inclusive	–	308	–	298
Total minimum finance lease payments	765	1,312	711	1,180
Future finance charges	(54)	(132)		
Total net finance lease payables	711	1,180		
Portion classified as current liabilities	(413)	(471)		
Non-current portion	298	709		

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 24. PROVISIONS

#### Group

	Long service payments HK\$'000	Other employee benefits HK\$'000	Total HK\$'000
At beginning of year	3,800	1,319	5,119
Additional provision/(write-back)	(139)	361	222
At 30 June 2005	3,661	1,680	5,341
Portion classified as current liabilities	–	(1,680)	(1,680)
Non-current portion	3,661	–	3,661

Under the relevant labour laws and regulations governing retirement payments, the Company's directors have estimated and provided for the amount of provision for long service payments. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The Group provides for the unused holiday leave carried forward by the Group's employees. The provision is based on the best estimate of the probable future costs of such paid leave earned during the year by the employees and carried forward at the balance sheet date.

### 25. DEFERRED TAX

The movement in deferred tax liabilities during the year is as follows:

	Revaluation of leasehold land and buildings	
	2005 HK\$'000	2004 HK\$'000
At beginning of year	878	931
Deferred tax credited to equity during the year	(53)	(53)
At 30 June	825	878

The Group has tax losses arising in, and outside Hong Kong of approximately HK\$421,640,000 and HK\$35,753,000 (2004: HK\$333,843,000 and HK\$50,774,000), respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for the balances of approximately HK\$10,193,000 and HK\$4,485,000 (2004: HK\$9,316,000 and HK\$3,091,000) which can be only carried forward for five years under the relevant legislation, interpretations and practices in the PRC and Taiwan, respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 25. DEFERRED TAX (continued)

At 30 June 2005, there is no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, jointly-controlled entities or associates as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

### 26. SHARE CAPITAL

	Company	
	2005	2004
	HK\$'000	HK\$'000
Authorised:		
2,000,000,000 (2004: 2,000,000,000) ordinary shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
1,330,309,375 (2004: 884,287,500) ordinary shares of HK\$0.10 each	133,031	88,429

During the year, the movements in share capital were as follows:

- (a) On 14 July 2004, the Company entered into a subscription agreement (the "Subscription Agreement"). Pursuant to the Subscription Agreement, the Company issued and allotted 155,000,000 ordinary shares at a price of HK\$0.25 per share to Typhoon Music (PRC) Limited ("Typhoon Music"), an independent third party, on 11 August 2004. The net proceeds from the allotment of shares, after deduction of related expenses, amounted to HK\$36,300,000. The Company has applied the net proceeds for general working capital purposes, including paying down certain indebtedness of the Group and film financing and for the new cinema operation business in Shenzhen.
- (b) On 25 January 2005, the Company passed a board resolution to make a rights issue of 259,821,875 shares of HK\$0.1 each to shareholders at an exercise price of HK\$0.25 per share on the basis of the one rights share for every four shares held on 22 December 2004 (the "Rights Issue"). The transaction was completed on 28 January 2005. The net proceeds from the Rights Issue, after deduction of related expenses amounted to approximately HK\$60,900,000. The Company used the net proceeds from the Rights Issue for the purpose of financing part of the acquisition of the 40% equity interest in Warner Village Cinemas Co., Ltd. The exercise price of HK\$0.25 per share represented no premium to the closing price of HK\$0.25 per share as quoted on the Stock Exchange on 28 January 2005, being the completion date.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 26. SHARE CAPITAL (continued)

- (c) On 3 March 2005, the Company further placed 31,200,000 new shares at a price of HK\$0.25 per share to an independent third party, Asset Managers (China) Fund Co., Ltd., in order to strengthen the Group's financial position by providing additional general working capital. The net proceeds from the share placement, after deducting of related expenses, amounted to approximately HK\$7,600,000.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 July 2003	800,887,500	80,089	565,577	645,666
Shares placement	83,400,000	8,340	15,012	23,352
Share issue expenses	–	–	(924)	(924)
At 30 June 2004 and 1 July 2004	884,287,500	88,429	579,665	668,094
Issue of shares (a)	155,000,000	15,500	23,250	38,750
Rights issue (b)	259,821,875	25,982	38,973	64,955
Shares placement (c)	31,200,000	3,120	4,680	7,800
	446,021,875	44,602	66,903	111,505
Share issue expenses	–	–	(6,687)	(6,687)
At 30 June 2005	1,330,309,375	133,031	639,881	772,912

### 27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose for providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group, suppliers of goods or services to the Group and customers of the Group. The Scheme became effective on 30 November 2001 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

## 27. SHARE OPTION SCHEME (continued)

The maximum number of shares of the Company issuable upon exercise of all share options granted and to be granted under the Scheme and any other share option schemes of the Company (if any) is an amount equivalent to 10% of the shares of the Company in issue as at 28 November 2001. This limit can be refreshed by the shareholders of the Company in a general meeting in accordance with the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The maximum number of shares issuable under share options granted to each eligible participant under the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their associates, are subject to approval in advance by the independent non-executive directors (excluding independent non-executive director who is the grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of the grant, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options must be accepted within 30 days inclusive of, and from the day of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, which may not exceed 10 years commencing on such date on or after the date of grant as the directors of the Company may determine in granting the share options and ending on such date as the directors of the Company may determine in granting the share options (which in any event must be prior to the close of business on 30 October 2011). Save as determined by the directors of the Company and provided in the offer of the grant of the relevant share option, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

The exercise price of the share options is determinable by the directors, provided always that it shall be at least the higher of (i) the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of grant of the share options; and (ii) the average Stock Exchange's closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

### Adjustments to share options and exercise prices

The Company completed a rights issue on the basis of one share for every four existing shares which was completed on 28 January 2005 (the "Rights Issue"). All the relevant share option holders have been notified that the number of shares comprised in each of the share options granted prior to the Rights Issue and for the time being outstanding and the exercise price thereunder were modified in accordance with the adjustments set out in the opinion dated 29 July 2005 from FB Gemini Capital Limited acting as expert in relation to the impact of the Rights Issue on the share options. The effective date of the adjustment was the date on which the Rights Issue became unconditional (i.e. 14 January 2005). The number of shares comprised in each of the share options for the time being outstanding and the exercise price thereunder were modified by factors of 1.25 and 0.80, respectively.

After adjustments, the aggregate number of the shares of the Company issuable under share options granted under the Company's current Share Option Scheme (the "Current Scheme") and an earlier share option scheme of the Company (the "Terminated Scheme"), which had been terminated on 28 November 2001) was 45,275,000 as at 30 June 2005, of which 39,525,000 shares of the Company remain issuable under share options granted under the Current Scheme (which represented approximately 2.97% of the Company's shares in issue as at 30 June 2005), and 5,750,000 shares of the Company remain issuable under share options granted under the Terminated Scheme (which represented approximately 0.43% of the Company's shares in issue as at 30 June 2005).

# NOTES TO FINANCIAL STATEMENTS

30 June 2005

## 27. SHARE OPTION SCHEME (continued)

Accordingly, as at 30 June 2005, the Company had the following outstanding share options granted to directors and employees of the Company:

Name or category of participant	Date of grant of share option	Pre-adjusted exercise price HK\$	Post-adjusted Exercise price HK\$	Exercise period	Outstanding options at 1 July 2004	Number of share options					Outstanding options at 30 June 2005
						Granted during the year	Adjustment to share options due to Rights Issue	Exercised during the year	Lapsed during the year	Cancelled during the year	
Director											
Phoon Chiong Kit	25/07/2000	0.78	0.624	25/07/2000 to 24/07/2010 <i>Note (a)</i>	4,600,000	-	1,150,000	-	-	-	5,750,000
	31/10/2001	0.62	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	10,000,000	-	2,500,000	-	-	-	12,500,000
	09/12/2004	<i>Note (d)</i>	<i>Note (d)</i>	10/01/2005 to 30/10/2011 <i>Note (c)</i>	-	15,000,000	3,750,000	-	-	-	18,750,000
David Chan Sik Hong	31/10/2001	0.62	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	5,000,000	-	1,250,000	-	-	-	6,250,000
Eric Norman Kronfeld	31/03/2005	0.26	-	31/03/2005 to 30/10/2011	-	350,000	-	-	-	-	350,000
Paul Ma Kah Woh	31/03/2005	0.26	-	31/03/2005 to 30/10/2011	-	350,000	-	-	-	-	350,000
Frank Lin	31/03/2005	0.26	-	31/03/2005 to 30/10/2011	-	350,000	-	-	-	-	350,000
Prince Chatrichalerm Yukol	31/03/2005	0.26	-	31/03/2005 to 30/10/2011	-	350,000	-	-	-	-	350,000
Stephen Chu Siu Tsun	31/10/2001	0.62	-	30/11/2001 to 30/10/2011 <i>Note (b)</i>	8,000,000	-	-	-	(8,000,000) <i>Note (e)</i>	-	-
Other participant											
In aggregate	31/10/2001	0.62	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	500,000	-	125,000	-	-	-	625,000
					28,100,000	16,400,000	8,775,000	-	(8,000,000)	-	45,275,000

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 27. SHARE OPTION SCHEME (continued)

Notes:

- (a) 50%, 25% and 25% of the share options granted are exercisable during the periods from 25 July 2000 to 24 July 2010, 25 July 2001 to 24 July 2010 and 25 July 2002 to 24 July 2010, respectively.
- (b) 30%, 30% and 40% of the share options granted are exercisable during the periods from 30 November 2001 to 30 October 2011, 1 August 2002 to 30 October 2011 and 1 August 2003 to 30 October 2011, respectively.
- (c) 33.33%, 33.33% and 33.34% of the share options granted are exercisable during the periods from 10 January 2005 to 30 October 2011, 10 January 2006 to 30 October 2011 and 10 January 2007 to 30 October 2011, respectively.
- (d) The pre-adjusted exercise prices of the share options granted which are exercisable during the periods from 10 January 2005 to 30 October 2011, 10 January 2006 to 30 October 2011 and 10 January 2007 to 30 October 2011 are HK\$0.26, HK\$0.32 and HK\$0.38, respectively. The post-adjusted exercise prices of the share options granted which are exercisable during the periods from 10 January 2005 to 30 October 2011, 10 January 2006 to 30 October 2011 and 10 January 2007 to 30 October 2011 are HK\$0.208, HK\$0.256 and HK\$0.304, respectively.
- (e) Stephen Chu Siu Tsun resigned as a director of the Company on 25 October 2004 and ceased to be an employee with effect from 1 November 2004. As such, the 8,000,000 outstanding share options granted to him lapsed pursuant to the provisions of the share option scheme.
- (f) The closing price of the securities immediately before the date on which the option was granted to Phoon Chiong Kit on 9 December 2004 was HK\$0.26. The closing price of the securities immediately before the date on which the option was granted to each of Eric Norman Kronfeld, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol on 31 March 2005 was HK\$0.26.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no change is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled or lapsed prior to their exercise date are deleted from the register of outstanding options.

The Board of Directors (the "Board") considers that it is not appropriate to state the theoretical value of the share options granted during the year under the Company's share option scheme. The Board believes that any calculation of the value of share options may not be meaningful as the exercise price is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's issued share capital, and as the volume of trading in the Company's shares has been relatively low and the Company has not paid dividends on its shares in the recent years.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 28. RESERVES

(a) Group

The surplus reserve represents an amount transferred from retained profits in accordance with statutory requirements and the articles of association of an associate in Taiwan. The surplus reserve may only be applied to make up any losses and for the capitalisation by the way of fully paid bonus issues of the shares of the associate in Taiwan.

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The amounts of goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries and associates prior to 1 July 2001, are as follows:

	Goodwill eliminated against capital reserve HK\$'000
<hr/>	
Cost:	
At beginning of year and at 30 June 2005	154,313
<hr/>	
Accumulated impairment:	
At beginning of year	141,830
Provided during the year ( <i>note</i> )	12,483
<hr/>	
At 30 June 2005	154,313
<hr/>	
Net amount:	
At 30 June 2005	–
<hr/>	
At 30 June 2004	12,483
<hr/>	

*Note:* The current year's impairment of goodwill arising on the acquisition of subsidiaries and associates in prior years that remained eliminated against the consolidated capital reserve were transferred to the consolidated accumulated losses as a movement in reserves.



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 28. RESERVES (continued)

#### (b) Company

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2003	565,577	145	191,644	(528,577)	228,789
Issue of shares	15,012	-	-	-	15,012
Share issue expenses	(924)	-	-	-	(924)
Net loss for the year	-	-	-	(11,297)	(11,297)
At 30 June 2004 and 1 July 2004	579,665	145	191,644	(539,874)	231,580
Issue of shares	66,903	-	-	-	66,903
Share issue expenses	(6,687)	-	-	-	(6,687)
Net loss for the year	-	-	-	(13,859)	(13,859)
At 30 June 2005	639,881	145	191,644	(553,733)	277,937

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued, in exchange for the issued share capital of the subsidiaries, and the aggregate net asset value of the subsidiaries acquired at the date of acquisition. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders under certain conditions.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	2005 HK\$'000	2004 HK\$'000
Net assets acquired:		
Interests in an associate	11,506	–
Prepayments, deposits and other receivables	35	413
Cash and cash equivalents	12,951	400
Accrued liabilities and other payables	(12)	(100)
Amounts due from/(to) related companies	(41)	289
Amounts due to shareholders	(14,216)	–
	<hr/>	<hr/>
Net assets	10,223	1,002
Negative goodwill on acquisition	(3,709)	–
	<hr/>	<hr/>
	6,514	1,002
Satisfied by:		
Cash	18,318	501
Amounts due to shareholders	(14,216)	–
Reclassification to interests in subsidiaries from interests in associates	2,412	501
	<hr/>	<hr/>
	6,514	1,002

An analysis of the net cashflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2005 HK\$'000	2004 HK\$'000
Cash consideration	(18,318)	(501)
Cash and cash equivalents acquired	12,951	400
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(5,367)	(101)

In March 2005, the Group acquired the remaining 66.67% equity interests in GEMS at a consideration of approximately HK\$18,318,000. The consideration is financed by the Group's banking facilities. The principal activity of GEMS is investment holding in TGV, which is principally engaged in theatre operation in Malaysia. The Group's interests in TGV increased to 50% through the acquisition of GEMS.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### (continued)

#### (a) Acquisition of subsidiaries (continued)

Since its further acquisition, GEMS did not contribute any turnover to the Group but contributed net profit of HK\$1,512,000 to the net loss attributable to shareholders for the year.

If the acquisition had taken place on 1 July 2004, there would have no effect on the Group's revenue, and the net loss attributable to shareholders of the Group for the year would have been approximately HK\$11,337,000.

The subsidiary acquired in prior year made no significant contribution to the Group in respect of turnover and net loss attributable to shareholders for the year.

#### (b) Disposal of subsidiaries

	2005 HK\$'000	2004 HK\$'000
Net assets disposed of:		
Fixed assets	-	1,774
Inventories	-	16
Accounts receivable	-	7
Prepayments, deposits and other receivables	-	28
Cash and cash equivalents	-	376
Accounts payable	-	(390)
Minority interests	-	(22)
Realisation of exchange reserves	-	(35)
	-	1,754
Loss on disposal	-	(161)
	-	1,593
Satisfied by:		
Cash	-	1,274
Due from an associate	-	319
	-	1,593

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### *(continued)*

#### (b) Disposal of subsidiaries *(continued)*

An analysis of the net cash flow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2005 HK\$'000	2004 HK\$'000
Cash consideration	–	1,274
Cash and cash equivalents disposed of	–	(376)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	898

The results of the subsidiaries disposed of in the year ended 30 June 2004 had no significant impact on the Group's consolidated turnover or loss after tax for the year.

#### (c) Major non-cash transaction

During the year, an associate became a jointly-controlled entity upon the acquisition of the additional equity interests and its respective net assets shared by the Group and the amount due from the then associate of HK\$12,023,000 and HK\$25,287,000, respectively, were reclassified as the Group's share of net assets of a jointly-controlled entity and the amount due from a jointly-controlled entity, respectively.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 30. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group also had the following transactions with related parties.

The directors consider that all of these transactions were carried out in the ordinary and usual course of business of the Group.

#### (a) Transactions with the Golden Harvest Private Group

During the year, the Group had transactions to which members of the Golden Harvest Private Group were parties. The significant transactions are summarised below:

		Group	
		2005	2004
	Notes	HK\$'000	HK\$'000
Film distribution commission income	(i)	38	62
Film developing and printing services income	(ii)	–	19

Notes:

- (i) The Group acted as the distributor of the films produced by certain companies within the Golden Harvest Private Group and commission income was charged according to prices and conditions similar to those offered to other customers of the Group.

Raymond Chow Ting Hsing ("Mr. Chow"), a director and a substantial shareholder of the Company during the year, is interested, directly or indirectly, in the above transactions as a director and/or beneficial shareholder of the members of the Golden Harvest Private Group of which the commission income was derived from.

- (ii) The service income related to the provision of film developing and printing services to certain companies within the Golden Harvest Private Group and was charged according to prices and conditions similar to those offered to other customers of the Group.

The above related party transactions with the members of the Golden Harvest Private Group also constituted connected transactions, as defined in the Listing Rules.

The directors have reviewed and confirmed that these connected transactions were conducted in the ordinary course of the business of the Group and on terms no less favourable than those offered to unrelated third parties.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 30. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with other related parties

Apart from the above, during the year, the Group also had the following material transactions with other related parties:

		Group	
	Notes	2005 HK\$'000	2004 HK\$'000
Film distribution commission income			
from related companies	(i), (ii)	164	445
Rental income from a related company	(i), (iii)	122	365
Interest expense to a related company	(i), (iv)	178	264
Distribution consultancy fee paid to a related company	(i), (v)	429	881
Consultancy fee paid to a related company	(i), (vi)	585	–
Film royalties income from associates	(i), (vii)	669	367
Management fee income from associates	(i), (viii)	384	1,027
Film distribution commission income from an associate	(i), (ix)	50	331
Film sourcing service fee paid to an associate	(i), (x)	132	132
Accounting service fee paid to an associate	(i), (xi)	87	85
Ticketing system maintenance/ development costs paid to an associate	(i), (xii)	221	518
Theatre rental paid to an associate	(i), (xiii)	139	124
Corporate guarantee given in respect of banking facilities granted to an associate	(i), (xiv)	17,325	17,100

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 30. RELATED PARTY TRANSACTIONS (continued)

#### (b) Transactions with other related parties (continued)

Notes:

- (i) Mr. Chow, Phoon Chiong Kit, David Chan Sik Hong and Eric Norman Kronfeld, who are directors of the Company and Stephen Chu Siu Tsun, who was a then director of the Company, are/was interested, directly or indirectly, in the above transactions as directors and/or beneficial shareholders of certain of these companies.
- (ii) The Group acted as the distributor of the films produced by the related companies and the film distribution commission income was charged according to the terms of the distribution agreements dated 21 April 1997 and 2 August 1999 or charged according to prices and conditions similar to those offered to other customers of the Group.
- (iii) The rental income was charged at a rate of approximately HK\$30,000 per month from July 2004 to October 2004 (2004: HK\$30,000 per month from 1 July 2003 to 30 June 2004) for sub-letting a portion of the Group's office premises to an associate of the Golden Harvest Private Group.
- (iv) The interest expense to an associate of Golden Harvest Private Group was charged at Hong Kong dollars short-term time deposit rate plus 1% per annum.
- (v) The distribution consultancy fee paid represented the film production and distribution consulting services provided by a related company to the Group and was charged according to the terms of the agreement dated 1 July 2004. Last year's fee paid was charged according to the terms of the agreement dated 1 October 2001.
- (vi) The consultancy fee paid represented the consultancy service in relation to the rights issue exercise provided by a related company to the Group and was charged according to the terms of the agreement dated 15 March 2005.
- (vii) The royalty income was charged according to the terms of the respective distribution agreements.
- (viii) The management fee income represented the following:
  - an amount of HK\$384,000 related to accounting services provided to two associates of the Group which were charged at rates of HK\$10,000 (2004: HK\$10,000) per month and HK\$22,000 (2004: HK\$14,000) per month, respectively; and
  - nil amount of consultancy services was charged to two associates of the Group for the year ended 30 June 2005. For the year ended 30 June 2004, an amount of approximately HK\$739,000 related to consultancy services provided to two associates of the Group which were charged at rates of HK\$120,000 per month from July to December 2003 and RMB5,000 per month from July to October 2003, respectively.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 30. RELATED PARTY TRANSACTIONS *(continued)*

#### (b) Transactions with other related parties *(continued)*

*Notes: (continued)*

- (ix) The Group acted as the distributor of a film produced by an associate and the film distribution commission income was charged according to the terms of the distribution agreement dated 6 January 2004.
- (x) The film sourcing service fee was charged at a rate of HK\$11,000 (2004: HK\$11,000) per month.
- (xi) The accounting service fee was charged at a rate of S\$1,500 (2004: S\$1,500) per month.
- (xii) The ticketing system maintenance/development costs paid were charged according to prices and conditions similar to those offered to other customers of the associate.
- (xiii) The theatre rental fee was charged according to prices and conditions similar to those offered to other customers of the associate.
- (xiv) The corporate guarantee was given by the Group in respect of banking facilities granted to an associate at nil consideration.

Certain transactions amounting to HK\$1,037,000 (2004: HK\$899,000) included in notes (ii), (v) and (vi) above with three related companies (2004: three related companies) constituted connected or continuing connected transactions which amounted to de minimis transactions as defined in the Listing Rules.

None of the other related party transactions set out above constituted connected or continuing connected transactions as defined in the Listing Rules.



## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 31. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

#### Directors' remuneration

The remuneration of the directors of the Company for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is analysed as follows:

	2005 HK\$'000	2004 HK\$'000
Fees:		
Executive directors	–	–
Non-executive directors	120	–
Independent non-executive directors	350	120
	470	120
Basic salaries, allowances and benefits in kind:		
Executive directors	15,530	12,240
Non-executive directors	–	–
Independent non-executive directors	–	–
	15,530	12,240
Pension contributions:		
Executive directors	91	97
Non-executive directors	–	–
Independent non-executive directors	–	–
	91	97
	16,091	12,457
<b>(a) Independent non-executive directors</b>		
	2005 HK\$'000	2004 HK\$'000
Paul Ma Kah Woh	150	–
Frank Lin	100	60
Prince Chatrichalerm Yukol	100	60
	350	120

There was no other emolument payable to the independent non-executive directors during the year (2004: Nil).

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 31. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(b) Executive directors and a non-executive director

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Pension contributions HK\$'000	Total emoluments HK\$'000
For the year ended 30 June 2005				
Executive directors:				
Raymond Chow				
Ting Hsing	–	3,939	–	3,939
Phoon Chiong Kit	–	6,469	64	6,533
Stephen Chu Siu Tsun	–	2,013	4	2,017
David Chan Sik Hong	–	1,867	12	1,879
Roberta Chin Chow				
Chung Hang	–	1,242	11	1,253
	–	15,530	91	15,621
Non-executive director:				
Eric Norman Kronfeld	120	–	–	120
	120	15,530	91	15,741

During the year, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 27 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures. Under the terms of the grant, the options granted on the shares of the Company are not transferable and, in the absence of a readily available market value for the options on the shares of the Company, the directors are unable to arrive at an accurate assessment of the value of the options granted to the respective directors during the year. Accordingly, no value is included in directors' remuneration in respect of the share options granted.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 31. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Executive directors and a non-executive director (continued)

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Pension contributions HK\$'000	Total emoluments HK\$'000
For the year ended 30 June 2004				
Executive directors:				
Raymond Chow				
Ting Hsing	–	3,705	–	3,705
Phoon Chiong Kit	–	4,535	73	4,608
Stephen Chu Siu Tsun	–	2,400	12	2,412
David Chan Sik Hong	–	1,600	12	1,612
	–	12,240	97	12,337

#### Five highest paid individuals

Of the five highest paid individuals, all (2004: four) were directors of the Company and their remuneration has been included in the directors' remuneration disclosures above. The remuneration of the remaining one non-director, highest paid individual for the year ended 30 June 2004 is as follows:

	2005 HK\$'000	2004 HK\$'000
Basic salaries, allowances and benefits in kind	–	1,720
Pension contributions	–	12
	–	1,732

In the prior year, the above remuneration of the non-director, highest paid individual employee fell within the band of HK\$1,500,001 – HK\$2,000,000 for the year ended 30 June 2004.

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 32. CONTINGENT LIABILITIES

Contingent liabilities at the balance sheet date were as follows:

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Guarantee of banking facilities granted to:				
Subsidiaries	–	–	95,622	–
An associate	17,325	17,100	17,325	17,100
	17,325	17,100	112,947	17,100

As at 30 June 2005, banking facilities of HK\$90,022,000 (2004: Nil) and HK\$9,933,000 (2004: HK\$16,644,000) had been utilised by the subsidiaries and an associate, respectively.

In addition to the above, the Group's share of a guarantee provided by an associate amounted to approximately HK\$14,093,000 (2004: HK\$11,589,000) as at the balance sheet date, in respect of a banking facility granted to that associate.

### 33. COMMITMENTS

	Group	
	2005 HK\$'000	2004 HK\$'000
(a) Capital commitments in respect of acquisition of property, plant and equipment:		
Contracted for	1,894	1,888
Authorised, but not contracted for	30,870	29,159
	32,764	31,047

#### (b) Operating lease commitments

The Group leases certain of its office premises and cinemas under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 13 years.

	Group	
	2005 HK\$'000	2004 HK\$'000
Total future minimum lease payments under non-cancellable operating leases for land and buildings:		
Within one year	37,429	33,760
In the second to fifth years, inclusive	95,545	94,507
After five years	22,513	33,584
	155,487	161,851

Certain non-cancellable operating leases included in the above were subject to contingent rent payments, which were charged for the amount of 13% to 28% (2004: 17% to 28%) of their monthly or annual gross box office takings in excess of the base rents as determined in respective lease agreements. In addition, 10% of theatre confectionery sales and advertising income are also charged for certain leases.

The Company had no significant commitment at the balance sheet date (2004: Nil).

## NOTES TO FINANCIAL STATEMENTS

30 June 2005

### 34. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following events occurred:

In May 2005, Golden Screen Limited, a wholly-owned subsidiary of the Group, issued a petition in Hong Kong to wind up Dartina Development Limited, an associate, of its operations in Singapore on the grounds that the Group's interests have been unfairly prejudiced. The other shareholder of the associate alleged that the petition disclosed no reasonable cause of action and applied to strike out the petition. The application to strike out was heard by the Hong Kong court on 29 August 2005, and the court's judgement was issued on 12 October 2005, the court rejected the application to strike out. No provision in respect of the petition has been made, as the directors of the Company are of the view that it is unlikely that the Group will incur loss as a result of the petition.

On 18 July 2005, the Group obtained a banking facility of HK\$2,250,000 to strengthen the general working capital of the Group. The banking facility is secured by the leasehold land and building of the Group.

On 10 October 2005, the Group entered into a Letter of Intent with an existing shareholder to dispose of a 5% equity interest in a jointly-controlled entity for a cash consideration of US\$2,150,000 (approximately HK\$16,700,000). No gain or loss is expected to arise from the disposal.

### 35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 October 2005.

## 綜合損益表

截至二零零五年六月三十日止年度

	附註	二零零五年 千港元	二零零四年 千港元
營業額	5, 6	203,239	218,477
銷售成本		(103,207)	(94,093)
毛利		100,032	124,384
利息收入		56	14
其他收入		7,149	12,506
銷售及發行費用		(109,534)	(106,229)
一般及行政費用		(56,109)	(52,488)
其他營運費用，淨額		(14,076)	(5,751)
電影版權減值		—	(3,543)
經營虧損	7	(72,482)	(31,107)
確認負商譽	2	43,032	—
於一間聯營公司之權益減值		—	(1,413)
財務費用	8	(3,073)	(363)
所佔共同控制公司損益		1,763	—
所佔聯營公司損益		30,073	31,983
除稅前虧損		(687)	(900)
稅項	9	(12,251)	(10,763)
股東應佔日常業務虧損淨額	10	(12,938)	(11,663)
每股虧損	11		
基本		(1.1仙)	(1.3仙)
攤薄		不適用	不適用

# 綜合資產負債表

二零零五年六月三十日

	附註	二零零五年 千港元	二零零四年 千港元
<b>非流動資產</b>			
固定資產	12	86,590	55,753
於共同控制公司之權益	14	178,619	—
於聯營公司之權益	15	159,374	182,613
會籍投資		4,380	4,380
租務按金		11,413	11,869
商標	16	79,421	79,421
		519,797	334,036
<b>流動資產</b>			
預付款項、按金及其他應收款項		29,898	23,387
存貨	17	571	556
電影版權	18	18,384	20,184
應收賬款	19	17,104	22,471
應收一間共同控制公司款項	14	30,000	—
已抵押銀行結餘	20	486	—
現金及銀行結存		16,199	22,575
		112,642	89,173
<b>流動負債</b>			
應付賬款	21	55,016	52,070
應計負債及其他應付款項		55,125	30,509
客戶按金		3,380	2,330
有抵押計息銀行貸款	22	24,697	—
本期融資租賃應付賬款	23	413	471
僱員福利撥備	24	1,680	1,319
應付稅項		11,051	11,114
		151,362	97,813
<b>流動負債淨值</b>		<b>(38,720)</b>	<b>(8,640)</b>
<b>總資產減流動負債</b>		<b>481,077</b>	<b>325,396</b>
<b>非流動負債</b>			
有抵押計息銀行貸款	22	65,325	—
非本期融資租賃應付賬款	23	298	709
長期服務金撥備	24	3,661	3,800
遞延稅項	25	825	878
		70,109	5,387
		410,968	320,009
<b>股本及儲備</b>			
已發行股本	26	133,031	88,429
儲備	28(a)	277,937	231,580
		410,968	320,009

董事  
鄒文懷

董事  
潘從傑

# 綜合權益變動報表

截至二零零五年六月三十日止年度

	儲備										
	已發行 股本 千港元	股份		股本 贖回儲備 千港元	資本儲備 千港元	累積虧損 千港元	盈餘儲備 千港元*	重估儲備 千港元	外匯		總額 千港元
		溢價賬 千港元	股本						變動儲備 千港元	儲備總額 千港元	
於二零零三年七月一日	80,089	565,577	145	(12,483)	(299,065)	480	6,933	(33,729)	227,858	307,947	
發行股份	8,340	15,012	-	-	-	-	-	-	15,012	23,352	
股份發行開支	-	(924)	-	-	-	-	-	-	(924)	(924)	
匯兌調整：											
- 海外附屬公司	-	-	-	-	-	-	-	(654)	(654)	(654)	
- 海外聯營公司	-	-	-	-	-	-	-	2,016	2,016	2,016	
於損益表未確認之盈虧淨額	-	-	-	-	-	-	-	1,362	1,362	1,362	
計入權益之遞延稅項(附註25)	-	-	-	-	-	-	53	-	53	53	
年度虧損淨額	-	-	-	-	(11,663)	-	-	-	(11,663)	(11,663)	
出售附屬公司及聯營公司時 變現外匯變動儲備	-	-	-	-	-	-	-	(118)	(118)	(118)	
於二零零四年六月三十日 及二零零四年七月一日	88,429	579,665	145	(12,483)	(310,728)	480	6,986	(32,485)	231,580	320,009	
發行股份(附註26)	44,602	66,903	-	-	-	-	-	-	66,903	111,505	
股份發行開支(附註26)	-	(6,687)	-	-	-	-	-	-	(6,687)	(6,687)	
匯兌調整：											
- 海外附屬公司	-	-	-	-	-	-	-	(570)	(570)	(570)	
- 海外共同控制公司	-	-	-	-	-	-	-	(1,059)	(1,059)	(1,059)	
- 海外聯營公司	-	-	-	-	-	-	-	655	655	655	
轉撥自聯營公司	-	-	-	-	(12,830)	-	-	701	(12,129)	(12,129)	
轉撥往一間共同控制公司(附註15)	-	-	-	-	12,681	-	-	(701)	11,980	11,980	
轉撥往一間附屬公司(附註15)	-	-	-	-	149	-	-	-	149	149	
轉撥往儲備(附註2、28)	-	-	-	12,483	(12,483)	-	-	-	-	-	
於損益表未確認之盈虧淨額	-	-	-	12,483	(12,483)	-	-	(974)	(974)	(974)	
計入權益之遞延稅項(附註25)	-	-	-	-	-	-	53	-	53	53	
年度虧損淨額	-	-	-	-	(12,938)	-	-	-	(12,938)	(12,938)	
於二零零五年六月三十日	133,031	639,881	145	-	(336,149)	480	7,039	(33,459)	277,937	410,968	



## 綜合權益變動報表 (續)

截至二零零五年六月三十日止年度

	儲備									
	已發行 股本 千港元	股份		資本儲備 千港元	累積虧損 千港元	盈餘儲備 千港元*	重估儲備 千港元	外匯		總額 千港元
		溢價賬 千港元	贖回儲備 千港元					變動儲備 千港元	儲備總額 千港元	
儲備保留：										
本公司及附屬公司	133,031	639,881	145	-	(326,544)	-	7,039	115	320,636	453,667
共同控制公司	-	-	-	-	12,248	-	-	(1,760)	10,488	10,488
聯營公司	-	-	-	-	(21,853)	480	-	(31,814)	(53,187)	(53,187)
於二零零五年六月三十日	133,031	639,881	145	-	(336,149)	480	7,039	(33,459)	277,937	410,968
本公司及附屬公司	88,429	579,665	145	(12,483)	(281,484)	-	6,986	685	293,514	381,943
聯營公司	-	-	-	-	(29,244)	480	-	(33,170)	(61,934)	(61,934)
於二零零四年六月三十日	88,429	579,665	145	(12,483)	(310,728)	480	6,986	(32,485)	231,580	320,009

\* 盈餘儲備乃根據法定要求及一間台灣聯營公司之公司章程於保留溢利中撥出。此盈餘儲備只可應用於該台灣聯營公司作填補虧損及資本化為已發行繳足紅股之用。

# 綜合現金流量表

截至二零零五年六月三十日止年度

附註	二零零五年 千港元	二零零四年 千港元
<b>經營業務之現金流量</b>		
除稅前虧損	(687)	(900)
調整下列各項：		
利息收入	(56)	(14)
財務費用	3,073	363
折舊	16,947	16,245
出售固定資產虧損	3,577	1,345
確認收購一家附屬公司及一間 共同控制公司時之負商譽	(43,032)	—
出售聯營公司收益	—	(47)
於一間聯營公司之權益減值	—	1,413
出售附屬公司虧損	—	161
於結算日換算對海外共同控制公司及 聯營公司墊款及其他以外幣為單位之 貨幣性資產及負債所產生之滙兌收益	(321)	(2,352)
所佔共同控制公司盈虧	(1,763)	—
所佔聯營公司盈虧	(30,073)	(31,983)
電影版權減值	—	3,543
呆賬回撥淨額	(16)	(2,927)
滙兌調整	(895)	(636)
營運資金變動前之經營虧損	(53,246)	(15,789)
預付款項、按金及其他應收款項之減少／(增加)額	(6,476)	8,007
存貨之增加額	(15)	(155)
電影版權之減少額	1,800	3,971
應收賬款之減少額	5,383	486
應付賬款之增加／(減少)額	2,905	(17,624)
應計負債及其他應付款項之增加／(減少)額	13,278	(6,950)
客戶按金之增加／(減少)額	1,050	(2,107)
僱員福利撥備之增加／(減少)額	361	(296)
長期服務金撥備之增加／(減少)額	(139)	709
經營所需現金	(35,099)	(29,748)
已收利息	56	14
已付利息及財務費用	(2,899)	(264)
支付融資租賃利息	(78)	(99)
已付香港利得稅	(182)	—
已付海外稅項	(250)	(445)
退回海外稅項	166	474
經營業務之現金流出淨額	(38,286)	(30,068)

## 綜合現金流量表 (續)

截至二零零五年六月三十日止年度

附註	二零零五年 千港元	二零零四年 千港元
經營業務之現金流出淨額	(38,286)	(30,068)
<b>投資業務之現金流量</b>		
購買固定資產	(51,364)	(1,694)
出售固定資產所得款項	17	210
於一間共同控制公司之投資	(123,134)	—
出售聯營公司所得款項	—	1,632
收購附屬公司	29(a) (5,367)	(101)
出售附屬公司所得款項	29(b) —	898
聯營公司之償還淨額	29(c) 17,106	324
已付租務按金	(517)	(647)
租務按金退款	973	1,912
商標之增加額	—	(218)
有抵押銀行結餘之增加額	(486)	—
投資業務之現金流入／(流出)淨額	(162,772)	2,316
<b>融資業務之現金流量</b>		
發行新股份之所得款項，淨額	104,818	22,428
新籌措銀行貸款	94,755	—
償還銀行貸款	(4,442)	—
償還融資租賃債務	(469)	(439)
融資業務之現金流入淨額	194,662	21,989
現金及現金等值項目之減少淨額	(6,396)	(5,763)
年初之現金及現金等值項目	22,575	28,357
滙兌調整	20	(19)
年終之現金及現金等值項目	16,199	22,575
<b>現金及現金等值項目結餘分析</b>		
現金及銀行結存	16,199	22,575

# 資產負債表

二零零五年六月三十日

	附註	二零零五年 千港元	二零零四年 千港元
<b>非流動資產</b>			
於附屬公司之權益	13	411,362	320,314
<b>流動資產</b>			
預付款項		176	135
現金及銀行結存		23	20
		199	155
<b>流動負債</b>			
應計負債及其他應付款項		593	460
<b>流動負債淨值</b>			
		(394)	(305)
		410,968	320,009
<b>股本及儲備</b>			
已發行股本	26	133,031	88,429
儲備	28(b)	277,937	231,580
		410,968	320,009

董事  
鄒文懷

董事  
潘從傑

# 財務報表附註

二零零五年六月三十日

## 1. 公司資料

本公司之主要業務為投資控股。本集團之主要業務則包括全球性電影及影碟發行，及在香港、馬來西亞、新加坡、台灣與中國內地經營戲院，亦包括在香港經營電影沖印業務與及電影及電視劇集製作。

## 2. 最近頒佈香港財務報告準則之影響

香港會計師公會已頒佈多項新訂及經修訂香港財務報告準則（「香港財務報告準則」）及香港會計準則（「香港會計準則」）（以下統稱為「新香港財務報告準則」），該等新香港財務報告準則一般於本公司於二零零五年七月一日開始之會計期間生效。

本集團並無提早於截至二零零五年六月三十日止年度之財務報表採納該等新香港財務報告準則，惟下列準則除外：

- 香港財務報告準則第3條業務合併；
- 香港會計準則第36條資產減值；及
- 香港會計準則第38條無形資產。

本集團已根據香港財務報告準則第3條、香港會計準則第36條及第38條之條文對會計政策作出變動，自二零零四年七月一日起前瞻性應用。

- (i) 提早採納香港財務報告準則第3條及香港會計準則第36條導致有關商譽以及所收購之可識別資產、負債及或然負債之公平價值高於其收購成本部分（「負商譽」）之會計政策有所變動。

採納香港財務報告準則第3條及香港會計準則第36條之前：

- 於二零零一年七月一日後收購所產生之商譽於其估計可使用年期以直線法攤銷；
- 倘有任何商譽減值之跡象，則會評估商譽有否減值；及
- 出售附屬公司或聯營公司後，撥回先前於收購時與綜合資本儲備抵銷之任何應佔商譽，並列入出售盈虧內計算。

## 2. 最近頒佈香港財務報告準則之影響 (續)

根據香港財務報告準則第3條及香港會計準則第36條之條文：

- 自截至二零零五年六月三十日止年度起，須於每年或出現減值跡象時測試商譽有否減值；
- 負商譽須即時於綜合損益表內確認；
- 出售附屬公司、共同控制公司或聯營公司後，將之前於收購時與綜合資本儲備抵銷之任何應佔商譽撥入累積虧損作為儲備變動，而不列入出售盈虧內計算；及
- 不准撥回商譽之減值虧損。

香港財務報告準則第3條已前瞻性應用，採納香港財務報告準則第3條對截至二零零五年六月三十日止年度之財務報表之影響概述如下：

- 負商譽乃因本集團於本年度收購公司所產生而超出業務合併成本合共43,032,000港元，已全數確認為截至二零零五年六月三十日止年度之收入；及
  - 以往於收購時以綜合資本儲備抵銷之應佔商譽合共12,483,000港元撥入累積虧損作為截至二零零五年六月三十日止年度之儲備變動。
- (ii) 提早採納香港會計準則第38條就無形資產之會計政策並無對本財務報表造成任何重大影響。

本集團已開始評估一般於本公司於二零零五年七月一日開始之會計期間生效之其他新香港財務報告準則之影響，惟仍未能確定該等新香港財務報告準則對本集團之經營業績及財務狀況有否重大影響。

## 財務報表附註

二零零五年六月三十日

### 3. 呈報基準

截至二零零五年六月三十日止年度，本集團錄得股東應佔綜合虧損淨額 12,938,000 港元，而於結算日，流動負債淨額為 38,720,000 港元。

為改善本集團之營運資金狀況，即時可動用之流動資金及現金流量狀況，董事已採取以下措施：

- (a) 結算日後，於二零零五年十月十日，本集團與一名現有股東訂立一份意向書，按現金代價 2,150,000 美元（約 16,700,000 港元）出售於一間共同控制公司之 5% 股本權益。該項出售（倘完成）將為本集團帶來現金流入約 16,700,000 港元，從而改善本集團之營運資金及現金流量狀況；
- (b) 本公司董事正積極尋求其往來銀行之支持，重新安排本集團之有抵押短期銀行及其他借款為較長期融資。管理層正與一家銀行磋商，將於結算日起計一年內到期之兩期分期還款合共 12,400,000 港元延期至於二零零六年六月三十日後償還。按照至今之磋商，管理層對結果保持樂觀；
- (c) 本集團繼續對各項一般及行政費用實施收緊成本控制措施，務求令到業務賺取利潤及錄得正現金流量。董事考慮結束若干無法獲利之香港戲院，以減低本集團所佔之經營費用；及
- (d) 本集團現正考慮發行可換股票據，並繼續尋求潛在投資者之支持，以加強本集團之營運資金狀況。

董事認為，鑑於迄今已實施之多項措施／安排，以及本集團往來銀行及潛在投資者之支持，本集團將具備足夠營運資金撥付其目前所需，預期本集團將能保持商業化營運。因此，董事認為仍適宜按持續經營基準編製財務報表，儘管本集團於二零零五年六月三十日之財政狀況及流動資金較弱。

倘本集團未能繼續按持續經營基準經營，則須作出調整以將資產價值重列至可收回數額，就任何可能產生之進一步負債撥備，並將非流動資產及負債分別重新分類為流動資產及負債。該等調整之影響並未於本財務報表反映。

## 4. 主要會計政策概要

### 編製基準

本財務報表已根據香港會計師公會所頒佈之香港財務報告準則(亦包括會計實務準則(「會計實務準則」)及註釋)、香港普遍接納之會計原則及香港公司條例之披露規定而編製。除若干固定資產外,本財務報表乃按歷史成本常規編製,有關之進一步解釋如下。

### 綜合基準

本綜合財務報表已包括本公司及其附屬公司截至二零零五年六月三十日止年度之財務報表連同本集團所佔下文所述之共同控制公司及聯營公司之年內業績及收購後儲備。年內所收購或出售之附屬公司、共同控制公司及聯營公司之業績乃由收購生效日期起綜合計算/以權益會計法計算,或綜合計算/以權益會計法計算至出售生效日期止。所有本集團內公司間之重大交易與結餘於綜合時已予抵銷。

### 附屬公司

附屬公司乃本公司直接或間接操控其財務及營運政策,以藉其業務取得利益之公司。

附屬公司之業績已納入本公司之損益表內,惟以已收及應收股息為限。本公司所佔附屬公司之權益按成本扣除任何減值虧損入賬。

### 合營公司

合營公司指本集團與其他人士按合約安排共同進行經濟活動而成立之公司。該合營公司以個別個體之身份營運,而本集團及其他人士均於合營公司中擁有權益。

合營人士訂立之合營協議規定合營各方之出資金額、合營之年期及在解散合營公司時變現資產所依據之基準。合營公司經營業務之溢利及虧損及任何盈餘資產之分派均由合營人士按彼等各自之出資比例或根據合營協議之條款規定而攤分。



## 4. 主要會計政策概要 (續)

### 合營公司 (續)

合營公司被視為：

- (a) 附屬公司，倘本集團有權直接或間接單方面控制該合營公司；
- (b) 共同控制公司，倘本集團無權直接或間接單方面控制但可共同控制合營公司；
- (c) 聯營公司，倘本集團無權直接或間接單方面或共同控制合營公司，但直接或間接於其已註冊資本擁有不少於20%之權益，且有權對該合營公司行使重大影響力；或
- (d) 長期投資，倘本集團直接或間接持有少於合營公司註冊股本之20%，而無權共同控制該合營公司，亦無權對該合營公司行使重大影響力。

### 共同控制公司

共同控制公司乃受到共同控制之合營公司，而參與各方對共同控制公司之經濟活動概無單方面控制權。

本集團應佔共同控制公司之收購後業績及儲備按照經審核業績計算，並遵照本集團之會計政策作出適當調整，分別計入綜合損益表及綜合儲備內。本集團於共同控制公司之權益乃按本集團根據會計權益法計算之應佔共同控制公司之資產淨值扣除任何減值虧損計入綜合資產負債表。

與共同控制公司進行交易所產生之未兌現收益將予抵銷，惟以本集團於該等公司之權益為限。未兌現虧損之抵銷方式與未兌現收益相同，惟僅以並無減值跡象之情況為限。

### 聯營公司

聯營公司乃指附屬公司以外而本集團持有其不少於20%股本投票權之長期權益，並有權對其行使重大影響力之公司。

本集團所佔聯營公司之收購後業績及儲備分別計入綜合損益表及綜合儲備。本集團於聯營公司之權益按會計權益法以本集團所佔之資產淨值扣除任何減值虧損列入綜合資產負債表。

## 4. 主要會計政策概要 (續)

### 聯營公司 (續)

於本年度，本集團所佔其聯營公司之收購後業績及儲備乃按聯營公司結算至二零零五年六月三十日之最近期可得經審核及管理財務報表計算。

### 商譽

收購附屬公司、共同控制公司及聯營公司時之商譽最初按成本，即業務合併之成本高出收購人於可識別資產、負債及或然負債之公平淨值所佔權益之數計算。收購附屬公司所產生之商譽在綜合資產負債表中列為資產入賬，而就共同控制公司及聯營公司而言，商譽在綜合資產負債表中以其賬面值入賬，而非列為另行識別資產。

於首次確認後，商譽按成本減任何累計減值虧損計算。於二零零四年七月一日後收購所產生之商譽不予攤銷，於二零零四年七月一日前已於綜合資產負債表中入賬之商譽於二零零四年七月一日後不予攤銷。本集團會每年檢查商譽之減值情況，倘有事件發生或情況變化表示賬面值可能出現減值，則須進行更為頻密之檢查。

於收購日，收購之任何商譽分配予預計將從合併效益中獲取之各現金產生單位。減值乃透過評估與商譽有關之現金產生單位之可收回數額釐定。倘現金產生單位之可收回數額低於賬面金額，則確認減值虧損。

倘商譽為某個現金產生單位之一部份且為所出售之現金產生單位內之業務之一部份，則在釐定出售該業務之盈虧時，有關出售業務之商譽計入該業務之賬面值內。在此情況下，所出售之商譽根據出售業務之相關價值及現金產生單位之保留份額計算。

於二零零一年七月一日前因收購所產生之商譽於收購年度在綜合資本儲備中抵銷。本集團引用香港財務報告準則第3條之過渡性條文，即允許該商譽保留於綜合資本儲備中抵銷，並規定該商譽於本集團出售全部或部份與商譽有關之業務時或與商譽有關之現金產生單位出現減值時不在綜合損益表中確認。

## 4. 主要會計政策概要 (續)

### 負商譽

於收購附屬公司、共同控制公司及聯營公司時，倘本集團於所收購公司之可識別資產、負債及或然負債於收購日期確認之公平淨值之權益超過業務合併成本，則本集團將重新評估該公司之可識別資產、負債及或然負債之識別及估量方法，以及業務合併成本之估量方法；並即時於綜合損益表確認重新評估後之任何餘數。

### 資產減值

於各結算日須評估資產有否任何跡象顯示任何資產出現減值，或有否任何跡象顯示先前已確認之資產往年減值不再存在或減值數額下降。如有上述跡象，則須估計資產之可收回數額。除非資產不產生大部份獨立於其他資產或多項資產之現金流入，否則資產之可收回數額為資產之公平價值減銷售成本或其使用價值兩者中之較高者，並按個別資產釐定。

只有當資產賬面值高於其可收回數額時方可確認減值虧損，並且在出現減值之會計期間於損益表中扣除，惟倘若資產以重估值入賬，則會根據有關重估資產之會計政策將減值虧損入賬。

倘若用作釐定資產可收回數額之假設有所改變，則撥回先前已確認之資產減值(不包括商譽)。但回撥後之總額不得高於假設有關資產在以往年度並無確認減值之情況下應有之數額(已扣除折舊／攤銷)。回撥減值虧損須於產生回撥期間計入損益表，惟倘若資產以重估值入賬，則會根據有關重估資產之會計政策將回撥減值虧損入賬。任何以商譽抵銷之減值虧損不予撥回。

### 固定資產及折舊

固定資產按成本或估值扣除累積折舊及任何減值虧損入賬。資產成本包括購買價及將該資產達至現今操作狀況及地點作預計用途之任何有關直接費用。固定資產投入運作後之支出(如維修及保養費用)，一般於支出期間自損益表扣除。如能明確顯示該等支出預期可增加日後使用該固定資產之經濟效益，則該等支出會撥作資本，列為該資產之額外成本。

## 4. 主要會計政策概要 (續)

### 固定資產及折舊 (續)

折舊乃按每項資產之估計可使用年期以直線法撇銷成本或估值計算。基本折舊年率載列如下：

長期租賃土地	按尚餘租約期折舊
樓宇	4%
租賃物業裝修	8 $\frac{1}{3}$ % – 33 $\frac{1}{3}$ %
機器及設備	10% – 33 $\frac{1}{3}$ %
傢俱及裝置	10% – 33 $\frac{1}{3}$ %
汽車	20%
空調系統	20%

固定資產出售或報廢而於損益表內入賬之盈虧乃指出售所得款項淨額與有關資產賬面值兩者間之差額。於出售或報廢時，之前未撥入保留溢利或累積虧損中處理之應佔重估盈餘乃直接撥入保留溢利或累積虧損。

### 會籍投資

會籍投資乃按成本扣除任何減值虧損入賬。成本包括與購入會籍直接有關之費用及開支。

### 商標

無限定可使用年期之商標乃按成本扣除任何減值虧損入賬。

### 長期投資

非上市長期股本證券投資乃擬持續性持有及於購入或轉變用途時以書面形式認定為擬長期持有之證券。長期投資乃按個別投資之成本扣除任何減值虧損入賬。

當減值出現時，證券之賬面值會按董事之估計減至其公平值。減值數額則於減值期間於損益表中扣除。

當引致減值之情況及事件不再存在時，而且有充份理據支持新情況及事件在可見未來將會持續，則其對比公平價值之漲價會個別計入損益表，惟僅以過往已扣除之數額為限。

## 4. 主要會計政策概要 (續)

### 應收賬款

應收賬款之信貸期通常介乎一至三個月，以原本發票銀碼認列。如賬款不可能全數收回，則須作呆賬撥備。壞賬於發生時撇賬。

### 存貨

存貨乃為陳舊及滯銷貨品作出適當調整後，按成本與可變現淨值兩者中之較低者入賬。成本以先入先出法計算，其中包括所有採購成本、加工成本及令存貨變成現狀和運輸成本。可變現淨值乃根據估計售價減任何預計就完成及出售所涉及之其他費用。

### 電影版權及攤銷

#### (i) 電影版權

電影版權為電影及電視劇集，乃按成本扣除累積攤銷及任何減值虧損列賬。

攤銷乃按年內所賺取之實際收入與出售電影版權之估計總收入之比例計算而撥入損益表。倘出現減值情況，則尚未攤銷之餘額將撇銷至其估計可收回之數額。

#### (ii) 電影在製品

電影在製品乃按成本扣除任何減值虧損入賬。成本包括所有製作電影或電視劇集所產生之直接成本。當其成本高於未來估計收益時，差額數則作減值虧損。當製作完成時，該成本則撥入電影版權。

### 關連人士

倘一方人士能直接或間接監控另一方人士或對另一方人士之財務及營運政策行使重大影響力，則該人士被視為關連人士。倘雙方人士均受制於共同的監控或共同的重要影響下，則此等人士亦被視為有關連。關連人士可為個人或公司。

### 所得稅

所得稅包括本期間稅項及遞延稅項。所得稅於損益表中確認，或倘某項目曾於相同或不同期間在權益中直接確認，該有關所得稅則在權益中確認。

遞延稅項就於結算日資產與負債之稅基及其於財務報告中之賬面值兩者間之所有暫時差異以負債法撥備。

## 4. 主要會計政策概要 (續)

### 所得稅 (續)

遞延稅項負債乃就所有應課稅暫時差異確認：

- 惟於交易進行時初次確認資產或負債時產生而並無對會計溢利或應課稅溢利或虧損構成影響之遞延稅項負債除外；及
- 就有關於附屬公司、共同控制公司及聯營公司之投資產生之應課稅暫時差異而言，惟於暫時差異之撥回時間可以控制及暫時差異有可能不會於可預見未來撥回除外。

遞延稅項資產就所有可扣減暫時差異及未被動用之稅項資產與稅項虧損之結轉確認，惟僅以有可能以應課稅溢利抵銷可扣減暫時差異及可動用結轉未被動用稅項資產及稅項虧損為限：

- 惟於交易進行時初次確認資產或負債時產生而並無對會計溢利或應課稅溢利或虧損構成影響之有關可扣減暫時差異之遞延稅項資產除外；及
- 就於附屬公司、共同控制公司及聯營公司之投資產生之可扣減暫時差異而言，遞延稅項資產僅以暫時差異有可能於可預見未來撥回及可動用應課稅溢利以抵銷暫時差異為限確認。

遞延稅項資產之賬面值於每個結算日檢討，並扣減至不再可能有足夠應課稅溢利讓所有或部份遞延稅項資產被動用為止。相反，以往未確認之遞延稅項資產在可能有足夠應課稅溢利讓所有或部份遞延稅項資產被動用時確認。

遞延稅項資產與負債以資產被變現或負債清還之期間之預期適用稅率，按於結算日已制定或實際已制定之稅率（及稅務法例）計算。

## 4. 主要會計政策概要 (續)

### 外幣

外幣交易均按有關交易日之適用匯率記錄。以外幣為單位之貨幣性資產及負債均按結算日之適用匯率折算。滙兌差額均撥入損益表中處理。

在綜合賬目時，海外附屬公司之財務報表及本集團應佔海外共同控制公司及聯營公司以外幣列示之資產淨值乃按淨投資法換算為港元。海外附屬公司、共同控制公司及聯營公司之損益表乃按該年度之加權平均匯率換算為港元，其資產負債表則按結算日之匯率換算為港元。得出之換算差額計入外滙變動儲備內。

就綜合現金流量表而言，海外附屬公司之現金流量乃按產生現金流量之日之匯率換算為港元。海外附屬公司整年頻繁產生之經常性現金流量乃按該年度之加權平均匯率換算為港元。

### 租賃資產

除法定所有權外，凡資產擁有權所附帶之絕大部份風險及回報轉讓予本集團之租賃，均列為融資租賃。融資租賃於開始訂立時按租賃資產最低租賃連同其承擔撥作成本，作為反映相關之資產購買及融資活動，固不包括利息部份。融資租賃持有之資產按彼等之租期或估計可使用年期兩者中之較短者予以折舊。該等租賃之財務費用於損益表中扣除，以制定租賃期之固定支銷率。

凡資產擁有權所附帶之絕大部份風險及回報屬出租公司所有之租賃，均列為營運租賃。倘本集團為出租公司，有關營運租賃之資產須列入非流動資產而應收之租金須按租賃年期以直線法計入損益表。倘本集團為承租公司，應付租金須按租賃年期以直線法在損益表中扣除。

### 僱員福利

#### 可結轉有薪假期

本集團根據僱員之合約以每個曆年為基準提供有薪年假。於若干情況下，於結算日各僱員尚未提取之有薪假期可轉撥至下年度使用。於結算日，本集團已就本年度該等僱員可賺取及結轉之有薪假期之預期未來開支計算應計款項。

## 4. 主要會計政策概要 (續)

### 僱員福利 (續)

#### 僱傭條例長期服務金

本集團若干僱員為本集團服務之年期已符合香港僱傭條例(「僱傭條例」)規定有關於終止僱用時領取長期服務金之服務年期。本集團須按僱傭條例中所述的特定情況向被終止僱用而又符合領取長期服務金之僱員支付該筆款項。

有關預期可能給予僱員之未來長期服務金已撥備。此撥備乃根據最佳估計僱員截至結算日已就服務本集團所獲之長期服務金提撥。

#### 退休福利計劃

本集團根據強制性公積金計劃條例為有資格參與定額退休福利計劃(「該計劃」)之僱員營辦該計劃。計劃供款乃按僱員基本薪金之百分比計算，並於根據該計劃之規則應付時在損益表中扣除。本集團所作之僱員供款已於向該計劃供款時完全及即時歸於僱員。該計劃之資產由獨立於本集團資產之行政基金所管理。

本集團於中華人民共和國(「中國」)之附屬公司之僱員為中國政府國家保薦退休計劃(「國家退休計劃」)之成員。為國家退休計劃所作出之供款乃按僱員基本薪金之百分比計算，並於根據國家退休計劃之規定應付時在損益表中扣除。

#### 購股權計劃

本公司採納一項購股權計劃，作為給予為本集團業務成功作出貢獻之合資格參與者之激勵及獎勵。於購股權獲行使前，不會於本公司或本集團之資產負債表內記錄根據購股權計劃授出之購股權之財務影響，亦無就其成本於損益表或資產負債表記錄任何費用。於行使購股權後，所發行之股份將由本公司按股份面值列作額外股本，而每股行使價所超逾股份面值之款額則由本公司計入股份溢價賬。於行使日期前已註銷或已失效之購股權會於尚未行使購股權登記冊上刪除。



# 財務報表附註

二零零五年六月三十日

## 4. 主要會計政策概要 (續)

### 現金及現金等值項目

在綜合現金流量表中之現金及現金等值項目指庫存現金、活期存款及短期並流通性高之投資，而該等投資可隨時兌換為可知數額之現金，且無重大價值變動風險並於購入時起計不超過三個月到期，另扣除按要償還之銀行透支，並構成本集團現金管理之整體部份。

在資產負債表中之現金及銀行結存指庫存現金及銀行存款，包括用途無限制之定期存款。

### 撥備

當有過往事件導致現時承擔責任(法定或引伸責任)且日後可能會流出資源以履行承擔，並能可靠估計所承擔之數額，則將撥備確認入賬。

倘若折現影響重大，則所確認之撥備數額為預計履行承擔所需之未來開支於結算日之現值。因時間推移而增加之折現價值，須作財務費用列入損益表內。

長期服務金撥備乃根據與退休支出相關之勞工法例及規例提撥，並經董事每年檢討及作出適當調整。

### 收益入賬

本集團於可能獲得經濟利益而該等收益又能以可靠之方法計算時，收益按下列基準入賬：

- (a) 電影版權費收入、戲院廣告收入及影碟發行收入按應計基準確認；
- (b) 電影發行佣金收入、電影菲林沖印服務收入、廣告代理費用收入、製作監控收入及顧問服務收入於有關服務完成時確認；
- (c) 票房總收入於電影已向購票人放映時確認；
- (d) 小食及鐳射影碟收入於小食及視聽產品給予客人時確認；

## 財務報表附註

二零零五年六月三十日

### 4. 主要會計政策概要 (續)

收益入賬 (續)

- (e) 租金收入，於出租物業期間以直線方式確認；
- (f) 利息按時間比例，以未償還本金及實際採用之利率確認；及
- (g) 股息按股東獲確定有權收取款項時確認。

### 5. 分部資料

分部資料以分部格式呈列：(i)按業務分部為主要呈報方式；及(ii)按地區分部則為次要呈報方式。

本集團之經營業務乃根據各經營性質及其提供之產品與服務獨立成立及管理。本集團內各業務分部代表不同業務策略單位，各自提供不同風險及不同回報之產品及服務。各業務分部摘要如下：

- (a) 電影及影碟發行分部從事全球性電影及與電影及電視節目相關之視聽產品發行；
- (b) 戲院經營分部於香港、馬來西亞、新加坡、台灣及中國內地從事戲院經營業務；及
- (c) 其他業務分部包括提供電影菲林沖印之電影沖印業務及銷售音樂唱片，以及電影及電視劇集製作。

為釐定本集團之地區分部，收入及業績乃按該業務之客戶所屬地列入各地區，而資產則以其所在地撥入不同分部。

分部間之交易乃參照銷售予本集團其他顧客及市場一般價格釐定。

# 財務報表附註

二零零五年六月三十日

## 5. 分部資料 (續)

### (a) 業務分部

下表呈列本集團按業務分部劃分之收入、業績、若干資產、負債及支出。

	電影及 影碟發行		戲院經營		其他		抵銷		綜合	
	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元
分部收入：										
銷售予外部客戶	52,508	51,225	137,851	146,271	12,880	20,981	-	-	203,239	218,477
分部間之收入	3,427	1,762	-	-	294	294	(3,721)	(2,056)	-	-
其他收入	1,583	5,748	3,852	2,470	910	1,811	(884)	(1,305)	5,461	8,724
<b>總收入</b>	<b>57,518</b>	<b>58,735</b>	<b>141,703</b>	<b>148,741</b>	<b>14,084</b>	<b>23,086</b>	<b>(4,605)</b>	<b>(3,361)</b>	<b>208,700</b>	<b>227,201</b>
分部業績	(13,657)	126	(53,309)	(24,394)	(7,260)	(7,092)	-	-	(74,226)	(31,360)
利息及未分配收入									1,744	3,796
電影版權減值	-	(3,543)	-	-	-	-	-	-	-	(3,543)
經營虧損									(72,482)	(31,107)
確認負商譽	-	-	43,032	-	-	-	-	-	43,032	-
於一間聯營公司之權益減值	-	-	-	(1,413)	-	-	-	-	-	(1,413)
財務費用									(3,073)	(363)
所佔共同控制公司損益	-	-	1,763	-	-	-	-	-	1,763	-
所佔聯營公司損益	926	2,372	29,147	29,611	-	-	-	-	30,073	31,983
除稅前虧損									(687)	(900)
稅項									(12,251)	(10,763)
股東應佔日常業務虧損淨額									(12,938)	(11,663)

# 財務報表附註

二零零五年六月三十日

## 5. 分部資料 (續)

### (a) 業務分部 (續)

#### 本集團

	電影及 影碟發行		戲院經營		其他		抵銷		綜合	
	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元
分部資產	54,977	58,201	131,744	64,698	11,882	15,509	-	-	198,603	138,408
於共同控制公司之權益	-	-	178,619	-	-	-	-	-	178,619	-
於聯營公司之權益	66	405	159,308	182,208	-	-	-	-	159,374	182,613
商標									79,421	79,421
未分配資產									16,422	22,767
<b>總資產</b>									<b>632,439</b>	<b>423,209</b>
分部負債	35,791	25,041	39,655	23,841	7,236	5,286	-	-	82,682	54,168
未分配負債									138,789	49,032
<b>總負債</b>									<b>221,471</b>	<b>103,200</b>
其他分部資料：										
折舊	215	529	14,725	12,976	710	1,147	-	-	15,650	14,652
未分配數額									1,297	1,593
									<b>16,947</b>	<b>16,245</b>
電影版權攤銷	13,498	14,093	-	-	-	-	-	-	13,498	14,093
呆賬撥備/(回撥)淨額	3	(3,282)	-	151	(19)	204	-	-	(16)	(2,927)
資本支出	125	68	49,465	1,314	-	133	-	-	49,590	1,515
未分配數額									1,774	179
									<b>51,364</b>	<b>1,694</b>

附註：由於電影及電視劇集製作分部對本集團之重要性已減低，因此，本年度並無另行披露為獨立分部。故此，若干比較數字經已重新編列以符合本年度之呈報方式。

# 財務報表附註

二零零五年六月三十日

## 5. 分部資料(續)

### (b) 地區分部

下表呈列本集團按地區分部劃分之收入、若干資產及支出。

#### 本集團

	香港		中國內地		亞洲其他地區		其他地區		抵銷		綜合	
	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元
分部收入：												
銷售予外部客戶	184,783	201,748	14,810	3,697	6,651	3,407	716	11,681	(3,721)	(2,056)	203,239	218,477
其他分部資料：												
分部資產	145,421	155,104	38,484	4,663	30,863	1,383	257	25	-	-	215,025	161,175
於共同控制公司之權益											178,619	-
於聯營公司之權益											159,374	182,613
商標											79,421	79,421
											632,439	423,209
資本支出	20,564	1,607	30,800	68	-	19	-	-	-	-	51,364	1,694

## 6. 營業額

營業額包括由出售電影、影碟及電視版權、與及電影發行及戲院經營所得之款項，亦有廣告代理收入、提供電影菲林沖印服務之發票值，與及製作監控服務及顧問服務收入，並包括出售視聽產品之收益。

# 財務報表附註

二零零五年六月三十日

## 7. 經營虧損

本集團之經營虧損已扣除／(計入)下列項目：

	二零零五年 千港元	二零零四年 千港元
存貨銷售成本	5,733	9,410
服務提供成本*	83,976	70,590
電影版權攤銷**	13,498	14,093
核數師酬金	1,734	1,348
折舊	16,947	16,245
出售固定資產所致虧損	3,577	1,345
出售附屬公司所致虧損	—	161
有關土地及樓宇之經營租賃支出		
最低租賃支出	35,689	37,002
或然租金	3,092	1,424
	38,781	38,426
員工支出，不包括董事酬金(見附註31)		
工資、薪金及員工福利***	43,875	45,763
退休金供款	1,535	1,557
	45,410	47,320
長期服務金撥備／(回撥)	(139)	709
於結算日換算對海外共同控制公司及 聯營公司墊款及其他以外幣為單位之 貨幣性資產與負債所產生之滙兌收益	(321)	(2,352)
滙兌收益淨額	(748)	(1,109)
呆賬回撥淨額	(16)	(2,927)
租金收入淨額	(130)	(365)
銀行存款之利息收入	(56)	(14)
出售聯營公司所得收益	—	(47)
撇銷高賬齡負債	—	(12,044)

\* 服務提供成本中包括約2,890,000港元(二零零四年：2,974,000港元)為員工支出，此款項亦包括在上述員工支出項目中。

\*\* 本年度之電影版權攤銷已納入綜合損益表所披露之「銷售成本」內。

\*\*\* 結餘亦包括以上披露之「長期服務金撥備／(回撥)」款額。

## 財務報表附註

二零零五年六月三十日

### 8. 財務費用

	二零零五年 千港元	二零零四年 千港元
須於五年內全數償還之銀行貸款之利息	2,418	—
銀行貸款安排費	399	—
應付賬款之利息	178	264
融資租賃之利息	78	99
	3,073	363

### 9. 稅項

香港利得稅乃根據年度內從香港賺取之估計應課稅溢利按稅率17.5%(二零零四年：17.5%)撥備。海外應課稅溢利稅項則按本集團業務所在國家之適用稅率，根據當地現行法例、有關之詮釋及慣例計算。

	二零零五年 千港元	二零零四年 千港元
本集團：		
香港	182	642
其他地區	21	(130)
	203	512
分攤應佔稅項：		
共同控制公司		
本年度支出	1,789	—
遞延稅項	407	—
	2,196	—
聯營公司		
本年度支出	8,405	2,893
遞延稅項	1,447	7,358
	9,852	10,251
本年度稅項支出總額	12,251	10,763

## 財務報表附註

二零零五年六月三十日

### 9. 稅項 (續)

在財務報表批准之日，本集團旗下之附屬公司與香港稅務局（「稅務局」）就若干稅項出現持續爭議。該稅項涉及一九九五／一九九六及一九九六／一九九七課稅年度內某些申報為毋須課稅之非香港來源收入。該附屬公司現正就稅務局之課稅提出抗辯，而截至本財務報表刊發日期，董事認為已就該方面作出足夠稅項撥備。

按本公司及其附屬公司、共同控制公司及聯營公司所在國家之法定稅率 17.5% 至 33% 計算之除稅前虧損稅項開支與按實際稅率計算之稅項開支之對賬如下：

#### 本集團

	二零零五年 千港元	二零零四年 千港元
除稅前虧損	(687)	(900)
按法定稅率計算之稅項	(120)	(157)
特定省份或地方部門之較高稅率	2,976	1,612
稅率下調對年初遞延稅項之影響	—	(951)
就過往期間之本年度稅項作出之調整	182	(2,159)
毋須課稅之收入	(9,212)	(3,103)
不可扣稅之開支	5,966	6,555
未確認之暫時差額	(27)	1,671
未確認之稅項虧損	13,008	9,522
過往期間稅項虧損沖減	(522)	(2,227)
按本集團之實際稅率計算之稅項支出	12,251	10,763

### 10. 股東應佔日常業務虧損淨額

本公司財務報表之股東應佔日常業務虧損淨額為 13,859,000 港元（二零零四年：11,297,000 港元）。



# 財務報表附註

二零零五年六月三十日

## 11. 每股虧損

每股基本虧損乃按本年度股東應佔日常業務虧損淨額 12,938,000 港元（二零零四年：11,663,000 港元）及本年度內已發行股份之加權平均數 1,140,535,574 股（二零零四年：877,223,566 股）計算。

每股基本及攤薄虧損之比較款額已就供股事項作出調整，有關之進一步詳情載於財務報表附註 26。

由於本公司於二零零四年七月一日前授出而尚未行使之購股權之行使價較本公司普通股於本年度之平均市價為高，故購股權並無攤薄影響，因此並無披露本年度及上年度之每股攤薄虧損。

## 12. 固定資產

### 本集團

	租賃土地 及樓宇 千港元	租賃 物業裝修 千港元	機器 及裝置 千港元	傢具 及設備 千港元	汽車 千港元	空調系統 千港元	總額 千港元
成本或估值：							
於年初	9,300	68,691	29,352	18,236	3,055	588	129,222
增添	—	28,840	15,273	7,251	—	—	51,364
出售	—	(2,224)	(6,471)	(6,220)	—	(53)	(14,968)
滙兌調整	—	—	18	—	18	—	36
於二零零五年 六月三十日	9,300	95,307	38,172	19,267	3,073	535	165,654
累積折舊：							
於年初	3,365	38,654	18,106	11,268	1,496	580	73,469
年內撥備	358	9,023	4,206	2,739	617	4	16,947
出售	—	(2,102)	(4,660)	(4,563)	—	(49)	(11,374)
滙兌調整	—	(2)	14	(1)	11	—	22
於二零零五年 六月三十日	3,723	45,573	17,666	9,443	2,124	535	79,064
賬面淨值：							
於二零零五年 六月三十日	5,577	49,734	20,506	9,824	949	—	86,590
於二零零四年 六月三十日	5,935	30,037	11,246	6,968	1,559	8	55,753
成本或估值分析：							
按成本計	—	95,307	38,172	19,267	3,073	535	156,354
按估值計	9,300	—	—	—	—	—	9,300
	9,300	95,307	38,172	19,267	3,073	535	165,654

## 財務報表附註

二零零五年六月三十日

### 12. 固定資產(續)

租賃土地及樓宇均位於香港，並根據長期租賃持有。

本集團之機器及設備與及汽車於二零零五年六月三十日之總值包括以融資租賃持有之固定資產之賬面淨值，分別為26,000港元(二零零四年：48,000港元)及794,000港元(二零零四年：1,361,000港元)。

長期租賃土地及樓宇由獨立專業測量師梁振英測量師行於一九九四年九月三十日按假設交吉出售之公開市值重新估值為9,300,000港元。因重估產生之盈餘已撥入重估儲備賬內。本集團已採納於一九九五年頒佈及於二零零一年修訂之會計準則第17條第80段之過渡性條文規定，毋須定期再就其已重估資產進行估值。

倘本集團之土地及樓宇均按成本扣除累積折舊及任何減值虧損入賬，則財務報表內之數額將約為629,000港元(二零零四年：668,000港元)。

於二零零五年六月三十日，本集團位於中國之若干固定資產賬面淨值約為28,800,000港元已就授予本集團之一筆銀行貸款抵押予銀行(附註22)。

### 13. 於附屬公司之權益

	本公司	
	二零零五年 千港元	二零零四年 千港元
非上市股份，按成本	167,647	167,647
應收附屬公司賬款	845,585	741,247
	1,013,232	908,894
減值撥備	(601,870)	(588,580)
	411,362	320,314

與附屬公司間之結餘為無抵押、免息及預期毋須於未來十二個月內償還。

## 財務報表附註

二零零五年六月三十日

### 13. 於附屬公司之權益 (續)

主要附屬公司之詳情如下：

公司名稱	註冊成立及 主要營業地點	已發行及 已繳足/ 註冊股本票面值	本公司應佔 之股本百分比	主要業務
天工彩色冲印有限公司	香港	普通股 2,500港元 遞延股份* 997,500港元	100	電影菲林冲印
City Entertainment Corporation Limited	香港	普通股 2港元	100	經營戲院
康運影業有限公司	香港	普通股 31,610,000港元	100	經營戲院
嘉樂影片發行有限公司	香港	普通股 49,990,000港元** 遞延股份* 10,000港元	100	電影發行
Global Entertainment and Management Systems Sdn. Bhd.#	馬來西亞	普通股 300,000馬幣	100	投資控股
Golden Harvest Cinemas Holding Limited	英屬處女 群島	普通股 1美元	100	投資控股
嘉禾娛樂事業有限公司	香港	普通股 100港元 遞延股份* 114,000,000港元	100	投資控股
Golden Harvest Entertainment International Limited	英屬處女 群島	普通股 1,000美元	100	投資控股
Golden Harvest Films Distribution Holding Limited	英屬處女 群島	普通股 1美元	100	投資控股
嘉禾電影製作有限公司	香港	普通股 100,000港元	100	電影製作及 監製服務
嘉禾(商標)有限公司	英屬處女 群島	普通股 1美元	100	持有商標
Golden Harvest Multiplex (Pte) Limited	新加坡	普通股 2新加坡元	100	投資控股
深圳嘉禾影城有限公司##	中國	註冊股本 人民幣 10,000,000元	100	經營戲院

## 財務報表附註

二零零五年六月三十日

### 13. 於附屬公司之權益 (續)

公司名稱	註冊成立及 主要營業地點	已發行及 已繳足/ 註冊股本票面值	本公司應佔 之股本百分比	主要業務
Golden Movies International Limited	英屬處女 群島	普通股 1美元	100	出售電影版權 及電影發行
Golden Screen Limited	香港	普通股 8,750,000港元	100	投資控股
Golden Touch Licencing B.V.	荷蘭	普通股 18,151.21歐羅	100	電影發行
Happy Way Limited	香港	普通股 10,000港元	100	與電影有關 之影視產品發行
Kotewall Limited	英屬處女 群島	普通股 1美元	100	出售電影版權 及電影發行
泛亞影業有限公司	香港	普通股 2,600,000港元	100	電影及相關之 影視產品發行以 及擔任廣告代理
Real Merry Limited	香港	普通股 16,831,002港元	100	經營戲院
上海嘉禾影視娛樂管理 諮詢有限公司***	中國	註冊股本 500,000美元	90	電影發行
Splendid Ventures Limited	香港	普通股 2港元	100	經營戲院
金豐聯亞洲有限公司	香港	普通股 2港元	100	為集團公司 提供資金

除 Golden Harvest Entertainment International Limited 外，上述附屬公司全部由本公司間接持有。

## 財務報表附註

二零零五年六月三十日

### 13. 於附屬公司之權益 (續)

- # 於本年度內，本集團收購Global Entertainment and Management Systems Sdn. Bhd. (「GEMS」)之其餘66.67%股本權益。GEMS於被收購後成為本集團之全資附屬公司(附註14)。GEMS之賬目並非由安永香港或其他安永國際成員公司審核。
- ## 於二零零五年六月三十日，本集團直接持有於本年度內成立之深圳嘉禾影城有限公司之75%權益。其餘25%權益由一名獨立第三者代本集團持有。於二零零五年六月三十日，本集團正辦理自該名獨立第三者轉讓該25%股本權益之法定所有權予本集團之手續。
- \* 嘉禾娛樂事業有限公司之遞延股份無權享有股息，惟在退回超逾1,000,000,000,000,000港元之資本後有權收取一半盈餘。除上述外，全部其他遞延股份均附有權利，可於有關公司之可供分派純利超逾1,000,000,000港元時有權收取任何有關年度之股息，並可於退回超逾500,000,000,000港元之資本後有權收取一半盈餘。遞延股份概不附帶在股東大會上投票之權利。
- \*\* 於本年度內，嘉樂影片發行有限公司之法定及已發行普通股股本由10,000港元增至49,990,000港元。新股份在各方面與該公司之現有已發行普通股享有同等權益。
- \*\*\* 上海嘉禾影視娛樂管理諮詢有限公司為中國法例下之中外合資企業。

上表載列董事認為主要影響本集團於本年度之業績或構成大部份資產淨值之本公司附屬公司。董事認為，呈列其他附屬公司之資料會使篇幅過於冗長。

### 14. 於共同控制公司之權益

	本集團	
	二零零五年 千港元	二零零四年 千港元
應佔資產淨值	72,163	—
應收共同控制公司款項	106,456	—
	178,619	—

## 14. 於共同控制公司之權益 (續)

除預期須於未來十二個月內償還及列作流動資產之30,000,000港元外，與共同控制公司之結餘為無抵押、免息，並預期毋須於未來十二個月內償還。

於二零零五年三月十日，本集團完成以代價約18,318,000港元收購GEMS之其餘66.67%股本權益，因該收購所產生之負商譽約3,709,000港元已計入截至二零零五年六月三十日止年度之綜合損益表。GEMS於被收購後成為本集團之全資附屬公司。透過此項收購，本集團於TGV Cinemas Sdn. Bhd. (「TGV」)之股本權益總額由33.33%增至50%。根據於二零零二年二月八日之合營及股東協議及本集團應佔TGV股本權益之變動，於GEMS被收購後，TGV同時被分類為共同控制公司。

於二零零五年二月二十四日，本集團完成以代價15,200,000美元(約118,560,000港元)收購華納威秀電影公司(「華納威秀」)之40%股本權益，因該收購所產生之負商譽約39,323,000港元已計入截至二零零五年六月三十日止年度之綜合損益表。華納威秀主要於台灣從事戲院及娛樂經營業務。

TGV及華納威秀於二零零五年六月三十日之財務狀況及截至該日止年度之業績詳情如下：

### TGV

	二零零五年 千港元	二零零四年 千港元
資產總值	122,148	124,627
負債總額	91,895	106,328
營業額	158,867	152,219
除稅前溢利	23,105	20,488
本集團應佔除稅後溢利*	5,883	3,633

\* 本集團應佔除稅後溢利包括截至二零零五年六月三十日止年度作為聯營公司之2,807,000港元及作為共同控制公司之3,076,000港元。

## 財務報表附註

二零零五年六月三十日

### 14. 於共同控制公司之權益 (續)

華納威秀

	二零零五年 千港元
資產總值	502,028
負債總額	373,315
營業額	530,755
除稅前溢利	53,513
本集團自收購日期起至二零零五年六月三十日應佔除稅後虧損	(3,509)

有關主要共同控制公司之詳情如下：

公司名稱	業務架構	註冊 成立及主要 營業地點	所持股份類別	本集團持有 已繳足股本 百分比	主要業務
TGV Cinemas Sdn. Bhd. (前稱「Tanjong Golden Village Sdn. Bhd.」)	公司	馬來西亞	普通股	50	經營戲院
華納威秀電影公司	公司	台灣	普通股	40	經營戲院及 娛樂業務

### 15. 於聯營公司之權益

	本集團	
	二零零五年 千港元	二零零四年 千港元
所佔資產淨值(商譽除外)	69,980	57,581
應收聯營公司賬款	91,689	126,571
應付聯營公司賬款	(882)	(126)
	160,787	184,026
減值撥備	(1,413)	(1,413)
	159,374	182,613

## 財務報表附註

二零零五年六月三十日

### 15. 於聯營公司之權益 (續)

所有與聯營公司之結餘均為無抵押、免息及預期毋須於未來十二個月內償還。

於二零零五年六月三十日，本集團應佔聯營公司於收購後之累積虧損為21,853,000港元(二零零四年：29,244,000港元)。年內，本集團收購若干聯營公司之額外權益，而有關聯營公司已成為本集團之一間全資附屬公司及一間共同控制公司。有關已成為本集團之全資附屬公司及共同控制公司之該等前聯營公司之相關保留溢利分別為149,000港元及12,681,000港元。此外，有關已成為本集團共同控制公司之一間前聯營公司之相關匯兌儲備為701,000港元。

下文已收錄董事認為對本集團財務業績有重大影響之GSC及GVM之業績。各聯營公司於二零零五年六月三十日之財務狀況及截至該日止年度之業績詳情如下：

#### GSC

	二零零五年 千港元	二零零四年 千港元
資產總值	235,298	205,345
負債總額	138,977	122,989
營業額	216,664	285,331*
除稅前溢利	26,098	28,455*
本集團應佔除稅後溢利	6,404	8,575*

\* 包括二零零三年一月一日至二零零四年六月三十日止期間之業績。額外六個月之本集團應佔除稅後溢利合共約為2,495,000港元。

#### GVM

	二零零五年 千港元	二零零四年 千港元
資產總值	367,447	357,116
負債總額	227,974	253,432
營業額	328,527	292,029
除稅前溢利	44,208	32,599
本集團應佔除稅後溢利	14,524	12,249



# 財務報表附註

二零零五年六月三十日

## 15. 於聯營公司之權益 (續)

主要聯營公司之詳情如下：

公司名稱	業務架構	註冊成立及 主要營業地點	所持 股份類別	本集團持有 已繳足股本 百分比	主要業務
嘉年華影業有限公司	公司	香港	普通股	50	投資控股
Golden Access Pte Ltd	公司	新加坡	普通股	50	編寫電腦程序
Golden Screen Cinemas Sdn. Bhd.#	公司	馬來西亞	普通股	40.22	電影發行及 經營戲院
Golden Village Entertainment (Singapore) Pte Ltd	公司	新加坡	普通股	50	投資控股
Golden Village Pictures Pte Ltd	公司	新加坡	普通股	50	電影發行
Golden Village Holdings Pte Ltd	公司	新加坡	普通股	50	投資控股
Golden Village Multiplex Pte Ltd	公司	新加坡	普通股	50	經營戲院
富懷有限公司	公司	香港	普通股	50	經營戲院

# 並非由安永香港或其他安永國際成員公司審核。

上表載列董事認為主要影響本集團於本年度之業績或構成大部份資產淨值之本集團聯營公司。董事認為，呈列其他聯營公司之資料會使篇幅過於冗長。

## 16. 商標

商標為永久性可使用「嘉禾」品牌之准許並可以標誌、符號、名稱、標記、設計或以上任何組合而形成。

無限定可使用年期之商標按成本扣除任何減值入賬。

董事認為，基於下列理由，本集團之商標具有無限定可使用年期：

- (i) 本集團於二零零零年收購之商標已使用多年，且本集團將繼續長期使用該等商標；及
- (ii) 本集團已動用及有意繼續投放大量廣告及宣傳費用，以維持及提高商標之市值，而該等廣告及宣傳費用均於動用時自損益表中扣除。

獨立專業合資格估值師行Vigers Appraisal & Consulting Ltd.對本集團商標進行估值，並已確認商標之市值於二零零五年六月三十日超逾賬面值。因此，董事認為於結算日毋須作出減值撥備。

## 17. 存貨

	本集團	
	二零零五年 千港元	二零零四年 千港元
原材料	396	426
化學品	54	39
機器零件	121	91
	571	556

## 18. 電影版權

於二零零五年六月三十日，電影版權並無減值虧損（二零零四年：3,543,000港元）而須於本年度之綜合損益表中扣除。減值虧損乃管理層根據本集團之會計政策參照電影版權於結算日之可變現淨值作評估。

## 財務報表附註

二零零五年六月三十日

### 19. 應收賬款

本集團給予之一般信貸期介乎一至三個月。於六月三十日之應收賬款(已扣除撥備)之賬齡分析如下：

	本集團	
	二零零五年 千港元	二零零四年 千港元
即期至三個月	14,180	19,929
四至六個月	2,254	1,084
七至十二個月	31	528
超過一年	639	930
	17,104	22,471

本集團之應收賬款包括應收嘉禾私人集團屬下公司之交易結餘合共481,000港元(二零零四年：20,000港元)。與嘉禾私人集團屬下公司之所有結餘為無抵押、須按一般交易條款償還及免息。

嘉禾私人集團乃指嘉禾集團屬下之私人公司，該等公司乃由本公司之董事鄒文懷控制，並不包括在一九九四年十一月進行之集團重組計劃內。

本集團之應收賬款亦包括應收GH Media Management Pte Ltd、GH Pictures (China) Limited、Best Creation International Limited及Wigston Co. Limited之賬項，分別為332,000港元(二零零四年：無)、無(二零零四年：36,000港元)、269,000港元(二零零四年：269,000港元)及179,000港元(二零零四年：無)。該等款項為無抵押及無固定還款期。本公司董事鄒文懷、潘從傑及陳錫康，以及本公司前董事諸兆俊及鄒文懷先生之一名親屬，亦曾經／現時為若干此等關連公司之董事及／或實益股東。

### 20. 有抵押銀行結餘

有抵押銀行結餘486,000港元(二零零四年：無)乃就授予本集團之一筆銀行貸款抵押予銀行(附註22)。

## 財務報表附註

二零零五年六月三十日

### 21. 應付賬款

於六月三十日之應付賬款所包括之貿易應付賬款之賬齡分析如下：

	本集團	
	二零零五年 千港元	二零零四年 千港元
即期至三個月	36,645	27,437
四至六個月	4,455	534
七至十二個月	896	920
超過一年	13,020	23,179
	55,016	52,070

本集團之應付賬款包括應付予嘉禾私人集團屬下公司之交易結餘合共67,000港元(二零零四年：40,000港元)。該等款項為無抵押、免息及須按一般交易條款償還。

本集團之應付賬款亦包括應付GH Pictures (China) Limited、誠冠有限公司及Pinetree Production Services, Inc.之賬項，分別為9,987,000港元(二零零四年：20,421,000港元)、618,000港元(二零零四年：390,000港元)及206,000港元(二零零四年：無)。該等款項為無抵押及無固定還款期。除應付GH Pictures (China) Limited之款項9,769,000港元須按香港短期定期存款年利率加1厘計息外，其他結餘為免息及並無固定還款期。本公司董事鄧文懷、潘從傑及陳錫康，以及本公司之前董事諸兆俊及鄧文懷之一名親屬，亦曾經／現時為若干此等關連公司之董事及／或實益股東。

## 財務報表附註

二零零五年六月三十日

### 22. 有抵押計息銀行貸款

	本集團	
	二零零五年 千港元	二零零四年 千港元
有抵押銀行貸款	90,022	—
須於以下年期償還之銀行貸款：		
一年內	24,697	—
第二年	21,577	—
第三年至第五年(首尾兩年包括在內)	43,748	—
銀行貸款總額	90,022	—
列作流動負債之部份	(24,697)	—
非流動部份	65,325	—

於二零零五年六月三十日，本集團之銀行貸款乃以下列資產作抵押：

- (i) 一間全資附屬公司之資產；
- (ii) 一間全資附屬公司之70%股權；
- (iii) 一間共同控制公司之40%股本權益；
- (iv) 一間附屬公司之固定資產(附註12)；及
- (v) 有抵押銀行結餘(附註20)。

## 財務報表附註

二零零五年六月三十日

### 23. 融資租賃應付賬款

於二零零五年六月三十日，融資租賃之未來最低租賃總支出及其現值載列如下：

#### 本集團

	最低 租賃支出		最低租賃 支出現值	
	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元
須於下列年期付款之賬款：				
一年內	456	548	413	470
第二年	309	456	298	412
第三至第五年 (首尾兩年包括在內)	—	308	—	298
最低融資租賃總支出	765	1,312	711	1,180
未來融資支出	(54)	(132)		
融資租賃應付總淨額	711	1,180		
列作流動負債之部份	(413)	(471)		
非流動部份	298	709		

## 財務報表附註

二零零五年六月三十日

### 24. 撥備

本集團

	長期 服務金 千港元	其他 僱員福利 千港元	總額 千港元
於年初	3,800	1,319	5,119
撥備增加／(撥回)	(139)	361	222
於二零零五年六月三十日	3,661	1,680	5,341
列作流動負債之部份	—	(1,680)	(1,680)
非流動部份	3,661	—	3,661

本公司之董事已根據有關退休支出之勞工法例及規例，估計及提撥長期服務金。估計之基礎將會持續檢討並作出適當調整。

本集團為本集團僱員之可結轉應計補假提撥準備。該撥備乃根據僱員於年內已獲有薪假期及於結算日之結轉有薪假期以最佳估計概算其未來須付支出。

### 25. 遞延稅項

本年度之遞延稅項負債變動載列如下：

	重估租賃土地及樓宇	
	二零零五年 千港元	二零零四年 千港元
於年初	878	931
於本年度內計入權益之遞延稅項	(53)	(53)
於六月三十日	825	878

本集團於香港及其他地區產生之稅項虧損分別約為421,640,000港元及35,753,000港元(二零零四年：333,843,000港元及50,774,000港元)，此等虧損可供無限期用作抵銷該等錄得虧損之公司未來錄得之應課稅溢利，惟分別根據中國及台灣之有關法例、註釋及慣例僅可結轉五年之餘額約10,193,000港元及4,485,000港元(二零零四年：9,316,000港元及3,091,000港元)除外。由於此等虧損乃自一直錄得虧損之附屬公司產生，故並不會就有關虧損確認遞延稅項資產。

## 財務報表附註

二零零五年六月三十日

### 25. 遞延稅項(續)

於二零零五年六月三十日，並無有關本集團若干附屬公司、共同控制公司或聯營公司之未匯出之盈利而須支付之稅項而產生之重大未確認遞延稅項負債(二零零四年：無)，原因為即使匯出該等盈利，本集團亦毋須承擔支付額外稅項之責任。

本公司向其股東支付之股息並無附帶產生所得稅之責任。

### 26. 股本

	本公司	
	二零零五年 千港元	二零零四年 千港元
法定股本：		
2,000,000,000股(二零零四年：2,000,000,000股)		
每股面值0.10港元之普通股	200,000	200,000
已發行及繳足股本：		
1,330,309,375股(二零零四年：884,287,500股)		
每股面值0.10港元之普通股	133,031	88,429

於本年度內，股本變動如下：

- (a) 於二零零四年七月十四日，本公司訂立一份認購協議(「認購協議」)。根據認購協議，本公司於二零零四年八月十一日按每股0.25港元之價格發行及配發155,000,000股普通股予獨立第三者Typhoon Music (PRC) Limited(「Typhoon Music」)。配售股份之所得款項淨額(扣除有關開支後)合共為36,300,000港元。本公司已將所得款項淨額用作一般營運資金，包括償還本集團之若干債務、電影融資及作為深圳新影院經營業務之用。
- (b) 於二零零五年一月二十五日，本公司通過一項董事會決議案以進行供股事項，按每股0.25港元之行使價配售259,821,875股每股面值0.1港元之股份予股東，所按之基準為股東於二零零四年十二月二十二日每持有四股股份獲配發一股供股股份(「供股事項」)。有關交易已於二零零五年一月二十八日完成。供股事項之所得款項淨額(扣除有關開支後)合共約為60,900,000港元。本公司已將供股事項之所得款項淨額用作撥付收購華納威秀電影公司之40%股本權益之部份資金。每股0.25港元之行使價與於二零零五年一月二十八日(即完成日期)在聯交所所報之收市價每股0.25港元比較並無出現溢價。



# 財務報表附註

二零零五年六月三十日

## 26. 股本 (續)

(c) 於二零零五年三月三日，本公司進一步按每股0.25港元之價格配售31,200,000股新股份予獨立第三方Asset Managers (China) Fund Co., Ltd.，以提供額外一般營運資金加強本集團之財務狀況。股份配售之所得款項淨額(扣除有關開支後)合共約為7,600,000港元。

年內，有關上述本公司已發行普通股本變動之交易概要如下：

	已發行 股份數目	已發行股本 千港元	股份溢價賬 千港元	總額 千港元
於二零零三年七月一日	800,887,500	80,089	565,577	645,666
股份配售	83,400,000	8,340	15,012	23,352
股份發行開支	—	—	(924)	(924)
於二零零四年六月三十日 及二零零四年七月一日	884,287,500	88,429	579,665	668,094
發行股份(a)	155,000,000	15,500	23,250	38,750
供股事項(b)	259,821,875	25,982	38,973	64,955
股份配售(c)	31,200,000	3,120	4,680	7,800
	446,021,875	44,602	66,903	111,505
股份發行開支	—	—	(6,687)	(6,687)
於二零零五年六月三十日	1,330,309,375	133,031	639,881	772,912

## 27. 購股權計劃

本公司設有購股權計劃(「該計劃」)，作為給予為本集團業務成功作出貢獻之合資格參與者之激勵及獎勵。該計劃之合資格參與者包括本公司董事(包括獨立非執行董事)及本集團其他僱員、本集團之貨品及服務供應商及本集團客戶。該計劃於二零零一年十一月三十日生效，自當日起有效10年(已註銷或修訂者除外)。

## 27. 購股權計劃 (續)

因行使根據該計劃及本公司任何其他購股權計劃(如有)已授出及將授出之所有購股權而可予發行之本公司股份數目，不得超過本公司於二零零一年十一月二十八日之已發行股份之10%。本公司股東可按照香港聯合交易所有限公司證券上市規則(「上市規則」)之規定在股東大會上重新釐定該上限。根據該計劃於任何12個月期間內向個別合資格參與者授出之購股權可予發行之股份總數，不得超過本公司任何時間之已發行股份之1%。額外授出超逾該上限之購股權須在股東大會上獲得股東批准。

向本公司董事、主要行政人員、主要股東或彼等之任何聯繫人士授出購股權均須事先獲得獨立非執行董事(不包括身為購股權承授人之獨立非執行董事)批准。此外，於截至授出購股權當日(包括該日)止任何12個月期間內向本公司主要股東、獨立非執行董事或彼等之任何聯繫人士授出超逾本公司任何時間之已發行股份0.1%(根據授出購股權當日本公司股份之收市價計算)及總值超逾5,000,000港元之購股權，亦須事先在股東大會上獲得股東批准。

授出購股權之建議必須於建議日期(包括該日)起計30日內由承授人接納，並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟由本公司董事於授出購股權時決定之授出購股權當日或之後之日期起至本公司董事於授出購股權時決定之結束日期(無論如何不得遲於二零一一年十月三十日辦公時間結束時)不得超過10年。除本公司董事另行決定及授出有關購股權之建議另有規定外，並無一般規定限制購股權必須於持有若干最短期限後方可行使。

購股權之行使價乃由董事釐定，惟不得低於(i)本公司股份於建議授出購股權當日在香港聯合交易所有限公司(「聯交所」)之收市價；或(ii)本公司股份於截至建議授出購股權當日止五個交易日在聯交所之平均收市價(以較高者為準)。

購股權並無賦予持有人獲派股息或在股東大會上投票之權利。

### 對購股權及行使價之調整

本公司於二零零五年一月二十八日完成供股事項，所按之基準為股東每持有四股現有股份獲配發一股股份(「供股事項」)。所有有關購股權持有人均已獲通知，於供股事項前授出及當時尚未行使之每份購股權可認購之股份數目以及有關之行使價，已根據FB Gemini Capital Limited作為專業人士於二零零五年七月二十九日發出有關供股事項對購股權之影響之意見所載之調整予以修訂。調整之生效日期為供股事項成為無條件當日(即二零零五年一月十四日)。當時尚未行使之每份購股權可認購之股份數目及有關之行使價乃分別以1.25及0.80之因子修訂。

經過調整後，於二零零五年六月三十日，根據本公司之現行購股權計劃(「現行計劃」)及本公司已於二零零一年十一月二十八日終止之較早前購股權計劃(「已終止計劃」)授出之購股權可予發行之本公司股份總數為45,275,000股，其中39,525,000股乃根據現行計劃可予發行之本公司股份(相當於本公司於二零零五年六月三十日之已發行股份約2.97%)，而5,750,000股本公司股份仍可根據已終止計劃授出之購股權發行(相當於本公司於二零零五年六月三十日之已發行股份約0.43%)。

# 財務報表附註

二零零五年六月三十日

## 27. 購股權計劃 (續)

據此，於二零零五年六月三十日，本公司向本公司董事及僱員授出但尚未行使之購股權如下：

參與者名稱 或類別	購股權 授出日期	調整前 行使價 港元	調整後 行使價 港元	行使期	購股權數目						
					於 二零零四年 七月一日 尚未行使 之購股權	年內授出	因供股 事項而 對購股權 作出調整	年內行使	年內失效	於 二零零五年 六月三十日 尚未行使 之購股權	
<b>董事</b>											
潘從傑	二零零零年 七月二十五日	0.78	0.624	二零零零年 七月二十五日 至二零零一年 七月二十四日 附註(a)	4,600,000	-	1,150,000	-	-	-	5,750,000
	二零零一年 十月三十一日	0.62	0.496	二零零一年 十一月三十日 至二零零一年 十月三十日 附註(b)	10,000,000	-	2,500,000	-	-	-	12,500,000
	二零零四年 十二月九日	附註(d)	附註(d)	二零零五年 一月十日 至二零零一年 十月三十日 附註(c)	-	15,000,000	3,750,000	-	-	-	18,750,000
陳錫康	二零零一年 十月三十一日	0.62	0.496	二零零一年 十一月三十日 至二零零一年 十月三十日 附註(b)	5,000,000	-	1,250,000	-	-	-	6,250,000
Eric Norman Kronfeld	二零零五年 三月三十一日	0.26	-	二零零五年 三月三十一日 至二零零一年 十月三十日	-	350,000	-	-	-	-	350,000
馬家和	二零零五年 三月三十一日	0.26	-	二零零五年 三月三十一日 至二零零一年 十月三十日	-	350,000	-	-	-	-	350,000
林輝波	二零零五年 三月三十一日	0.26	-	二零零五年 三月三十一日 至二零零一年 十月三十日	-	350,000	-	-	-	-	350,000
Prince Chatrichalerm Yukol	二零零五年 三月三十一日	0.26	-	二零零五年 三月三十一日 至二零零一年 十月三十日	-	350,000	-	-	-	-	350,000
諸兆俊	二零零一年 十月三十一日	0.62	-	二零零一年 十一月三十日 至二零零一年 十月三十日 附註(b)	8,000,000	-	-	-	(8,000,000) 附註(e)	-	-
<b>其他參與者</b>											
總計	二零零一年 十月三十一日	0.62	0.496	二零零一年 十一月三十日 至二零零一年 十月三十日 附註(b)	500,000	-	125,000	-	-	-	625,000
					28,100,000	16,400,000	8,775,000	-	(8,000,000)	-	45,275,000

## 27. 購股權計劃 (續)

附註：

- (a) 已授出購股權之50%、25%及25%分別可於二零零零年七月二十五日至二零一零年七月二十四日止期間、二零零一年七月二十五日至二零一零年七月二十四日止期間及二零零二年七月二十五日至二零一零年七月二十四日止期間行使。
- (b) 已授出購股權之30%、30%及40%分別可於二零零一年十一月三十日至二零一一年十月三十日止期間、二零零二年八月一日至二零一一年十月三十日止期間及二零零三年八月一日至二零一一年十月三十日止期間行使。
- (c) 已授出購股權之33.33%、33.33%及33.34%分別可於二零零五年一月十日至二零一一年十月三十日止期間、二零零六年一月十日至二零一一年十月三十日止期間及二零零七年一月十日至二零一一年十月三十日止期間行使。
- (d) 於二零零五年一月十日至二零一一年十月三十日止期間、二零零六年一月十日至二零一一年十月三十日止期間及二零零七年一月十日至二零一一年十月三十日止期間可予行使之已授出購股權之調整前行使價分別為0.26港元、0.32港元及0.38港元。於二零零五年一月十日至二零一一年十月三十日止期間、二零零六年一月十日至二零一一年十月三十日止期間及二零零七年一月十日至二零一一年十月三十日止期間可予行使之已授出購股權之調整後行使價分別為0.208港元、0.256港元及0.304港元。
- (e) 諸兆俊於二零零四年十月二十五日辭任本公司董事之職務，於二零零四年十一月一日起不再是僱員。因此，授予彼之8,000,000份尚未行使購股權根據購股權計劃之條文失效。
- (f) 證券於緊接二零零四年十二月九日授予潘從傑購股權當日前之收市價為0.26港元。證券於緊接二零零五年三月三十一日授予Eric Norman Kronfeld、馬家和、林輝波及Prince Chatrichalerm Yukol各自之購股權當日前之收市價為0.26港元。

於已授出之購股權獲行使前，其財務影響不會於本公司或本集團之資產負債表記錄，亦不會就其成本於損益表或資產負債表記錄有關變動。於購股權獲行使時，所發行之股份將由本公司按股份面值列作額外股本，而每股行使價所超逾股份面值之款額則由本公司計入股份溢價賬。於行使日期前已註銷或已失效之購股權會於尚未行使購股權登記冊上刪除。

董事會(「董事會」)認為不適宜列出於年內根據本公司之購股權計劃授出之購股權之理論價值。董事會相信計算購股權之價值並無意義，因行使價會在進行供股事項或紅利發行或本公司之已發行股本出現其他類似變動時予以調整，而且本公司股份之成交量一直偏低及本公司近年並無就其股份派付股息。

# 財務報表附註

二零零五年六月三十日

## 28. 儲備

### (a) 本集團

盈餘儲備乃根據應法定要求及一間台灣聯營公司之公司章程於保留溢利中撥出。此盈餘儲備只可應用於該台灣聯營公司作填補虧損及資本化為已發行繳足紅股之用。

本集團於本年度及上年度之儲備及其變動已於綜合權益變動報表披露。

於二零零一年七月一日前，因收購附屬及聯營公司所產生而尚留於綜合儲備之商譽分析如下：

	已於資本儲備中 抵銷之商譽 千港元
成本：	
於年初及於二零零五年六月三十日	154,313
累積減值：	
於年初	141,830
年度撥備(附註)	12,483
於二零零五年六月三十日	154,313
淨額：	
於二零零五年六月三十日	—
於二零零四年六月三十日	12,483

附註： 以往年度因收購附屬公司及聯營公司時以綜合資本儲備抵銷商譽而於本年度之減值，乃撥入綜合累積虧損作為儲備變動。

## 財務報表附註

二零零五年六月三十日

### 28. 儲備(續)

#### (b) 本公司

	股份 溢價賬 千港元	資本 贖回儲備 千港元	繳入盈餘 千港元	累積虧損 千港元	總額 千港元
於二零零三年七月一日	565,577	145	191,644	(528,577)	228,789
發行股份	15,012	—	—	—	15,012
股份發行開支	(924)	—	—	—	(924)
年度虧損淨額	—	—	—	(11,297)	(11,297)
於二零零四年六月三十日 及二零零四年七月一日	579,665	145	191,644	(539,874)	231,580
發行股份	66,903	—	—	—	66,903
股份發行開支	(6,687)	—	—	—	(6,687)
年度虧損淨額	—	—	—	(13,859)	(13,859)
於二零零五年六月三十日	639,881	145	191,644	(553,733)	277,937

本公司之繳入盈餘乃指本公司就收購附屬公司已發行股本而發行股份之面值與所收購附屬公司於收購當日合計資產淨值兩者間之差額。根據一九八一年之百慕達公司法(經修訂)，本公司之繳入盈餘可於若干情況下分派予各股東。

# 財務報表附註

二零零五年六月三十日

## 29. 綜合現金流量表附註

### (a) 收購附屬公司

	二零零五年 千港元	二零零四年 千港元
已收購之資產淨值：		
於一間聯營公司之權益	11,506	—
預付款項、按金及其他應收款項	35	413
現金及現金等值項目	12,951	400
應計負債及其他應付款項	(12)	(100)
應收／(應付) 關連公司款項	(41)	289
應付股東款項	(14,216)	—
資產淨值	10,223	1,002
收購時之負商譽	(3,709)	—
	6,514	1,002
支付方式：		
現金	18,318	501
應付股東款項	(14,216)	—
將聯營公司權益 重新分類為附屬公司權益	2,412	501
	6,514	1,002

就收購附屬公司之現金及現金等值項目之現金流出淨額分析如下：

	二零零五年 千港元	二零零四年 千港元
現金代價	(18,318)	(501)
已收購之現金及現金等值項目	12,951	400
就收購附屬公司之現金及現金等值項目之流出淨額	(5,367)	(101)

於二零零五年三月，本集團以代價約18,318,000港元收購GEMS其餘66.67%之股本權益。代價乃以本集團之銀行融資撥付。GEMS之主要業務為於TGV之投資控股，而TGV主要於馬來西亞從事經營戲院業務。透過收購GEMS，本集團於TGV之權益增至50%。

## 29. 綜合現金流量表附註 (續)

### (a) 收購附屬公司 (續)

自被進一步收購以來，GEMS並無對本集團貢獻任何營業額，但為本集團本年度之股東應佔虧損淨帶來純利貢獻1,512,000港元。

倘有關收購於二零零四年七月一日已進行，則對本集團之收益並無任何影響，而本集團本年度之股東應佔虧損淨額將約為11,337,000港元。

於上個年度收購之附屬公司對本集團本年度之營業額及股東應佔虧損淨額並無重大貢獻。

### (b) 出售附屬公司

	二零零五年 千港元	二零零四年 千港元
已出售之資產淨值：		
固定資產	—	1,774
存貨	—	16
應收賬款	—	7
預付款項、按金及其他應收款項	—	28
現金及現金等值項目	—	376
應付賬款	—	(390)
少數股東權益	—	(22)
變現外匯儲備	—	(35)
	—	1,754
出售虧損	—	(161)
	—	1,593
支付方式：		
現金	—	1,274
應收一間聯營公司款項	—	319
	—	1,593



# 財務報表附註

二零零五年六月三十日

## 29. 綜合現金流量表附註(續)

### (b) 出售附屬公司(續)

就出售附屬公司之現金及現金等值項目現金流出淨額分析如下：

	二零零五年 千港元	二零零四年 千港元
現金代價	—	1,274
已出售之現金及現金等值項目	—	(376)
就出售附屬公司之現金及現金等值項目之流入淨額	—	898

截至二零零四年六月三十日止年度出售之附屬公司業績對本集團於該年度之綜合營業額或除稅後虧損並無重大影響。

### (c) 重大非現金交易

年內，一間聯營公司於被收購額外股本權益後成為一間共同控制公司，而本集團應佔其當時之資產淨值及應收聯營公司款項分別為12,023,000港元及25,287,000港元，分別重新分類為本集團應佔一間共同控制公司之資產淨值及應收一間共同控制公司款項。

## 財務報表附註

二零零五年六月三十日

### 30. 關連人士交易

除於財務報表其他地方披露外，本集團尚有下列與關連人士之交易。

董事認為所有該等交易均於本集團之日常及一般業務過程中進行。

#### (a) 與嘉禾私人集團之交易

年內，本集團曾與嘉禾私人集團成員公司進行交易。主要交易摘錄如下：

	附註	本集團	
		二零零五年 千港元	二零零四年 千港元
電影發行佣金收入	(i)	38	62
電影菲林沖印服務收入	(ii)	—	19

附註：

- (i) 本集團擔任嘉禾私人集團屬下若干公司所製作電影之發行商，佣金收入所根據之價目及條件與提供給本集團其他客戶類似。

本公司本年度之董事及主要股東鄒文懷(「鄒先生」)作為嘉禾私人集團成員公司之董事及／或實益股東於上述涉及收取佣金收入之交易中直接或間接擁有利益。

- (ii) 服務收入乃有關向嘉禾私人集團屬下若干公司提供電影菲林沖印服務，服務收入所根據之價目及條件與提供給本集團其他客戶者類似。

上述所列與嘉禾私人集團屬下公司之關連人士交易亦構成上市規則所定義之關連交易。

董事已審閱及確認此等關連交易乃於本集團日常業務中進行，條款不遜於向無關連第三者提供之條款。

# 財務報表附註

二零零五年六月三十日

## 30. 關連人士交易 (續)

### (b) 與其他關連人士之交易

除上述外，本集團亦於年內與其他關連人士進行下列重要交易：

	附註	本集團	
		二零零五年 千港元	二零零四年 千港元
來自關連公司之電影發行佣金收入	(i), (ii)	164	445
來自一間關連公司之租金收入	(i), (iii)	122	365
付予一間關連公司之利息支出	(i), (iv)	178	264
付予一間關連公司之發行顧問服務費	(i), (v)	429	881
付予一間關連公司之顧問服務費	(i), (vi)	585	—
來自聯營公司之電影版權收入	(i), (vii)	669	367
來自聯營公司之管理服務收入	(i), (viii)	384	1,027
來自一間聯營公司之電影發行佣金	(i), (ix)	50	331
付予一間聯營公司之影片採購服務費	(i), (x)	132	132
付予一間聯營公司之會計服務費	(i), (xi)	87	85
付予一間聯營公司之戲票系統保養／ 開發成本	(i), (xii)	221	518
付予一間聯營公司之戲院租金	(i), (xiii)	139	124
授予一間聯營公司之銀行信貸擔保	(i), (xiv)	17,325	17,100

## 30. 關連人士交易 (續)

### (b) 與其他關連人士之交易 (續)

附註：

- (i) 本公司董事鄒先生、潘從傑、陳錫康及Eric Norman Kronfeld，以及本公司前董事諸兆俊，現時／曾經作為若干該等公司之董事及／實益股東於上述交易中直接或間接擁有利益。
- (ii) 本集團擔任關連公司所製作電影之發行商，而電影發行佣金收入乃根據一九九七年四月二十一日及一九九九年八月二日所訂立之發行協議或根據提供給本集團其他客戶類似之收費價目及條件計算。
- (iii) 租金收入為分租本集團部份辦公室予嘉禾私人集團一間聯營公司，二零零四年七月至二零零四年十月止期間之月租約30,000港元(二零零四年：二零零三年七月一日至二零零四年六月三十日每月30,000港元)。
- (iv) 利息支出乃支付予嘉禾私人集團之一間聯營公司，年利率按香港短期定期存款利率加1厘計算。
- (v) 發行顧問服務費乃就本集團一間關連公司向本集團提供電影製作及發行顧問服務而支付，收費根據於二零零四年七月一日所訂立之協議條款計算。去年支付之費用乃根據於二零零一年十月一日所訂立之協議條款計算。
- (vi) 顧問服務費乃就一間關連公司向本集團提供有關供股事項之顧問服務而支付，收費乃根據於二零零五年三月十五日訂立之協議條款計算。
- (vii) 電影版權費收入之收費乃根據相關之發行協議條款收取。
- (viii) 管理服務收入如下：
  - 會計服務費384,000港元乃來自本集團兩間聯營公司，收費分別為每月10,000港元(二零零四年：10,000港元)及每月22,000港元(二零零四年：14,000港元)；及
  - 截至二零零五年六月三十日止年度，並無顧問服務費來自本集團兩間聯營公司。截至二零零四年六月三十日止年度，顧問服務費約739,000港元乃來自本集團兩間聯營公司，收費分別為二零零三年七月至十二月每月120,000港元及二零零三年七月至十月每月人民幣5,000元。

## 財務報表附註

二零零五年六月三十日

### 30. 關連人士交易 (續)

#### (b) 與其他關連人士之交易 (續)

附註：(續)

- (ix) 本集團為一間聯營公司所製作之電影擔任發行商，電影發行佣金乃按於二零零四年一月六日訂立之發行協議條款收取。
- (x) 電影採購服務費為每月11,000港元(二零零四年：11,000港元)。
- (xi) 會計服務費為每月1,500新加坡元(二零零四年：1,500新加坡元)。
- (xii) 已支付戲票系統保養／開發成本之收費價目及條件與聯營公司提供給其他客戶者類似。
- (xiii) 戲院租金之收費價目及條件與聯營公司提供給其他客戶類似。
- (xiv) 本集團並無就授予一間聯營公司之銀行信貸作出之公司擔保收取代價。

據上述附註(ii)、(v)及(vi)所載列，本集團與三間關連公司之交易(二零零四年：三間關連公司)合共1,037,000港元(二零零四年：899,000港元)構成上市規則所定義之關連交易或持續關連交易(構成少額交易)。

上列所有其他與關連人士交易均不構成上市規則所定義之關連交易或持續關連交易。

## 財務報表附註

二零零五年六月三十日

### 31. 董事及五位最高薪僱員酬金

#### 董事酬金

根據上市規則及香港公司條例第161條之規定披露本公司董事於本年度之酬金之分析如下：

	二零零五年 千港元	二零零四年 千港元
袍金：		
執行董事	—	—
非執行董事	120	—
獨立非執行董事	350	120
	470	120
基本薪金、津貼及實物利益：		
執行董事	15,530	12,240
非執行董事	—	—
獨立非執行董事	—	—
	15,530	12,240
退休金供款：		
執行董事	91	97
非執行董事	—	—
獨立非執行董事	—	—
	91	97
	16,091	12,457

#### (a) 獨立非執行董事

	二零零五年 千港元	二零零四年 千港元
馬家和	150	—
林輝波	100	60
Prince Chatrichalerm Yukol	100	60
	350	120

於本年度內，並無應付獨立非執行董事之任何其他酬金（二零零四年：無）。

## 財務報表附註

二零零五年六月三十日

### 31. 董事及五位最高薪僱員酬金 (續)

#### (b) 執行董事及一名非執行董事

	袍金 千港元	基本薪金、 津貼及 實物利益 千港元	退休金供款 千港元	酬金總額 千港元
截至二零零五年六月三十日止年度				
執行董事：				
鄒文懷	—	3,939	—	3,939
潘從傑	—	6,469	64	6,533
諸兆俊	—	2,013	4	2,017
陳錫康	—	1,867	12	1,879
陳鄒重珩	—	1,242	11	1,253
	—	15,530	91	15,621
非執行董事：				
Eric Norman Kronfeld	120	—	—	120
	120	15,530	91	15,741

於本年度內，根據本公司之購股權計劃，若干董事就彼等對本集團提供服務獲授購股權，有關之進一步詳情載於財務報表附註27。於本年度內授出之購股權之價值並無於損益表扣除，或計入上文董事酬金之披露事項內。根據授出購股權之條款，所授出可認購本公司股份之購股權不得轉讓，而在可認購本公司股份之購股權並無即時可得市值之情況下，董事無法準確評估於本年度內授予各董事之購股權之價值。因此，並無將所授出購股權之價值列入董事酬金內。

## 財務報表附註

二零零五年六月三十日

### 31. 董事及五位最高薪僱員酬金 (續)

#### (b) 執行董事及一名非執行董事 (續)

	袍金 千港元	基本薪金、 津貼及 實物利益 千港元	退休金供款 千港元	酬金總額 千港元
截至二零零四年六月三十日止年度				
執行董事：				
鄒文懷	—	3,705	—	3,705
潘從傑	—	4,535	73	4,608
諸兆俊	—	2,400	12	2,412
陳錫康	—	1,600	12	1,612
	—	12,240	97	12,337

#### 五位最高薪僱員

在五位最高薪僱員中，全部(二零零四年：四位)均為本公司董事。該等董事之酬金已計入上述披露之董事酬金內。餘下之一位最高薪非董事僱員在截至二零零四年六月三十日止年度之酬金如下：

	二零零五年 千港元	二零零四年 千港元
基本薪金、津貼及實物利益	—	1,720
退休金供款	—	12
	—	1,732

截至二零零四年六月三十日止年度，以上最高薪非董事僱員之酬金可歸納為 1,500,001 港元 — 2,000,000 港元組別。



## 財務報表附註

二零零五年六月三十日

### 32. 或然負債

於結算日之或然負債載列如下：

	本集團		本公司	
	二零零五年 千港元	二零零四年 千港元	二零零五年 千港元	二零零四年 千港元
授予以下公司之銀行信貸擔保：				
附屬公司	—	—	95,622	—
一間聯營公司	17,325	17,100	17,325	17,100
	17,325	17,100	112,947	17,100

於二零零五年六月三十日，附屬公司及一間聯營公司分別已動用90,022,000港元（二零零四年：無）及9,933,000港元（二零零四年：16,644,000港元）之銀行融資。

除上文所述外，於結算日，本集團就授予一間聯營公司之銀行融資而應佔該聯營公司所提供之擔保合共約為14,093,000港元（二零零四年：11,589,000港元）。

### 33. 承擔

	本集團	
	二零零五年 千港元	二零零四年 千港元
(a) 收購物業、廠房及設備之資本承擔：		
已訂約	1,894	1,888
已授權但未訂約	30,870	29,159
	32,764	31,047

#### (b) 經營租賃承擔

本集團就其若干辦公室及戲院物業作經營租賃安排。租賃年期介乎一年至十三年之間。

	本集團	
	二零零五年 千港元	二零零四年 千港元
不可撤銷之土地及樓宇經營租賃而須於 下述年期支付之未來最低租賃支出如下：		
一年內	37,429	33,760
第二至第五年（首尾兩年包括在內）	95,545	94,507
五年以上	22,513	33,584
	155,487	161,851

以上若干不可撤銷之經營租賃取決於或然租款，此租款乃根據每月或每年之票房總收入之13%至28%（二零零四年：17%至28%）而多於各租賃協議釐定之基本租金之金額計算。此外，小食及戲院廣告收入之10%亦計入此等若干租賃內。

本公司於結算日並無重大承擔（二零零四年：無）。

### 34. 結算日後事項

於結算日後，出現下列事項：

於二零零五年五月，本集團之全資附屬公司Golden Screen Limited於香港提出呈請，以將聯營公司嘉年華影業有限公司之新加坡業務清盤，理據是本集團之利益受到不公平損害。該聯營公司之另一名股東聲稱有關呈請並無披露合理之訴因，並申請剔除呈請。香港法院於二零零五年八月二十九日就該剔除申請舉行聆訊，而法院於二零零五年十月十二日作出判決，拒絕受理該剔除申請。本集團並無就該呈請作出任何撥備，因本公司董事認為本集團不大可能就該呈請產生虧損。

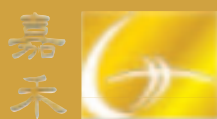
於二零零五年七月十八日，本集團取得一筆2,250,000港元之銀行融資，以加強本集團之一般營運資金。該筆銀行融資乃以本集團之租賃土地及樓宇抵押。

於二零零五年十月十日，本集團與一名現有股東訂立一份意向書，以現金代價2,150,000美元（約16,700,000港元）出售一間共同控制公司之5%股本權益。預期此項出售不會產生任何收益或虧損。

### 35. 財務報表之通過

董事會於二零零五年十月十三日通過及授權刊發本財務報表。

# 2005 ANNUAL REPORT 年報



Golden Harvest

嘉禾娛樂事業(集團)有限公司  
Golden Harvest Entertainment (Holdings) Limited

香港九龍尖沙咀中間道十八號半島寫字樓大廈十六樓  
16th Floor, The Peninsula Office Tower, 18 Middle Road, Tsimshatsui, Kowloon, Hong Kong  
<http://www.goldenharvest.com>