

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

1. 一般事項

本公司乃於百慕達註冊成立之受豁免有限公司，其股份在香港聯合交易所有限公司上市（「聯交所」）。本公司之總辦事處及主要營業地點為香港干諾道中168-200號信德中心西翼34樓09室。

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

2. 應用新訂及經修訂香港財務報告準則

本集團於本年度首次採納香港會計師公會（「香港會計師公會」）頒佈之若干新訂準則、修訂及詮釋（「新香港財務報告準則」）。該等新訂準則、修訂及詮釋與本集團業務相關，並適用於於二零零六年一月一日或以後開始之會計期間。新香港財務報告準則概述如下：

香港會計準則第21號 (修訂本)	於海外業務投資淨額
香港會計準則第39號 (修訂本)	預測集團內公司間 交易之現金流量 對沖會計法
香港會計準則第39號 (修訂本)	公平價值選擇權
香港會計準則第39號 及香港財務報告 準則第4號(修訂本)	財務擔保合約
香港財務報告準則 — 詮釋4	釐定一項安排是否 包含租約

採納上述新香港財務報告準則並無導致本集團之會計政策出現重大變動，對本集團目前及過往期間之業績及財務狀況亦無重大影響。

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The head office and principal place of business of the Company is Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1st January 2006. A summary of the new HKFRSs are set out as below:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new HKFRSs did not result in substantial changes to the Group's accounting policies and did not result in significant impact to the Group's results and financial position for the current and prior periods.

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2. 應用新訂及經修訂香港財務報告準則 (續)

本集團並無提早採納下列已頒佈但未生效之新訂準則、修訂或詮釋。本公司董事估計應用該等新訂準則、修訂或詮釋對本集團之業績及財務狀況將無重大影響。

香港會計準則第1號 (修訂本)	(附註 a)	資本披露
香港財務報告準則第7號	(附註 a)	金融工具：披露
香港財務報告準則第8號	(附註 b)	營運分部
香港 (國際財務報告委員會) – 詮釋7	(附註 c)	根據香港會計準則第29號於惡性通脹環境下之財務報告應用重列法
香港 (國際財務報告委員會) – 詮釋8	(附註 d)	香港財務報告準則第2號之範圍
香港 (國際財務報告委員會) – 詮釋9	(附註 e)	重估嵌入式衍生工具
香港 (國際財務報告委員會) – 詮釋10	(附註 f)	中期財務報告及減值
香港 (國際財務報告委員會) – 詮釋11	(附註 g)	香港財務報告準則第2號 – 集團及庫存股份交易
香港 (國際財務報告委員會) – 詮釋12	(附註 h)	服務特許權安排

附註：

- a. 於二零零七年一月一日或以後開始之年度期間生效
- b. 於二零零九年一月一日或以後開始之年度期間生效
- c. 於二零零六年三月一日或以後開始之年度期間生效
- d. 於二零零六年五月一日或以後開始之年度期間生效
- e. 於二零零六年六月一日或以後開始之年度期間生效
- f. 於二零零六年十一月一日或以後開始之年度期間生效
- g. 於二零零七年三月一日或以後開始之年度期間生效
- h. 於二零零八年一月一日或以後開始之年度期間生效

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	(Note a)	Capital Disclosures
HKFRS 7	(Note a)	Financial Instruments: Disclosures
HKFRS 8	(Note b)	Operating Segments
HK(IFRIC) – Int 7	(Note c)	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	(Note d)	Scope of HKFRS 2
HK(IFRIC) – Int 9	(Note e)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	(Note f)	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	(Note g)	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	(Note h)	Service Concession Arrangements

Notes:

- a. Effective for annual periods beginning on or after 1st January 2007
- b. Effective for annual periods beginning on or after 1st January 2009
- c. Effective for annual periods beginning on or after 1st March 2006
- d. Effective for annual periods beginning on or after 1st May 2006
- e. Effective for annual periods beginning on or after 1st June 2006
- f. Effective for annual periods beginning on or after 1st November 2006
- g. Effective for annual periods beginning on or after 1st March 2007
- h. Effective for annual periods beginning on or after 1st January 2008

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3. 主要會計政策概要

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

(a) 編製基準

該等財務報表乃根據所有適用香港財務報告準則（「香港財務報告準則」，為香港會計師公會所頒佈之所有適用個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（「詮釋」）之統稱）及香港公認之會計原則而編製。此外，該等財務報表包括聯交所證券上市規則（「上市規則」）及香港公司條例規定之適用披露。

該等財務報表已按歷史成本慣例編製，惟若干投資物業及金融資產按公平價值計量除外。編製符合香港財務報告準則之財務報表須應用若干主要會計估計，管理層亦須於應用本公司之會計政策時作出判斷。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The financial statements have been prepared under historical cost convention except for certain investment properties and financial assets which are carried at fair values. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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3. 主要會計政策概要 (續)

(b) 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日之財務報表。

(i) 附屬公司

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

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

(i) Subsidiaries

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

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

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3. 主要會計政策概要 (續)

(b) 綜合基準 (續)

(ii) 聯營公司

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

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

本公司按年內已收或應收之股息為基準計算聯營公司業績。於本公司之資產負債表內，於聯營公司之投資乃按成本減任何已識別減值虧損列賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

(ii) Associates

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

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

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

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3. 主要會計政策概要 (續)

(c) 收入之確認

發行費收入在母帶交付後確認。

電影版權之銷售在電影交付及電影擁有權已永久轉移時確認。

錄影帶產品之銷售在貨品付運及擁有權已轉移時確認。

服務收入、管理費用收入及製作費收入於提供服務時確認。

投資所產生之股息收入於本集團有權收取有關款項時予以確認。

利息收入根據尚未收回之本金及適用利率按時間比例基準累計。

來自經營租約之租金收入於有關租賃期內按直線法確認。

(d) 物業、機器及設備

物業、機器及設備乃按成本減累計折舊及任何已識別減值虧損列賬。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition

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

Sales of film rights are recognised when the films are delivered and the film title has passed perpetually.

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

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

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

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

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

(d) Property, plant and equipment

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

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

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3. 主要會計政策概要 (續)

(d) 物業、機器及設備 (續)

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

樓宇	4.5% – 5%
租賃物業裝修	20% – 33%
傢俬及裝置	10% – 20%
機器及設備	18% – 25%
汽車	15% – 20%

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

(e) 租賃土地權益

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

(f) 投資物業

投資物業為已完成並因其投資潛能而持有之物業，其任何租金收入經公平磋商釐定。

投資物業於結算日以公平價值列賬。投資物業之公平價值變動而產生之盈虧，直接於收入表內確認。出售投資物業產生之損益，乃按出售所得款項與資產賬面值之差額釐定，並於出售時在收入表內確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

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

Buildings	4.5% – 5%
Leasehold improvements	20% – 33%
Furniture and fixtures	10% – 20%
Machinery and equipment	18% – 25%
Motor vehicles	15% – 20%

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

(e) Interests in leasehold land

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

(f) Investment properties

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

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

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3. 主要會計政策概要 (續)

(f) 投資物業 (續)

投資物業之公平價值根據一位獨立估值師作出之估值釐定。該獨立估值師須持有相關公認專業資格證明，並於受估值物業所在地點及所屬類別擁有近期經驗。相關公平價值乃根據市值釐定。市值指在進行適當推銷後，自願買方及自願賣方雙方經公平磋商，在知情、審慎及非脅迫之情況下於估值日期買賣一項物業之估計金額。

(g) 稅項

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties (Continued)

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

(g) Taxation

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

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

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3. 主要會計政策概要 (續)

(g) 稅項 (續)

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

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

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

(h) 於附屬公司投資

於附屬公司投資按成本減任何已識別減值虧損列入本公司之資產負債表。

(i) 商譽

收購附屬公司或聯營公司而產生之商譽指本集團所佔相關附屬公司或聯營公司之可識別資產、負債及或然負債於收購日期之收購成本高於公平價值之差額。該商譽減累計減值虧損列賬。

收購一間附屬公司而產生之已資本化商譽於資產負債表單獨呈列。收購一間聯營公司而產生之已資本化商譽計入相關聯營公司之投資成本。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Taxation (Continued)

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

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

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

(h) Investments in subsidiaries

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

(i) Goodwill

Goodwill arising on an acquisition of a subsidiary or an associate represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

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3. 主要會計政策概要 (續)

(i) 商譽 (續)

就減值測試而言，收購產生之商譽會分配至預期可自收購之協同效益獲益之各相關現金產生單位或各組現金產生單位。獲分配商譽之現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值測試。就於一個財務年度進行收購所產生之商譽而言，獲分配商譽之現金產生單位會於該財務年度年結前進行減值測試。倘現金產生單位之可收回金額低於其賬面值，則減值虧損會先用作減低任何分配至該單位之商譽之賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽之任何減值虧損直接於收入表確認。就商譽確認之減值虧損不會於往後期間撥回。

於其後出售一間附屬公司或一間聯營公司時，釐定出售損益時會計入撥充資本之商譽應佔金額。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Goodwill (Continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

財務報表附註 Notes to the Financial Statements

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3. 主要會計政策概要 (續)

(j) 於聯營公司權益

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

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

(k) 存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本按先入先出法計算。

(l) 應收可換股票據

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Interests in associates

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

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

(k) Inventories

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

(l) Convertible notes receivables

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

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(m) 電影版權

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

攤銷按年內實際賺取之收入與銷售電影版權預計可得總收入之比例計入收入表。電影版權之攤銷不會超過二十年。倘出現任何減值，則未攤銷結餘於其估計可收回金額中撇減。

(n) 製作中電影

製作中電影指製作中之電影及電視連續劇，按截至入賬日期已動用成本減任何已識別之減值虧損入賬。成本將於完成後轉撥為電影版權入賬。

(o) 貿易及其他應收款項

貿易及其他應收款項最初按公平價值入賬，其後則採用實際利率法按已攤銷成本(扣除減值撥備)計量。在有客觀證據證明本集團將無法按應收款項之原訂條款收回全部款項時，須就貿易及其他應收款項作出減值撥備。撥備金額為有關資產之賬面值與估計未來現金流量按實際利率貼現之現值兩者間之差額。撥備金額在收入表中確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Film rights

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

Amortisation is charged to the income statement based on the proportion of actual income earned during the year to the total estimated income from the sale of film rights. The amortisation of film rights will not exceed twenty years. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.

(n) Films in progress

Films in progress represents films and televisions drama series under production and is stated at cost incurred to date, less any identified impairment loss. Cost is transferred to film rights upon completion.

(o) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

財務報表附註 Notes to the Financial Statements

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3. 主要會計政策概要 (續)

(p) **金融工具**

當集團實體成為工具合約條款之訂約方時，會在資產負債表上確認金融資產及金融負債。金融資產及金融負債乃初步以公平價值進行計量。直接歸屬於購置或發行金融資產及金融負債(透過損益以公平價值列賬之金融資產及金融負債除外)之交易成本於初次確認時計入或扣自各金融資產或金融負債(如適用)之公平價值。直接歸屬於購置透過損益以公平價值列賬之金融資產或金融負債之交易成本即時於收入表確認。

i. **金融資產**

本集團之金融資產歸類為三個類別其中一個，包括透過損益以公平價值列賬之金融資產、貸款及應收款項以及可供出售之金融資產。所有以常規方式購買或出售之金融資產，均按交易日基準進行確認及終止確認。以常規方式購買或出售金融資產要求在相關市場之規則或慣例設定之時間內交付資產。就各類金融資產採納之會計政策載於下文。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) **Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

i. **Financial assets**

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

透過損益以公平價值列賬之金融資產

透過損益以公平價值列賬之金融資產分為兩類，包括持作買賣金融資產及於初次確認時指定為透過損益以公平價值列賬之金融資產。於初次確認後之每個結算日，透過損益以公平價值列賬之金融資產以公平價值計量，公平價值變動於產生期內直接於收入表確認。

貸款及應收款項

貸款及應收款項 (包括墊付聯營公司款項、應收貸款、抵押存款、應收證券交易款項及存款、定期存款、銀行結存及現金) 為款項固定或可釐定之非衍生工具金融資產，且並無在活躍市場上報價。於初次確認後之每個結算日，貸款及應收款項以運用實際利率法攤銷之成本減任何已識別減值虧損計量。當存在客觀證據表明資產已出現減值，減值虧損會在收入表確認，金額按資產之賬面值與以最初之實際利率折現後之預期未來現金流量之現值兩者之間之差額計量。在後續期間，如果資產可收回金額之增加客觀上與確認減值之後發生之事件有關連，則減值虧損會撥回，惟該撥回不應導致該資產在減值撥回日期之賬面值超過不確認減值情況下之已攤銷成本。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise.

Loans and receivables

Loans and receivables (including advance to associates, loan receivables, pledged deposits, securities trading receivable and deposits, time deposits, bank balances and cash) are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

可供出售之金融資產
可供出售之金融資產為指定或並無分類為上述其他類別之非衍生工具。於初次確認後之各結算日，可供出售之金融資產按公平價值計算。公平價值變動於股權確認，直至金融資產售出或釐定出現減值，屆時，先前於股權確認之累計盈虧將自股權剔除，並於收入表確認。可供出售之金融資產之任何減值虧損均於收入表確認。可供出售之股權投資之減值虧損將不會於往後期間撥回。就可供出售之債務投資而言，倘該投資之公平價值之增加可客觀地與確認減值後之事件有關，則減值將獲撥回。

對於在活躍市場上並無市價報價且其公平價值未能可靠計量之可供出售之股權投資，則於初次確認後之各結算日按成本減任何已識別減值虧損計量。倘有客觀證據表明資產已發生減值，則減值虧損於收入表確認。減值虧損金額按該資產之賬面值與估計未來現金流量以類似金融資產當時之市場回報率折現之現值兩者間之差額計算。有關減值虧損將不會於往後期間撥回。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in income statement. Any impairment losses on available-for-sale financial assets are recognised in income statement. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

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3. 主要會計政策概要 (續)

(p) 金融工具 (續)

- ii. 金融負債及權益性工具
集團實體發行之金融負債及權益性工具乃根據所訂立合約安排之實質內容及金融負債與權益性工具之釋義分類。

權益性工具乃證明於扣減其所有負債後集團資產剩餘權益之任何合約。本集團之金融負債一般分類為透過損益以公平價值列賬之金融負債及其他金融負債。所採納有關金融負債及權益性工具之會計政策載於下文。

透過損益以公平價值列賬之金融負債

透過損益以公平價值列賬之金融負債分為兩類別，包括持作買賣金融負債及於初次確認時指定為透過損益以公平價值列賬之金融負債。於初次確認後之每個結算日，透過損益以公平價值列賬之金融負債以公平價值計量，公平價值變動於產生期內直接於收入表確認。

其他金融負債

其他金融負債(包括應付賬款及應計項目、應付證券交易款項及保證金、按金及預先收取款項、銀行及其他借貸及應付聯營公司款項)隨後採用實際利率法按攤銷成本計算。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

- ii. *Financial liabilities and equity instruments*
Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the asset of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arises.

Other financial liabilities

Other financial liabilities including creditors and accruals, securities trading and margin payable, deposits and receipts in advance, bank and other borrowings and amounts due to associates are subsequently measured at amortised cost, using the effective interest rate method.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

可換股貸款票據

本公司發行之可換股貸款票據包括金融負債部份及權益部份，乃於初次確認時獨立分類為負債部份及權益部份。於初次確認時，負債部份之公平價值按同類不可換股債務之現行市場利率釐定。發行可換股貸款票據所得款項與轉往負債部份之公平價值間之差額，即代表持有人可將票據兌換為權益之內含認購期權，列入權益內可換股貸款票據－股本儲備。

於往後期間，可換股貸款票據之負債部份乃採用實際利率法按攤銷成本列賬。權益部份，即可將負債部份兌換為本公司普通股之期權，將保留於可換股貸款票據－股本儲備，直至內含期權獲行使為止（在此情況下，可換股貸款票據－股本儲備之結餘將轉撥至股本及股份溢價）。倘期權於到期日未獲行使，可換股貸款票據－股本儲備之結餘將撥回保留溢利。期權兌換或到期時不會於收入表確認盈虧。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Convertible loan notes

Convertible loan notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible loan notes – equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes – equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes – equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes – equity reserve will be released to the retained profits. No gain or loss is recognised in income statement upon conversion or expiration of the option.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

可換股貸款票據 (續)

與發行可換股貸款票據相關之交易成本乃按所得款項之劃分比例分配至負債部份及權益部份。與權益部份相關之交易成本乃直接於可換股貸款票據—股本儲備扣除。

與負債部份相關之交易成本乃計入負債部份之賬面值，並按可換股貸款票據之期限採用實際利率法攤銷。

財務擔保合約

財務擔保合約乃規定發行人在由於某債務人未能按照某債務工具之原有或修訂條款在到期時付款而出現虧損時向持有人作出具體償付之合約。本集團發行而非指定為透過損益以公平價值列賬之金融資產之財務擔保合約，於初次確認時以其公平價值減發行財務擔保合約應計之交易成本列賬。於初次確認後，本集團以下列較高者計量財務擔保合約：(i) 根據香港會計準則第37號「撥備、或然負債及或然資產」釐定之金額；及(ii) 初次確認之金額減去根據香港會計準則第18號「收益」而確認之累計攤銷(如適用)。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Convertible loan notes (continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to convertible loan notes – equity reserve.

Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group and not designated as financial assets at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

財務擔保合約 (續)

不符合資格作對沖會計用途之衍生金融工具被視為持作買賣金融資產或持作買賣金融負債。有關衍生金融工具之公平價值變動直接在收入表確認。

iii. 終止確認

當自金融資產收取現金流量之權利屆滿，或金融資產被轉讓及本集團已將金融資產之所有權之絕大部份風險及回報轉讓時，則有關金融資產會被終止確認。於終止確認金融資產時，有關資產之賬面值與已收取之代價及已直接於股本確認之累計損益總和間之差額在收入表中確認。

就金融負債而言，則會從本集團之資產負債表移除 (即於有關合約所訂明之責任獲解除、註銷或屆滿之時)。已終止確認之金融負債之賬面值與已付或應付代價之差額於收入表中確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Financial guarantee contracts (Continued)

Derivative financial instruments that do not qualify for hedge accounting derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in income statement.

iii. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(q) 現金及現金等值

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

(r) 撥備

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

(s) 借貸

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Cash and cash equivalents

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

(r) Provision

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

(s) Borrowings

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(t) 外幣換算

(i) 功能及呈報貨幣

本集團賬目內之項目乃按該實體所經營主要經濟環境之貨幣(功能貨幣)計量。財務報表以港元(「港元」)呈列。

(ii) 交易及結餘

外幣交易均按交易當日之現行匯率換算為功能貨幣。該等交易結算以及按年結日之匯率折換外幣資產及負債而產生之匯兌損益，均於收入表確認，惟符合資格成為現金流量對沖或投資淨額對沖之項目，則於權益賬內列為遞延項目。

非貨幣項目之匯兌差額，例如透過損益以公平價值持有之權益性工具，均列報為公平價值損益之一部份。至於非貨幣項目之匯兌差額，例如歸類為可供出售之金融資產之股權等，則列入權益賬之公平價值儲備內。

(u) 經營租約

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the accounts of Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Hong Kong dollars ("HK\$").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Transaction difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(u) Operating leases

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(v) 退休福利成本

對本集團退休福利計劃之支款於到期應付時列作開支入賬。

(w) 僱員福利

(i) 花紅

當有合約責任且責任金額可作可靠估算時，本集團就花紅確認負債。

(ii) 退休福利責任

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Retirement benefits costs

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

(w) Employee benefits

(i) Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

(ii) Retirement benefit obligations

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

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)

(w) 僱員福利 (續)

- (iii) 以股份支付之款項開支
就僱員提供服務而授予購股權及受限制股份獎勵之公平價值於收入表確認為開支。

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

- (iii) Share-based payment expenses
The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the income statement.

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

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

3. 主要會計政策概要 (續)**(x) 關連人士**

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(x) Related parties**

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

4. 金融風險管理

4.1 金融風險因素

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

(a) 市場風險

(i) 外匯風險

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

(ii) 價格風險

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

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

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

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4. 金融風險管理 (續)

4.1 金融風險因素 (續)

(b) 信貸風險

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

(c) 流動資金風險

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

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

本集團持續監控利率風險，並於必要時調整借貸組合。

4.2 公平價值估計

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

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

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

(c) Liquidity risk

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

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

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

4.2 Fair value estimation

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

4. 金融風險管理 (續)

4.2 公平價值估計 (續)

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

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

5. 主要會計估計及判斷

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

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

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Fair value estimation (Continued)

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

5. 主要會計估計及判斷 (續)

(a) 無形資產及商譽減值估計

本集團根據附註3(i)及3(m)所載之會計政策就無形資產是否出現減值進行年度測試。產生現金單位之可收回金額按使用價值之計算而釐定。該等計算須採用管理層就日後業務營運及除稅前折現率所作之估計及假設，以及其他計算使用價值時所作之假設。

(b) 貿易應收賬款

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Estimated impairment of intangible assets and goodwill

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in notes 3(i) and 3(m). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

(b) Trade receivables

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

5. 主要會計估計及判斷 (續)

(c) 物業、機器及設備之可使用年限

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

(d) 投資物業之估計公平價值

誠如附註18所述，投資物業已由獨立專業估值師於結算日按其現有用途以市值基準重新估值。有關估值乃根據若干假設進行，故當中仍有不明確因素且或會與實際結果有重大差異。

(e) 製作中電影減值

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) **Useful lives of property, plant and equipment**

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

(d) **Estimate of fair values of investment properties**

As described in note 18, the investment properties were revalued at the balance sheet date on market value existing use basis by independent professional valuers. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

(e) **Impairment of films in progress**

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

6. 分類資料

本公司董事呈報地區分類為本集團之主要分類資料。

地區分類

下表按市場位置分析本集團之銷售：

截至二零零六年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION

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

Geographical segments

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

Income statement for the year ended 31st December 2006:

		香港及 澳門 Hong Kong and Macau 千港元 HK\$'000	中華人民共和國 (不包括香港、 澳門及台灣) (「中國」) The People's Republic of China excluding Hong Kong, Macau and Taiwan (The "PRC") 千港元 HK\$'000	歐美 America and Europe 千港元 HK\$'000	東南亞 South-East Asia 千港元 HK\$'000	其他 Other 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
營業額	Turnover	36,960	8,783	1,093	11,532	94,409	152,777
銷售成本	Cost of sales	(23,749)	(3,984)	(697)	(6,921)	(68,014)	(103,365)
市場推廣及發行開支	Marketing and distribution expenses	(9,018)	(396)	(52)	(191)	(120)	(9,777)
分類業績	Segment results	<u>4,193</u>	<u>4,403</u>	<u>344</u>	<u>4,420</u>	<u>26,275</u>	<u>39,635</u>
以股份支付之款項開支	Share-based payment expenses	(11,340)	-	-	-	-	(11,340)
出售透過損益以公平價值列賬 之金融資產之溢利淨額	Net gain on disposals of financial assets at fair value through profit or loss	5,501	-	-	-	-	5,501
其他收益	Other revenue	8,228	-	-	-	840	9,068
其他收入	Other income	2,783	-	-	-	899	3,682
投資物業公平價值增加	Increase in fair value of investment properties	2,880	-	-	-	-	2,880
透過損益以公平價值列賬之 金融資產之公平價值虧損	Fair value loss on financial assets at fair value through profit or loss	(21,757)	-	-	-	-	(21,757)
未分類公司開支	Unallocated corporate expenses						(38,309)
經營虧損	Loss from operations						(10,640)
融資成本	Finance costs						(2,212)
應佔聯營公司業績	Share of results of associates						(9,796)
應收可換股票據之已撥回 減值虧損	Impairment loss reversed in respect of convertible notes receivables	10,000	-	-	-	-	10,000
購入聯營公司而產生之商譽 之已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of associates						(32,565)
出售一間聯營公司之溢利 被視為出售一間聯營公司 權益之溢利	Gain on disposal of an associate Gain on deemed disposal of interest in an associate						21,400
除稅前溢利	Profit before taxation						38,769
稅項	Taxation						(1,918)
本年度溢利	Profit for the year						<u>36,851</u>

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

6. 分類資料 (續)

地區分類 (續)

截至二零零五年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

Income statement for the year ended 31st December 2005:

		香港及 澳門 Hong Kong and Macau 千港元 HK\$'000	中國 The PRC 千港元 HK\$'000	歐美 America and Europe 千港元 HK\$'000	東南亞 South-East Asia 千港元 HK\$'000	其他 Other 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
營業額	Turnover	49,805	10,217	8,046	22,589	1,577	92,234
銷售成本	Cost of sales	(33,925)	(6,915)	(4,878)	(14,320)	(787)	(60,825)
市場推廣及發行開支	Marketing and distribution expenses	(10,505)	(9,666)	(529)	(1,552)	(101)	(22,353)
分類業績	Segment results	5,375	(6,364)	2,639	6,717	689	9,056
以股份支付之款項開支	Share-based payment expenses	(24,057)	-	-	-	-	(24,057)
出售透過損益以公平價值列賬 之金融資產之溢利淨額	Net gain on disposals of financial assets at fair value through profit or loss	1,493	-	-	-	-	1,493
其他收益	Other revenue	6,943	-	-	-	1,261	8,204
其他收入	Other income	-	-	-	-	5,919	5,919
投資物業公平價值增加	Increase in fair value of investment properties	3,540	-	-	-	-	3,540
透過損益以公平價值列賬之 金融資產之公平價值虧損	Fair value loss on financial assets at fair value through profit or loss	(5,510)	-	-	-	-	(5,510)
未分類公司開支	Unallocated corporate expenses						(38,113)
經營虧損	Loss from operations						(39,468)
融資成本	Finance costs						(1,929)
應佔聯營公司業績	Share of results of associates						(10,013)
應收可換股票據之已確認 減值虧損	Impairment loss recognised in respect of convertible notes receivables	(10,000)	-	-	-	-	(10,000)
購入聯營公司而產生之商譽 之已確認減值虧損	Impairment loss recognised in respect of goodwill arising on acquisition of associates						(4,500)
被視為出售一間聯營公司權益 之溢利	Gain on deemed disposal of interest in an associate						45,021
除稅前虧損	Loss before taxation						(20,889)
稅項	Taxation						(124)
本年度虧損	Loss for the year						(21,013)

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

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

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

6. 分類資料 (續)

地區分類 (續)

由於本集團超過90%之資產乃位於香港及澳門，因此並無呈列按地區分類之分類資產、添置物業、機器及設備、折舊及分類負債之賬面值之分析。本公司董事亦認為中國分類並無持續之重大影響。截至二零零五年十二月三十一日止年度之地區分類僅為提供資料而呈列。

於二零零五年十二月三十一日之資產負債表

		香港及澳門 Hong Kong And Macau 千港元 HK\$'000	中國 The PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	743,086	310	743,396
分類負債	Segment liabilities	142,637	1,771	144,408
添置物業、機器 及設備	Additions of property, plant and equipment	5,606	–	5,606
添置租賃土地權益	Additions of interests in leasehold land	4,967	–	4,967
折舊及攤銷	Depreciation and amortisation	9,810	–	9,810

業務分類

由於本集團超過90%之營業額、資產總值及資本支出來自電影發行，因此並無於財務報表呈列業務分類。

6. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

No analysis of the carrying amount of segment assets, additions of property, plant and equipment and the depreciation and segment liabilities analysed by the geographical area are disclosed as more than 90% of the group assets are located in Hong Kong and Macau. The directors of the Company are also of the opinion that the segment for the PRC is of no continuing significant influence. The geographical segment for the year ended 31st December 2005 is presented for information purpose.

Balance sheet as at 31st December 2005

		香港及澳門 Hong Kong And Macau 千港元 HK\$'000	中國 The PRC 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
分類資產	Segment assets	743,086	310	743,396
分類負債	Segment liabilities	142,637	1,771	144,408
添置物業、機器 及設備	Additions of property, plant and equipment	5,606	–	5,606
添置租賃土地權益	Additions of interests in leasehold land	4,967	–	4,967
折舊及攤銷	Depreciation and amortisation	9,810	–	9,810

Business segments

No business segments are presented in the financial statements as more than 90% of the Group's turnover, total assets and capital expenditure were derived from film distributions.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

7. 營業額

7. TURNOVER

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
發行費收入	Distribution fee income	52,833	85,970
銷售電影版權	Sales of film rights	92,976	-
銷售錄影帶產品	Sales of video products	72	661
服務收入	Service income	1,790	240
製作費收入	Production fee income	5,106	5,363
		152,777	92,234

8. 其他收益

8. OTHER REVENUE

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
銀行利息收入	Bank interest income	2,763	1,792
應收貸款利息收入	Loan receivable interest income	218	741
應收可換股票據利息收入	Convertible notes receivables interest income	520	520
投資物業之租金收入	Rental income from investment properties	315	291
應收聯營公司管理費收入	Management fee income from associates	4,860	4,860
其他利息收入	Other interest income	102	-
股息收入	Dividend income	290	-
		9,068	8,204

9. 其他收入

9. OTHER INCOME

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
貿易應收賬款減值虧損之撥回	Reversal of impairment loss on trade receivables	5	-
其他應收賬款減值虧損之撥回	Reversal of impairment loss on other receivables	763	3,811
出售物業、機器及設備之溢利	Gain on disposal of property, plant and equipment	973	-
出售投資物業之溢利	Gain on disposal of investment properties	1,810	-
匯兌溢利	Exchange gain	-	820
貸款豁免	Waiver of loan	-	1,194
其他	Others	131	94
		3,682	5,919

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

10. 開支類別

列於銷售成本、行政開支，以及市場推廣及發行開支之開支之分析如下：

10. EXPENSES BY NATURE

Expenses included cost of sales, administrative expenses and marketing and distribution expenses are analysed as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
電影版權(包括銷售成本)攤銷	Amortisation of film rights (included in cost of sales)	100,850	57,646
核數師酬金	Auditors' remuneration	606	838
存貨成本(包括銷售成本)	Cost of inventories (included in cost of sales)	33	664
物業、機器及設備折舊	Depreciation of property, plant and equipment	6,294	9,491
租賃土地權益攤銷	Amortisation of interest in leasehold land	286	319
外匯虧損淨額	Net foreign exchange losses	1,095	-
有關租賃物業之經營租約租金	Operating lease rental in respect of rented premises	2,286	2,174
僱員福利開支(附註14)	Employee benefit expenses (note 14)	26,285	39,740

11. 融資成本

11. FINANCE COSTS

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
須於五年內全數償還之可換股貸款票據推算利息	Imputed interest on convertible loan notes wholly repayable within five years	1,233	800
須於五年內全數償還之銀行借貸利息	Interest on bank borrowings wholly repayable within five years	873	524
不須於五年內全數償還之銀行借貸利息	Interest on bank borrowings not wholly repayable within five years	106	605
		2,212	1,929

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

12. 稅項

12. TAXATION

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
稅項支銷如下：	The taxation charge is as follows:		
本期稅項：	Current tax:		
其他司法權區之稅項：	Taxation in other jurisdictions:		
本年度撥備	Provision for the year	30	124
遞延稅項(附註38)	Deferred tax (note 38)		
本年度	Current year	504	-
過往年度撥備不足	Underprovision in prior years	1,384	-
		1,888	-
		1,918	124

由於本公司及其附屬公司均無任何源自香港之應課稅溢利或該等應課稅溢利已全數計入承前估計稅項虧損，故並無就此兩年度之香港利得稅作出撥備。

No provision for Hong Kong Profits Tax has been made for both years either as the Company and its subsidiaries have no assessable profits arising in Hong Kong or as assessable profits were wholly absorbed by estimated tax losses brought forward.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

12. 稅項 (續)

其他司法權區之稅項按有關司法權區之通行稅率計算。

年內，可與綜合收入表內除稅前溢利／(虧損)對賬之稅項如下：

12. TAXATION (Continued)

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

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

		二零零六年 2006 千港元 HK\$'000		二零零五年 2005 千港元 HK\$'000	
			%		%
除稅前溢利／(虧損)	Profits/(loss) before taxation	38,769		(20,889)	
按本地所得稅稅率 17.5%計算之稅項	Taxation at domestic income tax rate of 17.5%	6,785	17.5	(3,656)	(17.5)
不可扣稅支出之 稅務影響	Tax effect of expenses not deductible for tax purpose	3,179	8.2	1,649	7.9
不應課稅收入之 稅務影響	Tax effect of income not taxable for tax purpose	(5,394)	(13.9)	(705)	(3.4)
未確認之估計稅項 虧損稅務影響	Tax effect of estimated tax losses not recognised	206	0.5	3,260	15.6
過往未確認之 可使用估計稅項 虧損之稅務影響	Tax effect of utilisation of estimated tax losses previously not recognised	(4,746)	(12.2)	(424)	(2)
遞延稅項負債	Deferred tax liability	1,888	4.8	-	-
年內稅項支銷	Tax charge for the year	1,918	4.9	124	0.6

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

13. 每股盈利／（虧損）

本公司權益持有人應佔每股基本及攤薄盈利／（虧損）乃按以下數據計算：

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to equity holders of the Company is based on the following data:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
計算每股基本及攤薄 盈利／（虧損）之本公司 權益持有人應佔 盈利／（虧損）	Earnings/(loss) attributable to equity holders of the Company for the purpose of basic and diluted earnings/(loss) per share	36,880	(20,961)
股份數目	Number of shares		
計算每股基本盈利／ （虧損）之加權平均 普通股數目	Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	631,665,019	501,724,214
潛在普通股之攤薄影響： 購股權	Effect of dilutive potential ordinary shares: Share options	12,203,820	—
計算每股攤薄盈利／ （虧損）之加權平均 普通股數目	Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	643,868,839	501,724,214

計算截至二零零六年十二月三十一日止年度之每股攤薄盈利時，並無假設年內本公司已有之若干尚未行使購股權獲行使及可換股貸款票據獲轉換，原因是其獲轉換將使每股盈利上升。

The computation of diluted earnings per share for the year ended 31st December 2006 did not assume exercise of the Company's certain outstanding share options and the conversion of the convertible loan notes existing during the year since their conversion would result in an increase in earnings per share.

計算截至二零零五年十二月三十一日止年度之每股攤薄虧損時，並無假設於二零零五年內本公司已有之尚未行使購股權及可換股貸款票據獲行使，原因是其獲行使將使每股虧損減少。

The computation of diluted loss per share for the year ended 31st December 2005 did not assume the exercise of the Company's outstanding share options and convertible loan notes existed during the year 2005 since their exercise would reduce loss per share.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

14. 僱員福利開支

14. EMPLOYEE BENEFIT EXPENSES

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
董事酬金	Directors' remuneration	4,536	4,464
董事袍金	Directors' fee	360	360
薪金及花紅	Salaries and bonuses	9,585	10,360
以股份支付之款項開支	Share-based payment expenses	11,340	24,057
強制性公積金	Mandatory provident fund	389	428
僱員福利開支	Staff welfare expenses	75	71
		26,285	39,740

(a) 董事酬金

本公司董事會目前由三名獨立非執行董事及三名執行董事組成。

年內應付本公司董事酬金總額為4,932,000港元(二零零五年:4,860,000港元)。各董事截至二零零六年十二月三十一日及二零零五年十二月三十一日止年度之酬金如下:-

(a) Directors' emoluments

The Company's Board is currently composed of three independent non-executive Directors and three executive Directors.

The aggregate amount of emoluments payable to the Directors of the Company during the year was HK\$4,932,000 (2005: HK\$4,860,000). The remuneration of every director for the year ended 31st December 2006 and 31st December 2005 is as below:-

董事姓名 Name of director	袍金 Fee	薪金及花紅 Salaries and bonuses		強制性公積金 Mandatory provident fund		以股份支付僱員之款項 Employee share-based payment		總額 Total		
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	
向華強先生 Mr. Heung Wah Keung	-	-	2,040	2,160	12	12	-	-	2,052	2,172
陳明英女士 Ms. Chen Ming Yin, Tiffany	-	-	1,950	1,800	12	12	-	-	1,962	1,812
李玉禎女士 Ms. Li Yuk Sheung	-	-	546	504	12	12	-	-	558	516
洪祖星先生 Mr. Hung Cho Sing	120	120	-	-	-	-	-	-	120	120
何偉志先生 Mr. Ho Wai Chi, Paul	120	120	-	-	-	-	-	-	120	120
馮浩森先生 Mr. Fung Ho Sum	120	120	-	-	-	-	-	-	120	120
	360	360	4,536	4,464	36	36	-	-	4,932	4,860

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

14. 僱員福利開支 (續)

(a) 董事酬金 (續)

董事之酬金範圍如下：

		董事人數 Number of directors	
		二零零六年 2006	二零零五年 2005
零至1,000,000港元	Nil to HK\$1,000,000	4	4
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000	1	1
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	1	1
		6	6

年內，本集團概無向董事支付酬金作為加入本集團或加盟時之獎勵或失去職位之補償。年內亦無董事放棄任何酬金。

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

(b) 五名最高薪酬人士

本集團於年內五名最高薪酬之人士包括兩名(二零零五年：兩名)董事，其薪酬達4,014,000港元(二零零五年：3,984,000港元)，並已於上文附註(a)列示。於本年度應付其餘人士(二零零五年：三名人士)之酬金如下：-

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2005: two) Directors whose emoluments are reflected in note (a) above and amounted to HK\$4,014,000 (2005: HK\$3,984,000). The emoluments payable to the remaining individual (2005: three) during the year were as follows:-

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
薪金及其他津貼	Salaries and other allowances	988	1,668
退休福利計劃供款	Retirement benefits scheme contributions	32	36
以股份支付之款項開支	Share-based payment expenses	3,755	4,115
		4,775	5,819

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

14. 僱員福利開支 (續)

其餘三名(二零零五年：三名)最高薪酬
僱員每位之酬金總額範圍如下：

14. EMPLOYEE BENEFIT EXPENSES (Continued)

The aggregated emoluments of each of these
remaining three (2005: three) highest paid
individuals fell within the following bands:

		人數 Number of individuals	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
1,000,001港元至 1,500,000港元	HK\$1,000,001 to HK\$1,500,000	1	-
1,500,001港元至 2,000,000港元	HK\$1,500,001 to HK\$2,000,000	2	2
2,000,001港元至 2,500,000港元	HK\$2,000,001 to HK\$2,500,000	-	1
		3	3

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

15. 退休福利計劃

- (a) 本集團根據強制性公積金計劃條例之規則及規例為其所有香港僱員設立強制性公積金計劃(「強積金計劃」)，並於二零零零年十二月一日終止定額供款退休金計劃(「舊計劃」)。本集團所有香港僱員均須參加強積金計劃。本集團已選擇最低法定供款規定，即合資格僱員每月有關收入之5%供款，但每月收入上限為法定之20,000港元。供款於產生時在收入表扣除。僱員於合資格服務期限完成前辭任本集團，則被沒收僱主之自願供款之有關部份(即自舊計劃轉撥之資產)將歸屬本集團。強積金計劃之資產與本集團之資產分開持有，並由一項獨立管理基金持有。
- (b) 受僱於中國附屬公司之僱員均屬中國政府所管理之中央退休金計劃之成員。此等附屬公司須將工資之若干百分比向中央退休金計劃供款，作為有關福利資金。本集團對中央退休金計劃之唯一責任為根據中央退休金計劃作出所需之供款。

年內，退休福利計劃供款減已沒收供款22,000港元(二零零五年：19,000港元)後之淨額為389,000港元(二零零五年：428,000港元)。

15. RETIREMENT BENEFITS SCHEMES

- (a) The Group operates Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong and terminated the defined contribution pension scheme ("Old Scheme") on 1st December 2000. All the employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK\$20,000. The contributions are charged to the income statements as incurred. In respect of those employees who leave the Group prior to completion of qualifying service period, the relevant portion of the employer's voluntary contributions forfeited (represents the assets transferred from the Old Scheme) will be reverted to the Group. The assets of the MPF Scheme is held separately from those of the Group in an independently administrative fund.
- (b) Employees of subsidiaries in the PRC are members of the Central Pension Scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the Central Pension Scheme to fund the benefits. The only obligation of the Group with respect to the Central Pension Scheme is the required contribution under the Central Pension Scheme.

During the year, the retirement benefits schemes contributions net of forfeited contributions of HK\$22,000 (2005: HK\$19,000) amounted to HK\$389,000 (2005: HK\$428,000).

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

16. 物業、機器及設備

本集團

16. PROPERTY, PLANT AND EQUIPMENT

The Group

		樓宇 Buildings	租賃 物業裝修 Leasehold improvements	傢俬及裝置 Furniture and fixtures	機器 及設備 Machinery and equipment	汽車 Motor vehicles	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
成本	Cost						
於二零零五年一月一日	At 1st January 2005	10,450	5,508	15,111	43,681	2,864	77,614
添置	Additions	4,412	-	230	728	236	5,606
出售	Disposals	-	-	-	(861)	(625)	(1,486)
於二零零五年十二月三十一日及 於二零零六年一月一日	At 31st December 2005 and 1st January 2006	14,862	5,508	15,341	43,548	2,475	81,734
添置	Additions	-	1,246	246	114	1,795	3,401
出售	Disposals	(7,546)	(5,508)	(4,882)	(6,271)	(428)	(24,635)
於二零零六年十二月三十一日	At 31st December 2006	7,316	1,246	10,705	37,391	3,842	60,500
累積折舊	Accumulated depreciation						
於二零零五年一月一日	At 1st January 2005	3,778	4,974	10,732	33,160	1,823	54,467
年內折舊	Charge for the year	576	200	2,159	6,166	390	9,491
出售時對銷	Eliminated on disposals	-	-	-	(751)	(620)	(1,371)
於二零零五年十二月三十一日及 二零零六年一月一日	At 31st December 2005 and 1st January 2006	4,354	5,174	12,891	38,575	1,593	62,587
年內折舊	Charge for the year	520	310	1,474	3,329	661	6,294
出售時對銷	Eliminated on disposals	(1,404)	(5,358)	(4,759)	(6,262)	(228)	(18,011)
於二零零六年十二月三十一日	At 31st December 2006	3,470	126	9,606	35,642	2,026	50,870
賬面淨值	Net book value						
於二零零六年十二月三十一日	At 31st December 2006	3,846	1,120	1,099	1,749	1,816	9,630
於二零零五年十二月三十一日	At 31st December 2005	10,508	334	2,450	4,973	882	19,147

於二零零六年十二月三十一日，本集團概無樓宇（二零零五年：2,329,000港元）抵押作為本集團所獲銀行貸款之擔保。

At 31st December 2006, none of the Group's buildings (2005: HK\$2,329,000) were pledged to secure banking facilities granted to the Group.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

17. 租賃土地權益

17. INTERESTS IN LEASEHOLD LAND

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
成本	Cost		
於一月一日	At 1st January	15,417	10,450
添置	Additions	-	4,967
出售	Disposals	(8,123)	-
		<u>7,294</u>	<u>15,417</u>
於十二月三十一日	At 31st December		
累積攤銷	Accumulated amortisation		
於一月一日	At 1st January	1,733	1,414
年內攤銷	Charge for the year	286	319
出售時對銷	Eliminated on disposals	(532)	-
		<u>1,487</u>	<u>1,733</u>
於十二月三十一日	At 31st December		
賬面淨值	Net book value		
於十二月三十一日	At 31st December	<u>5,807</u>	<u>13,684</u>

本集團於租賃土地之權益指預付經營租約款項，其賬面淨值分析如下：

The Group's interests in leasehold land represent prepaid operating lease payments and their net book values are analysed as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
根據以下租約持有之	Land in Hong Kong, held on:		
香港土地：			
長期租約	Long-term leases	2,800	3,295
中期租約	Medium-term leases	3,007	10,389
		<u>5,807</u>	<u>13,684</u>

於二零零六年十二月三十一日，本集團概無租賃土地權益(二零零五年：2,671,000港元)抵押作為本集團所獲銀行貸款之擔保。

At 31st December 2006, none of the Group's interests in leasehold land (2005: HK\$2,671,000) were pledged to secure banking facilities granted to the Group.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

18. 投資物業

18. INVESTMENT PROPERTIES

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於一月一日	At 1st January	42,190	38,650
出售	Disposals	(4,190)	-
公平價值增加	Increase in fair value	2,880	3,540
於十二月三十一日	At 31st December	40,880	42,190

投資物業乃由獨立專業估值師行中證評估有限公司以物業於二零零六年十二月三十一日之公開市值進行估值，該估值師行擁有近期評估相關地區類似物業之經驗。該等估值產生重估盈餘2,880,000港元（二零零五年：3,540,000港元），而全部金額已根據香港會計準則第40號計入收入表中。

Investment properties were valued at their open market values at 31st December 2006 by Grant Sherman Appraisal Limited, an independent firm of professional valuers who have recent experience in valuation of similar properties in the relevant locations. These valuations gave rise to a revaluation surplus of HK\$2,880,000 (2005: HK\$3,540,000), of which the whole amount has been credited to the income statement in accordance with HKAS 40.

所有投資物業包括融資租賃下持有之樓宇成本，其賬面值約40,880,000港元（二零零五年：42,190,000港元）已抵押作為本集團所獲銀行貸款之擔保。最低租金已於租約開始時全額支付。

All investment properties included building cost held under finance leases with the carrying amount of approximately HK\$40,880,000 (2005: HK\$42,190,000) have been pledged to secure banking facilities granted to the Group. The minimum lease payments have been paid in full at the inception of the lease.

本集團投資物業按其賬面值分析如下：

The Group's investment properties at their carrying amounts are analysed as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
根據以下租約持有之 香港投資物業：	Investment properties in Hong Kong, held on:		
中期租約	Medium-term leases	40,880	42,190

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

19. 於附屬公司權益

19. INTERESTS IN SUBSIDIARIES

		本公司 The Company	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
非上市股份，按成本值	Unlisted shares, at cost	30,708	30,708
已確認減值虧損	Impairment loss recognised	(30,299)	(30,299)
		409	409
應收附屬公司款項	Amounts due from subsidiaries	1,504,319	1,495,633
應收附屬公司款項撥備	Provision for amounts due from subsidiaries	(1,015,984)	(1,015,984)
		488,335	479,649
		488,744	480,058

應收附屬公司款項乃無抵押、免息且無固定還款期。本公司董事認為，本公司不會於結算日起計十二個月內要求還款，故此應收附屬公司款項列作非即期款項。

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors of the Company, the Company will not demand for repayment within twelve months from the balance sheet date and the amounts due from subsidiaries are therefore shown as non-current.

於二零零六年十二月三十一日，分類為非流動資產之應收附屬公司款項之公平價值乃使用結算日之現行市場比率貼現之估計未來現金流量之現值而釐定，有關公平價值與其賬面值相若。

The fair value of the amounts due from subsidiaries classified under non-current assets at 31st December 2006 determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date approximates to its carrying value.

分類為流動資產／負債之應收／應付附屬公司款項乃無抵押、免息及須按的要求償還。董事認為，於二零零六年十二月三十一日，應收／應付附屬公司款項之賬面值與其各自之公平價值相若。

The amounts due from/to subsidiaries classified under current assets/liabilities are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the carrying amounts of the amounts due from/to subsidiaries as at 31st December 2006 approximate to their fair values.

於附屬公司之權益之賬面值乃削減至其可收回金額，此乃參考預計由各附屬公司產生之未來現金流量預測而釐定。

The carrying amounts of the interests in subsidiaries is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

本公司於二零零六年十二月三十一日之主要附屬公司詳情載於附註45。

Details of the Company's principal subsidiaries as at 31st December 2006 are set out in note 45.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

20. 商譽

已分配予本集團產生現金單位（「產生現金單位」）之商譽乃根據業務確認如下：

電影製作

Film production

於回顧年度，本公司董事已參考獨立專業估值師行中證評估有限公司進行之估值重估電影製作之產生現金單位之可收回金額，並釐定並無識別與電影製作之產生現金單位有關之商譽之減值虧損。

電影製作之產生現金單位之可收回金額乃經參考使用價值之計算而評估。使用價值模式乃應用年折現率18.04%，使用根據本公司董事核准涵蓋五年期之財務預測（「產生現金單位預測」）之現金流量預計。五年期後現金流量乃按零增長推算。此增長率並無超逾電影製作之產生現金單位所營運之市場之長期平均增長率。就產生現金單位預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及對市場發展之預測而釐定之毛利率、增長率及折現率。毛利率為預算毛利率。增長率為用以推算五年預算期後之現金流量之比率，與產生現金單位預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

20. GOODWILL

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

二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
59,203	59,203

During the year under review, the directors of the Company reassessed the recoverable amount of the CGU of film production with reference to the valuation performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers and determined that no impairment loss on goodwill associated with the CGU of film production was identified.

The recoverable amount of the CGU of film production was assessed by reference to value-in-use calculation. A discount rate of 18.04% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "CGU Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using zero growth rate. This growth rate does not exceed the long term average growth rate for the market in which the CGU of film production operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the CGU Forecast. Key assumptions included gross margin, growth and discount rate which are determined by the management of the Group based on the past experience and its expectation for market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the CGU Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

21. 可供出售之金融資產

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於香港上市權益證券， 按公平價值	42,700	—

於香港上市權益證券之公平價值乃參考相關股市所報之市場買入價釐定。

The fair values of equity securities listed in Hong Kong have been determined by reference to the quoted market bid prices available on the relevant stock market.

根據上市規則第129(1)條之規定及披露規定，披露如下：

Disclosures pursuant to the requirement of section 129(1) and the disclosure requirement of the Listing Rules are as follows:

實體名稱 Name of entity	註冊成立國家 Country of incorporation	主要營業地點 Principal place of operation	所持 股份類別 Class of share held	本集團所持 已發行股本 面值比例	所持投票權比例 Proportion of voting power held	主要業務 Principal activities
				Proportion of nominal value of issued capital held by the Group		
Daido Group Limited 大同集團有限公司	Bermuda 百慕達	Hong Kong 香港	Ordinary 普通股	20.11%	20.11%	Cold storage and logistic services manufacturing and trading of ice and property investment 提供冷藏及物流服務、 生產與銷售冰塊及 進行物業投資

本集團持有大同集團有限公司20.11%已發行股本，並擁有其股東大會20.11%投票權。然而，由於其他股東對大同集團有限公司董事會之組成有重大控制權，因此，本公司董事認為本集團對大同集團有限公司並無重大影響。

The Group holds 20.11% of the issued share capital of Daido Group Limited and controls 20.11% of the voting power in general meeting. However, the other shareholders significantly control the composition of the board of directors of Daido Group Limited and therefore the directors of the Company consider that the Group does not exercise significant influence on Daido Group Limited.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益

22. INTERESTS IN ASSOCIATES

		本集團 The Group	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
應佔聯營公司資產淨值 (附註a)	Share of net assets of associates (Note a)	143,346	79,704
商譽 (附註b)	Goodwill (Note b)	54,767	86,769
		198,113	166,473
上市股份之市值	Market value of listed shares	317,016	463,533

(a) 應佔聯營公司資產淨值

(a) Share of net assets of associates

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於一月一日	At 1st January	79,704	38,249
應佔聯營公司虧損	Share of losses of associates	(9,796)	(10,013)
出售一間聯營公司 (附註c)	Disposal of an associate (note c)	(3,600)	-
被視為出售豐采多媒體 集團有限公司 (「豐采多媒體」) 8.43% (二零零五年: 3.3%) 權益後應佔資產淨值 增加 (附註d)	Increase in share of net assets on deemed disposal of 8.43% (2005: 3.3%) interest in Riche Multi-Media Holdings Limited ("Riche Multi-Media") (note d)	73,708	47,326
年內進一步收購豐采 多媒體之1.79% (二零零五年: 3.7%) 權益 (附註d)	Further acquisition of 1.79% (2005: 3.7%) interest in Riche Multi-Media in the year (note d)	7,718	3,997
確認綜合賬目時 對銷之未變現溢利	Recognition of unrealised gain eliminated on consolidation	-	624
應佔一間聯營公司之 外幣匯兌及特別儲備	Share of foreign exchange and special reserve of an associate	(4,388)	-
對銷豐采多媒體之 重估儲備	Elimination of revaluation reserve of Riche Multi-Media	-	(479)
於十二月三十一日	At 31st December	143,346	79,704

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益 (續)

(b) 商譽

22. INTERESTS IN ASSOCIATES (Continued)

(b) Goodwill

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於一月一日	At 1st January	86,769	37,065
被視作出售豐采多媒體 之8.43%(二零零五年： 3.3%)權益之商譽 減少(附註d)	Decrease in goodwill on deemed disposal of 8.43% (2005: 3.3%) interest in Riche Multi-Media (note d)	(11,126)	(2,305)
年內已確認之減值虧損	Impairment loss recognised for the year	(32,565)	(4,500)
年內進一步收購豐采 多媒體之1.79% (二零零五年：3.7%) 權益(附註d)	Further acquisition of 1.79% (2005: 3.7%) interest in Riche Multi-Media in the year (note d)	11,689	56,509
於十二月三十一日	At 31st December	54,767	86,769

商譽不會獨立作出減值測試，至於聯營公司權益之全部賬面值則作出減值測試，方法為比較本集團應佔該等聯營公司預計產生之估計未來現金流量等現值與有關現值之相應賬面值。已識別之減值虧損已獲確認，並先列入商譽中。

於回顧年度，本公司董事已重估商譽之可收回金額。釐定已識別與本集團聯營公司Together Again Limited(「TAL」)及其附屬公司(「TAL集團」)之商譽減值虧損約為32,565,000港元(二零零五年：4,500,000港元)。出現減值主要是由於若干主要藝員未能為TAL集團帶來收入所致。於二零零六年十二月三十一日，本集團商譽餘額約54,767,000港元乃與豐采多媒體有關。

Goodwill will not be tested for impairment separately and the entire carrying amount of the interests in associates is tested for impairment by comparing the Group's share of the present value of the estimated future cash flows expected to be generated by the associates with their corresponding carrying amounts. Impairment losses identified is recognised and is first allocated to goodwill.

During the year under review, the directors of the Company reassessed the recoverable amount of goodwill and determined that impairment loss on goodwill associated with the Group's associate, Together Again Limited ("TAL") and its subsidiaries (the "TAL Group") amounted to approximately HK\$32,565,000 (2005: HK\$4,500,000) was identified. The main factor contributing to the impairment was the failure of certain major artists to contribute to the revenue of the TAL Group. The balance of the goodwill of the Group amounted to approximately HK\$54,767,000 at 31st December 2006 was related to Riche Multi-Media.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益 (續)**(b) 商譽：(續)**

TAL集團之可收回金額乃經參考使用價值之計算而評估。使用價值模式乃應用年折現率15.72%，使用根據本公司董事核准涵蓋五年期之財務預測（「核准預測」）之現金流量預計。五年期後現金流量乃按零增長率推算。就核准預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及對市場發展之預測而釐定之毛利率、增長率及折現率。毛利率為預算毛利率。增長率為用以推算五年預算期後之現金流量之比率，與核准預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

22. INTERESTS IN ASSOCIATES (Continued)**(b) Goodwill (Continued)**

The recoverable amount of TAL Group was assessed by reference to value-in-use calculation. A discount rate of 15.72% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "Approved Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using zero growth rate. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the Approved Forecast. Key assumptions include gross margin, growth rate and discount rate which are determined by the management of the Group based on past experience and its expectation for market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the Approved Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益 (續)

(b) 商譽：(續)

於回顧年度，本集團已評估豐采多媒體商譽之可收回金額，並釐定並無識別減值虧損。豐采多媒體之可收回金額乃經參考其投資物業(豐采多媒體之主要產生現金單位)之使用價值之計算而評估。使用價值模式乃應用年折現率16.14%，使用根據本公司董事核准涵蓋五年期之財務預測(「豐采預測」)之現金流量預計。五年期後現金流量乃按每年7%穩定增長率推算。此增長率乃經參考中國國家統計局而作出，並無超逾豐采多媒體所營運之市場之長期平均增長率。就豐采預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及對市場發展之預測而釐定之毛利率、增長率及折現率。毛利率為預算毛利率。增長率為用以推算五年預算期後之現金流量之比率，與豐采預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

22. INTERESTS IN ASSOCIATES (Continued)

(b) Goodwill (Continued)

During the year under review, the Group assessed the recoverable amount of goodwill of Riche Multi-Media and determined that no impairment loss was identified. The recoverable amount of Riche Multi-Media was assessed by reference to value-in-use calculation of its investment properties which is the major cash generating unit of Riche Multi-Media. A discount rate of 16.14% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "Riche Forecast") covering a five-year period. Cash flows beyond the five year period have been extrapolated using a steady 7% growth rate per annum. This growth rate was made by reference to National Bureau of Statistics of China and does not exceed the long term average growth rate for the market in which Riche Multi-Media operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the Riche Forecast. Key assumptions include gross margin, growth rate and discount rate which are determined by the management of the Group based on the past experience and its expectation for the market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the Riche Forecast. The discount rates used are pre-tax and reflect specific risks relating to the market.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益 (續)

(c) 出售一間聯營公司：

於二零零四年三月十五日，本集團聯營公司 Golden Capital International Limited (「Golden Capital」) 之股東向本集團授出一項期權 (「期權」)，可要求 Golden Capital 股東按總代價 25,000,000 港元 (「代價」) 向本集團購入 Golden Capital 股本中合共 356 股每股面值 1 美元之股份 (相等於本集團在 Golden Capital 之全部股權)。倘 Golden Capital 於截至二零零四年十二月三十一日止年度之經審核賬目 (「經審核賬目」) 所示之除稅後但未扣除特殊項目溢利淨額少於 14,600,000 港元，則本集團可行使該期權。

由於經審核賬目所示之除稅後但未扣除特殊項目溢利淨額少於 14,600,000 港元，本集團已於二零零六年四月行使期權，而 Golden Capital 股東已於同月分兩期償還代價予本集團。

(d) 於豐采多媒體之權益：

期內，豐采多媒體以每股 0.20 港元之價格發行 1,330,321,745 股每股面值 0.01 港元之普通股 (「豐采股份」)，金額約 266,064,000 港元，以作為收購一組主要資產為北京建國房地產開發有限公司 (「合資公司」) 96.7% 股本權益之公司。合資公司為一項位於中國北京市東城區貢院西街 9 號之物業之註冊及實益擁有人。緊隨發行豐采股份後，本集團於豐采多媒體之權益由 41.07% 被攤薄 8.43% 至 32.64%。

22. INTERESTS IN ASSOCIATES (Continued)

(c) **Disposal of an associate:**

On 15th March 2004, the shareholder of Golden Capital International Limited ("Golden Capital"), an associate of the Group, granted to the Group an option ("Option") to require Golden Capital's shareholder to purchase from the Group an aggregate of 356 shares of US\$1 each in the share capital of Golden Capital which represents the Group's entire shareholding in Golden Capital, at an aggregate consideration of HK\$25,000,000 ("Consideration"). The Group may exercise the Option in the event that the net profits after taxation but before extraordinary items as shown in the audited accounts ("Audited Accounts") of Golden Capital for year ended 31st December 2004 is less than HK\$14,600,000.

As the net profits after taxation but before extraordinary items as shown in the Audited Accounts was less than HK\$14,600,000, the Group exercised the Option in April 2006 and the shareholder of Golden Capital repaid the Consideration to the Group by two installments within the same month.

(d) **Interests in Riche Multi-Media:**

During the period, Riche Multi-Media issued 1,330,321,745 ordinary shares of HK\$0.01 ("Riche Shares") at a price of HK\$0.20 each amounted to approximately HK\$266,064,000 as consideration in relation to an acquisition of a group of companies which major assets is the 96.7% equity interest in Beijing Jianguo Real Estate Development Co. Ltd. (the "JV Co."). JV Co. is the registered and beneficial owner of a property located at No. 9, Gongyuan Xijie, Dongcheng District, Beijing, the PRC. The Group's interest in Riche Multi-Media was diluted by 8.43% from 41.07% to 32.64% immediately upon the issuance of the Riche Shares.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

22. 於聯營公司權益 (續)

(d) 於豐采多媒體之權益：(續)

其後，本集團於公開市場進一步收購豐采多媒體1.79%股本權益，總代價約為19,407,000港元。因此，錄得約11,689,000港元之商譽，而於二零零六年十二月三十一日，本集團於豐采多媒體之權益增加至34.43%。

主要聯營公司於二零零六年十二月三十一日之詳情載於附註46。

以下詳情摘錄自本集團主要聯營公司經審核綜合財務報表：

22. INTERESTS IN ASSOCIATES (Continued)

(d) Interests in Riche Multi-Media: (Continued)

Thereafter, the Group acquired 1.79% equity interest in Riche-Multi Media in the open market with a total consideration of approximately HK\$19,407,000. As a result, goodwill of approximately HK\$11,689,000 was recorded and the Group's interest in Riche Multi-Media increased to 34.43% as at 31st December 2006.

Details of the principal associates at 31st December 2006 are set out in note 46.

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

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
營業額	Turnover	25,900	61,861
除稅前虧損	Loss before taxation	(27,125)	(28,298)
本集團應佔除稅後虧損	Loss after taxation attributable to the Group	(9,796)	(10,613)
非流動資產	Non-current assets	758,222	7,834
流動資產	Current assets	195,344	262,311
非流動負債	Non-current liabilities	(408,274)	-
流動負債	Current liabilities	(132,760)	(93,363)
資產淨值	Net assets	412,532	176,782
本集團應佔資產淨值	Net assets attributable to the Group	143,346	79,704

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

23. 應收貸款

於二零零六年十二月三十一日之應收貸款為一筆用作支付所投資公司業務之股東貸款。本集團與第三方於二零零二年訂立意向書及契約，以購入一間主要從事中國客車錄影帶廣告業務之公司（「有意所投資公司」）之49%股本權益。因未能信納有意所投資公司於財務及法例方面之盡職審查結果，本集團已於二零零三年終止有關收購。因此，於截至二零零四年十二月三十一日止年度期間，本集團於該金額之所有權益已由該投資公司支付，並出售予所投資公司之其他股東。應收貸款以年利率2厘計息，利息每半年支付，並由另一第三方擔保。應收貸款已於二零零六年三月二十八日償還。

23. LOAN RECEIVABLE

The loan receivable as at 31st December 2006 represented a shareholder's loan made to finance the activity of investee company. The Group entered into letters of intent and deed with a third party during 2002 for the purchase of 49% of equity interest in a company ("Potential Investee Company") which principally engages in video advertising business on coaches in the PRC. The purchases were terminated in 2003 as the Group did not satisfy with the results of the financial and legal due diligence review on the Potential Investee Company. Therefore during the year ended 31 December 2004, the Group's entire interest of the amount was settled by the investee company and sold to the other shareholders of the investee company. The loan receivable bears an interest at 2% per annum, payable semi-annually, and is guaranteed by another third party. The loan receivable was repaid on 28th March 2006.

24. 存貨

24. INVENTORIES

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
製成品	Finished goods	364	362

以上金額包括188,000港元（二零零五年：222,000港元）以已變現淨值計賬之製成品。

Included above are finished goods of HK\$188,000 (2005: HK\$222,000) which are carried at net realisable value.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

25. 應收可換股票據

25. CONVERTIBLE NOTES RECEIVABLES

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
於一月一日	At 1st January	42,000	52,000
應收可換股票據之 已確認減值虧損	Impairment loss recognised in respect of convertible notes receivables	-	(10,000)
應收可換股票據已回撥 減值虧損	Impairment loss reversed in respect of convertible notes receivables	10,000	-
於十二月三十一日	At 31st December	52,000	42,000

附註：

於二零零四年三月十五日，本集團與TAL之控股公司 Colima Enterprises Holdings Inc. (「Colima」) 之兩名股東(「票據發行人」)訂立兩項認購協議，據此，本集團認購由票據發行人所發行每批26,000,000港元之兩批可換股票據(「可換股票據」)，總代價為52,000,000港元。

於二零零七年三月十四日，票據發行人贖回所有可換股票據以及票據發行人償還本集團之全數本金52,000,000港元。因此，本公司撥回於二零零五年已確認之減值虧損10,000,000港元。

Notes:

On 15th March 2004, the Group entered into two subscription agreements with two shareholders ("Note Issuers") of Colima Enterprises Holdings Inc. ("Colima"), the holding company of TAL, pursuant to which the Group subscribed for two convertible notes of HK\$26,000,000 each ("Convertible Notes") issued by the Note Issuers for an aggregate consideration of HK\$52,000,000.

On 14th March 2007, the Note Issuers redeemed all of the Convertible Notes and the whole amount of principal of HK\$52,000,000 repaid to the Group by the Note Issuers. As a result, HK\$10,000,000 was reversed in respect of the impairment loss recognised during the year 2005.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

26. 電影版權

26. FILM RIGHTS

千港元
HK\$'000

成本	Cost	
於二零零五年一月一日	At 1st January 2005	1,071,756
添置	Additions	39,766
於二零零五年十二月三十一日 及二零零六年一月一日	At 31st December 2005 and 1st January 2006	1,111,522
添置	Additions	62,279
出售	Disposals	(535,943)
於二零零六年十二月三十一日	At 31st December 2006	637,858
攤銷及減值	Amortisation and impairment	
於二零零五年一月一日	At 1st January 2005	917,878
本年度攤銷	Amortised for the year	57,646
於二零零五年十二月三十一日 及二零零六年一月一日	At 31st December 2005 and 1st January 2006	975,524
本年度攤銷	Amortised for the year	100,850
出售時對銷	Eliminated on disposals	(535,943)
於二零零六年十二月三十一日	At 31st December 2006	540,431
賬面值	Carrying amounts	
於二零零六年十二月三十一日	At 31st December 2006	97,427
於二零零五年十二月三十一日	At 31st December 2005	135,998

於回顧年度，本公司董事已參考獨立專業估值師行中證評估有限公司進行之估值重估電影版權之可收回金額，並決定並無識別與電影版權有關之商譽之減值虧損。

During the year under review, the directors of the company reassessed the recoverable amount of film rights with reference to the valuation performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers and determined that no impairment loss on goodwill associated with the film rights was identified.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

26. 電影版權 (續)

電影版權之可收回金額乃經參考使用價值之計算而評估。使用價值模式乃應用年折現率20.04%，使用根據本公司董事核准涵蓋期為五年之財務預測(「電影預測」)之現金流量預計。五年期後現金流量乃按零增長推算。此增長率並無超逾電影版權所營運之市場之長期平均增長率。就電影預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及其對市場發展之預測而釐定之毛利率、增長率及折現率。增長率為用以推算五年預算期後之現金流量之比率，與電影預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

26. FILM RIGHTS (Continued)

The recoverable amount of film rights was assessed by reference to value-in-use calculation. A discount rate of 20.04% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "Film Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using zero growth rate. This growth rate does not exceed the long term average growth rate for the market in which film rights operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the Film Forecast. Key assumptions included gross margin, growth rate and discount rate which are determined by the management of the Group based on past experience and its expectation for market development. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the Film Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

27. 製作中電影

27. FILMS IN PROGRESS

		本集團 The Group	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
製作中電影	Films in progress	29,469	47,461

製作中電影以成本減任何可識別減值虧損列值。

The films in progress were valued at cost less any identifiable impairment loss.

董事已重估電影版權於二零零六年十二月三十一日之可收回金額。經考慮該等製作中電影所產生之額外成本及預計收益後，董事決定本年度無須於收入表內確認任何減值(二零零五年：無)。

The directors reassessed the recoverable amount of films in progress as at 31st December 2006. Having taken into account of the additional costs to be incurred and estimated revenue to be generated from these films in progress, the directors determined no impairment should be recognised in the income statement for the year (2005: \$Nil).

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28. 貿易應收賬款

給予客戶之賒賬期為30至90日不等。貿易應收賬款之賬齡分析如下：

28. TRADE RECEIVABLES

The credit period granted to customers ranges from 30 to 90 days. The aged analysis of the trade receivables is as follows:

		本集團 The Group	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
豐采集團	The Riche Group		
0至30日	0 to 30 days	–	18
91至180日	91 to 180 days	–	–
		–	18
其他	Others		
0至30日	0 to 30 days	683	1,148
31至60日	31 to 60 days	575	4,471
61至90日	61 to 90 days	826	300
91至180日	91 to 180 days	373	393
超過180日	Over 180 days	8,776	11,489
		11,233	17,801
減：貿易應收賬款之減值虧損	Less: Impairment loss on trade receivables	(3,217)	(3,222)
		8,016	14,579
		8,016	14,597

本集團貿易應收賬款之賬面值與其公平價值相若。

The carrying amounts of the Group's trade receivables approximate to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

29. 按金、預付款項及其他應收款項

29. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	本集團		本公司	
	The Group		The Company	
	二零零六年	二零零五年	二零零六年	二零零五年
	2006	2005	2006	2005
	千港元	千港元	千港元	千港元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
按金	Deposits	73,931	1,086	20,025
預付款項	Prepayments	1,871	351	265
其他應收款項	Other receivables	4,745	—	—
		45,161	1,437	20,290

按金、預付款項及其他應收款項之賬面值與其公平價值相若。

The carrying amounts of deposits, prepayments and other receivables approximate to their fair value.

30. 投資按金

於二零零六年六月十五日，本公司就收購間接持有 Kingsway Hotel Limited (「KHL」) 股本權益之若干實體與三名賣方(「賣方」) 訂立三份買賣協議(「買賣協議」)，總代價為490,000,000 港元(「初次收購事項」)。於訂立買賣協議及其後之更改契據後，本公司向賣方支付按金40,000,000 港元。初次收購事項之詳情載於本公司日期為二零零六年九月八日之通函內。於年結日後，本公司訂立進一步交易，以收購及出售KHL之股本權益。該等交易詳情載於財務報表附註47(a)、(b)及(c)。

30. DEPOSIT FOR INVESTMENT

On 15th June 2006, the Company entered into three sale and purchase agreements (the "Sale and Purchase Agreement") with three vendors (the "Vendors") in respect of acquisition of certain entities which indirectly held equity interest in Kingsway Hotel Limited ("KHL") for an aggregated consideration of HK\$490,000,000 (the "Initial Acquisition"). The Company paid HK\$40,000,000 as deposit to the Vendors upon entering into the Sale and Purchase Agreements and subsequent deed of variations. Details of the Initial Acquisition were set out in the Company's circular dated 8th September 2006. Subsequent to the year end date, the Company entered into further transactions to acquire and dispose the equity interest of KHL. Details of these transactions were set out in note 47(a), (b) and (c) to the financial statements.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

31. 透過損益以公平價值列賬之金融資產 31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
上市投資：	Listed investments:		
– 於香港上市權益 證券，按公平價值	– Equity securities listed in Hong Kong, at fair value	64,560	23,345

於結算日，所有透過損益以公平價值列賬之金融資產均按公平價值列賬。該等上市投資之公平價值乃參考相關證券交易所之市場報價釐定。

At the balance sheet date, all financial assets at fair value through profit or loss are stated at fair value. Fair value of those listed investments have been determined by reference to the quoted market bid prices available on the relevant stock exchanges.

32. 應收聯營公司款項一本集團及本公司 32. AMOUNTS DUE FROM ASSOCIATES – THE GROUP AND THE COMPANY

應收本集團及本公司聯營公司款項為無抵押、免息及須於要求時歸還。

The amounts due from associates of the Group and of the Company are unsecured, interest free and repayable on demand.

33. 現金及現金等值項目 33. CASH AND CASH EQUIVALENTS

		本集團 The Group		本公司 The Company	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
現金及銀行結餘	Cash and bank balances	1,597	5,568	187	2,273
定期存款	Time deposits	87,750	25,932	87,650	19,790
現金及現金等值項目	Cash and cash equivalents	89,347	31,500	87,837	22,063

存放於銀行之現金可依據每日銀行存款利率按浮動利率收取利息。短期定期存款之時段由一日至三個月不等，視乎本集團即時現金需要而定，並會按各自之短期定期存款利率收取利息。現金及現金等值項目之賬面值與其公平價值相若。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

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34. 股本

34. SHARE CAPITAL

		股份數目		金額	
		Number of shares		Amount	
		二零零六年	二零零五年	二零零六年	二零零五年
		2006	2005	2006	2005
		千股	千股	千港元	千港元
		'000	'000	HK\$'000	HK\$'000
每股面值0.05港元 之普通股	Ordinary shares of HK\$0.05 each				
法定股本	Authorised	20,000,000	20,000,000	1,000,000	1,000,000
已發行及繳足股本：	Issued and fully paid：				
年初	At beginning of year	520,541	365,406	26,027	18,270
行使購股權	Exercise of share options	–	17,770	–	889
配售股份 (附註a及b)	Placement of shares (Note a & b)	184,105	137,365	9,205	6,868
年終	At end of year	704,646	520,541	35,232	26,027

附註：

- (a) 於二零零六年五月十七日，Porterstone Limited (「Porterstone」)、多實有限公司 (「多實」)、向華強先生 (「向先生」) 及陳明英女士 (「陳女士」) 分別與配售代理訂立配售協議及與本公司訂立補足認購協議。根據配售協議，Porterstone、多實、向先生及陳女士按每股股份0.33港元之價格向獨立投資者配售合共104,105,000股本公司現有股份。根據補足認購協議，Porterstone、多實、向先生及陳女士按每股股份0.33港元之價格認購合共104,105,000股新股份。所得款項淨額約為33,300,000港元，其中20,000,000港元擬定用作本集團之進一步投資，而餘額則用作本集團之一般營運資金。
- (b) 於二零零六年六月六日，本公司有條件同意按每股股份0.365港元 (較本公司每股股份於二零零六年六月五日之收市價0.39港元折讓6.4%) 之價格向獨立投資者配售80,000,000股新股份。所得款項淨額約為29,000,000港元，擬定撥付澳門一間酒店之建議收購。

Notes:

- (a) On 17th May 2006, Porterstone Limited ("Porterstone"), Dorest Company Limited ("Dorest"), Mr. Heung Wah Keung ("Mr. Heung") and Ms. Chen Ming Yin, Tiffany (Ms. Chen) entered into a placing agreement with a placing agent and a top-up subscription agreement with the Company respectively. Pursuant to the placing agreement, Porterstone, Dorest, Mr. Heung and Ms. Chen placed an aggregate of 104,105,000 existing shares of the Company to independent investors at a price of HK\$0.33 per share. Pursuant to the top-up subscription agreement, Porterstone, Dorest, Mr. Heung and Ms. Chen subscribed for an aggregate of 104,105,000 new shares at a price of HK\$0.33 per share. The net proceeds of approximately HK\$33,300,000 was intended to be used as to HK\$20,000,000 for future investment and as to the balance for general working capital of the Group.
- (b) On 6th June 2006, the Company had conditionally agreed to place 80,000,000 new shares to independent investors at a price of HK\$0.365 per share, representing a discount of approximately 6.4% to the closing price of HK\$0.39 per Company's share on 5th June 2006. The net proceeds of approximately HK\$29,000,000 were intended to be used for the proposed acquisition of a hotel in Macau.

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35. 儲備

35. RESERVES

本公司	The Company	股份溢價	繳入盈餘	可換股貸款 票據儲備	以股份 支付之儲備	股本削減儲備	累計虧損	總額
		Share premium 千港元 HK\$'000 (附註 a) (Note a)	Contributed surplus 千港元 HK\$'000 (附註 b) (Note b)	Convertible loan notes reserve 千港元 HK\$'000 (附註 c) (Note c)	Share-based payment reserve 千港元 HK\$'000 (附註 d) (Note d)	Capital reduction reserve 千港元 HK\$'000 (附註 e) (Note e)	Accumulated losses 千港元 HK\$'000	Total 千港元 HK\$'000
於二零零五年一月一日	At 1st January 2005	778,975	207,548	566	7,841	316,008	(834,091)	476,847
年度虧損淨額	Net loss for the year	-	-	-	-	-	(25,408)	(25,408)
以股份支付之款項開支	Share-based payment expenses	-	-	-	24,057	-	-	24,057
配售股份	Placement of shares	67,891	-	-	-	-	-	67,891
股份發行開支	Share issuing expenses	(1,759)	-	-	-	-	-	(1,759)
行使購股權	Exercise of share options	8,703	-	-	-	-	-	8,703
於二零零五年十二月三十一日 及二零零六年一月一日	At 31st December 2005 and at 1st January 2006	853,810	207,548	566	31,898	316,008	(859,499)	550,331
年度溢利淨額	Net loss for the year	-	-	-	-	-	(5,166)	(5,166)
以股份支付之款項開支	Share-based payment expenses	-	-	-	11,340	-	-	11,340
配售股份	Placement of shares	54,350	-	-	-	-	-	54,350
股份發行開支	Share issuing expenses	(1,172)	-	-	-	-	-	(1,172)
於二零零六年十二月三十一日	At 31st December 2006	906,988	207,548	566	43,238	316,008	(864,665)	(609,683)

附註：

Notes:

(a) 根據一九八一年百慕達公司法(修訂本)，本公司之股份溢價可用作繳足本公司之未發行股份，作為繳足紅股發行予本公司股東。

(a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the company as fully paid bonus shares.

(b) 本公司之繳入盈餘乃指因股本削減於二零零二年九月十日生效而轉自股本賬之數額。本公司所收購附屬公司之相關有形資產淨值與本公司於一九九二年本集團重組時已發行股本面值之差額，以及因二零零二年九月十日資本削減生效而轉自資本賬之差額。

(b) The contributed surplus of the Company represents the amount transferred from the capital account due to the capital reduction effective on 10th September 2002. The difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company and the nominal amount of the share capital issued by the Company at the time of the Group reorganisation in 1992 and the amount transferred from the capital account due to the capital reduction effective on 10th September 2002.

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

35. 儲備 (續)

附註：(續)

(b) (續)

根據一九八一年百慕達公司法(修訂本)，公司之繳入盈餘賬可供分派。然而，本公司不得在下列情況下於繳入盈餘中宣派或派發股息或作出分派：

- (i) 本公司現時或將於派息後無力償還到期而應償還之債項；或
- (ii) 本公司資產之可變現價值因派息而少於其負債加已發行股本及股份溢價賬之總和。

(c) 根據香港會計準則第32號，所發行之可換股貸款票據乃於初次確認時分為負債部份及權益部份，方式為按公平價值確認負債部份(公平價值乃使用同等不可換股票據之市場利率釐定)，而發行所得款項與負債部份之公平價值兩者之差額則歸於權益部份。負債部份其後乃按已攤銷成本列值。權益部份會確認於可換股貸款票據儲備，直至票據被轉換(屆時將轉撥至股份溢價)或票據被贖回(屆時將直接撥至累計虧損)為止。

(d) 以股份支付之款項儲備，相當於授出相關購股權後估計可於相關歸屬期間內換得之僱員服務之公平價值，其總數乃以授出當日有關購股權之公平價值為基準。每段期間之數額則是將有關購股權之公平價值在相關歸屬期間(倘有)內攤分計算，並作為員工成本及相關支出項目入賬，並相應提高以股份支付之款項儲備。

35. RESERVES (Continued)

Notes: (Continued)

(b) (continued)

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

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

(c) Under HKAS 32, convertible loan notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible loan notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to accumulated losses).

(d) Share-based payment reserve represent the fair value of employee services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount for each period is determined by spreading the fair value of the options over the relevant vesting periods (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve.

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35. 儲備 (續)

附註：(續)

- (e) 本公司之股本削減儲備指於一九九八年將本公司332,640,000股已發行股份之面值由每股1.00港元削減至每股0.05港元所產生之金額。按董事根據本公司細則第129條而通過之一項決議案，股本削減儲備可用作支付本公司遭索償之金額或負債或或然負債，或可用作償還資本性貸款、補足股息或其他本公司溢利可運用之用途。

35. RESERVES (Continued)

Notes: (Continued)

- (e) The capital reduction reserve of the Company represents the amount arising in relation to the reduction of the nominal value of 332,640,000 issued shares of the Company from HK\$1.00 each to HK\$0.05 each in 1998. Pursuant to a resolution passed by the directors pursuant to Bye-law 129 of the Company's Bye-laws, the capital reduction reserve shall be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied.

36. 銀行借貸

36. BANK BORROWINGS

		本集團 The Group	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
有抵押銀行貸款	Secured bank loans	13,202	25,390
上述借貸之到期日 如下：	The maturity of the above borrowings is as follows:		
一年內	Within one year	2,254	12,197
一至兩年	Between one and two years	2,380	2,252
兩至五年	Between two and five years	7,966	7,538
五年以上	Over five years	602	3,403
		13,202	25,390
減：一年內到期列入 流動負債之款項	Less: Amount due within one year shown under current liabilities	(2,254)	(12,197)
一年後到期之款項	Amount due after one year	10,948	13,193

有抵押銀行貸款包括按揭貸款，按商業利率計息。按揭貸款以本集團賬面值約為40,880,000港元(二零零五年：42,190,000港元)之投資物業作擔保。按揭貸款須於十年內分期攤還。

Secured bank loans comprise a mortgage loan which bears interest at commercial rates. The mortgage loan is secured by the Group's investment properties with carrying value of approximately HK\$40,880,000 (2005: HK\$42,190,000). The mortgage loan is repayable in installments over a period of ten years.

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36. 銀行借貸 (續)

所有有息借貸均以港元列賬。於結算日之實際利率如下：

36. BANK BORROWINGS (Continued)

All interest-bearing borrowings are denominated in Hong Kong dollar. The effective interest rates at the balance sheet date were as follows:-

		本集團 The Group	
		二零零六年 2006	二零零五年 2005
有抵押銀行貸款	Secured bank loans	5.45-5.70%	1.70%-6.50%

非流動借貸之賬面值及公平價值如下：

The carrying amounts and fair values of the non-current borrowings are as follows:-

		賬面值 Carrying amounts		公平價值 Fair values	
		二零零六年 2006	二零零五年 2005	二零零六年 2006	二零零五年 2005
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
有抵押銀行貸款	Secured bank loans	13,202	25,390	13,202	25,390

公平價值乃以將現金流量按本集團現時銀行借貸年利率貼現之基準計算。

The fair values are based on cash flows discounted using a rate based on the current bank borrowing rate per annum of the Group.

短期借貸之賬面值與其公平價值相若。

The carrying amounts of short-term borrowings approximate to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

37. 無抵押可換股貸款票據

於二零零六年十二月三十一日，本金額20,000,000港元之無抵押可換股貸款票據（「該票據」）乃按年利率4厘計息，並原於二零零一年六月十四日發行。

該票據之權益須每半年期末償還利息一次，原於二零零四年六月三十日到期。於二零零四年六月十四日，本公司與票據持有人訂立補充契約，據此，本公司與票據持有人同意將該票據之到期日延長至二零零七年六月三十日。該票據附有權利，可按每股股份5.83港元（經調整後）之換股價將該票據本金兌換為本公司股本中每股面值0.05港元之股份，惟須受調整所規限。自二零零四年六月十四日至緊接二零零七年六月三十日前第14個營業日，票據持有人可兌換該票據之餘下本金額為本公司股份，並可要求提早償還該票據之餘下本金額連同應計利息。

負債部份之公平價值（包括於長期借貸）乃使用同等不可換股債券之市場利率計算。餘款乃權益轉換部份，已包括於股東權益中（列於可換股貸款票據儲備項下）。

37. UNSECURED CONVERTIBLE LOAN NOTES

As at 31st December 2006, there was an unsecured convertible loan notes (the "Notes") of principal value HK\$20,000,000 bearing interest at 4 per cent per annum and was originally issued on 14th June 2001.

The interest of Notes were repayable semi-annually in arrears. It was originally matured on 30th June 2004. On 14th June 2004, the Company and the noteholder entered into a supplementary deed, pursuant to which the Company and the noteholder agreed to extend the maturity date of the Notes to 30th June 2007. The Notes carry the right to convert the principal amount of the Notes into shares of HK\$0.05 each in the share capital of the Company at a conversion price of HK\$5.83 per share (after adjustments), subject to adjustment. From 14th June 2004 to the 14 business day immediately preceding 30th June 2007, the noteholder can convert the outstanding principal amount of the Notes into shares of the Company and may request early repayment of the outstanding principal amount of the Notes together with accrued interest.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The remaining balance represented the equity conversion component, is included in shareholders' equity named as convertible loan notes reserves.

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37. 無抵押可換股貸款票據 (續) 37. UNSECURED CONVERTIBLE LOAN NOTES (Continued)

		本集團及本公司 The Group and Company	
		可換股 貸款票據 之負債部份 Liability component of the convertible loan notes 千港元 HK\$'000	可換股 貸款票據 之權益部份 Equity component of the convertible loan notes 千港元 HK\$'000
於二零零五年一月一日	At 1st January 2005	19,434	566
推算利息開支	Imputed interest expenses	800	–
已付利息	Interest paid	(800)	–
於二零零五年十二月三十一日 及二零零六年一月一日	At 31st December 2005 and 1st January 2006	19,434	566
推算利息開支	Imputed interest expenses	1,233	–
已付利息	Interest paid	(800)	–
於二零零六年十二月三十一日	At 31st December 2006	19,867	566

票據之負債部份之實際利率約為5.43%。

The effective interest rate on the liability component of the note is approximately 5.43%.

無抵押可換股貸款票據之到期日如下：

The maturity of the unsecured convertible loan notes is as follows:

		本集團及本公司 The Group and Company	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
一年內	Within one year	19,867	–
一年至兩年	Between one and two years	–	19,434
		19,867	19,434

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38. 遞延稅項

本集團

以下為本集團確認之主要遞延稅項負債及資產及有關變動：

	加速稅項折舊 Accelerated tax depreciation	估計稅務虧損 Estimated tax losses	投資物業之 公平價值變動 Fair value changes of investment properties	總計 Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零五年一月一日、 二零零五年十二月 三十一日及二零零六年 一月一日	At 1st January 2005, 31st December 2005 and 1st January 2006	(1,438)	1,438	-
自收入表扣除	Charge to income statement	-	-	1,888
於二零零六年 十二月三十一日	At 31st December 2006	(1,438)	1,438	1,888

於二零零六年十二月三十一日，本集團擁有約414,330,605港元（二零零五年：370,667,110港元（經議定））之未動用估計稅務虧損可供抵銷日後溢利。由於未能預計日後之溢利，故並無確認遞延稅項資產。

本公司

由於未能預計日後之溢利，故並無就估計稅項虧損約79,315,842港元（二零零五年：91,108,273港元（經議定））確認遞延稅項資產。

38. DEFERRED TAXATION

The Group

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

	加速稅項折舊 Accelerated tax depreciation	估計稅務虧損 Estimated tax losses	投資物業之 公平價值變動 Fair value changes of investment properties	總計 Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零五年一月一日、 二零零五年十二月 三十一日及二零零六年 一月一日	At 1st January 2005, 31st December 2005 and 1st January 2006	(1,438)	1,438	-
自收入表扣除	Charge to income statement	-	-	1,888
於二零零六年 十二月三十一日	At 31st December 2006	(1,438)	1,438	1,888

At 31st December 2006, the Group had unused estimated tax losses of approximately HK\$414,330,605 (2005: HK\$370,667,110 (agreed)) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The Company

No deferred tax assets has been recognised in respect of estimated tax losses of approximately HK\$79,315,842 (2005: HK\$91,108,273 (agreed)) due to the unpredictability of future profit streams.

財務報表附註 Notes to the Financial Statements

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39. 貿易應付賬款

貿易應付賬款之賬齡分析如下：

		本集團 The Group	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
0至30日	0 to 30 days	1,523	2,680
31至60日	31 to 60 days	839	836
61至90日	61 to 90 days	1,923	1,368
91至180日	91 to 180 days	2,450	3,123
超過180日	Over 180 days	11,575	10,885
		18,310	18,892

本集團貿易應付賬款之賬面值與其公平價值相若。

The carrying amounts of the Group's trade payables approximate to their fair values.

40. 已收按金、應計項目及其他應付款項

		本集團 The Group		本公司 The Company	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
已收按金	Deposits received	32,949	77,692	10,000	10,000
應計項目	Accruals	4,009	2,188	2,558	1,027
其他應付款項	Other payables	2,603	812	255	78
		39,561	80,692	12,813	11,105

本集團已收按金、應計項目及其他應付款項之賬面值與其公平價值相若。

The carrying amounts of the Group's deposits received, accruals and other payables approximate to their fair values.

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

41. 租賃承擔

於二零零六年十二月三十一日，本集團根據於下列期限屆滿之租賃物業不可撤回經營租約之日後最低租金承擔如下：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
一年內	Within one year	940	1,059
第二至第五年內 (包括首尾兩年)	In the second to fifth year inclusive	1,089	–
		2,029	1,059

經營租約款項指本集團辦公室物業應付之租金。租約主要就平均兩年租期磋商，而平均兩年之租金固定不變。

41. LEASE COMMITMENTS

At 31st December 2006, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

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

42. 資本承擔

於二零零六年十二月三十一日，本集團於結算日有關收購投資之未履行承擔如下：

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
已授權及已訂約， 但尚未撥備	Authorised and contracted, but not provided for	450,000	–

42. CAPITAL COMMITMENTS

At 31st December 2006, the Group had the following outstanding commitments in respect of acquisitions of an investment at the balance sheet date:

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43. 以股權結算以股份支付之交易

根據於二零零二年五月二十七日舉行之本公司股東週年大會上通過之一項決議案，終止了本公司於一九九六年十月二十三日採納之購股權計劃（「舊購股權計劃」），並採納了一項新購股權計劃（「新購股權計劃」）。

舊購股權計劃

舊購股權計劃之主要條款概述如下：

- (i) 作為對參與者之獎勵。
- (ii) 參與者包括本集團任何成員公司之任何僱員或董事。
- (iii) 授出之購股權所涉及之股份上限數目不得超逾本公司不時之已發行股本10%。
- (iv) 每名參與者可獲授之購股權所涉及之股份上限，加上根據任何向相向參與者授出之購股權而已發行及可發行之股份總數，不得超逾不時之股份上限之25%。
- (v) 任何購股權可於該購股權視為授出當日後隨時全部或部份行使。
- (vi) 購股權之行使期不得超逾接納日期起計十年。
- (vii) 承授人須於授出日期起計30日內接納購股權（如接納），並向本公司支付1港元不可退回款項。

43. EQUITY SETTLED SHARE-BASED TRANSACTION

Pursuant to a resolution passed at the annual general meeting of the Company held on 27th May 2002, the share option scheme adopted by the Company on 23rd October 1996 (the "Old Option Scheme") was terminated and a new share option scheme (the "New Option Scheme") was adopted.

The Old Option Scheme

The major terms of the Old Option Scheme are summarised as follows:

- (i) The purpose was to provide incentives to the participants.
- (ii) The participants included any employee or director of any members of the Group.
- (iii) The maximum number of shares in respect of which share options might be granted must not exceed 10% of the issued share capital of the Company from time to time.
- (iv) The maximum number of shares in respect of which share options might be granted to a participant, when aggregate with shares issued and issuable under any share option granted to the same participant, must not exceed 25% of the maximum shares from time to time.
- (v) Any share option may be exercised in whole or in part at any time after the date on which the share option is deemed to be granted.
- (vi) The exercisable period of a share option must not exceed a period of 10 years commencing on the date of acceptance.
- (vii) The acceptance of a share option, if accepted, must be made within 30 days from the date of the offer of the grant with a non-refundable payment of HK\$1 from the grantee to the Company.

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

舊購股權計劃 (續)

(viii) 購股權之行使價須為下列之較高者：

- a. 不低於緊接在授出購股權日期前五個交易日本公司每股股份之平均收市價80%之價格；及
- b. 本公司每股股份之面值。

由於舊購股權計劃已於二零零二年五月二十七日終止，因此再無購股權可根據舊購股權計劃而授出。惟所有於上述終止前按舊購股權計劃已授出而尚未行使之購股權則仍然有效，並可根據舊購股權計劃之條款予以行使。

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The Old Option Scheme (Continued)

(viii) The exercise price of a share option must be the higher of:

- a. a price not less than 80% of the average closing price of a share of the Company for the 5 trading days immediately preceding the grant; and
- b. the nominal value of a share of the Company.

As the Old Option Scheme was terminated on 27th May 2002, no further share options can be granted under the Old Option Scheme thereafter. However, all outstanding share options granted under the Old Option Scheme prior to the said termination shall remain valid and exercisable in accordance with the provisions of the Old Option Scheme.

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43. 以股權結算以股份支付之交易 (續)

新購股權計劃

新購股權計劃之主要條款概述如下：

- (i) 旨在作為參與者對本集團所作出或可能作出之貢獻之獎勵及報酬。
- (ii) 參與者包括：
 - (1) (a) 在本公司或本公司直接或間接持有任何股本權益之任何實體(統稱「持有權益團體」)之任何成員公司、本公司任何主要股東或由本公司主要股東控制之任何公司任職之任何執行或非執行董事或候任董事(包括任何獨立非執行董事)、全職或兼職僱員或候任僱員；
 - (b) 在持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司任職之任何臨時調派之人士；
 - (c) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司所發行任何證券之任何持有人；

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme

The major terms of the New Option Scheme are summarised as follows:

- (i) The purpose is to provide incentives and rewards to the participants for their contribution or potential contribution to the Group.
- (ii) The participants include:
 - (1) (a) any directors or proposed director (whether executive or non-executive including any independent non-executive director), employee or proposed employee (whether full time or part time) of any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interests (collectively the "Interested Group") or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
 - (b) any individual for the time being seconded to work for any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
 - (c) any holder of any securities issued by any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

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43. 以股權結算以股份支付之交易 (續)

新購股權計劃 (續)

(ii) (1) (d) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司之業務或合營夥伴、承辦商、代理商或代表；

(e) 向持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供服務之任何研究人員、技術員、諮詢人、顧問、藝員、演員，以及任何研究公司、技術支援公司、諮詢公司、顧問公司、製作公司、廣告公司、發行公司及專業服務公司；

(f) 向持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何供應商、監製、導演或特許權授出人；

(g) 由持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何客戶、特許權承授人(包括特許權轉授人)或分銷商；

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

(ii) (1) (d) any business or joint venture partner, contractor, agent or representative of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(e) any research assistant, technician, adviser, consultant, artist, actor, actress or, and any research company, technical support company, advisory company, consultancy company, production company, advertising company, distribution company and professional services company to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(f) any supplier, producer, director or licensor of films, television programmes, video features, goods or services to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

(g) any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

新購股權計劃 (續)

(ii) (1) (h) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司之任何業主或租戶 (包括任何分租租戶) ; 及

(2) 由一名或多名上述任何類別參與者所控制之任何公司。

(iii) 根據新購股權計劃可授出之購股權所涉及之股份上限數目不得超逾本公司批准新購股權計劃日期之已發行股本10%，惟該上限可由股東於股東大會上更新。因行使所有根據新購股權計劃及任何其他購股權計劃已授出而尚未行使之購股權而發行之股份上限數目，不得超逾不時已發行股份之30%。於本年報刊發日期，根據新購股權計劃(經更新)而可供發行之購股權總數為2,064,660份，佔本公司於本年報刊發日期已發行股本約0.25%。

(iv) 除非獲得股東批准，否則每名參與者於十二個月內獲授之購股權(包括已行使，已註銷及尚未行使之購股權)予以行使時所發行及將發行之股份總數，不得超過不時已發行股份之1%。

(v) 行使期由董事會於授出購股權時決定，惟無論如何不得超逾授出日期起計十年。

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

(ii) (1) (h) any landlord or tenant (including any sub-tenant) of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company; and

(2) any company controlled by one or more persons belonging to any of the above classes of participants.

(iii) The maximum number of shares in respect of which share options may be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by the shareholders in general meeting. The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The total number of share options available for issue under the New Option Scheme (after refreshment) as at the date of this annual report was 2,064,660, which represented approximately 0.25% of the issued share capital of the Company at the date of this annual report.

(iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in 12 month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

(v) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.

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43. 以股權結算以股份支付之交易 (續)

新購股權計劃 (續)

(vi) 除董事會另有決定及於授出相關購股權時另有規定外，並無規定購股權於行使前須持有之最短限期。

(vii) 承授人須於授出日期起計30日內接納購股權（如接納），並向本公司支付1港元不可退回款項。

(viii) 購股權之行使價須為下列之最高者：

- a. 授出日期當日本公司每股股份之收市價；
- b. 緊接授出日期前五個交易日本公司每股股份之平均收市價；及
- c. 本公司每股股份之面值。

(ix) 新購股權計劃自採納日期起至二零一二年五月二十六日止十年內有效。

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

(vi) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

(vii) The acceptance of a share option, if accepted, must be made within 30 days from the date of grant with a non-refundable payment of HK\$1 from the grantee to the Company.

(viii) The exercise price of a share option must be the highest of:

- a. the closing price of a share of the Company on the date of grant;
- b. the average closing price of a share of the Company for the 5 trading days immediately preceding the date of grant; and
- c. the nominal value of a share of the Company.

(ix) The New Option Scheme is effective for 10 years from the date of adoption until 26th May 2012.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

下表披露本公司主要股東、董事、本集團僱員及其他參與者所持本公司購股權之詳情及該等所持權益之變動：

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The following table discloses details of the Company's share options held by the Company's substantial shareholders, directors, the Group's employees and other participants and movements in such holdings:

參與者類別 Category of Participants	計劃名稱 Name of scheme	授出日期 Date of grant	行使期限 Exercisable period	每股行使價 Exercise price 港元 HK\$	購股權數目 Number of share options							
					於二零零五年 一月一日 尚未行使		於二零零五年 十二月三十一日 及二零零六年 一月一日 尚未行使		於二零零六年 十二月三十一日 尚未行使		於二零零六年 十二月三十一日 尚未行使	
					Outstanding as at 01.01.2005	Granted during 2005 (附註i) (Note i)	Exercised during 2005 (附註ii) (Note ii)	Lapsed during 2005	Outstanding as at 31.12.2005 and 01.01.2006	Granted during 2006 (附註iii) (Note iii)	Expired during 2006	Outstanding as at 31.12.2006
本公司主要 股東及董事* Substantial shareholders and directors of the Company*	舊購股權計劃 Old Option Scheme	21.11.1996 28.03.2000	21.11.1996 – 20.11.2006 28.03.2000 – 27.03.2010	60.510 16.783	674,269 922,123	- -	- -	- -	674,269 922,123	- -	(674,269) -	- 922,123
	新購股權計劃 New Option Scheme	16.07.2002	16.07.2002 – 15.07.2012	1.716	221,446	-	-	-	221,446	-	-	221,446
		17.07.2003	17.07.2003 – 16.07.2013	0.564	457,000	-	-	-	457,000	-	-	457,000
						2,692,344	-	-	-	2,692,344	-	(674,269)
本公司董事** Director of the Company**	新購股權計劃 New Option Scheme	16.07.2002	16.07.2002 – 15.07.2012	1.716	1,109,557	-	-	-	1,109,557	-	-	1,109,557
		17.07.2003	17.07.2003 – 16.07.2013	0.564	2,285,000	-	-	-	2,285,000	-	-	2,285,000
					3,394,557	-	-	-	3,394,557	-	-	3,394,557
本集團僱員 Employees of the Group	舊購股權計劃 Old Option Scheme	05.01.1999	05.01.1999 – 04.01.2009	5.011	44	-	-	-	44	-	-	44
		28.03.2000	28.03.2000 – 27.03.2010	16.783	250,539	-	-	(10,440)	240,099	-	-	240,099
	新購股權計劃 New Option Scheme	02.06.2000	02.06.2000 – 01.06.2010	8.134	417,508	-	-	-	417,508	-	-	417,508
		16.07.2002	16.07.2002 – 15.07.2012	1.716	3,328,671	-	-	(1,109,557)	2,219,114	-	-	2,219,114
		17.07.2003	17.07.2003 – 16.07.2013	0.564	10,254,939	-	(7,969,939)	-	2,285,000	-	-	2,285,000
		13.12.2004	13.12.2004 – 12.12.2014	0.520	15,800,000	-	(9,800,000)	-	6,000,000	-	-	6,000,000
		04.02.2005	04.02.2005 – 03.02.2015	0.538	-	28,110,000	-	-	28,110,000	-	-	28,110,000
		30.12.2005	30.12.2005 – 29.12.2015	0.242	-	18,005,000	-	-	18,005,000	-	-	18,005,000
		21.11.2006	21.11.2006 – 20.11.2016	0.277	-	-	-	-	-	40,000,000	-	-
					30,051,701	46,115,000	(17,769,939)	(1,119,997)	57,276,765	40,000,000	-	97,276,765
其他參與者 Other participants	新購股權計劃 New Option Scheme	16.07.2002	16.07.2002 – 15.07.2012	1.716	4,438,228	-	-	-	4,438,228	-	-	4,438,228
		17.07.2003	17.07.2003 – 16.07.2013	0.564	7,055,000	-	-	-	7,055,000	-	-	7,055,000
		13.12.2004	13.12.2004 – 12.12.2014	0.520	11,820,000	-	-	-	11,820,000	-	-	11,820,000
		04.02.2005	04.02.2005 – 03.02.2015	0.538	-	10,205,000	-	-	10,205,000	-	-	10,205,000
		30.12.2005	30.12.2005 – 29.12.2015	0.242	-	33,995,000	-	-	33,995,000	-	-	33,995,000
		21.11.2006	21.11.2006 – 20.11.2016	0.277	-	-	-	-	-	20,400,000	-	-
					23,313,228	44,200,000	-	-	67,513,228	20,400,000	-	87,913,228
					59,451,830	90,315,000	(17,769,939)	(1,119,997)	130,876,894	60,400,000	(674,269)	190,602,625

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

* 代表本公司之主要股東及董事向華強先生及陳明英女士所持之購股權。

** 代表本公司董事李玉嫦女士所持之購股權。

附註：

- (i) 本公司股份緊接二零零五年授出購股權日期前之收市價分別為每股0.500港元及每股0.248港元。
- (ii) 本公司股份緊接購股權於二零零五年獲行使日期前之收市價分別為每股1.110港元(就800,000股股份而言)及每股0.720港元(就16,969,939股股份而言)。
- (iii) 本公司股份緊接二零零六年授出購股權日期前之收市價為每股0.28港元。
- (iv) 並無購股權於二零零六年被行使、失效或註銷。

以本公司現時之股本架構，於二零零六年十二月三十一日悉數行使尚未行使之190,602,625份購股權，將導致本公司按未計開支現金總代價約106,015,000港元發行190,602,625股額外普通股。

年內從承授人接納獲授購股權時所得之總代價為15港元(二零零五年：28港元)。

(a) 以股份支付之款項開支

於採納香港財務報告準則第2號之後，以股份形式支付之款項，即於二零零二年十一月七日之後就僱員提供服務而授予購股權之公平價值，確認為開支。於歸屬期內列作開支之總金額乃參考所授購股權之公平價值釐定。

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

* Represented the share options held by Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, the substantial shareholders and directors of the Company.

** Represented the share options held by Ms. Li Yuk Sheung, a director of the Company.

Notes:

- (i) The closing prices of the Company's shares immediately before the dates of grant of share options in 2005 were HK\$0.500 per share and HK\$0.248 per share.
- (ii) The closing prices of the Company's shares immediately before the dates on which the share options were exercised in 2005 were HK\$1.110 per share in respect of 800,000 shares and HK\$0.720 per share in respect of 16,969,939 shares.
- (iii) The closing price of the Company's shares immediately before the date of grant of share options in 2006 was HK\$0.28 per share.
- (iv) No share option was exercised, lapsed or cancelled during the year 2006.

The exercise in full of the outstanding 190,602,625 share options as at 31st December, 2006 would, under the present capital structure of the Company, result in the issue of 190,602,625 additional ordinary shares for a total cash consideration, before expenses, of approximately HK\$106,015,000.

Total consideration received during the year from the grantees for taking up the share options granted amounted to HK\$15 (2005: HK\$28).

(a) Share-based payment expenses

Following to the adoption of HKFRS2, Share-based Payment, the fair value of the employee services received in exchange for the grant of the options after 7th November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

- (a) 以股份支付之款項開支 (續)
- (i) 於年內生效之授予條款及條件如下，據此，所有購股權均透過實際交付股份之形式結算：

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

- (a) Share-based payment expenses (Continued)
- (i) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	工具數目 Number of Instruments	行使期限 Exercisable period
授予主要股東及董事之購股權 Options granted to substantial shareholders and directors		
– 於二零零三年七月十七日 – on 17th July 2003	457,000	二零零三年七月十七日至二零一三年七月十六日 17th July 2003 – 16th July 2013
授予董事之購股權 Options granted to directors		
– 於二零零三年七月十七日 – on 17th July 2003	2,285,000	二零零三年七月十七日至二零一三年七月十六日 17th July 2003 – 16th July 2013
授予本集團僱員之購股權 Options granted to employees of the Group		
– 於二零零三年七月十七日 – on 17th July 2003	11,254,939	二零零三年七月十七日至二零一三年七月十六日 17th July 2003 – 16th July 2013
– 於二零零四年十二月十三日 – on 13th December 2004	15,800,000	二零零四年十二月十三日至二零一四年十二月十二日 13th December 2004 – 12 December 2014
– 於二零零五年二月四日 – on 4th February 2005	28,110,000	二零零五年二月四日至二零一五年二月三日 4th February 2005 – 3rd February 2015
– 於二零零五年十二月三十日 – on 30th December 2005	18,005,000	二零零五年十二月三十日至二零一五年十二月二十九日 30th December 2005 – 29th December 2015
– 於二零零六年十一月二十一日 – on 21st November 2006	40,000,000	二零零六年十一月二十一日至二零一六年十一月二十日 21st November 2006 – 20th November 2016
授予其他參與者之購股權 Options granted to other participant		
– 於二零零三年七月十七日 – on 17th July 2003	8,855,000	二零零三年七月十七日至二零一三年七月十六日 17th July 2003 – 16th July 2013
– 於二零零四年十二月十三日 – on 13th December 2004	11,820,000	二零零四年十二月十三日至二零一四年十二月十二日 13th December 2004 – 12th December 2014
– 於二零零五年二月四日 – on 4th February 2005	10,205,000	二零零五年二月四日至二零一五年二月三日 4th February 2005 – 3rd February 2015
– 於二零零五年十二月三十日 – on 30th December 2005	33,995,000	二零零五年十二月三十日至二零一五年十二月二十九日 30th December 2005 – 29th December 2015
– 於二零零六年十一月二十一日 – on 21st November 2006	20,400,000	二零零六年十一月二十一日至二零一六年十一月二十日 21st November 2006 – 20th November 2016
	201,186,939	

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

43. 以股權結算以股份支付之交易 (續)

- (a) 以股份支付之款項開支 (續)
- (ii) 購股權之估計公平價值按柏力克—舒爾斯模式計算。該模式所採用之變量如下：—

43. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

- (a) Share-based payment expenses (Continued)
- (ii) The estimated fair value of the options is measured based on Black-Scholes Model. The variables input into the model are as follows:—

		二零零六年 2006	二零零五年 2005
於計量日期之加權平均股價 (港元)	Weighted average share price at measurement date (HK\$)	0.28	0.35
加權平均行使價 (港元)	Weighted average exercise price (HK\$)	0.277	0.37
預期波幅 (以按柏力克—舒爾斯模式計算之加權平均波幅列示)	Expected volatility (expressed as weighted average volatility used in the modeling of Black-Scholes Model)	70.51%	65.82%
購股權年期 (以按柏力克—舒爾斯模式計算之加權平均年期列示)	No. of years for option life (expressed as weighted average life used in the modeling of Black-Scholes Model)	6	10
預期股息	Expected dividends	—	—
無風險利率	Risk-free interest rate	5.0%	4.0%
於計量日期之加權平均公平價值 (港元)	Weighted average fair value at measurement date (HK\$)	0.19	0.27

預期波幅乃以過往波幅 (按購股權之平均加權剩餘年期計算) 為基準。預期股息則以過往股息為基準。所採用之主觀假設之變動或會對公平價值之估計產生重大影響。

購股權乃根據服務條件而授出。服務條件並無計入所收取之服務於授出日期之公平價值計量。所授出之購股權與市場條件並無關連。

The expected volatility is based on historical volatility (calculated based on the weighted average remaining life of the share options). Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

44. 重大關連人士交易

- (a) 年內，本集團與豐采集團訂立以下交易：

44. MATERIAL RELATED PARTY TRANSACTIONS

- (a) During the year, the Group entered into the following transactions with Riche Group:

交易性質	Nature of transactions	附註 Note	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
利息收入 – 貸款利息	Interest income – Loan interest	(i)	100	238
– 可換股票據利息	– Interest on convertible notes	(i)	-	100
授出定期貸款	Term loan granted	(i)	-	33,800
償還定期貸款	Term loan repayment	(i)	33,800	-
已收後期製作費用	Post-production fee received	(ii)	90	736
已收影展收入	Film exhibition income received	(iv)	-	7,947
已付專利權費	Royalty paid	(ii)	200	-
收購租賃土地及樓宇	Acquisition of leasehold land and buildings	(iii)	-	9,000

附註：

- (i) 於二零零五年四月十九日，豐采集團發行之33,800,000港元可換股票據到期。本集團並無行使權利以兌換未償還本金額33,800,000港元為豐采集團股本，而豐采多媒體已償還33,800,000港元。同日，本公司同意向豐采多媒體授出一年期貸款33,800,000港元。該筆貸款為無抵押、按年息1厘計息，並已於二零零六年四月十九日償還。

- (ii) 金額按各方協定之價格釐定。

Notes:

- (i) On 19th April 2005, the convertible notes of HK\$33,800,000 issued by the Riche Group were matured. The Group did not exercise the right to convert the outstanding principal amount of HK\$33,800,000 into share capital of the Riche Group and Riche Multi-Media repaid HK\$33,800,000 to the Group. On the same date, the Company granted a one year term loan of HK\$33,800,000 to Riche Multi-Media. The loan is unsecured, bears interest at 1% per annum and was repaid on 19th April 2006.

- (ii) The amounts were determined at prices agreed between the parties.

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

44. 重大關連人士交易 (續)

附註：(續)

(iii) 於二零零五年年度內，本集團向豐采集團收購租賃土地及樓宇，總代價9,000,000港元。收購事項之代價於二零零五年七月七日以現金悉數繳付。

(iv) 本集團於二零零二年二月五日與豐采集團訂立地區供應協議，據此，本集團自二零零二年四月八日起計三年內向豐采集團授出優先購買權，以購買每部電影在中國及蒙古之獨家發行權（不包括放映權及互聯網發行權）及有權選擇購買放映權。該協議已於二零零五年屆滿，而本集團與豐采集團並無訂立新協議。

(b) 本集團年內與TAL集團進行下列交易：

44. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:(Continued)

(iii) During the year 2005, the Group acquired leasehold land and buildings from the Riche Group at a total consideration of HK\$9,000,000. The consideration for the acquisition was fully settled in cash on 7th July 2005.

(iv) On 5th February 2002, the Group and the Riche Group entered into a territory supply agreement whereby the Group, during the term of three years from 8th April 2002, granted in favour of the Riche Group a first right of refusal to acquire the exclusive distribution rights of refusal to acquire the exclusive distribution rights excluding the theatrical and internet rights in respect of each film in the PRC and Mongolia and an option to acquire the theatrical rights. This agreement was expired in the year 2005 and no new agreement was entered into between the Group and the Riche Group.

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

交易性質	Nature of transactions	附註 Notes	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
來自TAL集團之 管理費收入	Management fee income from the TAL Group	(i) & (ii)	4,860	4,860
已支付及應支付 TAL集團之服務費	Services charges paid and payable to the TAL Group	(i) & (ii)	5,752	2,880
已支付及應支付 TAL集團之藝人 宣傳費	Artists promotion charges paid and payable to the TAL Group	(i) & (ii)	4,193	4,382

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

44. 重大關連人士交易 (續)

(b) (續)

附註：

(i) 金額按各方協定之價格釐定。

(ii) 陳明英女士亦為TAL之一般董事。

(c) 年內，本公司向董事及其聯繫人士發行104,105,000股普通股(二零零五年：137,365,000股)。該認購之詳情載於附註34。

(d) 截至二零零六年及二零零五年十二月三十一日止年度，向華強先生和陳明英女士向一間銀行提供個人擔保，以擔保本集團獲得之銀行貸款。本集團沒有就其支付費用。

(e) 應收聯營公司款項之詳情載於附註32。

(f) 主要管理人員

如附註14所披露，主要管理人員酬金(包括支付予本公司董事及若干最高薪僱員之款項)如下：

44. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) (Continued)

Notes:

(i) The amounts were determined at prices agreed between the parties.

(ii) Ms. Chen Ming Yin, Tiffany is a common director of TAL.

(c) During the year, the Company issued 104,105,000 ordinary shares to the directors and their associates (2005: 137,365,000). Details of these subscriptions are set out in note 34.

(d) For the years ended 31st December 2006 and 2005, Mr. Heung Wah Keung and Ms Chen Ming Yin, Tiffany provided personal guarantees to a bank to secure banking facilities granted to the Group. No fee was paid to them by the Group.

(e) Details of the amounts due from associates are set out in note 32.

(f) Key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in note 14, is as follows:

		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
薪金及其他短期福利	Salaries and other short-term benefits	5,732	5,568
退休金計劃供款	Pension scheme contributions	60	60
以股份支付之款項	Share-based payment	2,253	3,981
		8,045	9,609

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

45. 主要附屬公司詳情

下表載列董事認為主要影響本集團業績或資產之本公司附屬公司。董事認為，呈列其他附屬公司之資料會使篇幅過於冗長。

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

附屬公司名稱 Name of subsidiary	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/formation	所持股份類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid registered share capital/capital	主要業務 Principal activities
Business First Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$	持有有線播映權 Holding of cable right
China Star Entertainment (BVI) Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	200股每股面值1美元之股份 200 shares of US\$1 each	投資控股 Investment holding
中國星娛樂控股有限公司 China Star Entertainment Holding Company	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值1港元普通股及1,000,000股每股面值1港元之無投票權遞延股 (附註b) 2 ordinary shares of HK\$1 each and 1,000,000 deferred non-voting shares of HK\$ 1 each (Note b)	投資控股 Investment holding
中國星香港發行有限公司 China Star HK Distribution Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	100,000股每股面值1港元普通股 100,000 ordinary shares of HK\$1 each	電影及電視連續劇發行 Distribution of motion pictures and television drama series

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

45. 主要附屬公司詳情 (續)

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	所持股份類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
中國星香港娛樂有限公司 China Star HK Entertainment Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	1,000,000股 每股面值1港元 普通股 1,000,000 ordinary shares of HK\$1 each	錄像版權 發行及 投資控股 Distribution of video rights and investment holding
China Star International Distribution Limited (附註a) (Note a)	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	8,001股每股 面值1美元之股份 8,001 shares of US\$1 each	電影及電視 連續劇發行 Distribution of motion pictures and television drama series
中國星鐳射影碟有限公司 China Star Laser Disc Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	15,000股每股面值 100港元 普通股 15,000 ordinary shares of HK\$100 each	提供管理 服務及 投資控股 Provision of management services and investment holding
中國星影畫有限公司 China Star Pictures Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元 普通股 2 ordinary shares of HK\$1 each	持有電影版權 Holding of film rights
中國星製作服務有限公司 China Star Production Services Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元 普通股 2 ordinary shares of HK\$1 each	提供後期 製作服務 Provision of post- production services

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

45. 主要附屬公司詳情 (續)

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/formation	所持股份類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/registered capital	主要業務 Principal activities
中國星商標有限公司 China Star Trademark Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	持有商標及版權 Holding of trademark and copyrights
China Star Worldwide Distribution B.V. (附註b) (Note b)	註冊成立 Incorporated	荷蘭 Netherlands	普通股 Ordinary	100	400股每股 面值100荷蘭盾 之普通股 400 ordinary shares of Dutch Guilders 100 each	電影及電視 連續劇發行 Distribution of motion pictures and television drama series
Classical Statue Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	投資控股 Investment holding
Exceptional Gain Profits Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元之股份 1 share of US\$1	物業投資 Property investment
安樂(香港)有限公司 Newrich (HK) Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之 普通股 2 ordinary shares of HK\$1 each	持有物業 Property holding
一百年電影有限公司 One Hundred Years of Film Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	3,000,000股每股 面值1港元之 普通股 3,000,000 ordinary shares of HK\$1 each	電影製作 Film production

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

45. 主要附屬公司詳情 (續)

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	所持股份類別 Class of shares held	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
思維娛樂有限公司 S & W Entertainment Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each	製作電影及 電視連續劇 Production of motion pictures and television drama series

附註：

- (a) 在全球經營業務。
- (b) 無投票權遞延股份實際並無權利分享該公司股息、接收該公司股東大會之通告、出席該等大會或在會上投票之權利、在清盤時亦不可享有任何分派。

China Star Entertainment (BVI) Limited 及 China Star Worldwide Distribution B.V. 由本公司直接擁有，而所有其他附屬公司均由本公司間接擁有。

除另有指明者外，附屬公司之主要營業地點為香港。

所有附屬公司於年結日或年中任何時間概無任何未贖回之債務證券。

Notes:

- (a) Operating internationally.
- (b) The non-voting deferred shares practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the company nor to participate in any distribution on winding up.

China Star Entertainment (BVI) Limited and China Star Worldwide Distribution B.V. are directly held by the Company. All other subsidiaries are indirectly held by the Company.

Except otherwise stated, the principal place of operation of the subsidiaries is Hong Kong.

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

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46. 主要聯營公司詳情

下表載列董事認為主要影響本集團業績及資產之本集團聯營公司。董事認為，呈列其他聯營公司之資料會使篇幅過於冗長。

46. PARTICULARS OF PRINCIPAL ASSOCIATES

The following table lists the associates of the Group which, in the opinion of the directors, principally affected the results and assets of the Group. To give details of other associates would, in the opinion of directors, result in particulars of excessive length.

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/formation	本公司間接所持 已發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %	已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
豐采多媒體集團有限公司** Riche Multi-Media Holdings Limited **	註冊成立 Incorporated	百慕達 Bermuda	34.43	4,752,000,000股 每股面值0.1港元 之普通股 4,752,000,000 ordinary shares of HK\$0.1 each	於香港投資控股 Investment holding in Hong Kong
Bluelagoon Investment Holding Limited *	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	34.43	1股面值 1美元之股份 1 share of US\$1	於中國投資控股、 銷售金融資產、發行 電影及轉授電影版權 Investment holding, sales of financial assets, distribution of films and sub-licensing of film rights in the PRC
Riche Advertising Limited*	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	34.43	1股每股面值 1美元之普通股 1 ordinary shares of US\$1 each	銷售金融資產 Sales of financial assets
Riche (BVI) Limited*	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	34.43	1,000股每股面值 1美元之普通股 1,000 ordinary shares of US\$1 each	於香港投資控股 Investment holding in Hong Kong

財務報表附註 Notes to the Financial Statements

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46. 主要聯營公司詳情 (續)

46. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	本公司間接所持 已發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/registered capital held by the Company %		已發行及繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
豐采發行有限公司* Riche Distribution Limited*	註冊成立 Incorporated	香港 Hong Kong	34.43	1,000,000股每股面值 1港元之普通股 1,000,000 ordinary shares of HK\$1 each	於香港轉授電影版權 及銷售金融資產 Sub-licensing of film rights in Hong Kong and sales of financial assets	
豐采國際(澳門離岸商業服務) 有限公司* Riche International (Macao Commercial Offshore) Limited*	註冊成立 Incorporated	澳門 Macao	34.43	1股面值澳門幣 100,000元之股份 1 share of MOP100,000	於中國發行 電影及 轉授電影版權 Distribution of films and sub-licensing of film rights in the PRC	
豐采錄影有限公司* Riche Video Limited*	註冊成立 Incorporated	香港 Hong Kong	34.43	10股每股面值 100港元之普通股及 20,000股每股面值 100港元之無投票權 遞延股份 [△] 10 ordinary shares of HK\$100 each and 20,000 non-voting deferred shares of HK\$100 each [△]	於香港發行影視產品 Distribution of video products in Hong Kong	
Shinhan-Golden Faith International Development Limited*	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	34.43	10,000,000股 每股面值 1美元之普通股 10,000,000 ordinary share of US\$1 each	於中國投資控股 Investment holding in the PRC	

財務報表附註 Notes to the Financial Statements

截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

46. 主要聯營公司詳情 (續)

46. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	本公司間接所持 已發行股本/註冊 資本面值比例	已發行及繳足股本/ 註冊資本	主要業務 Principal activities
			Proportion of nominal value of issued capital/registered capital held by the Company %	Issued and fully paid registered share capital/ registered capital	
北京建國房地產開發 有限公司* ("Beijing Jian Guo Real Estate Development Co. Ltd")	註冊成立 Incorporated	中國 PRC	33.29	註冊資本 15,000,000美元 Registral capital of US\$15,000,000	於中國投資物業 Property investment in the PRC
Together Again Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	49.00	48,080股每股面值 1美元之股份 48,080 shares of US\$1 each	投資控股及 提供藝人管理服務 Investment Holding and provision of artists management services
China Entertainment Group, Inc.***	註冊成立 Incorporated	美國 United States of America	41.65	128,963,425股 每股面值0.001美元 之普通股 128,963,425 of US\$0.001 each common stock	投資控股 Investment Holding
中國星演藝管理有限公司*** China Star Management Limited***	註冊成立 Incorporated	香港 Hong Kong	41.65	1,000,000股 每股面值1港元 之普通股 1,000,000 ordinary shares of HK\$1 each	提供藝人管理服務 Provision of artists management services

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截至二零零六年十二月三十一日止年度 For the year ended 31st December 2006

46. 主要聯營公司詳情 (續)

46. PARTICULARS OF PRINCIPAL ASSOCIATES (Continued)

聯營公司名稱 Name of associate	業務架構形式 Form of business structure	註冊/成立 國家/地點 Country/place of incorporation/ formation	本公司間接所持 已發行股本/註冊 資本面值比例	已發行及繳足股本/ 註冊資本	主要業務 Principal activities
			Proportion of nominal value of issued capital/registered capital held by the Company %	Issued and fully paid share capital/ registered capital	
Anglo Market International Limited ***	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.65	1股每股面值 1美元之股份 1 share of US\$1 each	提供藝人管理服務 Provision of artists management services
Metrolink Global Limited ***	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	41.65	100股每股面值 1美元之股份 100 shares of US\$1 each	提供藝人管理服務 Provision of artists management services
* 該等公司乃豐采多媒體之附屬公司。			* These companies are subsidiaries of Riche Multi-Media.		
** 豐采多媒體之股份在聯交所上市。			** The shares of Riche Multi-Media are listed on the Stock Exchange.		
*** 該等公司為TAL之附屬公司。			*** These companies are subsidiaries of TAL.		
# China Entertainment Group, Inc. 乃一間美國公眾公司，於美國場外電子交易板(Over-The-Counter Bulletin Board)進行買賣。			# China Entertainment Group, Inc. is a U.S. public company traded on the Over-The-Counter Bulletin Board.		
Δ 無投票權遞延股份(並非為豐采集團持有)實際並無權利分享股息、接收任何相關公司股東大會之通告、出席該等大會或在會上投票或在清盤時享有任何分派。			Δ The non-voting deferred shares, which are not held by Riche Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on winding up.		

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47. 結算日後事項

- (a) 於二零零六年六月十三日，本公司與有關賣方 Harvest Metro Corporation、Top Region Assets Limited 及陳澤武先生就以 490,000,000 港元的總代價收購 Triumph Up Investments Limited 及 Great Chain Limited 之全部已發行股本（「初次收購事項」）訂立協議，該等公司間接持有 Kingsway Hotel Limited（「KHL」）之已發行股本合共約 61.5% 權益。Kingsway Hotel Limited 之主要資產為位於澳門名為金域酒店之三星級酒店，設有合共 383 間客房。根據上市規則，初次收購事項構成本公司之非常重大收購，並已於二零零六年九月二十九日舉行之股東特別大會上獲本公司股東批准。關於初次收購事項之詳情載於本公司日期為二零零六年九月八日之通函。於二零零六年十二月三十一日，初次收購事項尚未完成。

- (b) 於二零零七年一月三日，本公司與賣方 Great Trust - Gestao E Participacoes Limitada 就收購 KHL 所有股本權益之 19.25%、直接持有 KHL 已發行股本 50% 股本權益之 Xin Wei 之 38.5% 股本權益及有關銷售貸款（「收購事項」）訂立協議，總代價為 240,000,000 港元。收購事項完成後，本公司將持有 KHL 之 38.5% 股本權益。根據上市規則，收購事項亦構成本公司之非常重大收購事項，已於二零零七年三月二十七日舉行之股東特別大會上獲本公司股東批准。關於收購事項之詳情載於本公司日期為二零零七年三月十日之通函。

47. SUBSEQUENT EVENTS

- (a) On 13th June 2006, the Company had entered into agreements with the relevant vendors, Harvest Metro Corporation, Top Region Assets Limited and Mr. Chan Chak Mo in relation to the acquisition (the "Initial Acquisition") of the entire issued share capital of Triumph Up Investments Limited and Great Chain Limited which indirectly hold in aggregate appropriately 61.5% interest in the issued share capital of Kingsway Hotel Limited ("KHL") for an aggregate consideration of HK\$490,000,000. The principal asset of Kingsway Hotel Limited is Kingsway Hotel, a three star hotel with a total 383 guests rooms located in Macau. The Initial Acquisition constitute a very substantial acquisition for the Company under the Listing Rules and approval of the shareholders of the Company was obtained at a special general meeting held on 29th September 2006. Details of the Initial Acquisition were set out in the Company's circular dated 8th September 2006. As at 31st December 2006, the Initial Acquisition has not yet been completed.
- (b) On 3rd January 2007, the Company had entered into agreement with the vendor, Great Trust - Gestao E Participacoes Limitada in relation to the acquisition (the "Acquisition") of the entire 19.25% of the equity interest of KHL, 38.5% of the equity interest of Xin Wei which directly holds 50% equity interest in the issued share capital of KHL and the relevant sale loans for an aggregate consideration of HK\$240,000,000. Upon completion of the Acquisition, the Company would hold 38.5% equity interest in KHL. The Acquisition also constitute a very substantial acquisition for the Company under the Listing Rules and approval of the shareholders of the Company was obtained at a special general meeting held on 27th March 2007. Details of the Acquisition were set out in the Company's circular dated 10th March 2007.

財務報表附註 Notes to the Financial Statements

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47. 結算日後事項 (續)

(b) (續)

於二零零七年一月十九日，本公司與三名認購人就認購將由本公司按面值95%之發行價發行本金面值總額為168,500,000港元於二零一二年到期零票息無抵押可換股債券(「公司債券」)訂立三份無抵押認購協議，初步換股價為以下金額之較低者：(i)每股換股股份0.32港元及(ii)股份於二零零七年五月十九日(或雙方協定之日期)前十個交易日之平均收市價，惟初次換股價不得少於每股換股股份0.25港元(可予調整)，認購所得款項將用於撥付收購事項。可換股債券之發行已獲本公司股東於二零零七年三月二十三日舉行之股東特別大會上批准。若公司債券按每股0.32港元或0.25港元之初步兌換價悉數轉換，則公司債券將可轉換成526,562,500或674,000,000股本公司股份(可予調整)，佔本公司經擴大股本約42.76%或48.89%。關於公司債券之詳情載於本公司日期為二零零七年三月七日之通函。

47. SUBSEQUENT EVENTS (Continued)

(b) (Continued)

On 19th January 2007, the Company entered into three unsecured subscription agreements with three subscribers in relation to the subscription of the zero coupon unsecured convertible bonds (the "Firm Bonds") due 2012 in an aggregate principal face value of HK\$168,500,000 at an issue price of 95% of the face value amount to be issued by the Company at an initial conversion price of the lower (i) HK\$0.32 per conversion share and (ii) the average closing price of the shares for ten trading days prior to 19th May 2007 or date to be agreed by both parties, provided that the initial conversion price shall in no event be less than HK\$0.25 per conversion share (subject to adjustment), of which the proceeds would be for financing the Acquisition. The issue of the Firm Bonds was approved by the Company's shareholders in the special general meeting held on 23rd March 2007. Should the Firm Bonds be fully converted at the initial conversion price of HK\$0.32 or HK\$0.25 per share, the Firm Bonds will be convertible into approximately 526,562,500 or 674,000,000 shares of the Company (subject to adjustment), representing approximately 42.76% or 48.89% of the enlarged share capital of the Company. Details of the Firm Bonds were set out in the Company's circular dated 7th March 2007.

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47. 結算日後事項 (續)

(c) 於二零零七年三月十九日，本公司分別與相關賣方、SJM - Investimentos Limitada及Most Famous Enterprises Limited訂立兩份賣買協議（即「SJM協議」及「Most Famous協議」）。根據SJM協議及Most Famous協議，本公司已同意出售KHL已發行配額之1%和有關銷售貸款，以及KHL已發行配額之49%和有關銷售貸款，就此涉及之總代價分別為6,300,000港元及308,700,000港元（「出售事項」）。現建議在SJM完成後委聘何鴻樂博士為KHL之主席。根據上市規則，出售事項構成本公司之非常重大出售事項，因此，須於本公司即將舉行之股東特別大會上獲得本公司股東批准。關於出售事項之詳情載於本公司日期為二零零七年三月十九日之公佈。

(d) 於二零零七年三月十九日，本公司之附屬公司Classical Statue Limited（「Classical Statue」）分別與配售代理金利豐證券有限公司及豐采多媒體訂立配售協議及認購協議，據此，Classical Statue (1)同意按悉數包銷基準以每股配售股份0.04港元之價格透過配售代理向獨立投資者配售1,296,860,000股配售股份及(2)有條件同意按配售價認購1,296,860,000股認購股份。於二零零七年三月二十二日，配售協議完成後，Classical Statue於豐采多媒體之權益將由豐采多媒體經擴大已發行股本約34.43%減至28.69%。

47. SUBSEQUENT EVENTS (Continued)

(c) On 19th March 2007, the Company had entered into two sales and purchase agreements with relevant vendors, SJM - Investimentos Limitada ("SJM Agreement") and Most Famous Enterprises Limited ("Most Famous Agreement") respectively. Pursuant to the SJM Agreement and the Most Famous Agreement, the Company agreed to sell 1% of issued quota of KHL and the relevant sale loan and 49% of issued quota of KHL and the relevant sale loan for an aggregate consideration of HK\$6,300,000 and HK\$308,700,000 respectively (the "Disposals"). It is proposed that upon the SJM Completion, Dr. Stanley Ho will be appointed as the chairman of KHL. The Disposals constitute a very substantial disposal for the Company under the Listing Rules and approval of the shareholders of the Company was required at a special general meeting to be held by the Company. Details of the Disposals were set out in the Company's announcement dated 19th March 2007.

(d) On 19th March 2007, Classical Statue Limited ("Classical Statue"), a subsidiary of the Company entered into a placing agreement and a subscription agreement with a placing agent, Kingston Securities Limited and Riche Multi-Media respectively pursuant to which Classical Statue has (1) agreed to place, through the placing agent on a fully underwritten basis 1,296,860,000 placing shares to independent investors at a price of HK\$0.04 per placing share and (2) conditionally agreed to subscribe for 1,296,860,000 subscription shares at the placing price. On 22nd March 2007, the placing agreement was completed, upon completion, Classical Statue's interest in Riche Multi-Media would be reduced from approximately 34.43% to 28.69% of the enlarged issued share capital of Riche Multi-Media.

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47. 結算日後事項 (續)

- (e) 於二零零七年三月十二日，Classical Statute與銀河映像控股有限公司（「銀河」）就認購本金總額25,000,000港元之二零一二年到期零票息無抵押可換股票據（「可換股票據」）訂立認購協議，換股價初步為每股銀河股份0.33港元（可予以調整）。認購協議之其他條款及條件載於本公司日期為二零零七年三月十四日之公佈。有關可換股債券之詳情載於本公司日期為二零零七年四月三日之通函。

48. 批准財務報表

財務報表已於二零零七年四月二十六日獲董事會批准。

47. SUBSEQUENT EVENTS (Continued)

- (e) On 12th March 2007, Classical Statute entered a subscription agreement with Milkyway Image Holdings Limited ("Milkyway"), in relation to the subscription of the zero coupon convertible notes (the "Convertible Notes") in aggregate principle amount of HK\$25,000,000 due 2012. The conversion price is initially at HK\$0.33 per share of Milkyway(subject to adjustment). Other terms and conditions of the subscription agreements were set out in the Company's announcement dated 14th March 2007. Details of the Convertible Notes were set out in the Company's circular dated 3rd April 2007.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 26th April 2007.