



GOLDEN HARVEST  
ENTERTAINMENT (HOLDINGS) LIMITED  
嘉禾娛樂事業(集團)有限公司

(Stock Code 股份代號: 1132)



*2006 Annual Report* 年報

# Mission 嘉禾的使命

At Golden Harvest we operate by the motto:  
LOVE LIFE, LIVE LIFE. We possess:

- Passion for our industry
- Creativity to produce top products
- Openness in our deals
- Responsibility to our public
- Teamwork for success

To expand horizons and to enable people to live outside the realms of their lives through the world of films. By providing creative entertainment, Golden Harvest enriches and inspires people to live life to the fullest.

嘉禾一直以「熱愛生活・享受生活」為目標和發展路向。我們：

- 對娛樂事業 滿載熱誠理想
- 對每個製作 注入無窮創意
- 對每宗交易 謹守公平公開
- 對社會大眾 抱有責任承擔
- 為達致成功 堅守團隊精神

嘉禾積極提供各種創意無限的娛樂節目，讓大眾透過電影去體會另一個超乎想像的空間，將目光和視野無限擴闊，從而令生活昇華至更豐盛、更美滿的境界。

# Vision 嘉禾的目標

To be the world's leading Chinese entertainment company  
成為全球具領導地位的華語娛樂企業



## CONTENTS 目錄

Corporate Information	2
公司資料	
Directors and Senior Management	4
董事及高級管理人員	
Chairman's Statement	10
主席報告書	
Management Discussion and Analysis	13
管理層討論及分析	

## Financial Information 財務資料

Report of the Directors	21
董事會報告書	
Corporate Governance Report	34
企業管治報告	
Report of the Auditors	39
核數師報告書	
Consolidated Income Statement	41
綜合收益表	109
Consolidated Balance Sheet	42
綜合資產負債表	110
Consolidated Statement of Changes in Equity	44
綜合權益變動報表	112
Consolidated Cash Flow Statement	46
綜合現金流量表	114
Balance Sheet	48
資產負債表	116
Notes to Financial Statements	49
財務報表附註	117

## Corporate Information 公司資料



### CHAIRMAN

主席

Raymond CHOW Ting Hsing

鄒文懷

### EXECUTIVE DIRECTORS

執行董事

PHOON Chiong Kit

潘從傑

David CHAN Sik Hong

陳錫康

Roberta CHIN CHOW Chung Hang

陳鄒重珩

LAU Pak Keung

劉柏強

(alternate to PHOON Chiong Kit)

(潘從傑之替任董事)

### NON-EXECUTIVE DIRECTOR

非執行董事

Eric Norman KRONFELD

### INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

Paul MA Kah Woh

馬家和

Frank LIN

林輝波

Prince Chatrichalerm YUKOL

### COMPANY SECRETARY

公司秘書

LEE So Ching

李素貞

### REGISTERED OFFICE

註冊辦事處

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## Corporate Information

### 公司資料



#### PRINCIPAL PLACE OF BUSINESS

##### 主要營業地址

16th Floor  
The Peninsula Office Tower  
18 Middle Road  
Tsimshatsui  
Kowloon  
Hong Kong  
香港  
九龍  
尖沙咀  
中間道十八號  
半島寫字樓大廈  
十六樓

#### PRINCIPAL BANKER

##### 主要往來銀行

The Hongkong and Shanghai Banking Corporation Limited  
香港上海滙豐銀行有限公司

#### AUDITORS

##### 核數師

Ernst & Young  
Certified Public Accountants  
18th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong  
安永會計師事務所  
執業會計師  
香港  
中環  
金融街八號  
國際金融中心二期  
十八樓

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

##### 主要股份過戶登記處

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

#### HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

##### 股份過戶登記處香港分處

Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Hong Kong  
登捷時有限公司  
香港  
皇后大道東二十八號  
金鐘匯中心  
二十六樓

#### WEBSITE

##### 網址

<http://www.goldenharvest.com>

#### STOCK CODE

##### 股份代號

1132

## Directors and Senior Management

### 董事及高級管理人員



#### Board of directors (董事會)

From left to right (從左至右)

- 1<sup>st</sup> row (第一行): 1) Mrs. Roberta CHIN CHOW Chung Hang (陳鄒重珩女士), 2) Prince Chatrichalerm YUKOL, 3) Mr. Raymond CHOW Ting Hsing (鄒文懷先生)
- 2<sup>nd</sup> row (第二行): 4) Mr. LAU Pak Keung (劉柏強先生), 5) Mr. David CHAN Sik Hong (陳錫康先生), 6) Mr. PHOON Chiong Kit (潘從傑先生), 7) Mr. Paul MA Kah Woh (馬家和先生), 8) Mr. Eric Norman KRONFELD, 9) Mr. Frank LIN (林輝波先生)

#### EXECUTIVE DIRECTORS

**Mr. Raymond CHOW Ting Hsing**, GBS, OBE, OST, aged 79, is the Chairman of the Company and is jointly responsible for the business and the strategic planning of the Group. He graduated from St. John's University in Shanghai, majoring in journalism. He co-founded the Golden Harvest Group in 1970 and has more than 46 years' experience in the film industry. Among the many awards that he has received for his contribution to the film industry are "International Showman of the Year" from the National Association of Theatre Owners of the United States and the Golden Horse Award for "The Most Outstanding International Producer from Taiwan", both in 1980, and the "Lifetime Achievement Award" at the 1996 CineAsia film industry convention in Singapore. Mr. Chow was also honoured in 1987 by Her Majesty Queen Elizabeth II with the Order of the British Empire, in 1996 by the Emperor of Japan with the Order of the Sacred Treasure, Gold Rays with Rosette, and in 1998 by the Government of the Hong Kong Special Administrative Region with the Gold Bauhinia Star. Mr. Chow is also a director of certain subsidiaries of the Company.

#### 執行董事

**鄒文懷先生**·GBS·OBE·OST·79歲·本公司主席·負責本集團之業務及策略規劃事宜·彼畢業於上海聖約翰大學·主修新聞·彼於一九七零年共同創辦嘉禾集團·於電影業已積累逾四十六年經驗·鄒先生對電影業貢獻良多·更屢獲殊榮·其中包括於一九八零年獲美國National Association of Theatre Owners頒譽為「International Showman of the Year」及台灣金馬獎「中國傑出國際影人獎」·彼亦於一九九六年獲新加坡CineAsia電影業展頒發「終生成就獎」·鄒先生亦於一九八七年獲頒英女皇依莉莎伯二世之大英帝國勳章·於一九九六年獲日皇授勳四等瑞寶章及於一九九八年獲香港特別行政區政府頒授金紫荊勳章·鄒先生亦為本公司若干附屬公司之董事。



**Executive directors (執行董事)**

From left to right (從左至右)

1) Mr. LAU Pak Keung (劉柏強先生), 2) Mr. PHOON Chiong Kit (潘從傑先生), 3) Mr. Raymond CHOW Ting Hsing (鄒文懷先生), 4) Mrs. Roberta CHIN CHOW Chung Hang (陳鄒重珩女士), 5) Mr. David CHAN Sik Hong (陳錫康先生)

**Mr. PHOON Chiong Kit**, aged 54, is the Managing Director of the Company, graduated with a Bachelor of Business Administration Degree from the University of Singapore. He has 21 years' experience as an investment banker and corporate finance consultant. Mr. Phoon is a Board Member of the Media Development Authority in Singapore and also a director of certain subsidiaries of the Company.

**Mr. David CHAN Sik Hong**, aged 55, holds a Bachelor's Degree in Art from St. John's University of Minnesota, US and a Master's Degree from the University of Kansas Graduate School of Radio-Television-Film, US. Mr. Chan joined the Golden Harvest Group in 1975. During his 31 years tenure with the Group, he has worked on 22 international films and over 100 Chinese films. Among his many screen credits, Mr. Chan was a producer of one of Hollywood's most successful independent screen series, "Teenage Mutant Ninja Turtles" and its two sequels, which grossed more than USD250 million in North America alone. He is a member of the Producers' Branch of the Academy of Motion Picture Arts and Sciences in America. Mr. Chan is also a director of certain subsidiaries of the Company.

**Mrs. Roberta CHIN CHOW Chung Hang**, aged 43, has co-produced various films with the Golden Harvest Group in the past. She holds a Bachelor of Arts Degree in English Literature from Dominican University of California, US and a Master's Degree in Communication – Documentary Film from Stanford University, US. Mrs. Chin has had more than 21 years' experience in the film production and distribution industry. Mrs. Chin is also a director and an alternate director of certain subsidiaries of the Company.

**Mr. LAU Pak Keung**, aged 48, was appointed as Group Financial Controller of the Group, Chief Representative of Shanghai Office in January 2004 and an alternate director to Mr. Phoon Chiong Kit on 22 November 2004. He has over 25 years' experience in the auditing and accounting field. He began his professional career in KPMG and Ernst & Young. Prior to joining Golden Harvest in March 1992, he worked in an international transportation group of a listed company as Vice President – Finance & Administration and acted as a director of its joint venture in the PRC. Mr. Lau is the supervisor of a Taiwanese subsidiary as well as a director, an alternate director and the company secretary of certain other subsidiaries of the Company.

**潘從傑先生**，54歲，本公司之董事總經理，畢業於新加坡大學，持有工商管理學士學位。彼從事投資銀行及機構財務顧問達二十一年。潘先生為新加坡媒體發展管理局之董事會成員，亦為本公司若干附屬公司之董事。

**陳錫康先生**，55歲，持有美國明尼蘇達州聖約翰大學之藝術系文學士學位及美國肯薩斯大學電台－電視－電影研究院之碩士學位。彼於一九七五年加入嘉禾集團。彼在本集團任職之三十一年期間，曾為二十二齣國際電影及逾一百齣華語電影工作，創下不少佳績，其中彼為電影「忍者龜」及其兩齣續集之監製，此系列為荷李活最成功之獨立製作之一，單在北美洲之票房收入已超逾二億五千萬美元。彼為美國電影藝術及科學學院之監製分院會員。陳先生亦為本公司若干附屬公司之董事。

**陳鄒重珩女士**，43歲，過往曾與嘉禾集團共同製作多齣不同類型之電影。彼持有美國加州多明尼克大學之英國文學學士學位及美國史丹福大學之傳意（紀錄片）系碩士學位。彼於電影製作及發行業擁有逾二十一年之經驗。陳女士亦為本公司若干附屬公司之董事及替任董事。

**劉柏強先生**，48歲，於二零零四年一月獲委任為本集團之集團財務總監及上海辦事處之首席代表，並於二零零四年十一月二十二日獲委任為潘從傑先生之替任董事。彼於審核及會計行業擁有逾二十五年經驗。彼初期任職於畢馬威會計師事務所及安永會計師事務所，而於一九九二年三月加入嘉禾之前，彼曾於一家上市公司旗下國際運輸集團擔任財務及行政副總裁，並出任其中國合營公司之董事。劉先生亦為一家台灣附屬公司之監事，同時兼任本公司若干其他附屬公司之董事、替任董事及公司秘書。



Mr. Eric Norman KRONFELD

#### NON-EXECUTIVE DIRECTOR

**Mr. Eric Norman KRONFELD**, aged 65, graduated with a Bachelor of Arts Degree with distinction from Swarthmore College in 1962 and a Bachelor of Laws degree from the Harvard Law School in the US in 1965.

After he had worked as a law clerk to The Hon. J. Edward Lumbard, the Chief Judge of the United States Court of Appeals, Second Circuit, he joined Machat & Kronfeld in 1966, a law firm with one of the world's largest music business client lists where he became a partner and remained with the law firm until 1980.

Mr. Kronfeld was a co-founder and the former Chairman of Philadelphia International Records from 1969 to 1975. He is also the founder of Maverick Productions, Ltd. ("Maverick") and has been the Chairman and Chief Executive Officer of Maverick since 1973. Maverick has produced albums by The Eagles, Eric Clapton, The Who, Faces, etc. and acted as the strategic consultant for multinational corporations in media including UST, Inc. (formerly known as US Tabacco, Inc.), PolyGram Inc., Time-Warner Inc., EMI, etc. From 1991 onwards until 1998, Mr. Kronfeld was the President and Chief Operating Officer of PolyGram Holding, Inc. and was a board member of PolyGram International Management. From 1999 to 2003, he was a member of the board of directors of listen.com which was sold to Real Networks Inc., a Nasdaq-listed company. Mr. Kronfeld has almost 42 years of experience in strategic management and consultancy in the worldwide music industry.

#### 非執行董事

**Eric Norman KRONFELD** 先生，65歲，一九六二年畢業於斯沃特穆爾學院，並以優異成績取得文學士學位。彼於一九六五年取得美國哈佛法律學院之法律學士學位。

彼於擔任美國第二巡迴上訴法院首席法官The Hon. J. Edward Lumbard之律政書記後，於一九六六年加入Machat & Kronfeld，該法律事務所為擁有全球最多音樂行業客戶之法律事務所之一，彼其後成為該法律事務所之合夥人及留任至一九八零年。

彼為Philadelphia International Records之共同創辦人，並於一九六九年至一九七五年間擔任該公司主席。彼亦為Maverick Productions, Ltd. (「Maverick」)之創辦人，並自一九七三年起擔任Maverick之主席兼行政總裁。Maverick曾製作The Eagles、Eric Clapton、The Who、Faces等藝人專輯，並曾擔任UST, Inc. (前稱US Tabacco, Inc.)、PolyGram Inc.、Time-Warner Inc.、EMI等跨國傳媒企業之策略顧問。於一九九一年至一九九八年，彼曾擔任PolyGram Holding, Inc.之總裁兼首席營運總監，亦曾擔任PolyGram International Management之董事會成員。於一九九九年至二零零三年，彼曾擔任listen.com之董事會成員，而該公司其後售予納斯達克上市公司Real Networks Inc.。彼於全球音樂行業之策略管理及顧問方面累積近四十二年經驗。



## Directors and Senior Management

### 董事及高級管理人員

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Paul MA Kah Woh**, aged 59, was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management for many years until his retirement in September 2003.

Mr. Ma sits on the Boards of Mapletree Investment Pte Ltd, Mapletree Logistics Trust Management Limited, SMRT Corporation Limited, Asia General Holdings Limited, Ascott Residence Trust Management Limited, Hwa Hong Corporation Limited and National University of Singapore. Mapletree Investment Pte Ltd is a Singapore Government-linked holding company involved in real estate solutions including capital and asset management; Mapletree Logistics Trust Management Limited is the Manager of the Mapletree Logistics Trust, a logistics REIT listed in Singapore; SMRT Corporation Limited is a listed company which is principally involved in rapid transit services and bus and taxi operations in Singapore; Asia General Holdings Limited is a public investment holding company with its principal investments in two life and general insurance companies in Singapore and Malaysia.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore. He has worked in England, the US and Singapore.

#### 獨立非執行董事

**馬家和先生**，59歲，曾為KPMG Singapore之高級合夥人，任內掌管審核及風險顧問(Audit & Risk Advisory Practice)及風險管理(Risk Management)多年，直至彼於二零零三年九月退休為止。

馬先生擔任Mapletree Investment Pte Ltd、Mapletree Logistics Trust Management Limited、SMRT Corporation Limited、Asia General Holdings Limited、Ascott Residence Trust Management Limited、Hwa Hong Corporation Limited及新加坡國立大學之董事會成員。Mapletree Investment Pte Ltd為與新加坡政府聯繫之控股公司，從事資本及資產管理等物業解決方案之業務；Mapletree Logistics Trust Management Limited為於新加坡上市之物流房地產投資信託(REIT) Mapletree Logistics Trust之管理人；SMRT Corporation Limited為主要於新加坡從事捷運服務及公共汽車與計程車業務之上市公司；Asia General Holdings Limited為公眾投資控股公司，其主要投資為新加坡及馬來西亞之兩家人壽及綜合保險公司。

馬先生為英格蘭及威爾斯特許會計師公會資深會員及新加坡執業會計師公會會員。彼曾任職於英國、美國及新加坡。



Independent non-executive directors (獨立非執行董事)

From left to right (從左至右)

1) Mr. Paul MA Kah Woh (馬家和先生), 2) Prince Chatrichalerm YUKOL, 3) Mr. Frank LIN (林輝波先生)

## Directors and Senior Management

### 董事及高級管理人員

**Mr. Frank LIN**, OBE, J.P., aged 79, received his education at St. John's University, Shanghai. He is presently the Chairman of Milo's International Corporation Limited and the Honorary Chairman of the Textile Council of Hong Kong Limited and the Hong Kong Knitwear Exporters & Manufacturers Association.

**Prince Chatrichalerm YUKOL**, aged 64, attended the prestigious Geelong Grammar School in Australia where he completed his high school education. Thereafter he continued his tertiary education at UCLA in California where he gained a Bachelor's Degree in Geology. In 2000, Prince Chatrichalerm was awarded an Honorary PhD in Mass Communications from Thammasart University in Thailand.

After his graduation, Prince Chatrichalerm embarked on his filmmaking career by working on a number of his father's films. In 1972, Prince Chatrichalerm made his first feature film as a director, and has since made a total of 24 feature films. His last film, "Suriyothai" (2001) gained international acclaim, and was the subject of collaboration with Francis Ford Coppola, who re-edited the film for international release.

Prince Chatrichalerm has served on many advisory panels on Thai film, and was honored with the "National Artist" award for his services to the film industry in Thailand.

#### SENIOR MANAGEMENT

**Mr. FOO Ying Sung**, aged 75, is the General Manager of Cine Art Laboratory Limited ("Cine Art") and is responsible for the film processing activities of the Group. He joined the Group in 1971 as a Director of Cine Art.

**Ms. Ada FOO York Ching**, aged 36, General Manager of Panasia Films Marketing. Ms. Foo is responsible for the film marketing activities of the Group and has had more than 13 years' experience in the Advertising and Film industry. She joined the Group in 1995 as a Media Manager of Panasia Films Limited and has worked in China and Hong Kong.

**Ms. LEE So Ching**, aged 37, was appointed as Company Secretary and Senior Accounting Manager of the Group in September 2005. Prior to joining Golden Harvest in 2001, she had worked in listed companies in Hong Kong for years. Ms. Lee holds a Master of Business Administration degree from the University of Westminster, England, and is a Fellow of The Association of Chartered Certified Accountants, as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. She is also the company secretary of various subsidiaries of the Company.

**林輝波先生**·OBE·太平紳士·79歲·畢業於上海聖約翰大學·彼現任美羅國際有限公司主席·並為香港紡織業聯會有限公司及香港毛織出口廠商會榮譽主席。

**Prince Chatrichalerm YUKOL**·64歲·於澳洲著名學府Geelong Grammar School完成高中課程·其後於洛杉磯加州大學取得地質學學士學位·於二零零零年·彼於泰國Thammasart University取得大眾傳播榮譽博士學位。

Prince Chatrichalerm於畢業後投身製片業·協助其父製作若干電影·彼於一九七二年執導首齣劇情片·其後陸續製作共二十四齣劇情片·最近期製作「Suriyothai」(二零零一年)更使他蜚聲國際·該片乃與哥普拉合作·為國際發行重新進行剪接。

Prince Chatrichalerm曾參與多個泰國電影顧問團之工作·更因對泰國電影業貢獻良多而獲頒「National Artist」之榮譽。

#### 高級管理人員

**傅應淞先生**·75歲·天工彩色沖印有限公司(「天工」)之總經理·負責本集團之電影沖印業務·彼於一九七一年加入本集團·出任天工之董事。

**傅若菁女士**·36歲·泛亞影業市場部之總經理·傅女士負責本集團之電影市場推廣工作·在廣告及電影業已積逾十三年豐富經驗·彼於一九九五年加入本集團擔任泛亞影業有限公司之媒體經理·並在中港兩地工作。

**李素貞女士**·37歲·於二零零五年九月獲委任為本集團之公司秘書及高級會計經理·於二零零一年加入嘉禾前·彼已擁有多年在香港之上市公司工作經驗·李女士持有英國University of Westminster之工商管理碩士學位·並為英國特許公認會計師公會資深會員及香港會計師公會之會計師·彼亦為本公司多間附屬公司之公司秘書。

## Directors and Senior Management

### 董事及高級管理人員

**Mr. Alan LEE Yu**, aged 64, the General Manager of Golden Harvest Entertainment (Taiwan) Company Limited and is responsible for the Group's strategic planning and film distribution in Taiwan. He graduated from Tamkang University in Taiwan and joined the Golden Harvest Group in 1981. Mr. Lee has more than 30 years' experience as a TV programme producer and has held other related positions in Taiwan's entertainment industry. He is currently an executive member of the board of supervisors of the Motion Picture Association of Taipei.

**Mr. Simon TAN Boon Pin**, aged 38, General Manager, Exhibition, graduated from Western Illinois University with a Degree in Business with majors in Finance and Economics and holds a MBA from Nanyang Technological University's Nanyang Fellows Program. He joined the Group's joint venture partnership in Singapore in May 1992 and has since worked in Thailand, Malaysia and Taiwan. Mr. Tan joined Golden Harvest in 2001 as General Manager, Exhibition, and currently manages Golden Harvest's cinema operations in Hong Kong and Taiwan.

**Ms. Belinda TANG Siu Wai**, aged 38, General Manager of Distribution & Acquisition Division of Golden Harvest. She holds a Bachelor Degree of Commerce from Deakin University of Australia. She joined Golden Harvest in 1996.

**Mr. YUEN Kwok On**, aged 41, is the Financial Controller of Golden Harvest since 2004. He graduated with a Bachelor Degree of Economics with major in Accounting from La Trobe University of Australia in 1990 and holds a MBA Degree from Hong Kong Baptist University in 1998. He is a CPA member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Prior to joining Golden Harvest in October 1996, he had spent five years with international accounting firms in Hong Kong.

**李渝先生**，64歲，嘉禾國際娛樂股份有限公司總經理，負責本集團台灣業務之策略規劃及電影發行工作。彼畢業於台灣淡江大學，並於一九八一年加入台灣嘉禾機構服務至今，曾擔任電視製作人及其他相關工作，於台灣娛樂界擁有逾三十年豐富經驗。彼現時為台北市影片商業同業公會監事委員會之執行董事。

**陳文彬先生**，38歲，為本集團戲院部之總經理，畢業於美國伊利諾西大學，持有財務及經濟學士學位，並持有南洋科技大學Nanyang Fellows Program之工商管理碩士學位。彼於一九九二年五月加入本集團於新加坡之合資公司，並於泰國、馬來西亞及台灣工作。彼於二零零一年加入嘉禾擔任戲院部總經理，現時管理嘉禾於香港及台灣之戲院業務。

**鄧小慧女士**，38歲，嘉禾之發行及購片部之總經理。彼持有Deakin University of Australia之商業學士學位。彼於一九九六年加入嘉禾。

**袁國安先生**，41歲，自二零零四年起擔任嘉禾之財務總監。彼於一九九零年畢業於澳洲La Trobe University，主修會計學，並取得經濟學士學位，其後於一九九八年取得香港浸會大學之工商管理碩士學位。彼為澳洲特許公認會計師公會及香港會計師公會之會計師。於一九九六年十月加入嘉禾前，他曾於香港多家跨國會計師行任職達五年。

## Chairman's Statement

### 主席報告書

It gives me great pleasure to report that it is "steady as she goes" as the Golden Harvest Group begins its recovery. After many years of losses, I am pleased that we are able to report a modest profit of HK\$5.2 million for the full financial year. The results would have been better if not for legal costs incurred in an ongoing dispute.

Our multiplex cinema in Shenzhen is doing better than we had expected. It had been ranked amongst the top grossing cinemas in

本人欣然報告，隨著嘉禾集團開始重拾正軌，其發展「穩步向前」。經歷多年虧損，本人對本公司能於整個財政年度錄得輕微溢利5,200,000港元感到非常欣慰。倘本公司並無就一項持續糾紛產生法律費用，本年度業績應更為理想。

本集團於深圳之影城表現較預期理想。自開幕以來，按電影票房收入計，該影城一直躋身中國利潤



## Chairman's Statement

### 主席報告書

terms of Box Office in China since its opening but in the months of July and August 2006, had the signal honour of being No. 1 in the whole country.

We will strengthen our presence in Shenzhen and will open two more multiplex cinemas there in 2007. Both will be in the Nanshan district and the first will be a 6-screen 1,200 seater at Coastal City whilst the second will be an 7-screen 800 seater all business class cinema at Holiday Plaza in joint venture with China Film. Work has also commenced on Phase 2 of our existing cinema at City Crossing. This second phase will add 5 screens with another 1,000 seats, which we believe will allow us to maintain its position as the leading cinema in China.

In Taiwan, things are also going well. We have renamed the cinemas we acquired from Warners, "Vieshow", to reflect the Chinese name "威秀" by which they are more popularly known. We have committed to a 9 screen 1,800 seater at Taipei station, which is scheduled to open in the first quarter of 2009 and will strengthen our presence in the west of Taipei City. We have commenced a film distribution business in Taiwan and this will benefit from and add to our ability to source independent films for the region from the various film markets.

We completed a fund raising exercise to raise HK\$120 million in convertible bonds and this has strengthened our financial position considerably. The success of our Shenzhen cinema has also raised the profile of our group as a premier cinema operator and this has

最高影院之列，而二零零六年七、八兩個月份更膺全國第一位之殊榮。

本集團將加強發展深圳據點，並於二零零七年增設兩座影城。該兩座影城將同樣位於南山區，首座建於Coastal City，設有6個影廳及1,200個座位；第二座影城則透過與中國電影成立合營企業之方式興建，建於假日廣場，設有7個影廳及800個全商務級座位。本公司現時位於City Crossing之影院亦展開第二階段工程，將增設5個影廳及1,000個座位。本公司深信，此等影院將有助本集團鞏固其於中國戲院業之領先地位。

台灣之業務發展亦甚為理想。本集團將收購自華納之影城更名為「Vieshow」，藉此反映其中文名稱「威秀」，從而提升其知名度。本集團將於台北車站建設9個影廳及1,800個座位，計劃於二零零九年首季開幕，此舉將鞏固本公司於台北市西面地區之據點。本公司已於台灣開展電影發行業務，電影發行業務不單有利本公司發展，更增強本公司自各地電影市場搜羅獨立影片之能力。

本集團完成透過可換股債券集資120,000,000港元，財務狀況因而顯著加強。深圳影城業績彪炳，亦提高本集團作為卓越戲院營辦商之地位，同時吸引中國多家房地產開發商紛紛垂詢。本集團現正審閱



## Chairman's Statement

### 主席報告書

resulted in an increasing number of enquiries from various real estate developers in China. We are reviewing various opportunities but will adhere to our basic strategy of only building the best in each city that we commit to. That will still give us enough to do.

We are also closely reviewing our asset deployment across the region and may decide to redeploy some assets in order to improve our strategic focus and to concentrate our capital in markets with better returns.

All in all, it is gratifying that after many years of hard work, I can report that we are back on the growth path as we continue with our mission of building the Chinese film industry.

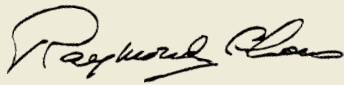
I wish to thank all our staff for the commitment, passion and diligence they show as they go about their daily work. I would not have these encouraging results to report if not for their hard work and dedication.

多項商機，惟將堅守本集團承諾為每一個城市提供最優質影院之基本策略。該策略已為本集團帶來無限機遇。

本集團亦正在密切檢討區內資產調配情況，可能決定重新劃撥若干資產，以調整策略重點及集中投資於能帶來更豐碩回報之市場。

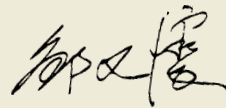
總的來說，經過多年來不懈努力，本人欣然宣佈，隨著本集團一直秉持開發華語電影業之理念，本集團已重拾正軌，錄得業務增長。

本人謹此向全體員工於日常工作中竭誠努力、滿腔熱誠及盡心盡力致以衷心謝意。本人能報告此令人鼓舞之業績，全賴彼等之努力及貢獻。



**Raymond CHOW Ting Hsing**  
Chairman

Hong Kong  
19 October 2006



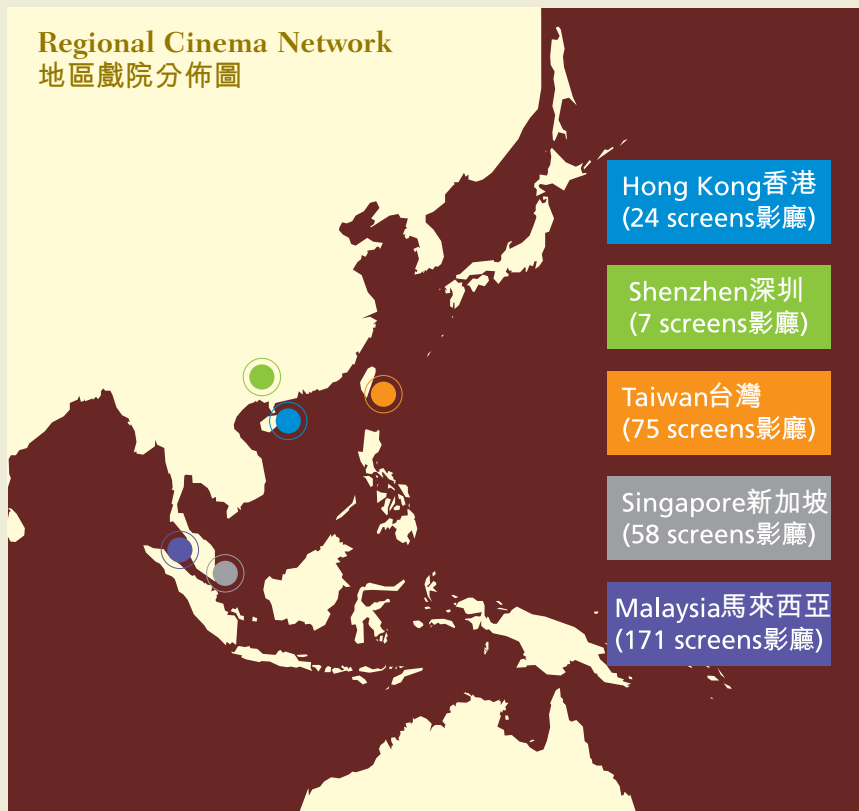
主席  
鄒文懷

香港  
二零零六年十月十九日

## Management Discussion and Analysis

### 管理層討論及分析

#### Regional Cinema Network 地區戲院分佈圖



#### REVIEW OF OPERATIONS

The economic recovery across the Asian region over the last few years has been beneficial to the film and entertainment industry as a whole, and is reflected in the continued growth of box office receipts across our territories.

For the year under review, the Group's result has shown substantial improvement and recorded \$5.2 million profit after tax. The turnaround result was principally contributed by our exhibition and distribution businesses in Hong Kong and overseas territories, including our new investments in Shenzhen and Taiwan whose full year results we have started to account for the first time this year. Furthermore, in order to improve operating results in Hong Kong, we have closed down a loss-making cinema by terminating the lease early.

The Group is now a leading cinema operator in the Asian region – operating 47 cinemas with 335 screens across Singapore, Malaysia, Taiwan, Shenzhen and Hong Kong.

#### FINANCE

The Group reported a profit of HK\$5.2 million for the year, as compared to a loss of HK\$12.9 million last year. This was

#### 業務回顧

過去數年，亞洲區經濟復甦，有利於電影及娛樂業整體發展，此情況自區內電影票房收入持續攀升可見一斑。

於回顧年內，本集團業績顯著改善，錄得除稅後溢利5,200,000元。業績轉虧為盈，主要由於本集團於香港及海外地區之戲院及發行業務帶來貢獻，其中包括本集團於深圳及台灣之新投資，其全年業績於年內開始首次入賬。此外，為提高香港之經營業績，本集團已透過終止租約結束一間錄得虧損之戲院。

本集團現為亞洲區具領導地位之戲院營辦商，經營47家影城，共335個影廳，遍佈新加坡、馬來西亞、台灣、深圳及香港各地。

#### 財務

本集團年內錄得溢利5,200,000港元，而去年則錄得虧損12,900,000港元，主要原因為



primarily due to the improvement of results in Hong Kong, as well as contributions from our new investments in Taiwan and Shenzhen.

香港業績改善，加上於台灣與深圳之新投資帶來貢獻。

Excluding the effect of proportionate consolidation, which is explained below, the Group's revenue and gross profit increased by HK\$23 million, mainly attributable to our new cinema in Shenzhen and improved results in distributing non-Chinese language films.

如不計及下文所闡釋比例綜合法之影響，本集團之收益及毛利均上升23,000,000港元，主要源自位於深圳之新影城及發行非華語電影之業績改善。

In accordance with the requirements of new accounting standards, the Group has proportionately consolidated the financial statements of the jointly-controlled entities in Taiwan and Malaysia (namely Warner Village Cinemas Co., Ltd. ("WVT") and TGV Cinemas Sdn. Bhd. ("TGV")). Whilst the net assets value and net results of the Group are not affected, the figures of individual items such as revenue, cost of sales, property, plant and equipment, accounts payable and accrued liabilities etc. were all significantly affected this year as a result of proportionate consolidation.

根據新訂會計準則之規定，本集團已按比例綜合法計算位於台灣及馬來西亞之共同控制公司華納威秀電影公司（「華納威秀」）及TGV Cinemas Sdn. Bhd.（「TGV」）之財務報表。儘管本集團之資產淨值及業績淨額未受影響，然而，收益、銷售成本、物業、廠房與設備、應付賬款及應計負債等個別項目之金額均由於按比例綜合法計算而於本年度受到重大影響。

As a result of proportionate consolidation of our jointly-controlled entities in Taiwan and Malaysia, the Group's revenue and gross profit have doubled to HK\$512 million and HK\$280 million respectively.

由於按比例綜合法計算於台灣及馬來西亞之共同控制公司，本集團之收益及毛利分別倍增至512,000,000港元及280,000,000港元。

As of 30 June 2006, the Group had net current liabilities of HK\$79 million, with cash on hand of HK\$56 million. Subsequent to the balance sheet date, the Group raised approximately HK\$99 million from the issuance of convertible notes (as disclosed in the notes 38(a) to the financial statements). The Group intends to apply the proceeds for investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

於二零零六年六月三十日，本集團之流動負債淨額為79,000,000港元，另有手頭現金56,000,000港元。於結算日後，本集團透過發行可換股票據集資約99,000,000港元（詳情載於財務報表附註38(a)）。本集團擬將所得款項撥付於投資新業務、擴充現有業務及清償其現有負債。





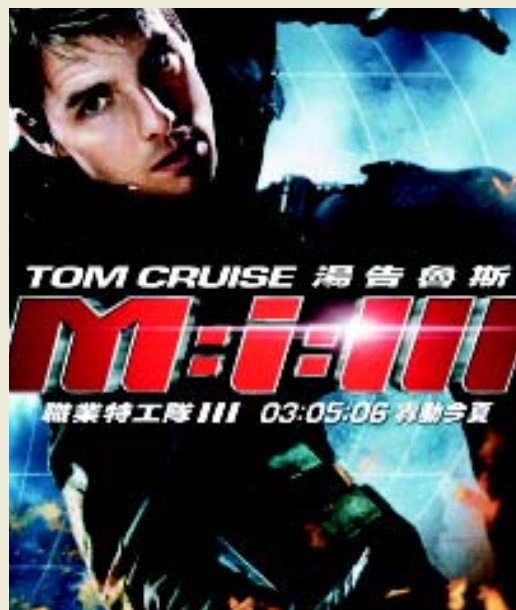
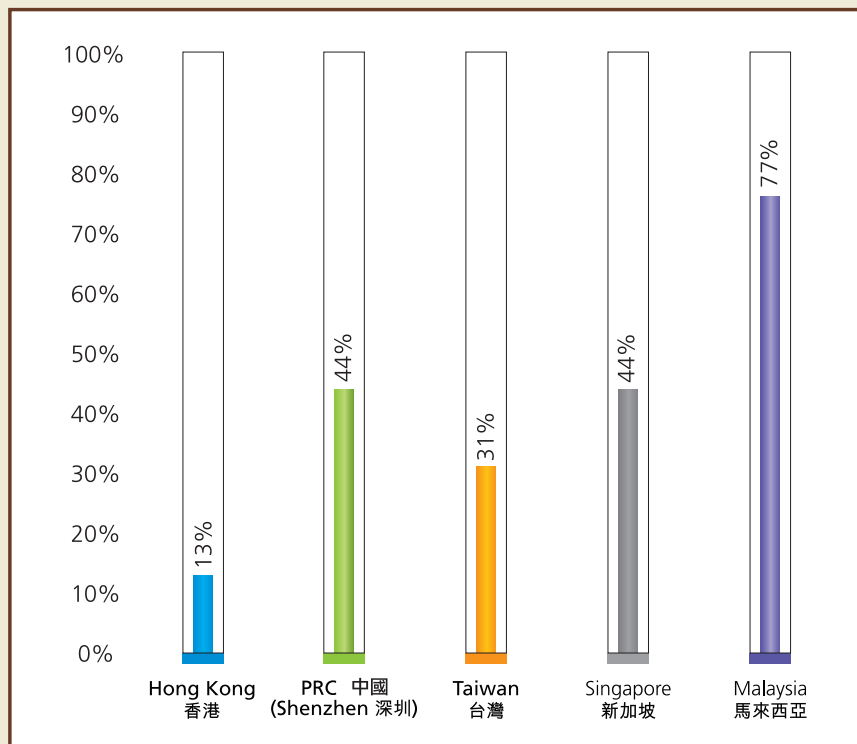
## Management Discussion and Analysis

### 管理層討論及分析

#### Market Share of Golden Harvest Cinemas

嘉禾戲院之市場佔有率

(in terms of box office takings) (按電影票房收入計算)



#### FILM DISTRIBUTION

Total box office receipts in Hong Kong increased by 7% to HK\$966 million, with non-Chinese language films grossing HK\$659 million, an increase of 18% from last year. The box office of Chinese language films remains weak, dropping by 11% to HK\$307 million. As a distributor for both Chinese and non-Chinese language films, the Group achieved a 27% market share in terms of box office receipts.

#### Chinese Language Films

The Group distributed 13 Chinese language films during the year with a box office of HK\$78 million. Due to a lack of good products, our market share decreased from 28% last year to 25% this year.

#### Non-Chinese Language Films

Good performance of our non-Chinese language films this year was attributable to blockbusters like "Madagascar", "King Kong" and "Mission Impossible III". The number of films released by the Group increased from 36 last year to 39 this year and the box office receipts increased by 64% to HK\$179 million. After the expiry of distribution contract with United International Pictures, the Group will continue to concentrate

#### 電影發行

香港電影票房總收入增加7%至966,000,000港元，其中非華語電影之電影票房總收入為659,000,000港元，較去年上升18%。華語電影之電影票房收入仍然疲弱，減少11%至307,000,000港元。作為華語及非華語電影之發行商，按電影票房收入計，本集團之市場佔有率為27%。

#### 華語電影

年內，本集團共發行13齣華語電影，錄得電影票房收入78,000,000港元。由於欠缺賣座電影，本集團市場佔有率由去年之28%降至本年度之25%。

#### 非華語電影

受多齣電影巨製如《荒失失奇兵》、《King Kong》及《職業特攻隊III》所推動，本集團非華語電影於年內表現卓越。經本集團發行之電影數目由去年36齣增至本年度39齣，而電影票房收入亦躍升64%至179,000,000港元。本集團與United International Pictures訂立之發行合約屆滿

## Management Discussion and Analysis

### 管理層討論及分析

on its own film licensing business. The Panasia-licensed films "Train Man" and the recently released "Death Note I" (both Japanese movies) were well received by the market and achieved satisfactory results.

#### FILM EXHIBITION

In 2004/2005, the Group made a strategic move to strengthen the exhibition business by acquiring the largest cinema chain in Taiwan, working together with a few Taiwan partners. We also increased our stake to 50% in one of our Malaysian cinema operations and launched our flagship cinema in Shenzhen in Mainland China. The Group now operates 47 cinemas with 335 screens across the Asian region and is a leading cinema operator in Asia.

In Hong Kong, with the closure of an under-performing cinema and implementation of better cost control, the losses of our Hong Kong cinemas have been substantially reduced.

In Mainland China, the Group's 7-screen cinema located at MIXC Mall, City Crossing, Shenzhen, accounted for a 44% market share in Shenzhen and has attained top position nationwide in terms of box office takings in July and August 2006. Box office income for its first full year amounted to RMB36 million. Flexible multi-pricing policies and customer-oriented marketing promotions have been successful in developing a regular movie-going habit amongst our customers.

In Singapore, the market box office increased by 2% to S\$121 million. The theatre takings of the Group's associate Golden Village Multiplex Pte Ltd ("GVM") were up slightly, increasing by 4% to S\$54 million. Market share of GVM, currently at 44%, is likely to reach a record high level with the opening of a new 15-screen megaplex in October 2006. GVM contributed a net profit of HK\$18 million to the Group, an increase of HK\$4 million from last year.

後，將繼續專注發展本身之電影版權購入業務。藉泛亞購入版權之電影《電車男》及最近放映之《死亡筆記I》同為日語電影，均廣受市場歡迎，且成績理想。

#### 戲院經營

於二零零四／二零零五年度，本集團作出策略措施，透過與多名台灣夥伴，共同收購台灣最大規模連鎖影城，推動戲院經營業務之發展。與此同時，本集團增持其中一間馬來西亞影城之股份至50%，更於中國大陸深圳推出旗艦影城。目前，本集團於亞洲各地經營47家影城，共335個影廳，為亞洲具領導地位之戲院營辦商。

香港方面，透過結束一間表現未如理想之戲院及推行更奏效之成本控制措施，本集團於香港戲院之虧損已顯著減少。

於中國大陸，本集團位於深圳華潤中心萬象城設有7家影廳之影城，佔據深圳市場佔有率44%，於二零零六年七月及八月，按電影票房收入計算，穩居全國首位。該影城首個全年電影票房收入達人民幣36,000,000元。憑藉靈活之多層票價政策及以顧客為主導之市場推廣手法，本集團已成功培養觀眾於戲院欣賞電影之習慣。

於新加坡，電影票房收入增加2%至121,000,000新加坡元。本集團聯營公司Golden Village Multiplex Pte Ltd (「GVM」)之票房收入微升4%至54,000,000新加坡元。GVM之市場佔有率現為44%，隨著設有15個影廳之全新影城於二零零六年十月開幕，有機會攀升至創新高水平。GVM為本集團帶來純利貢獻18,000,000港元，較去年增加4,000,000港元。



## Management Discussion and Analysis

### 管理層討論及分析

Last year the Group commenced proceedings in Hong Kong to wind up Dartina Development Limited, the holding company of the Singapore joint venture with Village Roadshow. The petition was caused by disputes between the Group and its Australian partner, Village Roadshow, regarding the performance of the operational management of GVM. Legal proceedings are still continuing.

In Malaysia, with the opening of a number of new cinemas in the last couple of years, the market box office has risen to a record high of RM195 million for the year, an increase of 24% over last year. Golden Screen Cinemas Sdn. Bhd. ("GSC") opened 34 screens in the past two years and TGV opened 15 screens this year. Due to keen competition in the market, the market share of GSC and TGV dropped from 81% last year to 77% this year. With additional profits from new screens, total net profit contribution of these two joint ventures to the Group amounted to HK\$14 million, an increase of HK\$2 million from last year.

In Taiwan, our jointly-controlled investment WVT, contributed a net profit of HK\$16 million to the Group. Market box office takings grew by 3% to NT\$5,492 (HK\$1,318) million this year. Cinema admissions of WVT rose by 9% this year and total revenue was up 15% to NT\$2,204 (HK\$529) million. In addition to the cinema operations, WVT also manages a retail mall at Hsin Yi in Taipei which is fully tenanted and yields a good return in rental income. WVT changed its name to Vie Show Cinemas Co., Ltd, subsequent to the year end.

#### PROSPECTS

Hong Kong will continue to be the base of the Group's operations, supported by our strong regional network. The

去年，本集團於香港就與 Village Roadshow 成立之新加坡合營公司之控股公司嘉年華影業有限公司展開清盤程序。有關呈請乃本集團與其澳洲夥伴 Village Roadshow 就 GVM 營運管理之表現出現糾紛所引致。有關法律程序現時仍在進行中。

馬來西亞方面，多家新戲院於過去兩年相繼開幕，推動年內票房收入創新高，達 195,000,000 馬幣，較去年飆升 24%。Golden Screen Cinemas Sdn. Bhd. (「GSC」) 於過去兩年開設 34 個影廳，另 TGV 於本年內增設 15 個影廳。鑑於市場競爭劇烈，GSC 及 TGV 之市場佔有率由去年 81% 減至本年度 77%。憑藉新影廳帶來之額外溢利，此兩家合營公司為本集團帶來純利貢獻合共 14,000,000 港元，較去年增加 2,000,000 港元。

台灣方面，本集團之共同控制投資華納威秀，為本集團帶來純利貢獻 16,000,000 港元。本年度之市場票房收入增長 3% 至 5,492,000,000 新台幣 (1,318,000,000 港元)。華納威秀本年度之戲院入座人數攀升 9%，其總收益亦上升 15% 至 2,204,000,000 新台幣 (529,000,000 港元)。除經營戲院外，華納威秀亦管理位於台北信義之零售商場，該商場之商舖全數租出，且錄得理想租金收入回報。於年結日後，華納威秀更改其名稱為威秀影城股份有限公司。

#### 前景

憑藉廣泛地區網絡作後盾，香港將繼續為本集團業務基地。本集團將繼續於大中華





Group will continue to develop film exhibition and distribution businesses in the Greater China market and strengthen its Pan-Asian non-Chinese language films. Management believes that there are more attractive potential investments in the Greater China market and the Group will consider redeploying its investments in the region in order to maximise our return in future.

On 16 October 2006, the Group entered into conditional agreements to acquire three related companies which hold a film library comprising 39 film Chinese language titles at a consideration of approximately HK\$22.6 million. The acquisition will enlarge the Group's existing film library and strengthen its film distribution business. The investment will be funded by internal resources.

### FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2006, the Group's cash balance was HK\$56 million and the net current liabilities stood at HK\$79 million. During the year, the Group issued a 4% convertible note to an independent third party with net proceeds of approximately HK\$20 million. A subsidiary company also obtained a revolving facility of approximately HK\$2 million for working capital purposes. In addition, one of the Group's jointly-controlled entities in Malaysia obtained a bank loan of HK\$31 million (the Group's 50% share was HK\$16 million) to finance the development of the new cinema sites. Our gearing ratio, calculated on the basis of external borrowings over total assets, was 15%. The Group had contingent liabilities of HK\$18 million at the year-end date (2005: HK\$17 million) in respect of a guarantee of a banking facility granted to an associate. Details of the contingent liabilities are set out in note 35 to the financial statements. As at 30 June 2006, the aggregate amount of the Group's borrowings was HK\$115 million. Details of the borrowings including the terms of the loans, interest rates, currencies and securities are indicated in note 23 to the financial statements.

市場發展戲院經營及電影發行之業務，同時加強推廣其泛亞市場之非華語電影。管理層相信，大中華市場具有更具吸引力之潛在投資機會，本集團將考慮重新調配其區內投資，以盡量提高日後回報。

於二零零六年十月十六日，本集團訂立有條件協議，按代價約22,600,000港元收購三間關連公司。該等公司持有39齣華語電影之電影資料庫。是項收購將擴大本集團現有之電影資料庫，並增強其電影發行業務。此項投資將以內部資源撥付。

### 財務資源及流動資金

於二零零六年六月三十日，本集團有現金結餘56,000,000港元，而流動負債淨額則維持於79,000,000港元水平。年內，本集團向一名獨立第三方發行4厘可換股票據，所得款項淨額約20,000,000港元。一間附屬公司亦取得循環融資約2,000,000港元，以撥作營運資金用途。此外，本集團其中一間位於馬來西亞之共同控制公司取得銀行貸款31,000,000港元（本集團分佔50%即16,000,000港元），以撥付開發新影院所需。本集團按對外借貸對比資產總值計算之資本負債比率為15%。於年結日，本集團就一間聯營公司所獲授銀行融資之擔保而產生之或然負債為18,000,000港元（二零零五年：17,000,000港元）。或然負債詳情載於財務報表附註35。於二零零六年六月三十日，本集團借貸總額為115,000,000港元。貸款年期、利率、貨幣及抵押之借款詳情載於財務報表附註23。

## Management Discussion and Analysis

### 管理層討論及分析

The Group's assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments located in Singapore, Malaysia, Taiwan and Mainland China. Management has assessed the exchange risk and exposures in these territories from time to time. Since the exchange rates of these currencies have been either relatively stable or favorable to the Group for the past two years, no hedging of foreign currencies was carried out during the year. The directors will continue to assess the exchange risks and exposures, and will consider all possible hedging measures in order to minimise the risk at reasonable cost.

The Group's liquidity has greatly improved subsequent to the year end. The Group raised new funds from the issuance of HK\$100 million 4% convertible notes and obtained a short-term banking facility of HK\$15 million both in August 2006. The Group intends to apply the proceeds for investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

#### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2006, the Group had 226 (2005: 228) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

本集團之資產及負債主要以港元列值，惟與位於新加坡、馬來西亞、台灣及中國大陸之投資項目相關之若干資產及負債除外，管理層不時評估該等地區之外匯風險。由於過去兩年該等地區之貨幣匯率相對穩定或有利於本集團，故年內並無採取任何外匯對沖措施。董事將繼續評估外匯風險，並會考慮所有可行之對沖措施，以合理成本盡量降低風險。

本集團之流動資金於年結日後顯著改善。本集團於二零零六年八月以發行100,000,000港元4厘可換股票據籌集新資金，同時取得短期銀行融資15,000,000港元。本集團擬將所得款項撥付於投資新業務、擴充現有業務及償還其現有流動負債。

#### 僱員及薪酬政策

於二零零六年六月三十日，本集團僱有226名（二零零五年：228名）全職僱員。本集團主要根據行業慣例釐定僱員薪酬。除薪金、佣金及酌情發放之花紅外，若干僱員更可就個人表現獲發購股權。本集團亦根據強制性公積金計劃條例設立定額供款退休福利計劃。於結算日，並無任何因僱員脫離退休福利計劃而產生之沒收供款。





Financial Information  
財務資料



## REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 30 June 2006.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China, and the operation of a film processing business in Hong Kong.

## RESULTS AND DIVIDENDS

The Group's results for the year ended 30 June 2006 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 41 to 108.

The directors do not recommend the payment of any dividend for the year ended 30 June 2006.

## SUMMARY FINANCIAL INFORMATION

Set out below is a summary of the consolidated results and of the assets, liabilities and minority interests of the Group for the last five financial years as extracted from the audited financial statements and restated/reclassified as appropriate.

董事謹此提呈董事會報告書以及本公司及本集團截至二零零六年六月三十日止年度之經審核財務報表。

## 主要業務

本公司為投資控股公司。本集團之主要業務包括在全球各地發行電影及影碟；在香港、馬來西亞、新加坡、台灣與中國內地經營戲院，以及在香港經營電影沖印業務。

## 業績及股息

本集團截至二零零六年六月三十日止年度之業績，以及本公司與本集團於該日之財政狀況載於第109至第176頁之財務報表內。

董事不建議派付截至二零零六年六月三十日止年度之股息。

## 財務資料摘要

下文載列本集團過去五個財政年度摘錄自經審核財務報表及經重列／重新分類之綜合業績、資產、負債及少數股東權益概要。

		Year ended 30 June 截至六月三十日止年度				
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)	2004 二零零四年 HK\$'000 千港元 (Restated) (經重列)	2003 二零零三年 HK\$'000 千港元 (Restated) (經重列)	2002 二零零二年 HK\$'000 千港元 (Restated) (經重列)
<b>RESULTS</b>	<b>業績</b>					
REVENUE	收益	<b>512,285</b>	276,586	218,477	210,270	264,030
PROFIT/(LOSS) BEFORE TAX	除稅前溢利／(虧損)	<b>7,952</b>	(10,531)	(10,993)	(140,798)	(85,481)
Tax	稅項	<b>(2,737)</b>	(2,399)	(512)	(434)	(985)
PROFIT/(LOSS) FOR THE YEAR	本年度溢利／(虧損)	<b>5,215</b>	(12,930)	(11,505)	(141,232)	(86,466)
Attributable to:	應佔:					
Equity holders of the Company	本公司股權持有人	<b>5,215</b>	(12,930)	(11,505)	(141,226)	(86,461)
Minority interests	少數股東權益	-	-	-	(6)	(5)
		<b>5,215</b>	(12,930)	(11,505)	(141,232)	(86,466)

## REPORT OF THE DIRECTORS 董事會報告書

## SUMMARY FINANCIAL INFORMATION (continued)

## 財務資料摘要 (續)

As at 30 June

於六月三十日

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)	2004 二零零四年 HK\$'000 千港元 (Restated) (經重列)	2003 二零零三年 HK\$'000 千港元 (Restated) (經重列)	2002 二零零二年 HK\$'000 千港元 (Restated) (經重列)
<b>ASSETS, LIABILITIES AND MINORITY INTERESTS</b>	<b>資產、負債及 少數股東權益</b>					
PROPERTY, PLANT AND EQUIPMENT	物業、廠房及設備	246,799	236,236	52,590	70,293	85,433
INTERESTS IN ASSOCIATES DUE FROM JOINTLY-CONTROLLED ENTITIES	於聯營公司之權益 應收共同控制公司 款項	195,902	159,374	182,613	160,130	159,509
PREPAID LAND LEASE PAYMENTS	預付土地租賃款項	741	759	777	796	814
PREPAID RENTAL	預付租金	11,502	5,190	–	–	–
CLUB MEMBERSHIPS	會籍	3,590	4,380	4,380	4,380	4,380
RENTAL AND OTHER DEPOSITS	租務及其他按金	53,130	54,706	11,869	13,134	13,179
LONG TERM INVESTMENT	長期投資	–	–	–	–	2,297
TRADEMARKS	商標	79,421	79,421	79,421	79,203	79,073
PLEGGED BANK DEPOSITS	已抵押銀行存款	1,870	1,139	–	–	–
CURRENT ASSETS	流動資產	135,192	167,885	89,173	107,199	177,015
<b>TOTAL ASSETS</b>	<b>資產總值</b>	<b>770,922</b>	<b>770,434</b>	<b>420,823</b>	<b>435,135</b>	<b>521,700</b>
CURRENT LIABILITIES	流動負債	(213,797)	(220,686)	(97,813)	(124,513)	(109,053)
CONVERTIBLE NOTE	可換股票據	(19,618)	–	–	–	–
NON-CURRENT PORTION OF INTEREST-BEARING BANK LOANS	計息銀行貸款 非即期部分	(57,087)	(65,325)	–	–	–
NON-CURRENT PORTION OF FINANCE LEASE PAYABLES	非本期融資 租賃應付賬款	(1,152)	(298)	(709)	(1,174)	(473)
LOANS FROM JOINT VENTURE PARTNERS	合營夥伴提供之 貸款	(42,742)	(62,051)	–	–	–
DEPOSITS RECEIVED	已收按金	(4,284)	(3,686)	–	–	–
PROVISION FOR LONG SERVICE PAYMENTS	長期服務金撥備	(4,102)	(3,670)	(3,800)	(3,091)	(2,478)
DEFERRED TAX	遞延稅項	(7,274)	(5,585)	(462)	(493)	(589)
<b>TOTAL LIABILITIES</b>	<b>負債總值</b>	<b>(350,056)</b>	<b>(361,301)</b>	<b>(102,784)</b>	<b>(129,271)</b>	<b>(112,593)</b>
<b>NET ASSETS</b>	<b>資產淨值</b>	<b>420,866</b>	<b>409,133</b>	<b>318,039</b>	<b>305,864</b>	<b>409,107</b>
MINORITY INTERESTS	少數股東權益	–	–	–	(22)	(28)



## REPORT OF THE DIRECTORS 董事會報告書

**PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

**物業、廠房及設備**

本集團物業、廠房及設備之變動詳情載於財務報表附註12。

**SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE NOTE**

There were no movements in either the Company's authorised or issued share capital during the year.

**股本、購股權及可換股票據**

本公司法定或已發行股本於年內並無任何變動。

Details of movements in the Company's share options and convertible note during the year are set out in notes 30 and 27, respectively, to the financial statements.

本公司購股權及可換股票據年內之變動詳情分別載於財務報表附註30及27。

**PRE-EMPTIVE RIGHTS**

There is no provision 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.

**優先購買權**

本公司之公司細則或百慕達公司法例並無關於優先購買權之規定，以致本公司須向現有股東按比例發售新股。

**RESERVES**

Details of movements in the reserves of the Company and of the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

**儲備**

本公司及本集團之年內儲備變動詳情分別載於財務報表附註31(b)及綜合權益變動報表。

**DISTRIBUTABLE RESERVES**

As at 30 June 2006, the Company had no retained profits available for cash distribution and/or distribution in specie. Under the Companies Act of Bermuda 1981 (as amended), the Company's contributed surplus of HK\$191,644,000 is currently not available for distribution. However, the Company's share premium account and capital redemption reserve of HK\$639,881,000 and HK\$145,000, respectively, as at 30 June 2006 may be distributed to shareholders in certain circumstance prescribed by Section 54 of the said Act.

**可分派儲備**

本公司於二零零六年六月三十日並無可供現金分派及／或實物分派之保留溢利。根據一九八一年百慕達公司法（經修訂）之規定，本公司之繳入盈餘191,644,000港元現時不可分派。然而，本公司於二零零六年六月三十日之股份溢價賬結餘及資本贖回儲備分別為639,881,000港元及145,000港元，並可以根據上述公司法第54條按若干情況向股東分派。

## REPORT OF THE DIRECTORS 董事會報告書

**DIRECTORS**

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

*Executive Directors:*

Raymond Chow Ting Hsing  
Phoon Chiong Kit  
David Chan Sik Hong  
Roberta Chin Chow Chung Hang  
Lau Pak Keung  
(alternate to Phoon Chiong Kit)

*Non-executive Director:*

Eric Norman Kronfeld

*Independent Non-executive Directors:*

Paul Ma Kah Woh  
Frank Lin  
Prince Chatrichalerm Yukol

In accordance with Bye-law 87 of the Company's Bye-laws, Raymond Chow Ting Hsing, Phoon Chiong Kit and Frank Lin will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

**董事**

年內及截至本報告日期在任之本公司董事為：

*執行董事：*

鄒文懷  
潘從傑  
陳錫康  
陳鄒重珩  
劉柏強  
(潘從傑之替任董事)

*非執行董事：*

Eric Norman Kronfeld

*獨立非執行董事：*

馬家和  
林輝波  
Prince Chatrichalerm Yukol

根據本公司之公司細則第87條，鄒文懷、潘從傑及林輝波將於應屆股東週年大會退任，惟彼等符合資格並願意膺選連任。

擬於應屆股東週年大會上膺選連任之董事與本公司並無訂立不可由本公司於一年內終止合約而毋須賠償(法定賠償除外)之服務合約。

## REPORT OF THE DIRECTORS 董事會報告書

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES**

As at 30 June 2006, the interests and short positions of the directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of 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") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

**董事及主要行政人員於股份、相關股份或債權證之權益及淡倉**

於二零零六年六月三十日，本公司之董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債權證中，擁有本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市發行人董事進行證券交易的標準守則（「標準守則」）已知會本公司與聯交所之權益及淡倉如下：

**(i) Shares of the Company****(i) 本公司股份**

Name of director 董事姓名	Capacity 身分	Notes 附註	Number of		Percentage of shareholding in the Company 於本公司之 股權百分比
			Number of shares (L) = Long position (S) = Short position 股份數目 (L) = 好倉 (S) = 淡倉	underlying shares (L) = Long position (S) = Short position 相關股份數目 (L) = 好倉 (S) = 淡倉	
Raymond Chow Ting Hsing 鄧文懷	Interest of controlled corporations 受控法團權益	1	293,121,527 (L) 235,585,591 (S)	– –	22.03 17.70
Phoon Chiong Kit 潘從傑	Beneficial owner 實益擁有人	2	7,500,000 (L) –	– 37,000,000 (L)	0.56 2.78
David Chan Sik Hong 陳錫康	Beneficial owner 實益擁有人	3	5,859,375 (L) –	– 6,250,000 (L)	0.44 0.47
Roberta Chin Chow Chung Hang 陳鄒重珩	Beneficial owner 實益擁有人		1,642,000 (L)	–	0.12
Lau Pak Keung (alternate to Phoon Chiong Kit) 劉柏強 (潘從傑之替任董事)	Beneficial owner 實益擁有人		1,600,000 (L)	–	0.12
Eric Norman Kronfeld	Beneficial owner 實益擁有人	4	–	350,000 (L)	0.03
Paul Ma Kah Woh 馬家和	Beneficial owner 實益擁有人	4	–	350,000 (L)	0.03

## REPORT OF THE DIRECTORS 董事會報告書

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES***(continued)***(i) Shares of the Company** *(continued)***董事及主要行政人員於股份、相關股份或債權證之權益及淡倉 (續)****(i) 本公司股份 (續)**

Name of director 董事姓名	Capacity 身分	Notes 附註	Number of		Percentage of shareholding in the Company 於本公司之 股權百分比
			Number of shares (L) = Long position (S) = Short position 股份數目 (L) = 好倉 (S) = 淡倉	underlying shares (L) = Long position (S) = Short position 相關股份數目 (L) = 好倉 (S) = 淡倉	
Frank Lin 林輝波	Beneficial owner 實益擁有人	4	-	350,000 (L)	0.03
Prince Chatrichalerm Yukol	Beneficial owner 實益擁有人	4	-	350,000 (L)	0.03

## Notes:

## 附註:

- Raymond Chow Ting Hsing was deemed to be interested in 293,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited, which held 183,210,590 shares and 109,910,937 shares of the Company respectively.
  - The 37,000,000 underlying shares were the shares issuable upon the exercise of share options granted by the Company to Phoon Chiong Kit under the share option scheme of the Company.
  - The 6,250,000 underlying shares were the shares issuable upon the exercise of share options granted by the Company to David Chan Sik Hong under the share option scheme of the Company.
  - Each of Eric Norman Kronfeld, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol was deemed to be interested in 350,000 underlying shares issuable upon the exercise of share options granted by the Company to each of them under the share option scheme of the Company.
- 鑑於鄧文懷實益擁有 Planet Gold Associates Limited 及 Net City Limited 全部股權，而該等公司分別持有 183,210,590 股及 109,910,937 股本公司股份，故此彼被視為擁有 293,121,527 股本公司股份權益。
  - 該 37,000,000 股相關股份為本公司根據其購股權計劃授予潘從傑之購股權獲行使時可予發行之股份。
  - 該 6,250,000 股相關股份為本公司根據其購股權計劃授予陳錫康之購股權獲行使時可予發行之股份。
  - Eric Norman Kronfeld、馬家和、林輝波及 Prince Chatrichalerm Yukol 各自被視為於本公司根據其購股權計劃授予彼等各自之購股權獲行使時可予發行之 350,000 股相關股份中擁有權益。

## REPORT OF THE DIRECTORS 董事會報告書

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES**  
(continued)**(ii) Shares of associated corporations**

Raymond Chow Ting Hsing is also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially holds 114,000,000 non-voting deferred shares of Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

In addition to the above, Raymond Chow Ting Hsing has non-beneficial equity interests in certain subsidiaries which are held for the benefit of the Group.

Save as disclosed above and save for the disclosure referred to under "Share Option Scheme" set out in note 30 to the financial statements, as at 30 June 2006, none of the directors and chief executive of the Company had any interests or short positions in 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 required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares or debentures" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SHARE OPTION SCHEME**

Details of the share option scheme of the Company are set out in note 30 to the financial statements.

**DIRECTORS' INTERESTS IN CONTRACTS**

Except as detailed in note 33 to the financial statements, no director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

**董事及主要行政人員於股份、相關股份或債權證之權益及淡倉 (續)****(ii) 相聯法團之股份**

鄧文懷亦為Golden Harvest Film Enterprises Inc.全部已發行股本之實益擁有人，而該公司實益持有本公司全資附屬公司嘉禾娛樂事業有限公司114,000,000股無投票權遞延股份。

除上述者外，鄧文懷就本集團利益持有若干附屬公司股權，但並無實際權益。

除上文披露者及財務報表附註30所載「購股權計劃」一節之披露事項外，於二零零六年六月三十日，本公司各董事及主要行政人員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）之股份、相關股份或債權證中並無擁有任何本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄，或根據標準守則已知會本公司與聯交所之權益或淡倉。

**董事購買股份或債權證之權利**

除上文「董事及主要行政人員於股份、相關股份或債權證之權益及淡倉」一節披露者外，本公司或其任何附屬公司於年內任何時間概無參與任何安排，致使本公司董事、彼等各自之配偶或未滿18歲子女可藉收購本公司或任何其他法人團體之股份或債權證而獲益。

**購股權計劃**

本公司之購股權計劃詳情載於財務報表附註30。

**董事於合約之權益**

除財務報表附註33所詳述者外，各董事並無於本公司或其任何附屬公司年內參與訂立任何重大合約中擁有實際權益。

## REPORT OF THE DIRECTORS 董事會報告書

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's purchases from its largest supplier and its five largest suppliers accounted for 14 and 43 percent of the Group's purchases, respectively.

The Group's sales to its largest customer and its five largest customers accounted for 4 and 11 percent of the Group's sales, respectively.

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

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any director of the Company, as at 30 June 2006, the following persons had the following interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

## (i) Interests and short positions of substantial shareholders who were entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company

## 主要客戶及供應商

年內，本集團向其最大供應商及五大供應商採購之購貨額分別佔本集團購貨額之14%及43%。

本集團向其最大客戶及五大客戶售出之銷售額則分別佔本集團銷售額之4%及11%。

本公司各董事或彼等任何聯繫人士或就董事所深知擁有本公司已發行股本5%以上之股東並無擁有本集團五大客戶及供應商任何權益。

## 主要股東及其他人士於股份及相關股份之權益及淡倉

就本公司任何董事所知，於二零零六年六月三十日，按本公司根據證券及期貨條例第XV部第336條存置之登記冊所記錄，下列人士於本公司股份或相關股份中持有以下權益或淡倉：

## (i) 有權於本公司任何股東大會行使或控制行使10%或以上投票權之主要股東之權益及淡倉

Name of shareholder 股東姓名/名稱	Capacity 身分	Notes 附註	Number of		Percentage of shareholding in the Company 於本公司之 股權百分比
			Number of shares (L) = Long position (S) = Short position 股份數目 (L) = 好倉 (S) = 淡倉	underlying shares (L) = Long position (S) = Short position 相關股份數目 (L) = 好倉 (S) = 淡倉	
Raymond Chow Ting Hsing 鄧文懷	Interest of controlled corporations 受控法團權益	1	293,121,527 (L)	-	22.03
			235,585,591 (S)	-	17.70
Felicia Chow Yuan Hsi Hua 鄧袁曦華	Spouse's interest 配偶權益	1	293,121,527 (L)	-	22.03
			235,585,591 (S)	-	17.70
Planet Gold Associates Limited	Beneficial owner 實益擁有人	1	183,210,590 (L)	-	13.77
			148,085,591 (S)	-	11.13
Li Ka-shing 李嘉誠	Interest of controlled corporations 受控法團權益	2	222,567,500 (L)	-	16.73

## REPORT OF THE DIRECTORS 董事會報告書

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** (continued)

主要股東及其他人士於股份及相關股份之權益及淡倉 (續)

(i) **Interests and short positions of substantial shareholders who were entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company** (continued)

(i) 有權於本公司任何股東大會行使或控制行使10%或以上投票權之主要股東之權益及淡倉 (續)

Name of shareholder 股東姓名/名稱	Capacity 身分	Notes 附註	Number of shares	Number of	Percentage of shareholding in the Company 於本公司之 股權百分比
			(L) = Long position (S) = Short position 股份數目 (L) = 好倉 (S) = 淡倉	underlying shares (L) = Long position (S) = Short position 相關股份數目 (L) = 好倉 (S) = 淡倉	
Mayspin Management Limited	Interest of controlled corporations 受控法團權益	2	222,567,500 (L)	-	16.73
Garex Resources Limited	Beneficial owner 實益擁有人	2	188,017,500 (L)	-	14.13
Typhoon Music (PRC) Limited	Beneficial owner 實益擁有人	3	155,000,000 (L)	-	11.65
EMI Group Plc	Interest of controlled corporations 受控法團權益	3	155,000,000 (L)	-	11.65
Virgin Music Group Limited	Interest of controlled corporations 受控法團權益	3	155,000,000 (L)	-	11.65
EMI Group Worldwide Limited	Interest of controlled corporation 受控法團權益	3	155,000,000 (L)	-	11.65
Norman Cheng Tung Hon 鄭東漢	Interest of controlled corporations 受控法團權益	3	155,000,000 (L)	-	11.65
Typhoon Records Limited	Interest of controlled corporation 受控法團權益	3	155,000,000 (L)	-	11.65
Lily Feng Yuen Cheung 馮元璋	Spouse's interest 配偶權益	3	155,000,000 (L)	-	11.65

## REPORT OF THE DIRECTORS 董事會報告書

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)****主要股東及其他人士於股份及相關股份之權益及淡倉 (續)****(ii) Interests and short positions of other persons recorded in the register kept under section 336 of the SFO****(ii) 根據證券及期貨條例第336條存置之登記冊所記錄其他人士之權益及淡倉**

Name of shareholder 股東名稱	Capacity 身分	Notes 附註	Number of		Percentage of shareholding in the Company 於本公司之 股權百分比
			Number of shares (L) = Long position (S) = Short position 股份數目 (L) = 好倉 (S) = 淡倉	underlying shares (L) = Long position (S) = Short position 相關股份權益 (L) = 好倉 (S) = 淡倉	
Net City Limited	Beneficial owner 實益擁有人	1	109,910,937 (L)	–	8.26
			87,500,000 (S)	–	6.58
PAMA Group Inc. 寶銘集團有限公司	Investment manager 投資經理	4	123,284,027 (L)	–	9.27
See Corporation Limited	Beneficial owner 實益擁有人	5	–	90,909,090 (L)	6.83

## Notes:

## 附註:

- Raymond Chow Ting Hsing ("Mr. Chow") was deemed to be interested in 293,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited which held 183,210,590 shares and 109,910,937 shares of the Company respectively. Felicia Chow Yuan Hsi Hua, the spouse of Mr. Chow, was deemed to be interested in the same shares in which Mr. Chow was interested.
  - Li Ka-shing was deemed to be interested in 222,567,500 shares of the Company by virtue of his 100% beneficial holding in Mayspin Management Limited which in turn owned the entire interest in each of Garex Resources Limited which held 188,017,500 shares of the Company, Podar Investment Limited which held 31,250,000 shares of the Company, and Oscar Resources Limited which held 3,300,000 shares of the Company.
  - EMI Group Plc had 100% control of Virgin Music Group Limited, which had 100% control of EMI Group Worldwide Limited, which in turn had a 50% shareholding in Typhoon Music (PRC) Limited. Norman Cheng Tung Hon had 100% control of Typhoon Records Limited, which had a 50% shareholding in Typhoon Music (PRC) Limited. Each of EMI Group Plc, Virgin Music Group Limited, EMI Group Worldwide Limited, Norman Cheng Tung Hon and Typhoon Records Limited was deemed to be interested in 155,000,000 shares of the Company held by Typhoon Music (PRC) Limited. Lily Feng Yuen Cheung, the spouse of Norman Cheng Tung Hon, was deemed to be interested in the same shares in which Norman Cheng Tung Hon was interested.
- 鑑於鄒文懷(「鄒先生」)實益擁有Planet Gold Associates Limited及Net City Limited全部股權，而該等公司分別持有183,210,590股及109,910,937股本公司股份，故彼被視為擁有293,121,527股本公司股份權益。鄒先生之配偶鄒袁曦華被視為於鄒先生擁有權益之股份中擁有相同權益。
  - 鑑於李嘉誠實益擁有Mayspin Management Limited全部股權，而Mayspin Management Limited持有Garex Resources Limited(持有188,017,500股本公司股份)、Podar Investment Limited(持有31,250,000股本公司股份)及Oscar Resources Limited(持有3,300,000股本公司股份)全部權益，故彼被視為擁有222,567,500股本公司股份權益。
  - EMI Group Plc擁有Virgin Music Group Limited全部控制權，Virgin Music Group Limited擁有EMI Group Worldwide Limited全部控制權，而EMI Group Worldwide Limited擁有Typhoon Music (PRC) Limited 50%股權。鄭東漢擁有Typhoon Records Limited全部控制權，而Typhoon Records Limited擁有Typhoon Music (PRC) Limited 50%股權。EMI Group Plc、Virgin Music Group Limited、EMI Group Worldwide Limited、鄭東漢及Typhoon Records Limited被視為擁有由Typhoon Music (PRC) Limited所持155,000,000股本公司股份之權益。鄭東漢之配偶馮元璋被視為於鄭東漢擁有權益之股份中擁有相同權益。



## REPORT OF THE DIRECTORS 董事會報告書

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)****(ii) Interests and short positions of other persons recorded in the register kept under section 336 of the SFO (continued)**

Notes: (continued)

4. PAMA Group Inc. is the manager of DIF Investment Trust X and DIF Investment Trust XI, which was deemed to be interested in 123,284,027 shares of the Company.
5. See Corporation Limited was deemed to be interested in 90,909,090 underlying shares of the Company issuable upon full conversion of HK\$20,000,000 4% convertible note issued by the Company on 23 May 2006.

Save as disclosed above, no other person had an interest or a short position in shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

**PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

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

**CONNECTED/RELATED PARTY TRANSACTIONS**

Subsequent to the year end, the Company entered into four separate subscription agreements for the subscription of HK\$100,000,000 4% convertible notes (the "Notes") due 2008 Series II on 10 July 2006 (the "Subscription Agreements") with each of Quick Target Limited, Pleasant Villa Investments Limited ("Pleasant Villa"), Garex Resources Limited ("Garex Resources") and Typhoon Music (PRC) Limited ("Typhoon") in the amount of HK\$50,000,000, HK\$20,000,000, HK\$20,000,000 and HK\$10,000,000, respectively.

Pleasant Villa is wholly-owned by Raymond Chow Ting Hsing ("Mr. Chow"), the Chairman of the Company and a substantial shareholder of the Company; Garex Resources is ultimately owned by Li Ka-shing, a substantial shareholder of the Company while Typhoon is a substantial shareholder of the Company. As three of the subscribers, Pleasant Villa, Garex Resources and Typhoon are connected persons of the Company, the issue of the Notes under the Subscription Agreements constituted a connected transaction of the Company under the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

**主要股東及其他人士於股份及相關股份之權益及淡倉 (續)****(ii) 根據證券及期貨條例第336條存置之登記冊所記錄其他人士之權益及淡倉 (續)**

附註: (續)

4. 寶銘集團有限公司為DIF Investment Trust X及DIF Investment Trust XI之經理，故被視為擁有123,284,027股本公司股份權益。
5. See Corporation Limited被視為擁有本公司於二零零六年五月二十三日發行之20,000,000港元4厘可換股票據獲全數行使時可予發行之90,909,090股相關股份之權益。

除上文披露者外，按本公司須根據證券及期貨條例第XV部第336條存置之登記冊所記錄，並無其他人士於本公司股份或相關股份中擁有任何權益或淡倉。

**購買、出售及贖回上市證券**

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

**關連交易／關連人士交易**

年結日後，本公司於二零零六年七月十日與Quick Target Limited、Pleasant Villa Investments Limited (「Pleasant Villa」)、Garex Resources Limited (「Garex Resources」)及Typhoon Music (PRC) Limited (「Typhoon」)就分別按50,000,000港元、20,000,000港元、20,000,000港元及10,000,000港元認購100,000,000港元於二零零八年到期之第二系列4厘可換股票據(「票據」)訂立四份獨立認購協議(「認購協議」)。

Pleasant Villa由本公司主席兼主要股東鄒文懷(「鄒先生」)全資擁有；Garex Resources由本公司主要股東李嘉誠最終擁有，而Typhoon則為本公司之主要股東。根據上市規則，由於三名認購人Pleasant Villa、Garex Resources及Typhoon均屬本公司之關連人士，故根據認購協議發行票據構成本公司之關連交易，須遵守上市規則有關申報、公告及獨立股東批准之規定。

## REPORT OF THE DIRECTORS 董事會報告書

**CONNECTED/RELATED PARTY TRANSACTIONS** (continued)

On 16 October 2006, the Group entered into agreements with World Media Group Limited (“WMG”) and independent third parties to acquire the entire equity interests in three companies (the “Target Companies”) at an aggregate consideration of approximately HK\$22.6 million. WMG is an associate of Mr. Chow and a substantial shareholder of the Target Companies, and accordingly, the transaction constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements of the Listing Rule.

Save as disclosed above, details of the other material connected and related party transactions for the year ended 30 June 2006 are set out in note 33 to the financial statements. The connected or continuing connected transactions constituted de minimis transactions as defined in the Listing Rules and were exempt from the reporting, announcement and independent shareholders’ approval requirements. The independent non-executive directors have reviewed and confirmed that these connected or continuing connected transactions were conducted in the ordinary and usual course of the business of the Group, on normal commercial terms or on terms no less favourable to the Group than terms to or from independent third parties, and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

**DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES**  
**Advances to entities**

The Group has made available to Dartina Development Limited (“Dartina”), which is a 50% owned associated company of the Company, an advance which stood as at 30 June 2006 of HK\$88,334,000. The balance of the said advance (which is interest-free, unsecured and has no fixed repayment terms and is not expected to be repaid within the next twelve months) as at 30 June 2006 represented more than 8% under the Assets Ratio as defined in the Listing Rules.

The Company and an independent third party, each through their respective 50% shareholding in Dartina, hold a 50% attributable interest in Golden Village Multiplex Pte Ltd (“GVM”). The Company has provided a guarantee in favour of a bank under which the Company has a maximum liability limited to 50% of the banking facility outstanding from GVM but in any event not exceeding HK\$18,338,000.

The Group has also made available to Warner Village Cinema Co., Ltd., a 40% owned jointly-controlled entity of the Company, an advance in the amount of HK\$75,880,000 as at 30 June 2006. The balance of the said advance, is interest-free, unsecured and is not expected to be repaid within the next twelve months, apart from HK\$24,000,000 which is expected to be repaid within the next twelve months as at 30 June 2006, represented more than 8% under the Assets Ratio as defined in the Listing Rules.

**關連交易／關連人士交易 (續)**

於二零零六年十月十六日，本集團與World Media Group Limited (「WMG」) 及獨立第三方就收購三間公司 (「目標公司」) 所有股本權益訂立多份協議，總代價約為22,600,000港元。WMG為鄒先生之聯屬人仕，亦為目標公司之主要股東，因此，根據上市規則，交易構成本公司之關連交易，須遵守上市規則有關申報、公告及獨立股東批准之規定。

除上文披露者外，截至二零零六年六月三十日止年度其他重大關連及關連人士交易詳情載於財務報表附註33。該等關連或持續關連交易構成上市規則所界定少額交易，可獲豁免遵守申報、公告及獨立股東批准之規定。獨立非執行董事已審閱及確認此等關連或持續關連交易乃於本集團日常及一般業務中，按正常商業條款或按不遜於本集團向或自獨立第三者提供之條款，根據規管有關交易而條款屬公平合理且符合本公司股東整體利益之有關協議進行。

**根據上市規則第13.20條作出披露**  
**向實體墊款**

本集團向本公司擁有50%權益之聯營公司嘉年華影業有限公司 (「嘉年華」) 提供墊款，於二零零六年六月三十日為88,334,000港元。於二零零六年六月三十日，上述墊款為免息、無抵押及無固定還款期，並預期毋須於未來十二個月內償還，其結餘超過上市規則界定之8%資產比率。

本公司及一名獨立第三方分別透過彼等各自於嘉年華之50%股權持有Golden Village Multiplex Pte Ltd (「GVM」) 之50%應佔權益。本公司向一家銀行提供擔保，據此，本公司承擔之最高責任限於GVM尚未償還銀行信貸額之50%，惟在任何情況下不得超過18,338,000港元。

本集團亦向本公司擁有40%權益之共同控制公司Warner Village Cinema Co., Ltd. 提供墊款，於二零零六年六月三十日為75,880,000港元。於二零零六年六月三十日，除24,000,000港元預期須於未來十二個月內償還外，上述墊款為免息、無抵押，並預期毋須於未來十二個月內償還，其結餘超過上市規則界定之8%資產比率。

## REPORT OF THE DIRECTORS 董事會報告書

**DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES**  
**Financial Assistance and Guarantee to Affiliated Companies**

The Group has made advances and provided a guarantee for a facility granted to certain affiliated companies which were recorded using the equity method of accounting in the Group's financial statements (including Dartina, Keen Fortune Production Limited and Rich Will Limited). As at 30 June 2006, the aggregate amount of the said advances and guarantee of approximately HK\$113,889,000 represented more than 8% under the Assets Ratio as defined in the Listing Rules. The combination of balance sheets of these affiliated companies and the Group's attributable interests in these affiliated companies as at 30 June 2006 are as follows:

		<b>Combination of balance sheets of affiliated companies</b>
		<b>聯屬公司之合併資產負債表</b>
		HK\$'000
		千港元
Non-current assets	非流動資產	314,823
Current assets	流動資產	121,384
Current liabilities	流動負債	(232,615)
Non-current liabilities	非流動負債	(87,954)
		<b>115,638</b>
Group's attributable interests	本集團應佔權益	<b>60,088</b>

The Company's percentage shareholding in the relevant affiliated companies are indicated in note 15 to the financial statements.

**SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules throughout the year.

**AUDITORS**

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Raymond CHOW Ting Hsing**  
Chairman

Hong Kong  
19 October 2006

**根據上市規則第13.22條作出披露****向聯屬公司提供財務資助及擔保**

本集團向若干聯屬公司(包括嘉年華·Keen Fortune Production Limited及富懷有限公司)提供墊款及就其獲授之信貸提供擔保,有關墊款及擔保均採用權益合計法計入本集團之財務報表內。於二零零六年六月三十日,上述墊款及擔保合共約113,889,000港元,超過上市規則界定之8%資產比率。於二零零六年六月三十日,該等聯屬公司之合併資產負債表及本集團於該等聯屬公司之應佔權益如下:

		<b>Combination of balance sheets of affiliated companies</b>
		<b>聯屬公司之合併資產負債表</b>
		HK\$'000
		千港元
Non-current assets	非流動資產	314,823
Current assets	流動資產	121,384
Current liabilities	流動負債	(232,615)
Non-current liabilities	非流動負債	(87,954)
		<b>115,638</b>
Group's attributable interests	本集團應佔權益	<b>60,088</b>

本公司於有關聯屬公司之股權百分比載於財務報表附註15。

**足夠公眾持股量**

截至本報告刊發日期,按照本公司可公開獲取之資料及據董事所知,本公司於年內一直維持上市規則規定之足夠公眾持股量。

**核數師**

安永會計師事務所將退任,本公司將於應屆股東週年大會提呈續聘其為本公司核數師之決議案。

代表董事會

主席  
鄒文懷

香港  
二零零六年十月十九日

## CORPORATE GOVERNANCE REPORT 企業管治報告

**CODE ON CORPORATE GOVERNANCE PRACTICE**

The Code on Corporate Governance Practices (the "CCGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") has become effective for accounting periods commencing on or after 1 January 2005. The Company has taken steps not only to comply with the code provisions as set out in the CCGP but also with the aim to enhance the corporate governance practices of the Group as a whole.

The Company has complied with the CCGP throughout the year ended 30 June 2006 except that all the non-executive directors of the Company were not appointed for a specific term as required by code provision A.4.1 of the CCGP since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

**DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted its own code on terms no less exacting than those set out in the Model Code of the Listing Rules. The Company has made specific enquiries with all the directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's code for the year ended 30 June 2006.

**BOARD OF DIRECTORS**

The Board is composed of the Chairman, the Managing Director, three executive directors including an alternate director, one non-executive director and three independent non-executive directors, whose biographical details are set out in the "Directors and Senior Management" on pages 4 and 9 of this annual report.

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board meets regularly throughout the year to discuss the overall strategies as well as operation and financial performances. Matters relating to (i) the formulation of the Group's strategy and directions; (ii) any material conflict of interest for substantial shareholders of the Company or directors; (iii) the approval of the Group's annual results, annual budgets, and other significant operational and financial transactions; (iv) changes to the Company's capital structure; and (v) major appointments to the Board are reserved for decisions by the Board. The day-to-day operation of the Group is delegated to the management, under the leadership of Managing Director and supported by his management team.

**企業管治常規守則**

香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治守則」)已於二零零五年一月一日或之後開始之會計年度生效。本公司已採取措施，不單為遵守企業管治守則所載守則條文，亦旨在提高本集團整體企業管治常規。

本公司於截至二零零六年六月三十日止年度內一直遵守企業管治守則，惟本公司所有非執行董事並非按企業管治守則第A.4.1條守則條文所規定以指定任期委任，因彼等須根據本公司之公司細則有關規定，在本公司之股東週年大會上最少每三年輪值退任一次及膺選連任。

**董事進行證券交易**

本公司已採納與上市規則之標準守則同樣嚴謹之守則。本公司已向全體董事作出具體查詢，彼等均確認，於截至二零零六年六月三十日止年度內一直遵守標準守則及本公司守則所載規定。

**董事會**

董事會成員包括主席、董事總經理、三名執行董事(包括一名替任董事)、一名非執行董事及三名獨立非執行董事。彼等之履歷詳情載於本年報第4及第9頁「董事及高級管理人員」內。

董事會共同負責監督本集團業務及事務之管理工作。董事會於年內定期會面，以討論整體策略以及營運與財務表現。有關(i)制定本集團策略及方向；(ii)本公司主要股東或董事之任何重大利益衝突；(iii)批准本集團年度業績、年度預算及其他重大營運與財務交易；(iv)更改本公司之股本結構；及(v)就董事會作出重大委任之事項均由董事會決定。管理層獲授權在董事總經理之領導及彼之管理隊伍支援下負責管理本集團之日常營運。

## CORPORATE GOVERNANCE REPORT 企業管治報告

**BOARD OF DIRECTORS** (continued)

During the year ended 30 June 2006, six board meetings were held and the attendance of directors is as follows:

**董事會** (續)

截至二零零六年六月三十日止年度曾舉行六次董事會會議，董事之出席情況如下：

<b>Members</b>		<b>Meetings Attended/Eligible to Attend</b>
<b>成員</b>		<b>曾出席／合資格出席會議</b>
<i>Executive Directors</i> 執行董事		
Raymond Chow Ting Hsing (Chairman)	鄧文懷 (主席)	6/6
Phoon Chiong Kit (Managing Director)	潘從傑 (董事總經理)	6/6
David Chan Sik Hong	陳錫康	5/6
Roberta Chin Chow Chung Hang	陳鄒重珩	6/6
Lau Pak Keung (Alternate to Phoon Chiong Kit)	劉柏強 (潘從傑之替任董事)	N/A 不適用
<i>Non-executive Director</i> 非執行董事		
Eric Norman Kronfeld	Eric Norman Kronfeld	5/6
<i>Independent Non-executive Directors</i> 獨立非執行董事		
Paul Ma Kah Woh	馬家和	6/6
Frank Lin	林輝波	6/6
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	1/6

During the year ended 30 June 2006, the Board at all times complied with the requirements of rules 3.10(1) and (2) of the Listing Rules relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications. The Board has received from each independent non-executive director a written confirmation of his independence and the Board considers all of them to be independent pursuant to rule 3.13 of the Listing Rules.

截至二零零六年六月三十日止年度，董事會一直遵守上市規則第3.10(1)及(2)條有關委任獨立非執行董事之足夠數目及其中一名獨立非執行董事須具合適專業資格之規定。董事會已接獲各獨立非執行董事就彼等之獨立身分之書面確認，董事會認為，根據上市規則第3.13條，全體獨立非執行董事均屬獨立人士。

To the best knowledge of the Company, there is no financial, business, family or other material relationship among members of the Board except that Mrs. Roberta Chin Chow Chung Hang is the daughter of Mr. Raymond Chow Ting Hsing. Save as disclosed herein, there is also no relationship between the Chairman and the Managing Director.

據本公司所深知，除陳鄒重珩女士為鄧文懷先生之女兒外，董事會成員間並無任何財務、業務、家族或其他重大關連。除本文披露者外，主席與董事總經理間並無關連。

**CHAIRMAN AND MANAGING DIRECTOR**

In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Company, the role of the Chairman is separate from that of the Managing Director.

**主席與董事總經理**

為清晰界定董事會管理與本公司業務營運之日常管理，主席與董事總經理之角色已獨立區分。

The Chairman focuses on overall corporate development and strategic direction of the Group and provides leadership of the Board and oversees the effective functioning of the Board.

主席集中處理本集團整體企業發展及策略方向，並領導董事會及監督董事會有效運作。

The Managing Director is responsible for providing leadership for all day-to-day management matters as well as recommending and implementing the Group's strategies and policies. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

董事總經理負責領導所有日常管理事務，以及就本集團策略及政策提供建議並落實執行。職責區分有助加強彼等獨立處事，並確保權力及職權間取得平衡。

## CORPORATE GOVERNANCE REPORT 企業管治報告

**NON-EXECUTIVE DIRECTORS**

All non-executive directors of the Company were not appointed for a specific term since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

**REMUNERATION OF DIRECTORS**

The Company has established a Remuneration Committee on 8 October 2004 and has formulated its written terms of reference in accordance with code provision B.1.3. The Remuneration Committee consists of one executive director, Raymond Chow Ting Hsing, one non-executive director, Eric Norman Kronfeld (chairman of the Remuneration Committee), and three independent non-executive directors, Paul Ma Kah Woh, Frank Lin and Prince Chatrichalerm Yukol.

The principal responsibilities of the Remuneration Committee include making recommendation to the Board on the Company's policy and structure for the remuneration packages of all the directors and senior management of the Company according to its terms of reference, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment. The remuneration is based on factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The Remuneration Committee held one meeting in 2006 to review and make recommendation to the Board on the directors' fees of all the existing non-executive directors, to review the remuneration for all existing executive directors and senior management. The attendance of the members of the Remuneration Committee is as follows:

**Members****成員**

Eric Norman Kronfeld ( <i>Chairman</i> )	Eric Norman Kronfeld (主席)
Raymond Chow Ting Hsing	鄒文懷
Paul Ma Kah Woh	馬家和
Frank Lin	林輝波
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol

Details of emoluments of each director are set out in note 34 to the financial statements of this annual report.

**非執行董事**

本公司所有非執行董事並無指定任期，因彼等須根據本公司之公司細則有關規定在本公司股東週年大會上最少每三年輪值退任一次及膺選連任。

**董事酬金**

本公司已於二零零四年十月八日成立薪酬委員會，並根據守則條文第B.1.3條書面訂明其職權範圍。薪酬委員會成員包括一名執行董事鄒文懷、一名非執行董事Eric Norman Kronfeld (薪酬委員會主席)及三名獨立非執行董事馬家和、林輝波及Prince Chatrichalerm Yukol。

薪酬委員會之主要職責包括根據其職權範圍，向董事會就本公司全體董事及高級管理人員之薪酬組合政策及架構作出推薦意見，其中包括實物利益、退休金權利及賠償費用（包括就離職或終止職務或委任而應付之任何賠償）。薪酬乃參照可與比較公司支付之薪金、董事及高級管理人員付出之時間及職責、本集團各地區之僱傭條件及與表現掛鉤薪酬方案之適用程度等因素而釐定。

薪酬委員會於二零零六年曾舉行一次會議，以檢討全體現有非執行董事之董事袍金，以及檢討全體現有執行董事及高級管理人員之酬金並就此向董事會作出建議。薪酬委員會成員之出席情況如下：

**Meeting Attended/Eligible to Attend****曾出席／合資格出席會議**

Eric Norman Kronfeld ( <i>Chairman</i> )	Eric Norman Kronfeld (主席)	1/1
Raymond Chow Ting Hsing	鄒文懷	1/1
Paul Ma Kah Woh	馬家和	1/1
Frank Lin	林輝波	1/1
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	0/1

各董事之酬金詳情載於本年報財務報表附註34。

## CORPORATE GOVERNANCE REPORT 企業管治報告

**NOMINATION OF DIRECTORS**

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy or, subject to authorisation by the members in a general meeting, as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. A retiring director will be eligible for re-election.

The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company. If the need arises, the Board as a whole, will decide on the nomination and appointment of new directors.

**AUDITORS' REMUNERATION**

For the year ended 30 June 2006, the fees paid/payable to the Group's auditors, Messrs. Ernst & Young, are set out as follows:

**Services Rendered**

所提供服務

**Fees Paid/Payable**

已付／應付費用

HK\$'000

千港元

Audit Services	審核服務	1,848
Non-audit Services (including interim review, tax advices and other services)	非審核服務(包括中期審閱、 稅務意見及其他服務)	672

**AUDIT COMMITTEE**

The Company established an Audit Committee on 9 October 1998 and formulated written terms of reference in accordance with the requirements of the Listing Rule. The Audit Committee's current members included three independent non-executive directors. The Chairman of the Committee is a qualified accountant with extensive experience in financial reporting and management.

During the year ended 30 June 2006, three audit committee meetings were convened and the individual attendance of members are set out as follows:

**Members**

成員

**Meetings Attended/Eligible to Attend**

曾出席／合資格出席會議

Paul Ma Kah Woh (Chairman)	馬家和(主席)	3/3
Frank Lin	林輝波	3/3
Prince Chatrichalerm Yukol	Prince Chatrichalerm Yukol	1/3

**提名董事**

根據本公司之公司細則，董事會獲授權委任任何人士出任董事，以填補臨時空缺或在股東於股東大會授權之規限下，作為董事會之新增成員。甄選條件主要按候選人之專業資格及經驗為基準。新委任董事必須於獲委任後首個股東大會退任及膺選連任。退休董事將合資格膺選連任。

董事會定期檢討其成員組合，以確保成員之技能與經驗能取得平衡，能夠符合本公司業務需要。倘有需要，董事會將整體決定新董事之提名及委任。

**核數師酬金**

截至二零零六年六月三十日止年度，已付／應付本集團核數師安永會計師事務所之費用載列如下：

**審核委員會**

本公司於一九九八年十月九日成立審核委員會，並根據上市規則書面訂明其職權範圍。審核委員會現有成員包括三名獨立非執行董事。委員會主席為合資格會計師，於財務申報及管理方面擁有豐富經驗。

截至二零零六年六月三十日止年度曾召開三次審核委員會會議，個別成員之出席情況如下：

## CORPORATE GOVERNANCE REPORT 企業管治報告

**AUDIT COMMITTEE** (continued)

The principal duties of the Audit Committee include monitoring integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control and risk management as delegated by the Board and making recommendation to the Board on the appointment and engagement of the external auditors for the audit and non-audit services.

During the year, the Audit Committee reviewed the accounting principles and policies adopted by the Group and discussed financial reporting matters including review of the interim and audited financial statements. In addition, the Audit Committee also reviewed the engagement of the external auditors and the adequacy and effectiveness of the Company's internal control and risk management systems and made recommendations to the Board.

**DIRECTORS' RESPONSIBILITIES TO FINANCIAL STATEMENTS**

The directors acknowledge their responsibilities to prepare the financial statements in each financial year with supports from finance department and to ensure that the relevant accounting policies are observed and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the financial affairs of the Company in a true and fair manner.

The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

**INTERNAL CONTROLS**

The Board has overall responsibilities for maintaining a sound and effective internal control system with the aim to (i) safeguard the Group's assets against unauthorised use or disposition; (ii) maintain proper accounting records and (iii) ensure compliance with relevant legislation and regulations. The internal control system of the Group comprises a well-established organisation structure and comprehensive policies and standards. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function. No material internal control deficiencies had come to the attention of the Audit Committee or the Board that may affect the shareholders of the Company. The directors of the Board are of the opinion that the Company has complied with the code provision C.2.1 on internal controls as set out in the CCGP contained in Appendix 14 of the Listing Rules.

**審核委員會 (續)**

審核委員會之主要職務包括監控本公司財務報表是否完整全面、按董事會授權檢討本公司之內部監控及風險管理事宜、以及就委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。

年內，審核委員會曾審閱本集團採納之會計原則及政策，並討論財務申報事宜，包括審閱中期及經審核財務報表。此外，審核委員會亦審閱外聘核數師之委聘、本公司內部監控及風險管理制度是否足夠及有效，並向董事會作出推薦意見。

**董事對財務報表之責任**

董事瞭解彼等之責任為於財務部門支援下，編製每個財政年度之財務報表，確保遵照有關會計政策及香港會計師公會頒佈之會計準則編製有關財務報表，以及真實公平地呈報本公司之財務狀況。

董事確認，據彼等經作出一切合理查詢後所深知、全悉及確信，彼等並不知悉有任何可能對本公司持續經營能力構成重大疑問之任何重大不明朗事項或情況。

**內部監控**

董事會有整體責任維持穩健兼有效之內部監控制度，旨在(i)保障本集團資產不會無經授權而遭使用或處置；(ii)維持妥善會計記錄及(iii)確保遵從有關法例及規例。本集團之內部監控系統包括完善之組織結構及周全政策與準則。董事會透過審核委員會審閱本集團內部監控制度之效益，當中涉及財務、營運及守規監控與風險管理職能等所有重大監控事宜。審核委員會或董事會概不知悉任何可能影響本公司股東之重大內部監控缺漏。董事會認為，本公司一直遵守上市規則附錄14內企業管治守則項下有關內部監控之第C.2.1條守則條文之規定。



## REPORT OF THE AUDITORS 核數師報告書



To the members

**Golden Harvest Entertainment (Holdings) Limited**  
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 41 to 108 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

致：嘉禾娛樂事業（集團）有限公司股東  
(於百慕達註冊成立之有限公司)

本核數師已完成審核刊於第109頁至第176頁按照香港公認會計原則編製之財務報表。

#### 董事及核數師各自之責任

貴公司之董事須編製真實與公平之財務報表。在編製該等真實公平之財務報表時，董事必須貫徹採用合適之會計政策。根據一九八一年百慕達公司法（經修訂）第90條，吾等的責任是根據審核工作的結果，對該等財務報表作出獨立意見，並僅向閣下作為一團體報告，除此之外概無其他用途。吾等概不就本報告的內容向任何其他人士承擔任何責任。

#### 意見基礎

本核數師是按照香港會計師公會頒佈之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷、會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹運用並充分披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得一切本核數師認為必需之資料及解釋為目標，致使能獲得充分憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報表所呈列資料在整體上是否足夠。本核數師相信，本核數師之審核工作已為下列意見建立合理之基礎。

REPORT OF THE AUDITORS 核數師報告書

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2006 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong  
19 October 2006

**意見**

本核數師認為財務報表真實與公平地反映 貴公司及 貴集團於二零零六年六月三十日之財政狀況以及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

執業會計師

安永會計師事務所

香港  
二零零六年十月十九日

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
REVENUE	5, 6	512,285	276,586
Cost of sales		(232,033)	(138,349)
Gross profit		280,252	138,237
Interest income		785	217
Other income and gains		41,051	17,221
Selling and distribution costs		(267,740)	(155,074)
General and administrative expenses		(52,490)	(56,781)
Other operating expenses, net		(10,599)	(14,503)
Recognition of Negative Goodwill	4, 32(a), 32(b)	–	43,032
Finance costs	8	(7,450)	(3,101)
Share of profits and losses of associates		24,143	20,221
PROFIT/(LOSS) BEFORE TAX	7	7,952	(10,531)
Tax	9	(2,737)	(2,399)
PROFIT/(LOSS) FOR THE YEAR		5,215	(12,930)
Attributable to equity holders of the Company		5,215	(12,930)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic		HK0.4 cent	HK(1.1 cents)
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	<b>246,799</b>	236,236
Interests in associates	15	<b>195,902</b>	159,374
Due from jointly-controlled entities	14	<b>42,775</b>	61,344
Prepaid land lease payments	16	<b>741</b>	759
Prepaid rental		<b>11,502</b>	5,190
Club memberships		<b>3,590</b>	4,380
Rental and other deposits		<b>53,130</b>	54,706
Trademarks	17	<b>79,421</b>	79,421
Pledged bank deposits	21	<b>1,870</b>	1,139
<b>Total non-current assets</b>		<b>635,730</b>	602,549
<b>CURRENT ASSETS</b>			
Inventories	18	<b>726</b>	571
Film rights	19	<b>16,279</b>	18,384
Accounts receivable	20	<b>12,005</b>	18,304
Prepayments, deposits and other receivables		<b>35,441</b>	46,508
Due from a jointly-controlled entity	14	<b>14,400</b>	18,000
Pledged bank balance	21	<b>1,972</b>	486
Cash and bank balances	21	<b>54,369</b>	65,632
<b>Total current assets</b>		<b>135,192</b>	167,885
<b>CURRENT LIABILITIES</b>			
Accounts payable	22	<b>62,028</b>	75,583
Accrued liabilities and other payables		<b>83,368</b>	84,638
Due to associates	15	<b>1,113</b>	–
Customer deposits		<b>3,492</b>	3,380
Interest-bearing bank loans	23	<b>37,201</b>	24,697
Current portion of finance lease payables	23, 24	<b>328</b>	413
Loans from joint venture partners	25	<b>14,400</b>	18,000
Provision for employee benefits	26	<b>1,943</b>	1,680
Tax payable		<b>9,924</b>	12,295
<b>Total current liabilities</b>		<b>213,797</b>	220,686
<b>NET CURRENT LIABILITIES</b>		<b>(78,605)</b>	(52,801)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>557,125</b>	549,748

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006 (continued)

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Convertible note	23, 27	<b>19,618</b>	–
Interest-bearing bank loans	23	<b>57,087</b>	65,325
Non-current portion of finance lease payables	23, 24	<b>1,152</b>	298
Loans from joint venture partners	25	<b>42,742</b>	62,051
Deposits received		<b>4,284</b>	3,686
Provision for long service payments	26	<b>4,102</b>	3,670
Deferred tax	28	<b>7,274</b>	5,585
<b>Total non-current liabilities</b>		<b>136,259</b>	140,615
<b>Net assets</b>		<b>420,866</b>	409,133
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued share capital	29	<b>133,031</b>	133,031
Equity component of a convertible note	27	<b>95</b>	–
Reserves	31(a)	<b>287,740</b>	276,102
<b>Total equity</b>		<b>420,866</b>	409,133

**Raymond CHOW Ting Hsing**  
Director

**PHOON Chiong Kit**  
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Equity component		Attributable to equity holders of the Company										Total
	Issued share capital	of a convertible note	Share premium account	Share option reserve	Capital redemption reserve	Capital reserve	Revaluation reserve	Reserve funds	Surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2004								*	**				
As previously reported	88,429	-	579,665	-	145	(12,483)	6,986	-	480	(32,485)	(310,728)	231,580	320,009
Prior year adjustments	-	-	-	-	-	-	(3,103)	-	-	-	1,133	(1,970)	(1,970)
As restated	88,429	-	579,665	-	145	(12,483)	3,883	-	480	(32,485)	(309,595)	229,610	318,039
Issue of shares	44,602	-	66,903	-	-	-	-	-	-	-	-	66,903	111,505
Share issue expenses	-	-	(6,687)	-	-	-	-	-	-	-	-	(6,687)	(6,687)
Exchange adjustments on translation of:													
- overseas subsidiaries	-	-	-	-	-	-	-	-	-	(570)	-	(570)	(570)
- overseas jointly-controlled entities	-	-	-	-	-	-	-	-	-	(1,059)	-	(1,059)	(1,059)
- overseas associates	-	-	-	-	-	-	-	-	-	655	-	655	655
Deferred tax credited to equity (as restated) (note 28)	-	-	-	-	-	-	30	-	-	-	-	30	30
Total income and expenses recognised directly in equity	-	-	-	-	-	-	30	-	-	(974)	-	(944)	(944)
Loss for the year (as restated)	-	-	-	-	-	-	-	-	-	-	(12,930)	(12,930)	(12,930)
Total income and expenses for the year	-	-	-	-	-	-	30	-	-	(974)	(12,930)	(13,874)	(13,874)
Transfer from associates	-	-	-	-	-	-	-	-	-	701	(12,830)	(12,129)	(12,129)
Transfer to a jointly-controlled entity	-	-	-	-	-	-	-	-	-	(701)	12,681	11,980	11,980
Transfer to a subsidiary	-	-	-	-	-	-	-	-	-	-	149	149	149
Transfer to reserves	-	-	-	-	-	12,483	-	-	-	-	(12,483)	-	-
Equity-settled share option arrangement	-	-	-	150	-	-	-	-	-	-	-	150	150
At 30 June 2005	133,031	-	639,881	150	145	-	3,913	-	480	(33,459)	(335,008)	276,102	409,133

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	Equity component		Attributable to equity holders of the Company										Total
	Issued share capital	of a convertible note	Share premium account	Share option reserve	Capital redemption reserve	Capital reserve	Revaluation reserve	Reserve funds	Surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2005													
As previously reported	133,031	-	639,881	-	145	-	7,039	-	480	(33,459)	(336,149)	277,937	410,968
Prior year adjustments	-	-	-	150	-	-	(3,126)	-	-	-	1,141	(1,835)	(1,835)
As restated	133,031	-	639,881	150	145	-	3,913	-	480	(33,459)	(335,008)	276,102	409,133
Issue of a convertible note (note 27)	-	95	-	-	-	-	-	-	-	-	-	-	95
Exchange adjustments on translation of:													
- overseas subsidiaries	-	-	-	-	-	-	-	-	-	(1,494)	-	(1,494)	(1,494)
- overseas jointly-controlled entities	-	-	-	-	-	-	-	-	-	(1,050)	-	(1,050)	(1,050)
- overseas associates	-	-	-	-	-	-	-	-	-	8,543	-	8,543	8,543
Deferred tax credited to equity (note 28)	-	-	-	-	-	-	30	-	-	-	-	30	30
Total income and expenses recognised directly in equity	-	-	-	-	-	-	30	-	-	5,999	-	6,029	6,029
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,215	5,215	5,215
Total income and expenses for the year	-	-	-	-	-	-	30	-	-	5,999	5,215	11,244	11,244
Transfer to reserves	-	-	-	-	-	-	-	495	-	-	(495)	-	-
Equity-settled share option arrangement	-	-	-	394	-	-	-	-	-	-	-	394	394
<b>At 30 June 2006</b>	<b>133,031</b>	<b>95</b>	<b>639,881</b>	<b>544</b>	<b>145</b>	<b>-</b>	<b>3,943</b>	<b>495</b>	<b>480</b>	<b>(27,460)</b>	<b>(330,288)</b>	<b>287,740</b>	<b>420,866</b>

\* In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the Company's subsidiary established in the PRC is required to transfer a certain percentage of its profits after tax to the reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiary's articles of association, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

\*\* The surplus reserve represents an amount transferred from retained profits in accordance with statutory requirements and the articles of association of an associate in Taiwan. The surplus reserve may only be applied to make up any losses and for capitalisation by way of fully paid bonus issues of the shares of the associate in Taiwan.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	<b>7,952</b>	(10,531)
Adjustments for:		
Interest income	<b>(785)</b>	(217)
Finance costs	<b>7,450</b>	3,101
Depreciation	<b>40,884</b>	25,293
Amortisation of prepaid land lease payments	<b>18</b>	18
Loss on disposal of items of property, plant and equipment	<b>346</b>	3,577
Recognition of Negative Goodwill on acquisition of a subsidiary and a jointly-controlled entity	<b>–</b>	(43,032)
Provision for impairment on club memberships	<b>270</b>	–
Exchange gains arising from the translation of advances to overseas jointly-controlled entities and associates and other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date	<b>(3,298)</b>	(321)
Share of profits and losses of associates	<b>(24,143)</b>	(20,221)
Impairment allowance/(write-back of impairment allowances) for accounts and other receivables, net	<b>(699)</b>	411
Write-off of bad debts	<b>24</b>	–
Equity-settled share option expenses	<b>394</b>	150
Exchange adjustments	<b>(1,121)</b>	118
Operating profit/(loss) before working capital changes	<b>27,292</b>	(41,654)
Increase in inventories	<b>(155)</b>	(15)
Decrease in film rights	<b>2,105</b>	1,800
Decrease in accounts receivable	<b>6,974</b>	19,005
Decrease/(increase) in prepayments, deposits and other receivables	<b>10,201</b>	(5,255)
Increase/(decrease) in accounts payable	<b>(13,555)</b>	2,613
Increase/(decrease) in accrued liabilities and other payables	<b>(1,478)</b>	8,746
Increase in customer deposits	<b>112</b>	1,050
Increase in prepaid rental	<b>(6,312)</b>	(3,520)
Refund/(payment) of rental and other deposits, net	<b>1,576</b>	(1,312)
Increase in provision for employee benefits	<b>263</b>	361
Increase/(decrease) in provision for long service payments	<b>432</b>	(139)
Cash generated from/(used in) operations	<b>27,455</b>	(18,320)
Interest received	<b>785</b>	217
Interest and finance charges paid	<b>(7,149)</b>	(2,927)
Interest element on finance lease rental payments	<b>(93)</b>	(78)
Hong Kong profits tax paid	<b>(2)</b>	(182)
Overseas tax paid	<b>(4,094)</b>	(1,283)
Overseas tax refunded	<b>216</b>	166
Net cash inflow/(outflow) from operating activities	<b>17,118</b>	(22,407)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
Net cash inflow/(outflow) from operating activities		<b>17,118</b>	(22,407)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		<b>(51,725)</b>	(52,315)
Proceeds from disposal of items of property, plant and equipment		<b>1,267</b>	17
Acquisition of a subsidiary	32(a)	–	(5,367)
Investments in jointly-controlled entities	32(b)	–	(86,374)
Repayment from associates, net	32(b)	<b>1,635</b>	17,106
Increase/(decrease) in deposits received		<b>598</b>	(305)
Repayment from jointly-controlled entity		<b>21,725</b>	–
Repayment to joint venture partners		<b>(21,725)</b>	–
Increase in pledged bank balances		<b>(2,217)</b>	(1,625)
Net cash outflow from investing activities		<b>(50,442)</b>	(128,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of a convertible note, net		<b>19,713</b>	–
Proceeds from issue of new shares, net		–	104,818
New bank loans raised		<b>29,337</b>	94,755
Repayment of bank loans		<b>(25,241)</b>	(4,442)
Capital element of finance lease payables		<b>(1,365)</b>	(469)
Net cash inflow from financing activities		<b>22,444</b>	194,662
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>(10,880)</b>	43,392
Cash and cash equivalents at beginning of year		<b>65,632</b>	22,575
Exchange adjustments		<b>(383)</b>	(335)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>54,369</b>	65,632
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged cash and bank balances	21	<b>34,389</b>	49,493
Non-pledged time deposits	21	<b>19,980</b>	16,139
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>54,369</b>	65,632

## BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Interests in subsidiaries	13	<b>430,425</b>	411,362
<b>CURRENT ASSETS</b>			
Prepayments		<b>177</b>	176
Cash and bank balances		<b>22</b>	23
Total current assets		<b>199</b>	199
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables		<b>824</b>	593
NET CURRENT LIABILITIES		<b>(625)</b>	(394)
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>429,800</b>	410,968
<b>NON-CURRENT LIABILITIES</b>			
Convertible note	27	<b>19,618</b>	–
Net assets		<b>410,182</b>	410,968
<b>EQUITY</b>			
Issued share capital	29	<b>133,031</b>	133,031
Equity component of a convertible note	27	<b>95</b>	–
Reserves	31(b)	<b>277,056</b>	277,937
Total equity		<b>410,182</b>	410,968

**Raymond CHOW Ting Hsing**  
Director

**PHOON Chiong Kit**  
Director

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**1. CORPORATE INFORMATION**

Golden Harvest Entertainment (Holdings) Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal activity of the Company is investment holding. The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China, and the operation of a film processing business in Hong Kong.

**2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings, of which the Group adopted the transitional provision of paragraph 80A of HKAS 16 and have been measured at 1995 fair value, further details of which are included in notes 4 and 12 to the financial statements. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the Group's share of the financial statements of the Group's jointly-controlled entities for the year ended 30 June 2006. The results of subsidiaries and jointly-controlled entities are consolidated and proportionately consolidated, respectively, from the date of acquisition, being the date on which the Group obtains control and joint control, and continue to be consolidated and proportionately consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

**2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(continued)*

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 28, 32, 33, 37, 39, 40 and HK-Int 4 has had no material impact on the accounting policies of the Group and of the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 24 has expanded the definition of related parties and has no material impact on disclosure other than the disclosure in note 33(b) on the compensation of key management personnel in the Group's financial statements. The impact of adopting the other HKFRSs is summarised as follows:

**(a) HKAS 1 – Presentation of Financial Statements**

In prior years, the Group's share of the tax attributable to associates was presented as a component of the Group's total tax charge in the consolidated income statement.

Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

**(b) HKAS 17 – Leases**

In prior years, leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is classified as prepaid land lease payments, while buildings is classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

The Group has restated the comparative amounts to reflect the reclassification retrospectively for the earliest periods presented in the financial statements. The effects of the above changes are summarised in note 2.4 to the financial statements.

**(c) HKAS 31 – Interests in Joint Ventures**

In prior years, the Group's interests in its jointly-controlled entities were accounted for using the equity method. Upon the adoption of HKAS 31, which allows the use of proportionate consolidation for investments in jointly-controlled entities, the Group changed the accounting policy for its investment in the jointly-controlled entities from the equity method to proportionate consolidation. Such change in accounting policy is accounted for retrospectively and involves recognising a proportionate share of each of the jointly-controlled entity's assets, liabilities, income and expenses into similar items in the consolidated financial statements on a line-by-line basis.

The change in accounting policy has had no net effect on the consolidated income statement and the net assets of the Group. The comparative amounts on the consolidated balance sheet as at 30 June 2005 and the consolidated income statement for the year ended 30 June 2005 have been restated to reflect the share of assets and liabilities of the jointly-controlled entities on a line-by-line basis.

**(d) HKFRS 2 – Share-based Payment**

In prior years, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium account were credited with the proceeds received.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(continued)***(d) HKFRS 2 – Share-based Payment** *(continued)*

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (“equity-settled transactions”), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by management using an option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, is applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees (including directors) become fully entitled to the award (the “vesting date”). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The effects of adopting HKFRS 2 on the Group’s share options granted to employees after 7 November 2002 but had not vested by 1 July 2005 are summarised in note 2.4 to the financial statements.

In the prior year, the Group early adopted HKFRS 3, HKAS 36 and HKAS 38 and the effects of the adoption have been disclosed in the financial statements for the year ended 30 June 2005.

**2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on 1 July 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

HKAS 1 Amendment shall be applied for annual periods beginning on 1 July 2007. The revised standard will affect the disclosures about qualitative information about the Group’s objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

HKFRS 7 requires disclosures relating to financial instruments and incorporates many of the disclosure requirements of HKAS 32. This HKFRS shall be applied for annual periods beginning on 1 July 2007.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group’s financial statements in the period of initial application.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

## (a) Effect on the consolidated income statement

Increase/(decrease) in profit  
for the year ended 30 June

	2006					2005				
	HKAS 1	HKAS 17	HKAS 31	HKFRS 2	Total	HKAS 1	HKAS 17	HKAS 31	HKFRS 2	Total
	Share of post-tax profits and losses of associates	Prepaid land lease payments	Proportionate consolidation	Share option expenses		Share of post-tax profits and losses of associates	Prepaid land lease payments	Proportionate consolidation	Share option expenses	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue	-	-	286,236	-	286,236	-	-	73,347	-	73,347
Cost of sales	-	-	(128,957)	-	(128,957)	-	-	(35,142)	-	(35,142)
Interest income	-	-	662	-	662	-	-	161	-	161
Other income and gains	-	-	20,686	-	20,686	-	-	10,072	-	10,072
Selling and distribution costs	-	158	(149,264)	-	(149,106)	-	158	(45,698)	-	(45,540)
General and administrative expenses	-	-	(1,439)	(394)	(1,833)	-	-	(522)	(150)	(672)
Other operating expenses, net	-	-	(867)	-	(867)	-	-	(427)	-	(427)
Finance costs	-	-	(345)	-	(345)	-	-	(28)	-	(28)
Share of profits and losses of jointly-controlled entities	-	-	(22,768)	-	(22,768)	-	-	433	-	433
Share of profits and losses of associates	(10,067)	-	-	-	(10,067)	(9,852)	-	-	-	(9,852)
Tax	10,067	-	(3,944)	-	6,123	9,852	-	(2,196)	-	7,656
Total effect for the year	-	158	-	(394)	(236)	-	158	-	(150)	8
Increase/(decrease) in basic earnings per share (HK cent)	-	0.01	-	(0.03)	(0.02)	-	0.01	-	(0.01)	-

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES** (continued)**(b) Effect on the consolidated balance sheet**

	As at 30 June 2006			As at 30 June 2005		
	HKAS 17	HKAS 31	Total	HKAS 17	HKAS 31	Total
	Prepaid land lease payments	Proportionate consolidation		Prepaid land lease payments	Proportionate consolidation	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Property, plant and equipment	(2,811)	168,473	165,662	(2,987)	152,633	149,646
Interests in jointly – controlled entities	–	(171,700)	(171,700)	–	(178,619)	(178,619)
Due from jointly-controlled entities (non-current portion)	–	42,775	42,775	–	61,344	61,344
Prepaid land lease payments	741	–	741	759	–	759
Prepaid rental	–	11,502	11,502	–	5,190	5,190
Rental and other deposits	–	41,765	41,765	–	43,293	43,293
Pledged bank deposits	–	1,870	1,870	–	1,139	1,139
Accounts receivable	–	1,157	1,157	–	1,200	1,200
Prepayments, deposits and other receivables	–	15,277	15,277	–	16,610	16,610
Due from jointly-controlled entities (current portion)	–	(9,600)	(9,600)	–	(12,000)	(12,000)
Cash and bank balances	–	29,500	29,500	–	49,433	49,433
	(2,070)	131,019	128,949	(2,228)	140,223	137,995
Accounts payable	–	16,381	16,381	–	20,567	20,567
Accrued liabilities and other payables	–	30,227	30,227	–	29,513	29,513
Current portion of interest – bearing bank loans	–	2,328	2,328	–	–	–
Current portion of loans from joint venture partners	–	14,400	14,400	–	18,000	18,000
Tax payable	–	526	526	–	1,244	1,244
Non-current portion of interest – bearing bank loans	–	13,259	13,259	–	–	–
Non-current portion of loans from joint venture partners	–	42,742	42,742	–	62,051	62,051
Deposit received	–	4,284	4,284	–	3,686	3,686
Provision for long service payments	–	–	–	–	9	9
Deferred tax	(370)	6,872	6,502	(393)	5,153	4,760
	(370)	131,019	130,649	(393)	140,223	139,830

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES** (continued)

**(c) Effect on the balance of equity**

	As at 30 June 2006			As at 30 June 2005		
	HKAS 17 Prepaid land lease payments HK\$'000	HKFRS 2 Share option expenses HK\$'000	Total HK\$'000	HKAS 17 Prepaid land lease payments HK\$'000	HKFRS 2 Share option expenses HK\$'000	Total HK\$'000
Increase/(decrease)						
Share option reserve	-	544	544	-	150	150
Revaluation reserve	(3,149)	-	(3,149)	(3,126)	-	(3,126)
Decrease/(increase)						
Accumulated losses	1,449	(544)	905	1,291	(150)	1,141
	(1,700)	-	(1,700)	(1,835)	-	(1,835)

**3. CORPORATE UPDATE**

The Group recorded consolidated profit of HK\$5,215,000 and net cash inflow from operating activities of HK\$17,118,000 (2005: outflow of HK\$22,407,000) for the year ended 30 June 2006. As at 30 June 2006, the Group had consolidated net current liabilities of HK\$78,605,000 and consolidated net assets of HK\$420,866,000.

Subsequent to the balance sheet date, the Group successfully raised an aggregate amount of approximately HK\$99,000,000, net of expenses, from the issue of the convertible notes as disclosed in note 38(a) to the financial statements. With this additional cash resource, the Group will be able to fund the investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

In view of the above, the directors consider that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position and tight liquidity as at 30 June 2006.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Subsidiaries**

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

**Joint venture companies**

A joint venture company is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Joint venture companies** (continued)

A joint venture company is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

**Jointly-controlled entities**

A jointly-controlled entity is a joint venture company that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of each of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. The jointly-controlled entity is proportionately consolidated until the date on which the Group ceases to have joint control over the jointly-controlled entity.

**Associates**

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

In the current year, the Group's share of the post-acquisition results and reserves of its associates was calculated from the latest available audited and management financial statements of the associates which were made up to 30 June 2006.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Goodwill**

Goodwill arising on the acquisition of subsidiaries, jointly-controlled entities and associates is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities as at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is recognised in the consolidated balance sheet as an asset and in the case of associates, the goodwill was included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill on acquisitions after 1 July 2004 is not amortised and goodwill already carried in the consolidated balance sheet before 1 July 2004 is not amortised after 1 July 2004. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill arising on acquisitions before 1 July 2001 was eliminated against the consolidated capital reserve in the year of acquisition. The Group applied the transitional provision of HKFRS 3 that permitted such goodwill to remain eliminated against the consolidated capital reserve and that required such goodwill not to be recognised in the consolidated income statement when the Group disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates become impaired.

**Negative Goodwill**

On acquisition of subsidiaries and jointly-controlled entities, if the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of an entity being acquired recognised as at the date of acquisition exceeds the cost of the business combination ("Negative Goodwill"), the Group shall reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities of that entity and the measurement of the cost of the business combination; and recognise immediately in the consolidated income statement any excess remaining after that reassessment.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Impairment of assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment 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 items of 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 an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

The transitional provision set out in paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA has been adopted for certain properties which are stated at valuation. As a result, those assets stated at revalued amounts based on revaluations which were reflected in the financial statements for the year ended 30 June 1995 have not been revalued by class at the balance sheet date.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Property, plant and equipment and depreciation** (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	<b>Company and subsidiaries</b>	<b>Jointly-controlled entities</b>
Buildings	4%	N/A
Leasehold improvements	8.33% – 33.33%	4.78% – 20%
Machinery and equipment	10% – 33.33%	6.50% – 50%
Furniture and fixtures	10% – 33.33%	6.67% – 20%
Motor vehicles	20%	20%
Air-conditioning systems	20%	N/A

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in retained profits or accumulated losses is transferred directly to retained profits or accumulated losses.

Construction in progress represents an asset under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

**Club memberships**

Club memberships are stated at cost less any impairment losses. Cost includes fees and expenses directly related to the acquisition of the club memberships.

**Trademarks**

Trademarks with indefinite life are stated at cost less any impairment losses.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Financial assets (applicable to the year ended 30 June 2006)**

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss or loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**Impairment of financial assets (applicable to the year ended 30 June 2006)**

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Derecognition of financial assets (applicable to the year ended 30 June 2006)**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

**Convertible note**

The component of a convertible note that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders’ equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Derecognition of financial liabilities (applicable to the year ended 30 June 2006)**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

**Inventories**

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices, less any further costs expected to be incurred to completion and disposal.

**Film rights and amortisation***(i) Film rights*

Film rights represent films and television drama series and are stated at cost less accumulated amortisation and any impairment losses.

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. Where there is an impairment in value, the unamortised balance is written down to its estimated recoverable amount.

*(ii) Films in progress*

Films in progress are stated at cost less any impairment losses. Costs include all direct costs associated with the production of films or television drama series. Impairment losses are made for costs which are in excess of the expected future revenue generated by these films or television drama series. Costs are transferred to film rights upon completion.

**Related parties**

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

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

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Related parties** *(continued)*

- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) 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 (d) or (e); or
- (g) 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.

**Income tax**

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Income tax** *(continued)*

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Foreign currencies**

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain subsidiaries, jointly-controlled entities and associates outside Hong Kong are currencies other than Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of an entity outside Hong Kong, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of subsidiaries and jointly-controlled entities outside Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries and jointly-controlled entities outside Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Leases**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

**Employee benefits***Share-based payment transactions*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model (the "Black-Scholes Model"), further details of which are given in note 30. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Employee benefits** *(continued)**Share-based payment transactions (continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 July 2005 and to those granted on or after 1 July 2005.

*Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

*Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employee Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

*Retirement benefits schemes*

The Group operates a defined contribution retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions to the Scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The Group's employer contributions are fully and immediately vested with the employees when contributed to the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries which operate in Mainland China are members of the state-sponsored retirement scheme (the "State Scheme") operated by the government of Mainland China. Contributions to the State Scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they became payable in accordance with the rules of the State Scheme.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including non-pledged term deposits, which are not restricted as to use.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for long service payments are made based on relevant labour laws and regulations governing retirement payments and are reviewed by the directors on an annual basis and adjusted where applicable.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) film royalties income, theatre advertising income and video distribution income, on an accrual basis;
- (b) film distribution commission income, film developing and printing service income, advertising agency fee income, production control fee income and consultancy service income, on completion of the services;
- (c) box office takings, when the services have been rendered to the buyers;
- (d) income from confectionery sales and compact disc sales, at the point of sales when the confectionery and audio visual products are given to the customers;
- (e) rental income, in the period in which the properties are sub-let and on the straight-line basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (g) dividends, when the shareholder's right to receive payment is established.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Estimation uncertainty***Impairment allowances for accounts and other receivables*

Impairment allowances for accounts and other receivables are made on assessment of the recoverability of accounts and other receivables. The identification of impairment allowances requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment or its reversal in the period in which such estimate has been changed.

**5. SEGMENT INFORMATION**

Segment information is presented by way of segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the film and video distribution segment engages in worldwide distribution of films and audio visual products related to films and television programmes;
- (b) the film exhibition segment engages in film exhibition in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China; and
- (c) the others segment comprises film processing business, which provide film processing services and sell soundtrack albums, and film and television drama series production.

In determining the Group's geographical segments, revenue are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 5. SEGMENT INFORMATION (continued)

## (a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)		(Restated)				(Restated)
Segment revenue:										
Sales to external customers	46,039	52,508	451,374	211,198	14,872	12,880	-	-	512,285	276,586
Inter-segment sales	1,634	3,427	-	-	278	294	(1,912)	(3,721)	-	-
Other revenue	2,324	1,583	31,249	13,924	998	910	(678)	(884)	33,893	15,533
Total	49,997	57,518	482,623	225,122	16,148	14,084	(2,590)	(4,605)	546,178	292,119
Segment results	(5,221)	(13,657)	(10,468)	(51,679)	(995)	(7,252)	-	-	(16,684)	(72,588)
Interest income and unallocated gains									7,943	1,905
Recognition of Negative Goodwill	-	-	-	43,032	-	-	-	-	-	43,032
Finance costs									(7,450)	(3,101)
Share of profits and losses of associates	2,554	999	21,589	19,222	-	-	-	-	24,143	20,221
Profit/(loss) before tax									7,952	(10,531)
Tax									(2,737)	(2,399)
Profit/(loss) for the year									5,215	(12,930)

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 5. SEGMENT INFORMATION (continued)

## (a) Business segments (continued)

## Group

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)
Segment assets	40,159	54,977	430,700	450,586	7,233	9,654	-	-	478,092	515,217
Interests in associates	355	66	195,547	159,308	-	-	-	-	195,902	159,374
Trademarks									79,421	79,421
Unallocated assets									17,507	16,422
Total assets									770,922	770,434
Segment liabilities	27,107	35,791	150,521	173,481	3,066	7,236	-	-	180,694	216,508
Unallocated liabilities									169,362	144,793
Total liabilities									350,056	361,301
Other segment information:										
Depreciation	283	215	39,153	23,247	210	534	-	-	39,646	23,996
Unallocated amounts									1,238	1,297
									40,884	25,293
Amortisation of prepaid land lease payments	-	-	-	-	18	18	-	-	18	18
Amortisation of film rights	8,577	13,498	-	-	-	-	-	-	8,577	13,498
Impairment allowances/ (write-back of impairment allowances) for accounts and other receivables, net	(422)	3	8	427	(285)	(19)	-	-	(699)	411
Provision for impairment of club memberships	-	-	-	-	270	-	-	-	270	-
Capital expenditure	714	125	52,101	50,416	4	-	-	-	52,819	50,541
Unallocated amounts									2,426	1,774
									55,245	52,315

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 5. SEGMENT INFORMATION (continued)

## (b) Geographical segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments.

Group	Hong Kong		Mainland China		Taiwan		Malaysia		Elsewhere in Asia		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)					(Restated)	(Restated)
Segment revenue:																
Sales to external customers	177,589	184,783	43,538	14,810	215,795	51,331	74,831	24,842	1,355	3,825	1,089	716	(1,912)	(3,721)	512,285	276,586
Other segment information:																
Segment assets	122,192	143,193	44,995	38,484	233,615	276,129	94,464	73,107	249	469	84	257	-	-	495,599	531,639
Interests in associates															195,902	159,374
Trademarks															79,421	79,421
															770,922	770,434
Capital expenditure	8,463	20,565	2,919	30,800	14,222	506	29,641	444	-	-	-	-	-	-	55,245	52,315

## 6. REVENUE

Revenue, which is also the Group's turnover, represents proceeds from the sale of film, video and television rights, motion picture distribution and theatre operation, advertising agency fees earned, invoiced value of film developing and printing services rendered, production control fees earned, consultancy fee income, and proceeds from the sale of audio visual products.



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**7. PROFIT/(LOSS) BEFORE TAX**

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Cost of inventories sold	<b>6,631</b>	5,733
Cost of services provided *	<b>216,825</b>	119,118
Amortisation of film rights **	<b>8,577</b>	13,498
Amortisation of prepaid land lease payments	<b>18</b>	18
Auditors' remuneration	<b>2,131</b>	1,834
Depreciation	<b>40,884</b>	25,293
Loss on disposal of items of property, plant and equipment	<b>346</b>	3,577
Operating lease rental payments in respect of land and buildings:		
Minimum lease payments	<b>107,098</b>	56,994
Contingent rents	<b>14,475</b>	4,485
	<b>121,573</b>	61,479
Staff costs, excluding directors' remuneration (see note 34)		
Wages, salaries and staff welfare ***	<b>69,420</b>	50,452
Pension contributions	<b>2,802</b>	1,668
	<b>72,222</b>	52,120
Provision for impairment on club memberships	<b>270</b>	–
Provision/(write-back of provision) for long service payments, net	<b>432</b>	(139)
Write-off of bad debts	<b>24</b>	–
Exchange (gains)/losses, net	<b>(1,176)</b>	146
Exchange gains arising from the translation of balances with overseas jointly-controlled entities and associates and other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date	<b>(3,298)</b>	(321)
Impairment allowances/(write-back of impairment allowances) for accounts and other receivables, net	<b>(699)</b>	411
Interest income on bank deposits	<b>(785)</b>	(217)
Rental income	<b>(20,795)</b>	(5,532)
Less: outgoings	<b>14,374</b>	4,580
	<b>(6,421)</b>	(952)

\* The cost of services provided includes approximately HK\$2,853,000 (2005: HK\$2,890,000) relating to staff costs which is also included in the amount disclosed above.

\*\* The amortisation of film rights for the year is included in "Cost of sales" on the face of the consolidated income statement.

\*\*\* Balance also included the amount of "Provision/(write back of provision) for long service payments, net" disclosed above.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**8. FINANCE COSTS**

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Interest on bank loans wholly repayable within five years	<b>6,848</b>	2,446
Bank loans arrangement fee	<b>47</b>	399
Interest on accounts payable	<b>319</b>	178
Interest on convertible note	<b>143</b>	–
Interest on finance leases	<b>93</b>	78
	<b>7,450</b>	3,101

**9. TAX**

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on country legislation, interpretations and practices in respect thereof.

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Group:		
Hong Kong	<b>(62)</b>	182
Elsewhere	<b>(1,145)</b>	21
	<b>(1,207)</b>	203
Jointly-controlled entities:		
Charge for the year – elsewhere	<b>2,545</b>	2,281
Deferred – elsewhere	<b>1,399</b>	(85)
	<b>3,944</b>	2,196
Total tax charge for the year	<b>2,737</b>	2,399

At the date of approval of the financial statements, a subsidiary of the Group has ongoing disputes with the Hong Kong Inland Revenue Department (the "HKIRD") in respect of a non-taxable claim of certain non-Hong Kong sourced income for the years of assessment 1995/1996 and 1996/1997. The subsidiary is pursuing its objection to HKIRD's assessments and as at the date of approval of the financial statements, the directors consider that sufficient tax provision has been made in this regard.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**9. TAX (continued)**

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates ranging from 17.5% to 33% for the locations in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rates, is as follows:

**Group**

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Profit/(loss) before tax	<b>7,952</b>	(10,531)
Tax at statutory rates	<b>1,392</b>	(1,843)
Higher tax rate for specific provinces or local authority	<b>5,287</b>	4,700
Adjustments in respect of current tax of previous periods	<b>(3,675)</b>	182
Profits and losses attributable to associates	<b>(10,067)</b>	(9,852)
Income not subject to tax	<b>(3,685)</b>	(9,212)
Expenses not deductible for tax	<b>3,971</b>	5,992
Temporary differences not recognised	<b>319</b>	(54)
Tax losses not recognised	<b>10,077</b>	13,008
Tax losses from previous periods utilised	<b>(882)</b>	(522)
Tax charge at the Group's effective rate	<b>2,737</b>	2,399

The share of tax attributable to associates amounting to HK\$10,067,000 (2005: HK\$9,852,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

**10. NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

The net loss for the year attributable to equity holders of the Company dealt with in the financial statements of the Company was HK\$1,275,000 (2005: HK\$14,009,000 (restated) (note 31(b))).

**11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of the basic earnings/(loss) per share amounts is based on the net profit attributable to ordinary equity holders of the Company for the year of HK\$5,215,000 (2005: net loss of HK\$12,930,000 (restated)) and 1,330,309,375 shares (2005: weighted average of 1,140,535,574 shares) in issue during the year.

No disclosure of diluted earnings/(loss) per share amounts for both the current year and prior year is shown as the exercise prices of the Company's outstanding share options granted were higher than the average market price of the Company's ordinary shares during the year and thus the share options have no dilutive effect, and the convertible note outstanding during the current year also has no dilutive effect.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**12. PROPERTY, PLANT AND EQUIPMENT****Group**

	Buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Air- conditioning systems	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation:								
At 1 July 2004								
– as previously reported	9,300	68,691	29,352	18,236	3,055	588	–	129,222
– effect on adoption of:								
– HKAS 17	(4,744)	–	–	–	–	–	–	(4,744)
– as restated	4,556	68,691	29,352	18,236	3,055	588	–	124,478
Acquisition of jointly – controlled entities (as restated)	–	147,003	36,057	16,213	–	–	521	199,794
Additions (as restated)	–	28,999	15,816	7,279	–	–	221	52,315
Disposals	–	(2,224)	(6,471)	(6,220)	–	(53)	–	(14,968)
Exchange adjustments (as restated)	–	(1,475)	(38)	(230)	18	–	1	(1,724)
At 30 June 2005	4,556	240,994	74,716	35,278	3,073	535	743	359,895
At 1 July 2005								
– as previously reported	9,300	95,307	38,172	19,267	3,073	535	–	165,654
– effect on adoption of:								
– HKAS 17	(4,744)	–	–	–	–	–	–	(4,744)
– HKAS 31	–	145,687	36,544	16,011	–	–	743	198,985
– as restated	4,556	240,994	74,716	35,278	3,073	535	743	359,895
Additions	–	21,467	18,964	9,469	2,583	–	2,762	55,245
Disposals	–	(904)	(3,409)	(4,434)	(2,712)	–	–	(11,459)
Exchange adjustments	–	(1,120)	1,437	(3,864)	87	–	36	(3,424)
At 30 June 2006	4,556	260,437	91,708	36,449	3,031	535	3,541	400,257

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**12. PROPERTY, PLANT AND EQUIPMENT** (continued)

Group (continued)

	Buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Air- conditioning systems	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accumulated depreciation:								
At 1 July 2004								
– as previously reported	3,365	38,654	18,106	11,268	1,496	580	–	73,469
– effect on adoption of:								
– HKAS 17	(1,581)	–	–	–	–	–	–	(1,581)
– as restated	1,784	38,654	18,106	11,268	1,496	580	–	71,888
Acquisition of jointly – controlled entities (as restated)	–	19,727	17,829	–	–	–	–	37,556
Provided during the year (as restated)	182	12,792	6,081	5,617	617	4	–	25,293
Disposals	–	(2,102)	(4,660)	(4,563)	–	(49)	–	(11,374)
Exchange adjustments	–	113	53	119	11	–	–	296
At 30 June 2005	1,966	69,184	37,409	12,441	2,124	535	–	123,659
At 1 July 2005								
– as previously reported	3,723	45,573	17,666	9,443	2,124	535	–	79,064
– effect on adoption of:								
– HKAS 17	(1,757)	–	–	–	–	–	–	(1,757)
– HKAS 31	–	23,611	19,743	2,998	–	–	–	46,352
– as restated	1,966	69,184	37,409	12,441	2,124	535	–	123,659
Provided during the year	182	20,135	9,923	10,055	589	–	–	40,884
Disposals	–	(31)	(3,210)	(4,425)	(2,180)	–	–	(9,846)
Exchange adjustments	–	34	854	(2,209)	82	–	–	(1,239)
At 30 June 2006	2,148	89,322	44,976	15,862	615	535	–	153,458
Net book value:								
At 30 June 2006	2,408	171,115	46,732	20,587	2,416	–	3,541	246,799
At 30 June 2005 (restated)	2,590	171,810	37,307	22,837	949	–	743	236,236

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**12. PROPERTY, PLANT AND EQUIPMENT** (continued)

Group (continued)

	Buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Air- conditioning systems	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Analysis of cost or valuation:								
At 30 June 2006:								
At cost	–	260,437	91,708	36,449	3,031	535	3,541	395,701
At valuation	4,556	–	–	–	–	–	–	4,556
	4,556	260,437	91,708	36,449	3,031	535	3,541	400,257
At 30 June 2005:								
At cost	–	240,994	74,716	35,278	3,073	535	743	355,339
At valuation	4,556	–	–	–	–	–	–	4,556
	4,556	240,994	74,716	35,278	3,073	535	743	359,895

The leasehold buildings are situated in Hong Kong and are held under long term leases.

The net book values of the Group's property, plant and equipment held under finance leases included in the total amount of machinery and equipment and motor vehicles at 30 June 2006, amounted to HK\$4,000 (2005: HK\$26,000) and HK\$1,885,000 (2005: HK\$794,000), respectively.

The long term leasehold buildings were revalued on 30 September 1994 by an independent firm of professionally qualified valuers, C.Y. Leung & Company Limited, at HK\$4,556,000 at open market value assuming sale with vacant possession. The surplus arising from the revaluation was credited to the revaluation reserve account. The Group has taken advantage of the transitional provision, as permitted under paragraph 80A of HKAS 16, of not making further regular valuations on its revalued assets.

Had the Group's leasehold buildings been carried at cost less accumulated depreciation and any impairment losses, there would be a nil balance in the financial statements (2005: Nil (restated)).

As at 30 June 2006, certain of the Group's property, plant and equipment which are situated in the Mainland China and a property which is situated in Hong Kong with a net book value of approximately HK\$9,028,000 and HK\$2,408,000, respectively, were pledged as security to banks for a bank loan and an overdraft facility granted to the Group (note 23).

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 13. INTERESTS IN SUBSIDIARIES

	Company	
	2006 HK\$'000	2005 HK\$'000
Unlisted shares, at cost	167,647	167,647
Due from subsidiaries	864,648	845,585
	<b>1,032,295</b>	1,013,232
Provision for impairment	<b>(601,870)</b>	(601,870)
	<b>430,425</b>	411,362

The balances with subsidiaries are unsecured, interest-free and not expected to be repaid within the next twelve months.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and principal operations	Issued and fully paid share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Cine Art Laboratory Limited	Hong Kong	Ordinary HK\$2,500 Deferred* HK\$997,500	100	Film developing and printing
City Entertainment Corporation Limited	Hong Kong	Ordinary HK\$2	100	Theatre operation
Conneway Films Company Limited	Hong Kong	Ordinary HK\$31,610,000	100	Theatre operation
Gala Film Distribution Limited	Hong Kong	Ordinary HK\$49,990,000 Deferred* HK\$10,000	100	Distribution of motion pictures
Global Entertainment and Management Systems Sdn. Bhd.	Malaysia	Ordinary RM300,000	100	Investment holding
Golden Harvest Cinemas Holding Limited	British Virgin Islands	Ordinary US\$1	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

13. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and principal operations	Issued and fully paid share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Golden Harvest Entertainment Company Limited	Hong Kong	Ordinary HK\$100 Deferred* HK\$114,000,000	100	Investment holding
Golden Harvest Entertainment International Limited	British Virgin Islands	Ordinary US\$1,000	100	Investment holding
Golden Harvest Films Distribution Holding Limited	British Virgin Islands	Ordinary US\$1	100	Investment holding
Golden Harvest (Marks) Limited	British Virgin Islands	Ordinary US\$1	100	Holding of trademarks
Golden Harvest (Shenzhen) Cinemas Company Limited **	PRC/ Mainland China	Registered RMB10,000,000	100	Theatre operation
Golden Screen Limited	Hong Kong	Ordinary HK\$8,750,000	100	Investment holding
Golden Sky Pacific Limited	Hong Kong	Ordinary HK\$2	100	Investment holding
Panasia Films Limited	Hong Kong	Ordinary HK\$2,600,000	100	Distribution of motion pictures and its related audio visual products and acting as an advertising agent



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**13. INTERESTS IN SUBSIDIARIES** (continued)

<b>Name</b>	<b>Place of incorporation and principal operations</b>	<b>Issued and fully paid share/ registered capital</b>	<b>Percentage of equity attributable to the Company</b>	<b>Principal activities</b>
Real Merry Limited	Hong Kong	Ordinary HK\$16,831,002	100	Theatre operation
Shanghai Golden Harvest Media Management Company Limited ***	PRC/ Mainland China	Registered US\$500,000	90	Distribution of motion pictures
Splendid Ventures Limited	Hong Kong	Ordinary HK\$2	100	Theatre operation
United Harvest Asia Limited	Hong Kong	Ordinary HK\$2	100	Provision of finance to group companies

Except for Golden Harvest Entertainment International Limited, all of the above subsidiaries are indirectly held by the Company.

\* For Golden Harvest Entertainment Company Limited, the deferred shares carry no rights to dividends and carry the right to receive one half of the surplus on a return of capital exceeding HK\$1,000,000,000,000,000. Apart from the above, all other deferred shares carry rights to dividends for any given financial year of the respective companies when the net profit available for distribution exceeds HK\$1,000,000,000. They also carry rights to receive one half of the surplus on a return of capital of the respective companies exceeding HK\$500,000,000,000. None of the deferred shares carry any rights to vote at general meetings.

\*\* Golden Harvest (Shenzhen) Cinemas Company Limited is a wholly-foreign owned enterprise under the PRC Law.

\*\*\* Shanghai Golden Harvest Media Management Company Limited is a Sino-foreign equity joint venture enterprise under the PRC Law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**14. INTERESTS IN JOINTLY-CONTROLLED ENTITIES**

The balances with jointly-controlled entities are unsecured, interest-free and not expected to be repaid within the next twelve months except for HK\$14,400,000 (2005: HK\$18,000,000) due from a jointly-controlled entity which is expected to be repaid within the next twelve months and classified as a current asset. The carrying amounts of balances with jointly-controlled entities approximate to their fair value.

Particulars of the jointly-controlled entities are as follows:

Name	Place of incorporation and principal operations	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
TGV Cinemas Sdn. Bhd. ("TGV") #	Malaysia	50	50	50	Theatre operation
Warner Village Cinemas Co., Ltd. ("WVT")*	Taiwan	40	40	40	Theatre operation and leisure operation

# Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

\* Subsequent to the balance sheet date, WVT changed its name to Vie Show Cinemas Co., Ltd.

All of the above investments in jointly-controlled entities are indirectly held by the Company.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

Share of the jointly-controlled entities' assets and liabilities:

	Group	
	2006 HK\$'000	2005 HK\$'000
Current assets	45,934	67,243
Non-current assets	223,610	202,255
Current liabilities	(63,884)	(68,853)
Non-current liabilities	(109,135)	(128,482)
Net assets	96,525	72,163
Share of the jointly-controlled entities' results:		
Turnover	286,236	73,347
Other revenue	21,348	10,233
Total revenue	307,584	83,580
Total expenses	(280,872)	(81,817)
Tax	(3,944)	(2,196)
Profit/(loss) after tax	22,768	(433)

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**15. INTERESTS IN ASSOCIATES**

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Share of net assets other than goodwill	<b>102,666</b>	69,980
Due from associates	<b>95,551</b>	91,689
Due to associates	<b>(902)</b>	(882)
	<b>197,315</b>	160,787
Provision for impairment	<b>(1,413)</b>	(1,413)
	<b>195,902</b>	159,374

The balances with associates are unsecured, interest-free and not expected to be repaid within the next twelve months except for HK\$1,113,000 (2005: Nil) due to associates which is expected to be repaid within the next twelve months and has been included under current liabilities.

The Group's share of the post-acquisition retained profits of associates as at 30 June 2006 amounted to HK\$2,290,000 (2005: accumulated losses of HK\$21,853,000).

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements:

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Total assets	<b>658,901</b>	628,952
Total liabilities	<b>405,956</b>	444,303
Revenue	<b>677,311</b>	582,979
Profit after tax	<b>50,104</b>	46,164

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**15. INTERESTS IN ASSOCIATES** (continued)

Particulars of the principal associates are as follows:

<b>Name</b>	<b>Particulars of issued shares held</b>	<b>Place of incorporation and principal operations</b>	<b>Percentage of paid-up share capital held by the Group</b>	<b>Principal activities</b>
Dartina Development Limited	Ordinary shares of HK\$1 each	Hong Kong	50	Investment holding
Golden Access Pte Ltd <sup>#</sup>	Ordinary shares of S\$1 each	Singapore	50	Computer programming
Golden Screen Cinemas Sdn. Bhd. <sup>#</sup>	Ordinary shares of RM1 each	Malaysia	40.22	Distribution of motion pictures and theatre operation
Golden Village Entertainment (Singapore) Pte Ltd	Ordinary shares of S\$1 each	Singapore	50	Investment holding
Golden Village Pictures Pte Ltd	Ordinary shares of S\$1 each	Singapore	50	Distribution of motion pictures
Golden Village Holdings Pte Ltd	Ordinary shares of S\$1 each	Singapore	50	Investment holding
Golden Village Multiplex Pte Ltd	Ordinary shares of S\$1 each	Singapore	50	Theatre operation
Keen Fortune Production Limited	Ordinary shares of US\$1 each	British Virgin Islands	50	Dormant
Rich Will Limited	Ordinary shares of HK\$1 each	Hong Kong	50	Dormant

<sup>#</sup> Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**16. PREPAID LAND LEASE PAYMENTS**

	<b>Group</b>	
	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Carrying amount at 1 July		
As previously reported	–	–
Effect of adopting HKAS 17 (note 2.2(b))	<b>759</b>	777
As restated	<b>759</b>	777
Amortised during the year	<b>(18)</b>	(18)
Carrying amount at 30 June	<b>741</b>	759

The Group's leasehold land included above is held under a long term lease and is situated in Hong Kong.

As at 30 June 2006, the prepaid land lease payments was pledged as security to a bank for an overdraft facility granted to the Group (note 23).

**17. TRADEMARKS**

The trademarks represent the perpetual licence for the use of the brand name "Golden Harvest" which takes the form of sign, symbol, name, logo, design or any combination thereof.

The trademarks with indefinite life are stated at cost less any impairment.

The directors are of the opinion that the Group's trademarks have indefinite useful life due to the following reasons:

- (i) the trademarks, which were acquired by the Group in 2001, have been in use for a considerable number of years and will continue to be used for the long term; and
- (ii) the Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to income statement when incurred, to maintain and increase the market value of its trademarks.

Vigers Appraisal & Consulting Ltd., a firm of independent professionally qualified valuers, has confirmed, in their valuation of the Group's trademarks, that the market value of the trademarks exceeded the carrying value as at 30 June 2006. Accordingly, the directors consider that no impairment provision is necessary at the balance sheet date.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**18. INVENTORIES**

	Group	
	2006 HK\$'000	2005 HK\$'000
Raw materials	403	396
Chemicals	52	54
Machinery parts	142	121
Audio visual products	129	–
	<b>726</b>	571

**19. FILM RIGHTS**

As at 30 June 2006, there was no impairment loss (2005: Nil) on film rights charged to the consolidated income statement for the year.

**20. ACCOUNTS RECEIVABLE**

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Accounts receivable are non-interest-bearing. The carrying amounts of the accounts receivable approximate to their fair values. An aged analysis of the accounts receivable, net of provision at 30 June, is as follows:

	Group	
	2006 HK\$'000	2005 HK\$'000 (Restated)
Current to 3 months	10,188	15,380
4 to 6 months	1,752	2,254
7 to 12 months	65	31
Over 1 year	–	639
	<b>12,005</b>	18,304

The accounts receivable of the Group included nil balance due from Golden Harvest Private Group companies as at 30 June 2006 (2005: HK\$481,000). All of the balances with the Golden Harvest Private Group companies were unsecured, repayable in accordance with normal trading terms and interest-free.

The Golden Harvest Private Group represents the private companies in the Golden Harvest Group, a group of companies controlled by Raymond Chow Ting Hsing, a director of the Company, which were not included in the Group reorganisation in November 1994.

The accounts receivable of the Group at 30 June 2005 also included amounts due from GH Media Management Pte Ltd, Best Creation International Limited and Wigston Co. Limited of HK\$332,000, HK\$269,000 and HK\$179,000, respectively. The amounts were unsecured and had no fixed repayment terms. Raymond Chow Ting Hsing, Phoon Chiong Kit, David Chan Sik Hong, who are directors of the Company, and a relative of Raymond Chow Ting Hsing, are also directors and/or beneficial shareholders of certain of these related companies.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK BALANCES**

	Group		Company	
	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000
Cash and bank balances	36,361	49,979	22	23
Time deposits	21,850	17,278	-	-
	<b>58,211</b>	67,257	<b>22</b>	23
Less: Pledged bank balances and time deposits				
Pledged for long term bank loans	(1,972)	(486)	-	-
Pledged as guarantees to landlords	(1,870)	(1,139)	-	-
Cash and cash equivalents	<b>54,369</b>	65,632	<b>22</b>	23

Cash at bank earns interest at floating rates based on daily bank deposit rates. 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 time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

**22. ACCOUNTS PAYABLE**

An aged analysis of the accounts payable at 30 June is as follows:

	Group	
	2006 HK\$'000	2005 HK\$'000 (Restated)
Current to 3 months	42,027	57,128
4 to 6 months	6,163	4,539
7 to 12 months	1,226	896
Over 1 year	12,612	13,020
	<b>62,028</b>	75,583

The accounts payable of the Group included trading balances due to Golden Harvest Private Group companies totaling HK\$207,000 (2005: HK\$67,000). The amounts are unsecured, interest-free and repayable in accordance with normal trading terms. The carrying amounts of the accounts payable approximate to their fair values.

The accounts payable of the Group also included amounts due to GH Pictures (China) Limited, Best Creation International Limited, Harvest Crown Limited and Pinetree Production Services, Inc. of HK\$8,979,000 (2005: HK\$9,987,000), HK\$45,000 (2005: Nil), HK\$698,000 (2005: HK\$618,000) and nil (2005: HK\$206,000), respectively. These amounts are unsecured and have no fixed repayment terms. Except for an amount of HK\$8,979,000 due to GH Pictures (China) Limited which bears interest at Hong Kong dollars short term time deposits rate plus 1% per annum, the other balances are interest-free and have no fixed repayment terms. Raymond Chow Ting Hsing, Phoon Chiong Kit and David Chan Sik Hong, who are directors of the Company, and a relative of Raymond Chow Ting Hsing were/are also directors and/or beneficial shareholders of certain of these related companies.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**23. INTEREST-BEARING BANK AND OTHER BORROWINGS**

	Effective interest rate (%)	Maturity	Group		Company	
			2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
<b>Current</b>						
Bank loans – unsecured	4	April 2007	2,328	–	–	–
Bank loans – secured	8	June 2007	34,873	24,697	–	–
Total current portion of bank loans			37,201	24,697	–	–
Finance lease payables (note 24)	8	June 2007	328	413	–	–
Convertible note (note 27) #	7	November 2006	143	–	143	–
			37,672	25,110	143	–
<b>Non-current</b>						
Bank loans – unsecured	4	2008-2011	13,259	–	–	–
Bank loans – secured	7	2008-2010	43,828	65,325	–	–
Total non-current portion of bank loans			57,087	65,325	–	–
Finance lease payables (note 24)	8	2008-2010	1,152	298	–	–
Convertible note (note 27)	7	2008	19,618	–	19,618	–
			77,857	65,623	19,618	–
			115,529	90,733	19,761	–

# Interest charged in relation to the convertible note is included in “Accrued liabilities and other payables” on the face of the balance sheets of the Company and of the Group.

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Analysed into:				
Bank loans repayable:				
Within one year	37,201	24,697	–	–
In the second year	22,428	21,577	–	–
In the third to fifth years, inclusive	34,659	43,748	–	–
	94,288	90,022	–	–
Convertible note and other borrowings repayable:				
Within one year	471	413	143	–
In the second year	19,971	298	19,618	–
In the third to fifth years, inclusive	799	–	–	–
	21,241	711	19,761	–
	115,529	90,733	19,761	–



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**23. INTEREST-BEARING BANK AND OTHER BORROWINGS** (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 30 June 2006				
	HK Dollars HK\$'000	US Dollars HK\$'000	Chinese Renminbi HK\$'000	Malaysian Ringgit HK\$'000	Total HK\$'000
Bank loans	7,000	64,021	7,680	15,587	94,288
Convertible note and other borrowings	21,241	–	–	–	21,241
	<b>28,241</b>	<b>64,021</b>	<b>7,680</b>	<b>15,587</b>	<b>115,529</b>

	As at 30 June 2005				
	HK Dollars HK\$'000	US Dollars HK\$'000	Chinese Renminbi HK\$'000	Malaysian Ringgit HK\$'000	Total HK\$'000
Bank loans	5,000	75,622	9,400	–	90,022
Other borrowings	711	–	–	–	711
	5,711	75,622	9,400	–	90,733

Except for the finance lease payables and the convertible note with carrying amounts totaling of HK\$21,241,000 (2005: HK\$711,000), all other borrowings of the Group bear interest at floating interest rates.

The carrying amounts of the Group's interest-bearing bank and other borrowings approximate to their fair values. The fair value of the liability portion of the convertible note is estimated using the Group's prevailing borrowing rate.

The Group's overdraft facility amounting to HK\$2,250,000 (2005: Nil) which had not been utilised as at the balance sheet date, is secured by the leasehold property and the prepaid land lease payments of the Group (notes 12 and 16).

The Group's bank loans as at 30 June 2006 were secured by:

- (i) the assets of a wholly-owned subsidiary;
- (ii) its 70% shareholding in a wholly-owned subsidiary;
- (iii) its 40% equity interest in a jointly-controlled entity;
- (iv) the property, plant and equipment of a subsidiary (note 12); and
- (v) pledged bank balances (note 21).

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**24. FINANCE LEASE PAYABLES**

At 30 June 2006, the total future minimum lease payments under finance leases and their present values, were as follows:

<b>Group</b>	<b>Minimum lease payments 2006 HK\$'000</b>	Minimum lease payments 2005 HK\$'000	<b>Present value of minimum lease payments 2006 HK\$'000</b>	Present value of minimum lease payments 2005 HK\$'000
Amounts payable:				
Within one year	<b>437</b>	456	<b>328</b>	413
In the second year	<b>434</b>	309	<b>353</b>	298
In the third to fifth years, inclusive	<b>869</b>	–	<b>799</b>	–
Total minimum finance lease payments	<b>1,740</b>	765	<b>1,480</b>	711
Future finance charges	<b>(260)</b>	(54)		
Total net finance lease payables	<b>1,480</b>	711		
Portion classified as current liabilities	<b>(328)</b>	(413)		
Non-current portion	<b>1,152</b>	298		

**25. LOANS FROM JOINT VENTURE PARTNERS**

Loans from joint venture partners are unsecured, interest-free and except for HK\$14,400,000 (2005: HK\$18,000,000) which is expected to be repaid within the next twelve months and classified as a current liability, are not expected to be repaid within the next twelve months. The carrying amounts of the loans from joint venture partners approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

**26. PROVISIONS**

Group	Long service payments HK\$'000	Other employee benefits HK\$'000	Total HK\$'000
At beginning of year			
As previously stated	3,661	1,680	5,341
Effect on adoption of HKAS 31	9	–	9
As restated	3,670	1,680	5,350
Additional provision	432	263	695
At 30 June 2006	4,102	1,943	6,045
Portion classified as current liabilities	–	(1,943)	(1,943)
Non-current portion	4,102	–	4,102

Under the relevant labour laws and regulations governing retirement payments, the Company's directors have estimated and provided for the amount of provisions for long service payments. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The Group provides for the unused holiday leave carried forward by the Group's employees. The provision is based on the best estimate of the probable future costs of such paid leave earned during the year by the employees and carried forward at the balance sheet date.

**27. CONVERTIBLE NOTE**

On 23 May 2006, the Company issued 4% convertible note with a principal amount of HK\$20,000,000. The note is convertible at the option of the note holder into ordinary shares on or before 15 May 2008 at a price of HK\$0.22 per share. There was no conversion up to the balance sheet date. If the conversion right is not exercised by the note holder, the convertible note not converted will be redeemed on 23 May 2008 at 104% of the principal amount of the note. The note carries interest at a rate of 4% per annum, which is payable half-yearly in arrears on 23 May and 23 November.

The fair value of the liability portion of the convertible note was estimated at the issuance date using the Group's prevailing borrowing rate and an equivalent market interest rate for a similar note without a conversion option, and has been ascertained by Vigers Appraisal & Consulting Ltd., a firm of independent professionally qualified valuers. The residual amount is assigned as the equity component and included in shareholders' equity.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**27. CONVERTIBLE NOTE** (continued)

The net proceeds received from the issue of the convertible note have been split between the liability and equity components, as follows:

**Group and Company**

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
Nominal value of the convertible note issued during the year	<b>20,000</b>	–
Issuing costs	<b>(287)</b>	–
Equity component	<b>(95)</b>	–
Liability component at date of issue	<b>19,618</b>	–
Interest charged #	<b>143</b>	–
Liability component at 30 June	<b>19,761</b>	–
Analysed for reporting purpose as:		
Current liability – accrued liabilities and other payables	<b>143</b>	–
Non-current liability	<b>19,618</b>	–
	<b>19,761</b>	–

# Interest charged is included in current liabilities under the heading of "Accrued liabilities and other payables" on the face of the balance sheets of the Company and of the Group.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

**28. DEFERRED TAX**

The movements in deferred tax liabilities during the year are as follows:

	<b>Accelerated tax depreciation</b>	<b>Revaluation of leasehold buildings</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 July 2004			
As previously reported	–	878	878
Effect on adoption of HKAS 17	–	(416)	(416)
As restated	–	462	462
Effect on adoption of HKAS 31			
– Acquisition of jointly-controlled entities	5,237	–	5,237
– Deferred tax credited to the income statement	(85)	–	(85)
– Exchange adjustments	1	–	1
Deferred tax credit to equity during the year (as restated)	–	(30)	(30)
At 30 June 2005 (as restated)	5,153	432	5,585
At 1 July 2005			
As previously reported	–	825	825
Effect on adoption of HKAS 17	–	(393)	(393)
Effect on adoption of HKAS 31	5,153	–	5,153
As restated	5,153	432	5,585
Deferred tax charged to the income statement	1,399	–	1,399
Deferred tax credited to equity during the year	–	(30)	(30)
Exchange adjustments	320	–	320
<b>At 30 June 2006</b>	<b>6,872</b>	<b>402</b>	<b>7,274</b>

The Group has tax losses arising in, and outside Hong Kong of approximately HK\$399,260,000 and HK\$58,195,000 (2005: HK\$421,640,000 and HK\$82,196,000 (restated)), respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for the balances of approximately HK\$10,717,000 and HK\$30,706,000 (2005: HK\$10,193,000 and HK\$50,928,000 (restated)) which can be only carried forward for five years under the relevant legislation, interpretations and practices in the PRC and Taiwan, respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries and jointly-controlled entities that have been loss-making for some time.

At 30 June 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, jointly-controlled entities or associates as the Group has no significant liability to additional tax should such amounts be remitted.

There is no income tax consequence attaching to the payment of dividends by the Company to its shareholders.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

**29. SHARE CAPITAL**

	<b>Company</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Authorised:		
2,000,000,000 (2005: 2,000,000,000) ordinary shares of HK\$0.10 each	<b>200,000</b>	200,000
Issued and fully paid:		
1,330,309,375 (2005: 1,330,309,375) ordinary shares of HK\$0.10 each	<b>133,031</b>	133,031

**30. SHARE OPTION SCHEME**

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group, suppliers of goods or services to the Group and customers of the Group. The Scheme became effective on 30 November 2001 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

The maximum number of shares of the Company issuable upon exercise of all share options granted and to be granted under the Scheme and any other share option schemes of the Company (if any) is an amount equivalent to 10% of the shares of the Company in issue as at 28 November 2001. This limit can be refreshed by the shareholders of the Company in a general meeting in accordance with the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The maximum number of shares issuable under share options granted to each eligible participant under the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their associates, are subject to approval in advance by the independent non-executive directors (excluding the independent non-executive director who is the grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of the grant, are subject to the shareholders' approval in advance in a general meeting.

The offer of a grant of share options must be accepted within 30 days inclusive of, and from the day of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, which may not exceed 10 years commencing on such date on or after the date of grant as the directors of the Company may determine in granting the share options and ending on such date as the directors of the Company may determine in granting the share options (which in any event must be prior to the close of business on 30 October 2011). Save as determined by the directors of the Company and provided in the offer of the grant of the relevant share option, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**30. SHARE OPTION SCHEME** *(continued)*

The exercise price of the share options is determinable by the directors, provided always that it shall be at least the higher of (i) the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of grant of the share options; and (ii) the average Stock Exchange's closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

The Company completed a rights issue on the basis of one share for every four existing shares on 28 January 2005 (the "Rights Issue"). All the relevant share option holders have been notified that the number of shares comprised in each of the share options granted prior to the Rights Issue and for the time being outstanding and the exercise price thereunder were modified in accordance with the adjustments set out in the opinion dated 29 July 2005 from FB Gemini Capital Limited acting as an expert in relation to the impact of the Rights Issue on the share options. The effective date of the adjustment was the date on which the Rights Issue became unconditional (i.e. 14 January 2005). The number of shares comprised in each of the share options for the time being outstanding and the exercise price thereunder were modified by factors of 1.25 and 0.80, respectively.

After adjustments, the aggregate number of the shares of the Company issuable under share options granted under the Scheme and an earlier share option scheme of the Company (the "Terminated Scheme"), which had been terminated on 28 November 2001, was 45,275,000 as at 30 June 2005.

As at 30 June 2006, the aggregate number of the shares of the Company issuable under share options granted under the Scheme and an earlier share option scheme of the Company (the "Terminated Scheme", which had been terminated on 28 November 2001) was 45,275,000, of which 39,525,000 shares of the Company remain issuable under share options granted under the Scheme (which represented approximately 2.97% of the Company's shares in issue as at 30 June 2006), and 5,750,000 shares of the Company remain issuable under share options granted under the Terminated Scheme (which represented approximately 0.43% of the Company's shares in issue as at 30 June 2006).

Share options do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

**30. SHARE OPTION SCHEME** (continued)

During the year, no share option was granted, exercised, cancelled or lapsed and the following table shows the outstanding share options held by directors and employees of the Company:

Name or category of participant	Date of grant of share option	Exercise price HK\$	Exercise period	Number of share options outstanding as at 1 July 2005 and 30 June 2006
<b>Director</b>				
Phoon Chiong Kit	25/07/2000	0.624	25/07/2000 to 24/07/2010 <i>Note (a)</i>	5,750,000
	31/10/2001	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	12,500,000
	09/12/2004	<i>Note (d)</i>	10/01/2005 to 30/10/2011 <i>Note (c)</i>	18,750,000
David Chan Sik Hong	31/10/2001	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	6,250,000
Eric Norman Kronfeld	31/03/2005	0.260	31/03/2005 to 30/10/2011	350,000
Paul Ma Kah Woh	31/03/2005	0.260	31/03/2005 to 30/10/2011	350,000
Frank Lin	31/03/2005	0.260	31/03/2005 to 30/10/2011	350,000
Prince Chatrichalerm Yukol	31/03/2005	0.260	31/03/2005 to 30/10/2011	350,000
<b>Other participant</b>				
In aggregate	31/10/2001	0.496	30/11/2001 to 30/10/2011 <i>Note (b)</i>	625,000
				45,275,000

Notes:

- (a) 50%, 25% and 25% of the share options granted are exercisable during the periods from 25 July 2000 to 24 July 2010, 25 July 2001 to 24 July 2010 and 25 July 2002 to 24 July 2010, respectively.
- (b) 30%, 30% and 40% of the share options granted are exercisable during the periods from 30 November 2001 to 30 October 2011, 1 August 2002 to 30 October 2011 and 1 August 2003 to 30 October 2011, respectively.
- (c) 33.33%, 33.33% and 33.34% of the share options granted are exercisable during the periods from 10 January 2005 to 30 October 2011, 10 January 2006 to 30 October 2011 and 10 January 2007 to 30 October 2011, respectively.



## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**30. SHARE OPTION SCHEME** (continued)

Notes: (continued)

- (d) The exercise prices of the share options granted which are exercisable during the periods from 10 January 2005 to 30 October 2011, 10 January 2006 to 30 October 2011 and 10 January 2007 to 30 October 2011 are HK\$0.208 (adjusted for the Rights Issue), HK\$0.256 (adjusted for the Rights Issue) and HK\$0.304 (adjusted for the Rights Issue) per share, respectively.

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

The fair value of the share options granted during the year ended 30 June 2005 but had not vested by 1 July 2005 was HK\$762,000.

The fair value of equity-settled share options granted during the year ended 30 June 2005 was estimated as at the date of grant, using Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The following table listed the inputs to the model used for the year ended 30 June 2005.

Dividend yield (%)	–
Expected volatility (%)	58.21
Historical volatility (%)	58.21
Risk-free interest rate (%)	2.08
Expected life of option (year)	3.00
Weighted average share price (HK\$)	0.20 (adjusted for the Rights Issue)

The expected life of the options is based on the historical date over the past three years and is not necessary indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 45,275,000 share option outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 45,275,000 additional ordinary share of the Company and additional share capital of HK\$4,527,500 and share premium account of HK\$13,835,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 45,275,000 share options outstanding under the Scheme, which represented approximately 3.4% of the Company's shares in issue as at that date.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**31. RESERVES****(a) Group**

The surplus reserve represents an amount transferred from retained profits in accordance with statutory requirements and the articles of association of an associate in Taiwan. The surplus reserve may only be applied to make up any losses and for the capitalisation by the way of fully paid bonus issues of the shares of the associate in Taiwan.

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

**(b) Company**

	Share premium account HK\$'000	Share option reserve HK\$'000 (Restated)	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000 (Restated)	Total HK\$'000
At 1 July 2004	579,665	–	145	191,644	(539,874)	231,580
Issue of shares	66,903	–	–	–	–	66,903
Share issue expenses	(6,687)	–	–	–	–	(6,687)
Loss for the year	–	–	–	–	(14,009)	(14,009)
Equity-settled share option arrangement	–	150	–	–	–	150
<b>At 30 June 2005</b>	<b>639,881</b>	<b>150</b>	<b>145</b>	<b>191,644</b>	<b>(553,883)</b>	<b>277,937</b>
At 1 July 2005						
As previously reported	639,881	–	145	191,644	(553,733)	277,937
Prior year adjustments	–	150	–	–	(150)	–
<b>As restated</b>	<b>639,881</b>	<b>150</b>	<b>145</b>	<b>191,644</b>	<b>(553,883)</b>	<b>277,937</b>
Loss for the year	–	–	–	–	(1,275)	(1,275)
Equity-settled share option arrangement	–	394	–	–	–	394
<b>At 30 June 2006</b>	<b>639,881</b>	<b>544</b>	<b>145</b>	<b>191,644</b>	<b>(555,158)</b>	<b>277,056</b>

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued, in exchange for the issued share capital of the subsidiaries, and the aggregate net asset value of the subsidiaries acquired at the date of acquisition. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders under certain conditions.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of a subsidiary

	2006 HK\$'000	2005 HK\$'000
Net assets acquired:		
Interests in an associate	–	11,506
Prepayments, deposits and other receivables	–	35
Cash and cash equivalents	–	12,951
Accrued liabilities and other payables	–	(12)
Amounts due to related companies	–	(41)
Amounts due to shareholders	–	(14,216)
Net assets	–	10,223
Negative Goodwill on acquisition	–	(3,709)
	–	6,514
Satisfied by:		
Cash	–	18,318
Amounts due to shareholders	–	(14,216)
Reclassification to interests in subsidiaries from interests in associates	–	2,412
	–	6,514

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2006 HK\$'000	2005 HK\$'000
Cash consideration	–	(18,318)
Less: cash and cash equivalents acquired	–	12,951
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	–	(5,367)

In March 2005, the Group acquired the remaining 66.67% equity interests in GEMS at a consideration of approximately HK\$18,318,000. The consideration was financed by the Group's banking facilities. The principal activity of GEMS is holding investment in TGV, which is principally engaged in theatre operation in Malaysia. The Group's interest in TGV increased to 50% through the acquisition of GEMS.

NOTES TO FINANCIAL STATEMENTS  
30 JUNE 2006

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisitions of jointly-controlled entities

For the year ended 30 June 2005, the investments in jointly-controlled entities have been shown in the consolidated cashflow statement as a single item. The cashflow effect can be analysed as follows:

(i) WVT

	2006 HK\$'000	2005 HK\$'000 (Restated)
Net assets attributable by WVT:		
Property, plant and equipment	–	124,054
Prepaid rental	–	1,670
Long term deposits	–	41,525
Cash and bank balances	–	25,039
Accounts receivable	–	14,786
Prepayments, deposits and other receivables	–	13,636
Accounts payable	–	(16,330)
Accrued liabilities and other payables	–	(26,111)
Shareholders' loan	–	(112,637)
Deposits received	–	(3,991)
Provision for long service payments	–	(9)
Net assets	–	61,632
Negative Goodwill recognised as income	–	(39,323)
	–	22,309
Satisfied by:		
Cash	–	123,134
Shareholders' loan acquired	–	(112,055)
Transaction costs associated with the investment	–	11,230
	–	22,309

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of WVT is as follows:

	2006 HK\$'000	2005 HK\$'000 (Restated)
Cash consideration	–	(123,134)
Less: cash and cash equivalents acquired	–	25,039
Net outflow of cash and cash equivalents in respect of the acquisition of WVT	–	(98,095)

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

## 32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

## (b) Acquisitions of jointly-controlled entities (continued)

(ii) TGV

	2006 HK\$'000	2005 HK\$'000 (Restated)
Net assets attributable by TGV:		
Property, plant and equipment	–	38,184
Time deposits	–	10,445
Cash and bank balances	–	1,276
Accounts receivable	–	463
Prepayments, deposits and other receivables	–	4,668
Accounts payable	–	(4,529)
Accrued liabilities and other payables	–	(7,436)
Tax payable	–	(480)
Deferred tax	–	(5,237)
Shareholders' loan	–	(25,287)
<b>Net assets</b>	<b>–</b>	<b>12,067</b>
Satisfied by:		
Reclassification from interests in an associate	–	12,067

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of TGV is as follows:

	2006 HK\$'000	2005 HK\$'000 (Restated)
Cash consideration (note)	–	–
Less: cash and cash equivalents acquired	–	11,721
<b>Net inflow of cash and cash equivalents in respect of the acquisition of TGV</b>	<b>–</b>	<b>11,721</b>

Note: The increase in the Group's equity interests in TGV was resulted indirectly from the acquisition of the subsidiary disclosed in note 32(a).

(c) The Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the finance leases of HK\$2,134,000 (2005: Nil).

(d) During the year ended 30 June 2006, deposits of HK\$1,386,000 included in prepayments, deposits and other receivables as at 30 June 2005 were transferred to property, plant and equipment.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**33. RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the financial statements, the Group also had the following material transactions with related parties.

The directors consider that all of these transactions were carried out in the ordinary and usual course of business of the Group.

**(a) Transactions with related parties**

	Notes	Group	
		2006 HK\$'000	2005 HK\$'000
Rental income from a related company	(i), (ii)	120	122
Interest expense to a related company	(i), (iii)	319	178
Distribution consultancy fee paid to a related company	(i), (iv)	363	429
Film royalties income from an associate	(i), (v)	268	669
Management fee income from associates	(i), (vi)	351	384
Purchase of items of property, plant and equipment from an associate	(i), (vii)	242	–
Accounting service fee paid to an associate	(i), (viii)	88	87
Office rental paid to an associate	(i), (ix)	98	–
Ticketing system maintenance/development costs paid to an associate	(i), (x)	1,008	221
Theatre rental paid to an associate	(i), (xi)	82	139
Sale of a motor vehicle to a director	(i), (xii)	436	–
Corporate guarantee given in respect of banking facilities granted to an associate	(i), (xiii)	18,338	17,325
Film distribution commission income from related companies	(i), (xiv)	–	164
Consultancy fee paid to a related company	(i), (xv)	–	585

## Notes:

- (i) Mr. Raymond Chow Ting Hsing, Phoon Chiong Kit and David Chan Sik Hong, who are directors of the Company, are interested, directly or indirectly, in the above transactions as directors and/or beneficial shareholders of certain of these companies.
- (ii) The rental income was charged at a rate of approximately HK\$10,000 per month for sub-letting a portion of the Group's office premises to an associate of the Golden Harvest Private Group.
- (iii) The interest expense to an associate of the Golden Harvest Private Group was charged at Hong Kong dollar short-term time deposit rate plus 1% per annum.
- (iv) The distribution consultancy fee paid represented the film production and distribution consulting services provided by a related company to the Group and was charged according to the terms of the agreement dated 1 July 2004.
- (v) The royalty income was charged according to the terms of the respective distribution agreements.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**33. RELATED PARTY TRANSACTIONS** *(continued)***(a) Transactions with related parties** *(continued)**Notes: (continued)*

- (vi) The management fee income represented accounting services provided to two associates of the Group which were charged at rates of HK\$10,000 (2005: HK\$10,000) per month and HK\$22,000 per month from July 2005 to March 2006 and HK\$11,000 per month from April 2006 to June 2006 (2005: HK\$22,000 per month), respectively.
- (vii) The selling price of the property, plant and equipment was mutually agreed between the parties concerned.
- (viii) The accounting service fee was charged at a rate of S\$1,500 (2005: S\$1,500) per month.
- (ix) The rental expense was charged at a rate of approximately S\$1,747 per month for sub-letting a portion of office premises of an associate to the Group.
- (x) The ticketing system maintenance/development costs paid were charged according to prices and conditions similar to those offered to other customers of the associate.
- (xi) The theatre rental fee was charged according to prices and conditions similar to those offered to other customers of the associate.
- (xii) A motor vehicle was sold to a director by a wholly-owned subsidiary during the year and the selling price was with reference to market value.
- (xiii) The corporate guarantee was given by the Group in respect of banking facilities granted to an associate at nil consideration.
- (xiv) The Group acted as the distributor of the films produced by the related companies and the film distribution commission income was charged according to the terms of the distribution agreements dated 21 April 1997 and 2 August 1999 or charged according to prices and conditions similar to those offered to other customers of the Group.
- (xv) The consultancy fee paid represented the consultancy service in relation to the rights issue exercise provided by a related company to the Group and was charged according to the terms of the agreement dated 15 March 2005.

Certain transactions amounting to HK\$799,000 (2005: HK\$1,037,000) included in notes (iv), (xii), (xiv) and (xv) above with a related company and a director (2005: three related companies) constituted connected transactions as defined in the Listing Rules.

None of the other related party transactions set out above constituted connected transactions as defined in the Listing Rules.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**33. RELATED PARTY TRANSACTIONS (continued)****(b) Compensation of key management personnel of the Group**

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Salaries and other short-term employee benefits	<b>14,986</b>	17,271
Post-employment benefits	<b>113</b>	133
Share-based payment	<b>394</b>	150
<b>Total compensation paid to key management personnel</b>	<b>15,493</b>	17,554

The total compensation paid to key management personnel also included the executive directors' emoluments as disclosed in note 34 to the financial statements.

**34. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS****Directors' remuneration**

The remuneration of the directors of the Company for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is analysed as follows:

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Fees:		
Executive directors	–	–
Non-executive director	<b>120</b>	120
Independent non-executive directors	<b>350</b>	350
	<b>470</b>	470
Basic salaries, allowances and benefits in kind:		
Executive directors	<b>13,000</b>	15,530
Non-executive director	–	–
Independent non-executive directors	–	–
	<b>13,000</b>	15,530
Employee share option benefits:		
Executive directors	<b>394</b>	150



NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**34. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS** (continued)

**Directors' remuneration** (continued)

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Pension contributions:		
Executive directors	71	91
Non-executive directors	–	–
Independent non-executive directors	–	–
	<b>71</b>	<b>91</b>
	<b>13,935</b>	<b>16,241</b>

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Pension contributions HK\$'000	Employee share option benefits HK\$'000	Total emoluments HK\$'000
<b>For the year ended 30 June 2006</b>					
Independent non-executive directors:					
Paul Ma Kah Woh	150	–	–	–	150
Frank Lin	100	–	–	–	100
Prince Chatrichalerm Yukol	100	–	–	–	100
	<b>350</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>350</b>
Executive directors:					
Raymond Chow Ting Hsing	–	3,717	–	–	3,717
Phoon Chiong Kit	–	5,900	47	394	6,341
David Chan Sik Hong	–	2,000	12	–	2,012
Roberta Chin Chow Chung Hang	–	1,383	12	–	1,395
	<b>–</b>	<b>13,000</b>	<b>71</b>	<b>394</b>	<b>13,465</b>
Non-executive director:					
Eric Norman Kronfeld	120	–	–	–	120
	<b>470</b>	<b>13,000</b>	<b>71</b>	<b>394</b>	<b>13,935</b>

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**34. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS** (continued)**Directors' remuneration** (continued)

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Pension contributions HK\$'000	Employee share option benefits HK\$'000	Total emoluments HK\$'000
For the year ended 30 June 2005					
Independent non-executive directors:					
Paul Ma Kah Woh	150	–	–	–	150
Frank Lin	100	–	–	–	100
Prince Chatrichalem Yukol	100	–	–	–	100
	350	–	–	–	350
Executive directors:					
Raymond Chow Ting Hsing	–	3,939	–	–	3,939
Phoon Chiong Kit	–	6,469	64	150	6,683
Stephen Chu Siu Tsun	–	2,013	4	–	2,017
David Chan Sik Hong	–	1,867	12	–	1,879
Roberta Chin Chow Chung Hang	–	1,242	11	–	1,253
	–	15,530	91	150	15,771
Non-executive director:					
Eric Norman Kronfeld	120	–	–	–	120
	470	15,530	91	150	16,241

There was no other emolument payable to the independent non-executive directors during the year (2005: Nil).

At the balance sheet date, certain directors held share options of the Company, the details of which are set out in note 30 to the financial statements. The fair value of the share options, which had been charged to the income statement for the years ended 30 June 2006 and 2005, was determined as at the date of the grant and was included in the above disclosure of directors' emoluments. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**34. REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS** (continued)**Five highest paid individuals**

Of the five highest paid individuals, four (2005: five) were directors of the Company and their remuneration has been included in the directors' remuneration disclosures above. The remuneration of the remaining one non-director, highest paid for the year ended 30 June 2006 is as follows:

	2006 HK\$'000	2005 HK\$'000
Basic salaries, allowances and benefits in kind	1,458	–
Pension contributions	12	–
	<b>1,470</b>	–

The above remuneration of the non-director, highest paid employee fell within the band of HK\$1,000,001–HK\$1,500,000.

**35. CONTINGENT LIABILITIES**

Contingent liabilities at the balance sheet date were as follows:

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Guarantee of banking facilities granted to:				
Subsidiaries	–	–	84,021	95,622
An associate	18,338	17,325	18,338	17,325
	<b>18,338</b>	17,325	<b>102,359</b>	112,947

As at 30 June 2006, banking facilities of HK\$78,701,000 (2005: HK\$90,022,000) and HK\$3,179,000 (2005: HK\$9,933,000) had been utilised by the subsidiaries and an associate, respectively.

In addition to the above, the Group's share of a guarantee provided by an associate amounted to approximately HK\$16,233,000 (2005: HK\$14,093,000) as at the balance sheet date, in respect of a banking facility granted to that associate.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

36. COMMITMENTS

		Group	
		2006 HK\$'000	2005 HK\$'000 (Restated)
<b>(a)</b>	Capital commitments in respect of acquisition of items of property, plant and equipment:		
	Contracted for	4,314	7,804
	Authorised, but not contracted for	72,637	78,971
		<b>76,951</b>	86,775

**(b) Operating lease arrangements**

(i) *As lessor*

The Group leases certain of its buildings under operating lease arrangements for terms ranging from 1 to 13 years. The terms of the leases generally also required the tenants to provide for periodic rent adjustments according to the then prevailing marketing conditions.

At 30 June 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		Group	
		2006 HK\$'000	2005 HK\$'000 (Restated)
Total future minimum lease receivables under non-cancellable operating leases for land and buildings:			
	Within one year	18,921	12,015
	In the second to fifth years, inclusive	34,840	32,587
	After five years	1,458	3,914
		<b>55,219</b>	48,516

During the year, the Group did not receive any contingent rent (2005: Nil).

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**36. COMMITMENTS** (continued)**(b) Operating lease arrangements** (continued)*(ii) As lessee*

The Group leases certain of its office premises and cinemas under operating lease arrangements for terms ranging from 1 to 13 years.

	<b>Group</b>	
	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000 (Restated)
Total future minimum lease payments under non-cancellable operating leases for land and buildings:		
Within one year	<b>107,818</b>	119,604
In the second to fifth years, inclusive	<b>422,503</b>	411,797
After five years	<b>598,556</b>	676,721
	<b>1,128,877</b>	1,208,122

Certain non-cancellable operating leases included in the above are subject to contingent rent payments, which are charged at 5% to 28% (2005: 5% to 28%) of their monthly or annual gross box office takings in excess of the base rents as determined in the respective lease agreements. In addition, 10% of theatre confectionery sales and advertising income is also charged under certain leases.

The Company had no significant commitment at the balance sheet date (2005: Nil).

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's major financial instruments comprise interest-bearing bank loans, convertible note, finance leases, short term deposits and cash at banks. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of such risks are summarised below.

**Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The interest rates and terms of repayment of the bank and other borrowings are disclosed in note 23.

**Foreign currency risk**

The Group's assets and liabilities are principally denominated in Hong Kong dollars except certain assets and liabilities associated with the investments located in Singapore, Malaysia, Taiwan and Mainland China including the bank and other borrowings as disclosed in note 23. Management has assessed the foreign currency risk and exposures in these territories from time to time. Since the exchange rates of these foreign currencies have been either relatively stable or favourable to the Group for the past two years, the directors are of view that the Group's exposure to foreign currency risk is minimal.

However, management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

## NOTES TO FINANCIAL STATEMENTS

30 JUNE 2006

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)***Credit risk**

The Group has established credit control policies of which credit limits, credit approvals and other monitoring procedures for debts recovery are in place to minimise the credit risk. In addition, management reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment allowances are made for irrecoverable amounts. With such policies in place, the Group has been able to maintain its bad debts at minimal level.

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, convertible note, other interest-bearing finance leases. Management monitors the liquidity position of the Group on a daily basis to ensure availability of sufficient liquid funds to meet its cash flow requirements in the short term. In addition, bank overdraft facility has been put in place for contingency purposes.

**38. POST BALANCE SHEET EVENTS**

Subsequent to the balance sheet date, the following events occurred:

- (a) On 10 July 2006, the Company and each of Quick Target Limited, Pleasant Villa Investments Limited, Garex Resources Limited and Typhoon Music (PRC) Limited entered into subscription agreements (the "Agreements"). Pursuant to the Agreements, the Group agreed to issue, and the subscribers agreed to subscribe for the 4% convertible notes due 2008 with an aggregate principal amount of HK\$100,000,000 (the "Notes"). On 22 August 2006, the subscription was completed and the net proceeds of the issue of the Notes amounted to approximately HK\$99,000,000. The Group intends to apply the net proceeds for investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

The Notes are convertible at the option of the note holders into ordinary shares on or before 14 August 2008 at a price of HK\$0.22 per share. Any note not converted will be redeemed on 21 August 2008 at a price of 104% of the principal amount of the Notes.

The above transaction constitutes a connected transaction as defined in the Listing Rules. Further details of the issue of the Notes are set out in the circular of the Company dated 31 July 2006.

- (b) On 16 October 2006, the Group entered into agreements with World Media Group Limited, a company of Golden Harvest Private Group and independent third parties to acquire the entire equity interests of three companies, GH Pictures (China) Limited, GH Media Management Pte Ltd and GH Media Management Limited (the "Target Companies"), at a total consideration of approximately HK\$22.6 million. The Target Companies hold a film library of 39 Chinese language films. The consideration will be financed by the internal resources of the Group. This transaction constitutes a connected transaction as defined in the Listing Rules and is subject to independent shareholders' approval.

**39. COMPARATIVE AMOUNTS**

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

**40. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 19 October 2006.

## 綜合收益表截至二零零六年六月三十日止年度

	附註	二零零六年 千港元	二零零五年 千港元 (經重列)
收益	5、6	512,285	276,586
銷售成本		(232,033)	(138,349)
毛利		280,252	138,237
利息收入		785	217
其他收入及收益		41,051	17,221
銷售及發行費用		(267,740)	(155,074)
一般及行政費用		(52,490)	(56,781)
其他營運費用淨額		(10,599)	(14,503)
確認負商譽	4、32(a)、32(b)	—	43,032
財務費用	8	(7,450)	(3,101)
所佔聯營公司損益		24,143	20,221
除稅前溢利／(虧損)	7	7,952	(10,531)
稅項	9	(2,737)	(2,399)
本年度溢利／(虧損)		5,215	(12,930)
本公司股權持有人應佔部分		5,215	(12,930)
本公司普通股權持有人應佔每股盈利／(虧損)	11		
基本		0.4港仙	(1.1港仙)
攤薄		不適用	不適用

## 綜合資產負債表於二零零六年六月三十日

	附註	二零零六年 千港元	二零零五年 千港元 (經重列)
<b>非流動資產</b>			
物業、廠房及設備	12	246,799	236,236
於聯營公司之權益	15	195,902	159,374
應收共同控制公司款項	14	42,775	61,344
預付土地租賃款項	16	741	759
預付租金		11,502	5,190
會籍		3,590	4,380
租務及其他按金		53,130	54,706
商標	17	79,421	79,421
已抵押銀行存款	21	1,870	1,139
非流動資產總值		635,730	602,549
<b>流動資產</b>			
存貨	18	726	571
電影版權	19	16,279	18,384
應收賬款	20	12,005	18,304
預付款項、按金及其他應收款項		35,441	46,508
應收一間共同控制公司款項	14	14,400	18,000
已抵押銀行結存	21	1,972	486
現金及銀行結存	21	54,369	65,632
流動資產總值		135,192	167,885
<b>流動負債</b>			
應付賬款	22	62,028	75,583
應計負債及其他應付款項		83,368	84,638
應付聯營公司款項	15	1,113	—
客戶按金		3,492	3,380
計息銀行貸款	23	37,201	24,697
本期融資租賃應付賬款	23、24	328	413
合營夥伴提供之貸款	25	14,400	18,000
僱員福利撥備	26	1,943	1,680
應付稅項		9,924	12,295
流動負債總值		213,797	220,686
流動負債淨值		(78,605)	(52,801)
總資產減流動負債		557,125	549,748



## 綜合資產負債表於二零零六年六月三十日 (續)

	附註	二零零六年 千港元	二零零五年 千港元 (經重列)
<b>非流動負債</b>			
可換股票據	23、27	19,618	—
計息銀行貸款	23	57,087	65,325
非本期融資租賃應付賬款	23、24	1,152	298
合營夥伴提供之貸款	25	42,742	62,051
已收按金		4,284	3,686
長期服務金撥備	26	4,102	3,670
遞延稅項	28	7,274	5,585
非流動負債總值		136,259	140,615
資產淨值		420,866	409,133
<b>權益</b>			
<b>本公司股權持有人應佔權益</b>			
已發行股本	29	133,031	133,031
可換股票據之股本部分	27	95	—
儲備	31(a)	287,740	276,102
權益總值		420,866	409,133

董事  
鄒文懷

董事  
潘從傑

## 綜合權益變動報表截至二零零六年六月三十日止年度

	本公司股權持有人應佔												
	已發行 股本	可換股票據 之股本部分	股份 溢價賬	購股權 儲備	股本 贖回儲備	資本儲備	重估儲備	儲備基金	盈餘儲備	外匯		總額	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	變動儲備	累積虧損	千港元	
								*	**				
於二零零四年七月一日													
如前呈報	88,429	—	579,665	—	145	(12,483)	6,986	—	480	(32,485)	(310,728)	231,580	320,009
上年度調整	—	—	—	—	—	—	(3,103)	—	—	—	1,133	(1,970)	(1,970)
經重列	88,429	—	579,665	—	145	(12,483)	3,883	—	480	(32,485)	(309,595)	229,610	318,039
發行股份	44,602	—	66,903	—	—	—	—	—	—	—	—	66,903	111,505
股份發行開支	—	—	(6,687)	—	—	—	—	—	—	—	—	(6,687)	(6,687)
匯兌調整：													
— 海外附屬公司	—	—	—	—	—	—	—	—	—	(570)	—	(570)	(570)
— 海外共同控制公司	—	—	—	—	—	—	—	—	—	(1,059)	—	(1,059)	(1,059)
— 海外聯營公司	—	—	—	—	—	—	—	—	—	655	—	655	655
計入權益之遞延稅項(經重列)													
(附註28)	—	—	—	—	—	—	30	—	—	—	—	30	30
直接於權益確認之收支總額	—	—	—	—	—	—	30	—	—	(974)	—	(944)	(944)
年度虧損淨額(經重列)	—	—	—	—	—	—	—	—	—	—	(12,930)	(12,930)	(12,930)
本年度收支總額	—	—	—	—	—	—	30	—	—	(974)	(12,930)	(13,874)	(13,874)
轉撥自聯營公司	—	—	—	—	—	—	—	—	—	701	(12,830)	(12,129)	(12,129)
轉撥往一間共同控制公司	—	—	—	—	—	—	—	—	—	(701)	12,681	11,980	11,980
轉撥往一間附屬公司	—	—	—	—	—	—	—	—	—	—	149	149	149
轉撥往儲備	—	—	—	—	—	12,483	—	—	—	—	(12,483)	—	—
股本結算購股權安排	—	—	—	150	—	—	—	—	—	—	—	150	150
於二零零五年六月三十日	133,031	—	639,881	150	145	—	3,913	—	480	(33,459)	(335,008)	276,102	409,133

## 綜合權益變動報表截至二零零六年六月三十日止年度(續)

	本公司股權持有人應佔												
	已發行 股本	可換股票據 之股本部分	股份 溢價賬	購股權 儲備	股本 贖回儲備	資本儲備	重估儲備	儲備基金	盈餘儲備	外匯 變動儲備	累積虧損	儲備總額	總額
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
								*	**				
於二零零五年七月一日													
如前呈報	133,031	—	639,881	—	145	—	7,039	—	480	(33,459)	(336,149)	277,937	410,968
上年度調整	—	—	—	150	—	—	(3,126)	—	—	—	1,141	(1,835)	(1,835)
經重列	133,031	—	639,881	150	145	—	3,913	—	480	(33,459)	(335,008)	276,102	409,133
發行可換股票據(附註27)	—	95	—	—	—	—	—	—	—	—	—	—	95
匯兌調整:													
—海外附屬公司	—	—	—	—	—	—	—	—	—	(1,494)	—	(1,494)	(1,494)
—海外共同控制公司	—	—	—	—	—	—	—	—	—	(1,050)	—	(1,050)	(1,050)
—海外聯營公司	—	—	—	—	—	—	—	—	—	8,543	—	8,543	8,543
計入權益之遞延稅項(附註28)	—	—	—	—	—	—	30	—	—	—	—	30	30
直接於權益確認之收支總額	—	—	—	—	—	—	30	—	—	5,999	—	6,029	6,029
年度溢利	—	—	—	—	—	—	—	—	—	—	5,215	5,215	5,215
本年度收支總額	—	—	—	—	—	—	30	—	—	5,999	5,215	11,244	11,244
轉撥往儲備	—	—	—	—	—	—	—	495	—	—	(495)	—	—
股本結算購股權安排	—	—	—	394	—	—	—	—	—	—	—	394	394
於二零零六年六月三十日	133,031	95	639,881	544	145	—	3,943	495	480	(27,460)	(330,288)	287,740	420,866

\* 根據中華人民共和國(「中國」)有關規例，本公司於中國成立之附屬公司須將其除稅後溢利之若干百分比轉撥往儲備基金。於有關中國法例所載若干限制及有關附屬公司之組織章程細則規限下，儲備基金可用作抵銷虧損或資本化為繳足資本。

\*\* 盈餘儲備乃根據法定要求及台灣一間聯營公司之公司章程撥自保留溢利。此盈餘儲備僅可應用於該台灣聯營公司作填補虧損及資本化為已發行繳足紅股之用。

## 綜合現金流量表截至二零零六年六月三十日止年度

附註	二零零六年 千港元	二零零五年 千港元 (經重列)
<b>經營業務之現金流量</b>		
除稅前溢利／(虧損)	<b>7,952</b>	(10,531)
調整下列各項：		
利息收入	<b>(785)</b>	(217)
財務費用	<b>7,450</b>	3,101
折舊	<b>40,884</b>	25,293
預付土地租賃款項攤銷	<b>18</b>	18
出售物業、廠房及設備項目之虧損	<b>346</b>	3,577
收購一間附屬公司及一間共同控制公司時確認負商譽	<b>—</b>	(43,032)
會籍減值撥備	<b>270</b>	—
於結算日換算對海外共同控制公司及聯營公司墊款以及 其他以外幣為單位之貨幣資產與負債所產生匯兌收益	<b>(3,298)</b>	(321)
所佔聯營公司盈虧	<b>(24,143)</b>	(20,221)
應收賬款及其他應收款項減值撥備／(撥回撥備)淨額	<b>(699)</b>	411
撇減壞賬	<b>24</b>	—
股本結算購股權開支	<b>394</b>	150
匯兌調整	<b>(1,121)</b>	118
營運資金變動前之經營溢利／(虧損)	<b>27,292</b>	(41,654)
存貨之增加額	<b>(155)</b>	(15)
電影版權之減少額	<b>2,105</b>	1,800
應收賬款之減少額	<b>6,974</b>	19,005
預付款項、按金及其他應收款項之減少／(增加)額	<b>10,201</b>	(5,255)
應付賬款之增加／(減少)額	<b>(13,555)</b>	2,613
應計負債及其他應付款項之增加／(減少)額	<b>(1,478)</b>	8,746
客戶按金之增加額	<b>112</b>	1,050
預付租金之增加額	<b>(6,312)</b>	(3,520)
退回／(支付)租金及其他按金淨額	<b>1,576</b>	(1,312)
僱員福利撥備之增加額	<b>263</b>	361
長期服務金撥備之增加／(減少)額	<b>432</b>	(139)
經營所得／(所需)現金	<b>27,455</b>	(18,320)
已收利息	<b>785</b>	217
已付利息及財務費用	<b>(7,149)</b>	(2,927)
支付融資租賃利息	<b>(93)</b>	(78)
已付香港利得稅	<b>(2)</b>	(182)
已付海外稅項	<b>(4,094)</b>	(1,283)
退回海外稅項	<b>216</b>	166
經營業務之現金流入／(流出)淨額	<b>17,118</b>	(22,407)

## 綜合現金流量表截至二零零六年六月三十日止年度 (續)

	附註	二零零六年 千港元	二零零五年 千港元 (經重列)
經營業務之現金流入／(流出)淨額		<b>17,118</b>	(22,407)
<b>投資業務之現金流量</b>			
購買物業、廠房及設備項目		<b>(51,725)</b>	(52,315)
出售物業、廠房及設備項目所得款項		<b>1,267</b>	17
收購一間附屬公司	32(a)	—	(5,367)
於一間共同控制公司之投資	32(b)	—	(86,374)
聯營公司還款淨額	32(b)	<b>1,635</b>	17,106
已收按金增加／(減少)		<b>598</b>	(305)
共同控制公司之還款		<b>21,725</b>	—
償還合營夥伴之貸款		<b>(21,725)</b>	—
已抵押銀行結存之增加額		<b>(2,217)</b>	(1,625)
投資業務之現金流出淨額		<b>(50,442)</b>	(128,863)
<b>融資業務之現金流量</b>			
發行可換股票據所得款項淨額		<b>19,713</b>	—
發行新股份所得款項淨額		—	104,818
新籌措銀行貸款		<b>29,337</b>	94,755
償還銀行貸款		<b>(25,241)</b>	(4,442)
融資租賃應付款項資本部分		<b>(1,365)</b>	(469)
融資業務之現金流入淨額		<b>22,444</b>	194,662
現金及現金等值項目之增加／(減少)淨額		<b>(10,880)</b>	43,392
年初之現金及現金等值項目		<b>65,632</b>	22,575
匯兌調整		<b>(383)</b>	(335)
年終之現金及現金等值項目		<b>54,369</b>	65,632
<b>現金及現金等值項目結餘分析</b>			
無抵押現金及銀行結存	21	<b>34,389</b>	49,493
無抵押定期存款	21	<b>19,980</b>	16,139
年終之現金及現金等值項目		<b>54,369</b>	65,632

## 資產負債表於二零零六年六月三十日

	附註	二零零六年 千港元	二零零五年 千港元
<b>非流動資產</b>			
於附屬公司之權益	13	<b>430,425</b>	411,362
<b>流動資產</b>			
預付款項		<b>177</b>	176
現金及銀行結存		<b>22</b>	23
流動資產總值		<b>199</b>	199
<b>流動負債</b>			
應計負債及其他應付款項		<b>824</b>	593
流動負債淨值		<b>(625)</b>	(394)
總資產減流動負債		<b>429,800</b>	410,968
<b>非流動負債</b>			
可換股票據	27	<b>19,618</b>	—
資產淨值		<b>410,182</b>	410,968
<b>權益</b>			
已發行股本	29	<b>133,031</b>	133,031
可換股票據之股本部分	27	<b>95</b>	—
儲備	31(b)	<b>277,056</b>	277,937
權益總值		<b>410,182</b>	410,968

董事  
鄒文懷

董事  
潘從傑

## 財務報表附註

二零零六年六月三十日

**1. 公司資料**

嘉禾娛樂事業(集團)有限公司為於百慕達註冊成立之有限公司。本公司之註冊辦事處位於Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。本公司之主要業務為投資控股。本集團之主要業務則包括全球電影及影碟發行、在香港、馬來西亞、新加坡、台灣與中國內地經營戲院，以及在香港經營電影沖印業務。

**2.1 編製基準**

本財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)，亦包括香港會計準則(「香港會計準則」)及詮釋、香港普遍採納之會計原則及香港公司條例之披露規定編製。除若干樓宇採用香港會計準則第16號第80A段之過渡條文，並按一九九五年度之公平值計算外，本財務報表乃按歷史成本常規編製，進一步詳情載於財務報表附註4及12。除另有指明者外，本財務報表以港元呈報，所有金額均約整至最接近千位數(千港元)。

**綜合基準**

綜合財務報表包括本公司及其附屬公司以及本集團應佔其共同控制公司截至二零零六年六月三十日止年度之財務報表。附屬公司及共同控制公司之業績自收購日期(即本集團取得控制權及共同控制權之日)起分別綜合計算及按比例綜合計算至有關控制權終止之日止。本集團旗下各公司之間所有重大交易及結存於綜合賬目時已予抵銷。

**2.2 新訂及經修訂香港財務報告準則之影響**

下列新訂及經修訂香港財務報告準則對本集團構成影響，於本年度財務報表首次採納：

香港會計準則第1號	財務報表的呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計的變更及差錯
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分類呈報
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	員工福利
香港會計準則第21號	外幣匯率變動的影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關聯方披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	對聯營公司之投資
香港會計準則第31號	於合營公司之權益
香港會計準則第32號	財務工具：披露及呈列
香港會計準則第33號	每股盈利
香港會計準則第37號	撥備、或然負債和或然資產
香港會計準則第39號	財務工具：確認及計量
香港會計準則第39號修訂本	金融資產及金融負債之過渡及初步確認
香港會計準則第40號	投資物業
香港財務報告準則第2號	以股份為基礎的付款
香港一詮釋第4號	租賃—確定香港土地租賃的租賃年期

## 財務報表附註

二零零六年六月三十日

**2.2 新訂及經修訂香港財務報告準則之影響 (續)**

採納香港會計準則第2、7、8、10、12、14、16、18、19、21、23、27、28、32、33、37、39、40號及香港一詮釋第4號對本集團與本公司會計政策及本集團與本公司財務報表使用之計算方法並無重大影響。

香港會計準則第24號擴大有關連人士之定義，除本集團財務報表附註33(b)內有關主要管理人員之酬金之披露外，對本集團財務報表之其他披露事項並無構成重大影響。採納其他香港財務報告準則之影響概述如下：

**(a) 香港會計準則第1號 - 財務報表的呈列**

於過往年度，本集團應佔聯營公司稅項於綜合收益表呈列為本集團稅項支出總額一部分。

採納香港會計準則第1號後，本集團應佔聯營公司收購後業績經扣除本集團應佔聯營公司稅項後列賬。

**(b) 香港會計準則第17號 - 租賃**

於過往年度，自用租賃土地和樓宇以成本值或估值減累計折舊及任何減值虧損列賬。

採納香港會計準則第17號後，本集團於土地和樓宇的租賃權益分為租賃土地和樓宇。在租賃期終結時，土地的擁有權預期不會轉交本集團，因此，本集團的租賃土地分類為經營租賃，並分類為預付租賃土地款項，而租賃樓宇則分類為物業、廠房及設備其中部分。根據經營租賃之預付租賃土地款項初步以成本列賬，其後在租賃期內以直線法攤銷。當租賃款項無法可靠地在土地和樓宇兩部分間進行分配時，則整項租賃付款作為物業、廠房及設備的融資租賃，包括在土地和樓宇的成本中。

本集團已重列比較數字，以反映追溯重新分類最早期於財務報表呈列之項目。上述變動之影響概述於財務報表附註2.4。

**(c) 香港會計準則第31號 - 於合營企業之權益**

於過往年度，本集團於共同控制公司之權益以權益會計法處理。於採納准許就於共同控制公司之投資使用比例綜合法之香港會計準則第31號後，本集團更改其於共同控制公司之投資之會計政策，由權益會計法改為比例綜合法。該會計政策之變動已追溯入賬，並於綜合財務報表內相關項目逐項按比例確認計入共同控制公司的資產、負債、收入及開支。

此會計政策之變動對本集團之綜合收益表及資產淨值並無任何淨影響。於二零零五年六月三十日之綜合資產負債表及截至二零零五年六月三十日止年度之綜合收益表內比較數字亦已重列，以按逐項基準反映分佔共同控制公司資產及負債。

**(d) 香港財務報告準則第2號 - 以股份為基礎的付款**

過往年度，並無確認和計量有關僱員（包括董事）獲授認購本公司股份購股權之以股份為基礎交易，直至僱員行使該購股權時按已收所得款項計入股本及股份溢價賬。



## 財務報表附註

二零零六年六月三十日

**2.2 新訂及經修訂香港財務報告準則之影響 (續)****(d) 香港財務報告準則第2號 – 以股份為基礎的付款 (續)**

採納香港財務報告準則第2號後，於僱員（包括董事）提供服務而以股本工具（「股本結算交易」）作為代價時，與僱員之股本結算交易乃參考所授出工具當日之公平值計量。公平值乃由管理層以期權定價模式釐定。於釐定股本結算交易之價值時，除與本公司股份價格掛之條件（如適用）外，並無計及任何表現條件。

股本結算交易成本，連同權益之相應增加，乃於表現及／或服務條件達成時至有關僱員（包括董事）完全有權獲獎賞當日（「歸屬日期」）止期間確認。於各結算日直至歸屬日期止就股本結算交易所確認之累計開支，反映歸屬期之屆滿期限，以及本集團就將最終歸屬之股本工具數目作出之最佳估計。期內扣自或計入收益表之數額指期初及期終所確認之累計開支變動。

本集團並無就最終未歸屬之獎賞確認開支，惟須符合市場條件方可歸屬之獎賞則除外，在該情況下，將被當作歸屬，而不論市場條件達成與否，前提為所有其他表現條件皆已達成。

採納香港財務報告準則第2號對本集團於二零零二年十一月七日後授予僱員但於二零零五年七月一日尚未歸屬之購股權之影響，概述於財務報表附註2.4。

本集團於去年提前採納香港財務報告準則第3號、香港會計準則第36號及香港會計準則第38號。採納有關準則之影響已於截至二零零五年六月三十日止年度之財務報表披露。

**2.3 已頒佈但未生效之香港財務報告準則之影響**

本集團並無於此等財務報表應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。除另有註明者外，此等香港財務報告準則於二零零六年七月一日開始之年度期間生效：

香港會計準則第1號修訂本	資本披露
香港會計準則第21號修訂本	於海外業務之投資淨額
香港會計準則第39號修訂本	預計集團內公司間之現金對沖會計法
香港會計準則第39號修訂本	公允值選擇
香港會計準則第39號及香港財務報告準則第4號修訂本	財務擔保合約
香港財務報告準則第7號	金融工具：披露
香港（國際財務報告詮釋委員會）－詮釋第4號	釐定安排是否包含租賃

香港會計準則第1號修訂本將於二零零七年七月一日開始之年度期間應用。經修訂準則將對有關本集團管理資本目標、政策及措施之量化資料；本公司視為資本項目之量化資料以及遵守任何資本規定及不遵守之後果之披露構成影響。

按照香港會計準則第39號有關財務擔保合約之修訂，財務擔保合約初步按公平值確認，其後按以下較高者計量：(i)按照香港會計準則第37號釐定之金額；及(ii)初步確認之金額減（倘適用）按照香港會計準則第18號確認之累計攤銷。

香港財務報告準則第7號規定就金融工具作出披露，並納入香港會計準則第32號之大部分披露規定。此項香港財務報告準則將於二零零七年七月一日開始之年度期間應用。

除上述者外，本集團預期採納上列其他準則將不會對本集團於首次應用準則期間之財務報表構成重大影響。

## 財務報表附註

二零零六年六月三十日

## 2.4 會計政策變動影響概要

## (a) 對綜合收益表之影響

截至六月三十日止年度

溢利增加/(減少)

	二零零六年					二零零五年				
	香港 會計準則 第1號 所佔 聯營公司 除稅後 損益 千港元	香港 會計準則 第17號 預付土地 租賃款項 千港元	香港 會計準則 第31號 比例綜合 千港元	香港 財務報告 準則第2號 購股權 費用 千港元	總計 千港元	香港 會計準則 第1號 所佔 聯營公司 除稅後 損益 千港元	香港 會計準則 第17號 預付土地 租賃款項 千港元	香港 會計準則 第31號 比例綜合 千港元	香港 財務報告 準則第2號 購股權 費用 千港元	總計 千港元
收益	-	-	286,236	-	286,236	-	-	73,347	-	73,347
銷售成本	-	-	(128,957)	-	(128,957)	-	-	(35,142)	-	(35,142)
利息收入	-	-	662	-	662	-	-	161	-	161
其他收入及收益	-	-	20,686	-	20,686	-	-	10,072	-	10,072
銷售及發行費用	-	158	(149,264)	-	(149,106)	-	158	(45,698)	-	(45,540)
一般及行政費用	-	-	(1,439)	(394)	(1,833)	-	-	(522)	(150)	(672)
其他營運費用淨額	-	-	(867)	-	(867)	-	-	(427)	-	(427)
財務費用	-	-	(345)	-	(345)	-	-	(28)	-	(28)
所佔共同控制公司損益	-	-	(22,768)	-	(22,768)	-	-	433	-	433
所佔聯營公司損益	(10,067)	-	-	-	(10,067)	(9,852)	-	-	-	(9,852)
稅項	10,067	-	(3,944)	-	6,123	9,852	-	(2,196)	-	7,656
本年度之影響總額	-	158	-	(394)	(236)	-	158	-	(150)	8
每股基本盈利(港仙) 增加/(減少)	-	0.01	-	(0.03)	(0.02)	-	0.01	-	(0.01)	-

財務報表附註

二零零六年六月三十日

## 2.4 會計政策變動影響概要 (續)

## (b) 對綜合資產負債表之影響

	於二零零六年六月三十日			於二零零五年六月三十日		
	香港會計 準則第17號 預付 土地租賃 款項 千港元	香港會計 準則第31號 比例綜合 千港元	總計 千港元	香港會計 準則第17號 預付 土地租賃 款項 千港元	香港會計 準則第31號 比例綜合 千港元	總計 千港元
物業、廠房及設備	(2,811)	168,473	165,662	(2,987)	152,633	149,646
於共同控制公司之權益	—	(171,700)	(171,700)	—	(178,619)	(178,619)
應收共同控制公司款項 (非即期部分)	—	42,775	42,775	—	61,344	61,344
預付土地租賃款項	741	—	741	759	—	759
預付租金	—	11,502	11,502	—	5,190	5,190
租務及其他按金	—	41,765	41,765	—	43,293	43,293
已抵押銀行存款	—	1,870	1,870	—	1,139	1,139
應收賬款	—	1,157	1,157	—	1,200	1,200
預付款項、按金及其他應收款項	—	15,277	15,277	—	16,610	16,610
應收一間共同控制公司款項 (即期部分)	—	(9,600)	(9,600)	—	(12,000)	(12,000)
現金及銀行結存	—	29,500	29,500	—	49,433	49,433
	(2,070)	131,019	128,949	(2,228)	140,223	137,995
應付賬款	—	16,381	16,381	—	20,567	20,567
應計負債及其他應付款項	—	30,227	30,227	—	29,513	29,513
計息銀行貸款之即期部分	—	2,328	2,328	—	—	—
合營夥伴提供之貸款之即期部分	—	14,400	14,400	—	18,000	18,000
應付稅項	—	526	526	—	1,244	1,244
計息銀行貸款之非即期部分	—	13,259	13,259	—	—	—
合營夥伴提供之貸款之非即期部分	—	42,742	42,742	—	62,051	62,051
已收按金	—	4,284	4,284	—	3,686	3,686
長期服務金撥備	—	—	—	—	9	9
遞延稅項	(370)	6,872	6,502	(393)	5,153	4,760
	(370)	131,019	130,649	(393)	140,223	139,830

財務報表附註

二零零六年六月三十日

**2.4 會計政策變動影響概要 (續)****(c) 對權益結餘之影響**

	於二零零六年六月三十日			於二零零五年六月三十日		
	香港 會計準則 第17號 預付土地 租賃款項 千港元	香港 財務報告 準則第2號 購股權費用 千港元	總計 千港元	香港 會計準則 第17號 預付土地 租賃款項 千港元	香港 財務報告 準則第2號 購股權費用 千港元	總計 千港元
增加/(減少)						
購股權儲備	—	544	544	—	150	150
重估儲備	(3,149)	—	(3,149)	(3,126)	—	(3,126)
減少/(增加)						
累計虧損	1,449	(544)	905	1,291	(150)	1,141
	(1,700)	—	(1,700)	(1,835)	—	(1,835)

**3. 公司最新資料**

截至二零零六年六月三十日止年度，本集團錄得綜合溢利5,215,000港元及藉經營業務所得現金流入淨額17,118,000港元（二零零五年：流出22,407,000港元）。於二零零六年六月三十日，本集團之綜合流動負債淨值為78,605,000港元，而綜合資產淨值為420,866,000港元。

結算日後，如財務報表附註38(a)所披露，本集團藉發行可換股票據，成功籌集共約99,000,000港元（已扣除開支）。憑藉該等額外現金資源，本集團將可提供資金於投資新業務、擴充現有業務及償還其流動負債。

鑑於上述原因，董事認為，即使本集團於二零零六年六月三十日之財政狀況及流動資金較弱，按持續經營基準編製財務報表乃恰當做法。

**4. 主要會計政策概要****附屬公司**

附屬公司乃本公司直接或間接操控其財務及營運政策，以藉其業務取得利益之公司。

附屬公司之業績已納入本公司之收益表內，惟以已收及應收股息為限。本公司所佔附屬公司之權益按成本扣除任何減值虧損入賬。

**合營公司**

合營公司指本集團與其他人士按合約安排共同進行經濟活動而成立之公司。該合營公司以個別個體之身份營運，而本集團及其他人士均於合營公司中擁有權益。

合營人士訂立之合營協議規定合營各方之出資金額、合營之年期及在解散合營公司時變現資產所依據之基準。合營公司經營業務之溢利及虧損及任何盈餘資產之分派均由合營人士按彼等各自之出資比例或根據合營協議之條款規定而攤分。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****合營公司 (續)**

合營公司被視為：

- (a) 附屬公司，倘本集團有權直接或間接單方面控制該合營公司；
- (b) 共同控制公司，倘本集團無直接或間接單方面控制權，但可共同控制合營公司；
- (c) 聯營公司，倘本集團無權直接或間接單方面或共同控制合營公司，但直接或間接於其註冊資本擁有不少於20%權益，且有權對該合營公司行使重大影響力；或
- (d) 香港會計準則第39號項下股本投資，倘本集團直接或間接持有合營公司註冊股本少於20%權益，且無權共同控制該合營公司，亦無權對該合營公司行使重大影響力。

**共同控制公司**

共同控制公司乃受到共同控制之合營公司，而參與各方對共同控制公司之經濟活動概無單方面控制權。

本集團於其共同控制公司之權益按比例綜合方式入賬，當中涉及於綜合財務報表的相關項目逐項按比例確認其應佔各共同控制公司之資產、負債、收入及支出。共同控制公司按比例綜合計算，直至本集團終止共同控制該共同控制公司為止。

**聯營公司**

聯營公司乃指附屬公司或共同控制公司以外而本集團持有其不少於20%股本投票權之長期權益，並有權對其行使重大影響力之公司。

本集團所佔聯營公司之收購後業績及儲備分別計入綜合收益表及綜合儲備。本集團於聯營公司之權益按會計權益法以本集團所佔之資產淨值扣除任何減值虧損列入綜合資產負債表。

於本年度，本集團所佔其聯營公司之收購後業績及儲備乃按聯營公司結算至二零零六年六月三十日之最近期可得經審核及管理財務報表計算。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****商譽**

收購附屬公司、共同控制公司及聯營公司產生之商譽初步按成本計量，即業務合併之成本超出於收購日期收購方在被收購方可識別資產、負債及或然負債之公平淨值所佔權益之差額。收購附屬公司所產生之商譽在綜合資產負債表中確認為資產，而就聯營公司而言，商譽在綜合資產負債表中以其賬面值入賬，而非列為獨立可識別資產。

於首次確認後，商譽按成本減任何累計減值虧損計算。於二零零四年七月一日後收購所產生之商譽不予攤銷，於二零零四年七月一日前已於綜合資產負債表中入賬之商譽於二零零四年七月一日後不予攤銷。本集團會每年檢閱商譽之減值情況，倘有事件發生或情況有變，顯示賬面值可能出現減值，則須進行更為頻密之檢閱。

於收購日期，所收購任何商譽分配至預計將從合併之協同效益中獲利之各現金產生單位。減值乃透過評估與商譽有關之現金產生單位之可收回數額釐定。倘現金產生單位之可收回數額低於賬面金額，則確認減值虧損。

倘商譽組成一個現金產生單位其中部分，且為所出售單位內業務之一部分，則在釐定出售該業務之盈虧時，有關出售業務之商譽計入該業務之賬面值內。在此情況下，所出售商譽根據出售業務之相關價值及現金產生單位之保留份額計算。

於二零零一年七月一日前因收購產生之商譽於收購年度在綜合資本儲備中抵銷。本集團應用香港財務報告準則第3號之過渡條文，即允許該商譽保留於綜合資本儲備中抵銷，並規定該商譽於本集團出售全部或部分與該商譽有關之業務時或與該商譽有關之現金產生單位出現減值時不會在綜合收益表確認。

**負商譽**

於收購附屬公司及共同控制公司時，倘本集團於所收購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權益超過業務合併成本（「負商譽」），則本集團將重新評估該公司之可識別資產、負債及或然負債之識別及計量方法，以及業務合併成本之計量方法；並即時於綜合收益表確認重新評估後之任何差額。

財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 資產減值

倘存在任何減值跡象，或當須每年就資產進行減值檢測（存貨及商譽除外），則會估計資產之可收回數額。資產之可收回數額乃按資產或現金產生單位之使用價值或公平值減銷售成本兩者之較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別之現金流入，於此情況下，則可收回數額按資產所屬現金產生單位之可收回數額計算。

僅在資產賬面值高於其可收回數額之情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣制時間值及資產特定風險的現時市場評估之稅前貼現率貼現至現值。減值虧損於其產生期間自收益表扣除，除非資產乃按重估數額列賬則作別論，在該情況下，減值虧損乃根據該重估資產之有關會計政策計算。

於各申報日期，將評估是否有跡象顯示過往已確認之減值虧損不再存在或可能減少。若出現上述跡象，則估計可收回數額。早前確認之資產減值虧損（商譽除外）僅在用以釐定資產可收回數額之估計數字有變時方會撥回，然而，有關數額將不會高於倘以往年度並無就資產確認減值虧損而應已釐定之賬面值（扣除任何折舊／攤銷）。撥回減值虧損於其產生期間計入收益表。

##### 物業、廠房及設備以及折舊

物業、廠房及設備（在建工程除外）按成本或估值扣除累積折舊及任何減值虧損入賬。物業、廠房及設備項目成本包括購買價及將該資產達至操作狀況及地點作擬定用途之任何直接應佔費用。物業、廠房及設備項目投入運作後之支出（如維修及保養費用），一般於產生期間自收益表扣除。倘能明確顯示該等支出可增加日後使用該物業、廠房及設備項目預期可獲取之經濟效益，及倘項目成本能可靠計量，則該等支出會撥作資本，列為該資產之額外成本或列為替代項目。

本集團已就按估值列賬之若干物業採納香港會計師公會頒佈之香港會計準則第16號「物業、廠房及設備」第80A段所載過渡條文。因此，該等按於截至一九九五年六月三十日止年度財務報表反映之重估為基準計算之重估金額列賬之資產，並無於結算日按類別重估。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****物業、廠房及設備以及折舊 (續)**

折舊乃按物業、廠房及設備項目之估計可使用年期以直線法撇銷成本或估值至其剩餘價值計算。所採用之基本折舊年率載列如下：

	本公司及附屬公司	共同控制公司
樓宇	4%	不適用
租賃物業裝修	8.33% – 33.33%	4.78% – 20%
機器及裝置	10% – 33.33%	6.50% – 50%
傢具及設備	10% – 33.33%	6.67% – 20%
汽車	20%	20%
空調系統	20%	不適用

若物業、廠房及設備任何部分之可使用年期不同，則該項目成本或估值將合理分配至各部分，而各部分將個別折舊。

剩餘價值、可使用年期及折舊方法將於各結算日檢討及作出適當調整(如適用)。

物業、廠房及設備項目於出售時或預期日後使用或出售該項目不會產生經濟利益時剔除確認。於資產剔除確認之年度在收益表確認之出售或廢棄損益，為出售所得款項淨額與有關資產賬面值間之差額。出售或廢棄時，早前並無於保留溢利或累計虧損處理之應佔重估盈餘直接轉撥往保留溢利或累計虧損。

在建工程指興建中之資產，按成本值減任何減值虧損列賬，且不予折舊。成本包括於動工期間之直接建造成本。在建工程於落成及可供使用時重新分類為適當類別之物業、廠房及設備。

**會籍**

會籍按成本扣除任何減值虧損入賬。成本包括與購入會籍直接有關之費用及開支。

**商標**

具無限可使用年期之商標乃按成本扣除任何減值虧損入賬。



財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 金融資產 (適用於截至二零零六年六月三十日止年度)

屬香港會計準則第39號範圍內之金融資產分類為按公平值計入損益之金融資產或貸款及應收款項 (按適用情況而定)。於初步確認金融資產時，乃按公平值計量，倘並非按公平值計入損益之金融資產，則加上直接應佔交易成本。本集團於初步確認後決定其金融資產之分類，倘允許及合適，會於結算日重新評估該分類。

所有一般方式進行之金融資產買賣均於交易日期確認，即本集團承諾購買資產當日。一般方式之買賣指須於一般按規則或市場慣例訂定之期間內付運資產之金融資產買賣。

##### 貸款及應收款項

貸款及應收款項為並無於活躍市場報價而具有固定或待定期款項之非衍生金融資產。此等資產採用實際利率法，按攤銷成本入賬。收益及虧損於貸款及應收款項剔除確認或減值時在收益表確認及攤銷。

##### 金融資產減值 (適用於截至二零零六年六月三十日止年度)

本集團於各結算日評估是否有任何客觀證據顯示金融資產或一組金融資產出現減值。

##### 按攤銷成本列賬之資產

倘有客觀證據顯示按攤銷成本列賬之貸款及應收款項出現減值虧損，則虧損金額按資產之賬面值與估計日後現金流量現值 (不包括未出現之日後信貸虧損) 之差額計量，並以金融資產之原定實際利率，即初步確認時計算之實際利率貼現。資產之賬面值直接或透過撥備賬減少。減值虧損金額於收益表確認。

本集團首先評估是否有客觀證據顯示個別屬重大之金融資產個別出現減值，及個別並不重大之金融資產整體出現減值。倘並無客觀證據顯示個別評估金融資產存在減值，則不論重大與否，該資產會列入具類似信貸風險特質之金融資產組別內，而該組別會整體評估減值。個別評估減值且減值虧損現時及將繼續確認之資產，不會計入減值之整體評估內。

倘其後減值虧損金額減少，而該減幅可客觀地與確認減值後發生之事件相關，則會撥回早前確認之減值虧損。其後撥回之減值虧損於收益表確認，惟以資產賬面值不超逾其於撥回日期之攤銷成本為限。

財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 剔除確認金融資產 (適用於截至二零零六年六月三十日止年度)

金融資產或 (倘適用) 金融資產其中部分或任何一組類似金融資產其中部分, 於下列情況剔除確認:

- 自資產獲取現金流量之權利屆滿;
- 本集團保留自資產獲取現金流量之權利, 惟根據「經手」安排有責任盡快向第三方全數支付有關現金流量; 或
- 本集團已轉讓其自資產獲取現金流量之權利, 且(a)已轉讓有關資產絕大部分風險及回報; 或(b)並無轉讓或保留有關資產絕大部分風險及回報, 惟已轉讓有關資產之控制權。

倘本集團已轉讓其自資產獲取現金流量之權利, 且並無轉讓或保留有關資產絕大部分風險及回報或轉讓該資產之控制權, 則會按本集團繼續涉及該資產之程度確認該項資產。倘以就經轉讓資產作擔保方式繼續涉及有關資產, 乃按該項資產之原來賬面值及本集團可能須支付之最高代價之較低者計量。

##### 計息貸款及借貸

所有貸款及借貸初步以所收取代價之公平值減直接應佔交易成本確認。

於首次確認後, 計息貸款及借貸其後以實際利率法按攤銷成本計量。

損益會於負債剔除確認時於收益表確認及攤銷。

##### 可換股票據

具負債性質之可換股票據部分於資產負債表經扣除交易成本後確認為負債。發行可換股票據時, 負債部分之公平值乃以同等非可換股票據之市場利率釐定, 該金額按攤銷成本基準入賬列作長期負債, 直至於兌換或贖回時償還為止。所得款項餘額經扣除交易成本後為換股權之價值, 並確認於股東權益內。換股權之賬面值不會於往後年度重新計量。

交易成本按於首次確認工具時分配所得款項至負債及股本部分為基準, 分配為可換股票據負債及股本部分。

財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 剔除確認金融負債 (適用於截至二零零六年六月三十日止年度)

金融負債於負債項下責任獲履行或取消或屆滿時剔除確認。

倘一項現有金融負債，以同一放款人按大部分不同之條款作出之負債取代，或現有負債條款經大幅修訂，則有關交換或修訂被視作剔除確認原有負債及確認新負債處理，而相關賬面值之差額則於收益表確認。

##### 存貨

存貨乃為陳舊或滯銷貨品作出適當撥備後，按成本與可變現淨值兩者中之較低者入賬。成本以先入先出法計算，其中包括所有採購成本、加工成本、令存貨達致現時狀況之其他成本及運輸成本。可變現淨值乃根據估計售價減任何預計就完成及出售所涉及之其他費用。

##### 電影版權及攤銷

###### (i) 電影版權

電影版權為電影及電視劇集，乃按成本扣除累積攤銷及任何減值虧損列賬。

攤銷乃按年內所賺取實際收入與出售電影版權之估計總收入之比例計算而撥入收益表。倘出現減值情況，則尚未攤銷之餘額將撇銷至其估計可收回數額。

###### (ii) 製作中電影

製作中電影乃按成本扣除任何減值虧損入賬。成本包括所有與製作電影或電視劇集有關之直接成本。當其成本高於估計日後自該等電影或電視劇集產生之收益時，則作出減值虧損。當製作完成時，該成本轉撥往電影版權。

##### 關連人士

下列人士將被視作與本集團有關連：

- (a) 直接或間接透過一或多個中介實體：
  - (i) 控制本集團或受本集團控制或與本集團共同受另一方控制；
  - (ii) 擁有對本集團有重大影響力之本集團權益；或
  - (iii) 共同控制本集團之人士；
- (b) 聯繫人士；
- (c) 共同控制公司；
- (d) 本集團之主要管理人員；

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****關連人士 (續)**

- (e) (a)或(d)所述任何個別人士之近親;
- (f) (d)或(e)所述任何個別人士直接或間接控制、共同控制或可行使重大影響力或持有大部分投票權之公司;或
- (g) 本集團或屬本集團有關連人士之公司之僱員而設立之退休福利計劃。

**所得稅**

所得稅包括本期間稅項及遞延稅項。所得稅於收益表確認，或倘某項目曾於相同或不同期間在權益中直接確認，該有關所得稅則在權益中確認。

本期間及過往期間之即期稅項資產及負債按預期自稅務機關收回或付予稅務機關之金額計算。

遞延稅項就於結算日資產與負債之稅基及其於財務報告中之賬面值兩者間之所有暫時差異以負債法撥備。

遞延稅項負債乃就所有應課稅暫時差異確認，惟：

- 初次確認交易(並非業務合併)資產或負債時產生而並無對會計溢利或應課稅溢利或虧損構成影響之遞延稅項負債除外;及
- 就於附屬公司、共同控制公司及聯營公司之投資產生之應課稅暫時差異而言，本集團可以控制暫時差異之撥回時間及暫時差異有可能不會於可預見未來撥回除外。

遞延稅項資產就所有可扣減暫時差異及未被動用稅項抵免與未動用稅項虧損之結轉確認，惟僅以有可能以應課稅溢利抵銷可扣減暫時差異及可動用結轉未被動用稅項抵免及稅項虧損為限，惟：

- 初次確認交易(並非業務合併)資產或負債時產生而並無對會計溢利或應課稅溢利或虧損構成影響之有關可扣減暫時差異之遞延稅項資產除外;及
- 就於附屬公司、共同控制公司及聯營公司之投資產生之可扣減暫時差異而言，遞延稅項資產僅以暫時差異有可能於可預見未來撥回及可動用應課稅溢利以抵銷暫時差異為限確認除外。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****所得稅 (續)**

遞延稅項資產之賬面值於每個結算日檢討，並扣減至不再可能有足夠應課稅溢利讓所有或部分遞延稅項資產被動用為止。相反，以往未確認之遞延稅項資產在可能具足夠應課稅溢利讓所有或部分遞延稅項資產被動用時確認。

遞延稅項資產與負債以資產被變現或負債清還之期間之預期適用稅率，按於結算日已制定或實際已制定之稅率及稅務法例計算。

倘存在容許以即期稅項資產抵銷即期稅項負債之可合法執行權利，且遞延稅項與同一應課稅公司及同一稅務機關有關，則抵銷遞延稅項資產與遞延稅項負債。

**外幣**

此等財務報表以本公司之功能及呈列貨幣港元呈列。本集團旗下各公司自行決定其個別功能貨幣，而列入各公司財務報表之項目乃按該功能貨幣計算。外幣交易按交易日期之功能貨幣匯率記錄。以外幣列值之貨幣資產及負債按結算日之功能貨幣匯率重新換算。所有差額計入收益表。按外幣過往成本計算之非貨幣項目乃按初步交易日期之匯率換算。以外幣按公平值計算之非貨幣項目則按釐定公平值當日之匯率換算。

若干香港境外附屬公司、共同控制公司及聯營公司以港元以外貨幣為功能貨幣。於結算日，此等公司之資產及負債按結算日之匯率換算作本公司之呈列貨幣，收益表則按年內加權平均匯率換算為港元。所產生匯兌差額會計入匯兌波動儲備。出售香港境外公司時，於權益內確認之特定海外業務相關之遞延累計金額將於收益表確認。

就綜合現金流量表而言，香港境外附屬公司及共同控制公司之現金流量乃按產生現金流量日期之匯率換算為港元。香港境外附屬公司及共同控制公司整年頻繁產生之經常現金流量乃按該年度之加權平均匯率換算為港元。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****租賃**

除法定所有權外，凡資產擁有權所附帶之絕大部分風險及回報轉讓予本集團之租賃，均列為融資租賃。於開始訂立融資租賃時租賃資產成本按最低租賃付款撥作資本，並連同其承擔記錄，以反映相關購買及融資，惟不包括利息部分。按經撥充資本之融資租賃持有之資產計入物業、廠房及設備，並按彼等之租期或估計可使用年期兩者中之較短者予以折舊。該等租賃之財務費用於收益表中扣除，以制定租賃期之固定支銷率。

凡資產擁有權所附帶之絕大部分風險及回報屬出租人所有之租賃，均列為經營租賃。倘本集團為出租人，本集團根據有關經營租賃持有之資產列入非流動資產，而經營租賃項下之應收租金按租賃年期以直線法計入收益表。倘本集團為承租人，經營租賃項下之應付租金須按租賃年期以直線法在收益表中扣除。

列作經營租賃之預付土地租賃款項以最初成本列賬，其後按租賃年期以直線法沖銷。

**僱員福利***以股份為基礎付款之交易*

本公司設有購股權計劃，旨在向對本集團業務成功有所貢獻之合資格參與人士提供獎勵及報酬。本集團僱員（包括董事）按以股份為基礎付款之交易之形式收取薪酬，而僱員則提供服務作為股本工具之代價（股本結算交易）。

與僱員進行股本結算交易成本乃參考授出日期之公平值計量。公平值採用柏力克－舒爾斯期權定價模式（「柏力克－舒爾斯模式」）計量，進一步詳情載於附註30。評估股本結算交易之價值時，毋須計及任何表現條件，惟與本公司股價掛鈎（如適用）之條件（「市場條件」）除外。

股本結算交易之成本連同權益之相應增加在達成表現及／或服務條件期間內確認，直至有關僱員完全有權獲取有關獎賞日期（「歸屬日期」）為止。累計開支於各結算日就股本結算交易確認，直至歸屬期為止，以反映歸屬期已屆滿及本集團將最終歸屬之股本工具數目之最佳估計。該期間內扣自或計入收益表之金額指於期初及期終確認之累計開支。

最終不會歸屬之獎賞不予確認開支，除歸屬須符合市場條件之獎賞外，不論是否符合市場條件，該等獎賞約已達成所有其他表現條件會被視作歸屬處理。

倘修訂股本結算獎賞條款，會確認最低開支，猶如有關條款並無經修訂。此外，會就增加股份為基礎付款安排公平總值，或對僱員有利之任何修訂確認於修訂日期計算之開支。

財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 僱員福利 (續)

###### 以股份為基礎付款之交易 (續)

倘註銷股本結算獎賞，會以該獎賞已於註銷日期歸屬之假設處理，並即時確認任何未就該獎賞確認之開支。然而，倘以新獎賞代替已註銷獎賞，並於授出日期指定為替代獎賞，則如上一段所述，經註銷及新獎賞以原有獎賞已修訂之假設處理。

本集團已採納香港財務報告準則第2號有關股本結算獎賞之過渡條文，並僅於二零零二年十一月七日後授出但於二零零五年七月一日尚未歸屬及於二零零五年七月一日或之後授出之股本結算獎賞應用香港財務報告準則第2號。

###### 可結轉有薪假期

本集團根據僱員之僱用合約以每個曆年為基準提供有薪年假。於若干情況下，於結算日各僱員尚未提取之有薪假期可轉撥至下年度使用。於結算日，本集團已就本年度該等僱員可賺取及結轉之有薪假期之預期未來開支計算應計款項。

###### 僱傭條例長期服務金

本集團若干僱員為本集團服務之年數已符合香港僱傭條例（「僱傭條例」）規定有關於終止僱用時合資格領取長期服務金所需之服務年期。本集團須按向於僱傭條例中所訂明特定情況向該等被終止僱用之僱員支付該筆款項。

有關預期可能支付之未來長期服務金已作撥備。此撥備乃根據僱員截至結算日就服務本集團所賺取長期服務金之最佳估計提撥。

###### 退休福利計劃

本集團根據強制性公積金計劃條例為合資格參與定額供款退休福利計劃（「該計劃」）之僱員營辦該計劃。該計劃供款乃按僱員基本薪金之百分比計算，並於根據該計劃規則應付時在收益表扣除。本集團所作之僱主供款已於向該計劃供款時完全及即時歸於僱員。該計劃之資產與本集團資產分開由獨立管理基金持有。

本集團於中國內地之附屬公司僱員均為中國內地政府營辦之國家保薦退休計劃（「國家退休計劃」）之成員。為國家退休計劃作出之供款乃按僱員基本薪金之百分比計算，並於根據國家退休計劃規定應付時在收益表扣除。

## 財務報表附註

二零零六年六月三十日

**4. 主要會計政策概要 (續)****現金及現金等值項目**

就綜合現金流量表而言，現金及現金等值項目指庫存現金、活期存款及短期並流通性高之投資，另扣除按要求償還之銀行透支，並構成本集團現金管理之整體部分。該等投資可隨時兌換為可知數額之現金、無重大價值變動風險，且於購入時起計不超過三個月之較短到期日。

就資產負債表而言，現金及銀行結存指庫存現金及銀行存款，包括用途無限制之無抵押定期存款。

**撥備**

當有過往事件導致現時承擔法定或推定責任，且日後可能會流出資源以履行承擔，並能可靠估計所承擔之數額，則確認撥備。

倘若貼現影響重大，則所確認之撥備數額為預計履行承擔所需之未來開支於結算日之現值。因時間推移而增加之折現價值，須列入收益表之財務費用內。

長期服務金撥備乃根據監管退休支出之有關勞工法例及規例提撥，並經董事每年檢討及於適當時作出調整。

**收益確認**

本集團於可能獲得經濟利益而該等收益亦能可靠計算時按下列基準確認收益：

- (a) 電影版權收入、戲院廣告收入及影碟發行收入按應計基準確認；
- (b) 電影發行佣金收入、電影菲林沖印服務收入、廣告代理費用收入、製作監控收入及顧問服務收入於有關服務完成時確認；
- (c) 票房總收入於電影已向購票人放映時確認；
- (d) 小食及鐳射影碟銷售之收入於小食及視聽產品給予客戶時確認；
- (e) 租金收入，於出租物業期間就租期以直線方式確認；
- (f) 利息收入採用估計日後收取現金之貼現率，以實際利率法按應計基準，按金融工具預計年期計入金融資產之賬面淨值確認；及
- (g) 股息按股東收取款項之權利確立時確認。



財務報表附註

二零零六年六月三十日

#### 4. 主要會計政策概要 (續)

##### 估計不確定因素

##### 應收賬款及其他應收款項之減值撥備

應收賬款及其他應收款項之減值撥備於評估應收賬款及其他應收款項可收回情況時作出。管理層須於識別減值撥備時作出判斷及估計。倘實際結果或日後預期有別於原來估計，則有關差異將對應收款項之賬面值或於有關估計出現變動期間內之撥回造成影響。

#### 5. 分部資料

分部資料以分部格式呈列：(i)按業務分部為主要呈報方式；及(ii)按地區分部則為次要呈報方式。

本集團之經營業務乃根據各經營性質及其提供之產品與服務獨立成立及管理。本集團內各業務分部代表不同業務策略單位，各自提供不同風險及不同回報之產品及服務。各業務分部摘要如下：

- (a) 電影及影碟發行分部從事全球性電影及與電影及電視節目相關之視聽產品發行；
- (b) 戲院經營分部於香港、馬來西亞、新加坡、台灣及中國內地從事戲院經營業務；及
- (c) 其他業務分部包括提供電影菲林沖印之電影沖印業務及銷售音樂唱片，以及電影及電視劇集製作。

為釐定本集團之地區分部，收益乃按該業務之客戶所屬地列入各地區，而資產則以其所在地撥入不同分部。

分部間之銷售及轉讓乃參照銷售予第三方之售價及現行市價進行交易。

## 財務報表附註

二零零六年六月三十日

## 5. 分部資料 (續)

## (a) 業務分部

下表呈列本集團按業務分部劃分之收益、溢利／(虧損)、若干資產、負債及支出資料。

	電影及 影碟發行		戲院經營		其他		抵銷		綜合	
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(經重列)		(經重列)				(經重列)
分部收益:										
銷售予外部客戶	46,039	52,508	451,374	211,198	14,872	12,880	—	—	512,285	276,586
分部間之收益	1,634	3,427	—	—	278	294	(1,912)	(3,721)	—	—
其他收益	2,324	1,583	31,249	13,924	998	910	(678)	(884)	33,893	15,533
總計	49,997	57,518	482,623	225,122	16,148	14,084	(2,590)	(4,605)	546,178	292,119
分部業績	(5,221)	(13,657)	(10,468)	(51,679)	(995)	(7,252)	—	—	(16,684)	(72,588)
利息收入及未分配收益									7,943	1,905
確認負商譽	—	—	—	43,032	—	—	—	—	—	43,032
財務費用									(7,450)	(3,101)
所佔聯營公司損益	2,554	999	21,589	19,222	—	—	—	—	24,143	20,221
除稅前溢利／(虧損)									7,952	(10,531)
稅項									(2,737)	(2,399)
本年度溢利／(虧損)									5,215	(12,930)

財務報表附註  
二零零六年六月三十日

5. 分部資料 (續)

(a) 業務分部 (續)  
本集團

	電影及 影碟發行		戲院經營		其他		抵銷		綜合	
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元 (經重列)	千港元	千港元 (經重列)	千港元	千港元	千港元	千港元 (經重列)
分部資產	40,159	54,977	430,700	450,586	7,233	9,654	-	-	478,092	515,217
於聯營公司之權益	355	66	195,547	159,308	-	-	-	-	195,902	159,374
商標									79,421	79,421
未分配資產									17,507	16,422
總資產									770,922	770,434
分部負債	27,107	35,791	150,521	173,481	3,066	7,236	-	-	180,694	216,508
未分配負債									169,362	144,793
總負債									350,056	361,301
其他分部資料:										
折舊	283	215	39,153	23,247	210	534	-	-	39,646	23,996
未分配數額									1,238	1,297
									40,884	25,293
預付土地租賃款項攤銷	-	-	-	-	18	18	-	-	18	18
電影版權攤銷	8,577	13,498	-	-	-	-	-	-	8,577	13,498
應收賬款及其他應收款項 減值撥備/ (撥回撥備)淨額	(422)	3	8	427	(285)	(19)	-	-	(699)	411
會籍減值撥備	-	-	-	-	270	-	-	-	270	-
資本支出 未分配數額	714	125	52,101	50,416	4	-	-	-	52,819	50,541
									2,426	1,774
									55,245	52,315

## 財務報表附註

二零零六年六月三十日

## 5. 分部資料(續)

## (b) 地區分部

下表呈列本集團按地區分部劃分之收入、若干資產及支出。

## 本集團

	香港		中國內地		台灣		馬來西亞		亞洲其他地區		其他地區		抵銷		綜合	
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
					(經重列)	(經重列)	(經重列)	(經重列)								(經重列)
分部收益:																
銷售予外部客戶	177,589	184,783	43,538	14,810	215,795	51,331	74,831	24,842	1,355	3,825	1,089	716	(1,912)	(3,721)	512,285	276,586
其他分部資料:																
分部資產	122,192	143,193	44,995	38,484	233,615	276,129	94,464	73,107	249	469	84	257	-	-	495,599	531,639
於聯營公司之權益															195,902	159,374
商標															79,421	79,421
															770,922	770,434
資本支出	8,463	20,565	2,919	30,800	14,222	506	29,641	444	-	-	-	-	-	-	55,245	52,315

## 6. 收益

收益亦為本集團營業額，指出售電影、影碟及電視版權、電影發行及戲院經營所得款項，亦包括廣告代理收入、提供電影菲林沖印服務之發票值、製作監控服務及顧問服務收入以及出售視聽產品之收益。

## 財務報表附註

二零零六年六月三十日

## 7. 除稅前溢利／(虧損)

本集團之除稅前溢利／(虧損)已扣除／(計入)下列項目：

	二零零六年 千港元	二零零五年 千港元 (經重列)
存貨銷售成本	6,631	5,733
服務提供成本*	216,825	119,118
電影版權攤銷**	8,577	13,498
預付土地租賃款項攤銷	18	18
核數師酬金	2,131	1,834
折舊	40,884	25,293
出售物業、廠房及設備項目之虧損	346	3,577
有關土地及樓宇之經營租賃支出：		
最低租賃支出	107,098	56,994
或然租金	14,475	4,485
	121,573	61,479
員工支出，不包括董事酬金(見附註34)		
工資、薪金及員工福利***	69,420	50,452
退休金供款	2,802	1,668
	72,222	52,120
會籍減值撥備	270	—
長期服務金撥備／(撥回撥備)淨額	432	(139)
壞賬撇銷	24	—
匯兌(收益)／虧損淨額	(1,176)	146
於結算日換算對海外共同控制公司及 聯營公司款項以及其他以外幣為單位之 貨幣資產與負債所產生匯兌收益	(3,298)	(321)
應收賬款及其他應收款項減值撥備／(撥回撥備)淨額	(699)	411
銀行存款之利息收入	(785)	(217)
租金收入	(20,795)	(5,532)
減：支出	14,374	4,580
	(6,421)	(952)

\* 服務提供成本中包括約2,853,000港元(二零零五年：2,890,000港元)為員工支出，此款項亦包括在上文披露之金額中。

\*\* 本年度之電影版權攤銷已納入綜合收益表所披露之「銷售成本」內。

\*\*\* 結餘亦包括以上披露之「長期服務金撥備／(撥回撥備)淨額」款額。

## 財務報表附註

二零零六年六月三十日

## 8. 財務費用

	二零零六年 千港元	二零零五年 千港元 (經重列)
須於五年內全數償還之銀行貸款利息	6,848	2,446
銀行貸款安排費用	47	399
應付賬款利息	319	178
可換股票據利息	143	—
融資租賃利息	93	78
	<b>7,450</b>	3,101

## 9. 稅項

香港利得稅乃根據年度內於香港賺取之估計應課稅溢利按稅率17.5% (二零零五年: 17.5%) 撥備。香港境外應課稅溢利稅項則按本集團業務所在國家之適用稅率, 根據當地現行法例、有關之詮釋及慣例計算。

	二零零六年 千港元	二零零五年 千港元 (經重列)
本集團:		
香港	(62)	182
其他地區	(1,145)	21
	<b>(1,207)</b>	203
共同控制公司:		
本年度稅項支出—其他地區	2,545	2,281
遞延稅項—其他地區	1,399	(85)
	<b>3,944</b>	2,196
本年度稅項支出總額	<b>2,737</b>	2,399

在財務報表獲批准之日, 本集團旗下之附屬公司與香港稅務局(「稅務局」)就若干稅項出現持續爭議。該稅項涉及一九九五/一九九六及一九九六/一九九七課稅年度內某些申報為毋須課稅之非香港來源收入。該附屬公司現正就稅務局之課稅提出抗辯, 而截至本財務報表獲批准之日, 董事認為已就該方面作出足夠稅項撥備。

## 財務報表附註

二零零六年六月三十日

## 9. 稅項 (續)

按本公司、其附屬公司及共同控制公司所在國家之法定稅率17.5%至33%計算之除稅前溢利／(虧損)之稅項開支與按實際稅率計算之稅項開支之對賬如下：

## 本集團

	二零零六年 千港元	二零零五年 千港元 (經重列)
除稅前溢利／(虧損)	7,952	(10,531)
按法定稅率計算之稅項	1,392	(1,843)
特定省份或地方部門之較高稅率	5,287	4,700
就過往期間之即期稅項作出調整	(3,675)	182
應佔聯營公司損益	(10,067)	(9,852)
毋須課稅之收入	(3,685)	(9,212)
不可扣稅之開支	3,971	5,992
未確認之暫時差額	319	(54)
未確認之稅項虧損	10,077	13,008
過往期間稅項虧損沖減	(882)	(522)
按本集團實際稅率計算之稅項支出	2,737	2,399

聯營公司應佔稅項10,067,000港元(二零零五年: 9,852,000港元)已計入綜合收益表「所佔聯營公司損益」內。

## 10. 本公司股權持有人應佔虧損淨額

於本公司財務報表處理之年內本公司股權持有人應佔虧損淨額為1,275,000港元(二零零五年: 14,009,000港元(經重列)(附註31(b)))。

## 11. 本公司普通股權持有人應佔每股盈利／(虧損)

每股基本盈利／(虧損)乃按本公司普通股權持有人應佔本年度純利5,215,000港元(二零零五年: 虧損淨額12,930,000港元(經重列))及本年度內已發行股份1,330,309,375股(二零零五年: 加權平均數1,140,535,574股)計算。

由於本公司已授出尚未行使購股權之行使價較本公司普通股於年度內平均市價為高，故購股權並無攤薄影響，加上於本年度年結時尚未行使之可換股票據亦無攤薄效應，因此並無披露本年度及上年度之每股攤薄盈利／(虧損)。

## 財務報表附註

二零零六年六月三十日

12. 物業、廠房及設備  
本集團

	樓宇 千港元	租賃 物業裝修 千港元	機器 及裝置 千港元	傢具 及設備 千港元	汽車 千港元	空調系統 千港元	在建工程 千港元	總額 千港元
成本或估值:								
於二零零四年七月一日								
— 如前呈報	9,300	68,691	29,352	18,236	3,055	588	—	129,222
— 採納以下各項之影響:								
— 香港會計準則第17號	(4,744)	—	—	—	—	—	—	(4,744)
— 經重列	4,556	68,691	29,352	18,236	3,055	588	—	124,478
收購共同控制公司(經重列)	—	147,003	36,057	16,213	—	—	521	199,794
增添(經重列)	—	28,999	15,816	7,279	—	—	221	52,315
出售	—	(2,224)	(6,471)	(6,220)	—	(53)	—	(14,968)
匯兌調整(經重列)	—	(1,475)	(38)	(230)	18	—	1	(1,724)
於二零零五年六月三十日	4,556	240,994	74,716	35,278	3,073	535	743	359,895
於二零零五年七月一日								
— 如前呈報	9,300	95,307	38,172	19,267	3,073	535	—	165,654
— 採納以下各項之影響:								
— 香港會計準則第17號	(4,744)	—	—	—	—	—	—	(4,744)
— 香港會計準則第31號	—	145,687	36,544	16,011	—	—	743	198,985
— 經重列	4,556	240,994	74,716	35,278	3,073	535	743	359,895
增添	—	21,467	18,964	9,469	2,583	—	2,762	55,245
出售	—	(904)	(3,409)	(4,434)	(2,712)	—	—	(11,459)
匯兌調整	—	(1,120)	1,437	(3,864)	87	—	36	(3,424)
於二零零六年六月三十日	4,556	260,437	91,708	36,449	3,031	535	3,541	400,257



## 財務報表附註

二零零六年六月三十日

## 12. 物業、廠房及設備 (續)

## 本集團 (續)

	樓宇 千港元	租賃 物業裝修 千港元	機器 及裝置 千港元	傢具 及設備 千港元	汽車 千港元	空調系統 千港元	在建工程 千港元	總額 千港元
累計折舊:								
於二零零四年七月一日								
— 如前呈報	3,365	38,654	18,106	11,268	1,496	580	—	73,469
— 採納以下各項之影響:								
— 香港會計準則第17號	(1,581)	—	—	—	—	—	—	(1,581)
— 經重列	1,784	38,654	18,106	11,268	1,496	580	—	71,888
收購共同控制公司 (經重列)	—	19,727	17,829	—	—	—	—	37,556
本年度撥備 (經重列)	182	12,792	6,081	5,617	617	4	—	25,293
出售	—	(2,102)	(4,660)	(4,563)	—	(49)	—	(11,374)
匯兌調整	—	113	53	119	11	—	—	296
於二零零五年六月三十日	1,966	69,184	37,409	12,441	2,124	535	—	123,659
於二零零五年七月一日								
— 如前呈報	3,723	45,573	17,666	9,443	2,124	535	—	79,064
— 採納以下各項之影響:								
— 香港會計準則第17號	(1,757)	—	—	—	—	—	—	(1,757)
— 香港會計準則第31號	—	23,611	19,743	2,998	—	—	—	46,352
— 經重列	1,966	69,184	37,409	12,441	2,124	535	—	123,659
本年度撥備	182	20,135	9,923	10,055	589	—	—	40,884
出售	—	(31)	(3,210)	(4,425)	(2,180)	—	—	(9,846)
匯兌調整	—	34	854	(2,209)	82	—	—	(1,239)
於二零零六年六月三十日	2,148	89,322	44,976	15,862	615	535	—	153,458
賬面淨值:								
於二零零六年六月三十日	2,408	171,115	46,732	20,587	2,416	—	3,541	246,799
於二零零五年六月三十日 (經重列)	2,590	171,810	37,307	22,837	949	—	743	236,236

## 財務報表附註

二零零六年六月三十日

## 12. 物業、廠房及設備 (續)

## 本集團 (續)

	樓宇 千港元	租賃 物業裝修 千港元	機器 及裝置 千港元	傢俱 及設備 千港元	汽車 千港元	空調系統 千港元	在建工程 千港元	總額 千港元
成本或估值分析:								
於二零零六年六月三十日:								
按成本值	—	260,437	91,708	36,449	3,031	535	3,541	395,701
按估值	4,556	—	—	—	—	—	—	4,556
	4,556	260,437	91,708	36,449	3,031	535	3,541	400,257
於二零零五年六月三十日:								
按成本值	—	240,994	74,716	35,278	3,073	535	743	355,339
按估值	4,556	—	—	—	—	—	—	4,556
	4,556	240,994	74,716	35,278	3,073	535	743	359,895

租賃土地及樓宇均位於香港，並根據長期租賃持有。

本集團於二零零六年六月三十日之機器及裝置以及汽車總值包括以融資租賃持有之物業、廠房及設備賬面淨值，分別為4,000港元(二零零五年:26,000港元)及1,885,000港元(二零零五年:794,000港元)。

長期租賃樓宇由獨立專業測量師梁振英測量師行於一九九四年九月三十日按假設交吉出售之公開市值重新估值為4,556,000港元。因重估產生之盈餘已撥入重估儲備賬內。本集團已採納香港會計準則第16號第80A段之過渡條文規定，毋須定期再就其已重估資產進行估值。

倘本集團之租賃樓宇均按成本扣除累計折舊及任何減值虧損入賬，則財務報表將無餘款(二零零五年:無(經重列))。

於二零零六年六月三十日，本集團賬面淨值分別約為9,028,000港元及2,408,000港元之若干位於中國內地之物業、廠房及設備及一項位於香港之物業，已就授予本集團之銀行貸款及透支融資抵押予銀行(附註23)。

財務報表附註

二零零六年六月三十日

## 13. 於附屬公司之權益

	本公司	
	二零零六年 千港元	二零零五年 千港元
非上市股份·按成本	167,647	167,647
應收附屬公司款項	864,648	845,585
減值撥備	1,032,295 (601,870)	1,013,232 (601,870)
	430,425	411,362

與附屬公司間之結餘為無抵押、免息及預期毋須於未來十二個月內償還。

主要附屬公司之詳情如下：

公司名稱	註冊成立及 主要營業地點	已發行及 已繳足股份/ 註冊股本	本公司應佔 股本百分比	主要業務
天工彩色印有限公司	香港	普通股 2,500港元 遞延股份* 997,500港元	100	電影菲林沖印
City Entertainment Corporation Limited	香港	普通股 2港元	100	經營戲院
康運影業有限公司	香港	普通股 31,610,000港元	100	經營戲院
嘉樂影片發行有限公司	香港	普通股 49,990,000港元 遞延股份* 10,000港元	100	電影發行
Global Entertainment and Management Systems Sdn. Bhd.	馬來西亞	普通股 300,000 馬幣	100	投資控股
Golden Harvest Cinemas Holding Limited	英屬處女 群島	普通股 1美元	100	投資控股

## 財務報表附註

二零零六年六月三十日

## 13. 於附屬公司之權益 (續)

公司名稱	註冊成立及 主要營業地點	已發行及 已繳足股份/ 註冊股本	本公司應佔 股本百分比	主要業務
嘉禾娛樂事業有限公司	香港	普通股 100港元 遞延股份* 114,000,000港元	100	投資控股
Golden Harvest Entertainment International Limited	英屬處女 群島	普通股 1,000美元	100	投資控股
Golden Harvest Films Distribution Holding Limited	英屬處女 群島	普通股 1美元	100	投資控股
嘉禾(商標)有限公司	英屬處女 群島	普通股 1美元	100	持有商標
深圳嘉禾影城有限公司**	中國/ 中國內地	註冊股本 人民幣 10,000,000元	100	經營戲院
Golden Screen Limited	香港	普通股 8,750,000港元	100	投資控股
Golden Sky Pacific Limited	香港	普通股 2港元	100	投資控股
泛亞影業有限公司	香港	普通股 2,600,000港元	100	電影及相關之 影視產品發行以 及擔任廣告代理

財務報表附註

二零零六年六月三十日

## 13. 於附屬公司之權益 (續)

公司名稱	註冊成立及 主要營業地點	已發行及 已繳足股份/ 註冊股本	本公司應佔 股本百分比	主要業務
Real Merry Limited	香港	普通股 16,831,002港元	100	經營戲院
上海嘉禾影視娛樂管理 諮詢有限公司***	中國/ 中國內地	註冊股本 500,000美元	90	電影發行
Splendid Ventures Limited	香港	普通股 2港元	100	經營戲院
金豐聯亞洲有限公司	香港	普通股 2港元	100	為集團公司 提供資金

除Golden Harvest Entertainment International Limited外，上述附屬公司全部由本公司間接持有。

\* 嘉禾娛樂事業有限公司之遞延股份無權享有股息，惟在退回超逾1,000,000,000,000港元之資本後有權收取一半盈餘。除上述外，全部其他遞延股份均附有權利，於有關公司之可供分派純利超逾1,000,000,000港元時有權收取任何有關財政年度之股息，並於退回超逾500,000,000,000港元之資本後有權收取一半盈餘。遞延股份概不附帶在股東大會上投票之權利。

\*\* 深圳嘉禾影城有限公司為中國法例下之外商獨資企業。

\*\*\* 上海嘉禾影視娛樂管理諮詢有限公司為中國法例下之中外合資企業。

上表載列董事認為主要影響本集團於本年度之業績或構成大部分資產淨值之本公司附屬公司。董事認為，呈列其他附屬公司之資料會使篇幅過於冗長。

## 財務報表附註

二零零六年六月三十日

**14. 於共同控制公司之權益**

於共同控制公司之結餘為無抵押、免息及預期毋須於未來十二個月內償還，惟應收一間共同控制公司款項14,400,000港元(二零零五年: 18,000,000港元)預期須於未來十二個月償還，並分類為流動資產除外。與共同控制公司之結餘賬面值與其公平值相若。

共同控制公司之詳情如下:

公司名稱	註冊成立及 主要營業地點	所佔百分比			主要業務
		擁有權權益	表決權	溢利攤分	
TGV Cinemas Sdn. Bhd. (「TGV」) <sup>#</sup>	馬來西亞	50	50	50	經營戲院
華納威秀電影公司(「華納威秀」) <sup>*</sup>	台灣	40	40	40	經營戲院及 娛樂業務

<sup>#</sup> 並非由安永香港或其他安永國際成員公司審核。

<sup>\*</sup> 結算日後，華納威秀更名為威秀影城股份有限公司。

上述所有於共同控制公司之投資由本公司間接持有。

下表顯示本集團共同控制公司之財務資料概要:

所佔共同控制公司資產及負債:

	本集團	
	二零零六年 千港元	二零零五年 千港元
流動資產	45,934	67,243
非流動資產	223,610	202,255
流動負債	(63,884)	(68,853)
非流動負債	(109,135)	(128,482)
資產淨值	96,525	72,163
所佔共同控制公司業績:		
營業額	286,236	73,347
其他收益	21,348	10,233
總收益	307,584	83,580
總開支	(280,872)	(81,817)
稅項	(3,944)	(2,196)
除稅後溢利/(虧損)	22,768	(433)

財務報表附註

二零零六年六月三十日

## 15. 於聯營公司之權益

	本集團	
	二零零六年 千港元	二零零五年 千港元
所佔資產淨值(商譽除外)	102,666	69,980
應收聯營公司款項	95,551	91,689
應付聯營公司款項	(902)	(882)
	197,315	160,787
減值撥備	(1,413)	(1,413)
	195,902	159,374

所有與聯營公司之結餘均為無抵押、免息及預期毋須於未來十二個月內償還，惟應付聯營公司款項1,113,000港元(二零零五年：無)預期須於未來十二個月償還，並分類為流動負債除外。

於二零零六年六月三十日，本集團所佔聯營公司於收購後之保留溢利為2,290,000港元(二零零五年：累計虧損21,853,000港元)。

下表顯示摘錄自本集團聯營公司財務報表有關該等公司之財務資料概要：

	二零零六年 千港元	二零零五年 千港元
資產總值	658,901	628,952
負債總額	405,956	444,303
收益	677,311	582,979
除稅後溢利	50,104	46,164

## 財務報表附註

二零零六年六月三十日

## 15. 於聯營公司之權益 (續)

主要聯營公司之詳情如下：

公司名稱	所持已發行 股份詳情	註冊成立及 主要營業地點	本集團持有 已繳足股本 百分比	主要業務
嘉年華影業有限公司	每股面值 1港元之普通股	香港	50	投資控股
Golden Access Pte Ltd <sup>#</sup>	每股面值 1新加坡元 之普通股	新加坡	50	編寫電腦程序
Golden Screen Cinemas Sdn. Bhd. <sup>#</sup>	每股面值 1馬幣之普通股	馬來西亞	40.22	電影發行及 經營戲院
Golden Village Entertainment (Singapore) Pte Ltd	每股面值 1新加坡元 之普通股	新加坡	50	投資控股
Golden Village Pictures Pte Ltd	每股面值 1新加坡元 之普通股	新加坡	50	電影發行
Golden Village Holdings Pte Ltd	每股面值 1新加坡元 之普通股	新加坡	50	投資控股
Golden Village Multiplex Pte Ltd	每股面值 1新加坡元 之普通股	新加坡	50	經營戲院
Keen Fortune Production Limited	每股面值 1美元之普通股	英屬處女群島	50	暫無營業
富懷有限公司	每股面值 1港元之普通股	香港	50	暫無營業

<sup>#</sup> 並非由安永香港或其他安永國際成員公司審核。

上表載列董事認為主要影響本集團於本年度之業績或構成大部分資產淨值之本集團聯營公司。董事認為，呈列其他聯營公司之資料會使篇幅過於冗長。



財務報表附註

二零零六年六月三十日

**16. 預付土地租賃款項**

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
於七月一日之賬面值		
如前呈報	—	—
採納香港會計準則第17號之影響 (附註2.2(b))	<b>759</b>	777
經重列	<b>759</b>	777
本年度攤銷	<b>(18)</b>	(18)
於六月三十日之賬面值	<b>741</b>	759

上文包括之本集團租賃土地乃位於香港，並以長期租賃持有。

於二零零六年六月三十日，預付土地租賃款項已就授予本集團之透支融資抵押予一家銀行(附註23)。

**17. 商標**

商標為永久性可使用「嘉禾」品牌之准許，並可以標誌、符號、名稱、標記、設計或以上任何組合之形式使用。

無限定可使用年期之商標按成本扣除任何減值入賬。

董事認為，基於下列理由，本集團之商標具有無限定可使用年期：

- (i) 本集團於二零零一年收購之商標已使用多年，且本集團將繼續長期使用該等商標；及
- (ii) 本集團已動用及有意繼續投放大量廣告及宣傳費用，以維持及提高商標之市值，而該等廣告及宣傳費用均於動用時自收益表中扣除。

獨立專業合資格估值師行Vigers Appraisal & Consulting Ltd.對本集團商標進行估值，並已確認商標之市值於二零零六年六月三十日超逾賬面值。因此，董事認為於結算日毋須作出減值撥備。

## 財務報表附註

二零零六年六月三十日

## 18. 存貨

	本集團	
	二零零六年 千港元	二零零五年 千港元
原材料	403	396
化學品	52	54
機器零件	142	121
影音產品	129	—
	<b>726</b>	571

## 19. 電影版權

於二零零六年六月三十日，電影版權並無減值虧損（二零零五年：無）而須於本年度之綜合收益表中扣除。

## 20. 應收賬款

本集團一般給予介乎一至三個月之信貸期。客戶各自擁有信貸限額，逾期結餘定期由管理層審閱。鑑於上述各項，加上本集團應收賬款涉及大批客戶，信貸風險不視作高度集中。應收賬款為不計利息。其賬面值與公平值相若。於六月三十日之應收賬款（已扣除撥備）之賬齡分析如下：

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
即期至三個月	10,188	15,380
四至六個月	1,752	2,254
七至十二個月	65	31
超過一年	—	639
	<b>12,005</b>	18,304

於二零零六年六月三十日，本集團之應收賬款包括應收嘉禾私人集團屬下公司之交易結餘零港元（二零零五年：481,000港元）。與嘉禾私人集團屬下公司之所有結餘為無抵押，須按一般交易條款償還及免息。

嘉禾私人集團乃指嘉禾集團屬下之私人公司，該等公司乃由本公司之董事鄒文懷控制，並不包括在一九九四年十一月進行之集團重組計劃內。

於二零零五年六月三十日，本集團之應收賬款亦包括應收GH Media Management Pte Ltd、Best Creation International Limited 及 Wigston Co. Limited 之賬項，分別為332,000港元、269,000港元及179,000港元。該等款項為無抵押及無固定還款期。本公司董事鄒文懷、潘從傑及陳錫康以及鄒文懷一名親屬亦為若干此等關連公司之董事及／或實益股東。

## 財務報表附註

二零零六年六月三十日

## 21. 現金及現金等值項目及已抵押銀行結存

	本集團		本公司	
	二零零六年 千港元	二零零五年 千港元 (經重列)	二零零六年 千港元	二零零五年 千港元
現金及銀行結存	36,361	49,979	22	23
定期存款	21,850	17,278	—	—
	58,211	67,257	22	23
減：已抵押銀行結存及定期存款				
長期銀行貸款抵押	(1,972)	(486)	—	—
作為業主擔保之抵押	(1,870)	(1,139)	—	—
現金及現金等值項目	54,369	65,632	22	23

存放於銀行之現金按每日銀行存款利率以浮息計息。定期存款會視乎本集團即時現金需求按一日至三個月不等期間作出，並按相關定期存款利率計息。現金及現金等值項目及已抵押存款之賬面值與其公平值相若。

## 22. 應付賬款

於六月三十日之應付賬款之賬齡分析如下：

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
即期至三個月	42,027	57,128
四至六個月	6,163	4,539
七至十二個月	1,226	896
超過一年	12,612	13,020
	62,028	75,583

本集團之應付賬款包括應付予嘉禾私人集團屬下公司之交易結餘合共207,000港元(二零零五年:67,000港元)。該等款項為無抵押、免息及須按一般交易條款償還。應付賬款之賬面值與其公平值相若。

本集團之應付賬款亦包括應付GH Pictures (China) Limited、Best Creation International Limited、誠冠有限公司及 Pinetree Production Services, Inc.之賬項，分別為8,979,000港元(二零零五年:9,987,000港元)、45,000港元(二零零五年:無)、698,000港元(二零零五年:618,000港元)及無(二零零五年:206,000港元)。該等款項為無抵押及無固定還款期。除應付GH Pictures (China) Limited之款項8,979,000港元須按香港短期定期存款年利率加1厘計息外，其他結餘為免息及並無固定還款期。本公司董事鄧文懷、潘從傑及陳錫康以及鄧文懷一名親屬亦曾經／現時為若干此等關連公司之董事及／或實益股東。

## 財務報表附註

二零零六年六月三十日

## 23. 計息銀行及其他借款

實際息率 (%)	到期日	本集團		本公司		
		二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元	
<b>即期部分</b>						
銀行貸款—無抵押	4	二零零七年四月	2,328	—	—	—
銀行貸款—有抵押	8	二零零七年六月	34,873	24,697	—	—
銀行貸款之即期部分總額			37,201	24,697	—	—
融資租賃應付款項 (附註24)	8	二零零七年六月	328	413	—	—
可換股票據 (附註27)*	7	二零零六年十一月	143	—	143	—
			37,672	25,110	143	—
<b>非即期部分</b>						
銀行貸款—無抵押	4	二零零八年至二零一一年	13,259	—	—	—
銀行貸款—有抵押	7	二零零八年至二零一零年	43,828	65,325	—	—
銀行貸款之非即期部分總額			57,087	65,325	—	—
融資租賃應付款項 (附註24)	8	二零零八年至二零一零年	1,152	298	—	—
可換股票據 (附註27)	7	二零零八年	19,618	—	19,618	—
			77,857	65,623	19,618	—
			115,529	90,733	19,761	—

\* 可換股票據之利息，已列入本公司及本集團資產負債表「應計負債及其他應付款項」內。

	本集團		本公司	
	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元
分析如下：				
須於下列年期償還之銀行貸款：				
一年內	37,201	24,697	—	—
第二年	22,428	21,577	—	—
第三至第五年 (包括首尾兩年)	34,659	43,748	—	—
			94,288	90,022
須於下列年期償還之可換股票據及 其他借款：				
一年內	471	413	143	—
第二年	19,971	298	19,618	—
第三至第五年 (包括首尾兩年)	799	—	—	—
			21,241	19,761
			115,529	90,733

## 財務報表附註

二零零六年六月三十日

**23. 計息銀行及其他借款 (續)**

本集團借款賬面值以下列貨幣列值:

	於二零零六年六月三十日				
	港元 千港元	美元 千港元	人民幣 千港元	馬幣 千港元	總計 千港元
銀行貸款	7,000	64,021	7,680	15,587	94,288
可換股票據及其他借款	21,241	—	—	—	21,241
	<b>28,241</b>	<b>64,021</b>	<b>7,680</b>	<b>15,587</b>	<b>115,529</b>
	於二零零五年六月三十日				
	港元 千港元	美元 千港元	人民幣 千港元	馬幣 千港元	總計 千港元
銀行貸款	5,000	75,622	9,400	—	90,022
其他借款	711	—	—	—	711
	5,711	75,622	9,400	—	90,733

除賬面值合共21,241,000港元(二零零五年: 711,000港元)之融資租賃應付款項及可換股票據外,本集團所有其他借款按浮息計息。

本集團計息銀行及其他借貸之賬面值與其公平值相若。可換股票據負債部分之公平值以本集團現行借貸利率估算。

本集團為數2,250,000港元(二零零五年: 無)之透支融資於結算日未被動用,該透支融資由本集團租賃物業及預付土地租賃款項作抵押(附註12及16)。

於二零零六年六月三十日,本集團之銀行貸款乃以下列資產作抵押:

- (i) 一間全資附屬公司之資產;
- (ii) 一間全資附屬公司之70%股權;
- (iii) 一間共同控制公司之40%股本權益;
- (iv) 一間附屬公司之物業、廠房及設備(附註12);及
- (v) 已抵押銀行結存(附註21)。

## 財務報表附註

二零零六年六月三十日

**24. 融資租賃應付賬款**

於二零零六年六月三十日，融資租賃之未來最低租賃總支出及其現值載列如下：

**本集團**

	最低 租賃支出 二零零六年 千港元	最低 租賃支出 二零零五年 千港元	最低租賃 支出現值 二零零六年 千港元	最低租賃 支出現值 二零零五年 千港元
須於下列年期付款之賬款：				
一年內	<b>437</b>	456	<b>328</b>	413
第二年	<b>434</b>	309	<b>353</b>	298
第三至第五年 (包括首尾兩年)	<b>869</b>	—	<b>799</b>	—
最低融資租賃總支出	<b>1,740</b>	765	<b>1,480</b>	711
未來融資支出	<b>(260)</b>	(54)		
融資租賃應付賬款總淨額	<b>1,480</b>	711		
列作流動負債之部分	<b>(328)</b>	(413)		
非流動部分	<b>1,152</b>	298		

**25. 合營夥伴提供之貸款**

合營夥伴提供之貸款為無抵押、免息及預期毋須於未來十二個月內償還，惟14,400,000港元（二零零五年：18,000,000港元）預期須於未來十二個月內償還，並列作為流動負債。合營夥伴提供之貸款之賬面值與其公平值相若。

財務報表附註  
二零零六年六月三十日

## 26. 撥備

本集團	長期 服務金 千港元	其他 僱員福利 千港元	總額 千港元
於年初			
如前呈報	3,661	1,680	5,341
採納香港會計準則第31號之影響	9	—	9
經重列	3,670	1,680	5,350
撥備增加	432	263	695
於二零零六年六月三十日	4,102	1,943	6,045
列作流動負債之部分	—	(1,943)	(1,943)
非流動部分	4,102	—	4,102

本公司董事已根據有關退休支出之勞工法例及規例，估計及提撥長期服務金。估計之基礎將會持續檢討並作出適當調整。

本集團為本集團僱員之可結轉應計補假提撥準備。該撥備乃根據僱員於年內已獲有薪假期及於結算日之結轉有薪假期以最佳估計概算其未來須付支出。

## 27. 可換股票據

於二零零六年五月二十三日，本公司發行本金額20,000,000港元之4厘可換股票據。票據可由票據持有人選擇於二零零八年五月十五日或之前按每股0.22港元價格兌換為普通股。於結算日，並無可換股票據已作兌換。倘兌換權未獲票據持有人行使，未兌換之可換股票據將於二零零八年五月二十三日按票據本金額之104%贖回。票據按年息4厘計息，須於五月二十三日及十一月二十三日每半年分期支付。

可換股票據負債部分之公平值按發行日期以本集團現行借貸利率及等同不帶兌換權之類似票據市場息率估算，並由獨立專業合資格估值師Vigers Appraisal & Consulting Ltd. 確認。餘款確認為股本部分，並計入股東權益。

## 財務報表附註

二零零六年六月三十日

**27. 可換股票據 (續)**

發行可換股票據所得款項淨額按負債及股本部分劃分如下：

**本集團及本公司**

	二零零六年 千港元	二零零五年 千港元
本年度所發行可換股票據之面值	<b>20,000</b>	—
發行成本	<b>(287)</b>	—
股本部分	<b>(95)</b>	—
於發行日期之負債部分	<b>19,618</b>	—
所扣除利息 <sup>#</sup>	<b>143</b>	—
於六月三十日之負債部分	<b>19,761</b>	—
就呈報目的作出分析：		
流動負債—應計負債及其他應付款項	<b>143</b>	—
非流動負債	<b>19,618</b>	—
	<b>19,761</b>	—

<sup>#</sup> 所扣除利息已列入本公司及本集團資產負債表「應計負債及其他應付款項」內。



財務報表附註

二零零六年六月三十日

**28. 遞延稅項**

本年度之遞延稅項負債變動載列如下：

	加速稅項折舊 千港元	重估租賃樓宇 千港元	總計 千港元
於二零零四年七月一日			
如前呈報	—	878	878
採納香港會計準則第17號之影響	—	(416)	(416)
經重列	—	462	462
採納香港會計準則第31號之影響			
—收購共同控制公司	5,237	—	5,237
—計入收益表之遞延稅項	(85)	—	(85)
—匯兌調整	1	—	1
本年度計入權益之遞延稅項(經重列)	—	(30)	(30)
於二零零五年六月三十日(經重列)	5,153	432	5,585
於二零零五年七月一日			
如前呈報	—	825	825
採納香港會計準則第17號之影響	—	(393)	(393)
採納香港會計準則第31號之影響	5,153	—	5,153
經重列	5,153	432	5,585
扣自收益表之遞延稅項	1,399	—	1,399
本年度計入權益之遞延稅項	—	(30)	(30)
匯兌調整	320	—	320
於二零零六年六月三十日	<b>6,872</b>	<b>402</b>	<b>7,274</b>

本集團於香港境內外產生之稅項虧損分別約為399,260,000港元及58,195,000港元(二零零五年:421,640,000港元及82,196,000港元(經重列))。此等虧損可供無限期用作抵銷該等錄得虧損之公司未來錄得之應課稅溢利。惟分別根據中國及台灣之有關法例、註釋及慣例僅可結轉五年之餘額約10,717,000港元及30,706,000港元(二零零五年:10,193,000港元及50,928,000港元(經重列))除外。由於此等虧損乃自一直錄得虧損之附屬公司及共同控制公司產生,故並不會就有關虧損確認遞延稅項資產。

於二零零六年六月三十日,並無有關本集團若干附屬公司、共同控制公司或聯營公司之未匯出盈利而產生之重大未確認遞延稅項負債(二零零五年:無),原因為即使匯出該等盈利,本集團亦毋須承擔支付額外稅項之重大責任。

本公司向其股東支付之股息並無附帶產生所得稅之責任。

## 財務報表附註

二零零六年六月三十日

## 29. 股本

	本公司	
	二零零六年 千港元	二零零五年 千港元
法定股本：		
2,000,000,000股（二零零五年：2,000,000,000股） 每股面值0.10港元之普通股	200,000	200,000
已發行及繳足股本：		
1,330,309,375股（二零零五年：1,330,309,375股） 每股面值0.10港元之普通股	133,031	133,031

## 30. 購股權計劃

本公司設有購股權計劃（「該計劃」），作為給予為本集團業務成功作出貢獻之合資格參與者之激勵及獎勵。該計劃之合資格參與者包括本公司董事（包括獨立非執行董事）及本集團其他僱員、本集團之貨品或服務供應商及本集團客戶。該計劃於二零零一年十一月三十日生效，自當日起有效10年（已註銷或修訂者除外）。

因行使根據該計劃及本公司任何其他購股權計劃（如有）已授出及將授出之所有購股權而可予發行之本公司最高股數，相當於本公司於二零零一年十一月二十八日之已發行股份之10%。本公司股東可按照香港聯合交易所有限公司證券上市規則（「上市規則」）之條文在股東大會上重新釐定該上限。根據該計劃於任何12個月期間內向個別合資格參與者授出之購股權可予發行之最高股數，不得超過本公司任何時間之已發行股份之1%。額外授出超逾該上限之購股權須在股東大會上獲得股東批准。

向本公司董事、主要行政人員、主要股東或彼等之任何聯繫人士授出購股權均須事先獲得獨立非執行董事（不包括身為購股權承授人之獨立非執行董事）批准。此外，於截至授出購股權當日（包括該日）止任何12個月期間內向本公司主要股東、獨立非執行董事或彼等之任何聯繫人士授出超逾本公司任何時間之已發行股份0.1%及根據授出購股權當日本公司股份之收市價計算所得總值超逾5,000,000港元之購股權，亦須事先在股東大會上獲得股東批准。

授出購股權之建議必須於建議日期（包括該日）起計30日內由承授人接納，並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟由本公司董事於授出購股權時決定之授出購股權當日或之後之日期起至本公司董事於授出購股權時可能決定之結束日期（無論如何不得遲於二零一一年十月三十日辦公時間結束時）不得超過10年。除本公司董事另行決定及授出有關購股權之建議另有規定外，並無一般規定限制購股權必須於持有若干最短期限後方可行使。

財務報表附註

二零零六年六月三十日

### 30. 購股權計劃 (續)

購股權之行使價乃由董事釐定，惟不得低於(i)本公司股份於建議授出購股權當日在香港聯合交易所有限公司(「聯交所」)之收市價；及(ii)本公司股份於緊接建議授出購股權當日前五個交易日在聯交所之平均收市價(以較高者為準)。

本公司於二零零五年一月二十八日完成供股事項，所按之基準為每持有四股現有股份獲配發一股股份(「供股事項」)。所有有關購股權持有人均已獲通知，於供股事項前授出及當時尚未行使之每份購股權可認購之股份數目以及有關之行使價，已根據FB Gemini Capital Limited 作為專業人士日期為二零零五年七月二十九日有關供股事項對購股權之影響之意見書所載調整予以修訂。調整之生效日期為供股事項成為無條件當日(即二零零五年一月十四日)。當時尚未行使之每份購股權可認購之股份數目及有關之行使價乃分別以1.25及0.80之因子修訂。

經過調整後，於二零零五年六月三十日，根據該計劃及本公司已於二零零一年十一月二十八日終止之較早前購股權計劃(「已終止計劃」)所授出購股權可予發行之本公司股份總數為45,275,000股。

於二零零六年六月三十日，根據該計劃及本公司已於二零零一年十一月二十八日終止之較早前購股權計劃(「已終止計劃」)所授出購股權仍可發行之本公司股份總數為45,275,000股，當中39,525,000股乃根據該計劃所授出購股權仍可發行之本公司股份(相當於本公司於二零零六年六月三十日已發行股份約2.97%)，另5,750,000股乃根據已終止計劃所授出購股權仍可發行之本公司股份(相當於本公司於二零零六年六月三十日已發行股份約0.43%)。

購股權並無賦予持有人獲派股息或在股東大會上投票之權利。

## 財務報表附註

二零零六年六月三十日

## 30. 購股權計劃 (續)

年內，並無授出、行使或註銷購股權，亦無購股權失效。下表顯示本公司董事及僱員所持有未行使之購股權：

參與者姓名 或類別	購股權 授出日期	行使價 港元	行使期	於二零零五年 七月一日及 二零零六年 六月三十日 尚未行使 之購股權數目
<b>董事</b>				
潘從傑	二零零零年 七月二十五日	0.624	二零零零年七月二十五日至 二零一零年七月二十四日 附註(a)	5,750,000
	二零零一年 十月三十一日	0.496	二零零一年十一月三十日至 二零一一年十月三十日 附註(b)	12,500,000
	二零零四年 十二月九日	附註(d)	二零零五年一月十日至 二零一一年十月三十日 附註(c)	18,750,000
陳錫康	二零零一年 十月三十一日	0.496	二零零一年十一月三十日至 二零一一年十月三十日 附註(b)	6,250,000
Eric Norman Kronfeld	二零零五年 三月三十一日	0.260	二零零五年三月三十一日至 二零一一年十月三十日	350,000
馬家和	二零零五年 三月三十一日	0.260	二零零五年三月三十一日至 二零一一年十月三十日	350,000
林輝波	二零零五年 三月三十一日	0.260	二零零五年三月三十一日至 二零一一年十月三十日	350,000
Prince Chatrichalem Yukol	二零零五年 三月三十一日	0.260	二零零五年三月三十一日至 二零一一年十月三十日	350,000
<b>其他參與者</b>				
總計	二零零一年 十月三十一日	0.496	二零零一年十一月三十日至 二零一一年十月三十日 附註(b)	625,000
				45,275,000

附註：

- (a) 已授出購股權之50%、25%及25%分別可於二零零零年七月二十五日至二零一零年七月二十四日止期間、二零零一年七月二十五日至二零一零年七月二十四日止期間及二零零二年七月二十五日至二零一零年七月二十四日止期間行使。
- (b) 已授出購股權之30%、30%及40%分別可於二零零一年十一月三十日至二零一一年十月三十日止期間、二零零二年八月一日至二零一一年十月三十日止期間及二零零三年八月一日至二零一一年十月三十日止期間行使。
- (c) 已授出購股權之33.33%、33.33%及33.34%分別可於二零零五年一月十日至二零一一年十月三十日止期間、二零零六年一月十日至二零一一年十月三十日止期間及二零零七年一月十日至二零一一年十月三十日止期間行使。

## 財務報表附註

二零零六年六月三十日

**30. 購股權計劃 (續)**

附註: (續)

- (d) 於二零零五年一月十日至二零一一年十月三十日止期間、二零零六年一月十日至二零一一年十月三十日止期間及二零零七年一月十日至二零一一年十月三十日止期間可予行使之已授出購股權就供股事項作出調整後行使價分別為0.208港元、0.256港元及0.304港元。

除上述者外，本公司或其任何附屬公司於年內概無訂立任何安排致使本公司董事、彼等各自之配偶或未滿十八歲子女透過認購本公司或任何其他法團之股份或債權證而獲益。

截至二零零五年六月三十日止年度授出但於二零零五年七月一日前未歸屬之購股權公平值為762,000港元。

截至二零零五年六月三十日止年度，所授出以股本結算之購股權按授出日期於計及購股權授出條款及條件後，以柏力克－舒爾斯模式(Black-Scholes Model)估算。下表列示截至二零零五年六月三十日止年度輸入所採用模式之數據。

股息率(%)	—
預算波幅(%)	58.21
歷史波幅(%)	58.21
無風險利率(%)	2.08
預算購股權年期(年期)	3.00
加權平均股價(港元)	0.20 (就供股事項作出調整)

購股權之預算年期按照過往三年之歷史日期為基礎，不一定會顯示可能發生之行使模式。預算波幅反映歷史波幅可顯示未來趨勢之假設，該等趨勢不一定與實際結果相同。

於計算公平值時，並無計入所授出購股權之其他特點。

於結算日，本公司根據該計劃有45,275,000份未行使購股權。根據本公司現行股本架構，餘下購股權獲全面行使後，將導致額外發行45,275,000股本公司普通股及4,527,500港元股本，而未計發行費用之股份溢價則為13,835,000港元。

於財務報表獲批准之日，本公司根據該計劃有45,275,000份未行使購股權，相當於本公司於當日已發行股份約3.4%。

## 財務報表附註

二零零六年六月三十日

**31. 儲備****(a) 本集團**

盈餘儲備乃根據法定要求及一間台灣聯營公司之公司章程於保留溢利中撥出。此盈餘儲備只可應用於該台灣聯營公司作填補虧損及資本化為已發行繳足紅股之用。

本集團於本年度及上年度之儲備及其變動已於綜合權益變動報表披露。

**(b) 本公司**

	股份 溢價賬 千港元	購股權儲備 千港元 (經重列)	資本 贖回儲備 千港元	繳入盈餘 千港元	累積虧損 千港元 (經重列)	總額 千港元
於二零零四年七月一日	579,665	—	145	191,644	(539,874)	231,580
發行股份	66,903	—	—	—	—	66,903
股份發行開支	(6,687)	—	—	—	—	(6,687)
年度虧損	—	—	—	—	(14,009)	(14,009)
股本結算購股權安排	—	150	—	—	—	150
於二零零五年六月三十日	639,881	150	145	191,644	(553,883)	277,937
於二零零五年七月一日						
如前呈報	639,881	—	145	191,644	(553,733)	277,937
上年度調整	—	150	—	—	(150)	—
經重列	639,881	150	145	191,644	(553,883)	277,937
年度虧損	—	—	—	—	(1,275)	(1,275)
股本結算購股權安排	—	394	—	—	—	394
於二零零六年六月三十日	<b>639,881</b>	<b>544</b>	<b>145</b>	<b>191,644</b>	<b>(555,158)</b>	<b>277,056</b>

本公司之繳入盈餘乃指本公司就收購附屬公司已發行股本而發行股份之面值與所收購附屬公司於收購當日合計資產淨值兩者間之差額。根據一九八一年之百慕達公司法(經修訂)，本公司之繳入盈餘可於若干情況下分派予各股東。

財務報表附註

二零零六年六月三十日

## 32. 綜合現金流量表附註

## (a) 收購一間附屬公司

	二零零六年 千港元	二零零五年 千港元
已收購之資產淨值：		
於一間聯營公司之權益	—	11,506
預付款項、按金及其他應收款項	—	35
現金及現金等值項目	—	12,951
應計負債及其他應付款項	—	(12)
應付關連公司款項	—	(41)
應付股東款項	—	(14,216)
資產淨值	—	10,223
收購時之負商譽	—	(3,709)
	—	6,514
支付方式：		
現金	—	18,318
應付股東款項	—	(14,216)
將於聯營公司權益重新分類為附屬公司權益	—	2,412
	—	6,514

就收購一間附屬公司之現金及現金等值項目之現金流出淨額分析如下：

	二零零六年 千港元	二零零五年 千港元
現金代價	—	(18,318)
減：已收購之現金及現金等值項目	—	12,951
就收購一間附屬公司之現金及現金等值項目之流出淨額	—	(5,367)

於二零零五年三月，本集團以代價約18,318,000港元收購GEMS其餘66.67%之股本權益。代價乃以本集團之銀行融資撥付。GEMS之主要業務為於TGV之投資控股，而TGV主要於馬來西亞從事經營戲院業務。透過收購GEMS，本集團於TGV之權益增至50%。

## 財務報表附註

二零零六年六月三十日

## 32. 綜合現金流量表附註(續)

## (b) 收購共同控制公司

截至二零零五年六月三十日止年度，於共同控制公司之投資已作為單一項目呈列於綜合現金流量表。現金流量之影響分析如下：

## (i) 華納威秀

	二零零六年 千港元	二零零五年 千港元 (經重列)
應佔華納威秀資產淨值：		
物業、廠房及設備	—	124,054
預付租金	—	1,670
長期存款	—	41,525
現金及銀行結存	—	25,039
應收賬款	—	14,786
預付款項、按金及其他應收款項	—	13,636
應付賬款	—	(16,330)
應計負債及其他應付款項	—	(26,111)
股東貸款	—	(112,637)
已收按金	—	(3,991)
長期服務金撥備	—	(9)
資產淨值	—	61,632
確認為收入之負商譽	—	(39,323)
	—	22,309
支付方式：		
現金	—	123,134
所購入股東貸款	—	(112,055)
與投資相關之交易成本	—	11,230
	—	22,309

有關收購華納威秀之現金及現金等值項目流出淨額之分析如下：

	二零零六年 千港元	二零零五年 千港元 (經重列)
現金代價	—	(123,134)
減：已收購之現金及現金等值項目	—	25,039
有關收購華納威秀之現金及現金等值項目流出淨額	—	(98,095)



## 財務報表附註

二零零六年六月三十日

## 32. 綜合現金流量表附註(續)

## (b) 收購共同控制公司(續)

## (ii) TGV

	二零零六年 千港元	二零零五年 千港元 (經重列)
應佔TGV資產淨值：		
物業、廠房及設備	—	38,184
定期存款	—	10,445
現金及銀行結存	—	1,276
應收賬款	—	463
預付款項、按金及其他應收款項	—	4,668
應付賬款	—	(4,529)
應計負債及其他應付款項	—	(7,436)
應繳稅項	—	(480)
遞延稅項	—	(5,237)
股東貸款	—	(25,287)
資產淨值	—	12,067
支付方式：		
於一間聯營公司之權益重新分類	—	12,067

有關收購TGV之現金及現金等值項目流出淨額之分析如下：

	二零零六年 千港元	二零零五年 千港元 (經重列)
現金代價(附註)	—	—
減：已收購之現金及現金等值項目	—	11,721
有關收購TGV之現金及現金等值項目流入淨額	—	11,721

附註：本集團於TGV之股本權益增加乃間接由於附註32(a)所披露收購附屬公司所致。

- (c) 本集團就於訂立融資租賃時資本總值為2,134,000港元(二零零五年：無)之汽車訂立融資租賃安排。
- (d) 截至二零零六年六月三十日止年度，計入於二零零五年六月三十日之預付款項、按金及其他應收款項為數1,386,000港元之按金，已轉撥至物業、廠房及設備。

## 財務報表附註

二零零六年六月三十日

**33. 關連人士交易**

除於財務報表其他地方披露外，本集團尚有下列與關連人士之重大交易。

董事認為所有該等交易均於本集團之日常及一般業務過程中進行。

**(a) 與關連人士之交易**

	附註	本集團	
		二零零六年 千港元	二零零五年 千港元
來自一間關連公司之租金收入	(i)、(ii)	120	122
付予一間關連公司之利息支出	(i)、(iii)	319	178
付予一間關連公司之發行顧問服務費	(i)、(iv)	363	429
來自一間聯營公司之電影版權收入	(i)、(v)	268	669
來自聯營公司之管理服務收入	(i)、(vi)	351	384
向一間聯營公司購買物業、廠房及設備項目	(i)、(vii)	242	—
付予一間聯營公司之會計服務費	(i)、(viii)	88	87
付予一間聯營公司之辦公室租金	(i)、(ix)	98	—
付予一間聯營公司之戲票系統保養／ 開發成本	(i)、(x)	1,008	221
付予一間聯營公司之戲院租金	(i)、(xi)	82	139
向一名董事出售一輛汽車	(i)、(xii)	436	—
授予一間聯營公司之銀行信貸擔保	(i)、(xiii)	18,338	17,325
來自關連公司之電影發行佣金收入	(i)、(xiv)	—	164
付予一間關連公司之顧問費	(i)、(xv)	—	585

## 附註：

- (i) 本公司董事鄧文懷先生、潘從傑先生及陳錫康先生於上述交易中，作為若干該等公司之董事及／或實益股東而直接或間接擁有利益。
- (ii) 租金收入為分租本集團部分辦公室單位予嘉禾私人集團一間聯營公司，月租約10,000港元。
- (iii) 利息支出乃支付予嘉禾私人集團之一間聯營公司，年利率按香港短期定期存款利率加1厘計算。
- (iv) 發行顧問服務費乃就一間關連公司向本集團提供電影製作及發行顧問服務而支付，收費根據二零零四年七月一日所訂立之協議條款計算。
- (v) 電影版權收入乃根據相關發行協議之條款收取。

## 財務報表附註

二零零六年六月三十日

**33. 關連人士交易 (續)****(a) 與關連人士之交易 (續)**

附註: (續)

- (vi) 管理費收入指就向本集團兩間聯營公司提供會計服務而收取之費用。分別為二零零六年度每月10,000港元(二零零五年: 10,000港元); 二零零五年七月至二零零六年三月期間每月22,000港元及二零零六年四月至二零零六年六月期間每月11,000港元(二零零五年: 每月22,000港元)。
- (vii) 物業、廠房及設備售價經所涉及人士共同協定。
- (viii) 會計服務費為每月1,500新加坡元(二零零五年: 1,500新加坡元)。
- (ix) 租金開支為分租一間聯營公司部分辦公室單位予本集團, 月租約1,747新加坡元。
- (x) 已支付戲票系統保養/開發成本之收費價目及條件與聯營公司提供予其他客戶者類似。
- (xi) 戲院租金之收費價目及條件與聯營公司提供予其他客戶類似。
- (xii) 年內一間全資附屬公司向一名董事售出一輛汽車, 售價乃參考市值所得。
- (xiii) 本集團並無就授予一間聯營公司之銀行信貸作出之公司擔保收取代價。
- (xiv) 本集團為關連公司所製作電影之發行商, 而電影發行佣金收入則根據日期為一九九七年四月二十一日及一九九九年八月二日之分銷協議條款計算, 或按提供予本集團其他客戶類似價格及條件計算。
- (xv) 已支付顧問費指就一間關連公司向本集團提供有關供股活動之顧問服務, 費用按日期為二零零五年三月十五日之協議條款收取。

據上述附註(iv)、(xii)、(xiv)及(xv)所載列, 本集團與一間關連公司及一名董事(二零零五年: 三間關連公司)之若干交易合共799,000港元(二零零五年: 1,037,000港元)構成上市規則所界定關連交易。

上列所有其他與關連人士交易均不構成上市規則所界定關連交易。

財務報表附註

二零零六年六月三十日

**33. 關連人士交易 (續)****(b) 本集團主要管理人員之薪酬**

	二零零六年 千港元	二零零五年 千港元 (經重列)
薪金及其他短期僱員福利	<b>14,986</b>	17,271
受僱後福利	<b>113</b>	133
股份付款	<b>394</b>	150
付予主要管理人員之薪酬總額	<b>15,493</b>	17,554

付予主要管理人員之薪酬總額已計入財務報表附註34中所披露執行董事酬金。

**34. 董事及五名最高薪僱員酬金****董事酬金**

根據上市規則及香港公司條例第161條之規定披露本公司董事於本年度之酬金之分析如下：

	二零零六年 千港元	二零零五年 千港元 (經重列)
袍金：		
執行董事	—	—
非執行董事	<b>120</b>	120
獨立非執行董事	<b>350</b>	350
	<b>470</b>	470
基本薪金、津貼及實物利益：		
執行董事	<b>13,000</b>	15,530
非執行董事	—	—
獨立非執行董事	—	—
	<b>13,000</b>	15,530
僱員購股權福利：		
執行董事	<b>394</b>	150

## 財務報表附註

二零零六年六月三十日

**34. 董事及五名最高薪僱員酬金 (續)****董事酬金 (續)**

根據上市規則及香港公司條例第161條之規定披露本公司董事於本年度之酬金之分析如下：

	二零零六年 千港元	二零零五年 千港元 (經重列)
退休金供款：		
執行董事	71	91
非執行董事	—	—
獨立非執行董事	—	—
	<b>71</b>	<b>91</b>
	<b>13,935</b>	<b>16,241</b>

	基本薪金、 津貼及 實物利益				退休金供款 千港元	僱員 購股權福利 千港元	酬金總額 千港元
	袍金 千港元	千港元	千港元	千港元			
<b>截至二零零六年六月三十日止年度</b>							
獨立非執行董事：							
馬家和	150	—	—	—	—	—	150
林輝波	100	—	—	—	—	—	100
Prince Chatrichalerm Yukol	100	—	—	—	—	—	100
	<b>350</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>350</b>
執行董事：							
鄒文懷	—	3,717	—	—	—	—	3,717
潘從傑	—	5,900	47	394	—	—	6,341
陳錫康	—	2,000	12	—	—	—	2,012
陳鄒重珩	—	1,383	12	—	—	—	1,395
	<b>—</b>	<b>13,000</b>	<b>71</b>	<b>394</b>	<b>—</b>	<b>—</b>	<b>13,465</b>
非執行董事：							
Eric Norman Kronfeld	120	—	—	—	—	—	120
	<b>470</b>	<b>13,000</b>	<b>71</b>	<b>394</b>	<b>—</b>	<b>—</b>	<b>13,935</b>

## 財務報表附註

二零零六年六月三十日

**34. 董事及五名最高薪僱員酬金 (續)****董事酬金 (續)**

	袍金 千港元	基本薪金、 津貼及 實物利益 千港元	退休金供款 千港元	僱員 購股權福利 千港元	酬金總額 千港元
截至二零零五年六月三十日止年度					
獨立非執行董事:					
馬家和	150	—	—	—	150
林輝波	100	—	—	—	100
Prince Chatrichalem Yukol	100	—	—	—	100
	350	—	—	—	350
執行董事:					
鄒文懷	—	3,939	—	—	3,939
潘從傑	—	6,469	64	150	6,683
諸兆俊	—	2,013	4	—	2,017
陳錫康	—	1,867	12	—	1,879
陳鄒重珩	—	1,242	11	—	1,253
	—	15,530	91	150	15,771
非執行董事:					
Eric Norman Kronfeld	120	—	—	—	120
	470	15,530	91	150	16,241

年內並無其他應付獨立非執行董事之酬金(二零零五年:無)。

於結算日,若干董事持有本公司購股權,詳情載於財務報表附註30。截至二零零六年及二零零五年六月三十日止年度已扣自收益表之購股權公平值,乃按授出日期釐定,並計入上文所披露董事酬金內。於本年度內,並無任何安排,致使董事放棄或同意放棄任何酬金。

## 財務報表附註

二零零六年六月三十日

**34. 董事及五名最高薪僱員酬金 (續)****五名最高薪僱員**

在五名最高薪僱員中，四名(二零零五年：五名)均為本公司董事。該等董事之酬金已計入上文披露之董事酬金內。餘下一名最高薪非董事僱員在截至二零零六年六月三十日止年度之酬金如下：

	二零零六年 千港元	二零零五年 千港元
基本薪金、津貼及實物利益	1,458	—
退休金供款	12	—
	<b>1,470</b>	—

以上最高薪非董事僱員之酬金可歸納為1,000,001港元至1,500,000港元組別。

**35. 或然負債**

於結算日之或然負債載列如下：

	本集團		本公司	
	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元
授予以下公司之銀行信貸擔保：				
附屬公司	—	—	84,021	95,622
一間聯營公司	18,338	17,325	18,338	17,325
	<b>18,338</b>	17,325	<b>102,359</b>	112,947

於二零零六年六月三十日，附屬公司及一間聯營公司分別已動用78,701,000港元(二零零五年：90,022,000港元)及3,179,000港元(二零零五年：9,933,000港元)之銀行融資。

除上文所述者外，於結算日，本集團就授予一間聯營公司之銀行融資為該聯營公司提供之擔保合共約為16,233,000港元(二零零五年：14,093,000港元)。

財務報表附註

二零零六年六月三十日

**36. 承擔**

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
<b>(a)</b> 收購物業、廠房及設備項目之資本承擔：		
已訂約	<b>4,314</b>	7,804
已授權但未訂約	<b>72,637</b>	78,971
	<b>76,951</b>	86,775

**(b) 經營租賃承擔***(i) 出租人*

本集團根據經營租賃安排出租若干樓宇，租賃年期介乎一年至十三年之間。租期一般要求租戶根據當時現行市況定期作出租金調整。

於二零零六年六月三十日，本集團根據與其租戶所訂不可撤銷之經營租賃應收到期支付之未來最低租金總額如下：

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
根據不可撤銷之土地及樓宇經營租賃於 下述年期應收之未來最低租金如下：		
一年內	<b>18,921</b>	12,015
第二至第五年(包括首尾兩年)	<b>34,840</b>	32,587
五年以上	<b>1,458</b>	3,914
	<b>55,219</b>	48,516

年內，本集團並無收取任何或然租金(二零零五年：無)。



財務報表附註

二零零六年六月三十日

**36. 承擔 (續)****(b) 經營租賃承擔 (續)****(ii) 作為承租人**

本集團根據經營租賃安排租用其若干辦公室及戲院物業。租賃年期介乎一年至十三年之間。

	本集團	
	二零零六年 千港元	二零零五年 千港元 (經重列)
根據不可撤銷之土地及樓宇經營租賃於 下述年期應付之未來最低租金如下：		
一年內	<b>107,818</b>	119,604
第二至第五年(包括首尾兩年)	<b>422,503</b>	411,797
五年以上	<b>598,556</b>	676,721
	<b>1,128,877</b>	1,208,122

以上若干不可撤銷之經營租賃涉及或然租金，此等租金乃各租賃協議釐定之基本租金以外按每月或每年之票房總收入之5%至28% (二零零五年：5%至28%) 計算。此外，若干租賃亦就戲院小食銷售額及廣告收入之10%收取租金。

本公司於結算日並無重大承擔 (二零零五年：無)。

**37. 財務風險管理目標及政策**

本集團之主要金融工具包括計息銀行貸款、可換股票據、融資租賃、短期存款及銀行現金。該等金融工具之主要目的乃為本集團業務籌集資金。本集團擁有其他不同金融資產及負債，包括直接由業務營運產生之應收賬款及應付賬款。

本集團金融工具所產生主要風險為利率風險、外幣風險、信貸風險及流動資金風險。該等風險詳情概述如下。

**利率風險**

本集團就市場利率變動面對之風險主要與本集團按浮息計算之長期債務責任相關。銀行及其他借款之利率及還款條款於附註23披露。

**外幣風險**

本集團之資產及負債主要以港元列值，惟若干與位於新加坡、馬來西亞、台灣及中國內地之投資相關之資產及負債，及附註23所披露銀行及其他借貸除外。管理層已不時評估外幣風險及於該等地區面對之風險。由於該等外幣匯率於過往兩年相對穩定或對本集團有利，董事認為，本集團面對輕微外匯風險。

然而，管理層會監控本集團外幣風險，將於有需要時考慮對沖重大外幣風險。

## 財務報表附註

二零零六年六月三十日

**37. 財務風險管理目標及政策 (續)****信貸風險**

本集團已制定信貸監控政策，確立信貸額、信貸審批及其他收回債務之監控程序，以減低信貸風險。此外，管理層會定期審閱每筆應收款項之可收回金額，確保就不可收回金額作出適當減值備抵。本集團透過設立該等政策，得以維持壞賬於最低水平。

**流動資金風險**

本集團之目標乃透過動用銀行貸款、可換股票據及其他計息融資租賃，於持續獲取資金及靈活性之間取得平衡。管理層每日監控本集團之流動資金狀況，確保備有充足流動資金應付短期現金流量需求。此外，已獲取銀行透支額作應急之用。

**38. 結算日後事項**

於結算日後，出現下列情況：

- (a) 於二零零六年七月十日，本公司與Quick Target Limited、Pleasant Villa Investments Limited、Garex Resources Limited及Typhoon Music (PRC) Limited各自訂立認購協議（「該等協議」）。根據該等協議，本集團同意發行，而認購人同意認購本金總額100,000,000港元將於二零零八年到期之4厘可換股票據（「票據」）。於二零零六年八月二十二日，認購已完成，而發行票據之所得款項淨額約為99,000,000港元。本集團擬將所得款項淨額撥作投資新業務、擴充現有業務及償還其現有負債。

票據可由票據持有人選擇於二零零八年八月十四日或之前，按每股0.22港元價格兌換為普通股。任何未兌換之票據將於二零零八年八月三十一日按票據本金額104%之價格贖回。

上述交易構成上市規則所界定關連交易。有關發行票據之進一步詳情，載於本公司於二零零六年七月三十一日之通函。

- (b) 於二零零六年十月十六日，本集團與Golden Harvest Private Group旗下公司World Media Group Limited及獨立第三方就按總代價約22,600,000港元收購三間公司GH Pictures (China) Limited、GH Media Management Pte Ltd及GH Media Management Limited（「目標公司」）全部股本權益訂立多份協議。目標公司擁有39齣華語電影之電影資料庫。代價將以本集團內部資源撥付。是項交易構成上市規則所界定之關連交易，有待獨立股東批准。

**39. 比較金額**

誠如財務報表附註2.2及2.4進一步闡述，由於本年度採納新訂及經修訂香港財務報告準則，財務報表若干項目及結餘之會計處理法及呈報方式已修訂以遵守新規定。因此，已就過往年度作出若干調整，而若干比較金額已獲重新分類及重列至符合本年度之呈報方式及會計處理方法。

**40. 財務報表之通過**

董事會於二零零六年十月十九日批准及授權刊發本財務報表。

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