

Notes to the Financial Statements

財務報表附註

31 December 2006

二零零六年十二月三十一日

1. GENERAL

The Company was 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 address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

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 1 December 2005 or 1 January 2006. A summary of the new HKFRSs is 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 |

1. 一般資料

本公司為於百慕達註冊成立之受豁免有限公司，而其股份在香港聯合交易所有限公司（「聯交所」）上市。

本公司之註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司之主要業務為投資控股，而其附屬公司之主要業務載於財務報表附註9。

2. 應用新訂及經修訂香港財務報告準則

於本年度，本集團首次應用由香港會計師公會（「香港會計師公會」）頒佈之多項新準則、修訂及詮釋（「新香港財務報告準則」），該等準則均與本集團之業務有關，並於二零零五年十二月一日或二零零六年一月一日或其後開始之會計期間生效。新香港財務報告準則之概要載列如下：

| | |
|---|-------------------|
| 香港會計準則 第21號（修訂本） | 海外業務之投資淨額 |
| 香港會計準則 第39號（修訂本） | 預測集團內交易之現金流量對沖會計法 |
| 香港會計準則 第39號（修訂本） | 公平值期權 |
| 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 詮釋第4號 | 釐定一項安排是否包含租賃 |

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

(Continued)

The adoption of the above new HKFRSs did not have significant impact on the Group's results and financial position for the current or prior accounting periods.

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) | Capital Disclosures ¹ | 香港會計準則 第1號(修訂本) | 資本披露 ¹ |
| HKFRS 7 | Financial Instruments: Disclosures ¹ | 香港財務報告準則 第7號 | 金融工具：披露 ¹ |
| HKFRS 8 | Operating Segments ² | 香港財務報告準則 第8號 | 營運分部 ² |
| HK(IFRIC)-Int 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第7號 | 根據香港會 計準則第29號 過度通 貨膨脹經濟中 之財務報告 採用重列法 ³ |
| HK(IFRIC)-Int 8 | Scope of HKFRS 2 ⁴ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第8號 | 香港財務報告準 則第2號 之範圍 ⁴ |
| HK(IFRIC)-Int 9 | Reassessment of Embedded Derivatives ⁵ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第9號 | 重估內含 衍生工具 ⁵ |
| HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment ⁶ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第10號 | 中期財務報告及 減值 ⁶ |
| HK(IFRIC)-Int 11 | HKFRS 2 — Group and Treasury Share Transactions ⁷ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第11號 | 香港財務報告準 則第2號—集團 及庫存股份 交易 ⁷ |
| HK(IFRIC)-Int 12 | Service Concession Arrangements ⁸ | 香港(國際財務報告 準則詮釋委員會) — 詮釋第12號 | 服務經營權安排 ⁸ |

2. 應用新訂及經修訂香港財務報告準則(續)

採納上文新香港財務報告準則概不會對本集團於本會計或前期期間之財務狀況業績或資產淨值構成重大影響。

本集團並無提早應用以下已頒佈但尚未生效之新準則、修訂或詮釋。本公司董事預期應用該等新準則、修訂或詮釋將不會對本集團之業績及財務狀況構成任何重大影響。

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

(Continued)

- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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, 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.

2. 應用新訂及經修訂香港財務報告準則 (續)

- 1 於二零零七年一月一日或其後開始之年度期間生效
- 2 於二零零九年一月一日或其後開始之年度期間生效
- 3 於二零零六年三月一日或其後開始之年度期間生效
- 4 於二零零六年五月一日或其後開始之年度期間生效
- 5 於二零零六年六月一日或其後開始之年度期間生效
- 6 於二零零六年十一月一日或其後開始之年度期間生效
- 7 於二零零七年三月一日或其後開始之年度期間生效
- 8 於二零零八年一月一日或其後開始之年度期間生效

3. 主要會計政策概要

編製該等財務報表時應用之主要會計政策載列如下。除另有指明外，該等政策於呈列之所有年度獲貫徹應用。

(a) 編製基準

財務報表乃根據香港會計師公會頒佈之所有適用香港財務報告準則（「香港財務報告準則」，當中亦包括所有適用之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」）、香港公認會計原則編製。此外，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事項。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The financial statements have been prepared under historical cost convention except for certain financial assets of fair value through profit or loss and investment properties which are carried at fair value. 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.

The Group's books and records are maintained in Hong Kong Dollars ("HK\$"), the currency in which the majority of the Group's transactions is denominated.

(b) Basis of consolidation

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

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

All intra-group transactions, balance, income and expenses are eliminated in full on consolidation.

3. 主要會計政策概要 (續)

(a) 編製基準 (續)

財務報表乃根據歷史成本慣例編製，惟以公平值入賬之按公平值計入收益表之若干金融資產及投資物業除外，編製符合香港財務報告準則之財務報表須使用若干關鍵會計估計，管理層亦有必要在應用本公司之會計政策過程中作出判斷。

本集團之賬冊及記錄以港元（「港元」）設置，本集團大部份交易均以該貨幣為單位。

(b) 綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日之財務報表。

年內所收購或出售附屬公司之業績均自收購生效日期起或截至出售生效日期（視乎情況而定）計入綜合收益表。

所有集團間交易、結餘、收入及開支均於綜合賬目時悉數撇銷。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(c) Revenue recognition

Revenue from distribution of films is recognised when video products or master materials of films are delivered to customers and the title has passed.

Revenue from sub-licensing of film rights is recognised upon delivery of master materials of films to customers.

Proceeds from sales of financial assets at fair value through profit or loss are recognised when sale and purchase contracts became unconditional.

Rental income, including rentals invoiced in advance, from properties under operating lease is recognised on a straight-line basis over the period of the respective leases.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

3. 主要會計政策概要 (續)

(b) 綜合基準 (續)

綜合附屬公司之資產淨值中之少數股東權益乃與本集團所佔之權益分開呈列。資產淨值中之少數股東權益包括該等權益於原有業務合併日期之金額及少數股東自合併日期以來所佔權益之變動。適用於少數股東之虧損超出於附屬公司股本之少數股東權益之數額將在本集團之權益中作出分配，惟倘少數股東具約束力之責任及能夠作出額外投資以彌補虧損則除外。

(c) 收益確認

發行電影所得收益於影視產品或電影母帶材料付運予客戶及所有權轉移時入賬。

轉授電影發行權所得收益在將電影母帶材料付運予客戶時入賬。

出售金融資產所得款項乃於買賣合約變得無條件時入賬。

租金收入(包括在經營租約下之物業提早發出之發票之租金)以直線法按各自之租約年期確認。

投資之股息收入乃於股東可獲派息之權利確立時入賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition (Continued)

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

(d) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

3. 主要會計政策概要 (續)

(c) 收益確認 (續)

利息收入乃根據尚未償還本金額及適用利率按時間比例入賬。

(d) 資產減值

於每個結算日，均會審閱內在及外來資料來源，以確定是否有任何跡象顯示資產出現減值，或是否有任何跡象顯示早前已確認之減值虧損已不再存在或可能已經減少。倘存在任何該等跡象，則會估計資產之可收回金額。每當資產之賬面值超過其可收回金額時，均會確認減值虧損。減值虧損於產生年度自收益表扣除，惟倘有關資產按重估值入賬，則根據該重估資產之相關會計政策將減值虧損入賬。

i. 計算可收回金額

資產之可收回金額為其淨售價與使用價值兩者中之較高者。淨售價為於公平磋商交易中銷售資產所得之金額，而使用價值則為預期將因持續使用任何資產或自於其可使用年期結束時將其出售所產生之估計未來現金流量之現值。倘資產並無產生在很大程度上獨立於其他資產之現金流入，則可收回金額乃就能獨立產生現金流入之最小組別資產（即現金產生單位）而釐定。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment of assets (Continued)

ii. Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(e) 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.

3. 主要會計政策概要 (續)

(d) 資產減值 (續)

ii. 減值虧損撥回

就商譽以外之資產而言，倘用以釐定可收回金額之估計發生變化，則會將減值虧損撥回。商譽之減值虧損僅於虧損乃因性質特殊且預期不會再次發生之特定外來事件所引致，而可收回金額之增加與該特定事件之影響有關，方予撥回。

減值虧損限於倘並無於過往年度確認減值虧損而原應釐定之資產賬面值。減值虧損撥回乃於確認撥回之年度計入收益表。

(e) 稅項

所得稅支出指現時應付稅項及遞延稅項之總和。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利為於應付所得稅時根據稅務機關制定之規則釐定之本年度溢利。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Taxation (Continued)

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.

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 is 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.

3. 主要會計政策概要 (續)

(e) 稅項 (續)

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差額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步確認其他資產及負債而引致之暫時差額既不影響應課稅溢利，亦不影響會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃按因附屬公司及聯營公司投資而引致之應課稅暫時差額而確認，惟若本集團可令暫時差額撥回及暫時差額有可能未必於可見將來撥回之情況除外。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Taxation (Continued)

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.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and 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.

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 | 2% |
| Leasehold improvements | 33.3% |
| Office equipment | 20% |
| Motor vehicles | 20% |
| Furniture and fixtures | 15% |

3. 主要會計政策概要 (續)

(e) 稅項 (續)

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。遞延稅項於收益表中扣除或計入收益表。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。

(f) 物業、廠房及設備

物業、廠房及設備乃按成本減累計折舊及減值虧損列賬。

一項資產之成本包括其購買價及任何將資產運往擬定用途之工作環境及地點之直接應佔成本。於物業、廠房及設備投入生產後所引致之支出，如維修及保養等，一般均會於支出該等費期間從收益表內扣除。倘若可清楚顯示支出已致使預期因使用物業、廠房及設備而獲取之經濟利益增加，該支出則會資本化，列作該項資產之額外成本。

折舊乃按物業、廠房及設備之估計可使用年期以直線法計提撥備，以撇銷彼等之成本。主要年利率如下：

| | |
|--------|-------|
| 樓宇 | 2% |
| 租賃物業裝修 | 33.3% |
| 辦公室設備 | 20% |
| 汽車 | 20% |
| 傢俬及裝置 | 15% |

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

The gain or loss arising from disposal of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in the income statement in the year the asset is derecognised.

(g) Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in the income statements in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising from derecognition of the investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the asset is derecognised.

(h) Investments in subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. 主要會計政策概要 (續)

(f) 物業、廠房及設備 (續)

出售物業、廠房及設備之盈虧乃按出售所得款項淨額與有關資產賬面值之差額而釐定，並於該資產解除確認之年度在收益表內確認。

(g) 投資物業

投資物業於初步確認時，以成本計量(包括任何直接應佔開支)。初步確認後，投資物業以公平值模式計量。投資物業公平值變動所產生之盈虧於產生年度計入收益表內。

當投資物業永久停止使用或預期不會從出售該項投資物業中獲得任何未來經濟利益時，即解除確認。撤銷確認投資物業所產生之任何盈虧(按出售所得款項淨額與該資產之賬面值兩者之差額計算)，於該資產撤銷確認之年度計入收益表內。

(h) 附屬公司投資

附屬公司是一家由本公司控制之企業。倘本公司有權直接或間接監管某企業之財務及營運政策，以從其業務中取得利益，則屬擁有控制權。在本公司之資產負債表中，附屬公司投資乃按成本扣除減值虧損撥備入賬。附屬公司之業績乃由本公司按已收及應收股息基準入賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

3. 主要會計政策概要 (續)

(i) 商譽

就收購附屬公司或聯營公司產生之商譽指收購成本超逾本集團於收購當日應佔有關附屬公司或聯營公司之可識別資產、負債及或然負債公平值權益之數額。該等商譽按成本減任何累計減值虧損列賬。

收購附屬公司產生之撥充資本商譽於資產負債表獨立呈列。收購聯營公司產生之撥充資本商譽按有關聯營公司之投資成本列賬。

就減值檢測而言，收購產生之商譽會分配至預期可自收購之協同效益收益之各相關現金產生單位或各組現金產生單位。經分配商譽之現金產生單位會每年或於有跡象顯示該單位可能出現減值時進行減值檢測。就於一個財政年度進行收購所產生商譽而言，經分配商譽之現金產生單位會於該財政年度年結前進行減值檢測。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將直接於收益表確認。就商譽確認之減值虧損不會於往後期間撥回。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Goodwill (Continued)

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.

(j) Inventories

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

Inventories on stock of properties, which are held for trading, is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on the prevailing market conditions.

(k) Financial instruments

The Group classifies its investment in securities in the following categories depends on the purpose of such investment were acquired. Management determines the classification of its investments at initial recognition and re-evaluate this designation at every reporting date.

(1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

3. 主要會計政策概要 (續)

(i) 商譽 (續)

於其後出售附屬公司或聯營公司時，釐定出售盈虧時會計入撥充資本之商譽應佔金額。

(j) 存貨

成品存貨按成本及可變現淨值之較低者列賬。成本乃使用先進先出法計算。

持作買賣之道具存貨按成本及可變現淨值之較低者列賬。可變現淨值乃經參考收取之銷售所得款項於結算日後減銷售開支釐定，或由管理層根據當時之市況作出估計。

(k) 金融工具

本集團將其之證券投資分類為以下類別，分類視乎收購投資之目的而定。管理層在初步確認時釐定其投資之分類，並於每個報告日期重新評估有關指定分類。

(1) 按公平值計入損益表之金融資產

倘收購之主要目的為在短期內出售或倘須按管理層指定，則金融資產會撥歸此類別。倘此類別之資產乃持作買賣或預期將於結算日起12個月內變現，則分類為流動資產。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables included loan receivables, convertible notes receivables and trade receivables.

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

3. 主要會計政策概要 (續)

(k) 金融工具 (續)

(2) 貸款及應收款項

貸款及應收款項為非衍生金融資產，具有固定或可決定金額，且並無在交投活躍之市場上報價。於本集團直接向債務人提供金錢、貨品或服務而無意買賣應收款項時，則產生貸款及應收款項。彼等計入流動資產內，惟不包括到期日為結算日後逾12個月者之款項(此等貸款及應收款項列作非流動資產)。貸款及應收款項包括應收貸款、應收可換股票據及貿易應收款項。

(3) 可供出售之金融資產

可供出售之金融資產指獲指定該類別或並無分類為任何其他類別之非衍生工具。除非管理層擬於結算日後12個月內出售投資，否則該等資產乃列作非流動資產。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(3) Available-for-sale financial assets (Continued)

Purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the year in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

3. 主要會計政策概要 (續)

(k) 金融工具 (續)

(3) 可供出售之金融資產 (續)

投資之買賣於交易日(指本集團承諾買賣該資產之日)確認。所有非按公平值計入損益表之金融資產之投資則按公平值加交易成本作初步確認。當從投資收取現金流量之權利屆滿或已轉讓，而本集團已將全部擁有權風險及回報大致轉讓時，投資將撇銷確認。可供出售之金融資產及按公平值計入損益表之金融資產其後按公平值列賬。貸款及應收款項及持有至到期日之投資按實際利率法以攤銷成本列賬。由於「按公平值計入損益表之金融資產」之公平值出現變動而導致之已變現及未變現盈虧於產生盈虧之年度列入收益表。由於非貨幣證券公平值變動而導致之未變現盈虧乃分類為可供出售並於股權中確認。當分類為可供出售之金融資產之證券獲出售或出現減值時，累計公平值調整乃列入收益表成為投資證券之收益或虧損。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(3) Available-for-sale financial assets (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

3. 主要會計政策概要 (續)

(k) 金融工具 (續)

(3) 可供出售之金融資產 (續)

報價投資之公平值乃根據當時實盤價計算。倘金融資產(及非上市證券)之市場並不活躍,則本集團利用估值方法設定公平值。有關估值方法包括採用最近之公平磋商交易、參考大致相同之其他工具、採用貼現現金流量分析及已調整以反映發行人個別情況之購股權價格模型。

本集團於每個結算日評估是否有客觀證據顯示一項金融資產或一組金融資產出現減值。於股本證券獲分類為可供出售之金融資產之情況下,在釐定證券是否出現減值時,會考慮證券公平值有否大幅或長期下跌至低於其成本。倘可供出售之金融資產存在任何該等證據,則累計虧損(按收購成本與現行公平值之差額,減該項金融資產以往於收益表確認之任何減值虧損計算)會自股權中剔除並於收益表中確認。就股本工具於收益表確認之減值虧損並無於收益表撥回。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) 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.

(n) 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.

3. 主要會計政策概要 (續)

(l) 貿易及其他應收款項

貿易及其他應收款項初步以公平值確認，其後則利用實際利率法按攤銷成本除減值撥備計量。倘有客觀證據顯示本集團將無法按應收款項之原有條款收回所有款項，即就貿易及其他應收款項設定減值撥備。撥備金額為資產賬面值與按實際利率貼現之估計未來現金流量之現值兩者之差額。撥備金額於收益表確認。

(m) 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款、原到期日為三個月或以下之其他短期高流動性投資，以及銀行透支。銀行透支在資產負債表之流動負債內借貸中列示。

(n) 借貸

借貸初步按公平值並扣除產生之交易成本確認。交易成本為收購、發行或出售某項金融資產或金融負債直接所佔之新增成本，包括支付予代理人、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，以及過戶及印花稅。借貸其後按攤銷成本列賬，所得款項(扣除交易成本)與贖回價值兩者之任何差額採用實際利率法於借貸期間內在收益表確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at the lower of fair values or the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

(p) 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\$").

3. 主要會計政策概要 (續)

(o) 租約

凡於租期內資產擁有權之絕大部份風險及回報轉移往本集團之租約，均列作融資租約。根據融資租約持有之資產按最低租金之公平值或現值(以較低者為準)撥充資本。向出租人履行之有關責任(已扣除有關利息支出)於資產負債表內列作融資租約承擔。融資費用將按有關租期自收益表扣除，以定期定額扣除出每個會計期間之承擔餘額。

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。

(p) 外幣兌換

(i) 功能及呈列貨幣

列入本集團賬目之項目均以實體主要經營所在經濟環境之貨幣(「功能貨幣」)計量。財務報表以港元(「港元」)呈列。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date 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.

(q) Employee benefits

(i) Bonuses

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

3. 主要會計政策概要 (續)

(p) 外幣兌換 (續)

(ii) 交易及結餘

外幣業務以交易發生當日之匯率折算為功能貨幣。因上述交易結算及按年終匯率換算以外幣計值之貨幣資產及負債而產生之匯兌損益，均於收益表確認，惟當在股本內遞延為合資格現金流量對沖或合資格投資淨額對沖時除外。

非貨幣項目(如透過損益表以公平值持有之權益工具)之匯兌差額均記錄為公平值盈虧之一部分。非貨幣項目(如分類為可供銷售金融資產之權益)之匯兌差額均於股本內計入公平值儲備。

(q) 僱員福利

(i) 花紅

本集團於有合約責任及金額能夠可靠地估計時就花紅確認負債。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(ii) Retirement benefit obligations

The Group operates the 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% to 10% of the employees' relevant income, with the employees' contributions subject to a cap of monthly relevant income of HK\$20,000. The Group's contributions to the scheme are expensed as incurred. 5% of relevant income vests immediately upon the completion of service in the relevant service period, while the remaining portion vests 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.

(iii) Share-based compensation

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.

3. 主要會計政策概要 (續)

(q) 僱員福利 (續)

(ii) 退休福利責任

本集團為根據香港強制性公積金計劃條例按排所有按香港僱傭條例聘用之僱員參與強制性公積金計劃(「強積金計劃」)。強積金計劃為定額供款計劃，其資產由獨立信託管理基金持有。

根據強積金計劃，僱主及其僱員均須按僱員相關收入之5%至10%向計劃作出供款，而僱員供款以每月相關收入20,000港元為上限。本集團向計劃作出之供款於產生時支銷。相關收入之5%於相關服務期間服務完成時即時歸屬僱員，而其餘部份乃根據計劃之應享比例歸屬僱員。倘僱員於僱主供款全數歸屬前退出計劃，沒收之供款金額將用作扣減本集團之應付供款。

(iii) 以股份形式支付之薪酬

授予購股權及有限制股份獎勵所換取之僱員服務之公平值於損益表確認為支出。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(iii) Share-based compensation (Continued)

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.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

3. 主要會計政策概要 (續)

(q) 僱員福利 (續)

(iii) 以股份形式支付之薪酬 (續)

於歸屬期內列作支出之總金額乃參照已授予之購股權及有限制股份獎勵之公平值釐定。於每個結算日，本公司會修訂其估計預期可予以行使之購股權數目及預期可予歸屬之有限制股份獎勵數目，並於損益表內確認修訂原估計數字(如有)之影響及在餘下歸屬期間對資產負債表之股權作相應調整。

當購股權獲行使時及有限制股份獎勵已歸屬時，所收取之款項於扣除任何直接應佔之交易成本後計入股本及股份溢價內。

(r) 或然負債及或然資產

或然負債乃因過往事件而可能產生之責任，而其存在與否僅由不屬本集團全然掌握之一件或以上未確定未來事件之發生或不發生所確定。或然負債亦可以是因過往未確認事件而產生之現有責任，而由於不大可能導致經濟資源流失，又或者責任金額不能可靠地計量而未予以確認。或然負債雖未予確認，惟於財務報表附註披露。倘外流可能性發生變動，以致有可能流失時，則確認為撥備。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Contingent liabilities and contingent assets
(Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(s) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influences. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(t) Financial guarantees issued and provisions

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3. 主要會計政策概要 (續)

(r) 或然負債及或然資產 (續)

或然資產乃指因過往事件而可能獲得之資產，其存在僅可視乎將來發生或不發生一件或以上非本集團所能完全控制之不確定之未來事件予以確定。或然資產雖未予確認，惟當一項經濟收益流入成為可能時於財務報表附註披露。當流入可確定時，則確認資產。

(s) 關連人士交易

倘一方有能力直接或間接控制另一方，或於作出財務及營運決定時發揮重大影響力，則雙方被視為有關連。倘彼等受共同控制或共同重大影響，則亦被視為有關連。倘資源或責任於關連人士間轉移，則該項交易被視為關連人士交易。

(t) 已發出之財務擔保

財務擔保是指擔保受益人（「持有人」）要求發行人（即擔保人）支付指定金額，以賠償持有人因指定負債人未能按債務工具條款依期還款所造成的損失之合約。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantees issued and provisions (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within creditors and accruals. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk), credit risk, liquidity risk and cash flow 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.

3. 主要會計政策概要 (續)

(t) 已發出之財務擔保 (續)

倘本集團發出財務擔保，該擔保的公平值(即交易價格，除非該公平值能確實地估計)最初確認為應付賬款及應計賬款內的遞延收入。倘在發行該擔保時收取或可收取代價，該代價則根據適用於該類資產的本集團政策而予確認。倘有關代價尚未收取或應予收取，於最初確認任何遞延收入時，即時開支於損益表內確認。

當本集團具有一項因過往事件導致之當前責任，且很有可能本集團被要求履行該項責任時，即確認撥備。撥備乃依據董事於結算日對履行該項責任所需開支之最佳估計，若影響重大則將金額貼現為現值。

4. 財務風險管理

4.1 財務風險因素

本集團之活動承受多種財務風險：市場風險(包括價格風險)、信貸風險、流動資金風險及現金流利率風險。本集團之整體風險管理計劃專注於財務市場之難預測性，務求盡量減低對本集團財務表現之潛在不利影響。

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk — Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that distribution of films and sub-licensing of film rights to customers with an appropriate credit history.

(c) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due.

(d) Cash flow and fair value interest rate risk

The Group's cash flow interest-rate risk arises from bank borrowings. The Group's fair value interest-rate risk mainly arises from fixed-rate short-term bank deposits. The Group currently does not have an interest-rate hedging policy. However, the management monitors interest-rate exposure and will consider hedging significant interest-rate exposure should need arises.

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(a) 市場風險 — 價格風險

由於本集團所持有之投資於綜合資產負債表中被分類為可供銷售金融資產或按公平值計入損益表之金融資產，因此本集團承受多種財務風險。本集團毋須承受商品價格風險。

(b) 信貸風險

本集團並無重大信貸集中風險。本集團現行之政策乃為確保向具有妥善信貸紀錄之客戶發行電影及轉授電影發行權。

(c) 流動資金風險

本集團透過確保充足的流動現金結存履行到期的付款責任，以管理其流動資金風險。

(d) 現金流及公平值利率風險

本集團之現金流利率風險來自銀行借貸。本集團之公平值利率風險主要來自定息短期銀行存款。本集團現時並無任何息率對沖政策。然而，管理層會監控利率風險，並將考慮於需要時對沖重大利率風險。

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Fair value estimation

The carrying amounts of the Group's financial assets, including cash and bank balances, trade receivables, deposits, prepayments and other receivables, and financial liabilities, including trade payables, other payables, accruals and amounts due to related companies, approximate to their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to 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 available to the Group for similar financial instruments.

In assessing the fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid price.

The fair value of financial instrument that are not traded in an active market (for example, available-for-sale financial assets) is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted value of future cash flows, and makes assumptions that are based on market conditions existing at each balance sheet date.

4. 財務風險管理 (續)

4.2 公平值估計

本集團金融資產(包括現金及銀行結存、貿易應收款項、按金、預付款項及其他應收款項)及金融負債(包括貿易應付款項、其他應付款項、應計費用及應付關連公司款項)之賬面值因其於短期內到期，故與其公平值相若。到期日為少於一年之金融資產及負債之面值減該等資產及負債之任何信貸調整乃假設為與其公平值相若。

供披露之金融負債公平值乃按本集團同類金融工具現時之市場利率折現未來合約現金流量而估計。

在評估於交投活躍市場上買賣之金融工具(如按公平值計入損益表之金融資產)之公平值時，乃根據於結算日之市場報價。用於本集團持有之金融資產之市場報價乃現時之買入價。

並無於交投活躍市場上報價之金融工具(如可供出售之金融資產)之公平值乃採用估值法釐定。本集團採用估計未來現金流量之折現價值等多種方法，並根據於各結算日之市況作出假設。

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.

(a) Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(i) to the financial statements. The recoverable amounts of cash-generating units have been 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. Information about the assumptions and the risk factors on impairment of goodwill are stated in note 10 to the financial statements.

5. 關鍵會計估計及判斷

估算及判斷會被持續評估，並根據過往經驗及其他因素進行評估，包括在有關情況下相信為合理之對未來事件之預測。

本集團對未來作出估計及假設。所得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與負債之賬面值作出重大調整之估計及假設討論如下。

(a) 商譽之估計減值

本集團按照財務報表附註3(i)所載之會計政策每年對商譽是否出現任何減值進行測試。現金產生單位之可收回金額乃按使用價值計算。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。有關商譽減值之假設及風險因素之資料載於財務報表附註10。

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor 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 debtor 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 receivable 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 receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

(c) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of fixed assets 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.

5. 關鍵會計估計及判斷 (續)

(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餘額，並可於協定信貸期逾期後即時採取跟進行動。然而，本集團收賬不時會出現延誤。倘貿易應收賬款餘額之可收回機會存疑，則本集團會根據客戶之信貸狀況、貿易應收賬款餘額之賬齡分析及撇賬紀錄，作出特別呆壞賬撥備。若干應收款項可初步確認為可收回，惟其後可能無法收回而須於收益表內撇銷相關應收款項。倘未有為收回機會出現變化之貿易應收賬款作出撥備，則可能會對未來之營運業績構成影響。

(c) 物業、廠房及設備之可使用年期

本集團根據香港會計準則第16號估計固定資產之可使用年期，從而判斷所須記賬之折舊費用金額。本集團於購入資產時，根據過往經驗、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之服務產量有變而變成過時，估計其可使用年期。本集團亦會於每年作出檢討，以判斷對資產可使用年期作出之假設是否仍然合理。

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Estimate of fair values of investment properties

As described in note 8 to the financial statements, the investment properties were revalued at the balance sheet date on market value basis by reference to independent professional valuers. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions at each balance sheet date.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four operating divisions, namely distribution, sub-licensing, sales of financial assets and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

| | |
|---------------------------|--|
| Distribution | Distribution of films |
| Sub-licensing | Sub-licensing of film rights |
| Sales of financial assets | Sales of financial assets at fair value through profit or loss |
| Property investment | Leasing of rental properties |

5. 關鍵會計估計及判斷 (續)

(d) 投資物業之公平值估計

如財務報表附註8所述，投資物業已根據獨立專業估值師於結算日按其市值基準重新估值。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。在作出判斷時，本集團考慮類似物業當時活躍市場之現行價格資料及採要主要根據每個結算日市況所作出之假設。

6. 業務及地區分部

業務分部

就管理而言，本集團現時分為發行、轉授發行權、銷售金融資產及物業投資四個營運部門。本集團乃根據該等部門呈報主要分部資料。

主要業務如下：

| | |
|--------|------------------|
| 發行 | 發行電影 |
| 轉授發行權 | 轉授電影發行權 |
| 銷售金融資產 | 銷售按公平值計入損益表之金融資產 |
| 物業投資 | 租賃物業出租 |

Notes to the Financial Statements

財務報表附註

31 December 2006

二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Business segments (Continued)

Segment information about these businesses for the years ended 31 December 2006 and 2005 is presented below.

Consolidated income statement for the year ended 31 December 2006

6. 業務及地區分部 (續)

業務分部 (續)

截至二零零六年及二零零五年十二月三十一日止年度有關該等業務之分部資料呈報如下。

截至二零零六年十二月三十一日止年度之綜合收益表

| | | Distribution 發行 HK\$'000 千港元 | Sub- licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Property investment 物業投資 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|---|---------------------------|---------------------------------------|---|--|---|---------------------------------------|
| Turnover | 營業額 | 164 | 200 | 15,229 | 1,883 | 17,476 |
| Segment profit | 分部溢利 | 74 | 23 | 1,768 | 1,613 | 3,478 |
| Unallocated corporate income | 未分配集團收益 | | | | | 11,849 |
| Unallocated corporate expenses | 未分配集團開支 | | | | | (26,811) |
| Loss from operations | 經營虧損 | | | | | (11,484) |
| Finance costs | 融資費用 | | | | | (9,615) |
| Loss before taxation | 除稅前虧損 | | | | | (21,099) |
| Taxation | 稅項 | | | | | (195) |
| Net loss for the year attributable to equity holders of the Company | 本年度本公司 股權持有人應 佔虧損淨額 | | | | | (21,294) |

Notes to the Financial Statements

財務報表附註

31 December 2006

二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Business segments (Continued)

Consolidated balance sheet at 31 December 2006

6. 業務及地區分部 (續)

業務分部 (續)

於二零零六年十二月三十一日之綜合資產負債表

| | | Distribution 發行 HK\$'000 千港元 | Sub- licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Property investment 物業投資 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|-----------------------------------|-----------|---------------------------------------|---|--|---|---------------------------------------|
| Assets | 資產 | | | | | |
| Segment assets | 分部資產 | 804 | 7,593 | 32,156 | 815,360 | 855,913 |
| Unallocated corporate assets | 未分配集團資產 | | | | | 66,315 |
| Consolidated total assets | 綜合資產總值 | | | | | 922,228 |
| Liabilities | 負債 | | | | | |
| Segment liabilities | 分部負債 | — | 3,055 | 970 | 486,954 | 490,979 |
| Unallocated corporate liabilities | 未分配集團負債 | | | | | 27,717 |
| Consolidated total liabilities | 綜合負債總額 | | | | | 518,696 |

Other segment information for the year ended 31 December 2006

截至二零零六年十二月三十一日止年度之其他分部資料

| | | Distribution 發行 HK\$'000 千港元 | Sub- licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Property investment 物業投資 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|---|----------------|---------------------------------------|---|--|---|---------------------------------------|
| Additions of property, plant and equipment | 添置物業， 廠房及設備 | — | — | 23 | 18 | 41 |
| Depreciation and amortisation | 折舊及攤銷 | 143 | 1 | 468 | 40 | 652 |
| Impairment losses recognised | 已確認減 值虧損 | 1,295 | — | — | — | 1,295 |

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二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Business segments (Continued)

Consolidated income statement for the year ended 31 December 2005

6. 業務及地區分部 (續)

業務分部 (續)

截至二零零五年十二月三十一日止年度之綜合收益表

| | | Distribution 發行 HK\$'000 千港元 | Sub-licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|--|------------------------------------|---------------------------------------|---|--|---------------------------------------|
| Turnover | 營業額 | 9,382 | 10,534 | 18,423 | 38,339 |
| Segment profit/(loss) before impairment losses recognised in respect of film rights and goodwill | 已確認電影發行權及 商譽減值虧損前 之分部溢利/(虧損) | 2,443 | (4,613) | (2,045) | (4,215) |
| Impairment loss recognised in respect of film rights | 已確認電影發行權 減值虧損 | (8,956) | — | — | (8,956) |
| Impairment loss recognised in respect of goodwill | 已確認商譽減值虧損 | — | (12,056) | — | (12,056) |
| Segment loss | 分部虧損 | (6,513) | (16,669) | (2,045) | (25,227) |
| Unallocated corporate income | 未分配集團收入 | | | | 9,176 |
| Unallocated corporate expenses | 未分配集團開支 | | | | (13,273) |
| Loss from operations | 經營虧損 | | | | (29,324) |
| Finance costs | 融資費用 | | | | (340) |
| Loss before taxation | 除稅前虧損 | | | | (29,664) |
| Taxation | 稅項 | | | | — |
| Net loss for the year attributable to equity holders of the Company | 本年度本公司股權 持有人應佔虧損淨額 | | | | (29,664) |

Notes to the Financial Statements

財務報表附註

31 December 2006

二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Business segments (Continued)

Consolidated balance sheet at 31 December 2005

6. 業務及地區分部 (續)

業務分部 (續)

於二零零五年十二月三十一日之綜合資產負債表

| | | Distribution 發行 HK\$'000 千港元 | Sub-licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|-----------------------------------|-----------|---------------------------------------|---|--|---------------------------------------|
| Assets | 資產 | | | | |
| Segment assets | 分部資產 | 4,582 | 4,729 | 41,869 | 51,180 |
| Unallocated corporate assets | 未分配集團資產 | | | | 184,047 |
| Consolidated total assets | 綜合資產總值 | | | | 235,227 |
| Liabilities | 負債 | | | | |
| Segment liabilities | 分部負債 | 2,439 | 6,172 | — | 8,611 |
| Unallocated corporate liabilities | 未分配集團負債 | | | | 59,006 |
| Consolidated total liabilities | 綜合負債總額 | | | | 67,617 |

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31 December 2006

二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Business segments (Continued)

Other segment information for the year ended 31 December 2005

| | | Distribution 發行 HK\$'000 千港元 | Sub-licensing 轉授發行權 HK\$'000 千港元 | Sales of financial assets 銷售 金融資產 HK\$'000 千港元 | Unallocated 未分配 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|----------------------------------|---------|---------------------------------------|---|--|---------------------------------------|---------------------------------------|
| Additions of film rights | 添置電影發行權 | 3,600 | 5,347 | — | — | 8,947 |
| Depreciation and amortisation | 折舊及攤銷 | 3,246 | 7,086 | 1,108 | 10 | 11,450 |
| Impairment losses recognised | 已確認減值虧損 | 1,661 | 8,483 | 12,056 | — | 22,200 |

Geographical segments

The Group mainly operates in Hong Kong, Macau and The People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover and segment results by geographical market, irrespective of the origin of goods and services:

6. 業務及地區分部 (續)

業務分部 (續)

截至二零零五年十二月三十一日止年度之其他分部資料

地區分部

本集團主要業務位於香港、澳門及中華人民共和國(「中國」)。下表為本集團按地區市場劃分之營業額及分部業績(不論貨品/服務的來源地)之分析。

| | | Turnover 營業額 | | Segment results 分部業績 | |
|---------------------|-------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 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 |
| Hong Kong and Macau | 香港及澳門 | 15,393 | 18,892 | 7,201 | (1,550) |
| PRC | 中國 | 2,083 | 19,447 | 1,636 | 3,422 |
| | | 17,476 | 38,339 | 8,837 | 1,872 |

Notes to the Financial Statements

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31 December 2006

二零零六年十二月三十一日

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

Geographical segments (Continued)

The following is an analysis of the carrying amounts of segment assets and segment liabilities, capital expenditures and depreciation, analysed by geographical area in which the assets and liabilities located:

6. 業務及地區分部 (續)

地區分部 (續)

以下呈列按資產及負債分配地區分析之分部資產賬面值，分部負債，資本支出及折舊：

| | | Segment assets 分部資產 | | Segment liabilities 分部負債 | | Capital expenditures 資本支出 | | Depreciation 折舊 | |
|------------------------|-----------|------------------------|-----------------|-----------------------------|-----------------|------------------------------|-----------------|--------------------|-----------------|
| | | 2006 二零零六年 | 2005 二零零五年 | 2006 二零零六年 | 2005 二零零五年 | 2006 二零零六年 | 2005 二零零五年 | 2006 二零零六年 | 2005 二零零五年 |
| | | 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 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Hong Kong and Macau | 香港及 澳門 | 32,960 | 56,198 | 970 | 1,161 | 1,139 | 52 | 611 | 1,086 |
| PRC | 中國 | 822,953 | 5,101 | 490,009 | 3,740 | 18 | — | 41 | 2 |
| | | 855,913 | 61,299 | 490,979 | 4,901 | 1,157 | 52 | 652 | 1,088 |

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二零零六年十二月三十一日

7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

The Group

本集團

| | | Buildings 樓宇 HK\$'000 千港元 | Leasehold improvements 租賃物業裝修 HK\$'000 千港元 | Office equipment 辦公室設備 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Furniture and fixtures 傢俬及裝置 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---------------------------------|------------------------------------|--|---|--|--|--------------------------------|
| Cost | 成本 | | | | | | |
| At 1 January 2005 | 於二零零五年一月一日 | 3,537 | 2,136 | 4,058 | 1,633 | 2,128 | 13,492 |
| Additions | 添置 | — | 39 | 14 | — | — | 53 |
| Disposals | 出售 | (3,537) | — | (1) | — | — | (3,538) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年 十二月三十一日及 二零零六年一月一日 | — | 2,175 | 4,071 | 1,633 | 2,128 | 10,007 |
| Additions | 添置 | — | 1,115 | 41 | — | — | 1,156 |
| Acquisition of a subsidiary (note 33) | 收購附屬公司 (附註33) | — | — | 1,926 | — | — | 1,926 |
| Disposals | 出售 | — | (909) | (5,297) | — | (1,030) | (7,236) |
| Exchange alignments | 匯兌重調 | — | — | 20 | — | — | 20 |
| At 31 December 2006 | 於二零零六年十二月三十一日 | — | 2,381 | 761 | 1,633 | 1,098 | 5,873 |
| Accumulated depreciation | 累積折舊 | | | | | | |
| At 1 January 2005 | 於二零零五年一月一日 | — | 1,572 | 2,400 | 576 | 969 | 5,517 |
| Charged for the year | 本年度費用 | 35 | 385 | 310 | 211 | 167 | 1,108 |
| Eliminated on disposals | 出售時對銷 | (35) | — | (1) | — | — | (36) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日 及二零零六年一月一日 | — | 1,957 | 2,709 | 787 | 1,136 | 6,589 |
| Charged for the year | 本年度費用 | — | 223 | 155 | 169 | 105 | 652 |
| Acquisition of a subsidiary (note 33) | 收購附屬公司 (附註33) | — | — | 1,446 | — | — | 1,446 |
| Eliminated on disposals | 出售時對銷 | — | (873) | (3,831) | — | (576) | (5,280) |
| Exchange alignments | 匯兌重調 | — | — | (2) | — | — | (2) |
| At 31 December 2006 | 於二零零六年十二月三十一日 | — | 1,307 | 477 | 956 | 665 | 3,405 |
| Net book value | 賬面淨值 | | | | | | |
| At 31 December 2006 | 於二零零六年十二月三十一日 | — | 1,074 | 284 | 677 | 433 | 2,468 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | — | 218 | 1,362 | 846 | 992 | 3,418 |

Notes to the Financial Statements

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31 December 2006

二零零六年十二月三十一日

8. INVESTMENT PROPERTIES

8. 投資物業

| | | HK\$'000 千港元 |
|---|-----------------------------|-----------------|
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日及 二零零六年一月一日 | — |
| Acquisition of a subsidiary (note 33) | 收購附屬公司(附註33) | 641,982 |
| Additions | 添置 | 15,852 |
| Exchange alignment | 匯兌調整 | 19,576 |
| Increase in fair value recognised in the consolidated income statement | 綜合收益表中已確認之公平值增加 | 590 |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 678,000 |

The fair value of the Group's investment properties at 31 December 2006 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Valuers, has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value of investment properties shown above comprises:

本集團投資物業於二零零六年十二月三十一日的公平值，乃由與本集團概無關連的獨立合資格專業估值師戴德梁行有限公司於同日進行估值。戴德梁行有限公司為香港測量師公會會員，具有適當資歷，並曾於近期為相關地點的物業作出估值。有關估值乃遵循國際估值準則並參考同類物業的市場交易價而達致。

上述投資物業之公平值包括：

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|--------------------|---------|----------------------------------|----------------------------------|
| Outside Hong Kong: | 香港以外地區： | | |
| Long-term leases | 長期租約 | 678,000 | — |

Notes to the Financial Statements

財務報表附註

31 December 2006

二零零六年十二月三十一日

8. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

All of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

9. INTERESTS IN SUBSIDIARIES

Unlisted shares, at cost
Impairment loss recognised

非上市股份，按成本
已確認減值虧損

Amounts due from subsidiaries
Provision for impairment

應收附屬公司款項
減值準備

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the carrying amounts of the amounts due from subsidiaries at 31 December 2006 approximate to their fair values. They will not be demanded for repayment within twelve months from the balance sheet date and the amounts due from subsidiaries are therefore shown as non-current.

The carrying amounts of the interests in subsidiaries are 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.

The amounts due to subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts of amounts due to subsidiaries approximate to their fair values.

8. 投資物業 (續)

本集團所有按經營租約以賺取租金或為資產增值為目的所持有之物業權益採用公平值模式計算，並分類為投資物業入賬。

本集團所有投資物業均已抵押以取得授予本集團之銀行融資。

9. 附屬公司權益

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 |
|----------------------------------|----------------------------------|
| 83,553 (83,553) | 83,553 (83,553) |
| — 562,170 (520,346) | — 249,304 (249,304) |
| 41,824 | — |

應收附屬公司款項為無抵押、免息及無固定還款期。董事認為，於二零零六年十二月三十一日應收附屬公司款項之賬面值於其公平值相若。該等款項無需自結算日起計十二個月內償還，因此應收附屬公司款項列作非流動資產。

附屬公司權益之賬面值獲調減至其可收回金額，有關可收回金額乃參考預期將從各附屬公司所產生之估計未來現金流量予以釐定。

應付附屬公司之款項為無抵押、免息及須於要求時償還。應付附屬公司之款項之賬面值與其公平值相若。

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二零零六年十二月三十一日

9. INTERESTS IN SUBSIDIARIES (Continued)

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

9. 附屬公司權益 (續)

本公司之附屬公司於二零零六年十二月三十一日之詳情如下：

| Name of subsidiary 附屬公司名稱 | Country/place of incorporation 註冊成立國家/地點 | Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本詳情 | Principal activities and place of operation 主要業務及營業地點 |
|--|---|--|---|
| Beijing Jianguo Real Estate Development Co., Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之普通股 | Dormant 暫無營業 |
| Bluelagoon Investment Holdings Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之普通股 | Investment holding, sales of financial assets, distribution of films and sub-licensing of film rights in the PRC 投資控股、銷售金融資產、於中國發行電影、轉授電影發行權及銷售廣告權 |
| Dragon Leader Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之普通股 | Investment holding 投資控股 |
| Gainful Fortune Limited | British Virgin Islands 英屬處女群島 | 160,000,100 ordinary shares of HK\$1 each 160,000,100股每股面值1港元之普通股 | Holdings of film rights 持有電影發行權 |
| Legend Rich Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之普通股 | Distribution of video products in the PRC through a PRC agent 透過中國代理商於中國發行影視產品 |
| Ocean Shores Licensing Limited | British Virgin Islands 英屬處女群島 | 10,000 ordinary shares of US\$1 each 10,000股每股面值1美元之普通股 | Holdings of film rights outside Hong Kong 於香港以外地區持有電影發行權 |

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31 December 2006

二零零六年十二月三十一日

9. INTERESTS IN SUBSIDIARIES (Continued)

9. 附屬公司權益 (續)

| Name of subsidiary 附屬公司名稱 | Country/place of incorporation 註冊成立國家/地點 | Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本詳情 | Principal activities and place of operation 主要業務及營業地點 |
|---|--|--|--|
| Riche Advertising Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之 普通股 | Sales of financial assets 銷售金融資產 |
| Riche (BVI) Limited | British Virgin Islands 英屬處女群島 | 1,000 ordinary shares of US\$1 each 1,000股每股面 值1美元之普通股 | Investment holding in Hong Kong 於香港投資控股 |
| Riche Distribution Limited 豐采發行有限公司 | Hong Kong 香港 | 1,000,000 ordinary shares of HK\$1 each 1,000,000股每股 面值1港元之普通股 | Sub-licensing of film rights in Hong Kong and sales of financial assets 於香港轉授電影發行權 及銷售金融資產 |
| Riche International (Macao Commercial Offshore) Limited 豐采國際(澳門離岸 商業服務)有限公司 | Macau 澳門 | 1 share of MOP100,000 1股面值澳門幣 100,000元之股份 | Distribution of films and sub-licensing of film rights in the PRC 於中國發行電影及 轉授電影發行權 |
| Riche Multi-Media Limited 豐采多媒體有限公司 | Hong Kong 香港 | 2 ordinary shares of HK\$1 each 2股每股面值1港元 之普通股 | Distribution of films and other video features in the PRC 於中國發行電影及 其他影視特輯 |
| Riche Pictures Limited 豐采影畫有限公司 | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元之 普通股 | Investment holding in Hong Kong 於香港投資控股 |

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31 December 2006

二零零六年十二月三十一日

9. INTERESTS IN SUBSIDIARIES (Continued)

9. 附屬公司權益 (續)

| Name of subsidiary 附屬公司名稱 | Country/place of incorporation 註冊成立國家/地點 | Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本詳情 | Principal activities and place of operation 主要業務及營業地點 |
|--|--|--|--|
| Riche Video Limited 豐采錄影有限公司 | Hong Kong 香港 | 10 ordinary shares of HK\$100 each 20,000 non-voting deferred shares of HK\$100 each* 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* | Distribution of video products in Hong Kong 於香港發行影視產品 |
| Shinhan-Golden Faith International Development Limited | British Virgin Islands 英屬處女群島 | 10,000,000 ordinary shares of US\$1 each 10,000,000股面值 1美元之普通股 | Investment holding in the PRC 於中國投資控股 |
| World East Investments Limited | British Virgin Islands 英屬處女群島 | 1 ordinary share of US\$1 1股面值1美元 之普通股 | Distribution of films and sub-licensing of film rights in the PRC through a PRC agent 透過中國代理商 於中國發行電影及 轉授電影發行權 |
| 北京建國房地產 開發有限公司 ("Beijing Jian Guo Real Estate Development Co. Ltd") | the PRC 中國 | Registered capital of US\$15,000,000 註冊資金 15,000,000美元 | Property investment in the PRC 於中國投資物業 |

* The non-voting deferred shares, which are not held by the 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.

The Company directly holds the interest in Riche (BVI) Limited. All other subsidiaries are indirectly held by the Company.

* 該等無投票權遞延股份實際並無權利分享股息、接收任何有關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。

本公司直接持有Riche (BVI) Limited之權益。所有其他附屬公司均由本公司間接持有。

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二零零六年十二月三十一日

9. INTERESTS IN SUBSIDIARIES (Continued)

All of the subsidiaries are wholly-owned by the Company, except 北京建國房地產開發有限公司("Beijing Jianguo") in which the Company holds 96.7% equity interest.

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

10. GOODWILL

9. 附屬公司權益 (續)

所有附屬公司均由本公司全資擁有，惟北京建國房地產開發有限公司(「北京建國」)除外，本公司持有其96.7%之股本權益。

各附屬公司於年結時或本年度任何時間均無任何尚未贖回之債務證券。

10. 商譽

| | | The Group 本集團 HK\$'000 千港元 |
|--|-----------------------------|-------------------------------------|
| Cost | 成本 | |
| At 1 January 2005 | 於二零零五年一月一日 | 39,530 |
| Elimination of goodwill on adoption of HKFRS 3 | 採納香港財務報告準則第3號時撇銷商譽 | (7,058) |
| Acquisition of a subsidiary (note i) | 收購附屬公司時收購 (附註i) | 7,656 |
| | | <hr/> |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日及 二零零六年一月一日 | 40,128 |
| Acquisition of a subsidiary (note ii) | 收購附屬公司時收購 (附註ii) | 77,284 |
| | | <hr/> |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 117,412 |
| Accumulated impairment | 累積折舊 | |
| At 1 January 2005 | 於二零零五年一月一日 | 35,130 |
| Elimination of goodwill on adoption of HKFRS 3 | 採納香港財務報告準則第3號時撇銷商譽 | (7,058) |
| Impairment loss recognised (note iii) | 已確認減值虧損 (附註iii) | 12,056 |
| | | <hr/> |
| At 31 December 2005 and 1 January 2006 | 於二零零五年十二月三十一日及 二零零六年一月一日 | 40,128 |
| Impairment loss recognised | 已確認減值虧損 | — |
| | | <hr/> |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 40,128 |
| Carrying amounts | 賬面值 | |
| At 31 December 2006 | 於二零零六年十二月三十一日 | 77,284 |
| | | <hr/> |
| At 31 December 2005 | 於二零零五年十二月三十一日 | — |
| | | <hr/> |

10. GOODWILL (Continued)

Notes:

- (i) On 19 April 2005, the Group exercised the right under the convertible notes issued by Gainful Fortune Limited ("Gainful Fortune") to convert the outstanding principal of HK\$160,000,000 into shares of Gainful Fortune at a conversion price of HK\$1 per share. Since then, Gainful Fortune and its wholly-owned subsidiary, Ocean Shores Licensing Limited, (hereinafter collectively refer to as the "Gainful Fortune Group") have become subsidiaries of the Company. As a result, a positive goodwill of approximately HK\$7,656,000 arose from the acquisition of Gainful Fortune.
- (ii) On 21 June 2006, the Group acquired 100% of the issued share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and the debts owed by Shinhan-Golden to Northbay Investments Holdings Limited ("Northbay"). The total consideration of the acquisition at fair value was approximately HK\$246,109,000. As a result, a positive goodwill of approximately HK\$77,284,000 arose from the acquisition of Shinhan-Golden.
- (iii) Due to the continuous losses incurred by the Gainful Fortune Group and World East Investments Limited, the directors reassessed the recoverable amounts of goodwill and made impairment losses on goodwill of approximately HK\$7,656,000 and HK\$4,400,000 respectively in the year ended 31 December 2005.

Impairment of goodwill

Goodwill arising from the acquisition of Shinhan-Golden has been allocated to the leasing of rental property, which is property investment segment and is the cash-generating units ("CGU") identified.

During the year, the directors reassessed the recoverable amount of the CGU 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 was identified.

10. 商譽 (續)

附註：

- (i) 於二零零五年四月十九日，本集團已行使 Gainful Fortune Limited (「Gainful Fortune」) 所發行可換股票據項下之權利，按每股1港元之兌換價將未贖回本金額 160,000,000 港元兌換為 Gainful Fortune 之股份。自此以後，Gainful Fortune 及其全資附屬公司 Ocean Shores Licensing Limited (以下統稱「Gainful Fortune 集團」) 成為本公司之附屬公司。因此，收購 Gainful Fortune 產生約 7,656,000 港元之正商譽。
- (ii) 於二零零六年六月二十一日，本集團收購 Shinhan-Golden Faith International Development Limited (「Shinhan-Golden」) 全部已發行股本及 Shinhan-Golden 尚欠 Northbay Investments Holdings Limited (「Northbay」) 的債項。該項收購按公平值計算之總代價約為 246,109,000 港元。因此，收購 Shinhan-Golden 產生約 77,284,000 港元之正商譽。
- (iii) 由於 Gainful Fortune 集團及 World East Investments Limited 持續虧損，董事重估商譽之可收回金額，並就彼等截至二零零五年十二月三十一日止年度之商譽分別作出 7,656,000 港元及 4,400,000 港元之減值虧損。

商譽減值

因收購 Shinhan-Golden 而產生之商譽已獲分配至租賃物業出租，此屬於物業投資分部，並為已識別現金產生單位 (「現金產生單位」)。

年內，在參照一間獨立專業評估師行中證評估有限公司 (Grant Sherman Appraisal Limited) 所作出的估值，且釐定商譽的減值虧損與已識別現金產生單位無關後，董事已重新評審現金產生單位的可收回金額。

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10. GOODWILL (Continued)

The recoverable amount of the CGU was assessed by reference to value-in-use calculation. A discount rate of 16.14% per annum was applied in the value-in-use model which uses cash flow projection based on financial forecasts approved by the directors (the "Approved Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using a steady 7% growth rate. The growth rate is 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 the CGU operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projection for the period covered by the Approved Forecast. Key assumptions include gross margin, growth and discount rate which are determined by 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 is consistent with the Approved Forecast. The discount rate used is pre-tax and reflects specific risks relating to the market.

11. INVENTORIES

| | |
|--------------------------|---------|
| Finished goods | 製成品 |
| Properties held for sale | 持作銷售之物業 |

At 31 December 2006, all inventories were carried at lower of cost and net realisable value.

Properties held for sale solely comprised of certain units of apartment held by Beijing Jianguo, a subsidiary of Shinhan-Golden, of which sale and purchase agreements were entered into and full considerations have been received by Beijing Jianguo in respect of these units of apartment (note 21 to the financial statements). However, the transfer of legal titles of these units of apartment have not yet been completed at the date of the approval of the financial statements.

10. 商譽 (續)

現金產生單位的收回金額的評估是參照已用價值的計算方式。應用在已用價值模式的折扣率為16.14%，是用以計算根據董事批准的財務預測（「批准預測」）的現金流量推算，所涵蓋的期間為五年。超過五年期間的現金流量已使用了穩定的7%增長率推算。增長率是參考中國國家統計局的統計而並無超過現金產生單位所運作的市場之平均增長率。為編製批准預測所涵蓋的期間之現金流量推算是需要多項假設及估計。主要的假設包括毛利率、增長率及折扣率，該等數字是由本集團管理層根據過往經驗及其預期市場的發展而確定的。毛利率為預算的毛利率。增長率指推算現金流量超過五年預算期之利率且與批准預測一致。折扣率是用於稅項前且反映與市場有關之特定風險。

11. 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 | 製成品 | — | 6 |
| Properties held for sale | 持作銷售之物業 | 45,154 | — |
| | | 45,154 | 6 |

於二零零六年十二月三十一日，所有存貨均按成本或可變現淨值列賬。

僅持作出售之物業包括由 Shinhan-Golden 之附屬公司北京建國所持有之若干公寓單位，北京建國已就該等公寓單位訂立買賣協議並已收取全部代價（財務報表附註21）。然而，轉讓該等公寓單位之法律業權尚未於批准該等財務報表之日完成。

12. TRADE RECEIVABLES

The granting of distribution rights and sub-licensing of film rights are covered by customers' deposits placed with the Group. The balance is receivable upon delivery of master materials to customers.

The following is an aged analysis of fair value of the trade receivables at the balance sheet date:

| | | |
|--|------------------|--------------|
| 0 — 30 days | 零至30日 | — |
| 31 — 60 days | 31至60日 | — |
| 61 — 90 days | 61至90日 | — |
| Over 90 days | 90日以上 | 1,986 |
| | | 1,986 |
| Less: Impairment loss recognised in respect of trade receivables | 減：已確認貿易應收款項之減值虧損 | (1,050) |
| | | 936 |

The Group allows an average credit period of 90 days to its customers.

The carrying amounts of trade receivables approximate to their fair values.

12. 貿易應收款項

至於授出之電影發行權及轉授電影發行權，客戶須向本集團支付按金。餘額於電影母帶材料付運予客戶時收取。

於結算日，貿易應收款項之公平值之賬齡分析如下：

| | | The Group 本集團 | |
|--|--|--|---|
| | | 2006 二零零六年 <i>HK\$'000</i> 千港元 | 2005 二零零五年 <i>HK\$'000</i> 千港元 |
| | | — | 386 |
| | | — | 258 |
| | | — | 426 |
| | | 1,986 | 4,743 |
| | | 1,986 | 5,813 |
| | | (1,050) | (1,084) |
| | | 936 | 4,729 |

本集團給予客戶平均九十天之信貸期。

貿易應收賬款之賬面值與其公平值相若。

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13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

13. 按金、預付款項及其他應收款項

| | | 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 |
| Deposits | 按金 | 9,356 | 41,734 | 1,801 | — |
| Prepayments | 預付款項 | 1,842 | 1,195 | — | — |
| Other receivables | 其他應收款項 | 8,187 | 13,851 | — | — |
| | | 19,385 | 56,780 | 1,801 | — |
| Less: Impairment loss recognised in respect of prepayments | 減：已確認預付款項減值虧損 | (131) | (1,188) | — | — |
| Impairment loss on provision of bad and doubtful debts | 已確認呆壞賬撥備減值虧損 | — | (1,390) | — | — |
| | | 19,254 | 54,202 | 1,801 | — |

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

按金、預付款項及其他應收款項之賬面值與彼等之公平值相若。

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

14. 按公平值計入損益表之金融資產

| | | 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 |
| Equity securities | 股本證券 | | |
| — listed in Hong Kong, at market value | — 於香港上市，按市值 | 28,100 | 30,567 |

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

14. 按公平值計入損益表之金融資產 (續)

於結算日，所有按公平值計入損益表之金融資產均按公平值列賬。該等上市證券投資之公平值乃經參考聯交所所報之市場買入價釐定。

15. TAX PREPAYMENTS

| | |
|-------------------------|------|
| Tax reserve certificate | 儲稅券 |
| Tax paid in advance | 預付稅項 |

15. 預付稅項

| 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 |
|------------------|--|----------------------------------|----------------------------------|
| | | 3,055 | 3,055 |
| | | 4,665 | 1,091 |
| | | 7,720 | 4,146 |

Tax reserve certificate bears interest rate at 0.01% per annum. Details of the tax paid in advance were set out in note 31 to the financial statements.

儲稅券以年利率0.01厘計息。有關預付稅項詳情載於財務報表附註31。

16. CASH AND CASH EQUIVALENTS

| | | 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 |
| Deposits with banks and other financial institutions | 銀行存款及其他金融工具 | 52,097 | 132,250 | 52,097 | 132,250 |
| Cash at bank and in hand | 銀行現金及手頭現金 | 11,043 | 5,723 | 3,765 | 4,420 |
| Cash and cash equivalents per cash flow statement | 現金流量表之現金及現金等價物 | 63,140 | 137,973 | 55,862 | 136,670 |

16. 現金及現金等價物

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二零零六年十二月三十一日

16. CASH AND CASH EQUIVALENTS (Continued)

The effective interest rates of deposits in banks and other financial institutions for the year were 3% to 4.8% (2005: 3% to 4.2%).

17. SHARE CAPITAL

Shares

Movements in the share capital of the Company during the year were as follows:

16. 現金及現金等價物 (續)

年內銀行存款及其他金融工具之實際利率為3%至4.8% (二零零五年：3%至4.2%)。

17. 股本

股份

年內本公司股本之變動情況如下：

| | | Number of shares | | Share capital | |
|--|---------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------------|
| | | 股份數目 | | 股本 | |
| | | 2006 二零零六年 '000 千股 | 2005 二零零五年 '000 千股 | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
| Ordinary shares of HK\$0.01 each | 每股面值 0.01港元之普通股 | | | | |
| <i>Authorised:</i> | 法定： | | | | |
| At 31 December | 於十二月三十一日 | 20,000,000 | 20,000,000 | 200,000 | 200,000 |
| <i>Issued and fully paid:</i> | 已發行及繳足： | | | | |
| At 1 January | 於一月一日 | 5,154,018 | 475,200 | 51,540 | 47,520 |
| Share subdivision (note i) | 股份拆細 (附註i) | — | 4,276,800 | — | — |
| Issuance of new shares (notes ii and iii) | 發行新股份 (附註ii及iii) | 1,330,322 | 402,018 | 13,303 | 4,020 |
| At 31 December | 於十二月三十一日 | 6,484,340 | 5,154,018 | 64,843 | 51,540 |

Notes:

- (i) At the general meeting of the Company held on 14 January 2005, resolutions were passed to approve, among other things, the share subdivision on the basis of one share of HK\$0.10 in the issued and unissued share capital of the Company be subdivided into 10 subdivided shares of HK\$0.01 each in the issued and unissued share capital of the Company. The share subdivision became effective on 17 January 2005.

附註：

- (i) 於本公司於二零零五年一月十四日舉行之股東大會上，通過決議案批准(其中包括)股份拆細，基準為本公司已發行及未發行股本中一股每股面值0.10港元之股份拆細為本公司已發行及未發行股本中10股每股面值0.01港元之經拆細股份。股份拆細於二零零五年一月十七日生效。

17. SHARE CAPITAL (Continued)

Shares (Continued)

Notes: (Continued)

- (ii) On 12 September 2005, 400,000,000 new shares of HK\$0.01 each were allotted and issued at a price of HK\$0.34 per share pursuant to a placing and subscription agreement dated 7 September 2005. The net proceeds of approximately HK\$131,179,000 were intended to be used for investment in other relevant business opportunities that may arise in the future and for general working of the Group. An amount of approximately HK\$132,000,000 has been recognised as share premium during the year ended 31 December 2005.
- (iii) On 21 June 2006, 1,330,321,745 new shares of HK\$0.01 each were allotted and issued to Northbay at a price of HK\$0.20 per share to settle the consideration of HK\$266,064,350 in respect of the acquisition of 100% of the issued share capital of Shinhan-Golden and the debts owed by Shinhan-Golden to Northbay. An amount of approximately HK\$252,761,000 has been recognised as share premium during the year ended 31 December 2006.

Warrants

During the year ended 31 December 2002, the Company issued 95,040,000 warrants by way of bonus to the shareholders on the basis of one warrant for every five shares of HK\$0.10 each in the share capital of the Company held on 27 May 2002. Each warrant entitled the holder to subscribe for one share of HK\$0.10 in the Company at an initial subscription price of HK\$3.60 per share, subject to adjustment, at any time on or after 17 June 2002 up to and including 16 June 2005.

17. 股本 (續)

股份 (續)

附註：(續)

- (ii) 於二零零五年九月十二日，根據於二零零五年九月七日訂立之配售及認購協議按每股0.34港元之價格配發及發行400,000,000股每股面值0.01港元之新股份。所得款項淨額約131,179,000港元擬用作投資於其他將來可能出現之有關商機及本集團之一般營運。為數約132,000,000港元之金額已於截至二零零五年十二月三十一日止年度確認為股份溢價。
- (iii) 於二零零六年六月二十一日，按每股0.20港元之價格向Northbay配發及發行1,330,321,745股每股面值0.01港元之新股份，以支付有關收購Shinhan-Golden已發行股本100%權益之代價266,064,350港元及Shinhan-Golden結欠Northbay之款項。為數約252,761,000港元之金額已於截至二零零六年十二月三十一日止年度確認為股份溢價。

認股權證

於截至二零零二年十二月三十一日止年度內，本公司按於二零零二年五月二十七日每持有五股本公司股本中每股面值0.10港元之股份發行一份認股權證之基準，向股東發行95,040,000份紅利認股權證。每份認股權證給予持有人有權於二零零二年六月十七日起(或之後)至二零零五年六月十六日(包括該日)隨時按每股3.60港元(可予以調整)之初步認購價認購一股本公司面值0.10港元之股份。

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17. SHARE CAPITAL (Continued)

Warrants (Continued)

As a result of the share subdivision in January 2005, the subscription price of the warrants was adjusted from HK\$3.60 per share of HK\$0.10 to HK\$0.36 per share of HK\$0.01 with effect from 17 January 2005.

During the year ended 31 December 2005, 2,018,000 warrants were exercised and converted into 2,018,000 shares of HK\$0.01 each at HK\$0.36 per share. All other warrants expired on 16 June 2005.

18. RESERVES

The Company

| | | Share premium 股份溢價 HK\$'000 千港元 | Contributed surplus 實繳盈餘 HK\$'000 千港元 | Accumulated losses 累計虧損 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|-------------------------------------|---|---|--|--------------------------------|
| At 1 January 2005 | 於二零零五年 一月一日 | — | *163,456 | (150,603) | 12,853 |
| Issuance of new shares | 發行新股份 | 132,706 | — | — | 132,706 |
| Share issue expenses | 股份發行開支 | (4,841) | — | — | (4,841) |
| Net loss for the year | 本年度虧損淨額 | — | — | (93,239) | (93,239) |
| At 31 December 2005 and 1 January 2006 | 於二零零五年 十二月三十一日 及二零零六年 一月一日 | 127,865 | *163,456 | (243,842) | 47,479 |
| Issuance of new shares | 發行新股 | 252,761 | — | — | 252,761 |
| Net loss for the year | 本年度虧損淨額 | — | — | (274,532) | (274,532) |
| At 31 December 2006 | 於二零零六年 十二月三十一日 | 380,626 | *163,456 | (518,374) | 25,708 |

17. 股本 (續)

認股權證 (續)

由於在二零零五年一月進行股份拆細，故認股權證之認購價由每股3.60港元(可認購每股面值0.10港元之股份)調整至每股0.36港元(可認購每股面值0.01港元之股份)，由二零零五年一月十七日起生效。

於截至二零零五年十二月三十一日止年度內，2,018,000份認股權證已獲行使，並按每股0.36港元兌換為2,018,000股每股面值0.01港元之股份。所有其他認股權證已二零零五年六月十六日屆滿。

18. 儲備

本公司

18. RESERVES (Continued)

The Company (Continued)

- * The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganisation and the nominal amount of the Company's share capital issued as consideration for the acquisition as well as the net amount transferred from the share premium account and to the accumulated losses account pursuant to the special resolution passed at a special general meeting on 22 August 2003.

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:

- (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.

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

18. 儲備 (續)

本公司 (續)

- * 根據於二零零三年八月二十二日之股東特別大會上通過之特別決議案，本公司之實繳盈餘指本公司所收購之附屬公司於集團重組日期之相關資產淨值與本公司作為收購代價之所發行股本之面值及自股份溢價賬轉撥至累計虧損賬之淨額之差額。

根據百慕達一九八一年公司法（經修訂），本公司之實繳盈餘賬可予分派。惟倘出現下列情況，則本公司不得宣派或派付股息或在實繳盈餘中作出分派：

- (i) 本公司現時或於分派後無法償還其到期負債；或
- (ii) 本公司資產可變現價值降至低於其負債、已發行股本及股份溢價賬之總和。

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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19. TRADE PAYABLES

The following is an aged analysis of fair value of the trade payables at the balance sheet date:

| | | 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 |
| China Star Entertainment Limited (中國星集團有限公司) 及其 and its subsidiaries 附屬公司(「中國星集團」): ("China Star Group"): | | | |
| 0 —30 days | 零至30日 | — | 3 |
| 31 —60 days | 31至60日 | — | — |
| 61 — 90 days | 61至90日 | — | — |
| Over 90 days | 90日 以上 | — | 15 |
| | | — | 18 |

| | | 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 |
| Others: 其他 : | | | |
| 0 —30 days | 零至30日 | — | — |
| 31 — 60 days | 31至60日 | — | — |
| 61 — 90 days | 61至90日 | — | — |
| Over 90 days | 90日 以上 | — | 1,696 |
| | | — | 1,696 |
| | | — | 1,714 |

China Star Entertainment Limited ("China Star") is a substantial shareholder of the Company.

19. 貿易應付款項

於結算日，貿易應付款項之公平值之賬齡分析如下：

| | | 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 |
| China Star Entertainment Limited (中國星集團有限公司) 及其 and its subsidiaries 附屬公司(「中國星集團」): ("China Star Group"): | | | |
| 0 —30 days | 零至30日 | — | 3 |
| 31 —60 days | 31至60日 | — | — |
| 61 — 90 days | 61至90日 | — | — |
| Over 90 days | 90日 以上 | — | 15 |
| | | — | 18 |

| | | 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 |
| Others: 其他 : | | | |
| 0 —30 days | 零至30日 | — | — |
| 31 — 60 days | 31至60日 | — | — |
| 61 — 90 days | 61至90日 | — | — |
| Over 90 days | 90日 以上 | — | 1,696 |
| | | — | 1,696 |
| | | — | 1,714 |

China Star Entertainment Limited (中國星集團有限公司) (「中國星」) 為本公司之主要股東。

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20. ACCRUALS AND OTHER PAYABLES

20. 應計費用及其他應付款項

| | | 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 |
| Accruals | 應計費用 | 2,965 | 1,971 | 233 | 1,118 |
| Other payables | 其他應付款項 | 11,203 | 5,648 | — | — |
| Tax payables (note i) | 應付稅項 (附註i) | 6,040 | — | — | — |
| | | 20,208 | 7,619 | 233 | 1,118 |

Note:

- (i) The tax payable represented provision for land appreciation tax on certain units of apartment sold by Beijing Jianguo prior to 2003 (note 11 to the financial statements). According to the PRC tax law and regulation, 30% of land appreciation tax was accrued in the financial statements.

The carrying amounts of accruals and other payables approximate to their fair values.

附註：

- (i) 應付稅項指Beijing Jianguo於二零零三年前銷售之若干公寓單位之土地增值稅撥備(財務報表附註11)。根據中國稅務法律及法規，在財務報表中已計入30%土地增值稅。

應計費用及其他應付款項之賬面值與其公平值相若。

21. RECEIPTS IN ADVANCE

21. 預收款項

| | | 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 deposit received | 已收貿易按金 | 483 | 483 |
| Receipts in advance | 預收款項 | 60,415 | — |
| | | 60,898 | 483 |

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21. RECEIPTS IN ADVANCE (Continued)

At 31 December 2006, receipts in advance represented the full amount of considerations received from sales of certain units of apartment, details of which are set out in note 11 to the financial statements. Since the transfer of legal titles on the ownerships of these units have not yet been completed at the date of the approval of these financial statements, no revenue could be recognised for the year and the total amount was recorded as receipts in advance.

21. 預收款項 (續)

於二零零六年十二月三十一日，預收款為出售若干公寓單位收取全數代價（詳情見財務報表附註11）。由於在批准本財務報表日期，該等單位之法定所有權仍未完成轉讓，故未能於回年內確認收益，全部款項記錄為預收款項。

22. AMOUNTS DUE TO RELATED COMPANIES

22. 應付關連公司款項

| | | 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 |
| China Star (note i) | 中國星 (附註i) | — | 33,800 | — | 33,800 |
| China Star's subsidiaries (note ii) | 中國星之附屬公司 (附註ii) | 606 | 1,032 | — | — |
| | | 606 | 34,832 | — | 33,800 |

Notes:

- (i) The amount due to China Star was unsecured, interest bearing at 1% per annum and matured on 19 April 2006.
- (ii) The amounts due to China Star's subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

附註：

- (i) 應付中國星款項乃無抵押、按年利率1厘計息及已於二零零六年四月十九日到期。
- (ii) 應付中國星之附屬公司款項乃無抵押、免息及無固定還款期。

23. SECURED BANK LOANS

23. 有抵押銀行貸款

| | | 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 |
| Secured bank loans | 有抵押銀行貸款 | 357,427 | — |
| The maturity of the above borrowings is as follows: | 上述借貸之到期日期如下： | | |
| Within one year | 一年內 | 5,470 | — |
| Between one and two years | 一至兩年 | 25,000 | — |
| Between two and five years | 兩年至五年 | 326,957 | — |
| Over five years | 五年以上 | — | — |
| | | 357,427 | — |
| Less: Amount due within one year shown under current liabilities | 減：列於流動負債中之於一年內到期之款項 | (5,470) | — |
| Amount due after one year | 一年後到期之款項 | 351,957 | — |

The secured bank loans bear interest at rates ranging from 6.16% to 6.41% per annum.

有抵押銀行貸款之年利率按6.16%至6.41%計算。

All the Group's secured bank loans are denominated in RMB.

所有本集團之有抵押銀行貸款均以人民幣列值。

The secured bank loans are secured by the Group's investment properties in the PRC with fair value of approximately HK\$678,000,000.

有抵押銀行貸款乃以公平值約為678,000,000港元之於中國之投資物業擔保。

The carrying amounts of the secured bank loans approximate to their fair values.

董事估計有抵押銀行貸款之賬面值與其公平值相若。

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24. DEFERRED TAXATION

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

| | | Accelerated tax depreciation | Estimated tax losses | Revaluation of investment properties | Total 總計 |
|---|-------------------------------------|---|-------------------------------------|---|---------------------|
| | | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2005 | 於二零零五年 一月一日 | 427 | (427) | — | — |
| Credit to income statement for the year (note 31) | 本年度計入 收益表 (附註31) | (173) | 173 | — | — |
| At 31 December 2005 and 1 January 2006 | 於二零零五年 十二月三十一日 及二零零六年 一月一日 | 254 | (254) | — | — |
| Acquisition of a subsidiary | 收購一間附屬公司 | — | — | 54,488 | 54,488 |
| Exchange alignment | 匯兌調整 | — | — | 1,634 | 1,634 |
| Charge to income statement for the year (note 31) | 本年度計入 收益表 (附註31) | — | — | 195 | 195 |
| At 31 December 2006 | 於二零零六年 十二月三十一日 | 254 | (254) | 56,317 | 56,317 |

At 31 December 2006, the Group had unused estimated tax losses of approximately HK\$80,960,000 (2005: HK\$50,935,000) available for offset against future profits. A deferred tax asset of approximately 254,000 (2005: HK\$254,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining balance of approximately HK\$14,422,000 (2005: HK\$8,666,000) due to the unpredictability of future profit streams.

24. 遞延稅項

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：

於二零零六年十二月三十一日，本集團擁有約80,960,000港元(二零零五年：50,935,000港元)之未動用估計稅務虧損可供抵銷日後溢利。為數約254,000港元(二零零五年：254,000港元)之遞延稅項資產已獲確認。由於未能預計日後之溢利，故並無就餘額約14,422,000港元(二零零五年：8,666,000港元)確認遞延稅項資產。

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25. TURNOVER

25. 營業額

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Distribution of films | 發行電影 | 164 | 9,382 |
| Sub-licensing of film rights | 轉授電影發行權 | 200 | 10,534 |
| Sales of financial assets at fair value through profit or loss | 銷售按公平值計入損益表之金融資產 | 15,229 | 18,423 |
| Rental income | 租金收入 | 1,883 | — |
| | | 17,476 | 38,339 |

26. OTHER REVENUE AND OTHER INCOME

26. 其他收益及其他收入

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|---|----------------------|----------------------------------|----------------------------------|
| Other revenue | 其他收益 | | |
| Dividend income from financial assets at fair value through profit or loss | 按公平值計入損益表之金融資產之股息收入 | 754 | 627 |
| Interest income on bank deposits | 銀行存款之利息收入 | 4,314 | 1,339 |
| Sundry income | 雜項收入 | 631 | 100 |
| | | 5,699 | 2,066 |
| Other income | 其他收入 | | |
| Gain on disposal of leasehold land and buildings | 出售租賃土地及樓宇之收益 | — | 7,110 |
| Increase in fair value of financial assets at fair value through profit or loss | 按公平值計入損益表之金融資產之公平值增加 | 5,360 | — |
| Reversal of overprovision of accruals in previous years | 撥回過往年度應計費用之超額撥備 | 200 | — |
| | | 5,560 | 7,110 |

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27. LOSS FROM OPERATIONS

27. 經營虧損

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|---|---------------------|----------------------------------|----------------------------------|
| Loss from operations has been arrived after charging: | 經營虧損已扣除下列各項： | | |
| Amortisation of prepaid operating lease payment | 預付經營租約租金攤銷 | — | 10 |
| Amortisation of film rights | 電影發行權攤銷 | — | 10,332 |
| Auditors' remuneration | 核數師酬金 | 600 | 500 |
| Cost of inventories sold | 已售存貨成本 | 89 | 33 |
| Decrease in fair value of financial assets at fair value through profit or loss | 按公平值計入損益表之金融資產公平值減少 | — | 3,928 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | | |
| — owned assets | — 自置資產 | 652 | 1,098 |
| — leased assets | — 租賃資產 | — | 10 |
| | | 652 | 1,108 |
| Impairment loss recognised in respect of trade receivables | 已確認貿易應收款項減值虧損 | 1,050 | 1,084 |
| Impairment loss on provision of bad and doubtful debts | 呆壞賬撥備減值虧損 | — | 1,390 |
| Impairment loss recognised in respect of film right deposits | 已確認電影發行權按金減值虧損 | 14 | — |
| Impairment loss recognised in respect of prepayments | 已確認預付款項減值虧損 | 131 | 1,188 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 1,956 | — |
| Operating lease rental in respect of rented premises | 租賃物業之經營租約租金 | 1,710 | 900 |
| Staff costs including directors' emoluments | 員工成本(包括董事酬金) | | |
| — Salaries | — 薪金 | 7,258 | 6,813 |
| — Contribution to retirement benefits scheme | — 退休福利計劃供款 | 117 | 143 |
| | | 7,375 | 6,956 |

28. FINANCE COSTS

28. 融資費用

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|---|------------------|----------------------------------|----------------------------------|
| Interest on borrowing wholly repayable within five years: | 須於五年內悉數償還之借貸之利息： | | |
| — convertible notes payable | — 應付可換股票據 | — | 100 |
| — loan payable | — 應付貸款 | 100 | 238 |
| — secured bank loans | — 有抵押銀行貸款 | 9,515 | — |
| — a finance lease | — 融資租約 | — | 2 |
| | | 9,615 | 340 |

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29. DIRECTORS' EMOLUMENTS

The board of directors is currently composed of two executive directors and three independent non-executive directors.

The aggregate amount of emoluments payable to the directors during the year was HK\$360,000 (2005: HK\$1,710,000). The remuneration of every director for the years ended 31 December 2006 and 2005 is as below:

| Name of director | 董事姓名 | Fees 袍金 | | Salaries and bonuses 薪金及花紅 | | Mandatory provident fund 強制性公積金 | | Total 總計 | |
|--------------------------------|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 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 | 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 |
| Mr. Heung Wah Keung | 向華強先生 | — | — | — | — | — | — | — | — |
| Ms. Chen Ming Yin, Tiffany | 陳明英女士 Tiffany | — | — | — | — | — | — | — | — |
| Mr. Lei Hong Wai (note i) | 李雄偉先生 (附註i) | — | — | — | 1,341 | — | 9 | — | 1,350 |
| Mr. Tang Chak Lam, Gilbert | 鄧澤林先生 Gilbert | 120 | 120 | — | — | — | — | 120 | 120 |
| Mr. Ho Wai Chi, Paul | 何偉志先生 Paul | 120 | 120 | — | — | — | — | 120 | 120 |
| Mr. Lien Wai Hung (note ii) | 連偉雄先生 (附註ii) | 120 | 90 | — | — | — | — | 120 | 90 |
| Mr. Lai Hok Lim (note iii) | 黎學廉先生 (附註iii) | — | 30 | — | — | — | — | — | 30 |
| | | 360 | 360 | — | 1,341 | — | 9 | 360 | 1,710 |

Notes:

- (i) Mr. Lei Hong Wai resigned as a director on 13 October 2005.
- (ii) Mr. Lien Wai Hung was appointed as a director on 12 April 2005.
- (iii) Mr. Lai Hok Lim resigned as a director on 12 April 2005.

29. 董事酬金

董事會現由兩名執行董事及三名獨立非執行董事組成。

年內應付予董事之酬金總額為360,000港元(二零零五年:1,710,000港元)。截至二零零六年及二零零五年十二月三十一日止年度,每名董事之薪酬如下:

附註:

- (i) 李雄偉先生於二零零五年十月十三日辭任董事。
- (ii) 連偉雄先生於二零零五年四月十二日獲委任為董事。
- (iii) 黎學廉先生於二零零五年四月十二日辭任董事。

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30. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals whose emoluments were the highest in the Group for the year include Nil (2005: one) director whose emoluments are reflected in note 29 to the financial statements and amounted to HK\$ Nil (2005: HK\$ 1,350,000). The emoluments payable to the remaining five individual (2005: four) during the year were as follow:

| | |
|--|----------|
| Salaries and other allowances | 薪金及其他津貼 |
| Retirement benefits scheme contributions | 退休福利計劃供款 |

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 emoluments during the year.

31. TAXATION

The taxation charge is as follows:

| | |
|--------------------------------------|--------------|
| Transfer from deferred tax (note 24) | 遞延稅項轉入(附註24) |
|--------------------------------------|--------------|

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2006 and 2005 as the Group either has no estimated assessable profit or its estimated assessable profit is wholly absorbed by the estimated tax loss brought forward.

30. 五名最高薪人士

於本集團五名最高薪人士中，其中並無(二零零五年：一名)董事，其酬金已載於財務報表附註29，達零港元(二零零五年：1,350,000港元)。年內應付予其餘五名(二零零五年：四名)人士之酬金如下：

| 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 4,545 | 2,244 |
| 48 | 48 |
| 4,593 | 2,292 |

年內，本集團並無向董事支付任何酬金，作為加入本集團之獎勵或離職補償。概無董事於年內放棄任何酬金。

31. 稅項

稅項支出如下：

| 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|----------------------------------|----------------------------------|
| 195 | — |

由於本公司無估計應課稅溢利或其估計應課稅溢利已獲承前估計稅務虧損全數抵銷，故並無於截至二零零五年及二零零六年十二月三十一日止年度就香港利得稅作出撥備。

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31. TAXATION (Continued)

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

| | | 2006 二零零六年 | | 2005 二零零五年 | |
|--|----------------------|-----------------|--------|-----------------|--------|
| | | HK\$'000 千港元 | % | HK\$'000 千港元 | % |
| Loss before taxation | 除稅前虧損 | (21,099) | | (29,664) | |
| Taxation at income tax rate of 17.5% | 按所得稅稅率 17.5%計算之稅項 | 3,692 | 17.5 | 5,191 | 17.5 |
| Tax effect of income that is not taxable in determining taxable profit | 在決定應課稅溢利時不可課稅收入之稅務影響 | 10,628 | 50.4 | 8,554 | 28.8 |
| Tax effect of expenses that are not deductible in determining taxable profit | 在決定應課稅溢利時不可扣稅支出之稅務影響 | (1,833) | (8.7) | (11,308) | (38.1) |
| Tax losses not yet recognised | 未確認稅項虧損 | (12,487) | (59.2) | (2,437) | (8.2) |
| Increase in deferred tax | 遞延稅項增加 | (195) | (0.9) | — | — |
| Taxation charge for the year | 本年內稅項支出 | (195) | (0.9) | — | — |

In April 2002, April 2003, March 2004, and January 2005, the Inland Revenue Department (the "IRD") of Hong Kong issued estimated assessments to Ocean Shores Licensing Limited ("OSLL") in respect of its potential tax liabilities for the years of assessments from 1995/1996 to 2000/2001 in an aggregate amount of HK\$22,971,000. OSLL has formally objected to the estimated assessments. The directors consider appropriate tax provision has already been made in the financial statements.

At the request of the IRD, the Group has already paid deposits totaling approximately HK\$4,146,000 by way of purchase of a tax reserve certificate and monthly cash instalments.

31. 稅項 (續)

年內,可與綜合收入表內之除稅前虧損對賬之稅項如下:

於二零零二年四月、二零零三年四月、二零零四年三月及二零零五年一月,香港稅務局(「稅務局」)向Ocean Shores Licensing Limited(「OSLL」)就其由一九九五/一九九六年至二零零零/二零零一年評稅年度之潛在稅務負債總額為數22,971,000港元發出估計評稅。OSLL已就估計評稅提出正面反對。董事認為已在財務報表內作出適當之稅項撥備。

應稅務局要求,本集團已以儲稅券及分期現金付款之方式每月支付按金合共約4,146,000港元。

32. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Loss attributable to equity holders of the Company for the purposes of basic and diluted loss per share | 於計算每股基本及攤薄虧損時所用之本公司股權持有人應佔虧損 | (21,294) | (29,664) |
| | | '000 千股 | '000 千股 |
| Number of shares | 股份數目 | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 於計算每股基本虧損時所用之普通股加權平均數 | 6,484,340 | 4,865,190 |
| Effect of dilutive potential ordinary shares: | 潛在普通股之攤薄影響： | | |
| Share options | 購股權 | — | — |
| Weighted average number of ordinary share for the purposes of diluted loss per share | 於計算每股攤薄虧損時所用之普通股加權平均數 | 6,484,340 | 4,865,190 |

The computation of diluted loss per share for the years ended 31 December 2006 and 2005 did not assume the exercise of the Company's share options because the effect of exercising an option to subscribe for an additional share in the Company would result in a decrease of loss per share.

每股基本及攤薄虧損乃根據下列數據計算：

由於行使本公司之購股權認購本公司額外股份將導致每股虧損減少，故此計算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每股攤薄虧損時並無假設已行使本公司之購股權。

33. ACQUISITION OF SUBSIDIARIES

On 21 June 2006, the Group acquired 100% interest of the issued share capital of Shinhan-Golden and the debts owed by Shinhan-Golden to Northbay for consideration of approximately HK\$266,064,000 and was settled by the issue of 1,330,322,745 ordinary shares of HK\$0.01 each in the share capital of the Company, which were allotted, issued and credited as fully paid at the price of HK\$0.20 each. The aggregate amount of goodwill arising as a result of the acquisition was approximately HK\$77,284,000.

33. 收購附屬公司

於二零零六年六月二十一日，本集團以約266,064,000港元的代價收購Shinhan-Golden已發行股本之100%權益及Shinhan-Golden尚欠Northbay的債項並通過於本公司股份中，發行每股面值為0.01港元之1,330,322,745股普通股予以支付，並以每股0.20港元之價格入賬列為繳足。由於收購，所產生之商譽總額為約77,284,000港元。

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33. ACQUISITION OF SUBSIDIARIES (Continued)

The fair value of net assets acquired in the transaction and the goodwill arising are as follow:

33. 收購附屬公司 (續)

交易所收購之淨資產之公平值及商譽增加如下：

| | | Acquiree's carrying amount before combination 合併前 收購方面值 HK\$'000 千港元 | Fair value adjustments 經調整之 公平值 HK'000 千港元 | Fair value 公平值 HK\$'000 千港元 |
|---|-----------------------------------|---|---|---|
| Property, plant and equipment | 物業、廠房及設備 | 480 | — | 480 |
| Investment properties (note i) | 投資物業 (附註i) | 483,802 | 158,180 | 641,982 |
| Trade receivables | 貿易應收款項 | 12 | — | 12 |
| Inventories | 存貨 | 43,839 | — | 43,839 |
| Deposits, prepayments and other receivables | 按金、預付款項及 其他應收款 | 171 | — | 171 |
| Cash and cash equivalents | 現金及現金等價物 | 415 | — | 415 |
| Accruals and other payables | 應計費用及其他 應付款項 | (54,126) | — | (54,126) |
| Receipts in advance | 預收款項 | (59,080) | — | (59,080) |
| Secured bank loans | 有抵押銀行貸款 | (346,484) | — | (346,484) |
| Minority interests | 少數股東權益 | (3,896) | — | (3,896) |
| Deferred taxation | 遞延稅項 | — | (54,488) | (54,488) |
| Net assets required | 所收購資產淨值 | 65,133 | 103,692 | 168,825 |
| Goodwill on acquisition | 因收購所產生的商譽 | | | 77,284 |
| | | | | 246,109 |
| Special reserve (note ii) | 特別儲備 (附註ii) | | | 19,955 |
| | | | | 266,064 |
| Fair value of purchase consideration settled in issuance of new shares (note iii) | 以發行新股份方式支付 購買代價之公平值 (附註iii) | | | 246,109 |
| Net cash flow from acquisition of a subsidiary: | 收購附屬公司之 現金流入淨額： | | | |
| Cash paid | 已付現金 | | | — |
| Cash and bank balances acquired | 收購事項之現金及 現金結存 | | | 415 |
| | | | | 415 |

33. ACQUISITION OF SUBSIDIARIES (Continued)

Notes:

- (i) The fair value of the investment properties was determined based on the valuation performed by DTZ Debenham Tie Leung Limited, an independent firm of qualified professional valuers and not connected with the Group, as at the acquisition date.
- (ii) The difference between the fair value and the contracted value of consideration paid in respect of the acquisition of the acquired subsidiary.
- (iii) The fair value of the consideration shares is determined based on the quoted closing price of the Company's share of HK\$0.185 at the date of acquisition and 1,330,322,745 shares.

Details of the acquisition were disclosed in the Company's circular date 19 May 2006.

If the acquisition had been completed on 1 January 2006, total group turnover for the year would have been HK\$19,803,000, and loss for the year would have been HK\$21,867,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

33. 收購附屬公司 (續)

附註：

- (i) 投資物業之公平值乃根據與本集團概無關連之獨立專業合資格估值師戴德梁行有限公司於收購日期所作出之估值釐定。
- (ii) 有關收購已收購附屬公司所支付之代價之公平值與合約價值之間之差額。
- (iii) 代價股份之公平值乃根據本公司股份於收購日期所報之收市價0.185港元及1,330,322,745股股份釐定。

收購詳情於二零零六年五月十九日之本公司通函披露。

倘收購事項已於二零零六年一月一日完成，則年內集團總營業額將為19,803,000港元，而年內虧損將為21,867,000港元。備考資料僅供說明用途，且不一定為本集團在收購事項於二零零六年一月一日完成後所實際取得之收益及經營業績之指標，亦非未來業績之預測。

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33. ACQUISITION OF SUBSIDIARIES (Continued)

During the year ended 31 December 2005, the Company acquired the remaining 59.99% interest in Gainful Fortune. The fair value of assets acquired and liabilities assumed as follows:

| | | 2005 二零零五年 HK\$'000 千港元 |
|-----------------------------|-------------|----------------------------------|
| Net assets acquired | 所收購資產淨值 | |
| Other receivables | 其他應收款項 | 784 |
| Cash and cash equivalents | 現金及現金等價物 | 95 |
| Tax receivables | 應收稅項 | 4,133 |
| Receipts in advance | 預付稅項 | (8,978) |
| Accruals and other payables | 應計費用及其他應付款項 | (3,690) |
| | | (7,656) |
| Goodwill | 商譽 | 7,656 |
| | | — |
| Satisfied by | 支付方式 | |
| Cash | 現金 | — |

Analysis of the net cash outflow in respect of the purchase of subsidiary:

| | | 2005 二零零五年 HK\$'000 千港元 |
|---|---------------|----------------------------------|
| Cash consideration | 現金代價 | — |
| Bank balances and cash in hand acquired | 所收購現金及銀行結存 | 95 |
| Net cash inflow in respect of the acquisition of subsidiary | 收購附屬公司之現金流入淨額 | 95 |

No turnover was contributed from the subsidiary acquired during the year ended 31 December 2005 but contributed to the Group a loss of approximately HK\$155,000 for the year. The subsidiary acquired contributed approximately HK\$110,000 to the Group's net operating cash outflows. There was no significant impact of the Group's cash flows for investing and financing activities and payment of tax.

33. 收購附屬公司 (續)

於截至二零零五年十二月三十一日止年度內，本公司收購Gainful Fortune其餘59.99%權益。所收購資產之公平值及所承擔之負債如下：

收購附屬公司之現金流入淨額分析：

於截至二零零五年十二月三十一日止年度內，收購之附屬公司並無為本集團之營業額帶來貢獻。所收購附屬公司為本集團之本年度虧損帶來約155,000港元。所收購附屬公司為本集團之經營現金流量淨額帶來約110,000港元。本集團作投資與融資活動及支付稅項之現金流量並無受重大影響。

34. COMMITMENTS**(a) Lease commitments****As lessee**

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

| | |
|---------------------------------------|----------------|
| Within one year | 一年內 |
| In the second to fifth year inclusive | 第二至五年內(包括首尾兩年) |

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.

34. 承擔**(a) 租賃承擔****作為承租人**

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土地及樓宇不可撤銷經營租約之日後最低租金承擔如下：

| | | The Group 本集團 | |
|---------------------------------------|----------------|--|---|
| | | 2006 二零零六年 <i>HK\$'000</i> 千港元 | 2005 二零零五年 <i>HK\$'000</i> 千港元 |
| Within one year | 一年內 | 1,332 | 539 |
| In the second to fifth year inclusive | 第二至五年內(包括首尾兩年) | 1,646 | 38 |
| | | 2,978 | 577 |

經營租金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。

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34. COMMITMENTS (Continued)

(a) Lease commitments (Continued)

As lessor (Continued)

At 31 December 2006 the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of the Group's investment properties, which fall due as follows:

| | 一年內 |
|-----------------|-------|
| Within one year | 2,700 |

At the balance sheet date, the Company did not have any lease commitments.

(b) Other commitments

- (i) At 31 December 2006, the Group had other commitments contracted but not provided for in the financial statements:

| | 有關本集團投資物業之裝修工程 |
|---|----------------|
| Renovation work in respect of the Group's investment properties | 63,739 |

| | |
|--|--------|
| | 63,739 |
|--|--------|

34. 承擔 (續)

(a) 租賃承擔 (續)

作為承租人 (續)

於二零零六年十二月三十一日，本集團根據與租戶訂約於下列期限屆滿之本集團物業不可撤銷經營租約之日後最低租金如下：

| 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 |
| 2,700 | — |

於結算日，本公司並無任何租賃承擔。

(b) 其他承擔

- (i) 於二零零六年十二月三十一日，本集團擁有其他已定約但未於財務報表作出撥備之承擔：

| | 2006 二零零六年 HK\$'000 | 2005 二零零五年 HK\$'000 |
|---|---------------------------|---------------------------|
| Renovation work in respect of the Group's investment properties | 63,739 | — |
| | 63,739 | — |

34. COMMITMENTS (Continued)

(b) Other commitments (Continued)

(ii) Pursuant to the undertaking letters issued by the owners of 上海昇平文化發展有限公司 (“Shanghai Shengping”) during the year ended 31 December 2003, they will transfer their ownership in Shanghai Shengping to the Group at price determined by the valuers in the PRC when the laws in the PRC allow foreign investors to own more than 51% in Shanghai Shengping.

(iii) On 9 April 2005, the Group entered into a conditional sale and purchase agreement with Leadfirst Limited, a company wholly-owned by Mr. Benny Ki, as a seller, and Mr. Benny Ki, as a guarantor, pursuant to which the Group agreed to acquire 100% of the issued share capital of Best Winning Group Limited from Leadfirst Limited at a consideration of HK\$600,000,000. Upon completion of the conditional sale and purchase agreement, the consideration shall be satisfied by the issue of convertible notes in principal amount of HK\$500,000,000 and the payment of cash of HK\$100,000,000. At 31 December 2005, the Group paid deposits amounted to HK\$40,000,000 to Leadfirst Limited.

On 31 March 2006, the Company announced that the conditional sale and purchase agreement ceased and determined.

34. 承擔 (續)

(b) 其他承擔 (續)

(ii) 根據上海昇平文化發展有限公司(「上海昇平」)之擁有人於截至二零零三年十二月三十一日止年度內發出之承諾書，倘中國法例容許外國投資者擁有上海昇平超過51%之權益，則彼等將按中國估值師釐定之價格轉讓其於上海昇平之擁有權予本集團。

(iii) 於二零零五年四月九日，本集團與一間由紀明寶先生全資擁有之公司 Leadfirst Limited (作為賣方) 及紀明寶先生 (作為保證人) 訂立有條件買賣協議，據此，本集團同意以600,000,000港元之代價向 Leadfirst Limited 收購 Best Winning Group Limited 之全部已發行股本。於有條件買賣協議完成後，代價將透過發行本金額為500,000,000港元之可換股票據及支付100,000,000港元現金之方式支付。於二零零五年十二月三十一日，本集團已向 Leadfirst Limited 支付為數40,000,000港元之按金。

於二零零六年三月三十一日，本公司宣佈有條件買賣協議已終止。

35. CONTINGENCIES

Save as disclosed in note 37 to the financial statements, the Group has no material contingent liabilities at 31 December 2006.

36. BANKING FACILITIES

The Group's secured bank loans of approximately HK\$357,427,000 (2005: HK\$Nil) at 31 December 2006 were secured by:

- (a) Legal charges over the Group's investment properties with the fair value of approximately HK\$678,000,000; and
- (b) Corporate guarantee provided by the Company.

37. LITIGATION

At 31 December 2006, save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the directors to be pending or threatened against any member of the Group.

- (a) The Commissioner of Inland Revenue had issued proceedings on 30 March 2005 against OSLL in respect of an aggregate amount of outstanding taxation of HK\$13,928,226 for the estimated assessments for the years of assessments from 1998/1999 to 2000/2001. Provision for this amount has been made in the Group's audited financial statements for the year ended 31 December 2006. OSLL has formally objected to the estimated assessments and paid the outstanding tax by monthly cash instalments;

35. 或然事項

除財務報表附註37所披露者外，本集團於二零零六年十二月三十一日並無重大或然負債。

36. 銀行融資

於二零零六年十二月三十一日，本集團之有抵押銀行貸款約357,427,000港元（二零零五年：零港元）乃以下各項作抵押：

- (a) 本集團公平值約678,000,000港元之投資物業之法定抵押；及
- (b) 由本公司提供之公司擔保。

37. 訴訟

於二零零六年十二月三十一日，除下文所披露者外，本公司或其任何附屬公司並無涉及任何重大訴訟或仲裁，而就董事所知，本集團任何成員公司概無待決或面臨重大訴訟或申索。

- (a) 於二零零五年三月三十日，稅務局局長就截至一九九八／一九九九年度至二零零零／二零零一年度止財政年度之未繳付稅項之預計評估合共13,928,226港元向OSLL提出法律行動。本集團已於截至二零零六年十二月三十一日止年度之經審核財務報表中就該數額作出撥備，而OSLL已正式對有關預計評估表示反對，並按月分期以現金支付未償還款項；

37. LITIGATION (Continued)

- (b) A writ of summons and statement of claim was made by CL3 Architects Limited (“CL3”) against Beijing Jianguo for a claim of approximately HK\$2,500,000 over design contracts for the investment property with Beijing Jianguo. In the opinion of the directors, the outcome of this case is yet to be certain and considered no provision should be made.
- (c) A writ of summons and statement of claim was made by ICBC against Beijing Jianguo for a claim of approximately RMB1,197,000 (or approximately HK\$1,197,000) over the non-repayment of a mortgage loan granted to a owner (the “Borrower”) of an apartment unit in the Group’s investment properties. The Borrower purchased the apartment unit from Beijing Jianguo in 2001 and the legal title of the apartment unit has not yet been transferred from Beijing Jianguo to the Borrower. On 15 December 2006, the PRC court made a verdict that Beijing Jianguo was liable to pay RMB1,197,000 if the Borrower failed to pay RMB1,197,000 to ICBC. Beijing Jianguo has appealed to the PRC court. Up to the date of this report, the PRC court is processing the appeal. In the opinion of the directors, no provision for this liability should be made as the sale proceed of the apartment unit has been fully received by Beijing Jianguo and the legal title of the apartment unit remains with Beijing Jianguo.

37. 訴訟 (續)

- (b) 思聯建築設計有限公司(「思聯」)就與北京建國就投資物業訂立之設計合約已向北京建國送交傳訊令狀及申索陳述書，申索約2,500,000港元。董事認為，此案件之結果仍未確定，並認為不應作出撥備。
- (c) 中國工商銀行就授予本集團投資物業中之一個公寓單位之業主(「借款人」)未償還按揭貸款事宜已向北京建國送交傳訊令狀及申索陳述書，申索約人民幣1,197,000元(或約1,197,000港元)。借款人於二零零一年自北京建國購入該公寓單位，但該公寓單位之法定所有權尚未由北京建國轉予借款人。於二零零六年十二月十五日，中國法院作出裁決，裁定若借款人不向中國工商銀行支付人民幣1,197,000元，則北京建國須向中國工商銀行支付人民幣1,197,000元。北京建國已向中國法院提出上訴。直至本報告日期，中國法院仍在處理該上訴事宜。董事認為，由於北京建國已全數收取該公寓單位之銷售所得款項且該公寓單位之法定所有權仍北京建國所有，因此並未就該項負債作出撥備。

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(A) Share option scheme

Pursuant to an ordinary resolution passed at a special general meeting of the company held on 21 January 2002, the Company adopted a share option scheme (the "Option Scheme") to replace the share option scheme adopted by the Company on 19 January 2000.

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

- (a) the purpose was to provide incentives to:
 - (i) award and retain the participants who have made contributions to the Group; or
 - (ii) attract potential candidates to serve the Group for the benefit of the development of the Group.
- (b) the participants included:
 - (i) — any director 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, or
 - any individual for the time being seconded to work for,
 - any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

38. 以股權結算之股份交易

(A) 購股權計劃

根據本公司於二零零二年一月二十一日舉行之股東特別大會上通過之一項普通決議案，本公司採納一項購股權計劃（「購股權計劃」）取代本公司於二零零零年一月十九日採納之購股權計劃。

購股權計劃之主要條款概述如下：

- (a) 該計劃之目的在於：
 - (i) 獎勵及挽留曾向本集團作出貢獻之參與者；或
 - (ii) 吸引有可能為本集團服務之人士，以協助本集團發展。
- (b) 該計劃之參與者包括：
 - (i) — 本集團或任何控股股東或任何由控股股東控制的公司的成員公司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，或
 - 本集團或任何控股股東或任何由控股股東控制的公司的成員公司之任何臨時調派之人士。

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(A) Share option scheme *(Continued)*

- (b) the participants included: *(Continued)*
- (ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.
 - (iii) — any business or joint venture partner, contractor, agent or representative of,
 - any person of entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

38. 以股權結算之股份交易 (續)

(A) 購股權計劃 (續)

- (b) 該計劃之參與者包括：(續)
- (ii) 持有本集團任何成員公司、任何控權股東或由控權股東控制之任何公司所發行任何證券之人士。
 - (iii) — 為本集團任何成員公司或任何控權股東或由控權股東控制之任何公司之任何業務或合營夥伴、承包商、代理人或代表，
 - 向本集團任何成員公司或任何控權股東或由控權股東控制之任何公司提供研究、開發或其他技術支援或任何顧問、諮詢、專業或其他服務之公司任何人士，

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(A) Share option scheme *(Continued)*

(b) the participants included: *(Continued)*

(iii) *(Continued)*

- any supplier, producer or licensor of films, television programmes, video features, goods or services to,

- any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of, or

- any landlord or tenant (including any sub-tenant) of,

38. 以股權結算之股份交易 *(續)*

(A) 購股權計劃 *(續)*

(b) 該計劃之參與者包括：*(續)*

(iii) *(續)*

- 向本集團任何成員公司、任何控權股東或由控權股東控制之任何公司提供電影、電視節目、影視產品、貨物或服務之任何供應商、製片商或授權人，

- 本集團任何成員公司、任何控權股東或由控權股東控制之任何公司之電影、電視節目、影視產品、貨物或服務之任何客戶、受權人(包括任何轉授受權人)或發行商，或

- 本集團任何成員公司、任何控權股東或由控權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)。

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(A) Share option scheme (Continued)

(b) the participants included: (Continued)

(iii) (Continued)

any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder.

and, for the purposes of the Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants.

(c) The maximum number of shares in respect of which share options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Option Scheme and such limit might be refreshed by shareholders in general meeting. The total maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the 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 shares available for issue under the Option Scheme at 31 December 2006 was approximately 475,401,800, which represented 7.33% of the issued share capital of the Company at 31 December 2006.

38. 以股權結算之股份交易 (續)

(A) 購股權計劃 (續)

(b) 該計劃之參與者包括：(續)

(iii) (續)

且就購股權計劃而言包括由任何上文參與者類別的一名到兩名所控制之任何公司。

(c) 根據購股權計劃授出之購股權所涉及之股份最高數目，不得超過批准購股權計劃當日本公司已發行股本10%，該等上限或會由股東於股東大會上更改。惟行使根據購股權計劃及任何其他購股權計劃授出而未行使之所有購股權可發行之股份上限總額，不得超逾不時已發行股份30%。於二零零六年十二月三十一日，根據購股權計劃可供發行之股份總數約為475,401,800股，佔於二零零六年十二月三十一日本公司已發行股本7.33%。

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(A) Share option scheme *(Continued)*

- (d) The maximum number of shares in respect of share which share options might be granted to a participant, when aggregate with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any share option granted to the same participant under the Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.
- (e) The exercise period should be any period fixed by the board of directors upon grant of the share option but in any event the share option period should not go beyond 10 years from the date of offer for grant.
- (f) There was no requirement for a grantee to hold the share option for a certain period before exercising the share option save as determined by the board of directors and provided in the offer of grant of share option.
- (g) 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.
- (h) The exercise price of a share option must be highest of:
 - (i) the closing price of the share of the Company on the date of grant which day must be a trading day;

38. 以股權結算之股份交易 (續)

(A) 購股權計劃 (續)

- (d) 每名參與者獲授之購股權所涉及之股份總數，加上其於任何12個月期間內根據購股權計劃或任何其他購股權計劃獲授之任何購股權(包括已行使、尚未行使及已註銷之購股權)而已發行及可發行之股份最高數目，不得超逾不時已發行股份1%。
- (e) 行使期為於授出購股權後由董事會釐定之任何期間，惟不得超逾建議授出當日起計10年。
- (f) 除董事會釐定及授出購股權建議所規定者外，並無規定承授人於行使購股權前須持有購股權之最短期限。
- (g) 購股權必須於授出日期起計30日內接納，而承授人於接納時須向本公司支付不可退回之款項1港元。
- (h) 購股權之行使價須為下列之最高者：
 - (i) 本公司股份於授出日期(必須為交易日)之收市價；

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(A) Share option scheme (Continued)

- (ii) the average closing price of the share of the Company for the 5 trading days immediately preceding the date of grant; and
 - (iii) the nominal value of the share of the Company.
- (i) The life of the Option Scheme is effective for 10 years from the date of adoption until the date of expiry.

The following table discloses details of the Company's share options granted under the Option Scheme held by the directors and the employees and movements in such holdings during the year:

(B) Share-based payment compensation

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 7 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.

38. 以股權結算之股份交易 (續)

(A) 購股權計劃 (續)

- (ii) 本公司股份截至授出當日前5個交易日之平均收市價；及
 - (iii) 本公司股份之面值。
- (i) 購股權計劃之有效期自採納日期起計10年至期滿日。

下表披露本公司於年內所授出之購股權及董事及僱員所持之購股權計劃以及其變動之詳情。

(B) 以股份形式支付之薪酬

於採納香港財務報告第2號以股份形式支付之款項後，於二零零二年十一月七日後授予購股權所換取之僱員服務之公平值確認為支出。於歸屬期內列作支出之總金額乃參照已授予之購股權之公平值釐定。

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38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

(B) Share-based payment compensation (Continued)

- (i) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

38. 以股權結算之股份交易 (續)

(B) 以股份形式支付之薪酬 (續)

- (i) 以下為年內授予購股權之條款及條件，所有購股權均將透過實質交付股份結算：

| Category of participants 參與者類別 | Date of grant 授出日期 | Exercise price per share 每股行使價 HK\$ 港元 | Exercisable period 行使期 (note i) (附註 i) | Number of share options 購股權數目 | | |
|-----------------------------------|-----------------------|---|--|--|---|--|
| | | | | Outstanding at 1.1.2005 and 1.1.2006 於二零零五年一月一日及二零零六年一月一日尚未行使 | Granted during 2006 於二零零六年授出 (note ii) (附註 ii) | Outstanding at 31.12.2006 於二零零六年十二月三十一日尚未行使 |
| Employees 僱員 | 8.3.2002 | 0.26 | 8.3.2002 - 7.3.2012 二零零二年三月八日至二零零二年三月七日 | 190,000,000 | — | 190,000,000 |
| Employees 僱員 | 13.12.2004 | 0.194 | 13.12.2004 - 12.12.2014 二零零四年十二月十三日至二零零四年十二月十二日 | 275,700,000 | — | 275,700,000 |
| | | | | 465,700,000 | — | 465,700,000 |

Notes:

- (i) The exercisable period commenced on the date of grant of the relevant share options.
- (ii) No share option was cancelled and exercised during the year.

附註：

- (i) 行使期於授出相關購股權當日開始。
- (ii) 年內概無任何購股權獲註銷或行使。

39. RETIREMENT BENEFITS SCHEMES

With effect from 1 December 2000, the Group has set up a defined contribution retirement scheme, the Mandatory Provident Fund Scheme (the "MPF Scheme"), for all the eligible employees of the Group. The Group did not provide retirement benefits for its employees prior to set up of the MPF Scheme.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to maximum of HK\$1,000 per employee and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HK\$1,000 (the "Mandatory Contribution"). The employees are entitled to 100% of the employer's Mandatory Contribution upon their retirement at the age of 65 years old, death or total incapacity.

40. MATERIAL RELATED PARTY TRANSACTIONS

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

39. 退休福利計劃

自二零零零年十二月一日起，本集團為所有合資格僱員設立一項定額供款退休計劃——強制性公積金計劃（「強積金計劃」）。於設立強積金計劃前，本集團並無為僱員提供任何退休福利。

根據強積金計劃，僱員均須按其月薪5%（最多以每僱員1,000港元為限）作出供款，並可選擇作出額外供款。僱主每月之供款乃按各僱員月薪5%（最多以1,000港元為限）計算（「強制性供款」）。僱員可於65歲退休、逝世或完全失去工作能力時全數獲得僱主之強制性供款。

40. 重大關連人士交易

- (a) 本集團年內與中國星集團進行下列交易：

| | | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|--|-------------|-------------|----------------------------------|----------------------------------|
| Nature of transactions | 交易性質 | Notes 附註 | | |
| Interest expense | 利息支出 | | | |
| — Loan interest | — 貸款利息 | (i) | 100 | 100 |
| — Interest on convertible notes payable | — 應付可換股債券利息 | (i) | — | 238 |
| Repayment of convertible notes payable | 償還應付可換股票據 | (i) | — | 33,800 |
| Post-production expenses | 後期制作開支 | (ii) | 90 | 736 |
| Loan received | 已收貸款 | (i) | — | (33,800) |
| Sale of leasehold land and buildings | 銷售租賃土地及樓宇 | (iii) | — | (9,000) |
| Purchase of distribution rights to films | 購買電影發行權 | (iv) | — | 3,600 |
| Purchase of film rights | 購買電影發行權 | (v) | — | 5,347 |
| Sale of film rights | 銷售電影發行權 | (vi) | (200) | — |
| Repayment of loan | 償還貸款 | (vii) | 33,800 | — |

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40. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(a) (Continued)

Notes:

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

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

- (iii) On 7 July 2005, the Group disposed of its leasehold land and buildings to China Star Group at a total consideration of HK\$9,000,000. The consideration was agreed between the parties on arms' length negotiations with reference to a property valuation done by an independent firm of professional chartered surveyors appointed by China Star Group.

The disposal constitutes a discloseable and connected transaction for the Company under Chapter 14 of the Listing Rules. Please refer to the Company's announcement dated 7 July 2005 and circular dated 29 July 2005 for details.

- (iv) During the year ended 31 December 2005, the Group acquired the distribution rights of 5 films from China Star Group at a total consideration of HK\$3,600,000.

- (v) During the year ended 31 December 2005, the Group acquired the theatrical rights of 5 films from China Star Group at total license fees of HK\$5,347,000.

40. 重大關連人士交易 (續)

(a) (續)

附註：

- (i) 於二零零五年四月十九日，本公司發行之33,800,000港元之應付可換股票據到期，中國星集團並無行使權利將未贖回本金額33,800,000港元兌換為本集團股本，而本公司付還33,800,000港元予中國星集團。於同日，中國星向本公司授予為期一年之貸款33,800,000港元。該筆貸款為無抵押、按年利率1厘計息及須於二零零六年四月十九日償還。

- (ii) 該等金額乃按訂約方協定之價格釐定。

- (iii) 於二零零五年七月七日，本集團向中國星集團出售其租賃土地及樓宇，總代價為9,000,000港元。代價乃由訂約方經參考由中國星集團所委任之獨立專業特許測量師公司所作之物業估值及公平磋商後協定。

根據上市規則第14章，出售構成本公司之須予披露及關連交易。詳情請參閱本公司分別於二零零五年七月七日及二零零五年七月二十九日刊發之公佈及通函。

- (iv) 於截至二零零五年十二月三十一日止年度內，本集團以總代價約3,600,000港元向中國星集團收購五部電影之發行權。

- (v) 於截至二零零五年十二月三十一日止年度內，本集團以總特許費用5,347,000港元向中國星集團購買五部電影之放映權。

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財務報表附註

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二零零六年十二月三十一日

40. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(a) (Continued)

Notes:

- (vi) During the year ended 31 December 2006, the Group sold four film rights to China Star Group.
- (vii) During the year ended 31 December 2006, the Company repaid the one year term loan of HK\$33,800,000 to China Star.

(b) Compensation for key management personnel

Remuneration for key management personnel, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in notes 29 and 30 to the financial statements, is as follows:

| | | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
|--|----------|----------------------------------|----------------------------------|
| Salaries | 薪金 | 3,954 | 3,276 |
| Contribution to retirement benefits scheme | 退休福利計劃供款 | 24 | 36 |
| | | 3,978 | 3,312 |

41. PLEDGE OF ASSETS

At 31 December 2006, the Group has pledged its investment properties with fair value of HK\$678,000,000 which are held by Beijing Jianguo to secure the bank loans amounted to HK\$357,427,000.

40. 重大關連人士交易 (續)

(a) (續)

附註：

- (vi) 於截至二零零六年十二月三十一日止年度內，本集團已向中國星集團出售四部電影之發行權。
- (vii) 於截至二零零六年十二月三十一日止年度，本公司償還為期一年期貸款33,800,000港元予中國星。

(b) 主要管理人員薪酬

主要管理人員薪酬(包括財務報表附註29及附註30所披露支付予本公司董事及若干最高薪僱員之金額)如下：

41. 資產抵押

於二零零六年十二月三十一日，本集團已將其由北京建國持有賬面值為678,000,000港元之投資物業作抵押，以作為獲取銀行貸款357,427,000港元之擔保。

42. SUBSEQUENT EVENTS

- (a) On 19 March 2007, Classical Statue Limited, a substantial shareholder of the Company, entered into a placing agreement and a top-up subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, Classical Statue Limited agreed to place, through the placing agent, an aggregate of 1,296,860,000 shares of HK\$0.01 each, on a fully underwritten basis, to not fewer than six independent investors at a price of HK\$0.04 per share (the "Placing"). Pursuant to the top-up subscription agreement, Classical Statue Limited conditionally agreed to subscribe for an aggregate of 1,296,860,000 new share of HK\$0.01 each at a price of HK\$0.04 per share (the "Top-Up Subscription"). The net proceeds from the Top-Up Subscription of HK\$50,500,000 are intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group. The Placing and Top-Up Subscription were completed on 22 March 2007 and 30 March 2007 respectively.
- (b) On acquisition of Shinhan-Golden, Beijing Jianguo had a secured bank loan of RMB361,734,837 (or approximately HK\$361,735,000) granted by China Merchants Bank, of which RMB250,000,000 (or approximately HK\$250,000,000) was the principal portion and RMB106,956,000 (or approximately HK\$106,956,000) was the interest portion. On 21 December 2006, the Group had borrowed RMB250,000,000 (or approximately HK\$250,000,000) from Hang Seng Limited to repay the principal portion of the secured bank loan granted by China Merchants Bank. On 23 March 2007, the Group received a confirmation from China Merchants Bank stating China Merchants Bank agreed to waive the interest portion of RMB106,956,000 (or approximately HK\$106,956,000).

42. 結算日後事項

- (a) 於二零零七年三月十九日，本公司之主要股東Classical Statue Limited與配售代理及本公司分別訂立配售協議及補足認購協議。根據配售協議，Classical Statue Limited同意透過配售代理按全數包銷基準以每股股份0.04港元之價格，向不少於六名獨立投資者配售合共1,296,860,000股股份（每股面值0.01港元）（「配售事項」）。根據補足認購協議，Classical Statue Limited已有條件同意以每股股份0.04港元之價格認購合1,296,860,000股新股份（每股面值0.01港元）（「補足認購事項」）。補足認購事項之所得款項淨額50,500,000港元擬用以為本集團可能之多元化投資提供資金及本集團一般營運資金。配售事項及補足認購事項已分別於二零零七年三月二十二日及二零零七年三月三十日獲完成。
- (b) 於收購Shinhan-Golden時，北京建國擁有招商銀行授予之有抵押銀行貸款人民幣361,734,837元（或約361,735,000港元），其中人民幣250,000,000元（或250,000,000港元）為本金部分，而人民幣106,956,000元（或約106,956,000港元）則為利息部分。於二零零六年十二月二十一日，本集團已向Hang Seng Limited借款人民幣250,000,000元（或約250,000,000港元），以償還招商銀行授予之有抵押銀行貸款之本金部分。於二零零七年三月二十三日，本集團接獲招商銀行發出之確認函，當中訂明招商銀行同意豁免為數人民幣106,956,000元（或約106,956,000港元）之利息部分。

42. SUBSEQUENT EVENTS (Continued)

- (c) On 4 April 2007, the board of directors proposed that every ten existing ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one ordinary share of HK\$0.10 each (the "Consolidated Shares") in the issued and unissued share capital of the Company (the "Share Consolidation"). The implementation of the Share Consolidation is conditional upon (i) the passing of the resolution by the shareholders to approve the Share Consolidation at the special general meeting which is expected to be held in May 2007; and (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective and any Consolidated Shares which may fail to be issued upon exercise of the share options.
- (d) On 4 April 2007, the Company conditionally agreed to place (the "Placing"), through a placing agent on a fully underwritten basis, 155,620,000 Consolidated Shares (the "Placing Shares") to independent investors at a price of HK\$0.55 per Placing Share. The Placing is conditional upon (i) the Share Consolidation becoming effective; (ii) the passing of the resolution by the shareholders to approve the allotment, issue and dealing with the Placing Shares under the Placing at a special general meeting which is expected to be held in May 2007; (iii) the Listing Committee of the Stock Exchange granting and agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (iv) the obligations of the placing agent under the placing agreement becoming unconditional and not being terminated in accordance with the terms of the placing agreement, including provisions regarding force majeure event. The net proceeds from the Placing of HK\$83,300,000 are intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group.

43. APPROVAL OF FINANCIAL STATEMENTS

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

42. 結算日後事項 (續)

- (c) 於二零零七年四月四日，董事會建議將本公司股本中每十股面值0.01港元之已發行及未發行現有普通股合併為本公司股本中每股(「合併股份」)面值0.10港元之已發行及未發行普通股(「股份合併」)。股份合併須待下列條件獲達成後，方可實行：(i)股東於二零零七年五月將舉行之股東特別大會上通過決議案批准股份合併；及(ii)聯交所之上市委員會授權或同意授權在股份合併生效後之已發行股份及任何在行使購股權而將予發行的合併股份上市。
- (d) 於二零零七年四月四日，透過配售代理人完全包銷方式，本公司已條件同意將155,620,000股合併股份以每股配售股份0.55港元之價格配售予獨立投資者(「配售事項」)。配售是有待以下條件達成後，方可作實(i)股份合併已生效；(ii)股東根據配售事項預期將於二零零七年五月舉行之股東特別大會上通過決議案批准配發、發行及處理配售股份；(iii)聯交所上市委員會授予或同意授予配售股份上市及買賣；及(iv)配售代理於配售協議項下之責任成為無條件且並無根據配售協議條款終止(包括不可抗力事件之條文)。配售所得款項淨額83,300,000港元計劃用於本集團各項可能投資之融資及本集團營運資本方面。

43. 批准財務報表

財務報表已於二零零七年四月二十六日經董事會批准。