



Annual Report 2007 年報

中國星

CHINA STAR ENTERTAINMENT LIMITED

中國星集團有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock code 股份代號: 326

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公司資料 Corporate Information

董事會

向華強先生(主席)
 陳明英女士(副主席)
 李玉嫦女士(執行董事)
 洪祖星先生(獨立非執行董事)
 何偉志先生(獨立非執行董事)
 梁學文先生(獨立非執行董事)

審核委員會

何偉志先生(主席)
 洪祖星先生
 梁學文先生

薪酬委員會

陳明英女士(主席)
 洪祖星先生
 梁學文先生

法定代表

向華強先生
 陳明英女士

公司秘書

黃淑嫻女士

註冊辦事處

Canon's Court
 22 Victoria Street
 Hamilton HM12
 Bermuda

總辦事處及主要營業地點

香港
 干諾道中168-200號
 信德中心西翼
 34樓09室

主要股份過戶登記處

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

BOARD OF DIRECTORS

Mr. Heung Wah Keung (*Chairman*)
 Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
 Ms. Li Yuk Sheung (*Executive Director*)
 Mr. Hung Cho Sing (*Independent Non-Executive Director*)
 Mr. Ho Wai Chi, Paul (*Independent Non-Executive Director*)
 Mr. Leung Hok Man (*Independent Non-Executive Director*)

AUDIT COMMITTEE

Mr. Ho Wai Chi, Paul (*Chairman*)
 Mr. Hung Cho Sing
 Mr. Leung Hok Man

REMUNERATION COMMITTEE

Ms. Chen Ming Yin, Tiffany (*Chairman*)
 Mr. Hung Cho Sing
 Mr. Leung Hok Man

AUTHORISED REPRESENTATIVES

Mr. Heung Wah Keung
 Ms. Chen Ming Yin, Tiffany

COMPANY SECRETARY

Ms. Wong Shuk Han, Dorothy

REGISTERED OFFICE

Canon's Court
 22 Victoria Street
 Hamilton HM12
 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3409 Shun Tak Centre,
 West Tower,
 168-200 Connaught Road Central,
 Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

公司資料 Corporate Information

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712-1716號舖

主要往來銀行

中國銀行(香港)有限公司
恒生銀行有限公司
渣打銀行(香港)有限公司
誠興銀行有限公司

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師

法律顧問

羅拔臣律師事務所
Appleby
高偉紳律師行

股份代號

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網站

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Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
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Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Seng Heng Bank Limited

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

LEGAL ADVISERS

Robertsons
Appleby
Clifford Chance

STOCK CODE

326

WEBSITE

www.chinastar.com.hk
www.irasia.com/listco/hk/chinastar

主席報告書 Chairman's Statement

本集團在年內製作的電影「神探」，榮獲香港電影金像獎最佳電影之提名，並贏得最佳劇本獎，反映出本公司縱使明知市場欠佳，仍堅持製作優質電影，希望對重振香港電影行業作出貢獻的決心，並獲得專業的認同。

本集團於二零零七年六月十五日，透過認購可換股債券，持有在香港聯合交易所有限公司創業板上市之聯營公司采藝多媒體控股有限公司（前稱銀河映像控股有限公司）的29.17%權益。是項收購將可為本公司的電影業務產生協同效應，有助增強我們製作優質電影的實力，並可進一步控制電影成本。

有見於電影行業的市道低迷，以及對流動資金的龐大需要，本公司早已作出高瞻遠矚的部署，年前開始積極尋求多元化之投資機會，特別是可提供穩定收入貢獻的業務，包括將本公司聯營公司豐采多媒體有限公司的業務，由多媒體製作擴充至國內房地產投資，而由2006年開始，本公司更開始進軍發展迅速、充滿商機之澳門旅遊及娛樂博彩業務，包括全面收購澳門金域酒店，並引入擁有豐富澳門賭業經驗的策略性股東等，令本公司作為一家地區性的娛樂事業公司的定位更為鞏固。

During the year, our production "Mad Detective" has been nominated for "The Best Movie" Award and has won "The Best Screenplay" Award in the Hong Kong Film Awards. This demonstrated that our persistence in producing quality movies even though at unfavorable market situation and our devotedness to the renaissance of Hong Kong's film making industry have been well recognised by the industrial professionals.

On 15th June 2007, the Group acquired 29.17% equity interest in an associated company, Brilliant Arts Multi-Media Holding Limited (formerly known as Milkyway Image Holdings Limited), a company listed on the Growth Enterprise Market of The Stock Exchanges of Hong Kong Limited, through the purchase of its convertible bonds. This acquisition will provide synergy with the film making business of the Group and enhance our capability of producing quality movies and controlling the film budget.

In vision of the softness of the film market and its intensive capital investment nature, the Company had in advance strategically positioned to actively pursue diversified investment opportunities which in particular can provide stable revenue contribution. This includes expanding the multi media production business of our associated company, Riche Multi-Media Holdings Limited, to real estate investments in mainland China. And since 2006, the Company started to enter the rapidly developing markets of tourism, entertainment and gaming in Macau, including the entire acquisition of the Kingsway Hotel in Macau and introducing strategic shareholders with solid experience in the gaming industry. Those initiatives have been strengthening our position as a leading entertainment enterprise in the region.

主席報告書 Chairman's Statement

本公司於二零零八年三月十八日完成，向獨立第三者吳卓徽先生及其控制的Lucky State Group Limited，收購Best Mind International Inc.的100%權益，該公司享有澳門一家博彩推廣業務公司Ocho Sociedade Unipessoal Limitada的溢利權。吳先生並已向Best Mind International Inc.保證，在二零零七年八月十七日至二零零九年八月十六日期間，其總溢利將不少於384,000,000港元。

進軍澳門博彩中介人業務，將可令本集團更進一步掌握澳門博彩業的商機，加上該業務之收入，將為集團帶來高於保證之溢利，表現令人鼓舞。相信在市場環境無不可預見的變動下，澳門博彩中介人業務可為股東帶來豐厚而穩定的收益。未來本集團將視乎市場情況及投資機會，再進一步增加澳門投資的比重。

本公司並於二零零八年三月二十六日宣佈進行資本重組，實施股份合併，每十股現有股份合併為一股合併股份。資本重組將註銷本公司於二零零七年十二月三十一日股份溢價賬進賬內之全部款項1,356,449,856.32港元，及股份溢價註銷所產生之有關進賬款項用於本公司之繳入盈餘賬，而繳入盈餘將由董事會根據本公司之公司細則及所有適用法例予以使用，包括全部撤銷本公司於二零零六年十二月三十一日之累積虧損864,665,000港元。股份溢價註銷，可讓本公司有機會較產生溢利以抵銷有關虧損，更早向股東宣派股息。

On 18th March 2008, the Company completed the acquisition of totally 100% equity interest in Best Mind International Inc., from Mr. Ng Cheuk Fai, an independent third party, and Lucky State Group Limited, a company wholly owned by Mr. Ng. Best Mind has a profit agreement with Ocho Sociedade Unipessoal Limitada, which is a company engaged in gaming promotion business in Macau. Mr. Ng had provided profit guarantee to Best Mind International Inc. that its profit will not less than HK\$384,000,000 for the period from 17th August 2007 to 16th August 2009.

Moving into the gaming promotion business in Macau will enable the Group to further take advantage of the business opportunities in the gaming industry of the market. Furthermore, the revenue generated from the business is expected to provide a higher than guaranteed contribution for the Group and the performance is encouraging. The Company believes that if the business environment does not encounter unforeseeable changes, the gaming promotion business in Macau will bring substantial and stable revenue for the shareholders. The Group is planning to further increase the ratio of the investment in Macau, subject to the market situation and available business opportunities in future.

On 26th March 2008, the Company announced capital reorganisation, including a share consolidation that every ten existing shares be consolidated into one consolidated share. The capital reorganisation will also cancel the entire amount of HK\$1,356,449,856.32 standing to the credit of the share premium account of the Company as at 31st December 2007 and such credit amount arising from the share premium cancellation be applied to the contributed surplus account of the Company where it will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company of HK\$864,665,000 as at 31st December 2006 entirely. The share premium cancellation will allow the Company to declare dividends to the shareholders at an earlier opportunity than by generating profits to offset such losses.

主席報告書 Chairman's Statement

展望將來，本集團各公司已進行業務分工，各司其職，有利於資源分配及明確市場定位。而本公司亦正積極尋求其他投資機會，洽商投資其他可能為公司帶來盈利貢獻的項目，特別是澳門博彩娛樂業務，令公司的業務趨向更多元化發展。

過往一年，本公司雖然仍需面對艱辛的香港電影市道，但由於能善用財務融資安排，進一步借機改善公司的財務健康狀況，並能掌握澳門發展旅遊博彩業的商機，令本公司的業務得以更多元化發展，加上公司同仁上下一心，為公司開拓穩定而長期之收入來源。展望來年，本公司亦將秉承一貫審慎經營的方針，積極掌握商機，降低商業風險，爭取可觀回報，以回饋各位股東多年來對公司的支持。

主席
向華強

香港，二零零八年四月二十五日

Looking into future, all the companies in the Group have undergone division of labour with specific positioning. This is beneficial to the Group in allocation of resources and defining market position. The Company is actively pursuing other business investment opportunities and bringing in projects with good potential of revenue generation, especially in the gaming business in Macau, and hence to further diversify the business development of the Group.

Even facing a tough movie market in Hong Kong in the past year, the Group was able to take the time to improve the financial status, grasp the business opportunities in the tourism and gaming business in Macau, and diversify the business development with a practical utilisation of financing facilities. Our colleagues at all levels were committed to their work to explore stable and long term revenue. The Company will keep on cautiously manage the business direction and also take business opportunities with good potential, fully utilise the resources to strengthen business growth while minimizing risk for better return for the shareholders over the years.

Heung Wah Keung
Chairman

Hong Kong, 25th April 2008

管理層討論及分析 Management Discussion and Analysis

財務回顧

截至二零零七年十二月三十一日止年度，本集團之營業額減少58%至約64,305,000港元（二零零六年：152,777,000港元）。在營業額中，58,970,000港元或92%來自電影發行業務及出售電影版權及5,335,000港元或8%來自後期製作服務及其他服務收入。

本集團來自持續經營業務之經營虧損及年度虧損分別約為44,354,000港元及41,252,000港元，而去年之經營溢利及年度溢利分別為10,640,000港元及36,851,000港元。現年度虧損狀況主要因為電影版權及商譽確認減值虧損所致。

來自已終止經營業務之年度虧損約為62,555,000港元。由二零零七年三月三十日起，Kingsway Hotel Limited（「KHL」）成為本集團附屬公司，本集團已自二零零七年三月三十日起將KHL之業績綜合計入本集團業績內。KHL之主要資產為金域酒店。該酒店為位於澳門之一間三星級酒店，合共有383個客房。金域酒店於二零零七年七月底起已停止營業，目前正翻新成為一間豪華精品酒店。於二零零七年八月一日，本公司訂立一項協議出售其於Exceptional Gain Profits Limited（「Exceptional Gain」）之全部權益予豐采多媒體集團有限公司（「豐采」）（「建議出售事項」）。Exceptional Gain之主要資產為於KHL之權益。建議出售事項已獲於二零零七年十月二十四日舉行之股東特別大會上經本公司股東批准，預計將於二零零八年五月完成。因此，包括酒店業務之Exceptional Gain業績資產及負債已分類為本集團之已終止經營業務。本集團已分佔酒店業務虧損總額約62,555,000港元，該虧損包括年度虧損約32,583,000港元及出售於KHL之權益虧損45,471,000港元以及收購附屬公司之折讓所確認溢利15,498,000港元。董事認為，已終止經營業務虧損預計可在來年完成建議出售事項後得以彌補。誠如本公司二零零七年十月九日刊發之通函所述，倘若假設建議出售事項於二零零七年六月三十日完成，本集團估計可確認出售溢利約71,992,000港元。此溢利將會於建議出售事項之實際完成時有所差別。

FINANCIAL REVIEW

For the year ended 31st December 2007, the Group's turnover decreased by 58% to approximately HK\$64,305,000 (2006: HK\$152,777,000). Of the total turnover amount, HK\$58,970,000 or 92% was generated from film distribution and sale of film rights, HK\$5,335,000 or 8% was generated from post-production services and other service income.

Loss from operations and loss for the year from continuing operations amounted to approximately HK\$44,354,000 and HK\$41,252,000 respectively as compared to profit from operations and profit for the year of HK\$10,640,000 and HK\$36,851,000 respectively for last year. The increase in current year's loss position was mainly attributable to the impairment losses recognised in respect of film rights and goodwill.

Loss for the year from discontinued operations amounted to approximately HK\$62,555,000. Kingsway Hotel Limited ("KHL") become a subsidiary of the Group and the results being consolidated into the results of the Group with effect from 30th March 2007. The principal asset of KHL is Kingsway Hotel, a three star hotel with a total 383 guests rooms locate in Macau. Kingsway Hotel ceased its operation from end of July 2007 and is currently under renovation to becoming a luxury boutique hotel. On 1st August 2007, the Company entered into an agreement ("Proposed Disposal") to dispose all its interest in Exceptional Gain Profits Limited ("Exception Gain") to Riche Multi-Media Holdings Limited ("Riche"). The principal assets in Exception Gain is its interest in KHL. The Proposed Disposal has been approved by the shareholders of the Company at a special general meeting of the Company held on 24th October 2007 and is expected to complete in May 2008. Accordingly, the results, assets and liabilities of Exceptional Gain which comprised the hotel operations had been classified as discontinued operations. The Group had shared an aggregate loss of approximately HK\$62,555,000 from the hotel operations which consisted of share of loss of approximately HK\$32,583,000 during the year and loss on disposal of interest in KHL of HK\$45,471,000 and a gain recognised from discount on acquisition of subsidiaries of HK\$15,498,000. In the opinion of the directors, the loss from discontinued operations is expected to recover from the forthcoming year upon completion of the Proposed Disposal. As stated in the circular of the Company dated 9th October 2007, the Group is estimated to recognise a gain on disposal of approximately HK\$71,992,000 if assuming the Proposed Disposal would completed on 30th June 2007. This gain will differ upon actual completion of the Proposed Disposal.

管理層討論及分析 Management Discussion and Analysis

股息

董事不建議派發截至二零零七年十二月三十一日止年度之股息(二零零六年：無)。

業務回顧

年內，鑒於近年娛樂行業(尤其是華語電影)疲弱之市況，本集團於市場只推出兩套新電影。於二零零六年九月十三日，一百年電影有限公司、中國星影畫有限公司及思維娛樂有限公司(「賣方」)(均為本公司之全資附屬公司)、本公司及Fortune Star Entertainment (HK) Limited (「Fortune Star」)訂立契據。據此，Fortune Star已同意向賣方收購100套電影之永久及全世界之版權、所有權及權益，總代價為18,000,000美元(可予調整)。部份收入已於截至二零零六年十二月三十一日止年度之收入表記錄入賬，其餘則於本年度內之收入表內記錄入賬。

於二零零七年，香港及澳門之來自持續經營業務之營業額及分類溢利分別為62,366,000港元(二零零六年：129,936,000港元)及14,029,000港元(二零零六年：29,895,000港元)。營業額主要包括電影發行、電影之後期製作費收入及出售電影版權予Fortune Star。截至二零零七年十二月三十一日止年度之市場推廣及分銷費用為5,791,000港元，較去年同期9,777,000港元減少41%。

來自香港及澳門之已終止經營業務之營業額及分類溢利分別為14,046,000港元及9,474,000港元，主要包括於澳門酒店業務。

為保持於市場上之競爭力，本集團多年來一直定期檢討其成本架構，並實行審慎之成本政策措施，因而使行政開支維持於合理水平。於截至二零零七年十二月三十一日止年度，行政開支增至39,343,000港元，較去年同期之38,309,000港元輕微增加3%。

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31st December 2007 (2006: nil).

BUSINESS REVIEW

This year, the Group had released 2 new films in the market in response to the weak market condition of the entertainment industry in these years, especially for the Chinese language films. On 13th September 2006, One Hundred Years of Film Company Limited, China Star Pictures Limited and S&W Entertainment Limited (the "Venders"), all wholly owned subsidiaries of the Company, the Company and Fortune Star Entertainment (HK) Limited ("Fortune Star") entered into a deed pursuant to which Fortune Star has agreed to acquire from the Venders the perpetual and worldwide right, title and interest in 100 motion pictures at a total consideration of US\$18,000,000 (subject to adjustment). Part of the income had recorded in the income statement for the year ended 31st December 2006 and the balance recorded in the income statement during the year.

In year 2007, turnover and profit segment for continuing operations from Hong Kong and Macau amounted to HK\$62,366,000 (2006: HK\$129,936,000) and HK\$14,029,000 (2006: HK\$29,895,000) respectively. The turnover mainly comprised film distribution, post production fees income of films and sales of film rights to Fortune Star. The marketing and distribution expenses for the year ended 31st December 2007 was HK\$5,791,000, representing a 41% decrease from HK\$9,777,000 for the last corresponding year.

Turnover and profit segment for the discontinued operation from Hong Kong and Macau amounted to HK\$14,046,000 and HK\$9,474,000 respectively, mainly comprised the hotel operations in Macau.

To stay competitive in the market, the Group has regularly review its costs structure in these years by exercised prudence measures on cost policies. As a result, administrative expenses keep at a reasonable basis. For the year ended 31st December 2007, administrative expenses increased to HK\$39,343,000, a slight 3% increase from HK\$38,309,000 of the last corresponding year.

管理層討論及分析 Management Discussion and Analysis

流動資金及財務資源

於二零零七年十二月三十一日，本集團之資產總額約為2,307,603,000港元，而流動資產淨額則為678,571,000港元，即流動比率1.6（二零零六年：5.4）。本集團之現金及現金等值項目總額約為22,735,000港元（二零零六年：89,347,000港元）。於二零零七年十二月三十一日，本集團之借貸總額為10,941,000港元，包括一項銀行按揭貸款（以本集團之投資物業作抵押，年息按最優惠利率減2.5厘計息，並須分73期每月償還）。於二零零七年十二月三十一日，本集團非全資附屬公司KHL之銀行信貸總額為650,000,000港元，已支取其中596,516,000港元（包括銀行貸款450,000,000港元及銀行透支146,516,000港元）。於結算日，該等銀行借貸列作與分類為持作銷售之資產有關之酒店業務負債。本集團於年內之資本負債比率以債項總額10,941,000港元對股東資金1,174,133,000港元計算，仍屬偏低。以本集團之借貸總額除以股東資金之基準計算，資本負債比率為1%。

由於本集團大部份交易、資產與負債均以港元及美元計值，故認為匯率波動風險甚低，並認為無需任何對沖活動。於二零零七年十二月三十一日，本集團並無或然負債。

於二零零七年一月十九日，本公司與Improvemany International Limited、Better Talent Limited及Aceyard Investments Limited（「認購人」）訂立三份認購協議，據此認購人有條件同意認購及支付將由本公司按面值95%之發行價發行本金面值總額為168,500,000港元於二零一二年到期零票息無抵押可換股債券（「公司債券」）。公司債券之初步換股價為每股換股股份0.32港元（可予調整）。所得款項淨額約為159,000,000港元，已用作收購KHL。公司債券已於二零零七年五月十八日發行。於截至二零零七年十二月三十一日止年度內，64,000,000港元之公司債券已按換股價0.32港元轉換為200,000,000股股份及10,000,000港元之公司債券已按換股價0.315港元（於調整後）轉換為31,746,031股股份，而其餘94,500,000港元之公司債券已按換股價0.314港元（於調整後）轉換為300,955,410股股份。

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December 2007, the Group had total assets of approximately HK\$2,307,603,000 and net current assets of HK\$678,571,000, representing a current ratio of 1.6 (2006: 5.4). The Group had total cash and cash equivalents of approximately HK\$22,735,000 (2006: HK\$89,347,000). As at 31st December 2007, the Group had total borrowings of HK\$10,941,000 comprising a bank mortgage loan which was secured by the Group's investment properties, interest bearing at 2.5% below the Hong Kong Prime Lending Rate per annum and repayable by 73 monthly instalments. As at 31st December 2007, KHL, a non wholly owned subsidiary of the Group had total banking facilities amounted to HK\$650,000,000 which were utilised to the extent of HK\$596,516,000, comprising a bank loan of HK\$450,000,000 and a bank overdraft of HK\$146,516,000. These bank borrowings were classified as liabilities of hotel business associated with assets classified as held for sale in the balance sheet. The Group's gearing remained low during the year with total debts of HK\$10,941,000 against shareholders' funds of HK\$1,174,133,000. This represents a gearing ratio, calculated in the basis of the Group's total borrowings over shareholders' fund of 1%.

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollars and United States Dollars, the exposure to fluctuation in exchange rates was considered to be minimal and no hedge activity were considered necessary. As at 31st December 2007, the Group had no contingent liability.

On 19th January 2007, the Company entered into three subscription agreements with Improvemany International Limited, Better Talent Limited and Aceyard Investments Limited (the "Subscribers"), whereby the Subscribers have conditionally agreed to subscribe and pay for the zero coupon unsecured convertible bonds due 2012 ("Firm Bonds") of an aggregate principal face value amount of HK\$168,500,000 to be issued by the Company at an issue price of 95% of the face value. The initial conversion price of the Firm Bonds is HK\$0.32 per conversion Share (subject to adjustments). The net proceeds of approximately HK\$159,000,000 had been used for the acquisition of KHL. The Firm Bonds were issued on 18th May 2007. During the year ended 31st December 2007, HK\$64,000,000 Firm Bonds were converted into 200,000,000 Shares at the conversion price of HK\$0.32, HK\$10,000,000 Firm Bonds were converted into 31,746,031 Shares at the conversion price of HK\$0.315 (after adjustment) and the balance of HK\$94,500,000 Firm Bonds were converted into 300,955,410 Shares at the conversion price of HK\$0.314 (after adjustment) respectively.

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於二零零七年三月十二日，本公司之全資附屬公司 Classical Statue Limited (「Classical」) 與采藝多媒體控股有限公司 (前稱「銀河映像控股有限公司」) (「采藝」) 訂立認購協議。采藝為股份於香港聯合交易所有限公司創業板上市之公司。根據協議，Classical 有條件同意認購由采藝按發行價 22,500,000 港元所發行本金總額 25,000,000 港元之二零一二年到期零票息可換股債券 (「可換股債券」)。可換股債券之換股價初步為每股采藝股份 0.33 港元 (可予調整)。可換股債券已於二零零七年五月二十五日發行。於二零零七年六月十五日，由於本金額 24,000,000 港元之可換股債券已轉換，72,727,272 股采藝股份 (相等於采藝已發行股本約 29.17%) 已配發及發行。采藝於二零零七年六月十五日起已成為本公司之聯營公司。

於二零零七年三月二十八日，本公司與一間擁有放債人牌照之財務公司訂立貸款協議，以取得定期貸款 55,000,000 港元 (「貸款」)，貸款期間由二零零七年三月二十八日起至二零零七年四月十八日止，利率為香港上海滙豐銀行有限公司所報最優惠利率加年息 3 厘，以供撥付完成 KHL 收購事項。貸款已於二零零七年四月十八日償還。

於二零零七年三月二十九日，本公司與配售代理訂立配售協議，按悉數包銷基準以每股股份 0.37 港元之價格向獨立投資者配售合共 124,900,000 股新股份。根據於二零零六年六月二十三日舉行之本公司股東週年大會上授予本公司董事之一般授權，本公司發行 124,900,000 股新股份。所得款項淨額約 44,800,000 港元已計劃用作本集團之一般營運資金。

On 12th March 2007, Classical Statue Limited ("Classical"), a wholly owned subsidiary of the Company entered into a subscription agreement with Brilliant Arts Multi-Media Holding Limited (formerly known as "Milkyway Image Holdings Limited") ("Brilliant Arts"), a company whose shares are listed on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited, whereby Classical had conditionally agreed to subscribe for the zero coupon convertible bonds in principal amount of HK\$25,000,000 due 2012 ("Convertible Bonds") to be issued by Brilliant Arts at an issue price of HK\$22,500,000. The conversion price of the Convertible Bonds is initially HK\$0.33 per shares of Brilliant Arts (subject to adjustments). The Convertible Bonds has been issued on 25th May 2007. On 15th June 2007, 72,727,272 shares of Brilliant Arts, representing approximately 29.17% of the issued share capital of Brilliant Arts are allotted and issued as a result of the conversion of HK\$24,000,000 Convertible Bonds. Brilliant Arts becomes an associate of the Company with effect from 15th June 2007.

On 28th March 2007, the Company entered into a loan agreement with a finance company with Money Lender License for a term loan of HK\$55,000,000 ("Loan") for the period from 28th March 2007 to 18th April 2007 at interest rate of 3% per annum over the prime rate quoted by The Hong Kong and Shanghai Corporation Limited to finance the completion of the acquisition of KHL. The Loan was repaid on 18th April 2007.

On 29th March 2007, the Company entered into a placing agreement with a placing agent to place on a fully underwritten basis an aggregate 124,900,000 new Shares to independent investors at a price of HK\$0.37 per Share. 124,900,000 new Shares was issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 23rd June 2006. The net proceeds of approximately HK\$44,800,000 was intended to be used for general working capital of the Group.

管理層討論及分析 Management Discussion and Analysis

於同日，本公司與該配售代理訂立另一份配售協議，並已有條件同意按悉數包銷基準以每股股份0.37港元之價格向獨立投資者配售合共81,100,000股新股份。發行81,100,000股新股份已獲得本公司股東於二零零七年五月十八日舉行之股東特別大會上批准。所得款項淨額約29,200,000港元已計劃用作本集團之一般營運資金。

於二零零七年六月四日，本公司與配售代理訂立配售協議，按悉數包銷基準以每股股份0.40港元之價格向獨立投資者配售合共165,905,000股新股份。根據於二零零七年五月十八日舉行之本公司股東特別大會上授予本公司董事之一般授權，165,905,000股新股份已於二零零七年六月二十五日發行。所得款項淨額約64,600,000港元已計劃用作本集團之一般營運資金。

於二零零七年七月二十日，澳門一間持牌銀行同意向本公司附屬公司KHL授予定期貸款450,000,000港元及透支信貸200,000,000港元。定期貸款及透支信貸以金域酒店所持物業之第一法定押記作抵押，年息分別按最優惠利率減2厘及1厘計息。定期貸款須分18期連續每個季度均等償還25,000,000港元，首期還款將於首次提供貸款日期後第九個月開始。透支信貸乃按要求時償還。於二零零七年七月底已支取定期貸款400,000,000港元，本集團已動用其中200,000,000港元撥資收購Best Mind International Inc.。

On the same date, the Company entered into another placing agreement with the placing agent and had conditionally agreed to place on a fully underwritten basis an aggregate 81,100,000 new Shares to independent investors at a price of HK\$0.37 per Share. The issue of 81,100,000 new Shares was approved by the shareholders of the Company at a special general meeting held on 18th May 2007. The net proceeds of approximately HK\$29,200,000 was intended to be used for general working capital of the Group.

On 4th June 2007, the Company entered into a placing agreement with a placing agent to place on a fully underwritten basis an aggregate 165,905,000 new Shares to independent investors at a price of HK\$0.40 per Share. 165,905,000 new Shares was issued on 25th June 2007 under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 18th May 2007. The net proceeds of approximately HK\$64,600,000 was intended to be used for general working capital of the Group.

On 20th July 2007, a licensed bank in Macau had agreed to grant a term loan of HK\$450,000,000 and an overdraft facility of HK\$200,000,000 to KHL, a subsidiary of the Company. The term loan and overdraft facility were secured by a first legal charge on the properties held by Kingsway Hotel, interest bearing at 2% per annum and 1% per annum below the bank's best lending rate respectively. The term loan has to be repaid by 18 equal consecutive quarterly installments of HK\$25,000,000 each and the first principal repayment will commence on the 9th month after the date of first loan drawdown. The overdraft facility is repayable on demand. HK\$400,000,000 term loan had been drawdown at the end of July 2007 of which HK\$200,000,000 had been used by the Group to finance the acquisition of Best Mind International Inc.

管理層討論及分析 Management Discussion and Analysis

於二零零七年八月三十日，本集團公佈已按照於二零零七年九月十八日每持有兩股股份獲發一股供股股份之比例以認購價每股0.20元之價格發行不少於843,769,024股及不多於940,393,799股供股股份。估計所得款項淨額約162,600,000港元已計劃用作收購Best Mind International Inc.。

於二零零七年九月五日，本公司與配售代理訂立配售協議，按悉數包銷基準以每股股份0.21港元之價格向獨立投資者配售合共274,790,000股新股份。根據於二零零七年六月二十九日舉行之本公司股東週年大會上授予本公司董事之一般授權，274,790,000股新股份已於二零零七年九月二十八日發行。所得款項淨額約56,200,000港元已計劃用作收購Best Mind International Inc.之部份付款。

於同日，本公司與該配售代理訂立另一份配售協議，並已有條件同意按盡量包銷基準以每股股份0.21港元之價格向獨立投資者配售合共最多5,000,000,000股新股份（「第二組配售事項」）。第二組配售事項已獲得本公司股東於二零零七年十月二十二日舉行之股東特別大會上批准。於二零零七年十二月十一日，第二組配售事項訂約各方訂立一項修訂契約，以延長截止日期至批准修訂契約之股東特別大會舉行日期起計三個月（即二零零八年四月二十四日）及將第二組配售事項之配售價由每股股份0.21港元改為每股股份0.12港元。所得款項淨額約1,023,500,000港元將由本集團用作撥資日後收購澳門博彩業務之代價。第二組配售事項已於截止日期（即二零零八年四月二十四日）終止。

On 30th August 2007, the Company announced that not less than 843,769,024 rights Shares and not more than 940,393,799 rights Shares at a subscription price of HK\$0.20 each had been issued by the Company on the basis of one right Shares for every two Shares held on 18th September 2007. The estimated net proceeds of approximately HK\$162,600,000 was intended to be used for the acquisition of Best Mind International Inc.

On 5th September 2007, the Company entered into a placing agreement with a placing agent to place on a fully underwritten basis an aggregate 274,790,000 new Shares to independent investors at a price of HK\$0.21 per Share. 274,790,000 new Shares was issued on 28th September 2007 under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 29th June 2007. The net proceeds of approximately HK\$56,200,000 was intended to be used for partial payment of the acquisition of Best Mind International Inc.

On the same date, the Company entered into another placing agreement with the placing agent and had conditionally agreed to place on a best effort basis up to a maximum of 5,000,000,000 new Shares to independent investors at a price of HK\$0.21 per Share ("Tranche II Placing"). The Tranche II Placing was approved by the shareholders of the Company at the special general meeting held on 22nd October 2007. On 11th December 2007, the parties to the Tranche II Placing entered into a deed of variation to extent the long stop date to three months from the date of the special general meeting to approve the deed of variation (i.e. 24th April 2008) and to change the placing price of the Tranche II Placing from HK\$0.21 per Share to HK\$0.12 per Share. The net proceeds of approximately HK\$1,023,500,000 will be used by the Group to fund the consideration for future acquisition of gaming businesses in Macau. The Tranche II Placing has been terminated on the long stop date (i.e. 24th April 2008).

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於二零零七年十二月十一日，本集團與配售代理訂立配售協議，並已有條件同意按悉數包銷基準以每股股份0.12港元之價格向獨立投資者配售合共1,400,000,000股新股份。根據於二零零八年一月二十四日舉行之本公司股東特別大會上授予本公司董事之一般授權，1,400,000,000股新股份已於二零零八年二月二十九日發行。所得款項淨額約163,500,000港元已計劃用作收購 Best Mind International Inc.。

截至二零零七年十二月三十一日止年度，若干購股權持有人行使其購股權，分別以行使價每股股份0.242港元合共認購32,985,000股股份、以行使價每股股份0.277港元合共認購26,800,000股股份、以行使價每股股份0.42港元合共認購5,900,000股股份及以行使價每股股份0.277港元合共認購12,600,000股股份。行使購股權所得款項淨額約為21,374,000港元。

於結算日後，本公司董事會於二零零八年三月二十六日公佈，本公司擬向本公司股東提呈批准一項涉及本公司資本重組之計劃，包括：(i)每10股已發行及未發行股份合併為一股本公司之合併股份（「合併股份」）；(ii)資本削減，所有已發行及未發行合併股份面值由每股0.50港元削減至每股0.05港元；及(iii)註銷股份溢價賬，註銷本公司於二零零七年十二月三十一日之股份溢價賬全部款額1,356,449,856.32港元，並注入本公司之實繳盈餘賬，本公司實繳盈餘賬中約864,665,000港元將應用作抵銷本公司於二零零六年十二月三十一日之累計虧損。

On 11th December 2007, the Company entered into a placing agreement with a placing agent and had conditionally agreed to place on a fully underwritten basis an aggregate 1,400,000,000 new Shares to independent investors at a price of HK\$0.12 per Share. 1,400,000,000 new Shares was issued on 29th February 2008 under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 24th January 2008. The net proceeds of approximately HK\$163,500,000 was intended to be used for the acquisition of Best Mind International Inc.

During the year ended 31st December 2007, certain option holders exercised their option rights to subscribe for an aggregate of 32,985,000 Shares at exercise price of HK\$0.242 per Share, an aggregate 26,800,000 Shares at an exercise price of HK\$0.277 per Share, an aggregate of 5,900,000 Shares at an exercise price of HK\$0.42 per Share and an aggregate 12,600,000 Shares at the exercise price of HK\$0.277 respectively. The net proceeds from the exercise of option rights amounted to approximately HK\$21,374,000.

Subsequent to the balance sheet date, the board of directors of the Company announced on 26th March 2008 that the Company intended to put forward to the shareholders of the Company for their approval a proposal involving capital reorganisation of the Company comprising (i) share consolidation that every 10 issued and unissued Shares be consolidated into 1 consolidated share of the Company (“Consolidated Shares”); (ii) capital reduction that the nominal value of all issued and unissued Consolidated Shares be reduced from HK\$0.50 each to HK\$0.05 each; and (iii) share premium cancellation that the entire amount of HK\$1,356,449,856.32 in the share premium account of the Company as at 31st December 2007 be cancelled and credit to the contributed surplus account of the Company, a sum of approximately HK\$864,665,000 in the contributed surplus of the Company be applied to set off against the accumulated losses of the Company as at 31st December 2006.

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聯營公司

豐采多媒體集團有限公司

於二零零七年十二月三十一日，本集團於豐采多媒體及其附屬公司（「豐采集團」）擁有約29.90%之股本權益。豐采集團之主要業務為電影發行、轉授電影版權、證券投資及物業投資。於二零零七年十二月三十一日，豐采集團之資產淨值約為1,046,080,000港元。截至二零零七年十二月三十一日止年度，豐采集團之營業額及純利分別約為38,739,000港元及25,694,000港元。因此，本集團截至二零零七年十二月三十一日止年度應佔純利約14,543,000港元。計及視為出售聯營公司權益之虧損49,744,000港元及收購聯營公司權益之折讓40,100,000港元後，本集團錄得來自豐采集團之業績溢利總額約4,899,000港元。

采藝多媒體控股有限公司

於二零零七年十二月三十一日，本集團於采藝擁有約25.74%之股本權益。采藝及其附屬公司（「采藝集團」）之主要業務為提供電影製作服務、製作電視劇、投資於電影製作及全球電影發行。於二零零七年十二月三十一日，采藝集團之資產淨值約為65,658,000港元。截至二零零七年十二月三十一日止年度，采藝集團之營業額及純利分別約為22,813,000港元及7,121,000港元。因此，本集團截至二零零七年十二月三十一日止年度應佔溢利淨額約6,415,000港元。

ASSOCIATES

Riche Multi-Media Holdings Limited

As at 31st December 2007, the Group had approximately 29.90% equity interest in Riche and its subsidiaries (the "Riche Group"). Riche Group is principally engaged in film distribution, sub-licensing of film rights, investments in securities and property investment. As at 31st December 2007, Riche Group had net assets of approximately HK\$1,046,080,000. Turnover and net profit of Riche Group for the year ended 31st December 2007 were approximately HK\$38,739,000 and HK\$25,694,000 respectively. Accordingly, the Group had shared a net profit of approximately HK\$14,543,000 for the year ended 31st December 2007. The Group had recorded an aggregate result of profit of approximately HK\$4,899,000 from Riche Group after taking into account the loss on deemed disposal of interest in associates of HK\$49,744,000 and discount on acquisition of interest in associates of HK\$40,100,000.

Brilliant Arts Multi-Media Holding Limited

As at 31st December 2007, the Group had approximately 25.74% equity interest in Brilliant Arts. Brilliant Arts and its subsidiaries ("Brilliant Arts Group") are principally engaged in the provision of film production services, production of television movies, investment in film productions and worldwide film distribution. As at 31st December 2007, Brilliant Arts Group had net assets of approximately HK\$65,658,000. Turnover and net profit of Brilliant Arts Group for the year ended 31st December 2007 were approximately HK\$22,813,000 and HK\$7,121,000 respectively. Accordingly, the Group had shared a net profit of approximately HK\$6,415,000 for the year ended 31st December 2007.

管理層討論及分析 Management Discussion and Analysis

Together Again Limited

於二零零七年十二月三十一日，本集團持有以Together Again Limited 為首之集團（「TAL集團」）之49%股本權益，該公司乃一間於英屬處女群島註冊成立之有限公司，並間接持有一間於美國場外電子交易板買賣之美國公眾公司China Entertainment Group, Inc.之85%股本權益。TAL集團之主要業務為提供藝人管理服務。

於二零零七年十二月三十一日，TAL集團之負債淨額為7,945,000港元。TAL集團於截至二零零七年十二月三十一日止年度之營業額及虧損分別為17,403,000港元及16,954,000港元。因此，本集團於截至二零零七年十二月三十一日止年度內應佔虧損4,410,000港元。

出售EXCEPTIONAL GAIN PROFITS LIMITED及KINGSWAY HOTEL LIMITED

於二零零七年八月一日，本公司與本集團聯營公司豐采之全資附屬公司Legend Rich Limited及豐采訂立買賣協議，內容有關按總代價447,000,000港元出售Exceptional Gain已發行股本之100%及相關銷售貸款。Exceptional Gain 為間接持有KHL50%權益之投資控股公司。於建議出售事項完成後，KHL將不再為本集團之附屬公司。本公司董事相信，建議出售事項將提供本集團及豐采有效分配彼等資源之機會，及避免重複資源，原因為豐采已擁有酒店及物業管理之適當專長及資源，而金域酒店之價值將得以較佳實現及反映於豐采，概豐采可藉建議出售事項奠定本身於酒店及旅遊服務業之品牌，從而對本集團於豐采之投資回報帶來正面影響。誠如本公司二零零七年十月九日刊發之通函所述，倘若假設建議出售事項於二零零七年六月三十日完成，本集團估計可確認出售溢利約71,992,000港元。

Together Again Limited

As at 31st December 2007, the Group held 49% equity interest in the group headed by Together Again Limited ("TAL Group"), a company incorporated in British Virgin Islands with limited liability and it indirectly holds 85% equity interest in China Entertainment Group, Inc., a U.S. public company traded on the Over-The-Counter Bulletin Board. TAL Group is principally engaged in the provision of artist management services.

As at 31st December 2007, TAL Group had net liabilities of HK\$7,945,000. Turnover and loss of TAL Group for the year ended 31st December 2007 were HK\$17,403,000 and HK\$16,954,000, respectively. Accordingly, the Group shared a loss of HK\$4,410,000 for the year ended 31st December 2007.

DISPOSAL OF EXCEPTIONAL GAIN PROFITS LIMITED AND KINGSWAY HOTEL LIMITED

On 1st August 2007, the Company entered into an agreement with Legend Rich Limited, a wholly-owned subsidiary of Riche, an associate of the Group, and Riche relating to the sale of 100% of the issued share capital of Exceptional Gain and the relevant sale loan for an aggregate consideration of HK\$447,000,000. Exceptional Gain is an investment holding vehicle which indirectly holds 50% interest in KHL. Following the completion of the Proposed Disposal, KHL will cease to be a subsidiary of the Group. The directors of the Company believe that the Proposed Disposal will provide an opportunity to the Group and Riche to allocate their resources effectively and to avoid duplication of resources as Riche already possessed appropriate expertise and resources in hotel and property management and the value of Kingsway Hotel will be better realized and reflected in Riche as the Proposed Disposal will enable Riche to build up its own branding in hotel and hospitality industry and in turn will have a positive impact on the Group's return on investment in Riche. As stated in the circular of the Company dated 9th October 2007, the Group is estimated to recognise a gain on disposal of approximately HK\$71,992,000 if assuming the Proposed Disposal would be completed on 30th June 2007.

管理層討論及分析 Management Discussion and Analysis

收購BEST MIND INTERNATIONAL INC.

於二零零七年八月十六日，本公司就收購Best Mind International Inc.（「Best Mind」）之51%已發行股本訂立收購協議（「初步收購事項」），總代價為538,000,000港元，其中300,000,000港元以現金支付、196,000,000港元以按初步轉換價每股0.30港元發行本公司5厘息無抵押可換股票據予以支付及餘款42,000,000港元以配發及發行140,000,000股入賬列為繳足股份予以支付。於二零零七年十月五日，本公司就收購Best Mind之餘下49%已發行股本訂立買賣協議（連同初步收購事項，「收購事項」），總代價為516,900,000港元，其中300,000,000港元以現金支付、188,000,000港元以按初步轉換價每股0.30港元發行5厘息無抵押可換股票據予以支付及餘款28,900,000港元以配發及發行96,333,333股入賬列為繳足股份予以支付。

Best Mind已與Ocho Sociedade Unipessoal Limitada（「Ocho」，為從事博彩推廣業務之澳門公司）訂立溢利協議，以收購Ocho及／或其客戶在Ocho於澳門新葡京娛樂場經營之其中一個VIP博彩房間所產生之累計營業額之0.4%。收購協議之擔保人及Ocho之實益擁有人吳卓徽先生已向Best Mind擔保，Best Mind於二零零七年八月十七日至二零零八年十二月三十一日期間及二零零九年一月一日至二零零九年八月十六日期間收取之溢利將分別不少於264,000,000港元及120,000,000港元。鑑於現時興旺之澳門經濟及澳門博彩業務前景，本公司董事相信此收購將擴闊本集團之收入來源及為本集團帶來穩定之收入流量。有關收購事項之詳情，請參閱分別於二零零七年八月三十日及二零零七年十月十日發表之公佈。

收購事項已於二零零八年三月十八日完成。Best Mind於二零零八年四月成為本集團之附屬公司，並開始帶來現金溢利。

ACQUISITION OF BEST MIND INTERNATIONAL INC.

On 16th August 2007, the Company had entered into an acquisition agreement in relation to the acquisition of 51% issued Share capital of Best Mind International Inc. ("Best Mind") at a total consideration of HK\$538,000,000 ("Initial Acquisition") satisfied as to HK\$300,000,000 in cash, HK\$196,000,000 by the issue of 5% unsecured convertible note of the Company at an initial conversion price of HK\$0.30 per Share and the balance of HK\$42,000,000 by the allotment and issue of 140,000,000 Shares credited as fully paid. On 5th October 2007, the Company had entered into a sale and purchase agreement in relation to the acquisition of the remaining 49% issued share capital of Best Mind at a total consideration of HK\$516,900,000 (together with the Initial Acquisition, "Acquisitions") satisfied as to HK\$300,000,000 in cash, HK\$188,000,000 by the issue of 5% unsecured convertible note of the Company at an initial conversion price of HK\$0.30 per Share and the balance of HK\$28,900,000 by the allotment and issue of 96,333,333 Shares credited as fully paid.

Best Mind had entered into profit agreement with Ocho Sociedade Unipessoal Limitada ("Ocho"), a Macau company engaged in the gaming promotion business, to acquire 0.4% of the rolling turnover generated by Ocho and/or its customers at one of the VIP gaming rooms operated by Ocho at the Grand Lisboa Casino in Macau. Mr. Ng Cheuk Fai, the guarantor in the acquisition agreement and the beneficial owner in Ocho, has guaranteed to Best Mind that the profit to be received by Best Mind shall not be less than HK\$264,000,000 and HK\$120,000,000 during the period from 17th August 2007 to 31st December 2008 and the period from 1st January 2009 to 16th August 2009 respectively. In view of the recent booming economy of Macau and the prospects of Macau's gaming business, the directors of the Company believe that this acquisition will broaden the Group's revenue sources and provide a stable income stream to the Group. Please refer to the Company's announcement dated 30th August 2007 and dated 10th October 2007 respectively for details of the Acquisitions.

The Acquisitions have been completed on 18th March 2008. Best Mind becomes a subsidiary of the Group and starts to contribute cash profit in April 2008.

管理層討論及分析 Management Discussion and Analysis

僱員

於二零零七年十二月三十一日，本集團僱用48名員工（二零零六年：51名員工）。董事相信，其優秀員工乃本集團維持聲譽及改善盈利能力之單一最重要元素。員工之酬金乃根據彼等之工作表現、專業經驗及當時之行業慣例而釐定。除基本薪金、公積金、醫療計劃及酌情花紅外，若干員工更可按個別表現評估獲授購股權。

前景

展望未來，本集團將繼續致力製作高質素電影，並同時嚴格控制資本投資及管理效率。本集團對澳門經濟充滿信心。有關Best Mind之收購事項已於二零零八年三月完成。根據收購事項之條款，本集團於首兩個年度將收取不少於364,000,000港元保證溢利。此項新業務將擴闊本集團收入來源，並為本集團提供穩定現金收入。於二零零八年四月所收取之現金溢利鞏固了本集團對Best Mind之信心。於本年度內，本集團增加於豐采及采藝之長遠投資；預計有關長遠投資將在不遠將來為本集團帶來正面貢獻。

EMPLOYEES

As at 31st December 2007, the Group employed 48 staffs (2006: 51 staffs). The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staffs are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, medical schemes and discretionary bonuses, options are awarded to certain staffs according to the assessment of individual performance.

PROSPECT

Looking ahead, the Group will continue its strength in the production of high quality films with stringent control on capital investment and efficient management. Besides, the Group has strong confident on Macau's economy. The Acquisitions of Best Mind was completed in March 2008 and the Group will receive not less than HK\$364,000,000 guarantee profit for the first two years according to the terms of Acquisitions. This new operation will broaden the Group's revenue sources and provide a stable cash income to the Group. The cash profit received by the Group in April 2008 has solid our confident on the contribution of Best Mind. During the year, the Group has increased its long term investments in Riche and Brilliant Art and these long term investments are expected to provide positive contribution to the Group in the near future.

董事及高級管理人員簡介 Profiles of Directors and Senior Management

董事簡介

向華強先生，現年59歲，為本公司之主席。向先生為本公司副主席陳明英女士之丈夫，擁有逾20年影視多媒體業務經驗。向先生所創辦之永盛娛樂製作有限公司（「永盛」）及一百年電影有限公司（「一百年」）之出品皆成為電影觀眾及世界各地片商推薦之電影。向先生亦為另一間香港主板上市公司之主席及執行董事及香港影業協會有限公司之副會長。向先生於一九九六年獲委任為本公司之執行董事。

陳明英女士，現年51歲，為本公司之副主席及向華強先生之妻子，擁有逾15年影視多媒體業務經驗。陳女士曾為永盛及一百年監製多套賣座影片。陳女士亦為另一間香港主板上市公司之執行董事。陳女士於二零零三年榮獲《The Hollywood Reporter》選為國際娛樂界其中一位最具影響力之女性。陳女士於一九九六年獲委任為本公司之執行董事。

李玉嫦女士，現年40歲，為本公司之執行董事，擁有逾10年娛樂及多媒體業務行政之經驗。李女士負責本集團之整體營運，並對本集團系統具有透徹認知。李女士於二零零一年獲委任為執行董事。

洪祖星先生，現年67歲，為本公司之獨立非執行董事，擁有逾30年電影發行經驗，於一九七零年創立狄龍國際電影企業公司。自一九九一年起，洪先生一直擔任香港影業協會有限公司會長，並曾於一九九二年至一九九五年期間擔任香港電影金像獎協會之會長。洪先生於一九九六年獲委任為非執行董事。

PROFILES OF DIRECTORS

Mr. HEUNG Wah Keung, aged 59, is the Chairman of the Company. He is the husband of Ms. Chen Ming Yin, Tiffany, Vice Chairman of the Company. He has over 20 years of experience in the entertainment and multimedia industries. He was the founder of Win's Entertainment Limited ("Win's") and One Hundred Years of Film Company Limited ("One Hundred Years"), which produces films recommended by audiences and distributors around the world. He is also a chairman and executive director of another main board listed company in Hong Kong and the vice-chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited. Mr. Heung was appointed as an executive director of the Company in 1996.

Ms. CHEN Ming Yin, Tiffany, aged 51, is the Vice Chairman of the Company. She is the wife of Mr. Heung Wah Keung and has over 15 years of experience in the entertainment and multimedia industries. Ms. Chen has produced a number of blockbuster films for Win's and One Hundred Years. She is also an executive director of another main board listed company in Hong Kong. In 2003, she was selected as one of 2003 Women in Entertainment – International Power by The Hollywood Reporter. Ms. Chen was appointed as an executive director of the Company in 1996.

Ms. LI Yuk Sheung, aged 40, is an executive director of the Company. She has more than 10 years experience of management in the entertainment and multimedia industries. She is responsible for the overall operations, and is familiar with the Group's system. Ms. Li was appointed as an executive director in 2001.

Mr. HUNG Cho Sing, aged 67, is an independent non-executive director of the Company. He has over 30 years of experience in the film distribution industry and founded Delon International Film Corporation in 1970. He has been the chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited since 1991 and was the chairman of Hong Kong Film Awards Association from 1992 to 1995. Mr. Hung was appointed as a non-executive director in 1996.

董事及高級管理人員簡介 Profiles of Directors and Senior Management

何偉志先生，現年57歲，為本公司之獨立非執行董事。何先生為執業會計師何偉志會計師行之獨資經營者，亦為英國英格蘭及威爾斯特許會計師公會之會員及香港會計師公會之資深會員。何先生於一九九六年獲委任為非執行董事。

Mr. HO Wai Chi, Paul, aged 57, is an independent non-executive director of the Company. He is the sole proprietor of Paul W. C. Ho & Company, Certified Public Accountants (Practising), and is an associate of the Institute of Chartered Accountants in England and Wales, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Ho was appointed as a non-executive director in 1996.

梁學文先生，現年45歲，為本公司之獨立非執行董事。梁先生畢業於University of East London法律系，其後於College of Law, York 修畢法律執業課程。彼於一九九九年獲得香港高等法院執業律師資格後，即投身知識產權領域。彼目前於一間國際專利權及商標代理行任職律師。彼於知識產權方面擁有豐富執業經驗。梁先生於二零零七年獲委任為獨立非執行董事。

Mr. LEUNG Hok Man, aged 45, is an independent non-executive director of the Company. Mr Leung read law at the University of East London before completing the Legal Practice Course at the College of Law, York. After having admitted as a solicitor of the High Court of Hong Kong in 1999, he has moved into the field of intellectual property. He is currently an in-house solicitor at an international patent and trademark agency firm. He has substantial experience in intellectual property practice. Mr. Leung was appointed as an independent non-executive director in 2007.

高級管理人員簡介

李綺媚女士，現年45歲，為本集團藝員部及公關部總監，擁有逾20年演藝文化工作經驗。李女士於一九九六年加入本集團。

PROFILES OF SENIOR MANAGEMENT

Ms. LI Yee Mei, aged 45, is the Talent and PR Controller of the Group, has over 20 years of experience in entertainment business and culture industry. Ms. Li joined the Group in 1996.

曾善美女士，現年43歲，為本集團法律行政部經理，擁有15年電視及電影業務經驗，對於處理製作、發行及版權之法律事務有廣濶之知識及經驗。曾女士於一九九九年加入本集團。

Ms. TSANG Anna, aged 43, is the Manager-Legal Administration Department of the Group. She has 15 years of experience in the TV and film industry and with extensive knowledge and expertise in all legal aspects relating to production, distribution and copyright enforcement. Ms. Tsang joined the Group in 1999.

韋家輝先生，現年45歲，於二零零零年加入本集團，為本集團之電影顧問。韋先生擁有逾20年製作及執導電影與電視劇集之經驗，其中多部作品在國際電影節中參展，並奪得多個獎項。韋先生製作之電視劇集「義不容情」及「大時代」均大受歡迎，在放映時曾在華人市場掀起熱潮，收看人數超過一億人。近期之電影作品「孤男寡女」、「瘦身男女」、「嚟咕嚟咕新年財」、「我左眼見到鬼」、「百年好合」、「大隻佬」、「鬼馬狂想曲」、「最愛女人購物狂」及「神探」，總票房更超過二億港元。

Mr. WAI Kai Fai, aged 45, has served as the Group's Film Consultant since 2000. He has produced and directed films and television drama series for more than 20 years, many of which earned awards and were screened at international film festivals. Mr. Wai's "Look Back with Anger" and "The Greed of Man" were hugely popular television drama series attracting over 100 million viewers when they were on air. His recent feature films "Needing You", "Love On A Diet", "Fat Choi Spirit", "My Left Eye Sees Ghosts", "Love For All Seasons", "Running On Karma", "Fantasia", "The Shopaholics" and "Mad Detective" have earned a total of over HK\$200 million dollars.

董事及高級管理人員簡介 Profiles of Directors and Senior Management

黃淑嫻女士，現年42歲，為本公司之財務總監、合資格會計師及公司秘書。黃女士於一九九零年畢業於城市理工大學並取得會計學士學位。黃女士為香港會計師公會會員。於加入本集團前，黃女士曾於一間國際會計師行任職超過十年。黃女士主要負責監督本集團之會計及財務申報呈序及內部監控系統。黃女士於二零零一年加入本集團。

Ms. WONG Shuk Han, Dorothy, aged 42, is the Financial Controller, Qualified Accountant and Company Secretary of the Company. She graduated from the City Polytechnic University with a bachelor degree in Accountancy in 1990. She is a member of the Hong Kong Institute of Certified Public Accountant. Prior to her employment with the Group, she worked with an international accounting firm for over 10 years. Ms. Wong is primarily responsible for the supervision of the Group's accounting and financial reporting procedures and internal control system. She joined the Group in 2001.

企業管治報告 Corporate Governance Report

企業管治常規

本公司董事會(「董事會」)負責確保維持高質素之企業管治，並對股東負責。於截至二零零七年十二月三十一日止年度，本公司已應用香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之《企業管治常規守則》(「守則」)之原則，並遵循守則之所有適用守則條文，惟以下偏離事項除外：

- 根據守則之A.4.1守則條文，非執行董事的委任應有指定任期，並須接受重新選舉。然而，全體獨立非執行董事均無指定任期，而須根據本公司之公司細則條文於本公司之股東週年大會上輪流退任及接受重新選舉。本公司認為已採取足夠措施，確保本公司之企業管治常規不比守則所訂者寬鬆。

董事會將定期審閱及批准本公司之企業管治常規及標準，按照不斷改進之標準評估本公司之企業管治常規，以適應日新月異的環境及需求，務求持續提升本公司之企業管治。

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) is responsible for ensuring high standards of corporate governance are maintained and for accounting to shareholders. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31st December 2007, except for the following deviation:

- Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's Bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

The Board will periodically review and improve the corporate governance practices and standards of the Company with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

企業管治報告 Corporate Governance Report

董事之證券交易

本公司已就本公司董事買賣證券，採納載於上市規則附錄十有關上市發行人董事進行證券交易的標準守則（「標準守則」）。在本公司作出特定查詢後，董事會所有成員已確認彼等於截至二零零七年十二月三十一日止年度內，一直遵守標準守則所載之標準要求。標準守則亦適用於本集團其他指定高級管理人員。

董事會

董事會代表本公司股東管理本公司事務。董事會成員須盡可能提高投資回報及本公司的長期價值。

董事會由三位執行董事及三位獨立非執行董事組成。除本公司主席向華強先生為副主席陳明英女士之丈夫外，董事會成員之間並無關係。董事姓名及履歷詳情載於年報第18至20頁「董事及高級管理人員簡介」一節。此外，一位獨立非執行董事擁有適當的專業會計資格及財務管理專長。

董事會包括均衡組合，有執行董事與非執行董事（包括獨立非執行董事），能使董事會具有一定獨立性，能夠有效作出獨立判斷，以及使非執行董事有足夠能力及人數，使他們的意見具影響力。

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之書面年度確認。本公司認為所有獨立非執行董事均具獨立性。在所有公司信函中，均明確表明獨立非執行董事之身份。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31st December 2007. The Model Code also applies to other specified senior management of the Group.

BOARD OF DIRECTORS

The Board represents shareholders of the Company in managing the Company's affairs. Members of the Board are expected to maximize the investment return and the Company's long-term value.

The Board comprises three executive directors and three independent non-executive directors. There is no relationship between members of the Board except that Mr. Heung Wah Keung, the Chairman, is the husband of Ms. Chen Ming Yin, Tiffany, the Vice Chairman of the Company. The names, biographical details of the directors are set out in the "Profiles of Directors and Senior Management" on pages 18 to 20 to the annual report. In addition, one of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise.

The Board includes a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is an independent element on the Board, which can effectively exercise independent judgment, and that non-executive directors should be of sufficient caliber and number for their views to carry weight.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 to the Listing Rules. The Company considers all of the independent non-executive directors are independent. The independent non-executive directors are explicitly identified in all corporate communications.

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儘管董事會在履行其職責中始終完全負責指引及監督本公司，但若干責任乃授予董事會的各個常務委員會，包括財務委員會、審核委員會、提名委員會及薪酬委員會，以及本公司副主席及高級管理人員。

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various standing committees of the Board including Finance Committee, Audit Committee, Nomination Committee and Remuneration Committee, and the Vice Chairman and the senior management of the Company.

保留予董事會之決策類別包括：

The types of decisions which are reserved to be taken by the Board include:

- | | |
|---|--|
| <p>1. 與本公司大股東或董事之利益衝突有關之事項；</p> | <p>1. matters relating to conflict of interest for a substantial shareholder or a director of the Company;</p> |
| <p>2. 制定本公司與整體策略方向及策略計劃有關的政策、主要業務及財務目標、股息政策，或訂立涉及重大資本獲取或支出之合約；</p> | <p>2. formulation of the Company's policies relating to the overall strategic direction and strategic plans, key business and financial objectives, dividend policy or entering into contracts involving significant capital acquisition or expenditure;</p> |
| <p>3. 就年度營運及資本支出預算進行財務控制、監察及風險管理；本公司之財務報表、公佈之報告、股價敏感公佈之披露及上市規則或其他規例要求的其他披露；</p> | <p>3. financial controls, compliance and risk management for the approval of annual operating and capital expenditure budgets, the Company's financial statements, published reports, price-sensitive announcements and other disclosure required under the Listing Rules or other statutory requirements;</p> |
| <p>4. 本公司資本架構變動，包括股本減少、股份購回或新證券發行；</p> | <p>4. changes to the Company's capital structure, including reductions of share capital, share buy-backs or issue of new securities;</p> |
| <p>5. 董事會、副主席、本公司財務總監、公司秘書及外部核數師之重大委任或罷免；</p> | <p>5. major appointments or removal to the Board, the Vice Chairman, the Company's chief financial officer, company secretary and external auditors;</p> |
| <p>6. 董事會任何委員會之職權範圍或授予副主席及高級管理人員之權限之變動；</p> | <p>6. changes to the terms of reference or membership of any committee of the Board and the authority delegated to the Vice Chairman and the senior management;</p> |
| <p>7. 超出副主席及高級管理人員權限之事項；以及</p> | <p>7. matters exceed the authorities of the Vice Chairman and the senior management; and</p> |
| <p>8. 採納、審閱及批准由本集團董事及其他指定管理人員訂立之本公司企業管治常規手冊、道德與證券交易守則，以及集團法律政策（如有）及集團制度監控及風險管理政策。</p> | <p>8. the adoption, review and approval of changes of the Corporate Governance Practice Manual of the Company, the Code of Ethics and Securities Transactions entered into by the directors and other specified senior management of the Group, group legal policy (if any) and group system control and risk management policy.</p> |

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年內，董事會舉行三十次全體會議（其中四次為定期季度會議），各董事的出席詳情如下：

During the year, thirty full board meetings (of which four were regular board meetings) were held and the individual attendance of each director is set out below:

董事姓名 Name of director	出席董事會會議次數 Number of board meetings attended	出席率 Attendance rate
向華強 Heung Wah Keung	30/30	100%
陳明英 Chen Ming Yin, Tiffany	30/30	100%
李玉嫦 Li Yuk Sheung	30/30	100%
洪祖星 Hung Cho Sing	30/30	100%
何偉志 Ho Wai Chi, Paul	29/30	96.67%
梁學文（於二零零七年三月一日獲委任） Leung Hok Man (Appointed on 1st March 2007)	28/28	100%
馮浩森（於二零零七年三月一日辭任） Fung Ho Sum (Resigned on 1st March 2007)	2/2	100%

本公司董事負責根據有關法定要求及現行適用會計準則，編製並及時刊發真實及公平之本集團財務報表。本公司董事亦負責選擇及始終應用適當會計政策，並確保及時採納香港會計準則及香港財務報告準則。

The directors of the Company are responsible for the preparation of financial statements of the Group which give a true and fair view, and are prepared in accordance with the relevant statutory requirements and applicable accounting standards in force, and are published in a timely manner. The directors of the Company are also responsible for selecting and applying on a consistent basis suitable accounting policies and ensuring timely adoption of Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards.

本公司董事確認其編製本公司財務報表之責任，並欣然報告，本公司已按上市規則要求，於有關期間結束後及時公佈其年度及中期業績。

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Company and report that the Company has announced its annual and interim results in a timely manner after the end of the relevant period, as laid down in the Listing Rules.

本公司核數師就其報告責任作出之聲明載於本年報第40及41頁「獨立核數師報告」內。

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 40 and 41 to the annual report.

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主席及副主席

主席與副主席之職責分離，並不由同一人同時兼任，以確保董事會有明確責任分擔，達致權力及權限的平衡。

主席負責領導董事會，確保董事會有效運作，及確保向公眾傳達董事會的意見。在履行此項職責時，主席的責任包括主持董事會會議；確保董事會會議收到有關本公司事務之準確、完整、及時且清晰的資料；確保執行董事與非執行董事之間保持有建設性的關係；安排就提呈董事會考慮的問題進行討論及作出決定；確保所有董事均適當聽取董事會會議提出的事項之簡報；作為董事會與管理層之間的聯絡人；與副主席及公司秘書或其代表商議，草擬及批准每次董事會會議的議程，在適當情況下考慮其他董事提議納入議程的任何事項；以及至少每年與非執行董事（包括獨立非執行董事）在執行董事不出席的情況下舉行會議。

副主席主要負責建議政策及策略方向，供董事會批准；以及實施董事會採納的策略及政策，及執行本公司之日常營運。

非執行董事之任期

守則條文A.4.1條要求非執行董事的委任應有指定任期，並須接受重新選舉。本公司獨立非執行董事均無指定任期，惟須根據本公司之公司細則條文至少每三年輪流退任一次及接受重新選舉。因此，本公司認為已採取足夠措施遵照本守則條文。每位非執行董事之酬金為每年120,000港元。

CHAIRMAN AND VICE CHAIRMAN

The roles of Chairman and Vice Chairman are separate and not performed by the same individual to ensure that there is a clear division of responsibilities at the board level to entail a balance of power and authority.

The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for ensuring communication of the views of the Board to the public. In performing this role, the Chairman's responsibilities include chairing meetings of the Board; ensuring the board meetings receive accurate, complete, timely and clear information concerning affairs of the Company; ensuring constructive relations between executive and non-executive directors; formulating for discussion and decision, questions which have been moved for the consideration of the Board; ensuring that all directors are properly briefed on issues arising at board meetings; acting as liaison between the Board and management; in consultation with the Vice Chairman and the company secretary or his/her designated delegates, drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda; and at least annually hold meetings with non-executive directors (including independent non-executive directors) without the presence of the executive directors.

The Vice Chairman is primarily responsible for recommending policy and strategic directions for Board approval; implementing the strategies and policies adopted by the Board; and conducting the day-to-day operation of the Company.

TERMS OF NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term and should be subject to re-election. The independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at least once every three years in accordance with the provision of the Company's Bye-laws. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision. Each of the non-executive directors has remunerated at HK\$120,000 per year.

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薪酬委員會

薪酬委員會成員包括兩位獨立非執行董事(即洪祖星先生及梁學文先生(於二零零七年三月一日接替馮浩森先生))及一位執行董事(即陳明英女士)。陳明英女士為薪酬委員會之主席。薪酬委員會主要負責制訂本集團有關本公司各董事及本集團各高級管理人員成員之薪酬政策及架構，並就此向本公司董事會提供建議。薪酬委員會之職權範圍載於本公司網站。

薪酬委員會須每年至少舉行一次會議，或在負責人力資源職能之董事要求時舉行會議。

在釐定應付董事薪酬時，薪酬委員會考慮類似公司支付之薪金、董事之投入時間及責任、集團內其他職位的僱用條件及應否按表現釐訂薪酬等因素。

年內，薪酬委員會舉行一次會議，審閱薪酬政策及本集團員工之薪酬福利。全體委員會成員出席此次會議。

提名委員會

提名委員會成員包括一位執行董事(即向華強先生)及兩位獨立非執行董事(即洪祖星先生及梁學文先生(於二零零七年三月一日接替馮浩森先生))。向華強先生為提名委員會之主席。提名委員會將在有公眾人士要求時提供其職權範圍。

提名委員會的主要職能是在考慮獲提名人士之獨立性及質素的前提下，向董事會作出建議，以確保所有提名均公平及透明。

REMUNERATION COMMITTEE

The Remuneration Committee comprises two independent non-executive directors, namely Mr. Hung Cho Sing and Mr. Leung Hok Man (replaced Mr. Fung Ho Sum on 1st March 2007), and an executive director, namely Ms. Chen Ming Yin, Tiffany. Ms. Chen Ming Yin, Tiffany is the chairman of the Remuneration Committee. The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structuring for all remuneration of the directors of the Company and the senior management of the Group. The terms of reference of the Remuneration Committee are available on the website of the Company.

The Remuneration Committee shall meet at least once a year or as requested by the director responsible for human resources function.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

During the year, the Remuneration Committee met once to review the remuneration packages of the staff of the Group. All the committee members attended the meeting.

NOMINATION COMMITTEE

The Nomination Committee comprises one executive director, namely Mr. Heung Wah Keung, and two independent non-executive directors, namely Mr. Hung Cho Sing and Mr. Leung Hok Man (replaced Mr. Fung Ho Sum on 1st March 2007). Mr. Heung Wah Keung is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee shall make available to the public on request.

The main function of the Nomination Committee is, having regard to the independence and quality of nominees, to make recommendations to the Board as to ensure that all nominations are fair and transparent.

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委員會主席的主要責任是與人力資源負責人及提名委員會秘書商議，草擬及批准每次提名委員會會議之議程。主席須在秘書協助下，確保所有成員及時收到足夠資料，以便在提名委員會會議上進行有效討論。主席須在人力資源負責人協助下，向所有成員簡報每次提名委員會會議提出的事項。秘書須在每次會議之後合理時間內，向所有成員分發會議記錄的草案及最終版本，以供評論及存檔，惟須遵守任何限制該等分發或進行該等報告之法律或監管限制。主席須在即將舉行的定期董事會會議上報告任何重要決定，並須向董事會提呈所討論的會議及事項之索引。提名委員會秘書須記錄提名委員會所有妥當召集的會議之記錄。在選擇過程中，提名委員會須考慮行業經驗、專業及教育背景以及投入時間等準則。

The chair, in consultation with the person responsible for human resources and the secretary of the Nomination Committee, should be primarily responsible for drawing up and approving the agenda for each Nomination Committee meeting. The chair, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Nomination Committee meeting. The chair shall, with the assistance of the person responsible for human resources, brief all members on issues arising at each Nomination Committee meeting. The secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Nomination Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. The chair shall report in the forthcoming regular board meeting any key decisions made and shall table before the Board an index of meetings and issues discussed. The secretary of the Nomination Committee shall record minutes of all duly constituted meetings of the Nomination Committee. In the selection process, the Nomination Committee shall make reference to criteria including experience in the industry, professional and education background and commitment in respect of available time.

本公司之公司細則所載之重選程序規定，每位現任董事須輪流退任，但在每次股東週年大會上，每一位董事須至少每三年退任一次。退任董事有資格重選連任。

The re-election procedure set in the Company's Bye-laws provides that every director shall be subject to retirement by rotation at the annual general meeting at least once every three years. A retiring director shall be eligible for re-election.

年內，提名委員會曾舉行一次會議，以提名梁學文先生出任本公司獨立非執行董事。委員會全體成員均有出席。

During the year, the Nomination Committee met once to nominate Mr. Leung Hok Man for appointment as independent non-executive director of the Company. All the committee members attend the meeting.

審核委員會

審核委員會成員包括三位獨立非執行董事，即洪祖星先生、何偉志先生及梁學文先生（於二零零七年三月一日接替馮浩森先生）。何偉志先生為審核委員會主席。審核委員會之構成及成員符合上市規則第3.21條之要求。審核委員會之職權範圍載於本公司網站。

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man (replaced Mr. Fung Ho Sum on 1st March 2007). Mr. Ho Wai Chi, Paul is the chairman of the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 to the Listing Rules. The terms of reference of the Audit Committee are available on the website of the Company.

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審核委員會之主要職能是協助董事會監督財務報告制度、風險管理及內部監控程序以及內部及外部核數師職能。審核委員會每年根據審核質量及嚴格程度、所提供之審核服務質量、核數師事務所之質量控制程序、外部核數師與本公司之間關係以及核數師之獨立性，評核外部核數師之委任。

The main function of the Audit Committee is to assist the Board to oversee the financial reporting system, risk management and internal control procedures and the internal and external audit functions. The Audit Committee annually assesses the appointment of the external auditor, taking into account the quality and rigor of the audit, the quality of the audit service provided, the audit firm's quality control procedures, relationships between the external auditors and the Company, and the independence of the external auditors.

年內，審核委員會舉行四次會議，各成員的出席詳情如下：

During the year, four Audit Committee meetings were held and the individual attendance of each member is set out below:

成員姓名 Name of member	出席會議次數 Number of meetings attended	出席率 Attendance rate
何偉志 Ho Wai Chi, Paul	4	100%
洪祖星 Hung Cho Sing	4	100%
梁學文 Leung Hok Man	4	100%

審核委員會已與高級管理人員及本公司外部核數師審閱其各自之審核結果、本公司採納之會計原則及政策、法律及監管合規事宜、內部監控、風險管理及財務報告事項。年內，審核委員會經挑選後向董事會建議聘請一間專業公司為本公司之內部監控制度進行年度檢討。董事會同意審核委員會之推薦，並通過決議案聘請國衛顧問有限公司為本公司之內部監控制度進行年度檢討。為監管本公司財務報表之完整程度，審核委員會已在二零零七年中期報告及二零零七年年報提交予董事會前審閱該等資料。

The Audit Committee has reviewed with senior management and the Company's external auditor their respective audit findings, the accounting principles and policies adopted by the Company, legal and regularly compliance, the internal controls, risk management and financial reporting matters. During the year, the Audit Committee has selected and recommended to the Board for appointment of a professional firm to conduct an annual review on the Company's internal control system. The Board agreed with the recommendation of the Audit Committee and passed the resolution to appoint HLB Hodgson Impey Cheng Consultants Limited to conduct an annual review on the Company's internal control system. To monitor the integrity of the financial statements of the Company, the Audit Committee has reviewed the 2007 interim report and 2007 annual report before their submission to the Board.

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核數師酬金

年內，本公司聘請國衛會計師事務所僅執行與審核有關之服務。年內所產生之審核費用約605,000港元。

內部監控

董事會負責監管本集團之內部監控制度，並確保維持有效之內部監控制度。董事會須負責審批及檢討內部監控政策，管理層則負責經營風險之日常管理並推行降低風險之措施。由於內部監控制度旨在將本集團之風險控制在可接受風險範圍內(而不能完全消除失誤風險)，並達致本集團之業務目標。對於管理層與財務資料及記錄之嚴重錯誤陳述、財務損失或欺詐，內部監控制度僅可提供合理而非絕對之保障。

本集團內部監控制度之主要監控程序如下：

- 劃分本集團各個營運部門之職責及職能
- 監察策略方案及成效
- 設計有效之會計及資訊系統
- 控制價格敏感之資料

董事會已確立既定程序，以確定、評估及管理本集團所面對之重大風險，包括在營商環境或監管指引變更時更新內部監控守則。

董事會每年對內部監控制度之成效進行檢討，內容涵蓋財務、營運、合規與風險管理等各主要監控範疇。本集團亦聘請國衛顧問有限公司(「顧問」)進行檢討並提出改善及加強內部監控制度之建議。

AUDITORS' REMUNERATION

During the year, the Company engaged Messrs. HLB Hodgson Impey Cheng to perform audit related services only. Audit fees of approximately HK\$605,000 was incurred for the year.

INTERNAL CONTROLS

The Board is responsible for overseeing the Group's internal control system and to ensure that a sound and effective internal control system is maintained. The Board is responsible for approving and reviewing internal control policy while the responsibility of day-to-day management of operational risks and implementation of mitigation measures lies with the management. As the internal control system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure, and to achieve the business objectives of the Group, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Key control procedures of the Group's internal control system are as follows:

- Segregation of duties and functions of the respective operational departments of the Group
- Monitoring the strategic plan and performance
- Designing an effective accounting and information system
- Controlling price-sensitive information

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the internal control manual when there are changes to business environment or regulatory guidelines.

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management. Besides the Group has also engaged HLB Hodgson Impey Cheng Consultants Limited (the "Consultant") to conduct review and make recommendations for the improvement and strengthening of the internal control system.

企業管治報告 Corporate Governance Report

顧問之檢討乃參考香港會計師公會頒佈之「內部監控與風險管理－基本架構」所概述之原則進行。評估內容涵蓋財務、營運、合規及風險管理等各主要內部監控及措施。如集團管理層在內部監控方面出現任何嚴重違規或失誤，事件相關改善建議將一併向審核委員會呈報。

根據顧問之評估，審核委員會及董事會認為本集團內部監控制度各主要環節均已得到合理落實，且有改進空間。本集團須盡力推行顧問提出之建議，藉此進一步改善內部監控制度。

與股東之溝通及投資者關係

為提升透明度，本公司努力透過多種通訊渠道與股東及投資者維持持續對話。

本公司亦借助股東週年大會作為與全體股東溝通的途徑。本公司亦努力在其年報、中期報告及新聞稿中提供清晰詳盡的表現資料。本公司亦設立網站 www.chinastar.com.hk 或 www.irasia.com/listco/hk/chinastar，並於兩個網站刊登本公司業務發展、營運、財務及其他資料之詳盡資訊。

The review by the Consultant is conducted with reference to the principles outlined in Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. The assessment covers the major internal controls and measures, including financial, operational and compliance as well as risk management. Any material non-compliance or failures in internal controls maintained by the Group's management and relevant recommendations for improvements are reported to the Audit Committee.

Based on the assessments made by the Consultant, the Audit Committee and the Board considered that the key areas of the Group's internal control system are reasonably implemented with room for improvement. The Group shall use its best endeavour to implement the recommendations made by the Consultant in order to further improve the internal control system.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders and investors through a variety of communication channels.

The annual general meeting is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at www.chinastar.com.hk or www.irasia.com/listco/hk/chinastar, where detailed information of the Company's business developments, operations, financial and other information are posted.

董事會報告 Directors' Report

董事會欣然提呈董事會報告連同截至二零零七年十二月三十一日止年度本公司及本集團之經審核財務報表。

主要業務

本公司為投資控股公司，而其主要附屬公司及主要聯營公司之業務詳情，分別載於財務報表附註50及51。

年內，本集團收購KHL，其主要業務為物業及酒店投資。於二零零七年八月一日，本公司訂立協議出售KHL，而是項出售已於二零零七年十月二十四日舉行之股東特別大會上獲本公司股東批准，預計於二零零八年五月完成。

業績

本集團截至二零零七年十二月三十一日止年度之業績載於第42頁綜合收入表。

董事不建議派發股息。

五年財務概要

本集團截至二零零七年十二月三十一日止年度最近五個財政年度之業績及資產與負債之概要載於第172頁。

物業、機器及設備、租賃土地權益及投資物業

本集團之物業、機器及設備、租賃土地權益及投資物業於年內之變動詳情，分別載於財務報表附註17、18及19。

股本

本公司之股本於年內之變動詳情載於財務報表附註36。

The directors are pleased to submit their report together with the audited financial statements of the Company and the Group for the year ended 31st December 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and principal associates are set out in notes 50 and 51 to the financial statements respectively.

During the year, the Group acquired KHL whose principal operations are the property and hotel investment. On 1st August 2007, the Company entered into an agreement to dispose KHL and the disposal has been approved by the shareholders of the Company at a special general meeting of the Company held on 24th October 2007 and is expected to complete in May 2008.

RESULTS

The results of the Group for the year ended 31st December 2007 are set out in the consolidated income statement on page 42.

The directors do not recommend the payment of a dividend.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years ended 31st December 2007 is set out on page 172.

PROPERTY, PLANT AND EQUIPMENT, INTERESTS IN LEASEHOLD LAND AND INVESTMENT PROPERTIES

Details of movements during the year in the property, plant and equipment, interests in leasehold land and investment properties of the Group are set out in notes 17, 18 and 19 to the financial statements respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 36 to the financial statements.

董事會報告 Directors' Report

儲備

本集團於年內之儲備變動詳情載於第47頁綜合股本變動報表。本公司於年內之儲備變動載於財務報表附註37。

可分派儲備

於二零零七年十二月三十一日，本公司並無可分派之儲備。

主要客戶及供應商

截至二零零七年十二月三十一日止年度，本集團五大客戶共佔本集團營業額約94.2%。本集團最大客戶佔本集團營業額約75.7%。

截至二零零七年十二月三十一日止年度，本集團五大供應商合共佔本集團採購額少於30%。

各董事、彼等之聯繫人士或任何股東(就董事所知擁有本公司已發行股本5%以上者)於本集團五大客戶或五大供應商中概無擁有任何權益。

董事

本年度及截至本年報刊發日期在任之董事如下：

執行董事：

向華強先生
陳明英女士
李玉嫦女士

獨立非執行董事：

洪祖星先生
何偉志先生
馮浩森先生(於二零零七年三月一日辭任)
梁學文先生(於二零零七年三月一日獲委任)

RESERVES

Movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 47. Movements during the year in the reserves of the Company are set out in note 37 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December 2007, the Company had no reserve available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December 2007, turnover attributable to the five largest customers of the Group accounted for approximately 94.2% of the Group's turnover and turnover attributable to the Group's largest customer accounted for approximately 75.7% of the Group's turnover.

For the year ended 31st December 2007, purchases attributable to the five largest suppliers of the Group were less than 30% of the total purchases.

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

DIRECTORS

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

Executive directors:

Mr. Heung Wah Keung
Ms. Chen Ming Yin, Tiffany
Ms. Li Yuk Sheung

Independent non-executive directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Fung Ho Sum (Resigned on 1st March 2007)
Mr. Leung Hok Man (Appointed on 1st March 2007)

董事會報告 Directors' Report

根據本公司之公司細則第99(A)條，何偉志先生將於即將舉行之股東週年大會上輪值告退，惟符合資格並願意膺選連任。

根據本公司之公司細則，各獨立非執行董事均無特定任期，可留任直至須輪值告退為止。

擬於即將舉行之股東週年大會上膺選連任之董事並無與本公司或其任何附屬公司簽訂任何不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

關連人士交易

本集團曾與根據適用會計政策被視為「關連人士」進行若干交易。有關交易主要由本集團在日常業務過程中訂立，屬一般商業條款並經公平磋商始行訂立。有關詳情載於財務報告附註49。

該等交易中有一項亦構成上市規則所述之「關連交易」（如下文所述）。

關連交易

於二零零七年十月二十三日，本公司非全資附屬公司KHL訂立一項貸款協議向KHL主要股東Most Famous Enterprises Limited授了一筆最多196,000,000港元之貸款信貸。是項交易被視為香港聯合交易所有限公司證券上市規則所述之關連交易。

獨立非執行董事確認，因是項交易免息、並非一般商業條款，並非在本公司日常業務過程中訂立，惟符合本公司及本公司獨立股東之整體利益。

董事於重大合約之權益

於年度終結或年內任何時間，並無任何由本公司或其任何附屬公司參與訂立與本公司董事直接或間接擁有重大權益之重大合約。

Under Bye-law 99(A) of the Company's Bye-laws, Mr Ho Wai Chi, Paul shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

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

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

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business, negotiated on normal commercial terms and on an arm's length basis. Details are set out in note 49 to the financial statements.

One of these transactions also constitute "Connected Transaction" under the Listing Rules, as identified below.

CONNECTED TRANSACTION

On 23rd October 2007, KHL, a non wholly owned subsidiary of the Company, entered into a loan agreement to grant a loan facility of up to HK\$196,000,000 to Most Famous Enterprises Limited, a substantial shareholder of KHL. The transaction is regarded as a connected transaction pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The independent non-executive directors confirm that the transaction is not on normal commercial terms as it is interest free, not in the ordinary course of the Company's business but in the interests of the Company and the independent shareholders of the Company as a whole.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事會報告 Directors' Report

董事之股份及相關股份權益

根據本公司按《證券及期貨條例》(「證券及期貨條例」)第352條存置之登記冊(「權益登記冊」)所載，或根據《上市發行人董事進行證券交易的標準守則》(「標準守則」)須通知本公司及香港聯合交易所有限公司(「聯交所」)之規定，於二零零七年十二月三十一日，各董事及彼等之聯繫人士所擁有本公司及其相聯法團之股份及相關股份權益如下：

1. 本公司普通股權益

董事姓名 Name of director	身份 Capacity	所持股份數目 Number of shares held	所持權益 百分比約數 Approximate percentage of interests held
向華強先生 Mr. Heung Wah Keung (「向先生」) ("Mr. Heung")	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	621,819,115*	22.16
陳明英女士 Ms. Chen Ming Yin, Tiffany (「陳女士」) ("Ms. Chen")	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	621,819,115*	22.16
李玉嫦女士 Ms. Li Yuk Sheung	實益擁有人 Beneficial owner	16	0.00

上述權益皆為好倉。

All interests stated above represent long positions.

* 此等股份當中54,592,500股由向先生持有、31,716,615股由陳女士(向先生之配偶)持有、507,865,000股由陳女士全資擁有之Porterstone Limited(「Porterstone」)持有及27,645,000股由Glenstone Investments Limited全資擁有之多實有限公司(「多實」)持有。Glenstone Investments Limited由Porterstone及向先生分別控制其60%及40%權益。

* These shares are held as to 54,592,500 shares by Mr. Heung, as to 31,716,615 shares by Ms. Chen (the spouse of Mr. Heung), as to 507,865,000 shares by Porterstone Limited ("Porterstone") (a company wholly-owned by Ms. Chen) and as to 27,645,000 shares by Dorest Company Limited ("Dorest") (a company wholly-owned by Glenstone Investments Limited which is in turn controlled as to 60% by Porterstone and as to 40% by Mr. Heung).

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31st December 2007, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Interests in ordinary shares of the Company

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

2. 購買本公司股份之權利

於二零零七年十二月三十一日，本公司董事擁有以下所獲授可認購本公司股份之購股權權益：

2. Rights to acquire shares in the Company

As at 31st December 2007, the directors of the Company had interests in share options to subscribe for shares in the Company granted as follows:

董事姓名 Name of director	行使期 Exercisable period (附註c) (Note c)	每股行使價 Exercise price per share (附註d) (Note d) 港元 HK\$	尚未行使之購股權涉及之相關股份數目 Number of underlying shares comprised in the outstanding share options						所持權益 百分比約數 Approximate percentage of interest held	
			於二零零七年一月一日 As at 01.01.2007		於二零零七年調整 (附註d) Adjustment during 2007 (Note d)		於二零零七年十二月三十一日 As at 31.12.2007			
			直接權益 Direct interest	被視為 擁有權益 Deemed interest	直接權益 Direct interest	被視為 擁有權益 Deemed interest	直接權益 Direct interest	被視為 擁有權益 Deemed interest		總數 Total
向先生 Mr. Heung	28.03.2000 - 27.03.2010	15.459	461,061	461,062	39,483	39,482	500,544	500,544	1,001,088	
	02.06.2000 - 01.06.2010	7.492	208,753	208,753	17,876	17,876	226,629	226,629	453,258	
	16.07.2002 - 15.07.2012	1.581	110,723	110,723	9,482	9,482	120,205	120,205	240,410	
	17.07.2003 - 16.07.2013	0.52	228,500	228,500	19,568	19,568	248,068	248,068	496,136	
			1,009,037	1,009,038	86,409	86,408	1,095,446	1,095,446	2,190,892	0.08
				(附註a) (Note a)		(附註a) (Note a)		(附註a) (Note a)		
陳女士 Ms. Chen	28.03.2000 - 27.03.2010	15.459	461,062	461,061	39,482	39,483	500,544	500,544	1,001,088	
	02.06.2000 - 01.06.2010	7.492	208,753	208,753	17,876	17,876	226,629	226,629	453,258	
	16.07.2002 - 15.07.2012	1.581	110,723	110,723	9,482	9,482	120,205	120,205	240,410	
	17.07.2003 - 16.07.2013	0.52	228,500	228,500	19,568	19,568	248,068	248,068	496,136	
			1,009,038	1,009,037	86,408	86,409	1,095,446	1,095,446	2,190,892	0.08
				(附註b) (Note b)		(附註b) (Note b)		(附註b) (Note b)		
李玉輝女士 Ms. Li Yuk Sheung	16.07.2002 - 15.07.2012	1.581	1,109,557	-	95,017	-	1,204,574	-	1,204,574	
	17.07.2003 - 16.07.2013	0.52	2,285,000	-	195,677	-	2,480,677	-	2,480,677	
			3,394,557	-	290,694	-	3,685,251	-	3,685,251	0.13

上述權益皆為好倉。

All interests stated above represent long positions.

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

2. 購買本公司股份之權利 (續)

附註：

- 此等購股權由陳女士(向先生之配偶)持有，向先生因此被視為擁有此等購股權。
- 此等購股權由向先生持有，陳女士因此被視為擁有此等購股權。
- 行使期由授出有關購股權當日開始。
- 行使價及於年內尚未行使之購股權數目已於年內供股完成後經調整。

除上述所披露外，於二零零七年十二月三十一日，根據權益登記冊所記錄或根據標準守則須通知本公司及聯交所之規定，本公司董事及最高行政人員或彼等之聯繫人士並無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或淡倉。

除上述所披露外，本公司或其任何附屬公司於年內任何時間並無參與任何安排，致使本公司之董事、彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法人團體任何股份或債券而獲益。

購股權計劃

本公司購股權計劃之詳情、根據購股權計劃所授出可認購本公司每股面值0.05港元之股份之購股權變動及購股權公平價值詳情，已載於財務報表附註48。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

2. Rights to acquire shares in the Company (Continued)

Notes:

- These share options are held by Ms. Chen, the spouse of Mr. Heung. Mr. Heung is therefore deemed to be interested in these share options.
- These share options are held by Mr. Heung. Ms. Chen is therefore deemed to be interested in these share options.
- The exercisable period commenced on the date of grant of the relevant share options.
- The exercise prices and numbers of options which remained outstanding during the year have been adjusted due to completion of rights issue during the year.

Other than as set out above, as at 31st December 2007, none of the directors or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Register of Interests or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes, details of movements in the share options to subscribe for shares of HK\$0.05 each in the Company granted under the share option schemes and the fair value of the share options are set out in note 48 to the financial statements.

董事會報告 Directors' Report

主要股東

於二零零七年十二月三十一日，根據證券及期貨條例第336條本公司須予備存之主要股東登記名冊所記錄，除上文所披露若干董事之權益外，以下股東擁有本公司已發行股本5%或以上之權益：

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2007, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

名稱 Name	身份 Capacity	所持相關股份數目		所持權益百分比約數	
		所持股份數目 Number of Shares held	Number of underlying Shares held	總計 Total	Approximate percentage of interests held
Porterstone	實益擁有人 Beneficial owner	507,865,000	–	507,865,000	
	受控法團之權益 Interest of controlled corporation	27,645,000	–	27,645,000*	
		<hr/>	<hr/>	<hr/>	<hr/>
		535,510,000	–	535,510,000	19.08
吳卓徽（「吳先生」） Ng Cheuk Fai ("Mr Ng")	受控法團之權益 Interest of controlled corporation	236,333,333	1,279,999,999	1,516,333,332 [#]	49.83
金利豐證券有限公司（「金利豐」） Kingston Securities Limited ("Kingston")	實益擁有人 Beneficial owner	403	–	403	
	其他 Other	1,400,000,000	–	1,400,000,000	
		<hr/>	<hr/>	<hr/>	<hr/>
		1,400,000,403	–	1,400,000,403	49.89
李月華 Chu Yuet Wah	受控法團之權益 Interest of controlled corporation	1,400,000,403	–	1,400,000,403 [^]	49.89
馬少芳 Ma Siu Fong	受控法團之權益 Interest of controlled corporation	1,400,000,403	–	1,400,000,403 [^]	49.89

上述權益皆為好倉。

All interests stated above represent long positions.

董事會報告 Directors' Report

主要股東 (續)

附註：

- * 此等股份由Glenstone Investments Limited全資擁有之附屬公司多實持有，Glenstone Investments Limited則由Porterstone實益擁有60%權益。
- # 此等股份由吳先生全資擁有之公司Lucky State Group Limited持有。
- ^ 此等股份由金利豐持有。

除上文所披露者外，於二零零七年十二月三十一日，本公司並未獲知會有任何其他人士擁有本公司已發行股本5%或以上之權益或淡倉。

退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註16。

購買、出售及贖回本公司之上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回任何本公司之上市證券。

薪酬政策

本集團僱員之薪酬政策由薪酬委員會根據僱員功績、履歷及資歷決定。

本公司董事之酬金由薪酬委員會就個別董事表現及市場比較統計數據而定。

本公司採納購股權計劃作為對董事及合資格僱員之鼓勵，有關詳情載於財務報表附註48。

優先購買權

本公司之公司細則或百慕達法例均無有關優先購買權之條文，規定本公司須按持股比例向現有股東發售新股份。

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- * These Shares are held by Dorest, a wholly-owned subsidiary of Glenstone Investments Limited which is in turn beneficially owned as to 60% by Porterstone.
- # These Shares are held by Lucky State Group Limited, a company wholly-owned by Mr Ng.
- ^ These Shares are held by Kingston.

Other than as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 31st December 2007.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 16 to the financial statements.

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

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 48 to the financial statements.

PRE-EMPTIVE RIGHTS

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

董事會報告 Directors' Report

企業管治

本公司致力於維持高質素之企業管治水平。有關本公司採納之企業管治常規的資料載於年報第21至30頁「企業管治報告」內。

公眾持股量

根據本公司得悉的公開資料及董事所知悉，本公司於本年度內及截至本報告日止已按照上市規則規定維持指定數額的公眾持股量。

結算日後事項

於結算日後發生之重大事項詳情載於財務報表附註52。

核數師

本公司財務報表已由國衛會計師事務所審核，彼將於即將舉行之股東週年大會上退任，惟彼符合資格並願意膺選連任為本公司核數師。本公司將於即將舉行之股東週年大會上提呈決議案，續聘國衛會計師事務所為本公司之核數師。

承董事會命
主席
向華強

香港，二零零八年四月二十五日

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 21 to 30 to the annual report.

PUBLIC FLOAT

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

SUBSEQUENT EVENTS

Details of the significant subsequent events are set out in note 52 to the financial statements.

AUDITORS

The financial statements of the Company have been audited by Messrs. HLB Hodgson Impey Cheng who retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting. A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Heung Wah Keung
Chairman

Hong Kong, 25th April 2008

獨立核數師報告 Independent Auditors' Report



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

致中國星集團有限公司
全體股東
(於百慕達註冊成立之有限公司)

TO THE SHAREHOLDERS OF
CHINA STAR ENTERTAINMENT LIMITED
(incorporated in Bermuda with limited liability)

本核數師行已完成審核列載於第42至171頁中國星集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，此綜合財務報表包括於二零零七年十二月三十一日之綜合及公司資產負債表與截至該日止年度之綜合收入報表、綜合股本變動表及綜合現金流量表，以及主要會計政策概要及其他說明附註。

We have audited the consolidated financial statements of China Star Entertainment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 171 which comprise the consolidated and company balance sheets as at 31st December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

董事就綜合財務報表承擔之責任

貴公司董事須根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，編製及真實與公平地呈列此等綜合財務報表。有關責任包括設計、實施及維持與編製及真實與公平地呈列綜合財務報表相關之內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述；選擇及應用適當之會計政策；及按具體情況作出合理之會計估計。

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

核數師之責任

本行之責任是根據吾等之審核，對此等綜合財務報表提出意見，並按照百慕達公司法第90條僅向全體股東報告本行之意見，除此以外並無其他用途。本行概不就本報告之內容對任何其他人士承擔責任。

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立核數師報告 Independent Auditors' Report

核數師之責任 (續)

本行乃根據香港會計師公會所頒佈之香港審計準則進行審核工作。該等準則要求本行遵守道德規範，並規劃及進行審核工作，以就該等綜合財務報表是否存在任何重大錯誤陳述作出合理確定。

審核涉及執行政序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實兼公平地呈列綜合財務報表相關之內部控制，以設計符合當時情況之適當審核程序，但並非旨在對公司之內部控制之有效性發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體呈列方式。

本核數師行相信，本核數師行已獲得充足和適當的審核憑證，以為本核數師行之審核意見提供基礎。

意見

本核數師行認為，綜合財務報表已根據香港財務報告準則真實兼公正地顯示 貴公司與 貴集團於二零零七年十二月三十一日之財務狀況，及 貴集團截至該日止年度之虧損及現金流量，並按照香港公司條例之披露規定妥為編製。

國衛會計事務所

英國特許會計師

香港執業會計師

香港，二零零八年四月二十五日

AUDITORS' RESPONSIBILITY (Continued)

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 25th April 2008

綜合收入表 Consolidated Income Statement

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
	附註 Notes			
持續經營業務	Continuing operations			
營業額	Turnover	7	64,305	152,777
銷售成本	Cost of sales		(44,843)	(103,365)
毛利	Gross profit		19,462	49,412
其他收益	Other revenue	8	9,076	9,068
其他收入	Other income	9	3,807	3,682
行政開支	Administrative expenses		(39,343)	(38,309)
市場推廣及發行開支	Marketing and distribution expenses		(5,791)	(9,777)
以股份支付之款項開支	Share-based payment expenses		(17,660)	(11,340)
就分類為持作買賣之 金融資產變現及未變現 溢利／(虧損)淨額	Net realised and unrealised gain/(loss) on financial assets classified as held-for-trading		22,866	(16,256)
有關電影版權之 已確認減值虧損	Impairment loss recognised in respect of film rights	27	(16,850)	–
有關商譽之已確認 減值虧損	Impairment loss recognised in respect of goodwill	21	(30,141)	–
投資物業公平價值增加	Increase in fair value of investment properties	19	10,220	2,880
經營虧損	Loss from operations		(44,354)	(10,640)
融資成本	Finance costs	11	(2,159)	(2,212)
應佔聯營公司業績	Share of results of associates		56,648	(9,796)
被視為出售聯營公司權益 之(虧損)／溢利	(Loss)/gain on deemed disposal of interests in associates		(49,744)	62,582
出售一間聯營公司之溢利	Gain on disposal of an associate		–	21,400
就聯營公司之投資之 已確認減值虧損	Impairment loss recognised in respect of investments in associates	24	–	(32,565)
應收一間聯營公司之可換股 票據內含之換股期權之 公平價值變動	Changes in fair value in respect of conversion options embedded in convertible notes receivables from an associate		(50)	–
應收可換股票據之已撥回 減值虧損	Impairment loss reversed in respect of convertible notes receivables		–	10,000

綜合收入表 Consolidated Income Statement

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
	附註 Notes			
除稅前(虧損)/溢利	(Loss)/profit before taxation	10	(39,659)	38,769
稅項	Taxation	12	(1,593)	(1,918)
年度來自持續經營業務之 (虧損)/溢利	(Loss)/profit for the year from continuing operations		(41,252)	36,851
已終止經營業務	Discontinued operations			
年度來自已終止經營業務 之虧損	Loss for the year from discontinued operations	13	(62,555)	–
			(103,807)	36,851
以下人士應佔：	Attributable to:			
本公司之權益持有人	Equity holders of the Company		(92,547)	36,880
少數股東權益	Minority interests		(11,260)	(29)
			(103,807)	36,851
年內本公司權益持有人應佔 (虧損)/溢利之每股 (虧損)/盈利	(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year			
來自持續及已終止經營業務 之貢獻	From continuing and discontinued operations			
基本	Basic	14	(港元HK\$0.07)	港元HK\$0.06
攤薄	Diluted	14	(港元HK\$0.07)	港元HK\$0.06
來自持續經營業務	From continuing operations			
基本	Basic	14	(港元HK\$0.02)	港元HK\$0.06
攤薄	Diluted	14	(港元HK\$0.02)	港元HK\$0.06

隨附之附註構成此等財務報表之一部份。

The accompanying notes form an integral part of these financial statements.

綜合資產負債表 Consolidated Balance Sheet

於二零零七年十二月三十一日 At 31st December 2007

	附註 Notes	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	
非流動資產	Non-current assets			
物業、機器及設備	Property, plant and equipment	17	7,138	9,630
租賃土地權益	Interests in leasehold land	18	5,642	5,807
投資物業	Investment properties	19	51,100	40,880
商譽	Goodwill	21	29,062	59,203
可供出售之金融資產	Available-for-sale financial assets	22	39,900	42,700
應收一間聯營公司之 可換股票據	Convertible notes receivable from an associate	23	667	–
應收一間聯營公司之可換股 票據內含之換股期權	Conversion options embedded in convertible notes receivable from an associate	23	222	–
於聯營公司權益	Interests in associates	24	375,148	198,113
			508,879	356,333
流動資產	Current assets			
存貨	Inventories	25	301	364
應收可換股票據	Convertible notes receivables	26	–	52,000
電影版權	Film rights	27	50,797	97,427
製作中電影	Films in progress	28	24,948	29,469
貿易應收賬款	Trade receivables	29	51,666	8,016
按金、預付款項及其他 應收款項	Deposits, prepayments and other receivables	30	36,790	45,161
投資按金	Deposits for investments	31	400,000	40,000
持作買賣投資	Held-for-trading investments	32	16,600	64,560
應收聯營公司款項	Amounts due from associates	33	7,359	5,905
預繳稅項	Prepaid tax		456	455
現金及現金等值項目	Cash and cash equivalents	34	22,735	89,347
			611,652	432,704
分類為持作出售之資產	Assets classified as held for sale	35	1,187,072	–
			1,798,724	432,704
總資產	Total assets		2,307,603	789,037
股本及儲備	Capital and reserves			
股本	Share capital	36	140,305	35,232
儲備	Reserves		1,033,828	659,595
本公司權益持有人 應佔權益	Equity attributable to equity holders of the Company		1,174,133	694,827
少數股東權益	Minority interests		1,328	1,382
總權益	Total equity		1,175,461	696,209

綜合資產負債表 Consolidated Balance Sheet

於二零零七年十二月三十一日 At 31st December 2007

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
非流動負債	Non-current liabilities			
銀行借貸—一年後到期	Bank borrowings – due after one year	38	8,523	10,948
遞延稅項負債	Deferred tax liabilities	40	3,466	1,888
			11,989	12,836
流動負債	Current liabilities			
貿易應付賬款	Trade payables	41	17,621	18,310
已收取按金、應計項目及 其他應付款項	Deposits received, accruals and other payables	42	66,018	39,561
銀行借貸—一年內到期	Bank borrowings – due within one year	38	2,418	2,254
無抵押可換股票據	Unsecured convertible notes	39	–	19,867
			86,057	79,992
與分類為持作出售資產 有關負債	Liabilities associated with assets classified as held for sale	35	1,034,096	–
			1,120,153	79,992
負債總額	Total liabilities		1,132,142	92,828
股權及負債總額	Total equity and liabilities		2,307,603	789,037
流動資產淨值	Net current assets		678,571	352,712
總資產減流動負債	Total assets less current liabilities		1,187,450	709,045

於二零零八年四月二十五日由董事會批准及授權刊發

Approved and authorised for issue by the Board of Directors
on 25th April 2008

向華強
Heung Wah Keung
董事
Director

陳明英
Chen Ming Yin, Tiffany
董事
Director

隨附之附註構成此等財務報表之一部份。

The accompanying notes form an integral part of these
financial statements.

資產負債表 Balance Sheet

於二零零七年十二月三十一日 At 31st December 2007

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
	附註 Notes			
非流動資產	Non-current assets			
於附屬公司權益	Interests in subsidiaries	20	597,703	488,744
流動資產	Current assets			
按金、預付款項及其他 應收款項	Deposits, prepayments and other receivables	30	1,808	1,437
投資按金	Deposits for investments	31	400,000	40,000
應收附屬公司款項	Amounts due from subsidiaries	20	241,317	137,957
應收聯營公司款項	Amounts due from associates	33	700	602
現金及現金等值項目	Cash and cash equivalents	34	21,054	87,837
			664,879	267,833
總資產	Total assets		1,262,582	756,577
股本及儲備	Capital and reserves			
股本	Share capital	36	140,305	35,232
儲備	Reserves	37	1,035,535	609,683
本公司權益持有人 應佔總權益	Total equity attributable to equity shareholders of the Company		1,175,840	644,915
非流動負債	Non-current liabilities			
應付附屬公司款項	Amounts due to subsidiaries	20	67,942	76,875
流動負債	Current liabilities			
無抵押可換股票據	Unsecured convertible notes	39	–	19,867
已收取按金、應計項目及 其他應付款項	Deposits received, accruals and other payables	42	14,998	12,813
應付附屬公司款項	Amounts due to subsidiaries	20	3,802	2,107
			18,800	34,787
負債總額	Total liabilities		86,742	111,662
股權及負債總額	Total equity and liabilities		1,262,582	756,577
流動資產淨值	Net current assets		646,079	233,046
總資產減流動負債	Total assets less current liabilities		1,243,782	721,790

於二零零八年四月二十五日由董事會批准及授權刊發

Approved and authorised for issue by the Board of Directors
on 25th April 2008

向華強
Heung Wah Keung
董事
Director

陳明英
Chen Ming Yin, Tiffany
董事
Director

隨附之附註構成此等財務報表之一部份。

The accompanying notes form an integral part of these
financial statements.

綜合股本變動報表 Consolidated Statement of Changes in Equity

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

本集團	The Group	股本	股份溢價	撥入盈餘	匯兌儲備	特別儲備	以股份支付之款項儲備	可換股票據儲備	金融資產重估儲備	股本削減儲備	累計虧損	小計	少數股東權益	總計
		Share capital 千港元 HK\$'000	Share premium 千港元 HK\$'000	Contributed surplus 千港元 HK\$'000 (附註a) (note a)	Exchange reserve 千港元 HK\$'000	Special reserve 千港元 HK\$'000	Share-based payment reserve 千港元 HK\$'000 (附註b) (note b)	Convertible notes reserve 千港元 HK\$'000 (附註c) (note c)	Financial assets revaluation reserve 千港元 HK\$'000	Capital reduction reserve 千港元 HK\$'000 (附註d) (note d)	Accumulated losses 千港元 HK\$'000	Sub-total 千港元 HK\$'000	Minority Interests 千港元 HK\$'000	Total 千港元 HK\$'000
於二零零六年一月一日	At 1st January 2006	26,027	853,810	186,624	388	-	31,898	566	-	316,008	(817,765)	597,556	1,432	598,988
匯兌調整	Exchange alignment	-	-	-	856	-	-	-	-	-	-	856	(21)	835
應佔聯營公司儲備	Share of reserves of associates	-	-	-	2,479	(6,867)	-	-	-	-	-	(4,388)	-	(4,388)
可供出售之金融資產之公平價值調整	Fair value adjustment on available-for-sale financial assets	-	-	-	-	-	-	-	(9,800)	-	-	(9,800)	-	(9,800)
於股本中直接確認之收入/(支出)淨額	Net income/(expense) directly recognised in equity	-	-	-	3,335	(6,867)	-	-	(9,800)	-	-	(13,332)	(21)	(13,353)
年度純利	Net profit for the year	-	-	-	-	-	-	-	-	-	36,880	36,880	(29)	36,851
年度已確認收入及開支總額	Total recognised income and expense for the year	-	-	-	3,335	(6,867)	-	-	(9,800)	-	36,880	23,548	(50)	23,498
配售股份	Placement of shares	9,205	54,350	-	-	-	-	-	-	-	-	63,555	-	63,555
發行股份開支	Share issuing expenses	-	(1,172)	-	-	-	-	-	-	-	-	(1,172)	-	(1,172)
以股份支付之款項開支	Share-based payment expenses	-	-	-	-	-	11,340	-	-	-	-	11,340	-	11,340
於二零零六年十二月三十一日及二零零七年一月一日	At 31st December 2006 and 1st January 2007	35,232	906,988	186,624	3,723	(6,867)	43,238	566	(9,800)	316,008	(780,885)	694,827	1,382	696,209
匯兌調整	Exchange alignment	-	-	-	571	-	-	-	-	-	-	571	(4)	567
應佔聯營公司儲備	Share of reserves of associates	-	-	-	6,246	-	7,695	1,247	-	-	-	15,188	-	15,188
出售附屬公司權益	Disposal of interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	320,471	320,471
可供出售之金融資產之公平價值調整	Fair value adjustment on available-for-sale financial assets	-	-	-	-	-	-	-	(2,800)	-	-	(2,800)	-	(2,800)
於股本中直接確認之收入/(支出)淨額	Net income/(expense) directly recognised in equity	-	-	-	6,817	-	7,695	1,247	(2,800)	-	-	12,959	320,467	333,426
轉撥至分類為與待作銷售有關之負債	Transfer to liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	(309,261)	(309,261)
年度虧損淨額	Net loss for the year	-	-	-	-	-	-	-	-	-	(92,547)	(92,547)	(11,260)	(103,807)
年度已確認收入及開支總額	Total recognised income and expense for the year	-	-	-	6,817	-	7,695	1,247	(2,800)	-	(92,547)	(79,588)	(54)	(79,642)
配售股份	Placement of shares	32,335	167,953	-	-	-	-	-	-	-	-	200,288	-	200,288
行使購股權時發行普通股	Issue of ordinary shares upon exercise of share options	3,914	30,761	-	-	-	(13,301)	-	-	-	-	21,374	-	21,374
發行股份開支	Share issuing expenses	-	(10,226)	-	-	-	-	-	-	-	-	(10,226)	-	(10,226)
贖回可換股債券	Redemption of convertible bonds	-	-	-	-	-	-	(566)	-	-	566	-	-	-
發行可換股債券	Issue of convertible bonds	-	-	-	-	-	-	54,307	-	-	-	54,307	-	54,307
轉換可換股債券	Conversion of convertible bonds	26,636	134,409	-	-	-	-	(54,307)	-	-	-	106,738	-	106,738
發行來自供款之普通股	Issue of ordinary shares from rights issue	42,188	126,565	-	-	-	-	-	-	-	-	168,753	-	168,753
以股份支付之款項開支	Share-based payment expenses	-	-	-	-	-	17,660	-	-	-	-	17,660	-	17,660
於二零零七年十二月三十一日	At 31st December 2007	140,305	1,356,450	186,624	10,540	(6,867)	55,292	1,247	(12,600)	316,008	(872,866)	1,174,133	1,328	1,175,461

綜合股本變動報表 Consolidated Statement of Changes in Equity

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

附註：

Notes:

- | | |
|---|---|
| <p>(a) 本集團之繳入盈餘乃指因股本削減於二零零二年九月十日生效而轉自股本賬之數額。</p> | <p>(a) The contributed surplus of the Group represents the amount transferred from the capital account due to the capital reduction effective on 10th September 2002.</p> |
| <p>(b) 以股份支付之款項儲備，相當於授出相關購股權後估計可於相關歸屬期間內換得之服務之公平價值，其總數乃以授出當日有關購股權之公平價值為計算基準。至於每段期間之數額，則是將有關購股權之公平價值在相關歸屬期間(倘有)內攤分計算，並作為職員開支及相關支出項目入賬，並相應提高以股份支付款項之儲備。</p> | <p>(b) Share-based payment reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount for each period is determined by spreading the fair value of the options over the relevant vesting periods (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve.</p> |
| <p>(c) 根據香港會計準則第32號，所發行之可換股票據乃於初次確認時分為負債部份及權益部份，方式為按公平價值確認負債部份(公平價值乃使用同等不可換股票據之市場利率釐定)，而發行所得款項與負債部份之公平價值兩者之差則歸於權益部份。負債部份其後乃按已攤銷成本列值。權益部份會確認於可換股票據儲備，直至票據被轉換(屆時將轉撥至股份溢價)或票據被贖回(屆時將直接撥至累計虧損)為止。</p> | <p>(c) Under HKAS 32, convertible notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to accumulated losses).</p> |
| <p>(d) 本集團之股本削減儲備指於一九九八年將本公司332,640,000股已發行股份之面值由每股面值1.00港元削減至每股面值0.05港元所產生之金額。按董事根據本公司細則第129條而通過之一項決議案，股本削減儲備可用作支付本公司遺索償之金額、負債、或然負債，以及可用作償還資本性貸款、補足股息或其他本公司溢利可運用之用途。</p> | <p>(d) The capital reduction reserve of the Group represents the amount arising in relation to the reduction of the nominal value of 332,640,000 issued shares of the Company from HK\$1.00 each to HK\$0.05 each in 1998. Pursuant to a resolution passed by the directors, pursuant to Bye-law 129 of the Company's Bye-laws, the capital reduction reserve shall be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied.</p> |

綜合現金流量表 Consolidated Cash Flow Statement

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

	附註 Notes	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
經營業務所得之現金流量	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
除稅前（虧損）／溢利	(Loss)/ profit before taxation	(101,856)	38,769
就以下各項所作調整：	Adjustments for:		
利息支出	Interest expenses	12,827	2,212
利息收入	Interest income	(3,897)	(3,603)
股息收入	Dividend income	(79)	(290)
貿易應收賬款減值 虧損回撥	Reversal of impairment loss on trade receivables	–	(5)
其他應收款項減值 虧損回撥	Reversal of impairment loss on other receivables	–	(763)
電影版權減值虧損	Impairment loss in respect of film rights	16,850	–
有關商譽之減值虧損	Impairment loss in respect of goodwill	30,141	–
物業、機器及設備之折舊 及攤銷	Depreciation and amortisation of property, plant and equipment	23,866	6,580
就於聯營公司之 投資而確認減值虧損	Impairment loss recognised in respect of investments in associates	–	32,565
投資物業之公平價值增加	Increase in fair value of investment properties	(10,220)	(2,880)
出售物業、機器及設備 之溢利	Gain on disposal of property, plant and equipment	(107)	(973)
出售投資物業之溢利	Gain on disposal of investment properties	–	(1,810)
出售一間附屬公司權益之虧損	Loss on disposal of interest in a subsidiary	44	–
收購一間附屬公司之折讓	Discount on acquisition of a subsidiary	43	–
出售一間聯營公司之溢利	Gain on disposal of an associate	–	(21,400)
被視為出售一間聯營公司權益 之虧損／（溢利）	Loss/(gain) on deemed disposal of interests in associates	49,744	(62,582)
分類為持作買賣之金融資產之 變現及未變現（溢利）／ 虧損淨額	Net realised and unrealised (gain)/loss on financial assets classified as held-for-trading	(22,866)	16,256
應收可換股票據回撥之 減值虧損	Impairment loss reversed in respect of convertible notes receivables	–	(10,000)
轉換可換股債券之溢利	Gain on conversion of convertible bonds	(2,315)	–
換股期權之公平價值變動	Change in fair value in respect of conversion options	50	–
應佔聯營公司業績	Share of results of associates	(56,648)	9,796
以股份支付之款項開支	Share-based payment expenses	17,660	11,340

綜合現金流量表 Consolidated Cash Flow Statement

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

	附註 Notes	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
營運資金變動前之經營現金流量	Operating cash flows before movements in working capital	(16,877)	13,212
存貨減少/(增加)	Decrease/(increase) in inventories	885	(2)
電影版權減少	Decrease in film rights	29,780	38,571
製作中電影減少	Decrease in films in progress	4,521	17,992
貿易應收款項(增加)/減少	(Increase)/decrease in trade receivables	(39,130)	6,586
按金、預付款項及其他 應收款項(增加)/減少	(Increase)/decrease in deposits, prepayments and other receivables	(3,977)	36,149
投資按金增加	Increase in deposit for investment	(400,000)	(40,000)
應收聯營公司款項 (增加)/減少	(Increase)/decrease in amounts due from associates	(1,454)	2,055
貿易應付賬款減少	Decrease in trade payable a	569	(582)
應付一名少數股東款項之變動	Change in amount due to a minority shareholder	502	-
已收取按金、應計項目及 其他應付款項增加/(減少)	Increase/(decrease) in deposits received, accruals and other payables	18,647	(41,131)
營運(所用)/產生之現金 已退回/(已付)稅項	Cash (used in)/generated from operations Tax refund/(paid)	(406,534) 235	32,850 (356)
經營業務(所用)/產生 之現金淨額	Net cash (used in)/generated from operating activities	(406,299)	32,494
投資業務之現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
已收利息	Interest received	3,773	3,603
股息收入	Dividend income	79	290
收購一間聯營公司之權益	Acquisition of interests in associates	(130,813)	(19,407)
收購一間附屬公司(現金及 現金等值項目淨值)	Acquisition of a subsidiary (net cash and cash equivalents)	43 (668,929)	-
一間聯營公司償還貸款	Loan repaid from an associate	-	33,800
給予一名少數股東之貸款	Loan to a minority shareholder	(196,000)	-
出售透過損益以公平價值 列賬之金融資產所得 款項	Proceeds from disposal of financial assets at fair value through profit or loss	94,858	34,727
出售物業、機器及設備 所得款項	Proceeds from disposal of property, plant and equipment	20	15,188
出售投資物業所得款項	Proceeds from disposal of investment properties	-	6,000
出售一間聯營公司所得款項	Proceeds from disposal of an associate	-	25,000
出售一間附屬公司權益所得款項	Proceeds from disposal of interest in a subsidiary	44 315,000	-
所投資公司償還貸款	Repayment of loan from an investee company	-	25,000
認購可換股票據(包括開支)	Subscription of convertible notes (including expenses)	(22,630)	-
購入可供出售之金融資產	Purchase of available-for-sale financial assets	-	(52,500)
購入透過損益以公平價值 列賬之金融資產	Purchase of financial assets at fair value through profit or loss	(24,032)	(92,198)
購入物業、機器及設備	Purchases of property, plant and equipment	(5,899)	(3,401)
償還應收可換股票據	Repayment of convertible notes receivables	52,000	-
投資業務所用現金淨額	Net cash used in investing activities	(582,573)	(23,898)

綜合現金流量表 Consolidated Cash Flow Statement

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
融資業務之現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
已付利息	Interest paid	(11,724)	(1,779)
發行股份所得款項	Proceeds from issue of shares	390,415	63,555
發行可換股債券所得款項	Proceeds from issue of convertible bonds	160,075	–
贖回可換股票據	Redemption of convertible notes	(20,000)	–
償還銀行貸款	Repayment of bank loans	(2,261)	(12,188)
新造銀行貸款	New bank loan acquired	450,000	–
股份發行開支	Share issuing expenses	(10,226)	(1,172)
融資活動產生之現金 流入淨額	Net cash generated from financing activities	956,279	48,416
現金及現金等值項目 (減少) / 增加淨額	Net (decrease)/ increase in cash and cash equivalents	(32,593)	57,012
年初之現金及現金等值項目	Cash and cash equivalents at the beginning of the year	89,347	31,500
外幣匯率變動之影響	Effect of foreign exchange rate changes	567	835
年終之現金及現金等值項目	Cash and cash equivalents at the end of the year		
現金及現金等值項目	Cash and cash equivalents	34	89,347

隨附之附註為此等財務報表之一部份。

The accompanying notes form an integral part of these financial statements.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

1. 一般事項

本公司乃於百慕達註冊成立之受豁免有限公司，其股份在香港聯合交易所有限公司上市（「聯交所」）。本公司之註冊辦事處以及總辦事處及主要營業之地點分別為Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda及香港干諾道中168-200號信德中心西翼34樓09室。

此等綜合財務報表以港元列值，港元亦為本公司之功能貨幣。除另有說明者外，所有價值均計算至最近之千位數（千港元）。

本集團之主要業務為電影製作、發行電影及電視連續劇、提供後期製作服務及物業與酒店投資。物業及酒店投資將於出售KHL後在下個年度予以終止。

2. 應用新訂及經修訂香港財務報告準則

本集團於本年度首次採納香港會計師公會（「香港會計師公會」）頒佈之下列新訂準則、修訂及詮釋（「新香港財務報告準則」）。該等新訂準則、修訂及詮釋於本集團二零零七年一月一日開始之財務年度生效。

香港會計準則第1號 (修訂本)	資本披露 ¹
香港財務報告準則 第7號	金融工具：披露 ¹
香港(國際財務報告 詮釋委員會)－詮釋7	根據香港會計準則 第29號於惡性通脹 環境下之財務 報告應用重列法 ²
香港(國際財務報告 詮釋委員會)－詮釋8	香港財務報告準則 第2號之範圍 ³
香港(國際財務報告 詮釋委員會)－詮釋9	重估嵌入式衍生工具 ⁴
香港(國際財務報告 詮釋委員會)－詮釋10	中期財務報告及減值 ⁵

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and head office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The principal activities of the Group are film production, distribution of film and television drama series, provision of post-production services and property and hotel investment. Property and hotel investment will be discontinued in the forthcoming year after the disposal of KHL.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January 2007.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵

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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以後開始之年度期間生效
- 2 於二零零六年三月一日或以後開始之年度期間生效
- 3 於二零零六年五月一日或以後開始之年度期間生效
- 4 於二零零六年六月一日或以後開始之年度期間生效
- 5 於二零零六年十一月一日或以後開始之年度期間生效

採納新訂香港財務報告準則並無對如何編製及呈報本期間或過往會計期間之業績及財務狀況產生重大影響。因此，過往期間毋須作出調整。

本集團已追溯應用香港會計準則第1號(修訂本)及香港財務報告準則第7號之披露規定。根據香港會計準則第32號之規定於過往年度呈列之若干資料已被移除，基於香港會計準則第1號(修訂本)及香港財務報告準則第7號規定之有關比較資料已於本年度首次呈列。

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

香港會計準則 第1號(修訂本)	財務報表之呈報 ¹
香港會計準則 第23號(修訂本)	借貸成本 ¹
香港財務報告準則第8號	營運分部 ¹
香港(國際財務報告 詮釋委員會) – 詮釋11	香港財務報告準則 第2號 – 集團及庫存 股份交易 ²
香港(國際財務報告 詮釋委員會) – 詮釋12	服務特許權安排 ³
香港(國際財務報告 詮釋委員會) – 詮釋13	客戶忠誠計劃 ⁴
香港(國際財務報告 詮釋委員會) – 詮釋14	香港會計準則第19號 – 界定利益資產、 最低資金規定及 其相互作用之限制 ⁵

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE “HKFRSs”) (Continued)

- 1 Effective for annual periods beginning on or after 1st January 2007
- 2 Effective for annual periods beginning on or after 1st March 2006
- 3 Effective for annual periods beginning on or after 1st May 2006
- 4 Effective for annual periods beginning on or after 1st June 2006
- 5 Effective for annual periods beginning on or after 1st November 2006

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

2. 應用新訂及經修訂香港財務報告準則 (續)

- 1 於二零零九年一月一日或以後開始之年度期間生效
- 2 於二零零七年三月一日或以後開始之年度期間生效
- 3 於二零零八年一月一日或以後開始之年度期間生效
- 4 於二零零八年七月一日或以後開始之年度期間生效

3. 主要會計政策概要

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

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

(a) 編製基準

該等綜合財務報表已按歷史成本價例編製，惟若干投資物業及金融資產按公平價值計量除外。若干比較數字已重新分類以符合現年度之呈列方式。

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

- 1 Effective for annual periods beginning on or after 1st January 2009
- 2 Effective for annual periods beginning on or after 1st March 2007
- 3 Effective for annual periods beginning on or after 1st January 2008
- 4 Effective for annual periods beginning on or after 1st July 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for certain investment properties and financial assets which are carried at fair values. Certain comparative figures have been reclassified in order to conform with the current year's presentation.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(b) 綜合基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日之財務報表。

年內所收購或出售附屬公司之業績乃自收購生效日期起或計算至出售之生效日期(如適用)於綜合收入表列賬。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(b) 綜合基準 (續)

於綜合附屬公司淨資產之少數股東權益，乃與本集團於其中之權益分開呈列。於該等淨資產之少數股東權益包括於原來業務合併日期該等權益之金額及自合併日期以來少數股東應佔權益之變動。適用於少數股東及超出少數股東於附屬公司之權益之虧損乃與本集團之權益對銷，惟倘少數股東具有約束力責任及能夠作出額外投資以彌補虧損則除外。

於附屬公司投資按成本減任何已識別減值虧損列入本公司之資產負債表。

(c) 業務合併

本集團採用收購會計法為其所收購業務列賬。收購成本乃按為換取被收購公司控制權而於交換日期所給予資產之總公平值、所產生或所承擔之責任及本集團發行之發行權益票據，加上業務合併之直接應佔成本計算。被收購公司之可識別資產、負債及或然負債若符合香港財務報告準則第3號業務合併之確認條件，則按收購當日之公平值確認，惟根據香港財務報告準則第5號持作出售之非流動資產及已終止業務分類為持作出售之非流動資產(出售組別)按公平值減出售成本確認及計量則除外。

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.

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

(c) Business combinations

The acquisition of business is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(c) 業務合併 (續)

收購產生之商譽乃確認為資產並按成本(即業務合併高於本集團於可識別資產、負債及或然負債之公平淨值所佔權益之部分)作初步釐定。於重新評估後，倘本集團於被收購公司之已確認可識別資產、負債及或然負債之公平淨值所佔權益高於業務合併之成本，則該高出數額即時確認損益。

被收購公司之少數股東權益初步按已確認之少數股東於資產、負債及或然負債之公平淨值之比例計算。

(d) 於聯營公司之投資

聯營公司指投資者對其行使重大影響力之實體，且其並非為附屬公司或於合營企業之權益。

聯營公司之業績、資產及負債乃按權益會計法納入綜合財務報表內。根據權益法，於聯營公司之投資乃按成本另就本集團分佔聯營公司之資產淨值於收購後之變動調整，減任何已識別減值虧損列於綜合資產負債表。當本集團分佔聯營公司之虧損等同或超過其於該聯營公司之權益(包括任何在實質上乃組成本集團於該聯營公司投資淨額之長期權益)，本集團不再確認其分佔之進一步虧損。額外分佔虧損會提撥準備及確認為負債，惟僅以本集團已招致之法定或推定責任或代表該聯營公司支付之款項為限。

收購成本高出本集團應佔聯營公司於收購日期確認之可識別資產、負債及或然負債公平淨值之差額確認為商譽。有關商譽列入該投資賬面值內，並作為部分投資評估減值情況。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's portion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Investment in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for an a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(d) 於聯營公司之投資 (續)

本集團分佔可識別資產、負債及或然負債公平淨值高出重估後之收購成本之差額立即確認為盈虧。

當集團個體與本集團之聯營公司進行交易，損益會互相抵銷，數額以本集團於有關聯營公司之權益為限。

(e) 商譽

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investment in associates (Continued)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(e) 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.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(e) 商譽 (續)

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

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

(f) 收入之確認

發行費收入在母帶交付後確認。

電影版權之銷售在原版電影交付及電影擁有權已永久轉移時確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill (Continued)

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

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

(f) Revenue recognition

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(f) 收入之確認 (續)

錄影帶產品之銷售在貨品付運及擁有權已轉移時確認。

服務收入、管理費用收入及製作費收入於提供服務時確認。

投資所產生之股息收入於本集團有權收取有關款項時予以確認。

利息收入根據尚未收回之本金及適用利率按時間比例基準累計。

來自經營租約之租金收入於有關租賃期內按直線法確認。

酒店營運收入於提供服務時確認。

(g) 物業、機器及設備

物業、機器及設備乃按成本減隨後之累計折舊及累計減值虧損列賬。

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

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

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

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

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

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

Hotel operation income is recognised when services are provided.

(g) Property, plant and equipment

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

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

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(g) 物業、機器及設備 (續)

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

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

在建工程包括興建中作生產或自用之物業、機器及設備。在建工程以成本減任何已確認減值虧損列賬。在建工程在竣工或可作擬定用途時分類為物業、機器及設備之適當類別。當該等資產可作其擬定用途時,則與其他物業資產以相同基準折舊。

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

(h) 租賃土地權益

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

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

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

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

(h) Interests in leasehold land

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

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3. 主要會計政策概要 (續)

(i) 投資物業

投資物業為已完成並為賺取租金及／或作資本增值而持有之物業。於初步確認時，投資物業乃按成本(包括任何直接應佔開支)計量。初步確認後，投資物業以公平價值模式計量。投資物業公平價值變動所產生之收益或虧損於產生期間計入損益。

投資物業於出售時或投資物業永遠不再使用或預期不會因出售該物業而產生未來經濟利益時終止確認。終止確認資產所產生之任何收益或虧損(按資產之出售所得款項與其賬面值之差額計算)於終止確認項目之年度計入綜合收入表。

(j) 稅項

所得稅開支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。應課稅溢利不包括於其他年度應課稅或應扣除之收入及開支項目，亦不包括毋須課稅或不可扣稅之收入表項目，故與綜合收入表所報溢利不同。本集團之當期稅項負債乃按結算日規定或實質上規定之稅率計算。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment properties

Investment properties are completed properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

(j) 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 differs from profit as reported in the consolidated income statement because it excluded items of income or expense that are taxable or deductible in other years and its further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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3. 主要會計政策概要 (續)

(i) 稅項 (續)

遞延稅項就綜合財務報表中資產及負債之賬面值與計算應課稅溢利時所採用之相應稅基之差額確認，並按資產負債表負債法計提。遞延稅項負債通常為所有應課稅之暫時差額確認，而遞延稅項資產就在未來很可能會獲得應課稅溢利而又可使用可扣除暫時差額確認。若於一項交易中，因商譽或因業務合併以外原因初次確認其他資產及負債而引致之暫時差額，如不影響應課稅溢利或影響會計溢利，則該等資產及負債不予確認。

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

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

遞延稅項資產及負債如與同一課稅機關徵收之所得稅有關時則予以對銷，而該實體計劃以淨額基準處理其現時稅項資產及負債。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation (Continued)

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated 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 differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(k) 借貸成本

所有借貸成本於產生期間之綜合收入報表內確認及計入融資成本內。

(l) 持作出售之非流動資產

非流動資產及出售組別之賬面值如透過出售交易而非透過持續使用而收回，則會分類為持作出售。此條件僅於很有可能達成出售及資產(或出售組別)可於現況下即時出售時方告符合。

分類為持作出售之非流動資產(及出售組別)乃按資產(出售組別)以往賬面值及公平值兩者中之較低者減出售成本計量。

(m) 存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。成本按先入先出法計算。

(n) 電影版權

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

(l) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

(m) Inventories

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

(n) Film rights

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

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

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(o) 製作中電影

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

(p) 金融工具

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

i. 金融資產

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Films in progress

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

(p) Financial Instruments

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

i. Financial assets

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

財務報表附註 Notes to the Financial Statements

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3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

- (1) 透過損益以公平價值列賬之金融資產

透過損益以公平價值列賬之金融資產分為兩類，包括持作買賣金融資產及於初次確認時指定為透過損益以公平價值列賬之金融資產。

金融資產歸類為持作買賣倘：

- (i) 購入主要為於不久將來銷售；或
- (ii) 構成本集團合併管理的金融工具的確定組合的一部分及具有最近實際短期獲利模式；或
- (iii) 金融資產為未被指定及可有效作為對沖工具的衍生工具。

透過損益以公平價值列賬之金融資產乃不擬於短期內出售而購入之證券，但由管理層於起初所指定列入此類別。除持作買賣之金融資產外，倘金融資產屬下列情況，則可能在首次確認時指定透過損益按公平價值計量：

- (i) 有關指定能消除或大幅減少，另外可能出現計量或確認之不一致；或

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

i. Financial assets (Continued)

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

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- (i) it has been acquired principally for the purpose of selling in the near future; or
- (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are not those financial assets acquired principally for the purpose of selling in the short term but designated by management as such at inception. A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

- (1) 透過損益以公平價值列賬之金融資產 (續)

(ii) 該金融資產構成可根據本集團之書面風險管理或投資策略按公平價值管理及予以評估其表現之一組金融資產或一組金融負債或兩者，並按該基準在公司內部提供有關如何分組之資料；或

(iii) 或其構成載有一種或以上內含衍生工具之合約，而香港會計準則第39號准許全份經合併合約（資產或負債）指定為透過損益以按公平價值列賬之金融資產。

於初次確認後之每個結算日，透過損益以公平價值列賬之金融資產以公平價值計量，公平價值變動於產生期內直接於收入表確認。以損益確認之溢利或虧損淨額包括金融資產賺取之任何股息或利息。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

i. Financial assets (Continued)

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

(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives and HKAS 39 permits the entire combined contract (asset or liability) to be designated as fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

(2) 貸款及應收款項

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

i. Financial assets (Continued)

(2) Loans and receivables

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

(3) 可供出售之金融資產

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

i. Financial assets (Continued)

(3) Available-for-sale financial assets

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

i. 金融資產 (續)

(3) 可供出售之金融資產 (續)

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

ii. 金融負債及權益性工具

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

i. Financial assets (Continued)

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

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

ii. Financial liabilities and equity instruments

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

透過損益以公平價值列賬之金融負債

透過損益以公平價值列賬之金融負債分為兩類，包括持作買賣金融負債及於初次確認時指定為透過損益以公平價值列賬之金融負債。

金融負債歸類為持作買賣倘：

- (i) 主要為產生於不久將來重購之用；或
- (ii) 構成本集團合併管理的金融工具的確定組合的一部分及具有最近實際短期獲利模式；或
- (iii) 金融負債為未被指定及有效作為對沖工具的衍生工具。

除持作買賣之金融負債外，倘金融負債屬下列情況，則可能在首次確認時指定為透過損益按公平價值計量：

- (i) 有關指定能消除或大幅減少，另外可能出現計量或確認之不一致；或

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability is classified as held-for-trading if:

- (i) it has been incurred principally for the purpose of repurchasing in the near future; or
- (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

透過損益以公平價值列賬之金融負債 (續)

(ii) 該金融負債構成可根據本集團之書面風險管理或投資策略按公平價值管理及予以評估其表現之一組金融資產或一組金融負債或兩者，並按該基準在公司內部提供有關如何分組之資料；或

(iii) 或其構成載有一種或以上內含衍生工具之合約，而香港會計準則第39號金融工具：確認及計量准許全份經合併合約指定為透過損益以公平價值列賬之金融負債。

於初次確認後之每個結算日，透過損益以公平價值列賬之金融負債以公平價值計量，公平價值變動於產生期內直接於收入表確認。於損益確認之溢利或虧損淨額包括就金融負債所支付之任何利息。

其他金融負債

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Financial liabilities at fair value through profit or loss (Continued)

(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one of more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

可換股貸款票據

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Convertible loan notes

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

可換股貸款票據 (續)

與發行可換股貸款票據相關之交易成本乃按總收益之劃分比例分配至負債部份及權益部份。與權益部份相關之交易成本乃直接於可換股貸款票據一股本儲備扣除。

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

財務擔保合約

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Convertible loan notes (Continued)

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

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

Financial guarantee contracts

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(p) 金融工具 (續)

ii. 金融負債及權益性工具 (續)

財務擔保合約 (續)

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

iii. 終止確認

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Financial guarantee contracts (Continued)

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

iii. Derecognition

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(q) 現金及現金等值項目

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

(r) 撥備

當本集團因過往事件而須承擔現時責任，並且履行該責任可能要求資源流出及有關責任金額能可靠估計時，即會確認撥備。撥備乃根據董事對於結算日償還現有責任所需開支之最佳估算釐定，並在影響重大時將現值折讓。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Cash and cash equivalents

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

(r) Provision

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 obligation. 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.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(s) 外幣

此等綜合財務報表乃以港元計值，港元為本公司之功能及呈報貨幣。於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日之適用匯率以其功能貨幣(即該實體經營所在主要經濟地區之貨幣)記賬。於每個結算日，以外幣為單位之貨幣項目均按結算日之適用匯率重新換算。以外幣計值並以公平價值記賬的非貨幣項目按釐定公平價值之日的匯率重新換算。按外幣歷史成本計量之非貨幣項目不予重新換算。

於結算貨幣項目及換算貨幣項目時產生之匯兌差額乃於彼等產生期間於損益內確認。因結算以公平價值列賬之非貨幣項目而產生之匯兌差額，將包括在該期間之綜合收入表中，惟有關直接於股本確認損益的非貨幣項目換算所產生的外匯差額，亦直接於股本確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(s) 外幣 (續)

就呈列綜合財務報表而言，本集團海外業務之資產及負債乃按結算日之適用匯率換算為本公司之呈列貨幣(即港元)，而收入及開支乃按該年度之平均匯率換算，除非匯率於該期間內出現大幅波動，則在此情況下，採用於交易日之適用匯率換算。所產生之匯兌差額(如有)乃確認作股本之獨立部分(匯兌儲備)。該等匯兌差額於出售海外業務之期間於收入表內確認。

(t) 經營租約

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in income statement in the period in which the foreign operation is disposed of.

(t) Operating leases

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(u) 僱員福利

(i) 花紅

當有合約責任且責任金額可作可靠估算時，本集團就花紅確認負債。

(ii) 退休福利責任

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Employee benefits

(i) Bonuses

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

(ii) Retirement benefit obligations

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

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

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

3. 主要會計政策概要 (續)

(u) 僱員福利 (續)

(iii) 以股份支付之款項開支

參考於授出日期授出股份之公平價值而釐定僱員提供服務之公平價值，乃確認為所授出股份即時歸屬時於授出日期之開支，並於股本中作出相應增長（以股份支付之款項儲備）。

行使購股權時，早前已確認之以股份支付之款項儲備數額將轉換為股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日期時仍未獲行使，早前已確認之以股份支付之款項儲備數額將轉入保留溢利。

(v) 關連人士交易

另一方被視為本集團之關連人士倘：

- (i) 該方透過一名或多名中介人士直接或間接：(a) 控制本集團，或受本集團控制，或與本集團受共同控制；(b) 於本集團擁有權益使其對本集團能施以重大影響；或(c) 於本集團擁有共同控制權；
- (ii) 該方為一間聯營公司；
- (iii) 該方為共同控制實體；
- (iv) 該方為本集團或其母公司之主要管理人員；
- (v) 該方為(i)或(iv)提及之任何個別人士之親密家庭成員；

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Employee benefits (Continued)

(iii) Share-based payment expenses

The fair value of the employee services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share-based payment reserve).

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

(v) Related party transactions

A party is considered to be related to the Group if:

- (i) the party, directly or indirectly through one or more intermediaries, (a) controls, is controlled by, or is under common control with, the Group; (b) has an interest in the Group that gives it significant influence over the Group; or (c) has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);

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3. 主要會計政策概要 (續)

(v) 關連人士交易 (續)

(vi) 該方為(iv)或(v)提及之任何個別人士直接或間接受控制、受共同控制或受重大影響或於該實體中有重大投票權之實體；或

(vii) 該方為本集團或作為本集團連繫人士之任何實體之僱員福利而設之離職後福利計劃。

(w) 有形及無形資產之減值虧損 (商譽除外)

於每個結算日，本集團會審閱有形及無形資產之賬面值，以釐定是否有任何跡象顯示有關資產出現減值虧損。此外，具無限使用年期及尚未可使用之無形資產須每年進行減值抽查，如出現有關跡象則予以減值。倘若資產之可收回款額估計乃少於其賬面值，則該資產之賬面值削減至其可收回款額。減值虧損即時確認為開支。

倘若減值虧損日後得以撥回，則有關資產之賬面值增至其可收回款額之經修訂估計值，惟所增加賬面值不得超逾以往年度如未有確認減值虧損所應釐定之賬面值。減值虧損撥回即時確認為收入。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related party transactions (Continued)

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

(w) Impairment losses on tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

4. 主要會計判斷及估計不確定性之主要來源

於應用附註3所載本集團之會計政策時，管理層須就從其他來源不顯而易見之資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設乃以過往經驗及認為屬有關之其他因素而作出。實際結果可能有別於該等估計。

估計及相關假設按持續基準審閱。倘若會計估計修訂僅影響該期間，則有關修訂會在修訂估計期間確認。倘若有關修訂影響當期及未來期間，則有關修訂會在修訂期間及未來期間確認。

應用會計政策之重要判斷

除該等涉及估計者外，以下主要判斷為董事於應用本集團之會計政策之過程中所作出，並對綜合財務報表內已確認金額構成最重大影響。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

4. 主要會計判斷及估計不確定性之主要來源 (續)

應用會計政策之重要判斷 (續)

(a) 無形資產及商譽減值估計

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

(b) 貿易應收賬款

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

(a) Estimated impairment of intangible assets and goodwill

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

(b) Trade receivables

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

4. 主要會計判斷及估計不確定性之主要來源 (續)

應用會計政策之重要判斷 (續)

(c) 物業、機器及設備之可使用年限

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

(d) 投資物業

誠如附註19所述，投資物業乃根據獨立專業估值師進行的估值按公平價值列賬。在釐定公平價值時，估值師使用有關若干估計的估值方法。於倚賴該估值報告時，管理層已自行判斷並信納該估值方法乃反映當時之市場狀況。倘由於市況之變動而假設出現變動時，投資物業之公平價值將於未來出現變動。

(e) 製作中電影減值

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

(c) Useful lives of property, plant and equipment

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

(d) Investment properties

As described in note 19, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

(e) Impairment of films in progress

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

財務報表附註 Notes to the Financial Statements

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5. 金融風險管理

本集團之主要金融工具包括股本投資、借貸、貿易應收款項、貿易應付款項、現金及現金等值項目。該等金融工具之詳情載於各自附註內。與該等金融工具相關之風險，以及減輕該等風險之政策載列如下。管理層對該等風險進行管理及監察，確保以時有效之方式實行適當措施。

市場風險

(i) 外匯風險

本集團主要在中華人民共和國(「中國」)及香港經營業務，且大部份交易乃以美元、港元(「港元」)及人民幣(「人民幣」)計值，故而本集團面臨該等貨幣產生之外匯風險。由於港元與美元掛鈎，故該等貨幣之間所涉及之外匯風險不大。人民幣兌換為外幣須遵守中國政府頒佈之外匯管制法規。本集團因人民幣對港元之匯率波動而承受外匯風險。本集團現時並無任何外匯流動資產及負債之外匯貨幣對沖工具。本集團將密切監管其外幣風險，並於必要時考慮對沖重大外幣風險。

5. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include equity investments, borrowings, trade receivables, trade payables, cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

The Group operates mainly in both the People's Republic of China ("the PRC") and Hong Kong and majority of transactions are dominated in United States dollars, Hong Kong dollars ("HK\$") and Renminbi ("RMB"). Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures. Hong Kong dollars are pegged to the United States dollars and the foreign exchange exposure between them are considered limited. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK\$ against RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

市場風險 (續)

(ii) 價格風險

本集團之股本投資包括待可供出售投資及透過損益以公平價值列賬之金融資產，於各結算日均會按公平價值計量令本集團面臨價格風險。本集團之價格風險主要集中於在聯交所報價之冷藏及其相關物流服務、製造業及於中國之交通運輸業務經營之股本證券。管理層以設立不同風險水平之投資組合控制有關風險。此外，本集團將監管價格風險，並於必要時將考慮對沖風險。

敏感度分析

以下敏感度分析乃根據本報告日期所承受之價格風險而釐定。

倘股價上升／下降5%，則：

- 本集團截至二零零七年十二月三十一日止年度之除稅前溢利將增加／減少約1,995,000港元(二零零六年：增加／減少2,135,000港元)。此乃主要由於可供出售投資之公平價值變動；及
- 本集團之證券投資投資儲備將增加／減少830,000港元(二零零六年：增加／減少3,038,000港元)，此乃由於透過損益以公平價值列賬之金融資產之公平價值變動。

本集團於年內對股價之敏感度上升，主要是因為股本投資價值增加所致。

5. FINANCIAL RISK MANAGEMENT

(Continued)

Market risk (Continued)

(ii) Price risk

The Group's equity investments classified as available-for-sale investments and financial assets at fair value through profit or loss which are measured at fair value at each balance sheet date and expose the Group to equity price risk. The Group's equity price risk is mainly concentrated on equity securities operating in provision for cold storage and related logistic services, manufacturing industry and public transportation business in PRC, which are quoted in the Stock Exchange. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. In addition, the Group will monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower, the Group's:

- profit before taxation for the year ended 31st December 2007 would increase/decrease by HK\$1,995,000 (2006: increase/decrease by HK\$2,135,000). This is mainly due to the changes in fair value of available-for-sale investments; and
- securities investment reserve would increase/decrease by HK\$830,000 (2006: increase/decrease by HK\$3,038,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

The Group's sensitivity to equity prices has increased during the current year mainly due to the increase in equity investments by value.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

市場風險 (續)

(iii) 現金流量及公平價值利率風險

本集團承受之利率風險主要由於其定期存款及借貸所致。本集團承受之公平價值利率風險乃由於銀行借貸(該等借貸詳情見附註38)利率多樣化。本集團之收入及經營現金流量很大程度上不受市場利率變動所影響。本集團目前並無利率對沖政策。儘管如此，管理層監控利率風險及於需要時將考慮對沖重大利率風險。

於二零零七年及二零零六年十二月三十一日，有關借貸之以50為基準之利率之可能合理變動將於本集團年度業績及年結算日之股本並無重大影響。

信貸風險

於二零零七年十二月三十一日，因交易對方未能履行責任而可為本集團帶來財務虧損之本集團最大信貸風險，乃來自綜合資產負債表所列各項已確認金融資產之賬面值。

為將信貸風險降至最低，本集團之管理層負責釐定信貸批准及其他監管程序，以確保採取行動追收逾期貸款。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

本集團之信貸風險主要由貿易或其他應收款項產生。本集團並無重大信貸之集中風險。本集團會持續監控其所面臨之信貸風險。

5. FINANCIAL RISK MANAGEMENT

(Continued)

Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its time deposits, borrowings. Bank borrowings at variable rates expose the Group to fair value interest rate risk (see note 38 for details of these borrowings). The Group's income and operating cash flows are substantially independent of changes in market interest rates. 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 the need arise.

As at 31st December 2007 and 2006, a reasonably possible change of 50 basis-points interest rates on borrowings would have no material impact on the Group's results for the year and equity as at the year end.

Credit risk

As at 31st December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to trade or other receivables. The Group has no significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

流動資金風險

本集團通過維持充足銀行存款及現金、監管預測及實際現金流量以及配合金融資產及負債之到期時間表，藉此管理流動資金。

管理層持續監管流動資金風險。載有銀行借貸到期日及與之有關之流動資金需求之報告定期向管理層發出供審閱。必要時，管理層將增加銀行借貸或對其進行融資。

下表顯示本集團將結算之金融負債，此乃按照相關到期組別，根據由結算日至合約到期日之剩餘期間進行分析。表內披露之金額根據合約性無折扣付款計算，如下：

5. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of bank borrowings and thus the liquidity requirement are provided to management for review periodically. Management will raise or refinance bank borrowings whenever necessary.

The table below analysis the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted payments, was as follows:

		於二零零七年十二月三十一日 At 31st December 2007					
		一個月內	一個月至 三個月	三個月至 一年	一年至五年	五年以上	總計
		Less than 1 month	Between 1 to 3 months	Between 3 months to 1 year	Between 1 year to 5 years	More than 5 years	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
非衍生金融負債	Non-derivative financial liabilities						
銀行借貸	Bank borrowings						
- 流動	- Current	197	398	1,823	-	-	2,418
- 非流動	- Non-current	-	-	-	8,209	314	8,523
貿易應付款項	Trade payables	2,980	1,179	13,462	-	-	17,621
已收取按金、應計項目 及其他應付款項	Deposits received, accruals and other payables	6,593	5,858	53,567	-	-	66,018
總計	Total	9,770	7,435	68,852	8,209	314	94,580

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

流動資金風險 (續)

		於二零零六年十二月三十一日 At 31st December 2006					
		一個月內	一個月至 三個月	三個月至 一年	一年至五年	五年以上	總計
		Less than 1 month	Between 1 to 3 months	Between 3 months to 1 year	Between 1 year to 5 years	More than 5 years	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
非衍生金融負債	Non-derivative financial liabilities						
銀行借貸	Bank borrowings						
- 流動	- Current	182	372	1,700	-	-	2,254
- 非流動	- Non-current	-	-	-	10,346	602	10,948
貿易應付款項	Trade payables	1,523	2,762	14,025	-	-	18,310
已收取按金、應計項目 及其他應付款項	Deposits received, accruals and other payables	3,277	626	35,658	-	-	39,561
無抵押可換股票據	Unsecured convertible notes						
- 流動	- Current	-	-	19,867	-	-	19,867
總計	Total	4,982	3,760	71,250	10,346	602	90,940

金融工具之公平價值

金融資產及金融負債之公平價值按以下方式釐定：

- 具備標準條款及條件並於活躍流通量市場買賣之金融資產及金融負債(包括衍生工具)之公平價值乃分別參考市場買入及賣出價計算；及
- 其他金融資產及金融負債(包括衍生工具)之公平價值乃根據公認定價模式，並按折現現金流量分析，採用作為輸入之可觀察現時市場之價格或利率計算。就以購股權為基準之衍生工具而言，公平價值乃採用購權定價模式估計。

5. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

		於二零零六年十二月三十一日 At 31st December 2006					
		一個月內	一個月至 三個月	三個月至 一年	一年至五年	五年以上	總計
		Less than 1 month	Between 1 to 3 months	Between 3 months to 1 year	Between 1 year to 5 years	More than 5 years	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
非衍生金融負債	Non-derivative financial liabilities						
銀行借貸	Bank borrowings						
- 流動	- Current	182	372	1,700	-	-	2,254
- 非流動	- Non-current	-	-	-	10,346	602	10,948
貿易應付款項	Trade payables	1,523	2,762	14,025	-	-	18,310
已收取按金、應計項目 及其他應付款項	Deposits received, accruals and other payables	3,277	626	35,658	-	-	39,561
無抵押可換股票據	Unsecured convertible notes						
- 流動	- Current	-	-	19,867	-	-	19,867
總計	Total	4,982	3,760	71,250	10,346	602	90,940

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transaction as input. For an option-based derivative, the fair value is estimated using option pricing model.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

金融工具之公平價值 (續)

除下表之詳情外，董事會認為，於綜合財務報表記錄之金融資產及金融負債之賬面值與其公平價值相若。

5. FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments (Continued)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair value.

	二零零七年 2007		二零零六年 2006	
	賬面值 Carrying amount 千港元 HK\$'000	公平價值 Fair value 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000	公平價值 Fair value 千港元 HK\$'000
金融資產	Financial assets			
應收一間聯營公司之 可換股票據款項		667	–	–
應收可換股票據款項	–	–	52,000	52,000
金融負債	Financial liabilities			
可換股票據	–	–	19,867	19,867

資本管理

本集團管理其資本，以確保本集團之實體將可持續經營，並透過優化債務及權益結餘為股東帶來最大回報。於過往年度，本集團之整體策略維持不變。

本集團之資本結構包括債務，其包括銀行借款及可換股票據、現金及現金等值項目及本公司權益持有人應佔權益，其包括已發行股本、儲備及保留盈利。

本集團董事按年度基準審閱資本結構。作為此審閱之一部份，本集團董事考慮資本成本及除發行股份以外之其他資金來源，包括關連人士所提供之借貸。本集團將根據本集團董事之推薦建議透過籌集或償還借貸而平衡其整體資本結構。

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts which include bank borrowings and convertible notes, cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

The directors of the Group review the capital structure on an annual basis. As a part of this review, the directors of the Group consider the cost of capital and other sources of funds other than issuance of shares, including borrowings from related parties. Based on the recommendation of the directors of the Group, the Group will balance its overall capital structure through raising or repayment of borrowings.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

5. 金融風險管理 (續)

資本管理 (續)

本集團旨在維持資產負債比率不超逾40%。於二零零六年及二零零七年十二月三十一日之資產負債比率如下：

5. FINANCIAL RISK MANAGEMENT (Continued)

Capital management (Continued)

The Group aimed at maintaining a gearing ratio of not more than 40%. The gearing ratios as at 31st December 2006 and 2007 are as follows:

		二零零七年 2007 HK\$'000	二零零六年 2006 HK\$'000
總債務(i)	Total debt (i)	10,941	33,069
減：現金及現金等值項目	Less: cash and cash equivalents	(57,321)	(89,347)
現金及現金等值項目淨額	Net cash and cash equivalents	(46,380)	(56,278)
股本(ii)	Equity (ii)	1,174,133	694,827
債務淨額對股本比率	Net debt to equity ratio	—	—
總債務對股本比率	Total debt to equity ratio	0.9%	4.8%

附註：

(i) 債務包括流動及非流動借貸及無抵押可換股票據 (有關詳情分別載於附註38及39)。

(ii) 股本包括本集團之所有資本及儲備。

Note:

(i) Debt comprises current and non-current borrowings and unsecured convertible notes as detailed in notes 38 and 39 respectively.

(ii) Equity includes all capital and reserves of the Group.

6. 分類資料

本公司董事呈報地區分類為本集團之主要分類資料。本集團客戶位於四個主要地區－香港及澳門、中華人民共和國(「中國」)(不包括香港、澳門及台灣)、歐美及東南亞。

6. SEGMENT INFORMATION

The directors of the Company report the geographical segments as the Group's primary segment information. The Group's customers are located in four principal geographical areas – Hong Kong and Macau, the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the "PRC"), America and Europe, and South-East Asia.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

地區分類

下表按市場位置分析本集團之銷售：

截至二零零七年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION (Continued)

Geographical segments

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

Income statement for the year ended 31st December 2007:

		持續經營業務					已終止經營業務		綜合
		Continuing operations					Discontinued operations		
		香港及澳門	中國	歐美	東南亞	其他	總額	香港及澳門	
		Hong Kong and Macau	PRC	America and Europe	South-East Asia	Other	Total	Hong Kong and Macau	Consolidated
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
營業額	Turnover	62,366	-	-	1,892	47	64,305	14,046	78,351
銷售成本	Cost of sales	(42,731)	-	-	(1,996)	(116)	(44,843)	(4,572)	(49,415)
市場推廣及發行開支	Marketing and distribution expenses	(5,606)	(96)	(15)	(74)	-	(5,791)	-	(5,791)
分類業績	Segment results	14,029	(96)	(15)	(178)	(69)	13,671	9,474	23,145
投資物業公平價值增加	Increase in fair value of investment properties	10,220	-	-	-	-	10,220	-	10,220
分類為持作買賣之金融資產之變現及未變現溢利淨額	Net realised and unrealised gains on financial assets classified as held-for-trading	22,866	-	-	-	-	22,866	-	22,866
應佔聯營公司業績	Share of results of associates						56,648	-	56,648
收購附屬公司之折讓	Discount on acquisition of subsidiaries						-	15,498	15,498
被視為出售聯營公司權益之虧損	Loss on deemed disposal of interests in associates						(49,744)	-	(49,744)
出售附屬公司權益之虧損	Loss on disposal of interests in subsidiaries						-	(45,471)	(45,471)
有關電影版權之已確認之減值虧損	Impairment loss recognised in respect of film rights						(16,850)	-	(16,850)
就商譽之已確認減值虧損	Impairment loss recognised in respect of goodwill						(30,141)	-	(30,141)
應收一間聯營公司之可換股票據內含之換股期權之公平價值變動	Changes in fair value in respect of conversion options embedded in convertible notes receivables from an associate						(50)	-	(50)
未分類公司收入	Unallocated corporate income						12,883	5,078	17,961
未分類公司開支	Unallocated corporate expenses						(59,162)	(46,776)	(105,938)
除稅前虧損	Loss before taxation						(39,659)	(62,197)	(101,856)
稅項	Taxation						(1,593)	(358)	(1,951)
年度虧損	Loss for the year						(41,252)	(62,555)	(103,807)

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

地區分類 (續)

截至二零零六年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

Income statement for the year ended 31st December 2006:

		持續經營業務					總額	已終止經營業務	
		Continuing operations						Discounted operations	
		香港及澳門	中國	歐美	東南亞	其他	香港及澳門	綜合	
		Hong Kong and Macau	PRC	America and Europe	South-East Asia	Other	Hong Kong and Macau	Consolidated	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
營業額	Turnover	129,936	8,783	1,093	11,532	1,433	152,777	152,777	
銷售成本	Cost of sales	(91,023)	(3,984)	(697)	(6,921)	(740)	(103,365)	(103,365)	
市場推廣及發行開支	Marketing and distribution expenses	(9,018)	(396)	(52)	(191)	(120)	(9,777)	(9,777)	
分類業績	Segment results	29,895	4,403	344	4,420	573	39,635	39,635	
就應收可換股票據回撥之減值虧損	Impairment loss reversed in respect of convertible notes receivables	10,000	-	-	-	-	10,000	10,000	
投資物業公平價值增加	Increase in fair value of investment properties	2,880	-	-	-	-	2,880	2,880	
分類為持作買賣之金融資產之變現及未變現虧損淨額	Net realised and unrealised loss on financial assets classified as held-for-trading	(16,256)	-	-	-	-	(16,256)	(16,256)	
應佔聯營公司業績	Share of results of associates						(9,796)	(9,796)	
被視為出售一間聯營公司權益之溢利	Gain on deemed disposal of interests in associates						62,582	62,582	
出售一間聯營公司之溢利	Gain on disposal of an associate						21,400	21,400	
於聯營公司之投資有關之確認減值虧損	Impairment loss recognised in respect of investments in associates						(32,565)	(32,565)	
未分類公司收入	Unallocated corporate income						12,750	12,750	
未分類公司開支	Unallocated corporate expenses						(51,861)	(51,861)	
除稅前溢利	Profit before taxation						38,769	38,769	
稅項	Taxation						(1,918)	(1,918)	
年度溢利	Profit for the year						36,851	36,851	

由於本集團超過90%之資產乃位於香港及澳門，因此並無呈列按地區分類之分類資產、添置物業、機器及設備、折舊及分類負債之賬面值之分析。

No analysis of the carrying amount of segment assets, additions of property, plant and equipment and the depreciation and segment liabilities analysed by the geographical area are disclosed as more than 90% of the group assets are located in Hong Kong and Macau.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

業務分類

該等分類之各主要產品及服務如下：

電影發行 — 製作及發行電影及電視連續劇

酒店服務 — 於澳門提供酒店服務

於財務年度，董事會宣佈一項出售酒店服務業務之計劃。

6. SEGMENT INFORMATION (Continued)

Business segments

The principal products and services of each of these divisions are as follows:

Film distribution — Production and distribution of motion pictures and television drama series

Hotel services — Provision of hotel services in Macau

During the financial year, the board of directors announced a plan to dispose the hotel services business.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

業務分類 (續)

有關該等業務之分類資料呈報如下。

截至二零零七年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment information about these businesses are presented as below.

Income statement for the year ended 31st December 2007:

		持續經營業務			已終止經營業務	
		Continuing operations			Discontinued operations	
		電影發行	其他	總額	酒店服務	綜合
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
營業額	Turnover					
海外銷售	External sales	58,970	5,335	64,305	14,046	78,351
分類間銷售	Inter-segment sales	—	—	—	—	—
總額	Total	58,970	5,335	64,305	14,046	78,351
分類業績	Segment result	8,336	5,335	13,671	9,474	23,145
未分類公司收入	Unallocated corporate income			45,969	20,576	66,545
未分類公司開支	Unallocated corporate expenses			(155,947)	(92,247)	(248,194)
應佔聯營公司溢利	Share of profits of associates			56,648	—	56,648
除稅前虧損	Loss before taxation			(39,659)	(62,197)	(101,856)
稅項	Taxation			(1,593)	(358)	(1,951)
年度虧損	Loss for the year			(41,252)	(62,555)	(103,807)

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

業務分類 (續)

於二零零七年十二月三十一日之資產負債表：

		持續經營業務			已終止經營業務	
		Continuing operations			Discontinued operations	
		電影發行	其他	總額	酒店服務	綜合
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	ASSETS					
分類資產	Segment assets	742,326	3,057	745,383	1,187,072	1,932,455
於聯營公司權益	Interests in associates			375,148	–	375,148
綜合總資產	Consolidated total assets			1,120,531	1,187,072	2,307,603
負債	LIABILITIES					
分類負債／	Segment liabilities/					
綜合負債總額	Consolidated total liabilities	81,977	16,069	98,046	1,034,096	1,132,142

截至二零零七年十二月三十一日止年度之其他資料：

Other information for the year ended 31st December 2007:

		持續經營業務			已終止經營業務	
		Continuing operations			Discontinued operations	
		電影發行	其他	總額	酒店服務	綜合
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
物業、機器及設備之折舊	Depreciation of property, plant and equipment	(2,891)	–	(2,891)	(5,551)	(8,442)
租賃土地權益攤銷	Amortisation of interests in leasehold land	(165)	–	(165)	(15,259)	(15,424)
有關電影版權之已確認減值虧損	Impairment loss recognised in respect of film right	(16,850)	–	(16,850)	–	(16,850)
有關商譽之已確認減值虧損	Impairment loss recognised in respect of goodwill	(30,141)	–	(30,141)	–	(30,141)

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

業務分類 (續)

截至二零零六年十二月三十一日止年度之收入表：

6. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Income statement for the year ended 31st December 2006:

		持續經營業務		已終止經營業務		綜合
		Continuing operations		Discontinued operations		
		電影發行	其他	總額	酒店服務	
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
營業額	Turnover					
海外銷售	External sales	145,881	6,896	152,777	–	152,777
分類間銷售	Inter-segment sales	–	–	–	–	–
總額	Total	145,881	6,896	152,777	–	152,777
分類業績	Segment result	34,119	5,516	39,635	–	39,635
未分類公司收入	Unallocated corporate income			109,612	–	109,612
未分類公司開支	Unallocated corporate expenses			(100,682)	–	(100,682)
應佔聯營公司虧損	Share of losses of associates			(9,796)	–	(9,796)
除稅前溢利	Profit before taxation			38,769	–	38,769
稅項	Taxation			(1,918)	–	(1,918)
年度溢利	Profit for the year			36,851	–	36,851

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

6. 分類資料 (續)

業務分類 (續)

於二零零六年十二月三十一日之資產負債表：

		持續經營業務			已終止經營業務	
		Continuing operations			Discontinued operations	
		電影發行	其他	總額	酒店服務	綜合
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
資產	ASSETS					
分類資產	Segment assets	586,491	4,433	590,924	–	590,924
於聯營公司權益	Interests in associates			198,113	–	198,113
綜合總資產	Consolidated total assets			789,037	–	789,037
負債	LIABILITIES					
分類負債／	Segment liabilities/					
綜合負債總額	Consolidated total liabilities	75,598	17,230	92,828	–	92,828

截至二零零六年十二月三十一日止年度之其他資料：

Other information for the year ended 31st December 2006

		持續經營業務			已終止經營業務	
		Continuing operations			Discontinued operations	
		電影發行	其他	總額	酒店服務	綜合
		Film	Others	Total	Hotel	Consolidated
		distribution			services	
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
物業、機器及設備之折舊	Depreciation of property, plant and equipment	(6,294)	–	(6,294)	–	(6,294)
租賃土地權益攤銷	Amortisation of interests in leasehold land	(286)	–	(286)	–	(286)

6. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Balance sheet at 31st December 2006:

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

7. 營業額

7. TURNOVER

		持續經營業務		已終止經營業務		綜合	
		Continuing operations		Discontinued operations		Consolidated	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
發行費收入	Distribution fee income	10,285	52,833	-	-	10,285	52,833
銷售電影版權	Sales of film rights	48,672	92,976	-	-	48,672	92,976
銷售錄影帶產品	Sales of video products	13	72	-	-	13	72
服務收入	Service income	300	1,790	-	-	300	1,790
製作費收入	Production fee income	5,035	5,106	-	-	5,035	5,106
酒店業務收入	Hotel operation income	-	-	14,046	-	14,046	-
		64,305	152,777	14,046	-	78,351	152,777

8. 其他收益

8. OTHER REVENUE

		持續經營業務		已終止經營業務		綜合	
		Continuing operations		Discontinued operations		Consolidated	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
銀行利息收入	Bank interest income	3,587	2,763	-	-	3,587	2,763
應收貸款利息收入	Loan receivable interest income	-	218	-	-	-	218
應收可換股票據 利息收入	Convertible notes receivables interest income	228	520	-	-	228	520
租金收入	Rental income	240	315	-	-	240	315
應收聯營公司 管理費收入	Management fee income from associates	4,860	4,860	-	-	4,860	4,860
其他利息收入	Other interest income	82	102	-	-	82	102
股息收入	Dividend income	79	290	-	-	79	290
		9,076	9,068	-	-	9,076	9,068

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

9. 其他收入

9. OTHER INCOME

		持續經營業務		已終止經營業務		綜合	
		Continuing operations		Discontinued operations		Consolidated	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
貿易應收賬款減值 虧損之撥回	Reversal of impairment loss on trade receivables	-	5	-	-	-	5
其他應收賬款減值 虧損之撥回	Reversal of impairment loss on other receivables	-	763	-	-	-	763
贖回可換股債券之溢利	Gain on redemption of convertible bonds	2,315	-	-	-	2,315	-
出售物業、機器及 設備之溢利	Gain on disposal of property, plant and equipment	20	973	87	-	107	973
出售投資物業之溢利	Gain on disposal of investment properties	-	1,810	-	-	-	1,810
其他	Other	1,472	131	4,991	-	6,463	131
		3,807	3,682	5,078	-	8,885	3,682

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

10. 年度(虧損)/溢利

年度(虧損)/溢利已扣除下列各項：

10. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	持續經營業務		已終止經營業務		綜合		
	Continuing operations		Discontinued operations		Consolidated		
	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年	
	2007	2006	2007	2006	2007	2006	
	千港元	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
電影版權(包括銷售 成本)攤銷	Amortisation of film rights (included in cost of sales)	43,747	100,850	-	-	43,747	100,850
核數師酬金	Auditors' remuneration	605	606	28	-	633	606
存貨成本(包括 銷售成本)	Cost of inventories (included in cost of sales)	6	33	-	-	6	33
物業、機器及設備 折舊	Depreciation of property, plant and equipment	2,891	6,294	5,551	-	8,442	6,294
租賃土地權益攤銷	Amortisation of interests in leasehold land	165	286	15,259	-	15,424	286
外匯虧損淨額	Net foreign exchange losses	1,109	1,095	-	-	1,109	1,095
有關租賃物業之 經營租約租金	Operating lease rental in respect of rented premises	1,431	2,286	2,213	-	3,644	2,286
僱員福利開支 (附註15)	Employee benefit expenses (note 15)	33,381	26,285	3,604	-	36,985	26,285

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

11. 融資成本

11. FINANCE COSTS

	持續經營業務		已終止經營業務		綜合		
	Continuing operations		Discontinued operations		Consolidated		
	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年	
	2007	2006	2007	2006	2007	2006	
	千港元	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
須於五年內全數償還 之可換股票據 推算利息	Imputed interest on convertible notes wholly repayable within five years	1,501	1,233	-	-	1,501	1,233
須於五年內全數償還 之銀行借貸利息	Interest on bank borrowings wholly repayable within five years	560	873	10,668	-	11,228	873
不須於五年內全數 償還之銀行借貸利息	Interest on bank borrowings not wholly repayable within five years	91	106	-	-	91	106
須於五年內全數償還 之其他貸款利息	Interest on other loan wholly repayable within five years	7	-	-	-	7	-
		2,159	2,212	10,668	-	12,827	2,212

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

12. 稅項

12. TAXATION

	持續經營業務		已終止經營業務		綜合	
	Continuing operations		Discontinued operations		Consolidated	
	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
稅項支銷如下：	The taxation charge is as follow:					
本期稅項：	Current tax:					
其他司法權區之稅項：	Taxation in other jurisdictions:					
本年度撥備	15	30	-	-	15	30
過往年度撥備不足	-	-	358	-	358	-
	<u>15</u>	<u>30</u>	<u>358</u>	<u>-</u>	<u>373</u>	<u>30</u>
遞延稅項：	Deferred tax:					
本年度撥備	1,578	504	-	-	1,578	504
過往年度撥備不足	-	1,384	-	-	-	1,384
	<u>1,578</u>	<u>1,888</u>	<u>-</u>	<u>-</u>	<u>1,578</u>	<u>1,888</u>
	<u>1,593</u>	<u>1,918</u>	<u>358</u>	<u>-</u>	<u>1,951</u>	<u>1,918</u>

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

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

其他司法權區之稅項按有關司法權區之通行稅率計算。

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

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

12. 稅項 (續)

年內，可與綜合收入表內除稅前(虧損)/溢利對賬之稅項如下：

12. TAXATION (Continued)

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

		二零零七年 2007		二零零六年 2006	
		千港元 HK\$'000	百分比 %	千港元 HK\$'000	百分比 %
除稅前(虧損)/溢利	(Loss)/profit before taxation				
持續經營業務	Continuing operations	(39,659)		38,769	
已終止經營業務	Discontinued operations	(62,197)		—	
		(101,856)		38,769	
按本地所得稅稅率17.5%	Taxation at domestic income				
計算之稅項	tax rate of 17.5%	(17,825)	(17.5)	6,785	17.5
分佔聯營公司業績之	Tax effect of share of				
稅務影響	results of associates	(2,896)	(2.8)	1,714	4.4
不可扣稅支出之稅務影響	Tax effect of expenses not				
	deductible for tax purpose	28,914	28.3	3,179	8.2
不應課稅收入之稅務影響	Tax effect of income not				
	taxable for tax purpose	(9,772)	(9.6)	(3,506)	(9.0)
未確認之估計稅項虧損	Tax effect of estimated tax				
稅務影響	losses not recognised	15,145	14.9	206	0.5
過往未確認之可使用	Tax effect of utilisation of				
估計稅項虧損之	estimated tax losses				
稅務影響	previously not recognised	(17,254)	(16.9)	(6,460)	(16.7)
在其他司法權區經營之	Effect of different tax rates				
附屬公司之不同稅率	of subsidiaries operating				
之影響	in other jurisdictions	5,639	5.5	—	—
年內稅項支銷	Tax charge for the year	1,951	1.9	1,918	4.9

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

13. 已終止經營業務

於二零零七年八月一日，本公司與豐采多媒體集團有限公司（「豐采」）及豐采全資附屬公司Legend Rich Limited訂立協議，據此，本公司同意出售及／或促使出售Exceptional Gain Profits Limited（「Exceptional Gain」）全部已發行股本及於協議訂立日期Exceptional Gain應付本公司之銷售款貸約409,222,000港元，總代價為447,000,000港元（「建議出售事項」）。Exceptional Gain乃一間投資控股公司，持有本集團經營酒店業務之附屬公司Kingsway Hotel Limited（「KHL」）之50%權益。本公司董事相信，KHL之價值將得以較佳實現及反映於豐采，概豐采可奠定本身於酒店及旅遊服務業與大中華地區連鎖式酒店之品牌。建議出售事項已獲於二零零七年十月二十四日舉行之股東特別大會上經本公司股東批准，預計將於二零零八年五月完成。因此，Exceptional Gain為首集團之所有業績、資產及負債（即酒店服務業務）分類為已終止經營業務。

13. DISCONTINUED OPERATIONS

On 1st August 2007, the Company entered into an agreement with Riche Multi-Media Holdings Limited ("Riche") and Legend Rich Limited, a wholly owned subsidiary of Riche, whereby the Company has agreed to sell and/or procure the sale of 100% of the issued share capital of Exceptional Gain Profits Limited ("Exceptional Gain") and a sale loan owned by Exceptional Gain to the Company amounted to approximately HK\$409,222,000 as at the date of the agreement for an aggregate consideration of HK\$447,000,000 (the "Proposed Disposal"). Exceptional Gain is the investment holding company which holds 50% interest in Kingsway Hotel Limited ("KHL"), a subsidiary of the Group which operates the hotel operation. The directors of the Company believed that the value of KHL will be better realised and reflected in Riche and will enable Riche to build up its own branding in hotel and hospitality industry and a chain of hotels in the Greater China region. It, in turn, will have a positive impact on the Group's return on investment in Riche. The Proposed Disposal has been approved by the shareholders of the Company at a special general meeting of the Company held on 24th October 2007 and is expected to complete in May 2008. Accordingly, all the results, assets and liabilities of the group headed by Exceptional Gain (i.e. the hotel services operation) are classified as discontinued operations.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

13. 已終止經營業務 (續)

已計入綜合收入表內之已終止經營業務之綜合業績如下：

13. DISCONTINUED OPERATIONS (Continued)

The combined results of the discontinued operations included in the consolidated income statement are set out as follow:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
年度已終止經營業務之虧損	Loss for the year from discontinued operations		
營業額	Turnover	14,046	–
銷售成本	Cost of sales	(4,572)	–
毛利	Gross profit	9,474	–
其他收入	Other income	5,078	–
行政開支	Administrative expenses	(36,108)	–
經營虧損	Loss from operations	(21,556)	–
融資成本	Finance costs	(10,668)	–
購入附屬公司之折讓	Discount on acquisition of subsidiaries	15,498	–
出售附屬公司之虧損	Loss on disposal of subsidiaries	(45,471)	–
除稅前虧損	Loss before taxation	(62,197)	–
稅項	Taxation	(358)	–
年度已終止經營業務之虧損	Loss for the year from discontinued operations	(62,555)	–

已計入綜合現金流量表內之已終止經營業務之現金流量如下：

The cash flows of the discontinued operations included in the consolidated cash flow statement are set out as follow:

已終止經營業務之現金流量		Cash flows from discontinued operations	
經營業務所用之現金流量淨額	Net cash used in operating activities	(219,414)	–
投資業務所用之現金流量淨額	Net cash used in investing activities	(196,000)	–
融資活動所得之現金流量淨額	Net cash generated from financing activities	450,000	–
現金流入淨額	Net cash inflows	34,586	–

於二零零七年十二月三十一日，酒店業務應佔之資產及負債已分類及列賬為持作出售之出售組別（見附註35），並在資產負債表獨立呈列。

The assets and liabilities attributable to the hotel business have been classified and accounted for at 31st December 2007 as a disposal group held for sale and are presented separately in the balance sheet (see note 35).

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

14. 每股(虧損)/盈利

來自持續經營及已終止經營業務

本公司權益持有人應佔每股基本及攤薄(虧損)/盈利乃按以下數據計算：

14. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000 (經重列) (restated)
計算每股基本及攤薄(虧損)/ 盈利之本公司權益 持有人應佔(虧損)/盈利	(92,547)	36,880
股份數目	Number of shares	
計算每股基本(虧損)/ 盈利之加權平均 普通股數目	1,391,593,273	606,671,079
潛在普通股之攤薄影響： 購股權	-	12,203,820
計算每股攤薄(虧損)/ 盈利之加權平均 普通股數目	1,391,593,273	618,874,899

由於截至二零零七年十二月三十一日止年度以每股0.20港元價格供股發行843,769,024股供股股份，計算每股基本及攤薄(虧損)/盈利所採納截至二零零七年十二月三十一日止年度及截至二零零六年十二月三十一日止年度之加權平均普通股數已經調整及重列。

The weighted average number of ordinary shares for the year ended 31st December 2007 and 31st December 2006 for the purpose of basis and diluted (loss)/earnings per share has been adjusted and restated respectively resulting from the rights issue of 843,769,024 rights shares issued at a price of HK\$0.20 each during the year ended 31st December 2007.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

14. 每股(虧損)/盈利(續)

來自持續經營業務

本公司權益持有人應佔持續經營業務之每股基本及攤薄(虧損)/盈利乃根據下列數據計算：

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
就計算每股基本及攤薄 (虧損)/盈利所採納之 本公司權益持有人應佔 (虧損)/盈利	(Loss)/earnings attributable to equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share	(92,547)	36,880
減：來自已終止經營業務之 年度虧損	Less: Loss for the year from discontinued operations	62,555	—
就計算來自持續經營業務之 每股基本及攤薄(虧損)/ 盈利之(虧損)/盈利	(Loss)/earnings for the purpose of basic and diluted (loss)/earning per share from continuing operations	(29,992)	36,880

計算每股基本及攤薄(虧損)/盈利所採用之分母與上文詳述者相同。

來自已終止經營業務

根據來自已終止經營業務之年度虧損62,555,000港元(二零零六年：零)及上文詳述有關每股基本及攤薄(虧損)/盈利之分母計算，來自已終止經營業務之每股基本及攤薄虧損為每股0.04港元(二零零六年：零)。

計算截至二零零七年十二月三十一日止年度之有關每股攤薄虧損時，並無假設年內本公司已有之尚未行使購股權獲行使，原因是其轉換將使每股虧損減少，故具有反攤薄效應。

計算截至二零零六年十二月三十一日止年度之有關每股攤薄盈利時，並無假設於該年內本公司已有若干尚未行使購股權及可換股票據獲行使，原因是其獲行使將使每股盈利上升，故具有反攤薄效應。

14. (LOSS)/EARNINGS PER SHARE (Continued)

From continuing operations

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

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
就計算每股基本及攤薄 (虧損)/盈利所採納之 本公司權益持有人應佔 (虧損)/盈利	(Loss)/earnings attributable to equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share	(92,547)	36,880
減：來自已終止經營業務之 年度虧損	Less: Loss for the year from discontinued operations	62,555	—
就計算來自持續經營業務之 每股基本及攤薄(虧損)/ 盈利之(虧損)/盈利	(Loss)/earnings for the purpose of basic and diluted (loss)/earning per share from continuing operations	(29,992)	36,880

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK\$0.04 per share (2006: nil), based on the loss for the year from the discontinued operations of HK\$62,555,000 (2006: nil) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

The computation of the relevant diluted loss per share for the year ended 31st December 2007 did not assume exercise of the Company's outstanding share options existed during the year since their conversion would result in a decrease in loss per share and thus anti-dilutive.

The computation of the relevant diluted earnings per share for the year ended 31st December 2006 did not assume exercise of certain outstanding share options and the conversion of convertible notes existed during the year since their conversion would result in an increase in earnings per share and thus anti-dilutive.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

15. 僱員福利開支

15. EMPLOYEE BENEFIT EXPENSES

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
董事酬金	Directors' remuneration	5,414	4,536
董事袍金	Directors' fee	360	360
薪金及花紅	Salaries and bonuses	9,530	9,585
以股份支付之款項開支	Share-based payment expenses	17,660	11,340
強制性公積金	Mandatory provident fund	372	389
僱員福利開支	Staff welfare expenses	45	75
		33,381	26,285

(a) 董事酬金

本公司董事會目前由三名獨立非執行董事及三名執行董事組成。

年內應付本公司董事酬金總額為5,810,000港元(二零零六年: 4,932,000港元)。各董事截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度之酬金如下:

(a) Directors' emoluments

The Company's board of directors is currently composed of three independent non-executive directors and three executive directors.

The aggregate amount of emoluments payable to the directors of the Company during the year was HK\$5,810,000 (2006: HK\$4,932,000). The remuneration of every director for the year ended 31st December 2007 and 31st December 2006 is as below:

董事姓名	Name of director	袍金		薪金及花紅		強制性公積金		以股份支付之款項		總額	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
向華強先生	Mr. Heung Wah Keung	-	-	2,500	2,040	12	12	-	-	2,512	2,052
陳明英女士	Ms. Chen Ming Yin, Tiffany	-	-	2,280	1,950	12	12	-	-	2,292	1,962
李玉嫦女士	Ms. Li Yuk Sheung	-	-	634	546	12	12	-	-	646	558
洪祖星先生	Mr. Hung Cho Sing	120	120	-	-	-	-	-	-	120	120
何偉志先生	Mr. Ho Wai Chi, Paul	120	120	-	-	-	-	-	-	120	120
馮浩森先生	Mr. Fung Ho Sum	20	120	-	-	-	-	-	-	20	120
	(於二零零七年 三月一日辭任)										
梁學文先生	Mr. Leung Hok Man	100	-	-	-	-	-	-	-	100	-
	(於二零零七年 三月一日獲委任)										
		360	360	5,414	4,536	36	36	-	-	5,810	4,932

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

15. 僱員福利開支 (續)

(a) 董事酬金 (續)

本公司董事之酬金範圍如下：

零至1,000,000港元	Nil to HK\$1,000,000
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000

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

(b) 五名最高薪酬人士

本集團於年內五名最高薪酬之人士包括兩名(二零零六年：兩名)本公司董事，其薪酬達4,804,000港元(二零零六年：4,014,000港元)，並已於上文附註(a)列示。於本年度應付其餘三名人士(二零零六年：三名)之酬金如下：

15. EMPLOYEE BENEFIT EXPENSES

(Continued)

(a) Directors' emoluments (Continued)

The emoluments of the directors of the Company fell within the following bands:

		董事人數 Number of directors	
		二零零七年 2007	二零零六年 2006
零至1,000,000港元	Nil to HK\$1,000,000	5	4
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000	—	1
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	2	1
		<u>7</u>	<u>6</u>

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2006: two) directors of the Company whose emoluments are reflected in note (a) above and amounted to HK\$4,804,000 (2006: HK\$4,014,000). The emoluments payable to the remaining three individuals (2006: three) during the year were as follow:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
薪金及其他津貼	Salaries and other allowances	1,328	988
退休福利計劃供款	Retirement benefits scheme contributions	24	32
以股份支付之款項開支	Share-based payment expenses	5,349	3,755
		<u>6,701</u>	<u>4,775</u>

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截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

15. 僱員福利開支 (續)

(b) 五名最高薪酬人士 (續)

其餘三名(二零零六年：三名)最高薪酬僱員每位之酬金總額範圍如下：

15. EMPLOYEE BENEFIT EXPENSES

(Continued)

(b) Five highest paid individuals (Continued)

The aggregated emoluments of each of these remaining three (2006: three) highest paid individuals fell within the following bands:

		人數 Number of individuals	
		二零零七年 2007	二零零六年 2006
1,000,001港元至1,500,000港元	HK\$1,000,001 to HK\$1,500,000	–	1
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000	–	2
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	3	–
		3	3

16. 退休福利計劃

(a) 本集團根據強制性公積金計劃條例之規則及規例為其所有香港僱員設立強制性公積金計劃(「強積金計劃」)，並於二零零零年十二月一日終止定額供款退休金計劃(「舊計劃」)。本集團所有香港僱員均須參加強積金計劃。本集團已選擇最低法定供款規定，即合資格僱員每月有關收入之5%供款，但每月收入上限為法定之20,000港元。供款於產生時在收入表扣除。僱員於合資格服務期限完成前辭任本集團，則被沒收僱主之自願供款之有關部份(即自舊計劃轉撥之資產)將歸屬本集團。強積金計劃之資產與本集團之資產分開持有，並由一項獨立管理基金持有。

16. RETIREMENT BENEFITS SCHEMES

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

16. 退休福利計劃 (續)

- (b) 受僱於中國附屬公司之僱員均屬中國政府所管理之中央退休金計劃之成員。此等附屬公司須將工資之若干百分比向中央退休金計劃供款，作為有關福利資金。本集團對中央退休金計劃之唯一責任為根據中央退休金計劃作出所需之供款。

年內，退休福利計劃供款減已沒收供款約5,000港元(二零零六年：22,000港元)後之淨額約為372,000港元(二零零六年：389,000港元)。

16. RETIREMENT BENEFITS SCHEMES

(Continued)

- (b) Employees of subsidiaries in the PRC are members of the Central Pension Scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the Central Pension Scheme to fund the benefits. The only obligation of the Group with respect to the Central Pension Scheme is the required contribution under the Central Pension Scheme.

During the year, the retirement benefits schemes contributions net of forfeited contributions of approximately HK\$5,000 (2006: HK\$22,000) amounted to approximately HK\$372,000 (2006: HK\$389,000).

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

17. 物業、機器及設備

本集團

17. PROPERTY, PLANT AND EQUIPMENT

The Group

		樓宇	租賃物業裝修	傢俬及裝置	機器及設備	汽車	總額
		Buildings	Leasehold improvements	Furniture and fixtures	Machinery and equipment	Motor vehicles	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本	Cost						
於二零零六年一月一日	At 1st January 2006	14,862	5,508	15,341	43,548	2,475	81,734
添置	Additions	-	1,246	246	114	1,795	3,401
出售	Disposals	(7,546)	(5,508)	(4,882)	(6,271)	(428)	(24,635)
於二零零六年十二月三十一日及 於二零零七年一月一日	At 31st December 2006 and 1st January 2007	7,316	1,246	10,705	37,391	3,842	60,500
添置	Additions	-	5	34	230	130	399
出售	Disposals	-	-	(3)	(20)	(498)	(521)
於二零零七年十二月三十一日	At 31st December 2007	7,316	1,251	10,736	37,601	3,474	60,378
累積折舊	Accumulated depreciation						
於二零零六年一月一日	At 1st January 2006	4,354	5,174	12,891	38,575	1,593	62,587
年內折舊	Charge for the year	520	310	1,474	3,329	661	6,294
出售時對銷	Eliminated on disposals	(1,404)	(5,358)	(4,759)	(6,262)	(228)	(18,011)
於二零零六年十二月三十一日及 於二零零七年一月一日	At 31st December 2006 and 1st January 2007	3,470	126	9,606	35,642	2,026	50,870
年內折舊	Charge for the year	365	474	721	754	577	2,891
出售時對銷	Eliminated on disposals	-	-	(3)	(20)	(498)	(521)
於二零零七年十二月三十一日	At 31st December 2007	3,835	600	10,324	36,376	2,105	53,240
賬面淨值	Net book value						
於二零零七年十二月三十一日	At 31st December 2007	3,481	651	412	1,225	1,369	7,138
於二零零六年十二月三十一日	At 31st December 2006	3,846	1,120	1,099	1,749	1,816	9,630

於二零零七年十二月三十一日及於二零零六年十二月三十一日，本集團概無樓宇抵押作為本集團所獲銀行貸款之擔保。

At 31st December 2007 and 31st December 2006, none of the Group's buildings were pledged to secure banking facilities granted to the Group.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

18. 租賃土地權益

18. INTERESTS IN LEASEHOLD LAND

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
成本	Cost		
於一月一日	At 1st January	7,294	15,417
出售	Disposals	–	(8,123)
		<u>7,294</u>	<u>7,294</u>
於十二月三十一日	At 31st December	7,294	7,294
累積攤銷	Accumulated amortisation		
於一月一日	At 1st January	1,487	1,733
年內攤銷	Charge for the year	165	286
出售時對銷	Eliminated on disposals	–	(532)
		<u>1,652</u>	<u>1,487</u>
於十二月三十一日	At 31st December	1,652	1,487
賬面淨值	Net book value		
於十二月三十一日	At 31st December	<u>5,642</u>	<u>5,807</u>

本集團於租賃土地之權益指預付經營租約款項，其賬面淨值分析如下：

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

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
根據以下租約持有之香港土地： Land in Hong Kong, held on:			
長期租約	Long-term leases	–	2,800
中期租約	Medium-term leases	5,642	3,007
		<u>5,642</u>	<u>5,807</u>

於二零零七年十二月三十一日及於二零零六年十二月三十一日，本集團概無租賃土地權益抵押作為本集團所獲銀行貸款之擔保。

At 31st December 2007 and 31st December 2006, none of the Group's interests in leasehold land were pledged to secure banking facilities granted to the Group.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

19. 投資物業

19. INVESTMENT PROPERTIES

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於一月一日	At 1st January	40,880	42,190
出售	Disposals	–	(4,190)
已確認之 公平價值增加	Increase in fair value recognised	10,220	2,880
於十二月三十一日	At 31st December	51,100	40,880

投資物業乃由獨立專業估值師行中證評估有限公司(並非本集團之關連人士)以物業於二零零七年十二月三十一日之公開市值進行估值,該估值師行擁有合適資格及近期評估相關地區類似物業之經驗。投資物業之估值報告由中證評估董事(香港測量師學會會員)簽署。該估值乃遵守香港測量師學會所頒布之物業估值準則(二零零五年第一版),並按市值基準進行重估。

Investment properties were valued at their open market values at 31st December 2007 by Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation report on the investment properties is signed by a director of Grant Sherman, who is a member of the Hong Kong Institute of Surveyors. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors, was based on the market value basis.

所有投資物業包括融資租賃下持有之樓宇成本,其賬面值約51,100,000港元(二零零六年:40,880,000港元)已抵押作為本集團所獲銀行貸款之擔保。最低租金已於租約開始時全額支付。

All investment properties included building cost held under finance leases with the carrying amount of approximately HK\$51,100,000 (2006: HK\$40,880,000) have been pledged to secure banking facilities granted to the Group. The minimum lease payments have been paid in full at the inception of the lease.

本集團投資物業按其賬面值分析如下:

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

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
根據以下租約持有之香港 投資物業: 中期租約	Investment properties in Hong Kong, held under: Medium-term leases	51,100	40,880

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

20. 於附屬公司權益

20. INTERESTS IN SUBSIDIARIES

		本公司 The Company	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
非上市股份，按成本值	Unlisted shares, at cost	30,708	30,708
已確認之減值虧損	Impairment loss recognised	(30,299)	(30,299)
		409	409
應收附屬公司款項	Amounts due from subsidiaries	1,603,524	1,504,319
就應收附屬公司款項確認之減值虧損	Impairment loss recognised in respect of amounts due from subsidiaries	(1,006,230)	(1,015,984)
		597,294	488,335
		597,703	488,744

應收／付附屬公司款項乃無抵押、免息且無固定還款期。本公司董事認為，本公司不會於結算日起計十二個月內要求還款，故此應收／付附屬公司款項列作非即期款項。本公司董事認為，應收／付附屬公司款項之賬面值與其公平價值相約。

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors of the Company, the Company will not demand for repayment within twelve months from the balance sheet date and the amounts due from/to subsidiaries are therefore shown as non-current. The directors of the Company consider that the carrying amount of the amounts due from/to subsidiaries approximate to their fair values.

分類為流動資產／負債之應收／應付附屬公司款項乃無抵押、免息及須按要求償還。本公司董事認為，於二零零七年十二月三十一日，應收／應付附屬公司款項之賬面值與其各自之公平價值相若。

The amounts due from/to subsidiaries of the Company classified under current assets/liabilities are unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the carrying amounts of the amounts due from/to subsidiaries as at 31st December 2007 approximate to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

20. 於附屬公司權益 (續)

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

本公司於二零零七年十二月三十一日之主要附屬公司詳情載於附註50。

21. 商譽

已分配予本集團產生現金單位(「產生現金單位」)之商譽乃根據業務確認如下：

20. INTERESTS IN SUBSIDIARIES (Continued)

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

Details of the Company's principal subsidiaries as at 31st December 2007 are set out in note 50.

21. GOODWILL

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

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
電影製作	Film production		
成本	Cost		
於一月一日及十二月三十一日	At 1st January and 31st December	108,703	108,703
減值	Impairment		
於一月一日	At 1st January	49,500	49,500
已確認之減值虧損	Impairment loss recognised	30,141	–
於十二月三十一日	At 31st December	79,641	49,500
賬面值	Carrying amount		
於十二月三十一日	At 31st December	29,062	59,203

於回顧年度，本公司董事已參考獨立合資格專業估值師行中證評估有限公司進行之估值重估電影製作之產生現金單位之可收回金額，並釐定已識別與電影製作之產生現金單位有關之商譽之減值虧損約為30,141,000港元。

During the year under review, the directors of the Company reassessed the recoverable amount of the CGU of film production with reference to the valuation performed by Grant Sherman Appraisal Limited, independent qualified professional valuers and determined that an impairment loss of approximately HK\$30,141,000 on goodwill associated with the CGU of film production was identified.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

21. 商譽 (續)

電影製作之現金產生單位之可收回金額乃根據有關現金產生單位五年預計零增長率並經參考使用價值之計算而評估。五年期後現金流量乃按零增長推算。此增長率並無超逾電影製作之產生現金單位所營運之市場之長期平均增長率。使用價值模式之每年折讓率為19.61%，並採用按照本公司董事所批准涵蓋五年期之財務預測計算之預測現金流量（「現金產生單位預測」）。就產生現金單位預測所涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及對市場發展之預測而釐定之毛利率、增長率及折現率。毛利率為預算毛利率。增長率為用以推算五年預算期後之現金流量之比率，與產生現金單位預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

21. GOODWILL (Continued)

The recoverable amount of the CGU of film production was assessed by reference to value-in-use calculation based on a five year projection of the relevant cash-generating unit with a zero growth rate. Cash flows beyond the five year period have been extrapolated using zero growth rate. This growth rate does not exceed the long term average growth rate for the market in which the CGU of film production operates. A discount rate of 19.61% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "CGU Forecast") covering a five-year period. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the CGU Forecast. Key assumptions included gross margin, growth and discount rate which are determined by the management of the Group based on past experience and its expectation for market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the CGU Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

22. 可供出售之金融資產

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於香港上市權益證券， 按公平價值	Equity securities, listed in Hong Kong, at fair values	39,900	42,700

於香港上市權益證券之公平價值乃參考相關股市所報之市場買入價釐定。

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

22. 可供出售之金融資產 (續)

根據上市規則第129(1)條之規定及披露規定，披露如下：

實體名稱	註冊 成立國家	主要 營業地點	所持 股份類別	本集團所持已發行 股本面值比例 Proportion of nominal value of issued capital held by the Group	所持有 投票權比例 Proportion of voting power held	主要業務 Principal activities
Name of entity	Country of incorporation	Principal place of operation	Class of share held			
大同集團有限公司 Daido Group Limited	百慕達 Bermuda	香港 Hong Kong	普通股 Ordinary	16.79%	16.79%	提供冷藏及物流 服務、生產與 銷售冰塊及進行 物業投資 Cold storage and logistic services, manufacturing and trading of ice and property investment

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

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

23. 應收一間聯營公司之可換股票據／應收一間聯營公司之可換股票據內含之換股期權

23. CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
應收一間聯營公司之 可換股票據	Convertible notes receivable from an associate	667	—
應收一間聯營公司之 可換股票據內含之換股期權	Conversion options embedded in convertible notes receivable from an associate	222	—
		889	—

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

23. 應收一間聯營公司之可換股票據／應收一間聯營公司之可換股票據內含之換股期權(續)

23. CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE (Continued)

		本集團 The Group	
		應收一間聯營公司 之可換股票據	應收一間聯營公司 內含之換股期權
		Convertible notes receivable from an associate	Conversion options embedded in convertible notes receivable from an associate
		千港元 HK\$'000	千港元 HK\$'000
於二零零七年一月一日	At 1st January 2007	-	-
認購可換股票據	Subscription of convertible notes	15,693	6,807
推算利息收入	Imputed interest income	124	-
轉換可換股票據	Conversion of convertible notes	(15,150)	(6,535)
應收一間聯營公司之可換股票據 內含之換股期權之公平價值變動	Changes in fair value in respect of conversion options embedded in convertible notes receivable from an associate	-	(50)
		<u>667</u>	<u>222</u>

可換股票據由本公司之全資附屬公司Classical Statue Limited (「CSL」)持有。

The convertible notes are held by Classical Statue Limited ("CSL"), a wholly owned subsidiary of the Company.

於回顧期內，CSL訂立協議，向采藝多媒體控股有限公司(前稱「銀河映像控股有限公司」)(「采藝」)以22,500,000港元之價格認購本金額25,000,000港元之可換股票據(「采藝可換股票據」)。采藝之股份於香港聯合交易所有限公司創業板上市。采藝可換股票據為零票息及將於二零一二年五月二十四日到期。初步換股價為每股0.33港元(可予調整)。除非先前轉換或作廢，否則采藝將於二零一二年五月二十四日，按贖回金額相等於尚未償還之采藝可換股票據本金額之100%贖回采藝可換股票據。

During the year under review, CSL entered into an agreement to subscribe convertible notes ("Brilliant Arts CN") with principal amount of HK\$25,000,000 from Brilliant Arts Multi Media Holding Limited (formerly known as "Milkyway Image Holdings Limited") ("Brilliant Arts") at a price of HK\$22,500,000. Brilliant Arts has its shares listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The Brilliant Arts CN carries zero coupon and will mature on 24th May 2012. The initial conversion price is HK\$0.33 per share (subject to adjustment). Unless previously converted or lapsed, Brilliant Arts will redeem the Brilliant Arts CN on 24th May 2012 at the redemption amount which is 100% of the principal amount of outstanding Brilliant Arts CN.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

23. 應收一間聯營公司之可換股票據／應收一間聯營公司之可換股票據內含之換股期權(續)

於二零零七年六月十五日，本公司行使其換股權，而本金額24,000,000港元之采藝可換股票據已轉換為72,727,272股采藝股份，相等於采藝已發行股本之29.17%。采藝已成為本公司之聯營公司。於二零零七年十二月三十一日，應收采藝之采藝可換股票據本金額為1,000,000港元。

23. CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES RECEIVABLE FROM AN ASSOCIATE (Continued)

On 15th June 2007, the Company exercised its conversion rights and principal amount of HK\$24,000,000 Brilliant Arts CN were converted into 72,727,272 shares of Brilliant Arts, which represents 29.17% issued share capital of Brilliant Arts. Brilliant Arts become an associate of the Company. At 31st December 2007, principal amount of HK\$1,000,000 Brilliant Arts CN was receivable from Brilliant Arts.

24. 於聯營公司權益

24. INTERESTS IN ASSOCIATES

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
應佔聯營公司資產淨值 (附註a)	Share of net assets of associates (Note a)	329,678	143,346
商譽 (附註b)	Goodwill (Note b)	45,470	54,767
		375,148	198,113
上市股份之市值	Market value of listed shares	150,353	317,016

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

(a) 應佔聯營公司資產淨值

24. INTERESTS IN ASSOCIATES (Continued)

(a) Share of net assets of associates

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於一月一日	At 1st January	143,346	79,704
本集團應佔溢利／(虧損)	Profit/(loss) attributable to the Group	16,548	(9,796)
收購折讓	Discount on acquisition	40,100	–
應佔聯營公司業績	Share of results of associates	56,648	(9,796)
出售一間聯營公司 被視作出售聯營公司 股本權益後應佔資產 淨值(減少)／增加 總額	Disposal of an associate Aggregate (decrease)/increase in share of net assets on deemed disposal of equity interest in associates	–	(3,600)
初次收購采藝29.17% 股本權益	Initial acquisition of 29.17% equity interest in Brilliant Arts	3,616	–
進一步投資於 聯營公司	Further investments in associates	130,729	7,718
應佔聯營公司儲備 變動	Share of changes in reserves of associates	15,188	(4,388)
		129,684	73,438
於十二月三十一日	At 31st December	329,678	143,346

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

(b) 商譽

24. INTERESTS IN ASSOCIATES (Continued)

(b) Goodwill

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
於一月一日	At 1st January	54,767	86,769
被視作出售聯營公司 股本權益後應佔商譽 減少總額	Aggregate decrease in goodwill on deemed disposal of equity interest in associates	(29,895)	(11,126)
初次收購采藝29.17% 股本權益	Initial acquisition of 29.17% equity interest in Brilliant Arts	20,514	–
已確認之減值虧損	Impairment loss recognised	–	(32,565)
進一步投資於聯營 公司	Further investments in associates	84	11,689
於十二月三十一日	At 31st December	45,470	54,767

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

(b) 商譽 (續)

減值測試

商譽增加因收購采藝所致。於回顧年度，本公司董事已重估商譽之可收回金額，並確定與采藝有關之商譽並無出現減值虧損。采藝之可收回金額乃經參考使用價值之計算而評估。使用價值模式乃應用年折現率10%，使用根據本公司董事核准涵蓋五年期之財務預測（「核准預測」）之現金流量預計。五年期後現金流量乃按零增長率推算。就核准預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及對市場發展之預測而釐定之毛利率、增長率及折現率。毛利率為預算毛利率。增長率為用以推算五年預算期後之現金流量之比率，與核准預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

24. INTERESTS IN ASSOCIATES (Continued)

(b) Goodwill (Continued)

Impairment test

The increase in goodwill was attributable to the acquisition of Brilliant Arts. During the year under review, the directors of the Company reassessed the recoverable amount of goodwill and determined that no impairment loss on goodwill associated with Brilliant Arts was identified. The recoverable amount of Brilliant Arts was assessed by reference to value-in-use calculation. A discount rate of 10% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "Approved Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using zero growth rate. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the Approved Forecast. Key assumptions include gross margin, growth rate and discount rate which are determined by the management of the Group based on past experience and its expectation for market development. Gross margin are budgeted gross margin. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the Approved Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

(b) 商譽 (續)

減值測試 (續)

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

24. INTERESTS IN ASSOCIATES (Continued)

(b) Goodwill (Continued)

Impairment test (Continued)

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

(c) 收購一間聯營公司

於二零零七年六月十五日，本公司行使其換股權，而采藝可換股票據本金額24,000,000港元獲轉為72,727,272股采藝股份，佔采藝已發行股本之29.17%。采藝成本集團聯營公司。其後，本集團在采藝公開發售中認購其配售5,455,000港元，比例為於記錄日期每持有兩股現有股份獲發一股公開發售股份。年內，采藝透過配售及購股權獲行使，發行49,863,000股新采藝股份。因此，於二零零七年十二月三十一日，本集團於采藝之權益被攤薄3.43%至25.74%。

(d) 於豐采之權益

年內，豐采透過公開發售、配售及購股權獲行使，發行約1,303,426,000股豐采新股份（經考慮豐采10股合併為1股新股之效應）。因此，本集團於豐采之權益被攤薄。此外，本集團以總代價約33,181,000港元在公開市場進一步收購豐采股權。本集團亦在豐采公開發售中認購其配額及申請額外認購合共92,177,000港元，比例為於記錄日期每持有兩股現有股份獲發一股公開發售股份。上述各項合共減少本集團於豐采之權益由34.4%減至二零零七年十二月三十一日之29.9%。

主要聯營公司於二零零七年十二月三十一日之詳情載於附註51。

24. INTERESTS IN ASSOCIATES (Continued)

(c) Acquisition of an associate

On 15th June 2007, the Company exercised its conversion rights and principal amount of HK\$24,000,000 of Brilliant Arts CN were converted into 72,727,272 shares of Brilliant Arts, which represents 29.17% issued share capital of Brilliant Arts. Brilliant Arts becomes an associate of the Group. Thereafter, the Group has subscribed its entitlement for an amount of HK\$5,455,000 in the open offer of Brilliant Arts on the basis of one offer share for every two existing shares held on the record date. During the year, Brilliant Arts issued 49,863,000 new shares of Brilliant Arts through placing and exercise of options. As a result, the Group's interest in Brilliant Arts was diluted by 3.43% to 25.74% as at 31st December 2007.

(d) Interests in Riche

During the year, Riche issued approximately 1,303,426,000 new shares of Riche (after considering the effect of consolidation of 10 shares into 1 new share of Riche) through open offer, placings and exercise of options. As a result, the Group's interest in Riche was diluted. Moreover, the Group acquired further equity interest in Riche in the open market at a total consideration of approximately HK\$33,181,000. The Group has also subscribed its entitlement and applied for excess subscription for an aggregate amount of HK\$92,177,000 in the open offer of Riche on the basis of one offer share for every two existing shares held on the record date. The aggregate effect of the above decreased the Group's interest in Riche from 34.4% to 29.9% as at 31st December 2007.

Details of the principal associates at 31st December 2007 are set out in note 51.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

24. 於聯營公司權益 (續)

以下詳情摘錄自本集團主要聯營公司經審核綜合財務報表：

24. INTERESTS IN ASSOCIATES (Continued)

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

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
營業額	Turnover	61,552	25,900
除稅前溢利／(虧損)	Profit/(loss) before taxation	29,677	(27,125)
本集團應佔除稅後 溢利／(虧損)	Profit/(loss) after taxation attributable to the Group	16,548	(9,796)
非流動資產	Non-current assets	933,816	758,222
流動資產	Current assets	700,329	195,344
非流動負債	Non-current liabilities	(366,949)	(408,274)
流動負債	Current liabilities	(181,981)	(132,760)
資產淨值	Net assets	1,085,215	412,532
本集團應佔資產淨值	Net assets attributable to the Group	329,678	143,346

25. 存貨

25. INVENTORIES

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
製成品	Finished goods	301	364

以上金額包括約197,000港元(二零零六年：188,000港元)以可變現淨值計賬之製成品。

Included above are finished goods of approximately HK\$197,000 (2006: HK\$188,000) which are carried at net realisable values.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

26. 應收可換股票據

26. CONVERTIBLE NOTES RECEIVABLES

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
一月一日	At 1st January	52,000	42,000
贖回可換股票據	Redemption of the convertible notes	(52,000)	–
應收可換股票據已回撥 減值虧損	Impairment loss reversed in respect of convertible notes receivables	–	10,000
於十二月三十一日	At 31st December	–	52,000

附註：

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

於二零零七年三月十四日，票據發行人贖回所有可換股票據以及票據發行人償還本集團之全數本金52,000,000港元。

Notes:

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

On 14th March 2007, the Note Issuers redeemed all of the Convertible Notes and the whole amount of principal of HK\$52,000,000 was repaid to the Group by the Note Issuers.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

27. 電影版權

本集團

27. FILM RIGHTS

The Group

		千港元 HK\$'000
成本	Cost	
於二零零六年一月一日	At 1st January 2006	1,111,522
添置	Additions	62,279
出售	Disposals	(535,943)
於二零零六年十二月三十一日及 二零零七年一月一日	At 31st December 2006 and 1st January 2007	637,858
添置	Additions	13,967
出售	Disposals	(348,249)
於二零零七年十二月三十一日	At 31st December 2007	303,576
攤銷及減值	Amortisation and impairment	
於二零零六年一月一日	At 1st January 2006	975,524
本年度攤銷	Amortised for the year	100,850
出售時對銷	Eliminated on disposals	(535,943)
於二零零六年十二月三十一日及 二零零七年一月一日	At 31st December 2006 and 1st January 2007	540,431
本年度攤銷	Amortised for the year	43,747
已確認之減值虧損	Impairment loss recognised	16,850
出售時對銷	Eliminated on disposals	(348,249)
於二零零七年十二月三十一日	At 31st December 2007	252,779
賬面值	Carrying amount	
二零零七年十二月三十一日	At 31st December 2007	50,797
二零零六年十二月三十一日	At 31st December 2006	97,427

於回顧年度，本公司董事已參考獨立合資格專業估值師行中證評估有限公司進行之估值，重新評估電影版權之可收回金額，並釐定所識別與電影版權有關商譽之減值虧損約為16,850,000港元。

During the year under review, the directors of the Company reassessed the recoverable amount of film rights with reference to the valuation performed by Grant Sherman Appraisal Limited, independent qualified professional valuers and determined that impairment loss of approximately HK\$16,850,000 on the film rights was identified.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

27. 電影版權 (續)

電影版權之可收回金額乃經參考使用價值之計算而評估。使用價值模式乃應用年折現率21.61%，使用根據本公司董事核准涵蓋期為五年之財務預測(「電影預測」)之現金流量預計。五年期後現金流量乃按零增長推算。此增長率並無超逾電影版權所營運之市場之長期平均增長率。就電影預測涵蓋之期間進行現金流量預計涉及多項假設及估計，主要假設包括本集團管理層根據過往經驗及其對市場發展之預測而釐定之毛利率、增長率及折現率。增長率為用以推算五年預算期後之現金流量之比率，與電影預測所用者一致。折現率為除稅之前，並反映業界有關之特定風險。

27. FILM RIGHTS (Continued)

The recoverable amount of film rights was assessed by reference to value-in-use calculation. A discount rate of 21.61% per annum was applied in the value-in-use model which uses cash flow projections based on financial forecasts approved by the directors of the Company (the "Film Forecast") covering a five-year period. Cash flows beyond the five-year period have been extrapolated using zero growth rate. This growth rate does not exceed the long term average growth rate for the market in which film rights operates. There are a number of assumptions and estimates involved for the preparation of the cash flow projections for the period covered by the Film Forecast. Key assumptions include gross margin, growth rate and discount rate which are determined by the management of the Group based on past experience and its expectation for market development. Growth rate represents the rate used to extrapolate cash flows beyond the five-year budgeted period and are consistent with the Film Forecast. The discount rates used are pre-tax and reflect specific risks relating to the industry.

28. 製作中電影

28. FILMS IN PROGRESS

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
製作中電影	Films in progress	24,948	29,469

製作中電影以成本減任何可識別減值虧損計量。

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

29. 貿易應收賬款

給予客戶之賬期為30至90日不等。貿易應收賬款之賬齡分析如下：

29. TRADE RECEIVABLES

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

		The Group 本集團	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
采藝多媒體控股有限公司 及其附屬公司(「采藝集團」)	Brilliant Arts and its subsidiaries ("Brilliant Arts Group")		
0至30日	0 to 30 days	12	-
		12	-
其他	Others		
0至30日	0 to 30 days	885	683
31至60日	31 to 60 days	2,784	575
61至90日	61 to 90 days	224	826
91至180日	91 to 180 days	151	373
超過180日	Over 180 days	51,644	9,595
		55,688	12,052
減：貿易應收賬款之減值虧損	Less: Impairment loss on trade receivables	(4,034)	(4,036)
		51,654	8,016
總計	Total	51,666	8,016
已到期但未減值之貿易應收賬款之賬齡分析如下：	Aging of trade receivables which are past due but not impaired:		
61至90日	61 – 90 days	224	826
超過90日	Over 90 days	47,761	5,932
總計	Total	47,985	6,758

本集團貿易應收賬款結餘包括賬面值總額約為47,985,000港元(二零零六年：6,758,000港元)之債務，該債務已於報告日到期，惟本集團並無就此作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK\$47,985,000 (2006: HK\$6,758,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

29. 貿易應收賬款 (續)

在釐定貿易應收賬款之可收回程度時，本公司董事會考慮貿易應收賬款之信貸質素自初步授出日期直至申報日之任何變動。因此，本公司董事認為須對貿易應收賬款作減值撥備至其可收回價值，並相信毋須就超出呆賬撥備之差額進一步作出信貸撥備。

29. TRADE RECEIVABLES (Continued)

In determining the recoverability of trade receivables, the directors of the Company considers any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

30. 按金、預付款項及其他應收款項

30. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		本集團 The Group		本公司 The Company	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
按金	Deposits	32,237	39,573	1,426	1,086
預付款項	Prepayments	579	623	382	351
其他應收款項	Other receivables	3,974	4,965	—	—
		36,790	45,161	1,808	1,437

按金、預付款項及其他應收款項之賬面值與其公平價值相若。

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

已到期但未減值之其他應收款項之賬齡分析如下：

Aging of other receivables which are past due but not impaired:

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
超過90日	Over 90 days	780	780

管理層相信，由於該等結餘仍被視為可全數收回，故毋須就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

Management believes that no impairment allowance is necessary in respect of these balances as the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

31. 投資按金

於二零零七年八月十六日及二零零七年十月十日，本公司就收購Best Mind International Inc. (「Best Mind」) 股本權益訂立協議，總代價為1,054,900,000港元。總按金400,000,000港元已於二零零七年十二月三十一日向賣方支付。收購Best Mind之詳情載於本公司於二零零七年十二月六日及二零零七年十二月七日刊發之通函。於二零零六年十二月三十一日之結餘乃收購KHL所已支付之按金。

31. DEPOSITS FOR INVESTMENTS

On 16th August 2007 and 10th October 2007, the Company entered into agreements in respect of acquisitions of an aggregate 100% equity interest of Best Mind International Inc. ("Best Mind") with total considerations of HK\$1,054,900,000. Total deposits of HK\$400,000,000 was paid to the vendor at 31st December 2007. Details of the acquisitions of Best Mind were set out in the Company's circulars dated 6th December 2007 and 7th December 2007. Balance as at 31st December 2006 represented the deposit paid for the acquisition of KHL.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

32. 持作買賣投資

32. HELD-FOR-TRADING INVESTMENTS

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
上市投資：	Listed investments:		
– 於香港上市之權益證券， 按公平價值	– Equity securities listed in Hong Kong, at fair value	16,600	64,560

於結算日，所有透過損益以公平價值列賬之金融資產均以公平價值列賬。該等上市投資之公平價值乃參考相關股市所報之市價買入價而釐定。

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

33. 應收聯營公司款項 – 本集團及本公司

應收本集團及本公司聯營公司款項為無抵押、免息及須於要求時歸還。

33. AMOUNTS DUE FROM ASSOCIATES – THE GROUP AND THE COMPANY

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

34. 現金及現金等值項目

(a) 資產負債表

34. CASH AND CASH EQUIVALENTS

(a) Balance Sheet

		本集團 The Group		本公司 The Company	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
現金及銀行結餘	Cash and bank balances	2,049	1,597	368	187
定期存款	Time deposits	20,686	87,750	20,686	87,650
現金及現金等值項目	Cash and cash equivalents	22,735	89,347	21,054	87,837

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

34. 現金及現金等值項目

- (b) 就現金流量表而言，現金及現金等值項目包括銀行及現金(扣除未償還銀行透支)。於現金流動表上列示於二零零七年十二月三十一日之現金及現金等值項目可與於綜合資產負債表之相關項目對賬如下：

34. CASH AND CASH EQUIVALENTS

- (b) For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at 31st December 2007 as shown in the cash flow statement can be reconciled to the related items in the consolidated balance sheet as follow:

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
現金及現金等值項目	Cash and cash equivalents	22,735	89,347
計入持作出售非流動資產 之現金及現金等值項目 (附註35)	Cash and cash equivalents included in non-current assets held for sale (note 35)		
銀行結餘及現金	Bank balances and cash	181,102	-
銀行透支	Bank overdraft	(146,516)	-
		34,586	-
		57,321	89,347

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

35. 持有銷售之非流動資產

誠如財務報表附註13所述，於結算日，資產及負債主要類別包括分類為持作銷售之酒店業務：

35. NON-CURRENT ASSETS HELD FOR SALE

As described in note 13 to the financial statements, the major classes of assets and liabilities comprising the hotel operation classified as held for sale at the balance sheet date are as follow:

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
物業、機器及設備	Property, plant and equipment	3,758	—
租賃土地權益	Interests in leasehold land	517,568	—
在建項目	Construction in progress	274,196	—
存貨	Inventories	213	—
貿易應收賬款	Trade receivables	1,462	—
按金、預付款項及其他 應收款項	Deposits, prepayment and other receivables	12,773	—
給予一少數股東貸款	Loan to a minority shareholder	196,000	—
現金及現金等值項目	Cash and cash equivalents	181,102	—
分類為持作銷售之 酒店業務資產	Assets of hotel business classified as held for sale	1,187,072	—
銀行透支	Bank overdraft	146,516	—
貿易應付賬款	Trade payables	2,150	—
應計項目及其他應付款項	Accruals and other payables	4,170	—
應付少數股東款項	Amounts due to minority shareholders	40,502	—
應付稅項	Tax payables	609	—
遞延稅項	Deferred taxation	80,888	—
銀行借貸	Bank borrowings	450,000	—
少數股東權益	Minority interests	309,261	—
與分類為持作銷售之資產 有關之酒店業務負債	Liabilities of hotel business associated with assets classified as held for sale	1,034,096	—
分類為持作銷售之酒店 業務資產淨值	Net assets of hotel business classified as held for sale	152,976	—

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

36. 股本

36. SHARE CAPITAL

		股份數目		金額	
		Number of shares		Amount	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		千股	千股	千港元	千港元
		'000	'000	HK\$'000	HK\$'000
每股面值0.05港元 之普通股	Ordinary shares of HK\$0.05 each				
法定股本：	Authorised:	20,000,000	20,000,000	1,000,000	1,000,000
已發行及繳足股本：	Issued and fully paid:				
年初	At beginning of year	704,646	520,541	35,232	26,027
兌換可換股債券 (附註39)	Conversion of convertible bonds (Note 39)	532,702	—	26,636	—
供股 (附註a)	Rights issue (Note a)	843,769	—	42,188	—
行使購股權 (附註b)	Exercise of share options (Note b)	78,285	—	3,914	—
配售股份 (附註c, d & e)	Placement of shares (Note c, d & e)	646,695	184,105	32,335	9,205
年終	At end of year	2,806,097	704,646	140,305	35,232

附註：

Notes:

(a) 於二零零七年十月十七日，本公司以供股方式並按於二零零七年十月十五日每持有一股股份獲發兩股股份之比例以認購價每股0.20港元發行843,769,024股每股0.05港元新股。所得款項淨額約164,800,000港元已用作收購Best Mind。

(a) On 17th October 2007, the Company issued 843,769,024 new shares of HK\$0.05 each by way of a rights issue on the basis of one rights share for every two shares held on 15th October 2007 at a subscription price of HK\$0.20 per share. The net proceeds of approximately HK\$164,800,000 were used for the acquisition of Best Mind.

(b) 截至二零零七年十二月三十一日止年度，若干購股權持有人行使其購股權，分別以行使價每股股份0.242港元合共認購32,985,000股份、以行使價每股股份0.277港元合共認購26,800,000股份、以行使價每股股份0.42港元合共認購5,900,000股份及以行使價每股股份0.277港元合共認購12,600,000股份。行使購股權所得款項淨額約為21,374,000港元。

(b) For the year ended 31st December 2007, certain option holders exercised their option rights to subscribe for an aggregate of 32,985,000 shares at an exercise price of HK\$0.242 per share, an aggregated of 26,800,000 shares at an exercise price of HK\$0.277 per Share, an aggregate of 5,900,000 Shares at an exercise price of HK\$0.42 per share and an aggregate of 12,600,000 shares at an exercise price of HK\$0.277 per share respectively. The net proceeds from the exercise of option rights amounted to approximately HK\$21,374,000.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

36. 股本 (續)

附註：(續)

- (c) 於二零零七年四月十七日及二零零七年五月三十日，本公司以配售方式並按每股股份0.37港元之價格向獨立投資者分別配發及發行124,900,000股及81,100,000股股份。所得款項淨額約74,000,000港元已用作本集團之一般營運資金。
- (d) 於二零零七年六月二十五日，本公司以配售方式並按每股股份0.40港元之價格向獨立投資者配發及發行合共165,905,000股股份。所得款項淨額約64,600,000港元已計劃用作本集團之一般營運資金。
- (e) 於二零零七年九月二十八日，本公司以配售方式並按每股股份0.21港元之價格向獨立投資者配發及發行合共274,790,000股股份。所得款項淨額約56,200,000港元已計劃用作收購Best Mind。

36. SHARE CAPITAL (Continued)

Notes: (Continued)

- (c) On 17th April 2007 and 30th May 2007, the Company allotted and issued 124,900,000 shares and 81,100,000 shares respectively by way of placing to independent investors at a price of HK\$0.37 per share. The net proceeds of approximately HK\$74,000,000 were intended to be used for general working capital of the Group.
- (d) On 25th June 2007, the Company allotted and issued an aggregate of 165,905,000 shares by way of placings to independent investors at a price of HK\$0.40 per share. The net proceeds of approximately HK\$64,600,000 were intended to be used for general working capital of the Group.
- (e) On 28th September 2007, the Company allotted and issued an aggregate of 274,790,000 shares by way of placings to independent investors at a price of HK\$0.21 per share. The net proceeds of approximately HK\$56,200,000 were intended to be used for the acquisition of Best Mind.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

37. 儲備

37. RESERVES

		股份溢價	繳入盈餘	可換股票據儲備	以股份支付款項之儲備	股本削減儲備	累計虧損	總額
		Share premium	Contributed surplus	Convertible notes reserve	Share-based payment reserve	Capital reduction reserve	Accumulated losses	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(附註a)	(附註b)	(附註c)	(附註d)	(附註e)		
		(Note a)	(Note b)	(Note c)	(Note d)	(Note e)		
本公司	The Company							
於二零零六年一月一日	At 1st January 2006	853,810	207,548	566	31,898	316,008	(859,499)	550,331
年度虧損	Loss for the year	-	-	-	-	-	(5,166)	(5,166)
以股份支付之款項開支	Share-based payment expenses	-	-	-	11,340	-	-	11,340
配售股份	Placement of shares	54,350	-	-	-	-	-	54,350
股份發行開支	Share issuing expenses	(1,172)	-	-	-	-	-	(1,172)
於二零零六年十二月三十一日及二零零七年一月一日	At 31st December 2006 and at 1st January 2007	906,988	207,548	566	43,238	316,008	(864,665)	609,683
年度虧損	Loss for the year	-	-	-	-	-	(27,969)	(27,969)
以股份支付之款項開支	Share-based payment expenses	-	-	-	17,660	-	-	17,660
配售股份	Placement of shares	167,953	-	-	-	-	-	167,953
股份發行開支	Share issuing expenses	(10,226)	-	-	-	-	-	(10,226)
發行可換股債券	Issue of convertible bonds	-	-	54,307	-	-	-	54,307
贖回可換股債券	Redemption of convertible bonds	-	-	(566)	-	-	566	-
兌換可換股債券	Conversion of convertible bonds	134,409	-	(54,307)	-	-	-	80,102
供股	Rights issue	126,565	-	-	-	-	-	126,565
行使購股權	Exercise of share options	30,761	-	-	(13,301)	-	-	17,460
於二零零七年十二月三十一日	At 31st December 2007	1,356,450	207,548	-	47,597	316,008	(892,068)	1,035,535

截至二零零七年十二月三十一日止年度，於本公司財務報告處理本公司權益持有人應佔虧損約為27,969,000港元(二零零六年：5,166,000港元)。

The loss attributable to equity holders of the Company for the year ended 31st December 2007 which has been dealt with in the financial statements of the Company amounted to approximately HK\$27,969,000 (2006: HK\$5,166,000).

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

37. 儲備 (續)

附註：

- (a) 根據一九八一年百慕達公司法(修訂本)，本公司之股份溢價可用作繳足本公司之未發行股份，作為繳足紅股發行予本公司股東。
- (b) 本公司之繳入盈餘乃指因股本削減於二零零二年九月十日生效而轉自股本賬之數額。本公司所收購附屬公司之相關有形資產淨值與本公司於一九九二年本集團重組時已發行股本面值之差額，以及因二零零二年九月十日資本削減生效而轉自資本賬之差額。

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

- (i) 本公司現時或將於派息後無力償還到期而應償還之債項；或
- (ii) 本公司資產之可變現價值因派息而少於其負債加已發行股本及股份溢價賬之總和。
- (c) 根據香港會計準則第32號，所發行之可換股票據乃於初次確認時分為負債部份及權益部份，方式為按公平價值確認負債部份(公平價值乃使用同等不可換股票據之市場利率釐定)，而發行所得款項與負債部份之公平價值兩者之差額則歸於權益部份。負債部份其後乃按已攤銷成本列值。權益部份會確認於可換股票據儲備，直至票據被轉換(屆時將轉撥至股份溢價)或票據被贖回(屆時將直接撥至累計虧損)為止。

37. RESERVES (Continued)

Notes:

- (a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the company as fully paid bonus shares.
- (b) The contributed surplus of the Company represents the amounts transferred from the capital account due to the capital reduction effective on 10th September 2002. The difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company and the nominal amount of the share capital issued by the Company at the time of the Group reorganization in 1992 and the amount transferred from the capital account due to the capital reduction effective on 10th September 2002.

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

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (c) Under HKAS 32, convertible notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to accumulated losses).

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

37. 儲備 (續)

附註：(續)

- (d) 以股份支付之款項儲備，相當於授出相關購股權後估計可於相關歸屬期間內換得之僱員服務之公平價值，其總數乃以授出當日有關購股權之公平價值為基準。每段期間之數額則是將有關購股權之公平價值在相關歸屬期間(倘有)內攤分計算，並作為員工成本及相關支出項目入賬，並相應提高以股份支付之款項儲備。
- (e) 本公司之股本削減儲備指於一九九八年將本公司332,640,000股已發行股份之面值由每股1.00港元削減至每股0.05港元所產生之金額。按董事根據本公司細則第129條而通過之一項決議案，股本削減儲備可用作支付本公司遭索償之金額或負債或或然負債，或可用作償還資本性貸款、補足股息或其他本公司溢利可運用之用途。

37. RESERVES (Continued)

Notes: (Continued)

- (d) Share-based payment reserve represents the fair value of employee services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount for each period is determined by spreading the fair value of the options over the relevant vesting periods (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve.
- (e) The capital reduction reserve of the Company represents the amount arising in relation to the reduction of the nominal value of 332,640,000 issued shares of the Company from HK\$1.00 each to HK\$0.05 each in 1998. Pursuant to a resolution passed by the directors pursuant to Bye-law 129 of the Company's Bye-laws, the capital reduction reserve shall be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

38. 銀行借貸

38. BANK BORROWINGS

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
有抵押銀行貸款	Secured bank loans	10,941	13,202
上述借貸之到期日如下：	The maturity of the above borrowings is as follows:		
一年內	Within one year	2,418	2,254
一至兩年	Between one and two years	2,528	2,380
兩至五年	Between two and five years	5,681	7,966
五年以上	Over five years	314	602
		10,941	13,202
減：一年內到期列入 流動負債之款項	Less: Amount due within one year shown under current liabilities	(2,418)	(2,254)
一年後到期之款項	Amount due after one year	8,523	10,948

有抵押銀行貸款包括按揭貸款，按商業利率計息。按揭貸款以本集團賬面值約為51,100,000港元（二零零六年：40,880,000港元）之投資物業作擔保。按揭貸款須於十年內分期攤還。所有計息貸款均以港元定值。

本公司董事認為，本集團借貸之賬面值與其公平價值相若。

Secured bank loans comprise a mortgage loan which bears interest at commercial rates. The mortgage loan is secured by the Group's investment properties with carrying value of approximately HK\$51,100,000 (2006: HK\$40,880,000). The mortgage loan is repayable in installments over a period of ten years. All interest-bearing borrowings are denominated in Hong Kong dollar.

The directors of the Company consider that the carrying amounts of the Group's borrowings approximates to their fair values.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

39. 無抵押可換股票據

於二零零六年十二月三十一日，本金額20,000,000港元之無抵押可換股票據（「可換股票據一」）乃按年利率4厘計息，並已於二零零七年六月三十日到期。

可換股票據一附有權利，可按每股股份5.83港元（經調整後）之換股價將可換股票據一本金兌換為本公司股本中每股面值0.05港元之股份，惟須受調整所規限。自二零零四年六月十四日至緊接二零零七年六月三十日前第14個營業日，票據持有人可兌換可換股票據一之餘下本金額為本公司股份，並可要求提早償還可換股票據一之餘下本金額連同應計利息。可換股票據一已於二零零七年六月三十日償還。

於二零零七年五月十八日，本公司以發行價公平價值之95%發行本金額168,500,000港元之可換股票據（「可換股票據二」）。可換股票據二為零票息、無抵押及將於二零一二年五月十七日到期。可換股票據二以港元定值，初步兌換價為每股0.32港元（可就反攤薄作出調整）。負債部份之有效利率為每年9.75%。於截至二零零七年十二月三十一日止年度，可換股票據二已全數獲兌換為本公司普通股。

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

39. UNSECURED CONVERTIBLE NOTES

As at 31st December 2006, there was an unsecured convertible notes ("the Convertible Notes I") of principal value HK\$20,000,000 bearing interest at 4 per cent per annum and was matured on 30th June 2007.

The Convertible Notes I carry the right to convert the principal amount of the Convertible Notes I into shares of HK\$0.05 each in the share capital of the Company at a conversion price of HK\$5.83 per share (after adjustments), subject to adjustment. From 14th June 2004 to the 14 business day immediately preceding 30th June 2007, the noteholder can convert the outstanding principal amount of the Convertible Notes I into shares of the Company and may request early repayment of the outstanding principal amount of the Convertible Notes I together with accrued interest. The Convertible Notes I was repaid on 30th June 2007.

On 18th May 2007, the Company issued convertible notes in the principal amount of HK\$168,500,000 at an issue price of 95% of fair value ("Convertible Notes II"). The Convertible notes II were zero coupon, unsecured and will be matured on 17th May 2012. The Convertible Notes II are denominated in Hong Kong dollars. The initial conversion price is HK\$0.32 per share and subject to anti-dilutive adjustments. The effective interest rate of the liability component is 9.75% per annum. The Convertible Notes II were fully converted into ordinary shares of the Company during the year ended 31st December 2007.

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

39. 無抵押可換股票據 (續)

39. UNSECURED CONVERTIBLE NOTES
(Continued)

		本集團及本公司 The Group and the Company	
		可換股票據 之負債部份 Liability component of the convertible notes 千港元 HK\$'000	可換股票據 之權益部份 Equity component of the convertible notes 千港元 HK\$'000
於二零零六年一月一日	At 1st January 2006	19,434	566
推算利息開支	Imputed interest expenses	1,233	–
已付利息	Interest paid	(800)	–
於二零零六年十二月三十一日 及二零零七年一月一日	At 31st December 2006 and at 1st January 2007	19,867	566
發行可換股票據	Issue of convertible notes	105,768	54,307
兌換為普通股	Converted into ordinary shares	(106,738)	(54,307)
推算利息開支	Imputed interest expenses	1,501	–
已付利息	Interest paid	(398)	–
贖回可換股票據	Redemption of convertible notes	(20,000)	(566)
於二零零七年十二月三十一日	At 31st December 2007	–	–

無抵押可換股票據之到期日如下：

The maturity of the unsecured convertible notes is as follow:

		本集團及本公司 The Group and the Company	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
一年內	Within one year	–	19,867

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

40. 遞延稅項負債

本集團

以下為本集團確認之主要遞延稅項負債及資產及有關變動：

		投資物業之公平價值變動 Fair value changes of investment properties 千港元 HK\$'000
於二零零六年一月一日	At 1st January 2006	–
自收入表扣除	Charge to income statement	1,888
於二零零六年十二月三十一日 至二零零七年一月一日	At 31st December 2006 and 1st January 2007	1,888
自收入表扣除	Charge to income statement	1,578
於二零零七年十二月三十一日	At 31st December 2007	3,466

於二零零七年十二月三十一日，本集團擁有約417,320,000港元（二零零六年：414,331,000港元）之未動用估計稅務虧損可供抵銷日後溢利。由於未能預計日後之溢利，故並無確認遞延稅項資產。

本公司

由於未能預計日後之溢利，故並無就估計稅項虧損約81,870,000港元（二零零六年：79,316,000港元）確認遞延稅項資產。

40. DEFERRED TAX LIABILITIES

The Group

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

		投資物業之公平價值變動 Fair value changes of investment properties 千港元 HK\$'000
At 1st January 2006		–
Charge to income statement		1,888
At 31st December 2006 and 1st January 2007		1,888
Charge to income statement		1,578
At 31st December 2007		3,466

At 31st December 2007, the Group had unused estimated tax losses of approximately HK\$417,320,000 (2006: HK\$414,331,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The Company

No deferred tax assets has been recognised in respect of estimated tax losses of approximately HK\$81,870,000 (2006: HK\$79,316,000) due to the unpredictability of future profit streams.

財務報表附註 Notes to the Financial Statements

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41. 貿易應付賬款

貿易應付賬款之賬齡分析如下：

		本集團 The Group	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
0至30日	0 to 30 days	2,980	1,523
31至60日	31 to 60 days	1,174	839
61至90日	61 to 90 days	5	1,923
91至180日	91 to 180 days	167	2,450
超過180日	Over 180 days	13,295	11,575
		17,621	18,310

42. 已收取按金、應計項目及其他應付款項

42. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

		本集團 The Group		本公司 The Company	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
已收取按金	Deposits received	55,123	32,949	10,000	10,000
應計項目	Accruals	3,635	4,009	2,387	2,558
其他應付款項	Other payables	7,260	2,603	2,611	255
		66,018	39,561	14,998	12,813

43. 收購附屬公司

於二零零七年三月三十日，本集團以代價約231,777,000港元收購KHL股權之38.5%（「首項收購事項」）。於二零零七年五月三十日，本集團透過以代價約490,000,000港元收購Triumph Up Investment Limited及其附屬公司與Great Chain Limited及其附屬公司進一步收購KHL之61.5%權益（「第二項收購事項」）。

43. ACQUISITION OF SUBSIDIARIES

On 30th March 2007, the Group acquired 38.5% equity interest in KHL ("First Acquisition") at a consideration of approximately HK\$231,777,000. On 30th May 2007, the Group further acquired 61.5% interest in KHL through acquisition of the entire interest in Triumph Up Investment Limited and its subsidiaries and Great Chain Limited and its subsidiaries ("Second Acquisition"), at a consideration of approximately HK\$490,000,000.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

43. 收購附屬公司 (續)

於首項收購事項及第二項收購事項完成時，本集團擁有KHL全部權益。首項收購事項及第二項收購事項所收購淨資產如下：

43. ACQUISITION OF SUBSIDIARIES (Continued)

Following the completion of the First Acquisition and Second Acquisition, the Group had 100% interest in KHL. The net assets acquired in the First Acquisition and Second Acquisition are as follows:

		收購前之賬面值 Carrying amount before the acquisition	公平價值調整 Fair value adjustment	公平價值 Fair value
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
所收購淨資產：	Net assets acquired:			
物業、機器及設備	Property, plant and equipment	48,881	221,865	270,746
租賃土地權益	Interest in leasehold land	87,796	452,203	539,999
存貨	Inventories	1,035	–	1,035
貿易應收賬款	Trade receivables	5,982	–	5,982
預付款項、按金及 其他應收款項	Prepayments, deposits and other receivables	425	–	425
現金及現金等值項目	Cash and cash equivalents	12,848	–	12,848
應付直接控股公司款項	Amounts due to immediate holding companies	(81,004)	–	(81,004)
貿易應付賬款	Trade payables	(892)	–	(892)
應計項目、已收取按金 及其他應付款項	Accruals, deposits received and other payables	(11,980)	–	(11,980)
遞延稅項	Deferred tax	–	(80,888)	(80,888)
		<u>63,091</u>	<u>593,180</u>	<u>656,271</u>
所收購資產淨值	Net assets acquired			
				<u>640,773</u>
收購折讓	Discount on acquisition			(15,498)
				<u>640,773</u>
總代價以下列方式支付：	Total consideration satisfied by:			
現金	Cash			721,777
股東貸款	Shareholder's loan			(81,004)
				<u>640,773</u>
收購所產生現金流出 淨額：	Net cash outflow arising on acquisition:			
已付現金代價	Cash consideration paid			721,777
所收購銀行結餘及 現金	Bank balances and cash acquired			(12,848)
				<u>708,929</u>
已付按金	Deposit paid			(40,000)
				<u>668,929</u>

首次收購事項及第二次收購事項之詳情分別載於本公司於二零零七年三月十日及二零零六年九月八日刊發之通函。

Details of the First Acquisition and Second Acquisition were set out in the Company's circulars dated 10th March 2007 and 8th September 2006 respectively.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

44. 出售一間附屬公司之權益

於二零零七年六月二十二日，本集團以代價約315,000,000港元出售一間附屬公司KHL之50%權益及有關銷售貸款，引致出售虧損約45,471,000港元。因此，本集團於KHL之權益由100%減少至50%。

附屬公司於出售日期之資產淨值如下：

44. DISPOSAL OF INTEREST IN A SUBSIDIARY

On 22nd June 2007, the Group had disposed of 50% interest in a subsidiary, KHL and the relevant sale loan at a consideration of approximately HK\$315,000,000, resulting in a loss on disposal of approximately HK\$45,471,000. Accordingly, the Group's shareholding in KHL has decreased from 100% to 50%.

The net assets of a subsidiary at the date of disposal were as follows:

		二零零七年 2007 千港元 HK\$'000
出售前本集團應佔資產淨值	The Group's share of net assets before disposal	645,468
本集團引致之開支	Expenses incurred by the Group	(4,526)
應佔所出售資產淨值	Share of net assets disposed	(320,471)
		<hr/>
於出售後本集團所擁有應佔之資產淨值	Share of net assets owned by the Group after disposal	320,471
		<hr/>
應佔所出售資產淨值	Share of net assets disposed	320,471
出售一間附屬公司權益所引致之虧損	Loss on disposal of interest in a subsidiary	(45,471)
		<hr/>
		275,000
		<hr/>
總代價以下列方式支付：	Total consideration satisfied by:	
已收取現金代價	Cash consideration received	315,000
		<hr/>
已出售股東貸款	Shareholder's loan disposed	(40,000)
		<hr/>
		275,000
		<hr/>
出售產生之現金流入淨額：	Net cash inflow arising on disposal:	
現金代價	Cash consideration	315,000
		<hr/>
有關出售KHL之詳情載於本公司於二零零七年五月三十一日刊發之通函。	Details of disposal of KHL were set out in the Company's circular dated 31st May 2007.	

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

45. 金融工具

金融工具分類

45. FINANCIAL INSTRUMENTS

Categories of financial instruments:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
金融資產	Financial assets		
持作買賣投資	Held-for-trading Investments	16,822	64,560
貸款及應收款項	Loans and receivables	62,999	145,178
可供銷售之金融資產	Available-for-sale financial assets	40,567	94,700
金融負債	Financial liabilities		
攤銷成本	Amortised cost	94,580	90,940

46. 租賃承擔

於二零零七年十二月三十一日，本集團根據於下列期限屆滿之租賃物業不可撤回經營租約之日後最低租金承擔如下：

46. LEASE COMMITMENTS

At 31st December 2007, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
一年內	Within one year	1,566	940
第二至第五年內（包括首尾兩年）	In the second to fifth year inclusive	1,016	1,089
		2,582	2,029

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

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.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

47. 承擔

本集團於結算日有關收購若干實體股權權益之未履行承擔如下：

47. COMMITMENTS

The Group had the following outstanding commitments in respect of acquisitions of equity interests in certain entities at the balance sheet date:

	二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
Authorised and contracted, but not provided for	654,900	450,000
已授權及已訂約， 但尚未撥備		

48. 以股權結算以股份支付之交易

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

舊購股權計劃

舊購股權計劃之主要條款概述如下：

- (i) 作為對參與者之獎勵。
- (ii) 參與者包括本集團任何成員公司之任何僱員或董事。
- (iii) 授出之購股權所涉及之股份上限數目不得超逾本公司不時之已發行股本10%。
- (iv) 每名參與者可獲授之購股權所涉及之股份上限，加上根據任何向同一參與者授出之購股權而已發行及可發行之股份總數，不得超逾不時之股份上限之25%。

48. EQUITY SETTLED SHARE-BASED TRANSACTION

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

The Old Option Scheme

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

- (i) The purpose was to provide incentives to the participants.
- (ii) The participants included any employee or director of any members of the Group.
- (iii) The maximum number of shares in respect of which share options might be granted must not exceed 10% of the issued share capital of the Company from time to time.
- (iv) The maximum number of shares in respect of which share options might be granted to a participant, when aggregate with shares issued and issuable under any share option granted to the same participant, must not exceed 25% of the maximum shares from time to time.

財務報表附註 Notes to the Financial Statements

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48. 以股權結算以股份支付之交易

(續)

舊購股權計劃 (續)

- (v) 任何購股權可於該購股權視為授出當日後隨時全部或部分行使。
- (vi) 購股權之行使期不得超逾接納日期起計十年。
- (vii) 承授人須於授出日期起計30日內接納購股權(如接納)，並向本公司支付1港元不可退回款項。
- (viii) 購股權之行使價須為下列之較高者：
 - a. 不低於緊接在授出購股權日期前五個交易日本公司每股股份之平均收市價80%之價格；及
 - b. 本公司每股股份之面值。

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

新購股權計劃

新購股權計劃之主要條款概述如下：

- (i) 旨在作為參與者對本集團所作出或可能作出之貢獻之獎勵及報酬。

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The Old Option Scheme (Continued)

- (v) Any share option may be exercised in whole or in part at any time after the date on which the share option is deemed to be granted.
- (vi) The exercisable period of a share option must not exceed a period of 10 years commencing on the date of acceptance.
- (vii) The acceptance of a share option, if accepted, must be made within 30 days from the date of the offer of the grant with a non-refundable payment of HK\$1 from the grantee to the Company.
- (viii) The exercise price of a share option must be the higher of:
 - a. a price not less than 80% of the average closing price of a share of the Company for the 5 trading days immediately preceding the grant; and
 - b. the nominal value of a share of the Company.

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

The New Option Scheme

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

- (i) The purpose is to provide incentives and rewards to the participants for their contribution or potential contribution to the Group.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

48. 以股權結算以股份支付之交易

(續)

新購股權計劃(續)

(ii) 參與者包括：

- (1) (a) 在本公司或本公司直接或間接持有任何股本權益之任何實體(統稱「持有權益團體」)之任何成員公司、本公司任何主要股東或由本公司主要股東控制之任何公司任職之任何執行或非執行董事或候任董事(包括任何獨立非執行董事)、全職或兼職僱員或候任僱員；
- (b) 在持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司任職之任何臨時調派之人士；
- (c) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司所發行任何證券之任何持有人；
- (d) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司之業務或合營夥伴、承辦商、代理商或代表；

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

(ii) The participants include:

- (1) (a) any directors or proposed director (whether executive or non-executive including any independent non-executive director), employee or proposed employee (whether full time or part time) of any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interests (collectively the "Interested Group") or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (b) any individual for the time being seconded to work for any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (c) any holder of any securities issued by any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (d) any business or joint venture partner, contractor, agent or representative of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;

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48. 以股權結算以股份支付之交易

(續)

新購股權計劃(續)

(ii) 參與者包括：(續)

- (1) (e) 向持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供服務之任何研究人員、技術員、諮詢人、顧問、藝員、演員，以及任何研究公司、技術支援公司、諮詢公司、顧問公司、製作公司、廣告公司、發行公司及專業服務公司；
- (f) 向持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何供應商、監製、導演或特許權授出人；
- (g) 由持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司提供電影、電視節目、影視節目、貨品或服務之任何客戶、特許權承授人(包括特許權轉授人)或分銷商；
- (h) 持有權益團體任何成員公司或本公司任何主要股東或由本公司主要股東控制之任何公司之任何業主或租戶(包括任何分租租戶)；及
- (2) 由一名或多名上述任何類別參與者所控制之任何公司。

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

(ii) The participants include: (Continued)

- (1) (e) any research assistant, technician, adviser, consultant, artist, actor, actress of, and any research company, technical support company, advisory company, consultancy company, production company, advertising company, distribution company and professional services company to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (f) any supplier, producer, director or licensor of films, television programmes, video features, goods or services to any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (g) any customer, licensee (including any sub-licensee) or distributor of films television programmes, video features, goods or services of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company;
- (h) any landlord or tenant (including any sub-tenant) of any member of the Interested Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company; and
- (2) any company controlled by one or more persons belonging to any of the above classes of participants.

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48. 以股權結算以股份支付之交易

(續)

新購股權計劃 (續)

- (iii) 根據新購股權計劃可授出之購股權所涉及之股份上限數目不得超逾本公司批准新購股權計劃日期之已發行股本10%，惟該上限可由股東於股東大會上更新。因行使所有根據新購股權計劃及任何其他購股權計劃已授出而尚未行使之購股權而發行之股份上限數目，不得超逾不時已發行股份之30%。於本年報刊發日期，根據新購股權計劃(經更新)而可供發行之購股權總數為24,698,263份，佔本公司於本年報刊發日期已發行股本約0.56%。
- (iv) 除非獲得股東批准，否則每名參與者於十二個月內獲授之購股權(包括已行使，已註銷及尚未行使之購股權)予以行使時所發行及將發行之股份總數，不得超過不時已發行股份之1%。
- (v) 行使期由董事會於授出購股權時決定，惟無論如何不得超逾授出日期起計十年。
- (vi) 除董事會另有決定及於授出相關購股權時另有規定外，並無規定購股權於行使前須持有之最短限期。
- (vii) 承授人須於授出日期起計30日內接納購股權(如接納)，並向本公司支付1港元不可退回款項。

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

- (iii) The maximum number of shares in respect of which share options may be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by the shareholders in general meeting. The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The total number of share options available for issue under the New Option Scheme (after refreshment) as at the date of this annual report was 24,698,263, which represented approximately 0.56% of the issued share capital of the Company at the date of this annual report.
- (iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in 12 month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.
- (v) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.
- (vi) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.
- (vii) The acceptance of a share option, if accepted, must be made within 30 days from the date of grant with a non-refundable payment of HK\$1 from the grantee to the Company.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

48. 以股權結算以股份支付之交易*(續)*新購股權計劃 *(續)*

- (viii) 購股權之行使價須為下列之最高者：
- a. 授出日期當日本公司每股股份之收市價；
 - b. 緊接授出日期前五個交易日本公司每股股份之平均收市價；及
 - c. 本公司每股股份之面值。
- (ix) 新購股權計劃自採納日期起至二零一二年五月二十六日止十年內有效。

48. EQUITY SETTLED SHARE-BASED TRANSACTION *(Continued)***The New Option Scheme *(Continued)***

- (viii) The exercise price of a share option must be the highest of:
- a. the closing price of a share of the Company on the date of grant;
 - b. the average closing price of a share of the Company from the 5 trading days immediately preceding the date of grant; and
 - c. the nominal value of a share of the Company.
- (ix) The New Option Scheme is effective for 10 years from the date of adoption until 26th May 2012.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

48. 以股權結算以股份支付之交易
(續)

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

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

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

參與者類別	計劃名稱	授出日期	行使期限	每股行使價	購股權數目								
					於二零零六年一月一日尚未行使	於二零零六年一月一日授出	於二零零六年一月一日到期	於二零零六年十二月三十一日及二零零七年一月一日尚未行使	於二零零七年一月一日授出	於二零零七年一月一日行使	於二零零七年一月一日尚未行使	於二零零七年一月一日尚未行使	於二零零七年一月一日尚未行使
Category of Participants	Name of scheme	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 01.01.2006	Granted during 2006	Expired during 2006	31.12.2006 and 01.01.2007	Granted during 2007	Exercised during 2007	Transfer between category	Adjustment during 2007*	Outstanding as 31.12.2007
				HK\$ 港元		(Note i) (附註i)			(Note ii) (附註ii)	(Note iii) (附註iii)			
本公司主要股東及董事**	舊購股權計劃 Old Option Scheme	21.11.1996 28.03.2000	21.11.1996 - 20.11.2006 28.03.2000 - 27.03.2010	60.510 15.459*	674,269 922,123	- -	(674,269) -	- 922,123	- -	- -	- -	- 78,965	- 1,001,088
Substantial shareholders and directors of the Company**	新購股權計劃 New Option Scheme	02.06.2000 16.07.2002 17.07.2003	02.06.2000 - 01.06.2010 16.07.2002 - 15.07.2012 17.07.2003 - 16.07.2013	7.492* 1.581* 0.520*	417,506 221,446 457,000	- -	- -	417,506 221,446 457,000	- -	- -	- -	- 18,964 39,136	453,258 240,410 496,136
					2,692,344	-	(674,269)	2,018,075	-	-	-	172,817	2,190,892
本公司董事***	新購股權計劃 New Option Scheme	16.07.2002 17.07.2003	16.07.2002 - 15.07.2012 17.07.2003 - 16.07.2013	1.581* 0.520*	1,109,557 2,285,000	- -	- -	1,109,557 2,285,000	- -	- -	- -	95,017 195,677	1,204,574 2,480,677
Director of the Company***					3,394,557	-	-	3,394,557	-	-	-	290,694	3,685,251
本集團僱員	舊購股權計劃 Old Option Scheme	05.01.1999 28.03.2000 02.06.2000	05.01.1999 - 04.01.2009 28.03.2000 - 27.03.2010 02.06.2000 - 01.06.2010	4.616* 15.459* 7.492*	44 240,099 417,508	- -	- -	44 240,099 417,508	- -	- -	- -	3 20,562 35,754	47 260,661 453,262
Employees of the Group	新購股權計劃 New Option Scheme	16.07.2002 17.07.2003 13.12.2004 04.02.2005 30.12.2005 21.11.2006 25.05.2007 27.06.2007 23.10.2007	16.07.2002 - 15.07.2012 17.07.2003 - 16.07.2013 13.12.2004 - 12.12.2014 04.02.2005 - 03.02.2015 30.12.2005 - 29.12.2015 21.11.2006 - 20.11.2016 25.05.2007 - 24.05.2017 27.06.2007 - 26.06.2017 23.10.2007 - 22.10.2017	1.581* 0.520* 0.479* 0.496* 0.223* 0.255* 0.387* 0.385* 0.183	2,219,114 2,285,000 6,000,000 28,110,000 18,005,000 - - - -	- -	- -	2,219,114 2,285,000 6,000,000 28,110,000 18,005,000 - - - -	- -	- -	(4,200,000) (11,390,000) (5,900,000) (6,000,000) -	190,035 195,677 513,812 2,047,542 566,477 1,027,624 1,857,003 1,236,575 -	2,409,149 2,480,677 6,513,812 25,957,542 7,181,477 13,027,624 23,542,003 15,676,575 66,170,000
					57,276,765	40,000,000	-	97,276,765	108,195,000	(39,290,000)	(10,200,000)	7,691,064	163,672,829
其他參與者	新購股權計劃 New Option Scheme	16.07.2002 17.07.2003 13.12.2004 04.02.2005 30.12.2005 21.11.2006 25.05.2007 27.06.2007 23.10.2007	16.07.2002 - 15.07.2012 17.07.2003 - 16.07.2013 13.12.2004 - 12.12.2014 04.02.2005 - 03.02.2015 30.12.2005 - 29.12.2015 21.11.2006 - 20.11.2016 25.05.2007 - 24.05.2017 27.06.2007 - 26.06.2017 23.10.2007 - 22.10.2017	1.581* 0.520* 0.479* 0.496* 0.223* 0.255* 0.387* 0.385* 0.183	4,438,228 7,055,000 11,820,000 10,205,000 33,995,000 - - - -	- -	- -	4,438,228 7,055,000 11,820,000 10,205,000 33,995,000 - - - -	- -	- -	(21,595,000) (17,400,000) -	380,068 604,156 1,012,210 1,233,576 1,061,879 770,718 2,626,864 877,762 -	4,818,296 7,659,156 12,832,210 15,638,576 13,461,879 9,770,718 33,301,864 11,127,762 46,530,000
Other participants					67,513,228	20,400,000	-	87,913,228	87,455,000	(38,995,000)	10,200,000	8,567,233	155,140,461
					130,876,894	60,400,000	(674,269)	190,602,625	195,650,000	(78,285,000)	-	16,721,808	324,689,433

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

48. 以股權結算以股份支付之交易

(續)

新購股權計劃(續)

- * 年內尚未行使之購股權之行使價及數目因年內完成供股而作調整。
- ** 代表本公司之主要股東及董事向華強先生及陳明英女士所持之購股權。
- *** 代表本公司董事李玉嫦女士所持之購股權。

附註：

- (i) 本公司股份緊接二零零六年授出購股權日期前之收市價為每股0.28港元。
- (ii) 於二零零七年，本公司股份緊接授出購股權日期前之收市價分別為每股0.343港元(經調整)、每股0.333港元(經調整)及每股0.186港元。
- (iii) 本公司股份緊接購股權於二零零七年獲行使日期前之收市價分別為每股0.343港元(經調整)(就59,785,000股股份而言)、每股0.360港元(經調整)(就5,900,000股股份而言)及每股0.303港元(經調整)(就12,600,000股股份而言)。
- (iv) 二零零七年內並無購股權到期或失效。

以股份支付之款項開支

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

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The New Option Scheme (Continued)

- * The exercise prices and numbers of options which remained outstanding during the year have been adjusted due to completion of rights issue during the year.
- ** Represented the share options held by Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, the substantial shareholders and directors of the Company.
- *** Represented the share options held by Ms. Li Yuk Sheung, a director of the Company.

Notes:

- (i) The closing price of the Company's shares immediately before the date of grant of share options in 2006 was HK\$0.28 per share.
- (ii) The closing prices of the Company's shares immediately before the dates of grant of share options in 2007 were HK\$0.343 per share (after adjustment); HK\$0.333 per share (after adjustment) and HK\$0.186 per share.
- (iii) The closing prices of the Company's shares immediately before the dates on which the share options were exercised in 2007 were HK\$0.343 per share (after adjustment) in respect of 59,785,000 shares; HK\$0.360 per share (after adjustment) in respect of 5,900,000 shares and HK\$0.303 per share (after adjustment) in respect of 12,600,000 shares.
- (iv) No share option was lapsed or cancelled during the year 2007.

Share-based payment expenses

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

48. 以股權結算以股份支付之交易 (續)

購股權之估計公平價值按二項式期權定價模式計算。該模式所採用之變量如下：

48. EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

The estimated fair value of the options is measured based on Binomial Option Pricing Model. The variables input into the model are as follows:

		二零零七年 2007	二零零六年 2006
於計量日期之加權 平均股價 (港元)	Weighted average share price at measurement date (HK\$)	0.28	0.28
加權平均行使價	Weighted average exercise price (HK\$)	0.280	0.277
預期波幅 (以加權平均 波幅列示)	Expected volatility (expressed as weighted average volatility)	55.77%	70.51%
購股權年期 (以加權平均 年期列示)	No. of years for option life (expressed as weighted average life)	10	6
預期股息	Expected dividends	—	—
無風險利率	Risk-free interest rate	4.38%	5.0%
於計量日期之加權 平均公平價值 (港元)	Weighted average fair value at measurement date (HK\$)	0.09	0.19

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

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

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

49. 重大關連人士交易

(a) 年內，本集團與豐采集團訂立以下交易：

49. MATERIAL RELATED PARTY TRANSACTIONS

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

交易性質	Nature of transactions	附註 Note	二零零七年	二零零六年
			2007 千港元 HK\$'000	2006 千港元 HK\$'000
利息收入 — 貸款利息	Interest income – Loan interest	(i)	–	100
償還定期貸款	Term loan repayment	(i)	–	33,800
已收後期製作費用	Post-production fee received	(ii)	–	90
已付專利權費	Royalty paid	(ii)	–	200

附註：

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

(ii) 金額按各方協定之價格釐定。

Notes:

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

49. 重大關連人士交易 (續)

(b) 本集團年內與采藝集團進行下列交易：

49. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
	附註 Note			
交易性質	Nature of transactions			
應收采藝集團 可換股票據利息	Convertible notes interest receivable from Brilliant Arts Group	(i)	124	–
已收及應收采藝集團 之製作服務費	Production service income received and receivable from Brilliant Arts Group	(ii)	58	–
已支付及應支付采藝集團 之電影製作費	Film production expense paid or payable to Brilliant Arts Group	(ii)	1,733	–
電影發行收入	Film distribution income	(ii)	21	–

附註：

(i) 年內，CSL認購25,000,000港元采藝發行之可換股票據。本金額合共24,000,000港元之可換股票據已轉換為72,727,272股采藝集團股份，佔采藝集團已發行股本之29.17%。有效利率佔可換股票據負債部份約9.75%。

(ii) 金額按各方協定之價格釐定。

Notes:

(i) During the year, CSL subscribed HK\$25,000,000 convertible notes issued from Brilliant Arts. An aggregate principal amount of HK\$24,000,000 of convertible notes were converted into 72,727,272 shares of Brilliant Arts, which represented 29.17% issued share capital of Brilliant Arts. The effective interest rate on the liability component of the convertible notes was approximately 9.75%.

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

49. 重大關連人士交易 (續)

(c) 本集團年內與TAL集團進行下列交易：

49. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

			二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
		附註 Note		
交易性質	Nature of transactions			
來自TAL集團之 管理費收入	Management fee income from the TAL Group	(i) & (ii)	4,860	4,860
已支付及應支付 TAL集團之服務費	Services charges paid and payable to the TAL Group	(i) & (ii)	–	5,752
已支付及應支付 TAL集團之藝人宣傳費	Artists promotion charges paid and payable to the TAL Group	(i) & (ii)	1,720	4,193

附註：

(i) 金額按各方協定之價格釐定。

(ii) 陳明英女士亦為TAL之一般董事。

Notes:

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

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

(d) 於二零零七年十月二十三日，本公司非全資附屬公司KHL訂立一項貸款協議向KHL主要股東Most Famous Enterprises Limited授了一筆最多196,000,000港元之貸款信貸（「貸款信貸」）。是項交易被視作香港聯合交易所有限公司證券上市規則第14A章所述之關連交易。貸款信貸無抵押、免息及由提取日起計不超過三年。

(d) On 23rd October 2007, KHL, a non wholly owned subsidiary of the Company, entered into a loan agreement to grant a loan facility ("Loan Facility") of up to HK\$196,000,000 to Most Famous Enterprises Limited, a substantial shareholder of KHL. The transaction is regarded as a connected transaction pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Loan Facility is unsecured, interest free and for a term not exceeding three years commencing from the drawdown date.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

49. 重大關連人士交易 (續)

(d) (續)

本公司董事確認，由於貸款信貸免息、並非在本公司日常業務過程中訂立，貸款信貸並非一般商業條款，惟符合本公司及本公司獨立股東之整體利益。

貸款信貸196,000,000港元已於二零零七年十二月三日提取，並於二零零七年十二月三十一日之綜合資產負債表分類為持作銷售之非流動資產。

(e) 年內，本公司向董事及其聯繫人士發行72,727,272股普通股(二零零六年：104,105,000股)。該認購之詳情載於附註36。

(f) 截至二零零七年及二零零六年十二月三十一日止年度，向華強先生和陳明英女士向一間銀行提供個人擔保，以擔保本集團獲得之銀行貸款。本集團沒有就其支付費用。

(g) 應收聯營公司款項之詳情載於附註33。

(h) 主要管理人員

如附註15所披露，主要管理人員酬金(包括支付予本公司董事及若干最高薪僱員之款項)如下：

49. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) (Continued)

The directors of the Company confirmed that the Loan Facility is not on normal commercial terms as it is interest free, not in the ordinary course of the Company's business but in the interests of the Company and the independent shareholders of the Company as a whole.

The Loan Facility amounted to HK\$196,000,000 was drawn on 3rd December 2007 and is classified as non-current assets held for sale in the consolidated balance sheet as at 31st December 2007.

(e) During the year, the Company issued 72,727,272 ordinary shares to the directors and their associates (2006: 104,105,000). Details of these subscriptions are set out in note 36.

(f) For the year ended 31st December 2007 and 2006, Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany provided personal guarantees to a bank to secure banking facilities granted to the Group. No fee was paid to them by the Group.

(g) Details of the amounts due from associates are set out in notes 33.

(h) Key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in note 15, is as follow:

		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
薪金及其他短期福利	Salaries and other short-term benefits	6,742	5,732
退休金計劃供款	Pension scheme contributions	60	60
以股份支付之款項	Share-based payment	5,229	2,253
		12,031	8,045

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

50. 主要附屬公司詳情

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

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

附屬公司名稱	業務架構形式	註冊/成立國家/地點	所持 股份類別	本公司所持已 發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/ registered capital held by the Company 百分比 %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Name of subsidiary	Form of business structure	Country/place of incorporation/ formation	Class of shares held			
Business First Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元 之股份 1 share of US\$	持有有線播映權 Holding of cable right
China Star Entertainment (BVI) Limited (附註d) (Note d)	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	200股每股面值 1美元之股份 200 shares of US\$1 each	投資控股 Investment holding
中國星娛樂控股 有限公司 China Star Entertainment Holding Company	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之普通股 及1,000,000股 每股面值1港元 之無投票權遞延股 (附註b) 2 ordinary shares of HK\$1 each and 1,000,000 deferred non-voting shares of HK\$1 each (Note b)	投資控股 Investment holding

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

50. 主要附屬公司詳情 (續)

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

附屬公司名稱	業務架構形式	註冊/成立國家/地點	所持 股份類別	本公司所持已 發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/ registered capital held by the Company 百分比 %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Name of subsidiary	Form of business structure	Country/place of incorporation/ formation	Class of shares held			
中國星香港發行有限公司 China Star HK Distribution Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	100,000股 每股面值1港元 普通股 100,000 ordinary shares of HK\$1 each	電影及電視連續劇 發行 Distribution of motion pictures and television drama series
中國星香港娛樂有限公司 China Star HK Entertainment Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	1,000,000股 每股面值1港元 普通股 1,000,000 ordinary shares of HK\$1 each	錄像版權發行及 投資控股 Distribution of video rights and investment holding
China Star International Distribution Limited (附註a) (Note a)	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	8,001股 每股面值1美元 之股份 8,001 shares of US\$1 each	電影及電視連續劇 發行 Distribution of motion pictures and television drama series
中國星鐳射影碟有限公司 China Star Laser Disc Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	15,000股 每股面值 100港元普通股 15,000 ordinary shares of HK\$100 each	提供管理服務及 投資控股 Provision of management services and investment holding

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

50. 主要附屬公司詳情 (續)

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

附屬公司名稱	業務架構形式	註冊/成立國家/地點	所持 股份類別	本公司所持已 發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/ registered capital held by the Company 百分比 %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務 Principal activities
Name of subsidiary	Form of business structure	Country/place of incorporation/ formation	Class of shares held			
中國星影畫有限公司 China Star Pictures Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股 每股面值1港元 普通股 2 ordinary shares of HK\$1 each	持有電影版權 Holding of film rights
中國星製作服務有限公司 China Star Production Services Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股 每股面值1港元 普通股 2 ordinary shares of HK\$1 each	提供後期製作服務 Provision of post- production services
中國星商標有限公司 China Star Trademark Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值1美元 之股份 1 share of US\$1	持有商標及版權 Holding of trademark and copyrights
China Star Worldwide Distribution B.V. (附註a & d) (Note a & d)	註冊成立 Incorporated	荷蘭 Netherlands	普通股 Ordinary	100	400股每股 面值100荷蘭盾 之普通股 400 ordinary shares of Dutch Guilders 100 each	電影及電視連續劇 發行 Distribution of motion pictures and television drama series

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

50. 主要附屬公司詳情 (續)

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

附屬公司名稱	業務架構形式	註冊/成立國家/地點	所持 股份類別	本公司所持已 發行股本/註冊 資本面值比例 Proportion of nominal value of issued capital/ registered capital held by the Company 百分比 %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務
Name of subsidiary	Form of business structure	Country/place of incorporation/ formation	Class of shares held			Principal activities
Classical Statue Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值 1美元之股份 1 share of US\$1	投資控股 Investment holding
Exceptional Gain Profits Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	普通股 Ordinary	100	1股面值 1美元之股份 1 share of US\$1	物業投資 Property investment
Kingsway Hotel Limited (附註c) (Note c)	註冊成立 Incorporated	澳門 Macau	普通股 Ordinary	50	250,000股每股 面值1澳門元 之普通股 250,000 ordinary shares of MOP 1 each	在澳門提供酒店服務 Provision of hotel services in Macau
安榮(香港)有限公司 Newrich (HK) Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股 面值1港元 之普通股 2 ordinary shares of HK\$1 each	持有物業 Property holding
一百年電影有限公司 One Hundred Years of Film Company Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	3,000,000股 每股面值1港元 之普通股 3,000,000 ordinary shares of HK\$1 each	電影製作 Film production
思維娛樂有限公司 S & W Entertainment Limited	註冊成立 Incorporated	香港 Hong Kong	普通股 Ordinary	100	2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each	製作電影及 電視連續劇 Production of motion pictures and television drama series

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

50. 主要附屬公司詳情 (續)

附註：

- (a) 在全球經營業務。
- (b) 無投票權遞延股份實際並無權利分享該公司股息、接收該公司股東大會之通告、出席該等大會或在會上投票之權利、在清盤時亦不可享有任何分派。
- (c) KHL其中一名持有49%投票權之股東已同意跟隨本公司之投票及管理決定。因此，KHL被視為本公司之附屬公司。此外，出售本集團於KHL全部股權預期將於二零零八年五月完成。因此，所有業績、資產及負債分類為已終止經營業務及持作銷售非流動資產。有關詳情載於財務報表附註15及35。
- (d) China Star Entertainment (BVI) Limited 及China Star Worldwide Distribution B.V.由本公司直接擁有，而所有其他附屬公司均由本公司間接擁有。

除另有指明者外，附屬公司之主要營業地點為香港。

所有附屬公司於年結日或年中任何時間概無任何未贖回之債務證券。

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

- (a) Operating internationally.
- (b) The non-voting deferred shares practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the company nor to participate in any distribution on winding up.
- (c) One of the shareholder of KHL holding 49% voting power in KHL has agreed to follow the voting and management decision of the Company. Therefore, KHL is considered as a subsidiary of the Company. Moreover, the disposal of all the Group's equity interest in KHL is expected to be completed in May 2008. Accordingly, all the results, assets and liabilities are classified as discontinued operations and non-current assets held for sale. Details are set out in notes 15 and 35 to the financial statements.
- (d) China Star Entertainment (BVI) Limited and China Star Worldwide Distribution B.V. are directly held by the Company. All other subsidiaries are indirectly held by the Company.

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

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

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

51. 主要聯營公司詳情

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

51. PARTICULARS OF PRINCIPAL ASSOCIATES

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

聯營公司名稱	業務架構形式	註冊/ 成立國家/地點	本公司所持 已發行股本/ 註冊資本 面值比例 Proportion of nominal value of issued capital/ registered capital held by the Group 百分比 %	已發行及 繳足股本/ 註冊資本 Issued and fully paid share capital/ registered capital	主要業務
Name of associate	Form of business structure	Country/place of incorporation/ formation			Principal activities
豐采多媒體集團 有限公司* Riche Multi-Media Holdings Limited *	註冊成立 Incorporated	百慕達 Bermuda	29.90	1,951,860,000 股每股面值 0.1港元 之普通股 1,951,860,000 ordinary shares of HK\$0.1 each	於香港投資控股 Investment holding in Hong Kong
Together Again Limited	註冊成立 Incorporated	英屬處女群島 British Virgin Islands	49.00	48,080股 每股面值1美元 之股份 48,080 shares of US\$1 each	投資控股及提供藝人 管理服務 Investment holding and provision of artists management services
采藝多媒體控股 有限公司(前稱 銀河映像控股 有限公司)** Brilliant Arts Multi-Media Holding Limited (Formerly known as Milkyway Image Holdings Limited) **	註冊成立 Incorporated	開曼群島 Cayman Islands	25.74	423,853,908股 每股面值0.1港元 之普通股 423,853,908 ordinary shares of HK\$0.1 each	於香港投資控股 Investment holding in Hong Kong

* 豐采之股份在聯交所上市。

* The shares of Riche are listed on The Stock Exchange.

** 采藝之股份於聯交所創業板上市。

** The shares of Brilliant Arts are listed on The Growth Enterprises Market of The Stock Exchange.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

52. 結算日後事項

(a) 於二零零八年三月二十六日，本公司董事公佈本公司資本(資本重組)變動如下：

(i) 股份合併：每10股已發行或未發行之股份合併為1股(「合併股份」)；

(ii) 資本削減：(i)藉將本公司股本中每股已發行合併股份註銷當中之繳足資本0.45港元，致使所有已發行合併股份面值將由每股0.50港元削減為每股0.05港元；及(ii)本公司法定股本中之所有已發行合併股份之面值，由每股0.50港元削減為每股0.05港元；及

(iii) 股份溢價註銷：註銷本公司於二零零七年十二月三十一日股份溢價賬進賬內之全部款項1,356,449,856.32港元，並將股份溢價註銷所產生之有關進賬款項轉撥至本公司之繳入盈餘賬，本公司繳入盈餘賬中約864,665,000港元將用作撇銷本公司於二零零六年十二月三十一日約864,665,000港元之累積虧損，而本公司繳入盈餘賬中之餘款將由董事會根據本公司之公司細則及所有適用法例予以使用。

有關資本重組之詳情載於本公司二零零八年四月十五日刊發之通函。

52. SUBSEQUENT EVENTS

(a) On 26th March 2008, the directors of the Company announced that the following changes to the capital of the Company (the "Capital Reorganisation"):

(i) Share consolidation: every 10 issued and unissued shares be consolidated into one share (the "Consolidated Share");

(ii) Capital reduction: (i) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.45 on each issued Consolidated Share in the share capital of the Company such that the nominal value of all issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.05 each; and (ii) the nominal value of all the Consolidated Share in the authorized share capital of the Company be reduced from HK\$0.50 each to HK\$0.05 each; and

(iii) Share premium cancellation: the entire amount of HK\$1,356,449,856.32 standing to the credit of the share premium account of the Company as at 31st December 2007 be cancelled, such credit amount arising from the share premium cancellation be transferred to the contributed surplus account of the Company, a sum of approximately HK\$864,665,000 in the contributed surplus account of the Company be applied to set off against the accumulated losses of the Company, which amounted to approximately HK\$864,665,000 as at 31st December 2006, and the remaining credit balance in the contributed surplus account of the Company will be utilized by the board of directors of the Company in accordance with the bye-laws of the Company and all applicable laws.

Details of the Capital Reorganisation were set out in the Company's circular dated 15th April 2008.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

52. 結算日後事項 (續)

(b) 於二零零七年八月一日，本公司與本集團聯營公司豐采全資附屬公司Legend Rich Limited及豐采訂立協議，內容有關以總代價447,000,000港元銷售Exceptional Gain Profits Limited (「Exceptional Gain」) 全部已發行股本及有關銷售貸款 (「出售事項」)。Exceptional Gain為間接持有KHL50%權益之投資控股公司。於出售事項完成後，KHL將不再為本集團之附屬公司。董事相信出售事項將提供本集團及豐采有效分配彼等資源之機會，及避免重複資源，原因為豐采已擁有酒店及物業管理之適當專長及資源，而金域酒店之價值將得以較佳實現及反映於豐采，概豐采可藉出售事項奠定本身於酒店及旅遊服務業之品牌，從而對本集團於豐采之投資回報帶來正面影響。

(c) 於二零零七年八月十六日，本公司就收購Best Mind之51%已發行股本 (「收購事項」) 與Lucky State Group Limited (「Lucky State」) 訂立收購協議 (「初步收購協議」)，總代價為538,000,000港元，其中300,000,000港元以現金支付、196,000,000港元以按初步轉換價每股股份0.30港元發行本公司5厘息無抵押可換股票據予以支付及餘款42,000,000港元以配發及發行140,000,000股入賬列為繳足股份予以支付。

52. SUBSEQUENT EVENTS (Continued)

(b) On 1st August 2007, the Company entered into an agreement with Legend Rich Limited, a wholly-owned subsidiary of Riche, an associate of the Group, and Riche relating to the sale of 100% of the issued share capital of Exceptional Gain Profits Limited ("Exceptional Gain") and the relevant sale loan for an aggregate consideration of HK\$447,000,000 (the "Disposal"). Exceptional Gain is an investment holding vehicle which indirectly holds 50% interest in KHL. Following the completion of the Disposal, KHL will cease to be a subsidiary of the Group. The directors of the Company believe that the Disposal will provide an opportunity to the Group and Riche to allocate their resources effectively and to avoid duplication of resources as Riche already possessed appropriate expertise and resources in hotel and property management and the value of Kingsway Hotel will be better realised and reflected in Riche as the Disposal will enable Riche to build up its own branding in hotel and hospitality industry and in turn will have a positive impact on the Group's return on investment in Riche.

(c) On 16th August 2007, the Company had entered into an acquisition agreement with Lucky State Group Limited ("Lucky State") in relation to the acquisition (the "Initial Acquisition") of 51% issued share capital of Best Mind at a total consideration of HK\$538,000,000 to be satisfied as to HK\$300,000,000 in cash, HK\$196,000,000 by the issue of 5% unsecured convertible note to be issued by the Company at the initial conversion price of HK\$0.30 per share and the balance of HK\$42,000,000 by the allotment and issue of 140,000,000 shares credited as fully paid.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

52. 結算日後事項 (續)

於二零零七年十月五日，本公司就收購Best Mind之餘下49%已發行股本與Lucky State訂立協議(連同初步收購協議、「收購協議」)，總代價516,900,000港元，其中300,000,000港元以現金支付、188,000,000港元以按初步轉換價每股股份0.30港元發行5厘息無抵押可換股票據予以支付及餘款28,900,000港元以配發及發行96,333,333股入賬列為繳足之股份予以支付。

Best Mind已與Ocho Sociedade Unipessoal Limitada(「Ocho」，為從事博彩推廣業務之澳門公司)訂立溢利協議，以收購Ocho及／或其客戶在Ocho於澳門新葡京娛樂場經營之其中一個VIP博彩房間所產生之累計營業額之0.4%。

收購事項已於二零零八年三月十八日完成。於收購事項完成後，Best Mind成為本集團附屬公司。鑑於現時興旺之澳門經濟及澳門博彩業務前景，董事相信收購事項將擴闊本集團之收入來源及為本集團帶來穩定之收入流量。有關收購Best Mind之詳情，請參閱分別於二零零七年十二月六日及二零零七年十二月七日發表之通函。

52. SUBSEQUENT EVENTS (Continued)

On 5th October 2007, the Company has entered into an agreement with Lucky State relating to the acquisition of the remaining 49% issued share capital of Best Mind at a total consideration of HK\$516,900,000 (together with the Initial Acquisition, the "Acquisitions") to be satisfied as to HK\$300,000,000 in cash, HK\$188,000,000 by the issue of 5% unsecured convertible note to be issued by the Company at the initial conversion price of HK\$0.30 per share and the balance of HK\$28,900,000 by the allotment and issue of 96,333,333 shares credited as fully paid.

Best Mind has entered into profit agreement with Ocho Sociedade Unipessoal Limitada ("Ocho"), a Macau company engaged in the gaming promotion business, to acquire 0.4% of the rolling turnover generated by Ocho and/or its customers at one of the VIP gaming rooms operated by Ocho at the Grand Lisboa Casino in Macau.

The Acquisitions were completed on 18th March 2008. After the completion of the Acquisitions, Best Mind becomes a subsidiary of the Group. In view of the recent booming economy of Macau and the prospects of Macau's gaming business, the directors of the Company believe that the Acquisitions will broaden the Group's revenue sources and provide a stable income stream to the Group. Please refer to the Company's circulars dated 6th December 2007 and 7th December 2007 for details of the Acquisitions.

財務報表附註 Notes to the Financial Statements

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

52. 結算日後事項 (續)

所收購資產淨值及商譽之詳情如下：

52. SUBSEQUENT EVENTS (Continued)

Details of net assets acquired and goodwill are as follows:

		收購事項前之賬面值 Carrying amount before the Acquisitions 千港元 HK\$'000	公平價值調整 Fair value adjustment 千港元 HK\$'000	公平價值 Fair value 千港元 HK\$'000
所收購資產淨值：	Net assets acquired:			
銀行及現金	Cash at bank and in hand	1	–	1
貿易應收賬款	Trade receivables	5	–	5
其他應付款項	Other payables	(6)	–	(6)
所收購資產淨值	Net assets acquired	–	–	–
總代價	Total consideration			(1,054,900)
收購折讓	Discount on acquisition			1,054,900
總代價以下列方式支付：	Total consideration satisfied by:			
已付現金代價	Cash consideration paid			600,000
發行股份	Issue of shares			70,900
發行可換股票據	Issue of convertible notes			384,000
				1,054,900
收購事項引致之 現金流出淨額	Net cash outflow arising on Acquisitions:			
已付現金代價	Cash consideration paid			600,000
所收購銀行結餘 及現金	Bank balances and cash acquired			(1)
收購事項之 現金流出淨額	Net cash outflow on Acquisitions			599,999

53. 批准財務報表

本財務報表於二零零八年四月二十五日獲董事會批准及授權刊發。

53. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25th April 2008.

五年財務概要 Five Year Financial Summary

截至二零零七年十二月三十一日止年度 For the year ended 31st December 2007

		截至十二月三十一日止年度 For the year ended 31st December				
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零三年 2003 千港元 HK\$'000
業績	Results					
營業額	Turnover	64,305	152,777	92,234	165,307	213,907
除稅前(虧損)/溢利	(Loss)/profit before taxation	(39,659)	38,769	(20,889)	(303,152)	(54,431)
稅項(開支)/抵免	Taxation (charge)/credit	(1,593)	(1,918)	(124)	(268)	155
來自持續經營業務 之年度(虧損)/溢利	(Loss)/profit for the year from continuing operations	(41,252)	36,851	(21,013)	(303,420)	(54,276)
來自已終止經營業務 之年度虧損	Loss for the year from discontinued operations	(62,555)	—	—	—	—
年度(虧損)/溢利	(Loss)/profit for the year	(103,807)	36,851	(21,013)	(303,420)	(54,276)
以下人士應佔： 本公司之權益持有人 少數股東權益	Attributable to: Equity holders of the Company Minority interests	(92,547) (11,260)	36,880 (29)	(20,961) (52)	(303,219) (201)	(53,478) (798)
		(103,807)	36,851	(21,013)	(303,420)	(54,276)
股息	Dividends	—	—	—	—	—

		於十二月三十一日 As at 31st December				
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000	二零零四年 2004 千港元 HK\$'000	二零零三年 2003 千港元 HK\$'000
資產及負債	Assets and liabilities					
資產總值	Total assets	2,307,603	789,037	743,396	667,880	953,086
負債總額及 少數股東權益	Total liabilities and minority interests	(1,133,470)	(94,210)	(145,840)	(155,241)	(179,564)
股東資金	Shareholders' funds	1,174,133	694,827	597,556	512,639	773,522



CHINA STAR ENTERTAINMENT LIMITED
中國星集團有限公司