

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 9 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 40.

The directors do not recommend the payment of a dividend.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years ended 31 December 2006 is set out on page 124.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 7 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 8 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 17 to the financial statements.

董事會欣然呈報本公司及其附屬公司（「本集團」）截至二零零六年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司之主要業務為投資控股。其附屬公司之主要業務載於財務報表附註9。

業績及分派

本集團截至二零零六年十二月三十一日止年度之業績載於第40頁之綜合收益表。

董事會不建議派發本年度之股息。

五年財務概要

本集團截至二零零六年十二月三十一日止最近五個財政年度之業績、資產及負債概要載於第124頁。

物業、廠房及設備

年內本集團物業、廠房及設備之變動詳情載於財務報表附註7。

投資物業

年內本集團投資物業之變動詳情載於財務報表附註8。

股本

年內本公司股本之變動詳情載於財務報表附註17。

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 41 and note 18 to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2006, the Company had no reserves available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the aggregate turnover of distribution of films and sub-licensing of film rights for the year attributable to the Group's five largest customers are as follows:

The largest customer	1%
Five largest customers combined	2%

The percentages of the aggregate purchases for the year attributable to the Group's five largest suppliers are as follows:

The largest supplier	1%
Five largest suppliers combined	2%

At 31 December 2006, China Star Entertainment Limited ("China Star"), a shareholder holding more than 5% of the Company's issued share capital had a beneficial interest in the Group's largest supplier. All transactions between the Group and the supplier concerned were carried out on normal commercial terms. Mr. Heung Wah Keung and his spouse, Ms. Chen Ming Yin, Tiffany, are also directors of and have beneficial interests in China Star.

Other than as disclosed above, none of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers or suppliers.

儲備

年內本集團及本公司儲備變動之詳情分別載於第41頁之綜合股本變動表及財務報表附註18。

可分派儲備

於二零零六年十二月三十一日，本公司並無可分派儲備。

主要客戶及供應商

年內本集團五大客戶所佔發行電影及轉授電影發行權之總營業額之百分比如下：

最大客戶	1%
五大客戶合計	2%

年內本集團五大供應商所佔總採購額之百分比如下：

最大供應商	1%
五大供應商合計	2%

於二零零六年十二月三十一日，中國星集團有限公司（「中國星」），擁有本公司已發行股本5%以上之股東在本集團之最大供應商擁有實際權益。本集團與上述供應商之所有交易均按一般商業條款進行。向華強先生及其配偶陳明英女士亦為實益擁有中國星權益之董事。

除上文所披露者外，各董事、彼等之聯繫人士或任何股東（據董事所知擁有本公司已發行股本5%以上者）並無擁有以上任何本集團五大客戶或供應商之權益。

DIRECTORS

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

Executive directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)

Independent non-executive directors:

Mr. Tang Chak Lam, Gilbert
Mr. Ho Wai Chi, Paul
Mr. Lien Wai Hung

In accordance with the Company's bye-laws, Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

There are no existing or proposed service contracts between any of the directors and the Company or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

董事

年內及截至本報告日期之本公司董事如下：

執行董事：

向華強先生 (*主席*)
陳明英女士 (*副主席*)

獨立非執行董事：

鄧澤林先生
何偉志先生
連偉雄先生

根據本公司細則，鄧澤林先生，何偉志先生及連偉雄先生將於應屆股東週年大會上輪值告退，惟符合資格膺選連任。

根據本公司細則，各獨立非執行董事之任期將維持直至輪值告退為止。

董事之服務合約

各董事與本公司或其任何附屬公司並無現有或擬訂立之服務合約，惟於一年內屆滿或僱主可於一年內不付賠償 (法定賠償除外) 終止之合約則除外。

DIRECTORS' INTERESTS IN SHARES

At 31 December 2006, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company and its associated corporation, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or had exercised any right to subscribe for the securities or had exercised any right to subscribe for the securities or had exercised any such rights.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the share options to subscribe for shares of HK\$0.01 each in the Company granted under the share option scheme adopted on 21 January 2002 are set out in note 38 to the financial statements.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Details of the discloseable connected transactions with China Star and its subsidiaries and directors' interests in contracts for the year are set out in note 40(a) to the financial statements.

董事之股份權益

根據本公司按證券及期貨條例(「證券及期貨條例」)第352條存置之登記冊所載或本公司及香港聯合交易所有限公司(「聯交所」)根據上市公司董事進行證券交易的標準守則(「標準守則」)接獲之通知，於二零零六年十二月三十一日，各董事及彼等之聯繫人士概無擁有本公司及其相聯法團之股份、相關股份及債券之任何好倉或淡倉。

本公司或其任何附屬公司於年內任何時間並無參與任何安排，致使本公司董事、彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法人團體任何股份或債券而獲益，而彼等亦無行使任何認購證券之權利或行使任何該等權利。

購股權計劃

本公司之購股權計劃詳情及根據本公司於二零零二年一月二十一日採納之購股權計劃而授出可認購本公司每股面值0.01港元股份之購股權之變動詳情載於財務報表附註38。

關連交易及董事所擁有之合約權益

年內與中國星及其附屬公司進行之須予披露關連交易及董事所擁有之合約權益詳情載於財務報表附註40(a)。

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS (Continued)

The independent non-executive directors of the Company have review and confirmed that the connected transactions as set out in note 40(a) to the financial statements entered into by the Group were in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreements governing such transactions.

Save as disclosed above and in note 40(a) to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2006, the register of substantial shareholders maintained by the Company under Section 336 of the SFO (the "Register of Substantial Shareholders") showed that the following shareholders had interests and short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company:

Long positions

Name 名稱	Notes 附註	Capacity 身份	Interest in shares 股份權益	Interest in underlying shares 相關股份權益	Total interest 總權益	Percentage of the issued share capital of the the Company 佔本公司 已發行股本 百分比
China Star 中國星	1 and 5 1及5	Interest of corporation 公司權益	2,230,510,000	nil 無	2,230,510,000	34.40%
China Star Entertainment (BVI) Limited	1 and 5 1及5	Interest of corporation 公司權益	2,230,510,000	nil 無	2,230,510,000	34.40%

關連交易及董事所擁有之合約權益 (續)

本公司獨立非執行董事已審閱及確認，財務報表附註40(a)所述之本集團關連交易均於日常業務中根據一般商業條款及規限該等交易之有關協議之條款進行。

除上文所披露者及財務報表附註40(a)所披露者外，在本公司或其任何附屬公司參與訂立而於年終或年內任何時間仍然生效之重大合約中，本公司董事並無直接或間接擁有任何重大權益。

主要股東

於二零零六年十二月三十一日，根據本公司按照證券及期貨條例第336條存置之主要股東登記冊（「主要股東登記冊」）所載，下列股東於本公司股份及相關股份中擁有佔本公司已發行股本5%或以上之權益及淡倉：

好倉

SUBSTANTIAL SHAREHOLDERS (Continued)

主要股東 (續)

Long positions (Continued)

好倉 (續)

Name 名稱	Notes 附註	Capacity 身份	Interest in shares 股份權益	Interest in underlying shares 相關股份權益	Total interest 總權益	Percentage of the issued share capital of the the Company 佔本公司 已發行股本 百分比
Classical Statue Limited	1 and 5 1及5	Beneficial owner 實益擁有人	2,230,510,000	nil 無	2,230,510,000	34.40%
Asia Vest Partners Limited	2	Interest of corporation 公司權益	1,330,321,745	nil 無	1,330,321,745	20.52%
Asia Vest Partners VII Limited	2	Interest of corporation 公司權益	1,330,321,745	nil 無	1,330,321,745	20.52%
Asia Vest Partners X Limited	2	Interest of corporation 公司權益	1,330,321,745	nil 無	1,330,321,745	20.52%
Northbay Investments Holdings Limited	2	Beneficial owner 實益擁有人	1,330,321,745	nil 無	1,330,321,745	20.52%
Mr. Andrew Nan Sherrill 南國熙先生	2	Interest of corporation 公司權益	1,330,321,745	nil 無	1,330,321,745	20.52%
Top Vision Management Limited	3	Beneficial owner 實益擁有人	792,000,000	nil 無	792,000,000	12.21%
Mr. Chan Kam Sum 陳錦心先生	3	Interest of corporation 公司權益	792,000,000	nil 無	792,000,000	12.21%
Luck Stars Consultants Limited	4	Beneficial owner 實益擁有人	354,000,000	nil 無	354,000,000	5.46%
Mr. Lau Tung Hoi 劉東海先生	4	Interest of corporation 公司權益	354,000,000	nil 無	354,000,000	5.46%

SUBSTANTIAL SHAREHOLDERS (Continued)

Long positions (Continued)

Notes:

- 2,230,510,000 shares are beneficially owned by Classical Statue Limited. Classical Statue Limited is a wholly-owned subsidiary of China Star Entertainment (BVI) Limited. China Star Entertainment (BVI) Limited is also a wholly-owned subsidiary of China Star. China Star and China Star Entertainment (BVI) Limited are deemed to be interested in the shares owned by Classical Statue Limited.
- 1,330,321,745 shares are beneficially owned by Northbay Investments Holdings Limited. 35.5% and 64.5% of the shareholding of Northbay Investments Holdings Limited are respectively owned by Asia Vest Partners VII Limited and Asia Vest Partners X Limited, and both of them are indirectly wholly-owned by Mr. Andrew Nan Sherrill through Asia Vest Partners Limited.
- 792,000,000 shares are held by Top Vision Management Limited, which is wholly-owned by Mr. Chan Kam Sum.
- 354,000,000 shares are held by Lucky Stars Consultants Limited, which is wholly-owned by Mr. Lau Tung Hoi.
- Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Mr. Ho Wai Chi, Paul are directors of the Company and China Star. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are also directors of China Star Entertainment (BVI) Limited and Classical Statue Limited.

Short positions

Name 名稱	Note 附註	Capacity 身份	Interest in shares 股份權益	Interest in underlying shares 相關股份權益	Total interest 總權益	Percentage of the issued share capital of the Company 佔本公司 已發行股本 百分比
Top Vision Management Limited	1	Beneficial owner 實益擁有人	420,000,000	nil 無	420,000,000	6.48%
Mr. Chan Kam Sum 陳錦心先生	1	Interest of corporation 公司權益	420,000,000	nil 無	420,000,000	6.48%

主要股東 (續)

好倉 (續)

附註：

- 2,230,510,000股股份由Classical Statue Limited實益擁有。Classical Statue Limited為China Star Entertainment (BVI) Limited之全資附屬公司。China Star Entertainment (BVI) Limited亦為中國星之全資附屬公司。中國星及China Star Entertainment (BVI) Limited被視作於Classical Statue Limited擁有之股份中擁有權益。
- 1,330,321,745股股份由Northbay Investments Holdings Limited實益擁有。Northbay Investments Holdings Limited股權之35.5%及64.5%分別由Asia Vest Partners VII Limited及Asia Vest Partners X Limited擁有，而該兩間公司則由南國熙先生透過Asia Vest Partners Limited間接全資擁有。
- 792,000,000股股份由陳錦心先生全資擁有之Top Vision Management Limited持有。
- 354,000,000股股份由劉東海先生全資擁有之Lucky Stars Consultants Limited持有。
- 向華強先生、陳明英女士及何偉志先生為本公司及中國星之董事。向華強先生及陳明英女士為China Star Entertainment (BVI) Limited及Classical Statue Limited之董事。

淡倉

SUBSTANTIAL SHAREHOLDERS (Continued)

Short positions (Continued)

Note:

1. 420,000,000 shares for short position are held by Top Vision Management Limited, which is wholly-owned by Mr. Chan Kam Sum.

Save as disclosed above, at 31 December 2006, the Company had not been notified by any other persons who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company as recorded in the Register of Substantial Shareholders.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 39 to the financial statements.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 12 to 22.

主要股東 (續)

淡倉 (續)

附註：

1. 淡倉之420,000,000股股份由陳錦心先生全資擁有之Top Vision Management Limited持有。

除上文所披露者外，於二零零六年十二月三十一日，本公司並無獲任何其他人士知會其於本公司股份及相關股份擁之有關權益或淡倉而需要如已記錄在主要股東名冊內而將予向本公司披露。

退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註39。

買賣及贖回本公司之上市證券

本公司及其任何附屬公司於本年度內概無買賣或贖回本公司任何上市證券。

優先認購權

本公司細則或百慕達法例並無有關優先認購權之規定，使本公司須按比例向現有股東發售新股份。

企業管治

本公司致力維持高水準之企業管治敘規。本公司採納之企業管治敘規資料載於第12至22頁之「企業管治報告」。

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

SUBSEQUENT EVENTS

Details of the significant subsequent events are set out in note 42 to the financial statements.

AUDITORS

A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Heung Wah Keung
Chairman

Hong Kong, 26 April 2007

公眾持股量

根據本公司可取得之公開資料及據董事所知，本公司之公眾持股量在年內及截至本報告日期均符合上市規則之要求。

結算日後事項

於結算日後發生之結算日後事項詳情載於財務報表附註42。

核數師

應屆股東週年大會上將提呈決議案，續聘國衛會計師事務所為本公司核數師。

代表董事會

向華強
主席

香港，二零零七年四月二十六日