

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2006
截至二零零六年十二月三十一日止年度

1. GENERAL

Innovo Leisure Recreation Holdings Limited (the "Company") is a public limited company incorporated in Bermuda. The Company's ultimate holding company is Puregain Assets Limited (incorporated in the British Virgin Islands). Its shares are listed in The Stock Exchange of Hong Kong Limited. Its registered office and principal place of business is at Room 1409, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the operation of carnivals amusement parks.

The functional currency of the Company is Hong Kong dollars while the functional currencies of its subsidiaries in the PRC are Renminbi and other subsidiaries in Hong Kong are Hong Kong dollars. The financial statements are presented in Hong Kong dollars for the convenience of the readers.

2. BASIS OF PRESENTATION

As at 31 December 2006, the Group and the Company had net liabilities positions of HK\$35,017,000 and HK\$80,521,000, respectively. Further, for the year ended 31 December 2006, the Group incurred a net loss of HK\$6,278,000. The financial statements of the Group and the Company have been prepared on a going concern basis on the basis that a controlling substantial shareholder has agreed to provide adequate financial support to enable the Group and the Company to meet in full their financial obligations as they fall due for the foreseeable future. At the same time, however, the Group and the Company are actively seeking other sources of financing.

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

(a) In the current year, the Group has applied, all the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are relevant to its operation and effective for accounting period beginning on or after 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

1. 一般資料

澤新遊樂控股有限公司(「本公司」)於百慕達註冊成立為一間上市之有限公司，其最終控股公司為在英屬處女群島註冊成立之 Puregain Assets Limited。本公司之註冊辦事處及主要營業地點為香港干諾道中200號信德中心西翼1409室。本集團(包括本公司及其附屬公司)專門經營嘉年華會遊樂園業務。

本公司之功能貨幣為港元，而其在中國之附屬公司及其他香港附屬公司則分別以人民幣及港元作為功能貨幣。為方便讀者理解，財務報表以港元呈列。

2. 呈列基準

於二零零六年十二月三十一日，本集團及本公司之淨額負債分別為35,017,000港元及80,521,000港元。此外，於截至二零零六年十二月三十一日止年度，本集團引致淨額虧損6,278,000港元。由於控股股東已同意提供足夠財務支援，以致本集團及本公司可於可預見將來全面履行到期之財務責任，故本集團及本公司之財務報表乃按持續經營基準編製。與此同時，本集團及本公司正積極尋求其他融資途徑。

3. 應用新訂及經修訂香港財務報告準則

(a) 於本年度，本集團已採納香港會計師公會(「香港會計師公會」)頒佈一切與其業務相關且於二零零六年一月一日或之後開始之會計期間生效之新訂及經修訂準則、修訂及詮釋(「新香港財務報告準則」)。採納新香港財務報告準則對如何編製及呈列本年度或過往會計期間之業績概無重大影響。因此，並無需要作出過往期間調整。

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3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – *continued*

(b) Potential impact arising on the new accounting standards not yet effective

The Group has not yet applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipated that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 Amendment
香港會計準則第1號修訂

HKFRS 7

香港財務報告準則第7號

HKFRS 8

香港財務報告準則第8號

HK(IFRIC) – Interpretation 7

香港(國際財務報告準則)詮釋第7號

HK(IFRIC) – Interpretation 8

香港(國際財務報告準則)詮釋第8號

HK(IFRIC) – Interpretation 9

香港(國際財務報告準則)詮釋第9號

HK(IFRIC) – Interpretation 10

香港(國際財務報告準則)詮釋第10號

HK(IFRIC) – Interpretation 11

香港(國際財務報告準則)詮釋第11號

HK(IFRIC) – Interpretation 12

香港(國際財務報告準則)詮釋第12號

Capital Disclosures¹

資本披露¹

Financial instruments: Disclosures¹

金融工具:披露¹

Operating Segments²

經營分部²

Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies³

根據香港會計準則第29號在惡性通貨膨脹經濟中的財務報告之規定引用重述方法³

Scope of HKFRS 2⁴

香港財務報告準則第2號的範圍⁴

Reassessment of Embedded Derivatives⁵

重新評估嵌入式衍生工具⁵

Interim Financial Reporting and Impairment⁶

中期財務報告及減值⁶

Group and Treasury Share transactions⁷

集團庫存及股份交易⁷

Service Concession Arrangement⁸

服務經營權安排⁸

1 Effective for annual periods beginning on or after 1 January 2007

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 March 2006

4 Effective for annual periods beginning on or after 1 May 2006

5 Effective for annual periods beginning on or after 1 June 2006

6 Effective for annual periods beginning on or after 1 November 2006

7 Effective for annual periods beginning on or after 1 March 2007

8 Effective for annual periods beginning on or after 1 January 2008

3. 應用新訂及經修訂香港財務報告準則 – 續

(b) 尚未生效之新訂會計準則可能引致之影響

本集團並未提前採用下列已頒佈但尚未生效之新訂準則、修訂或詮釋。本公司董事預期採用該等新香港財務報告準則對本集團財務報表不會有重大影響。

1 自二零零七年一月一日或之後開始的年度期間生效

2 自二零零九年一月一日或之後開始的年度期間生效

3 自二零零六年三月一日或之後開始的年度期間生效

4 自二零零六年五月一日或之後開始的年度期間生效

5 自二零零六年六月一日或之後開始的年度期間生效

6 自二零零六年十一月一日或之後開始的年度期間生效

7 自二零零七年三月一日或之後開始的年度期間生效

8 自二零零八年一月一日或之後開始的年度期間生效

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4. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

(b) Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimate. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 35.

(c) Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

4. 主要會計政策

(a) 合規聲明

綜合財務報表乃根據香港會計師公會頒佈之一切適用香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（以下統稱為「香港財務報告準則」）而編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則及公司條例所規定之披露事項。

(b) 編製基準

除若干財務工具按公允價值計量外，財務報表乃按歷史成本基準編製。

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。香港財務報告準則亦規定管理層在應用本公司之會計政策過程中運用其判斷。有關範籌涉及較高層次之判斷或較為複雜，或對綜合財務報表而言屬重大之假設及估計於附註35有所披露。

(c) 綜合基準

當本公司直接或間接有權支配另一實體或企業之財務及營運方針，從而獲得該實業之業務所帶來之利益，則有關實體或企業列作附屬公司。綜合財務報表乃按本集團為單一實體之基準呈列其業績，故集團公司間之交易及結餘均全數對銷。

於進行收購時，有關附屬公司之資產及負債乃按其於收購日期之公允價值計量，少數股東所佔權益乃按少數股東在已確認資產及負債公允價值所佔之比例列賬。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(c) Basis of consolidation – *continued*

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

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss, if any.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Company's interests in subsidiaries are stated at cost less impairment, if any. All significant inter-company transactions and balances among group companies have been eliminated on consolidation.

4. 主要會計政策 – 續

(c) 綜合基準 – 續

就年內購入或出售之附屬公司而言，其業績乃由收購生效日期起或截止出售生效日期止（視乎情況而定）列入綜合收益表。

於本公司資產負債表中，於附屬公司之投資按成本減減值虧損（如有）列賬。

少數股東權益是指並非由本公司直接或透過附屬公司擁有之權益所佔附屬公司資產淨值之部分，就此而言，本集團並無與該等權益之持有人協定任何額外條款，以致本集團整體須承擔就財務負債所界定之合約責任。少數股東權益在綜合資產負債表之權益項目中與本公司股東應佔權益分開列示。而少數股東所佔本公司期內業績之權益則在綜合收益表內列為在少數股東權益與本公司股東之間分配之年內溢利及虧損總額。

如果少數股東應佔之虧損超過其所佔附屬公司資產淨值之權益，超額部分和任何歸屬於少數股東之進一步虧損便會沖減本公司所佔權益；但如少數股東須承擔具有約束力之義務並有能力彌補虧損則除外。附屬公司之所有其後溢利均會分配予本公司，直至本公司收回以往承擔之少數股東應佔虧損為止。

本公司於附屬公司之權益乃按成本減任何減值列賬。集團公司間之一切重大交易及結餘已於綜合賬目時互相對銷。

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4. PRINCIPAL ACCOUNTING POLICIES – continued

(d) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any identified impairment loss at the balance sheet date.

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

Construction in progress is stated at cost which includes all construction costs and other direct costs, including borrowing costs capitalised, attributable to the construction in progress. They are not depreciated until completion of construction. Costs of completed construction works are transferred to the appropriate categories of property, plant and equipment.

Property, plant and equipment are depreciated at rates sufficient to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives and residual value are reviewed and adjusted, if appropriate, at each balance sheet date. The useful lives and residual value are as follows:

Leasehold improvement	Over the lease period
Amusement rides and machines	5 – 8 years
Office fixtures and equipment	2 – 5 years

4. 主要會計政策 – 續

(d) 附屬公司

附屬公司乃指本公司控制之公司。控制乃指本公司有權管理一家實體之財務及經營之決策，以於其業務中獲取利益。於評估控制時，已計及當前可行使之潛在投票權。

(e) 物業、廠房及設備

物業、廠房及設備乃按成本減於結算日之折舊及任何已確定之減值虧損列賬。

出售或棄置某項資產所產生之損益為出售所得款項與有關資產賬面值兩者間之差額，撥入收益表確認。

在建工程按成本入賬。成本乃指一切建築成本及其他有關在建工程之直接成本，包括撥充資本之借貸成本。成本在建築工程完成前概不攤銷。已竣工之建築工程之成本轉撥至物業、廠房及設備下之適當類別。

物業、廠房及設備之折舊乃於其如下估計可使用年期內採用直線法撇銷其成本（減估計剩餘價值）可使用年期及剩餘價值於各個結算日予以檢討及調整（如適用）。可使用年期及剩餘價值如下：

租賃裝修	按租期
機動遊戲及遊戲機	5–8年
辦公室裝置及設備	2–5年

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(f) Financial instruments

(i) Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss: include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

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 the income statement in the period in which they arise.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade and other receivables), but also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's 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.

4. 主要會計政策 – 續

(f) 財務工具

(i) 財務資產

本集團視乎購入資產之目的將其財務資產列入下列其中一類。本集團就各類財務資產所製訂之會計政策如下：

按公允價值計入損益之財務資產包括持有作買賣之財務資產。倘財務資產為短期作出售目的而持有，則被分類為持有作買賣之財務資產。持有作買賣之投資損益於收益表確認。

初步確認後之各個結算日，按公允價值計入損益之財務資產按公平值計量，公允價值變動則於產生期間內直接於收益表確認。

貸款及應收款項：此等資產為附有固定或可訂定付款數額而並無在活躍市場上提供報價之非衍生財務資產，主要透過向客戶提供貨品及服務而產生（貿易及其他應收款項），但亦涵蓋其他具有合約性之貨幣資產類別。於首次確認後之每個結算日，該等資產採用實際利率法按攤銷成本減任何已確定之減值虧損列賬。

有客觀證據顯示資產已減值時，於收益表內確認減值虧損，並且按照資產賬面金額與按原有實際利率折現之估計未來現金流量之現值之差額衡量減值虧損。當資產之可收回數額在客觀上與確認減值後所發生之事件有關，減值虧損會於其後期間撥回，惟規定資產在撥回減值當日之賬面值時不得超過如無確認減值之攤銷成本。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(f) Financial instruments – *continued*

(i) Financial assets – *continued*

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using effective interest method, less any identified impairment losses.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's 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.

Available-for-sale financial assets: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement.

Any impairment losses on available-for-sale financial assets are recognised in the income statement on 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.

4. 主要會計政策 – 續

(f) 財務工具 – 續

(i) 財務資產 – 續

持有至期滿之投資：該等資產為附有固定或可訂定付款數額及有固定年期之非衍生財務資產，而本集團之管理層有意及有能力持有至期滿為止。於首次確認後之每個結算日，持有至期滿之投資採用實際利息法按攤銷成本減任何已確定之減值虧損列賬。

有客觀證據顯示資產已減值時，於收益表內確認減值虧損，並且按照資產賬面金額與按原有實際利率折現之估計未來現金流量之現值之差額衡量減值虧損。當資產之可收回數額在客觀上與確認減值後所發生之事件有關，減值虧損會於其後期間撥回，惟規定資產在撥回減值當日之賬面值時不得超過如無確認減值之攤銷成本。

待售財務資產：不列入上述類別之非衍生財務資產歸類為待售資產，包括本集團對不符合資格成為附屬公司、聯營公司或共同控制實際進行之策略性投資。該等投資以公允價值列賬，而公允價值之變動均直接確認為權益。當待售財務資產之公允價值下跌，即構成減值之客觀證明，虧損額須自權益撇銷，並在收益表中確認。

待售財務資產之任何減值虧損均於收益表內確認為可供出售之債務投資，倘投資之公允價值可客觀地與確認減值虧損後出現之事項關連，則於其後出現時撥回。

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4. PRINCIPAL ACCOUNTING POLICIES – continued

(f) Financial instruments – continued

(i) Financial assets – continued

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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, 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 the 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 rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

(ii) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities were incurred. The Group's accounting policy for each category is as follows:

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognised in the income statement.

Other financial liabilities: Other financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

4. 主要會計政策 – 續

(f) 財務工具 – 續

(i) 財務資產 – 續

就並無在活躍市場上提供報價且其公允價值無法可靠計量之待售股本投資及與該等無報價股本投資工具掛鈎且必須以該等投資進行結算交收之衍生工具而言，其價值乃於首次確認後之每個結算日按成本減任何已確定之減值虧損列賬。減值虧損之金額乃按照類似財務資產之回報率面值之差額計算。有關減值虧損將不會於其後期間撥回。

(ii) 財務負債

本集團視乎引致負債之原因而將其財務負債分為兩個類別其中之一。本集團就各類別所製訂之會計政策如下：

按公允價值計入損益之財務負債：按公允價值計入損益之財務負債包括持有作買賣之財務負債及於按公允價值計入損益作初步確認時指定之財務負債。

倘財務負債為短期作出售目的而持有，則被分類為持有作買賣之財務負債。持有作買賣之負債損益於收益表確認。

其他財務負債：其他財務負債包括以下各項：

應付貿易賬款及其他短期貨幣負債乃按攤銷成本確認。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(f) Financial instruments – *continued*

(ii) Financial liabilities – *continued*

Bank borrowings, certain preference shares and the debt element of convertible debt issued by the Group are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(iii) Derecognition

The Group derecognises a financial asset where the contractual rights to the future cash flows in relation to the investment expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(g) Impairment of other assets

At each balance sheet date, the Group reviews the carrying amounts of the financial and other assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the net selling price and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 主要會計政策 – 續

(f) 財務工具 – 續

(ii) 財務負債 – 續

銀行借貸、若干優先股及本集團所發行可換股債券之債項部份於首次確認時乃按墊款金額(扣除任何直接涉及發行有關票據之應計交易成本)列賬。該等計息負債其後採用實際利率法按攤銷成本計量，此舉旨在確保期內之還款利息支出乃根據資產負債表所列剩餘負債按恆常不變之利率計算。「利息支出」在此包括初始交易成本及贖回所需支付之溢價，以及於負債仍未清還期間所需支付之利息或息票。

(iii) 解除確認

倘涉及投資之未來現金流量之合約權利屆滿，或倘財務資產經予以轉讓，而有關轉讓符合香港會計準則第39號之解除確認標準，則本集團可解除確認該項財務資產。

財務負債於有關合約內指定之責任獲履行、註銷或屆滿時解除確認。

(g) 其他資產減值

於各結算日，本集團會審閱財務及其他資產之賬面值以釐定是否有跡象顯示該等資產出現減值虧損或以往確認之減值虧損不再出現或有所減少。

倘資產之可收回金額(即淨售價與使用價值之較高者)估計低於其賬面值，則該資產之賬面值將減至其可收回金額。減值虧損即時確認為開支。

當減值虧損於其後撥回，該資產之賬面值乃增加至其可收回金額修訂後之估計數額，惟就此賬面值之增加並不超出賬面值者將釐定為於往年間並未確認減值虧損。減值虧損撥回即時確認為收入。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Revenue recognition

Income from admission fee, mechanical rides and redemption games are recognised when the tickets and tokens are sold to customers.

Advertising income provided within the carnivals are recognised when the services are provided.

Sale of food and beverages are recognized in the income statement at the point of sale to customers.

(j) Income taxes

Income taxes mainly comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Income taxes are recognised in the income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

4. 主要會計政策 – *續*

(h) 存貨

存貨初步按成本確認，其後按成本或可變現淨值兩者中之較低值確認。成本包括一切採購成本、轉換成本及將存貨送至現有地點及達致現有狀況所需之其他成本。成本按加權平均法計算。可變現淨值指日常業務過程中之估計售價減完成之估計成本以及進行銷售所必要之估計成本。

(i) 收入確認

來自入場費、機動遊戲及獎品攤位遊戲之收入乃於向客戶銷售門票及代幣時確認。

在嘉年華會會場提供廣告所得收入乃於提供有關服務時確認。

銷貨收入乃於提供食物及飲品時確認。

(j) 所得稅

所得稅包括本期稅項及遞延稅項。

本期稅項根據日常業務所產生之損益（已就毋須課所得稅或不獲寬減之項目作出調整）徵收，採用於結算日當日經已生效或實質上經已生效之稅率計算。

由於就財務申報釐定資產及負債之賬面值與報稅所用相應金額之間出現暫時性差異，因而出現遞延稅項。遞延稅項採用資產負債表負債法入賬。除不足以影響入賬或應課稅溢利之已確認資產及負債外，所有暫時性差異均確認為遞延稅項負債。遞延稅項資產只在應課稅溢利可用於抵銷暫時性差異之情況下始予確認。遞延稅項資產按預計於清償負債或變現資產之期間內適用之稅率計量，而所依據之稅率於結算日當日經已生效或實質上經已生效。

所得稅在綜合收益表中確認，惟倘涉及已直接確認為權益之項目，則有關稅項亦直接確認為權益。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(k) Employee benefits

(i) *Defined contribution retirement plan*

Contribution to defined contribution retirement plans are recognised as an expense in the income statement when the services are rendered by the employees.

(ii) *Employee entitlements*

Employee entitlements to annual leave and long service payment are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(l) Operating lease

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an “operating lease”), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

(m) Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences is also recognised directly in equity.

4. 主要會計政策 – 續

(k) 僱員福利

(i) 定額供款退休計劃

向定額供款退休計劃作出之供款於僱員提供服務時在收益表中確認為一項支出。

(ii) 僱員享有之權利

僱員可享有之年假及長期服務金於僱員獲得有關福利時確認。僱員就截至結算日止所提供服務而可享有年假及長期服務金之估計負債均作出撥備。

僱員可享有之病假及產假於休假時始予確認。

(l) 經營租約

凡擁有絕大部分之風險與回報留歸出租人之租約（「經營租約」），根據租約應付之租金額按租期以直線法在收益表扣除。

(m) 外幣

本集團旗下實體以其營業所在主要經濟環境之流通貨幣（「功能貨幣」）以外其他貨幣進行之交易乃按交易當日之匯率入賬。以外幣為單位之貨幣資產及負債按結算日之匯率換算。因重新兌換未結算貨幣資產及負債而產生之滙兌差額，即時在收益表中確認，惟符合資格對沖綜合某項海外業務淨額投資之外幣借貸則不在此限。

於結算及換算貨幣項目所產生的滙兌差異，於其產生期間在收益表內確認。於換算非貨幣項目所產生的滙兌差異期內以公允價值計入收益表內，除換算非貨幣項目所產生之盈虧差異直接於權益內確認，如此例，滙兌差異亦會直接於權益內確認。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(m) Foreign currency – *continued*

On consolidation, the results of operations outside Hong Kong are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year unless exchange rates fluctuate significantly during the period, the rate approximately to those ruling when the transactions took place. All assets and liabilities of operations outside Hong Kong, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of operations outside Hong Kong at actual rate are recognised directly in equity (the “foreign exchange reserve”). Exchange differences recognised in the income statement of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the operations concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the operations concerned.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. 主要會計政策 – 續

(m) 外幣 – 續

於綜合賬目時，香港以外業務之業績按與交易當日匯率相若之匯率兌換年內平均匯率兌換為本集團呈報貨幣港元，除非期內匯率波幅嚴重，否則均按香港以外業務之所有資產及負債（包括因收購有關業務而產生之商譽）按結算日之匯率換算。按期初匯率換算期初資產淨值與按實際匯率換算香港以外業務業績所產生之滙兌差額直接確認為權益（「外滙儲備」）。倘有關項目以本集團或有關海外業務之功能貨幣為單位，因兌換屬於本集團於海外業務之淨額投資之長期貨幣項目而在集團旗下實體之獨立財務報表之收益表中確認之滙兌差額均重新歸類為外滙儲備。

(n) 準備及或然負債

倘負債之限期或數額不確定，但有可能因過去事項導致本集團須承擔法律或推定義務而須付出可合理估計之經濟利益，必須確認負債準備。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出之機會極微，則此項責任會被視作或然負債披露。除非付出機會極微，潛在責任只在會否發生一項或多項未來事件中獲肯定下以或然負債披露。

(o) 分部報告

分部乃指本集團可區分之部分，包括提供之產品或服務（業務分部）或提供產品或服務之特定經濟環境（地區分部），均受到有別於其他分部之風險及利益所規限。

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4. PRINCIPAL ACCOUNTING POLICIES – *continued*

(o) Segment reporting – *continued*

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

(p) Related parties

For the purposes of the financial statements, 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 other entities and include entities which are under the significant influence of 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.

4. 主要會計政策 – 續

(o) 分部報告 – 續

根據本集團之內部財務申報系統，本集團選擇業務分部資料為主要報告形式，而地區分部資料則為次要報告形式。

分部收益、開支、業績、資產及負債均包括直接劃分入該分部之項目或可合理劃分為該分部之項目。

分部收益、開支、資產及負債乃於集團間結餘及集團間交易作為綜合處理之部分而互相對銷之前釐定，惟集團企業間之有關集團間結餘及交易乃為單一分部。分項間定價乃按給予外間人士之相若條款釐定。

(p) 關連人士

就本財務報表而言，倘本集團有權直接或間接控制另一方或影響另一方之財務或經營決策，或另一方有權直接或間接控制本集團或對本集團之財務及經營決策作出重要的影響，或本集團與另一方均受制於共通之監控下，則被視為關連人士。關連人士可為個別人士（即主要管理人員、主要股東及／或其親屬）或其他實體，包括受本集團關連人士重大影響之實體，而該關連人士可屬個人，及提供福利予本集團僱員之在職福利計劃或某些與本集團關連之實體。

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5. TURNOVER

Turnover represents the net amounts received and receivables from third parties in connection with the operation of carnivals and provision of advertising services inside the carnivals.

Income from admission fee, mechanical rides and redemption games	來自入場費、機動遊戲及攤位遊戲之收入
Advertising income	廣告收入
Sale of food and beverages	銷售食物及飲品

5. 營業額

營業額指就經營嘉年華會及在嘉年華會會場內提供廣告服務而向第三方收取之已收及應收款項淨額。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		9,859	15,171
		5,901	2,377
		229	1,013
		15,989	18,561

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's operation is regarded as a single segment, being an enterprise engaged in the operation of carnival amusement parks.

Analysis of the Group's turnover and results as well as analysis of carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as they are substantially generated from or situated in the People's Republic of China (the "PRC").

6. 業務及地區分部

本公司為從事經營嘉年華會遊樂園之企業，其業務被視為屬於單一分部。

本集團並無呈列根據地區市場劃分之本集團營業額及業績之分析，亦無分部資產之賬面值及物業、廠房及設備之添置之分析，因為上述各項極大部分均產生自或位於中華人民共和國（「中國」）。

7. OTHER INCOME

Guarantee profit income	擔保溢利收入
Waive of loan interest due to a director	豁免結欠董事之貸款利息
Others	其他

7. 其他收入

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		4,335	–
		648	–
		153	111
		5,136	111

The guarantee profit income represents the income received from an independent third party in accordance with the profit sharing agreement signed during the year.

擔保溢利收入指根據年內簽訂的利潤分享協議向獨立第三方收取的收入。

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8. STAFF COSTS

8. 員工成本

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Staff costs (including directors) comprise:		
Wages and salaries	7,440	12,681
Contributions on defined contribution retirement plans	294	120
	7,734	12,801

9. PROFIT/(LOSS) FROM OPERATIONS

9. 經營溢利／(虧損)

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit/(Loss) from operations is arrived after charging:		
Directors' emolument (Note 12)	1,124	1,812
Other staff's retirement benefits scheme contributions	278	120
Other staff costs	6,332	10,869
	7,734	12,801
Auditors' remuneration	610	720
Impairment loss on trade and other receivables	-	1,328
Operating lease rentals in respect of:		
– amusement facilities	-	2,899
– land and buildings	1,149	2,569
and after crediting:		
Gain on disposal of property, plant and equipment	-	6

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10. WRITTEN BACK OF AN AMOUNT DUE TO A FORMER SUBSIDIARY

The amount of HK\$14,875,000 represented the other payable to a former subsidiary in the PRC at the year ended 31 December 2004. The former subsidiary was deregistered in 2004 and under the PRC law it lost the right to claim any liabilities against the Group at the balance sheet date. In the opinion of directors, such payable was extinguished and hence the payable was written back to the income statement during the year ended 31 December 2005.

10. 撥回應付前附屬公司款項

為數14,875,000港元之款項指於截至二零零四年十二月三十一日止年度向一間中國前附屬公司之其他應付款項。該前附屬公司於二零零四年解除確認，且根據中國法例，於結算日，該公司已喪失向本集團追討負債之權利。董事認為，上述應付款項經已撤銷，故於截至二零零五年十二月三十一日止年度撥回收益表。

11. FINANCE INCOME AND COSTS

11. 財務收入及成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Finance income	財務收入		
Imputed interest income	估算利息收入	1,758	5,756
Bank interest income	銀行利息收入	4	15
		1,762	5,771
Finance costs	財務成本		
Interest on bank loans	銀行貸款利息	(4,654)	(3,838)
Imputed interest on interest-free loan from a director	董事免息貸款之估算利息	(4,396)	-
Interest on amounts due to directors	應付董事款項利息	-	(1,503)
Imputed interest on interest-free loan from ultimate holding company	最終控股公司免息貸款之估算利息	-	(547)
		(9,050)	(5,888)

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12. DIRECTORS' EMOLUMENT

Directors' emolument disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

12. 董事酬金

以下為根據香港公司條例第161條予以披露之董事酬金：

2006 二零零六年	Directors' fee 董事袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及 實物福利 HK\$'000 千港元	Retirement scheme contributions 退休計劃 供款 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Executive directors (note 1) 執行董事(附註1)				
Chan See Kit, Johnny (note 2) 陳思杰(附註2)	–	48	12	60
Lai King Hung 黎經洪	–	120	4	124
Ho U Un (note 3) 何汝源(附註3)	40	–	–	40
Independent non-executive directors: 獨立非執行董事				
Cheung Hon Kit 張漢傑	240	–	–	240
Chui Sai Cheong 崔世昌	240	–	–	240
Yu Kam Yuen, Lincoln 余錦遠	240	–	–	240
Chan Shek Wah 陳錫華	180	–	–	180
	940	168	16	1,124

note 1: Chan Chak Mo, Leong In Ian, Tong Ka Wai and Lim Kam Hung are the executive directors of the Company for the year ended 31 December 2006, but no emolument was paid to them during the year.

附註1：於截至二零零六年十二月三十一日止年度，陳澤武、梁衍茵、唐家威及林金熊均為本公司之執行董事，惟年內彼等並無獲支付任何酬金。

note 2: Chan See Kit, Johnny waived his emolument of HK\$552,000 for the year ended 31 December 2006. Other than that, none of the directors waived any emolument for the year ended 31 December 2006.

附註2：陳思杰放棄其截至二零零六年十二月三十一日止年度之酬金552,000港元。除此之外，概無董事免收截至二零零六年十二月三十一日止年度之酬金。

note 3: Ho U Un resigned as the director on 29 April 2006.

附註3：何汝源於二零零六年四月二十九日辭任董事。

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12. DIRECTORS' EMOLUMENT – continued

12. 董事酬金 – 續

	Directors' fee	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
二零零五年	董事袍金	薪金、津貼及實物福利	退休計劃供款	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Executive directors (note 4)				
執行董事 (附註4)				
Chan See Kit, Johnny 陳思杰	–	600	12	612
Lai King Hung 黎經洪	–	120	4	124
Ho U Un 何汝源	120	–	–	120
Chan Chun Yin, Joseph (note 5) 陳駿賢 (附註5)	–	53	3	56
Independent non-executive directors:				
獨立非執行董事				
Cheung Hon Kit 張漢傑	240	–	–	240
Chui Sai Cheong 崔世昌	240	–	–	240
Yu Kam Yuen, Lincoln 余錦遠	240	–	–	240
Chan Shek Wah 陳錫華	180	–	–	180
	1,020	773	19	1,812

note 4: Chan Chak Mo, Leong In lan, Tong Ka Wai and Lim Kam Hung are the executive directors of the Company for the year ended 31 December 2005, but no emolument was paid to them during the year.

附註4：於截至二零零五年十二月三十一日止年度，陳澤武、梁衍茵、唐家威及林金熊均為本公司之執行董事，惟年內彼等並無獲支付任何酬金。

note 5: Chan Chun Yin, Joseph resigned as the director on 30 April 2005.

附註5：陳駿賢於二零零五年四月三十日辭任董事。

No director waived any emoluments for the year ended 31 December 2005.

於截至二零零五年十二月三十一日止年度，並無董事免收酬金。

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13. EMPLOYEES' EMOLUMENTS

The aggregate emoluments of the five highest paid individuals did not include any (2005: one) executive director of the Company, whose emoluments are included in note 12 above. The aggregate emoluments of the remaining five (2005: four) highest paid individuals are as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries and allowance	基本薪金及津貼	3,000	2,977
Retirement scheme contributions	退休計劃供款	60	36
		3,060	3,013

The emoluments of the five (2005: four) individuals with the highest emoluments are within the following bands:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Nil – HK\$1,000,000	0 – 1,000,000港元	4	3
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	1	1

14. INCOME TAX CREDIT

Income tax credit in the consolidated income statement represents:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current year – Hong Kong Profits Tax	本年度 – 香港利得稅		
Over-provision in respect of prior years	往年度超額撥備	–	(1,500)

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for Hong Kong Profits Tax for the years ended 31 December 2006 and 2005. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

13. 僱員薪酬

五名最高薪人士之酬金總額不包括任何(二零零五年:一名)本公司執行董事,其酬金已載於上文附註12。其餘五名(二零零五年:四名)最高薪人士之酬金總額如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries and allowance	基本薪金及津貼	3,000	2,977
Retirement scheme contributions	退休計劃供款	60	36
		3,060	3,013

五名(二零零五年:四名)最高薪人士之酬金介乎以下範圍:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Nil – HK\$1,000,000	0 – 1,000,000港元	4	3
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	1	1

14. 所得稅撥回

綜合收益表內之稅項撥回指:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current year – Hong Kong Profits Tax	本年度 – 香港利得稅		
Over-provision in respect of prior years	往年度超額撥備	–	(1,500)

由於截至二零零六年及二零零五年十二月三十一日止年度本集團均無任何應課香港利得稅溢利,故並無作出香港利得稅撥備。海外稅項乃按個別司法地區之適用稅率計算。

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14. INCOME TAX CREDIT – continued

The subsidiary in the PRC is subject to an Enterprise Income Tax (“EIT”) at rate of 33% (2005: 33%). No provision for EIT has been made as the PRC subsidiaries have aggregate tax losses brought forward for the year ended 31 December 2006. No provision for EIT had been made as the PRC subsidiaries had no assessable profits for EIT for the year ended 31 December 2005.

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

At the balance sheet date, the Group has unutilised tax losses of HK\$30,575,000 (2005: HK\$38,381,000) available for offset against future profits. No deferred tax asset in respect of the tax losses has been recognised due to the unpredictability of future profits streams. Included in unrecognised tax losses are losses of HK\$30,575,000 (2005: HK\$38,381,000) that will expire in five year's time.

The tax credit for the year can be reconciled to the loss per consolidated income statement as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Loss before income tax expense	除所得稅支出前虧損	(6,278)	(16,729)
Tax calculated at the Hong Kong Profits Tax rate of 17.5% (2005: 17.5%)	按香港利得稅率17.5% (二零零五年: 17.5%) 計算之稅項	(1,098)	(2,928)
Effect on different tax rates of subsidiaries operating in other jurisdictions	因在其他司法地區營業之附屬公司之稅率不同而產生之影響	1,440	(3,009)
Tax effect of non-deductible expenses and non-taxable income	不獲扣稅支出及毋須課稅收入之稅務影響	(22)	(14)
Tax effect of revenue not subject to tax	毋須課稅收入之稅務影響	2,857	5,951
Utilisation of unrecognised tax losses	動用未確認稅務虧損	(3,177)	–
Over-provision in respect of prior years	往年度超額撥備	–	(1,500)
Tax credit	稅項撥回	–	(1,500)

15. LOSS PER SHARE

The calculation of the basic loss per share for the year is based on the net loss for the year attributable to ordinary equity holders of the Company of HK\$6,210,000 (2005: HK\$16,729,000) and the 600,000,000 (2005: 600,000,000) shares in issue during the year.

No diluted loss per share has been presented as there were no potential dilutive shares for both years.

14. 所得稅撥回 – 續

中國之附屬公司須按33% (二零零五年: 33%) 之稅率繳納企業所得稅 (「企業所得稅」)。由於中國附屬公司於截至二零零六年十二月三十一日止年度有結轉稅務虧損總額，因此並無作出企業所得稅撥備。由於中國附屬公司於截至二零零五年十二月三十一日止年度均無任何應課所得稅溢利，故並無作出企業所得稅撥備。

年內或於結算日並無任何重大之未撥備遞延稅項。

於結算日，本集團之未動用可作抵銷未來溢利之稅務虧損為30,575,000港元(二零零五年: 38,381,000港元)。由於不可預測未來溢利趨勢，故有關稅務虧損之遞延稅務資產並未予以確認。計入未確認稅務虧損將於五年內到期之虧損達30,575,000港元(二零零五年 38,381,000港元)。其他虧損則可無限期地結轉。

本年度稅項撥回可按如下方式在綜合收益表與虧損進行調節：

15. 每股虧損

年內每股基本虧損乃根據年內本公司普通股持有人應佔淨虧損6,210,000港元(二零零五年: 16,729,000港元)及年內已發行股份600,000,000股(二零零五年: 600,000,000股)計算。

由於各年度並無可產生攤薄影響之股份，故並無呈列每股攤薄虧損。

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16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Leasehold improvement 租賃裝修 HK\$'000 千港元	Amusement rides and machines 機動遊戲 及遊戲機 HK\$'000 千港元	Office fixtures and equipment 辦公室裝置 及設備 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE GROUP	本集團					
Cost	成本					
At 1 January 2006	於二零零六年一月一日	–	24,484	338	–	24,822
Additions	添置	2,339	2,260	371	409	5,379
Exchange difference	滙兌差額	–	44	5	–	49
At 31 December 2006	於二零零六年 十二月三十一日	2,339	26,788	714	409	30,250
Accumulated depreciation	累積折舊					
At 1 January 2006	於二零零六年一月一日	–	4,439	145	–	4,584
Depreciation	折舊	546	3,702	88	–	4,336
Exchange difference	滙兌差額	–	9	1	–	10
At 31 December 2006	於二零零六年 十二月三十一日	546	8,150	234	–	8,930
Cost	成本					
At 1 January 2005	於二零零五年一月一日	–	23,227	250	–	23,477
Additions	添置	–	1,365	88	–	1,453
Disposal	出售	–	(108)	–	–	(108)
At 31 December 2005	於二零零五年 十二月三十一日	–	24,484	338	–	24,822
Accumulated depreciation	累積折舊					
At 1 January 2005	於二零零五年一月一日	–	1,492	55	–	1,547
Depreciation	折舊	–	2,953	90	–	3,043
Written back on disposal	出售撥回	–	(6)	–	–	(6)
At 31 December 2005	於二零零五年 十二月三十一日	–	4,439	145	–	4,584
Net book values	賬面淨值					
At 31 December 2006	於二零零六年 十二月三十一日	1,793	18,638	480	409	21,320
At 31 December 2005	於二零零五年 十二月三十一日	–	20,045	193	–	20,238

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17. INTERESTS IN SUBSIDIARIES

		The Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份·成本值	243,512	243,512
Less: Impairment in value	減:減值	(243,512)	(243,512)
		-	-

Impairment loss was recognised on the base of the recoverable amount of the subsidiaries which were determined by the estimated discounted net future cash flows from the subsidiaries.

減值虧損乃根據附屬公司之可收回金額確認，而可收回金額乃根據該附屬公司之估計折讓未來現金流量淨額釐定。

Details of the Company's subsidiaries at 31 December 2006 are as follows:

本公司於二零零六年十二月三十一日之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Nominal value of issued and fully paid/ registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務	Proportion of nominal value of issued/ registered capital 佔已發行/ 註冊股本面值比例	
				Directly 直接	Indirectly 間接
Alltrade Enterprises Limited 全貿企業有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$1 1美元	Leasing of mechanical rides 租賃機動遊戲	100%	-
Grand Delight Overseas Limited 君悅海外有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$1 1美元	Investment holding 投資控股	100%	-
Infotower Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	Investment holding 投資控股	-	100%
Metro Asia Limited 盛亞有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	Investment holding, administrative and supporting services 投資控股·行政及支援服務	100%	-

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17. INTERESTS IN SUBSIDIARIES – continued

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Nominal value of issued and fully paid/ registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務	Proportion of nominal value of issued/ registered capital 佔已發行/ 註冊股本面值比例	
				Directly 直接	Indirectly 間接
Penny Farthing Agents Limited	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$8 8美元	Investment holding 投資控股	100%	–
Regent King Holdings Limited 欣景集團有限公司	Hong Kong 香港	HK\$1 1港元	Administrative and supporting services 行政及支援服務	100%	–
Roy Development Limited 萊利發展有限公司	Hong Kong 香港	HK\$5 5港元	Investment holding 投資控股	–	80%
Tesbury International Limited 德士百利(國際)有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100美元	Dormant 暫無業務	–	65%
World Joint Limited	Hong Kong 香港	HK\$1 1港元	Dormant 暫無業務	–	100%
上海澤安游樂有限公司* (「上海澤安」)	PRC 中國	US\$1,750,000 1,750,000美元	Operation of carnivals 經營嘉年華會	–	98.29%
Guangzhou Funmania Carnival Company Limited 廣州澤安游樂有限公司	PRC 中國	RMB3,000,000 人民幣3,000,000元	Operation of amusement park 經營遊樂園	–	100%
Guangzhou Funmania Nature Park Limited 廣州澤灝農業生態園 有限公司	PRC 中國	HK\$5,000,000 5,000,000港元	Operation of nature amusement park in Panyu, PRC 於中國番禺經營生態遊樂園	–	80%

* This is a sino-foreign joint venture enterprise under PRC law. Subject to the payment of an annual payment of RMB50,000 to the joint venture party, the Group is entitled to all profits and bears all of the losses of 上海澤安。

* 此乃根據中國法例成立之中外合資企業。待向合營方按年支付人民幣50,000元後，本集團即有權享有上海澤安之所有溢利及承擔其所有虧損。

None of the subsidiaries had issued any debt securities at the end of the year .

於年底，概無附屬公司發行任何債券證券。

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18. INVENTORIES

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Finished goods and goods for resale	製成品及可供轉售貨品	5,118	5,686

Inventories, which represent redemption gifts, food and beverages, are stated at the lower of cost and net realisable value.

18. 存貨

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Finished goods and goods for resale	製成品及可供轉售貨品	5,118	5,686

存貨指待換禮品、食物及飲品，乃按成本或可變現淨值（以較低值為準）列賬。

19. TRADE AND OTHER RECEIVABLES

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables	貿易應收款項	33,912	31,437
Other receivables	其他應收款項	4,124	6,967
		38,036	38,404

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

19. 貿易及其他應收款項

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables	貿易應收款項	33,912	31,437
Other receivables	其他應收款項	4,124	6,967
		38,036	38,404

於結算日之貿易應收款項按賬齡分析如下：

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Ageing	賬齡		
0 to 90 days	0至90日	4,483	2,114
91 to 365 days	91至365日	106	-
Over 365 days	365日以上	29,323	29,323
		33,912	31,437

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19. TRADE AND OTHER RECEIVABLES – *continued*

In June 2004, the Group filed a claim to the Hong Kong High Court against a trade debtor for the sales receivables of theme park tickets of HK\$29,323,000. In the opinion of the directors, since the claim is still pending for court hearing, it is unable to determine the final outcome of the claim. Accordingly, no impairment on this amount has been made in the financial statements. The remaining balance of trade receivables of HK\$4,589,000 (2005: HK\$2,114,000) is denominated in Renminbi.

20. AMOUNT DUE FROM A FORMER DIRECTOR

Details of the amount due from a former director are as follows:

Name of a former director 前董事姓名	Balance as at 31 December 2006 於二零零六年 十二月三十一日 之結餘 HK\$'000 千港元	The Group 本集團	Maximum outstanding amount during the year 年內最高 未償還款項 HK\$'000 千港元
		Balance as at 31 December 2005 於二零零五年 十二月三十一日 之結餘 HK\$'000 千港元	
Mr. Li Tat Ting 李達庭先生	38,682	38,682	38,682

The amount is unsecured, interest-free and has no fixed repayment terms.

In July 2004, the Group filed a claim to the Hong Kong High Court against Mr. Li Tat Ting for an amount of HK\$38,682,000. In the opinion of the directors, since the claim is still pending for court hearing, it is unable to determine the final outcome of the claim. Accordingly, no impairment of this amount has been made in the financial statements.

19. 貿易及其他應收款項 – 續

於二零零四年六月，本集團入稟香港高等法院，就收回有關銷售主題公園門票之貿易賬款29,323,000港元向貿易債務人提出申索。董事認為，由於申索正排期聆訊，彼等無法預測最終申索結果。因此，本集團並未就此筆款項於財務報表作出減值撥備。貿易應收款項其餘4,589,000港元（二零零五年：2,114,000港元）乃以人民幣為單位。

20. 應收前董事款項

應收前董事之款項詳情如下：

該筆款項為無抵押、免息及並無固定還款期。

於二零零四年七月，本集團入稟香港高等法院，向前董事李達庭先生索償38,682,000港元。董事認為，由於申索正排期聆訊，彼等無法預測最終申索結果。因此，本集團並未就此筆款項於財務報表作出減值撥備。

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21. CASH AND CASH EQUIVALENTS

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank balances and cash	銀行結餘及現金	1,075	641

The cash and cash equivalents of the Group that are denominated in currencies other than the functional currency of the Company are set out below:

21. 現金及等同現金項目

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank balances and cash	銀行結餘及現金	1,075	641

本集團以本功能貨幣以外之貨幣列值之現金及等同現金項目如下：

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Renminbi	人民幣	209	320

22. OTHER PAYABLES AND ACCRUALS

Other payables and accruals includes amount due to a minority shareholder of a subsidiary HK\$178,000 (2005: Nil), which is unsecured, interest free, repayable on demand and non-trading nature.

The Group's other payables and accruals that are denominated in currencies other than the functional currency of the Company are set out below:

22. 其他應付款項及應計費用

其他應付款項及應計費用包括應附一家附屬公司之一名少數股東款項178,000港元(二零零五年:無),有關款項為無抵押、免息、須應要求償還及屬於非貿易性質。

本集團以本公司功能貨幣以外之貨幣計值之其他應付款項及應計費用如下：

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Renminbi	人民幣	1,411	607

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23. AMOUNT DUE TO A DIRECTOR/AMOUNTS DUE TO DIRECTORS 23. 應付董事款項

	The Group 本集團		The Company 本公司	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Amount due to a director – current 應付董事款項 – 流動				
Amount due within one year (i)	235	2,000	–	2,000
Amounts due to directors – non-current 應付董事款項 – 非流動				
Amounts due after one year Interest bearing at prevailing market rates (ii)	86,036	67,693	76,345	58,237

(i) The amount is unsecured, interest free and repayable on demand. The carrying amount approximates its fair value.

(ii) The amounts are unsecured and have no fixed repayment terms. In the opinion of the directors, the amounts are unlikely to be repaid within the next twelve months of the balance sheet date and are therefore shown in the balance sheet as non-current. The balances are interest bearing at 3% per annum. The fair value of the non-current balances are determined using the effective interest rate of 9.25% (2005: 8.75%) per annum.

(i) 該等款項為無抵押、免息及須應要求償還，其賬面值與公允價值相若。

(ii) 該等款項為無抵押及無固定還款期。董事認為，該等款項不可能於結算日之後十二個月內償還，故在資產負債表中列作非流動性質。結餘乃按年息3%計算利息。非流動結餘之公允價值乃採用年息9.25%（二零零五年：8.75%）之實際利率釐定。

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24. BANK LOANS

The bank loans are repayable as follows:

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	13,413	12,683
Between one to two years	一年至兩年	28,601	11,485
Between two to five years	兩年至五年	–	27,718
		42,014	51,886
Less: Amounts due within one year shown under current liabilities	減: 列為流動負債 於一年內到期之款項	(13,413)	(12,683)
Amounts due after one year	一年後到期之款項	28,601	39,203

The bank loans are secured by pledge of certain shares of the Company owned by the ultimate holding company, Puregain Assets Limited, and a personal guarantee given by a director, Mr. Chan Chak Mo. The bank loans bear floating interest rate at Seng Heng Bank Best Lending rate plus range of 0.75% to 1.25% (2005: best lending rate plus 0.75% to 1.25%) per annum. All bank loans were denominated in Hong Kong dollars.

24. 銀行貸款

銀行貸款須於以下年期償還:

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	13,413	12,683
Between one to two years	一年至兩年	28,601	11,485
Between two to five years	兩年至五年	–	27,718
		42,014	51,886
Less: Amounts due within one year shown under current liabilities	減: 列為流動負債 於一年內到期之款項	(13,413)	(12,683)
Amounts due after one year	一年後到期之款項	28,601	39,203

該等銀行貸款乃以最終控股公司Puregain Assets Limited所擁有之若干本公司股份及董事陳澤武先生提供之個人擔保作抵押。按誠興銀行之最優惠貸款利率加每年介乎0.75%至1.25% (二零零五年: 最優惠貸款利率加0.75%至1.25%) 之浮動息率計算利息。所有銀行貸款均以港元為單位。

25. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

25. 應付最終控股公司款項

		The Group 本集團		The Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest bearing at prevailing market rates (i)(ii)	按現行市場 利率(i)(ii)	–	6,837	–	6,837
Non-interest bearing (ii)	不計利息(ii)	336	115	336	112
		336	6,952	336	6,949

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25. AMOUNT DUE TO ULTIMATE HOLDING COMPANY – *continued*

- (i) The amount is bearing interest at 8% per annum (2005: 8%).
- (ii) The amount is unsecured and has no fixed repayment terms. In the opinion of the directors, the amount is unlikely to be repaid within the next twelve months of the balance sheet date and is therefore shown in the balance sheet as non-current.

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to one or more of the following financial risks:

- Credit risk
- Currency risk
- Interest rate risk
- Liquidity risk
- Fair values of financial assets and financial liabilities

Policy for managing these risks is set by the directors of the Group. The policy for each of the above risks is described in more detail below.

(a) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. The Group has no significant concentration of credit risk by any single debtor with exposure spread over a number of counterparties and customers except for two long outstanding balances due from a trade debtor and a former director disclosed in note 19 and note 20.

Bank balances are placed in various authorised institutions and directors of the Company consider the credit risk for such is minimal.

25. 應付最終控股公司款項 – 續

- (i) 有關款項按年息8% (二零零五年: 8%) 計算利息。
- (ii) 有關款項並無抵押及無固定還款期。董事認為, 有關款項不大可能於結算日後十二個月內償還, 因此於資產負債表列為非流動項目。

26. 財務工具 – 風險管理

本集團在經營業務上須承受以下一項或多項財務風險:

- 信貸風險
- 貨幣風險
- 利率風險
- 流動資金風險
- 財務資產及財務負債之公允價值

本集團之董事就調控此等風險製訂政策。就上述各項風險所製訂之政策詳列於下文。

(a) 信貸風險

倘交易方無法於二零零六年十二月三十一日就各類已確認之財務資產履行其責任, 則本集團所須承受之信貸風險最多以該等資產於綜合資產負債表所列之賬面值為限。本集團檢討各個別貿易債項於各結算日之可收回金額, 確保就不可收回之金額作出足夠減值虧損準備。本公司認為此舉大大降低本集團之信貸風險。

就地區而言, 本集團之信貸風險主要集中在中國。本集團並無因任何單一債務人而致出現信貸風險過份集中之情況, 風險分散在多名交易方及客戶, 惟並不包括附註19及附註20所披露之應收貿易債務人及前董事之兩項長期未償還結餘。

銀行結餘分別存入多間認可機構, 故本公司之董事認為此方面之信貸風險極低。

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26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT –

continued

(b) Currency risk

The Group's exposure to foreign currency risk primarily through its carnival business operated in the PRC that are denominated in Renminbi. Since the impact of foreign exchange exposure is minimal, no hedging against foreign currency exposure has been carried out by the management.

(c) Interest rate risk

The Group's exposure to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities. Interest bearing financial assets are mainly balances with banks which are short term in nature. Interest bearing financial liabilities are mainly bank loans with floating interest rates and amounts due to directors and ultimate holding company with fixed interest rates.

(d) Liquidity risk

Internally generated cash flow, bank loans and advances from directors and ultimate holding company are the general sources of funds to finance the operations of the Group. The Group's banking facilities are repayable within one year to two years.

The Group had net liabilities of HK\$35,017,000 as at 31 December 2006. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The Group and the Company also obtained financial support from its controlling substantial shareholder.

(e) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities reported in the balance sheet of the Group and the Company approximate their carrying amounts.

26. 財務工具 – 風險管理 – 續

(b) 貨幣風險

本集團所承受之外匯風險主要來自其在中國經營之嘉年華會業務，因有關業務以人民幣結算。由於滙率風險極低，故管理層並無對沖外幣風險。

(c) 利率風險

本集團因計息財務資產及負債之利率變動而承受利率風險。計息財務資產主要為存於銀行之短期結餘。計息財務負債主要為按浮動利率計息之銀行貸款及按固定利率計息之應付董事及最終控股公司之款項。

(d) 流動資金風險

內部產生之現金流量、銀行貸款及董事及最終控股公司墊款為本集團業務營運所需資金來源。本集團之銀行融資須於一至兩年內還款。

於二零零六年十二月三十一日，本集團有淨負債35,017,000港元。本集團之流動資金風險管理包括安排備用銀行融資及分散資金來源。本集團定期檢討其主要資金狀況，確保備有足夠財務資源履行其財務責任。本集團及本公司亦獲其控股股東提供財務支援。

(e) 財務資產及財務負債之公允價值

列於本集團及本公司資產負債表之財務資產及財務負債之公允價值與其賬面值相若。

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27. SHARE CAPITAL

Authorised:
Ordinary shares of HK\$0.01 each

法定：
每股面值0.01港元之
普通股

3,000,000,000

30,000

Issued and fully paid:
Ordinary shares of HK\$0.01 each

已發行及繳足：
每股面值0.01港元之普通股

600,000,000

6,000

28. SHARE OPTIONS

Pursuant to the share option scheme adopted by the Company on 13 June 2002, the Company may grant options to the directors, non-executive directors, suppliers of goods and services, customers, advisors and consultants, shareholders of the Company or any of its subsidiaries for the primary purpose of providing incentives to them, to subscribe for shares in the Company with the payment of HK\$1 per offer. The total number of shares in respect of which options may be granted shall not exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year shall not exceed 1% of the issued share capital of the Company. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's issued share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders. The exercise price of the share option will be determined at the higher of the average of closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options; the closing price of the shares on the Stock Exchange on the date of grant; and the nominal value of the shares. The share options are exercisable for a period not later than 10 years from the date of grant, where the acceptance date should not be later than 28 days after the date of offer.

No share options were granted since adoption of the scheme.

27. 股本

Number of shares 2006 & 2005 股份數目 二零零六年及 二零零五年	Amount 2006 & 2005 金額 二零零六年及 二零零五年 HK\$'000 千港元

28. 購股權計劃

根據本公司於二零零二年六月十三日採納之購股權計劃，本公司可向本公司或其任何附屬公司之董事、非執行董事、貨物及服務供應商、客戶、諮詢人及顧問、股東授出購股權，以認購本公司股份，藉此激勵彼等為本集團效力。購股權之代價為每份購股權1港元。可能授出之購股權所涉及股份總數，不得超過本公司不時之已發行股本30%。此外，於任何一個年度，不得向任何人士授出涉及本公司已發行股本1%以上之購股權。倘向主要股東或獨立非執行董事授出超過本公司已發行股本0.1%或價值超過5,000,000港元之購股權，則必須事先取得本公司股東批准。購股權之行使價為緊接股份於購股權授出日期前五個交易日在聯交所之平均收市價、股份於授出日期在聯交所之收市價以及股份面值三者中之最高者。購股權可於授出日期起計10年內行使，而接納日期不得遲於提呈日期後28日。

本公司自採納該計劃以來概無授出任何購股權。

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29. RESERVES

29. 儲備

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 繳入盈餘 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Accumulated losses 累積虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE COMPANY	本公司					
At 1 January 2005	於二零零五年一月一日	18,197	243,302	-	(282,688)	(21,189)
Net loss for the year	年度虧損淨額	-	-	-	(55,246)	(55,246)
At 31 December 2005	於二零零五年 十二月三十一日	18,197	243,302	-	(337,934)	(76,435)
Contributed by equity holders for the year	權益持有人年內 出資額	-	-	1,301	-	1,301
Net loss for the year	年度虧損淨額	-	-	-	(11,387)	(11,387)
At 31 December 2006	於二零零六年 十二月三十一日	18,197	243,302	1,301	(349,321)	(86,521)

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company under the group reorganisation in 2002 and the nominal amount of the Company's shares issued for the acquisition.

繳入盈餘指本公司根據二零零二年集團重組而收購之附屬公司之有形資產淨值總額與本公司就收購所發行股份之面值兩者間之差額。

The capital reserve represents the amount contributed by equity holders.

資本儲備指權益持有人之出資額。

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

根據百慕達一九八一年公司法(修訂本),本公司之繳入盈餘可供分派。然而,倘出現下列情況,則本公司不得動用繳入盈餘宣派或派付股息或作出分派:

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

- (a) 本公司於支付有關款項後無法或可能無法償還到期債務;或
- (b) 本公司資產之可變現價值會因此而低於其負債、已發行股本及股份溢價之總和。

The Company had no distributable reserve at 31 December 2006.

於二零零六年十二月三十一日,本公司並無可供分派儲備。

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30. OPERATING LEASE COMMITMENTS

The total future minimum lease payments are due as follows:

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	722	163
Within two to five years	兩年至五年	1,419	—
Over five years	超過五年	5,217	—
		7,358	163

The Group was committed to make future minimum lease commitment in respect of land and buildings rented under non-cancellable operating leases which typically runs for period from one to twenty years.

30. 經營租賃承擔

未來最低租賃付款總額須於下列期間支付：

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	722	163
Within two to five years	兩年至五年	1,419	—
Over five years	超過五年	5,217	—
		7,358	163

本集團已承諾日後就根據不可撤銷經營租約（一般為期一至二十年）租用之土地及樓宇支付最低租賃費用。

31. CAPITAL COMMITMENTS

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Commitments for the acquisition of property, plant and equipment – authorised but not contracted for	收購物業、廠房及設備之承擔： — 已批准但未訂約	—	2,139

Besides, the Group had commitment of HK\$6,525,000 (2005: HK\$2,883,000) in capital contribution in PRC subsidiaries at the balance sheet date.

The Company had no outstanding capital commitments as at 31 December 2006.

31. 資本承擔

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Commitments for the acquisition of property, plant and equipment – authorised but not contracted for	收購物業、廠房及設備之承擔： — 已批准但未訂約	—	2,139

此外，於結算日，本集團承諾向中國附屬公司注資6,525,000港元（二零零五年：2,883,000港元）。

於二零零六年十二月三十一日，本公司並無任何尚未履行之經營租賃承擔。

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32. CONTINGENT LIABILITIES

At 31 December 2006, the Group and the Company did not have any contingent liabilities (2005: Nil).

33. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with the related parties:

During the year, the Group incurred interest expenses of HK\$374,000 (2005: HK\$547,000) and HK\$2,132,000 (2005: HK\$635,000) payable to its ultimate holding company and director respectively.

During the year, the Group's ultimate holding company waived interest incurred during current year HK\$374,000 (2005: HK\$547,000) and accrued interest in last year HK\$790,000 against the Group respectively.

During the year, the Group's director waived interest incurred during current year of HK\$2,132,000 (2005: HK\$635,000) and accrued interest in last year of HK\$648,000 against the Group respectively.

As at 31 December 2006, the bank overdrafts included, an amount of HK\$4,395,000 (2005: Nil) which was secured by personal guarantee given by a director, Mr Chan Chak Mo.

The bank loans were secured by pledge of certain shares of the Company owned by the ultimate holding company, Puregain Assets Limited and personal guarantee given by a director, Mr Chan Chak Mo.

The remuneration of directors and other members of key management during the year are disclosed in note 12 and note 13.

32. 或然負債

於二零零六年十二月三十一日，本集團及本公司並無任何或然負債（二零零五年：無）。

33. 有關連人士交易

年內，本集團已訂立以下有關連人士交易：

年內，本集團分別向其最終控股公司及董事支付利息374,000港元（二零零五年：547,000港元）及2,132,000港元（二零零五年：635,000港元）。

年內，本集團的最終控股公司分別豁免本集團之本年度應計利息374,000港元（二零零五年：547,000港元）及去年的累計利息790,000港元。

年內，本集團董事分別豁免本集團之本年度應計利息2,132,000港元（二零零五年：635,000港元）及去年累計利息648,000港元。

於二零零六年十二月三十一日，銀行透支包括由董事陳澤武先生提供個人擔保作抵押之4,395,000港元（二零零五年：無）。

銀行貸款由最終控股公司Puregain Assets Limited所擁有之若干本公司股份及董事陳澤武先生提供之個人擔保作抵押。

董事及其他主要管理層人員於年內之薪酬於附註12及附註13有所披露。

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34. POST BALANCE SHEET EVENT

(a) Subsequent to the balance sheet date, the Company has undertaken the following events in relation to resumption proposal ("Proposal"):

- (i) The Company proposes to consolidate every 10 issued and unissued ordinary shares of HK\$0.01 each into one share of HK\$0.10 each ("Consolidated Share").

Furthermore, the Company proposes to increase the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each to HK\$100,000,000, divided into 1,000,000,000 Consolidated Share.

These events are subject to completion of certain conditions as set out in the Company's announcement dated 16 March 2007.

- (ii) On 16 March 2007, a conditional sale and purchase agreement was entered between the Company and Mr. Chan Chak Mo ("Mr Chan"), a director of the Company and Restaurante Chun leng – Sociedade Unipessoal Limitada ("Chun leng") (collectively referred to as "the Vendors"), whereby the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of the entire issued share capital of Kanysia Investments Limited at a total consideration of approximately HK\$62.1 million, of which approximately HK\$10.8 million will be satisfied by the allotment and issue of 21,602,422 Consolidated Shares at a price of HK\$0.50 per Consolidated Share to Mr. Chan and/or his nominees; and the balance of approximately HK\$51.3 million by the issue of the convertible note to Chun leng and/or its nominees, in each case on completion of the Proposal.

- (iii) On 16 March 2007, a conditional subscription and loan capitalisation agreement was entered between the Company and Mr. Chan. Mr. Chan has conditionally agreed to subscribe 40,000,000 new Consolidated Shares at a price HK\$0.50 per Consolidated Share in cash. Mr. Chan has also conditionally agreed to subscribe for a further 140,000,000 new Consolidated Shares at a price of HK\$0.50 per Consolidated Share to capitalise an aggregate of HK\$70 million outstanding shareholder's loan due to him.

34. 結算日後事項

(a) 結算日後，本公司曾就有關復牌建議（「建議」）進行下列事項：

- (i) 本公司建議透過將每10股已發行及未發行每股面值0.01港元之股份合併為一股面值0.10港元之合併股份（「合併股份」）。

此外，本公司建議增加本公司之法定股本，由30,000,000港元（分為3,000,000,000股每股面值0.01港元之股份）增加至100,000,000港元（分為1,000,000,000股合併股份）。

此等事項須待本公司二零零七年三月十六日之公告內列載之若干條件完成後始能作實。

- (ii) 於二零零七年三月十六日，本公司與本公司董事陳澤武先生（「陳先生」）及駿盈餐飲一人有限公司（「駿盈」）（統稱「賣方」）訂立有條件買賣協議，據此，本公司已有條件同意購入及賣方已有條件同意出售 Kanysia Investments Limited 全部已發行股本，總代價約為62,100,000港元，其中約10,800,000港元透過向陳先生及／或其代名人以每股合併股份0.50港元之價格配發及發行21,602,422股代價股份支付，而餘額約51,300,000港元則透過向駿盈及／或其代名人發行可換股票據支付，惟各項均須待建議完成後始能作實。

- (iii) 於二零零七年三月十六日，本公司與陳先生訂立有條件認購及貸款資本化協議，陳先生已有條件按每股合併股份0.50港元之價格，以現金認購40,000,000股新合併股份。陳先生亦有條件同意按每股合併股份0.50港元之價格，再認購140,000,000股新合併股份，以將欠負其之未償股東貸款合共70,000,000港元資本化。

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34. POST BALANCE SHEET EVENT – *continued*

- (iv) The Company intends to appoint independent placing agents for the placement, on a fully underwritten basis, of 200,000,000 Consolidated Shares to raise gross proceeds of HK\$100 million at a price of HK\$0.50 per Consolidated Share subject to the independent shareholders approval.

For details, please refer to the Company's announcement dated 16 March 2007.

- (b) The Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which will take effect on 1 January 2008. For those subsidiaries currently subjected to 33% income tax rate, it is expected that the applicable tax rate will be reduced to 25% from 1 January 2008. However, the new tax law has not set out the details as to how the existing tax rate will gradually increase or decrease to the standard rate of 25%. Consequently, the Group is not able to made an estimate of the expected financial effect of the new tax law, and the effect if any, will be reflected in the Group's 2007 financial statements.

35. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Certain critical accounting judgments in applying the Company's accounting policies are described below.

(a) Impairment of assets

The Company tests annually whether the financial assets and other assets have suffered any impairment in accordance with the Group's accounting policies. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(b) Depreciation of property, plant and equipment

The Company determines the depreciation amount of property, plant and equipment based on the estimated useful lives and residual values, which are reviewed at each balance sheet date. The principal assumptions for the Company's estimation of the useful lives and residual values include those related to the mode of operations, government regulations and scrap value of property, plant and equipment in the future.

34. 結算日後事項 – 續

- (iv) 本公司有意就配售事項委任獨立配售代理按每股合併股份0.50港元之價格全數包銷配售股份，配售200,000,000股合併股份以籌集所得款項總額100,000,000港元，惟須獲獨立股東批准始能作實。

詳情請參照本公司二零零七年三月十六日之公告。

- (b) 中國企業所得稅法（「新稅法」）已由中國第十屆全國人民代表大會第五次會議通過，自二零零八年一月一日起生效。現時按33%所得稅稅率繳稅之附屬公司預期自二零零八年一月一日起適用稅率將降至25%。然而，新稅法並無詳細說明現行稅率如何逐步增加或減低至25%標準稅率。因此，本集團未能估計新稅法之預期財務影響，以及有關影響（如有）會否於本集團二零零七年財務報表中反映。

35. 重大會計判斷及估計不明朗因素之主要來源

應用本公司會計政策時所應用之若干重大會計判斷載列如下。

(a) 資產減值

本公司根據本集團會計政策每年就財務資產及其他資產是否出現減值進行檢測。倘出現顯示有關資產之賬面值超出其可收回金額之事件或變動時，資產將進行檢討。資產或現金產生單位之可收回金額乃根據利用假設及估計之使用價值計算釐定。

(b) 物業、廠房及設備折舊

本公司根據估計可使用年期及剩餘價值（於各結算日審閱）釐定物業、廠房及設備折舊之金額。本公司估計可使用年期及剩餘價值之主要假設包括與未來經營模式、政府法規及物業、廠房及設備殘值等有關之假設。