

Orange Sky
ENTERTAINMENT GROUP



嘉禾



Golden Harvest

Orange Sky Golden Harvest Entertainment (Holdings) Limited 橙天嘉禾娛樂(集團)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 1132)

2016

Annual Report 年報

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Corporate Information

公司資料

EXECUTIVE DIRECTORS

執行董事

WU Kebo (*Chairman*)
伍克波 (主席)

MAO Yimin
毛義民

LI Pei Sen
李培森

WU Keyan
伍克燕

CHOW Sau Fong, Fiona
鄒秀芳

INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

LEUNG Man Kit
梁民傑

WONG Sze Wing
黃斯穎

FUNG Chi Man, Henry
馮志文

CHIEF EXECUTIVE OFFICER

首席執行官

MAO Yimin
毛義民

COMPANY SECRETARY

公司秘書

MAN Tak Cheung
文德章

REGISTERED OFFICE

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

主要營業地址

24/F, AXA Centre
151 Gloucester Road
Wan Chai
Hong Kong
香港
灣仔
告士打道一五一號
安盛中心二十四樓

PRINCIPAL BANKERS

主要往來銀行

Standard Chartered Bank (Hong Kong) Limited
渣打銀行(香港)有限公司

Industrial and Commercial Bank of China Limited
中國工商銀行股份有限公司

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

Bank of China (Hong Kong) Limited
中國銀行(香港)有限公司

AUDITORS

核數師

KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong
畢馬威會計師事務所
執業會計師
香港
中環
遮打道十號
太子大廈
八樓

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Corporate Information

公司資料

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE 股份過戶登記處香港分處

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong
卓佳登捷時有限公司
香港
皇后大道東一八三號
合和中心
二十二樓

WEBSITE 網址

<http://www.osgh.com.hk>

STOCK CODE 股份代號

1132

Biographical Details of Directors

董事個人履歷

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Wu Kebo (“Mr. Wu”)

Aged 53

Mr. Wu is the chairman, executive director and a member of the remuneration committee and the chairman of the nomination committee of the Company, and a director of certain subsidiaries of the Company. He is also currently a director of Orange Sky Entertainment Group (International) Holding Company Limited (“OSEG”) and its subsidiaries. OSEG, a company incorporated in the British Virgin Islands with limited liability and being a substantial shareholder of the Company, was founded by Mr. Wu in 2004 and is principally engaged in music and musical production, artist management and advertising business in the People’s Republic of China (the “PRC”). With regard to film, Mr. Wu acted respectively as executive producer of the two Chinese films *Red Cliff* and *The Warlords*, as well as producer of other Chinese titles including *Call for Love, I am Liu Yuejin* and *Dangerous Games*. In addition, Mr. Wu has been involved in high technology and telecommunications businesses since the 1990s. Mr. Wu graduated with a bachelor’s degree in business administration from the SOKA University Japan in 1992. Mr. Wu joined the Company in October 2007 and is the brother of Ms. Wu Keyan, an executive director of the Company.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Mao Yimin (“Mr. Mao”)

Aged 39

Mr. Mao is an executive director and has been appointed as the chief executive officer of the Company (“CEO”) since 1 August 2011. Mr. Mao held the office of the chief financial officer of the Company (“CFO”) during the period from 6 May 2011 to 1 January 2012 and the period from 17 June 2013 to 7 November 2016. He is also a director of certain subsidiaries of the Company. Before joining the Company, Mr. Mao was a senior manager at KPMG Advisory (China) Limited (“KPMG”) who specialised in transaction services and risk management. Mr. Mao has extensive investment advisory and industry-related experience, particularly in manufacturing, retail, media and real estate. Prior to joining KPMG, Mr. Mao served for large Australian Securities Exchange listed companies, where he had built up strong statutory reporting, financial analysis, and risk control and merger and acquisition experience. Mr. Mao graduated from the University of New South Wales in Australia with a master’s degree in commerce in 2003 and he is also a member of the Australian Society of Certified Practising Accountants.

主席兼執行董事

伍克波先生(「伍先生」)

五十三歲

伍先生為本公司主席、執行董事兼薪酬委員會成員及提名委員會主席，並為本公司若干附屬公司之董事。彼亦為橙天娛樂集團(國際)控股有限公司(「橙天」)及其附屬公司之現任董事。橙天為於英屬處女群島註冊成立之有限公司，為本公司主要股東，由伍先生於二零零四年創立，主要於中華人民共和國(「中國」)從事音樂及音樂劇製作、藝人經理及廣告業務。有關電影方面，伍先生分別擔任兩齣華語電影《赤壁》及《投名狀》之執行監製，以及擔任多齣華語電影之監製，包括《愛情呼叫轉移》、《我叫劉躍進》及《棒子老虎雞》。另外，伍先生自九十年代開始從事高科技及電訊業務。伍先生於一九九二年畢業於日本創價大學，取得工商管理學士學位。伍先生於二零零七年十月加盟本公司，為本公司執行董事伍克燕女士之胞兄。

執行董事兼首席執行官

毛義民先生(「毛先生」)

三十九歲

毛先生為執行董事，自二零一一年八月一日起獲委任為本公司首席執行官(「首席執行官」)。毛先生由二零一一年五月六日至二零一二年一月一日及二零一三年六月十七日至二零一六年十一月七日期間出任本公司首席財務官(「首席財務官」)。彼亦為本公司若干附屬公司之董事。於加盟本公司前，毛先生於畢馬威企業諮詢(中國)有限公司(「畢馬威」)擔任高級經理，專責交易服務及風險管理。毛先生於投資顧問以及在製造、零售、傳媒及房地產等行業有豐富經驗。於加入畢馬威前，毛先生曾任職於多間澳大利亞證券交易所大型上市企業，累積豐富之法定報告、財務分析、風險控制及併購經驗。毛先生於二零零三年畢業於澳洲新南威爾士大學，獲得商業碩士學位，彼亦為澳洲會計師公會會員。

Biographical Details of Directors

董事個人履歷

EXECUTIVE DIRECTORS

Mr. Li Pei Sen (“Mr. Li”)

Aged 69

Mr. Li joined the Company as a non-executive director in March 2009 and was re-designated as an executive director of the Company in April 2010. He is also the associate chairman of OSEG. Mr. Li was an associate director of China TV Production Centre in 1994 and the general manager of China Central Television in 1996. In 1997, Mr. Li joined China International Television Corporation (“TVC”) as president and was involved in its corporate structuring. During his presidency at TVC, Mr. Li was also in charge of television production, as well as the domestic and global licensing business of Chinese television programmes. Prior to joining OSEG as the associate chairman, Mr. Li served as the director of China TV Production Centre in 2000. Mr. Li has over 15 years of working experience in film and television series production and acted as the producer of more than a thousand episodes of television series, including a number of popular and high audience rating titles such as *All men are brothers: blood of the leopard*, *Taijing Heavenly Kingdom*, *Vernacular stories from the end of Western Zhou Dynasty to the Qin Dynasty* and *The story of Hongkong* and cartoon series *Journey to the West*. In addition, Mr. Li is also a committee member of the China Federation of Literary and Art Circles, a council member of China TV Workers’ Association, the vice-president of China TV, Film Productions Committee, a member of the censorship expert committee of State Administration of Radio, Film and Television, and a consultant to TVC.

Ms. Wu Keyan (“Ms. Wu”)

Aged 46

Ms. Wu is an executive director of the Company. She was re-designated as an executive director on 9 September 2010 and prior to that, she had been an alternate director to Mr. Wu since January 2008. She is also a director of certain subsidiaries of the Company. Ms. Wu has been a senior manager of the Administration and Human Resources Department of the Group since 1 January 2008. She has been re-designated as Assistant to Chairman with effect from 7 September 2009 and is responsible for the administrative management of the Company’s head office in Hong Kong and the PRC. Ms. Wu has served in various corporations in Japan and Hong Kong and is currently the deputy general manager of Holdrich Investment Limited, a company principally engaged in telecommunications, semiconductor and technology-related businesses. Ms. Wu graduated with a bachelor’s degree in business management from the Faculty of Commerce at Takushyoku University in Japan in 1996. Ms. Wu is the sister of Mr. Wu.

執行董事

李培森先生(「李先生」)

六十九歲

李先生於二零零九年三月加盟本公司出任非執行董事，後於二零一零年四月調任本公司執行董事，亦為橙天聯合董事長。李先生曾於一九九四年擔任中國電視劇製作中心副主任，後於一九九六年擔任中央電視台總經理。李先生於一九九七年加入中國國際電視總公司(「中國國際電視總公司」)出任總裁，並參與其企業改制。在彼擔任中國國際電視總公司總裁期間，李先生亦負責電視製作及中國電視節目在國內外之特許授權業務。於加盟橙天出任聯合董事長之前，李先生曾於二零零零年擔任中國電視劇製作中心主任。李先生在電影及電視連續劇製作方面具備逾十五年工作經驗，曾負責監製過千集電視連續劇，當中包括《水滸傳》、《太平天國》、《東周列國》、《香港的故事》及動畫片《西遊記》等多部收視叫好且廣受觀眾喜愛之電視劇作品。此外，李先生亦為中國文聯委員、中國電視藝術家協會理事、中國電視製片委員會副會長、國家廣播電影電視總局電影審查委員會審委及中國國際電視總公司顧問。

伍克燕女士(「伍女士」)

四十六歲

伍女士為本公司執行董事。彼自二零零八年一月起出任伍先生之替任董事，直至二零一零年九月九日，伍女士調任執行董事。彼亦為本公司若干附屬公司之董事。於二零零八年一月一日開始，伍女士曾出任本集團行政及人力資源部門高級經理，自二零零九年九月七日起，伍女士調任為主席助理，負責本公司香港及中國總辦事處之行政管理工作。伍女士曾於日本及香港多家企業任職，現為康鴻投資有限公司副總經理，該公司主要從事電訊、半導體及技術相關業務。伍女士於一九九六年獲日本拓殖大學商學部頒授經營學科學士學位。伍女士為伍先生之胞妹。

Biographical Details of Directors

董事個人履歷

Ms. Chow Sau Fong, Fiona (“Ms. Chow”)

Aged 44

Ms. Chow is an executive director and has been appointed as chief operating officer (“COO”) of the Group since 24 April 2015 and is responsible for managing the exhibition businesses of the Group in all territories. She has also been assigned as the special assistant to Chairman of the Company since 1 October 2010 and appointed as director of certain subsidiaries of the Company. Formerly, Ms. Chow was appointed as Executive Director when she first joined the Group on 30 October 2007. She had also held the position of chief financial officer of the Company between 1 January 2008 and 31 December 2008. On 22 September 2009, Ms. Chow had been appointed as COO of the Company and she resigned thereafter as Executive Director and COO of the Company with effect from 23 August 2010 for personal reasons. On the same day, she was re-designated as the managing director of the China operation of the Company, which has focused on the development of theatrical exhibition business in China and subsequently she resigned from the position with effect from 30 September 2010.

Ms. Chow holds an M.B.A in Finance and Entrepreneurial Management from the Wharton Business School at the University of Pennsylvania, and a B.A. (Honors) in Business Administration from the Chinese University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Man Kit Michael (“Mr. Leung”)

Aged 63

Mr. Leung has been an independent non-executive director, and the chairman of the audit committee and a member of the remuneration committee of the Company since February 2008 and a member of the nomination committee of the Company since 26 March 2012. Mr. Leung obtained a bachelor’s degree in social science from the University of Hong Kong in 1977 and has over 30 years of experience in project finance and corporate finance. He has held senior positions with Peregrine Capital (China) Limited, SG Securities (HK) Limited (previously known as Crosby Securities (Hong Kong) Limited), Swiss Bank Corporation, Hong Kong Branch. Mr. Leung was also a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P.

Mr. Leung serves as an independent non-executive director of NetEase, Inc., a NASDAQ listed company. He also serves as an independent non-executive director of China Ting Group Holdings Limited, China Huiyuan Juice Group Limited, Optics Valley Union Holding Company Limited and Luye Pharma Group Limited; and as an executive director of Unitas Holdings Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Leung was an independent non-executive director of Junefield Department Store Group Limited for the period from December 2002 to May 2013, a company being listed on the Stock Exchange.

鄒秀芳女士(「鄒女士」)

四十四歲

鄒女士為執行董事，自二零一五年四月二十四日起獲委任為本集團首席運營官(「首席運營官」)，負責管理本集團於所有地區之影院業務。彼自二零一零年十月一日起擔任本公司主席之特別助理，及獲委任為本公司若干附屬公司之董事。在此之前，鄒女士於二零零七年十月三十日加入本集團時獲委任為執行董事。彼亦曾於二零零八年一月一日至二零零八年十二月三十一日期間出任本公司首席財務官。於二零零九年九月二十二日，鄒女士獲委任為本公司之首席運營官，後因個人理由而於二零一零年八月二十三日起辭任本公司執行董事及首席運營官之職務，並於同日獲調任為本公司中國業務之董事總經理，專注發展中國影院業務，其後已於二零一零年九月三十日起辭任該職務。

鄒女士獲美國賓夕法尼亞州大學之沃頓商學院頒授財務及企業管理工商管理碩士學位，並獲香港中文大學頒授工商管理榮譽學士學位。

獨立非執行董事

梁民傑先生(「梁先生」)

六十三歲

梁先生自二零零八年二月起出任本公司獨立非執行董事、審核委員會主席及薪酬委員會成員，並自二零一二年三月二十六日起出任本公司提名委員會成員。梁先生於一九七七年取得香港大學社會科學學士學位，在項目融資及企業融資方面具備逾三十年經驗。彼曾任百富勤融資(中國)有限公司、法國興業證券(香港)有限公司(前稱香港高誠證券有限公司)及瑞士銀行公司香港分公司之高層成員。梁先生亦曾任Emerging Markets Partnership (Hong Kong) Limited董事，該公司曾為美國友邦集團亞洲基礎設施基金總顧問。

梁先生為納斯達克上市公司網易之獨立非執行董事，彼亦為華鼎集團控股有限公司、中國滙源果汁集團有限公司、光谷聯合控股有限公司及綠葉製藥集團有限公司之獨立非執行董事以及宏海控股集團有限公司之執行董事，上述公司均於香港聯合交易所有限公司(「聯交所」)上市。梁先生於二零零二年十二月至二零一三年五月出任莊勝百貨集團有限公司之獨立非執行董事，該公司於聯交所上市。

Biographical Details of Directors

董事個人履歷

Ms. Wong Sze Wing (“Ms. Wong”)

Aged 38

Ms. Wong was appointed as an independent non-executive director and a member of the remuneration committee and the audit committee of the Company with effect from 26 April 2010. She has been appointed as the chairman of the remuneration committee of the Company and a member of the nomination committee since 26 March 2012. Ms. Wong has over ten years of accounting experience in the profession. She is the chief financial officer and joint company secretary of Yingde Gases Group Company Limited which is listed on the main board of the Stock Exchange and a constituent stock of Hang Seng Composite Index. Ms. Wong was previously employed as the group chief financial officer of OSEG. She was also previously employed as the financial controller of Avex China Company Limited, a PRC joint venture company established by OSEG and Avex Group Holdings Inc., which is listed on the Tokyo Stock Exchange. Ms. Wong ceased to be the group chief financial officer of OSEG and financial controller of Avex China Company Limited in January 2008. She was also previously employed as a manager at PricewaterhouseCoopers. Ms. Wong obtained a bachelor's degree in business administration from the University of Hong Kong in 2001. She also obtained an EMBA from the China Europe International Business School in 2012. Ms. Wong became a chartered member of the Hong Kong Institute of Certified Public Accountants in 2003.

Mr. Fung Chi Man Henry (“Mr. Fung”)

Aged 48

Mr. Fung has been an independent non-executive director and the member of the audit committee of the Company since 3 June 2016. Mr. Fung has over twenty years of experience in the legal profession. He is a partner of Holman Fenwick Willan (“HFW”) since 1999 and the chief representative of the Shanghai Office of Holman Fenwick Willan LLP. Mr. Fung obtained a degree of Bachelor of Laws and a Postgraduate Certificate in Laws from the University of Hong Kong. He also has a PRC law degree from the China University of Political Science and Law. Mr. Fung is currently a practicing solicitor of the High Courts of Hong Kong and England & Wales. Mr. Fung is also a notary public and a China-appointed attesting officer in Hong Kong. Besides, Mr. Fung is also a civil celebrant of marriages, an HKIAC arbitrator, a member of the Solicitors Disciplinary Tribunal and a chairman of the Appeal Tribunal Panel (Buildings) in Hong Kong.

黃斯穎女士(「黃女士」)

三十八歲

黃女士於二零一零年四月二十六日獲委任為本公司獨立非執行董事兼薪酬委員會及審核委員會成員。彼自二零一二年三月二十六日起獲委任為本公司薪酬委員會主席及提名委員會成員。黃女士具備超過十年專業會計經驗。彼現擔任盈德氣體集團有限公司之首席財務官及聯席公司秘書，該公司於聯交所主板上市，並為恒生綜合指數成分股。黃女士曾擔任橙天之集團首席財務官，先前曾於艾迴音樂影像製作(中國)有限公司擔任財務總監，該公司乃由橙天與Avex Group Holdings Inc.成立之中國合營企業公司。Avex Group Holdings Inc.為於東京證券交易所上市之公司。黃女士於二零零八年一月退任橙天之集團首席財務官及艾迴音樂影像製作(中國)有限公司之財務總監。黃女士過往曾受聘於羅兵咸永道會計師事務所出任經理。黃女士於二零零一年取得香港大學工商管理學士學位，並於二零一二年在中歐國際工商學院取得行政人員工商管理碩士學位。黃女士於二零零三年成為香港會計師公會會員。

馮志文先生(「馮先生」)

四十八歲

馮先生自二零一六年六月三日起出任本公司獨立非執行董事兼審核委員會成員。馮先生擁有超過二十年之專業法律服務經驗。彼自一九九九年為夏禮文律師行(「夏禮文」)之合夥人及夏禮文律師事務所上海辦事處之首席代表。馮先生於香港大學取得法學學士學位和法學專業證書，並於中國政法大學取得中國法律學位。馮先生現為香港、英格蘭和威爾士高等法院執業律師。彼於香港亦是公證人及中國委託公證人。此外，馮先生於香港也是婚姻監禮人、香港國際仲裁中心仲裁員、律師紀律審裁組成員和上訴審裁團(建築物)主席。

Chairman's Statement 主席報告書



Dear Shareholders,

On behalf of the board of Directors (the "Board") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company"), it is with great pleasure that I present this annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 (the "Year").

During 2016, the Group recorded revenues of HK\$1,292 million, which represented a year-on-year increase of 1.2%. The net loss attributable to shareholders of the Company for the year was significantly reduced by 67.2% to HK\$59 million over the prior year. I am particularly proud that despite suffering exchange losses due to the depreciation of Renminbi and the additional finance costs and related expenses incurred for the convertible bonds issued during the Year, our dedicated management team had been able to improve the result by enhancing the efficiency of our cinemas and implementing prudent cost control measures. The excellent vision of management was also proved by the sales and purchase agreement entered by the Company subsequent to the Year to sell our Mainland China exhibition business at a fair valuation of approximately RMB3.3 billion.

致股東：

本人謹代表橙天嘉禾娛樂(集團)有限公司(「本公司」)董事會(「董事會」)欣然呈報本公司及其附屬公司(「本集團」)截至二零一六年十二月三十一日止年度(「本年度」)之年報。

於二零一六年，本集團收益按年上升1.2%至12.92億港元。本年度本公司股東應佔虧損淨額較去年大幅減少67.2%至0.59億港元。儘管因人民幣貶值而蒙受匯兌虧損，加上於本年度發行可換股債券而產生額外財務費用及相關開支，惟專責管理團隊透過提高旗下影城效率，並奉行審慎成本監控措施，從而得以改善業績，本人特別對此深感驕傲。本公司於本年度後訂立買賣協議以按公平估值約人民幣33億元出售中國內地影城業務，亦足以證明管理層眼光卓越。



The Group continued to maintain its leading position in different regions with steady growth for the year under review. With the 10 newly opened cinemas of 63 screens and the one acquired cinema with 5 screens, the total number of operating cinemas of the Group reached 107 cinemas with 781 screens as at 31 December 2016. We have accumulated years of extensive experience and in-depth knowledge of film exhibition and distribution in different regions. Nevertheless, we are dedicated to introduce a variety of services such as new food and beverage offerings and more alternative contents to enrich our customer experience. It is this hard-earned expertise and dedication for valued services that sets us apart from the competition and allows to deliver quality services at highly competitive prices to achieve steady growth by riding on the strength of diversified geographic coverage. This successful strategy of geographic diversification was also demonstrated by the record high admission of approximately 52 million patrons in the Year.

於回顧年內，本集團在各地繼續保持龍頭地位，穩步增長。隨著增設10家新影城共63塊銀幕及收購1家影城共5塊銀幕，本集團於二零一六年十二月三十一日營運之影城總數達107家，共781塊銀幕。我們多年來在各地經營影城及發行方面累積豐富經驗及深入知識。然而，我們致力引入各式各樣的服務，例如提供新的餐飲選擇及更多特別節目，務求豐富客戶體驗。此等專業知識來之不易，加上致力提供增值服務，令我們從芸芸競爭對手當中脫穎而出，同時借助多元化發展地區覆蓋範圍之優勢，以極具競爭力的價格提供優質服務，達致穩定增長。於本年度之入場觀眾錄得新高約5,200萬人次，亦足證多元化發展地點策略空前成功。

Chairman's Statement

主席報告書

BUSINESS REVIEW

The Group was able to maintain revenue growth in our Mainland China segment, despite the fact that the overall market was less robust than expected in the Year. The substantial development of new multiplexes by market players over the past few years has accelerated industry growth while at the same time led to undesirable pressure on ticket prices and admissions that have adversely affected the Group's growth momentum and profitability. Given the recent market trends, we expect consolidation of market players will continue to happen and further intensify industry competition. It is very encouraging that we were able to seize the opportunity to sell our Mainland China exhibition business at a fair valuation which we believe will unlock value for the Group and enable us to further grow our other businesses and operations.

Being one of the most successful market players with a strong foundation in Hong Kong, apart from focusing on the profitable film exhibition operation, the Group continues to explore new earning streams to enhance the value of our business. Adhering to the strategy of being a comprehensive entertainment hub we keep identifying unique alternative contents to provide a wider scope of products to our audiences. Supported by the robust market demand, we presented 81 alternative contents in Hong Kong in 2016, representing a significant increase from 42 in the prior year. It is expected that the business of alternative contents will continue to generate stable income for our Hong Kong operation.

The Group has accumulated years of experience in cinema operation in Taiwan and Singapore and has strong professional teams in these two territories. The valuable experience and expertise put us well ahead of our competitors and in a good position to consistently deliver value for our shareholders. Vie Show and Golden Village cinema circuits continued to be the market leaders with a market share of 42% and 44% in Taiwan and Singapore respectively. Apart from maintaining steady growth in our core exhibition business, our Taiwan and Singapore operations have been expanding their scopes of business to provide wider food and beverage offerings and alternative contents to our audiences as well.

For corporate social responsibility, the Group is committed to achieve balance between earnings and sustainable development. We believe outstanding business environment, society and corporate governance are of utmost importance to maintaining the long term sustainable success of the Group. We are devoted to supporting staff to engage in community services and social enterprises so as to encourage the harmony among the communities where the Group operates businesses.

業務回顧

儘管於本年度整體市場較預期疲弱，惟本集團能夠維持中國內地分部收益增長。市場同業過去多年來大力發展全新多廳影城，加快了行業增長，但同時為票價及觀影人次帶來沉重壓力，對本集團之增長勢頭及盈利能力造成不利影響。有鑑於近期市場走勢，我們預期市場同業整合情況將會持續，並進一步加劇業內競爭。我們能夠把握機會按公平估值出售中國內地影城業務，實在令人鼓舞，相信定能為本集團締造價值，並推動其他業務及營運進一步增長。

本集團身為市場上最成功一員，旗下業務扎根香港，除主力發展有利可圖的影城業務外，亦不斷發掘新盈利來源為業務增值。我們奉行打造全面娛樂樞紐策略，一直物色獨特的特別節目，為觀眾提供更多產品。在市場需求暢旺支持下，我們於二零一六年在香港上演81場特別節目，較去年42場大幅增加。預期特別節目業務將繼續為旗下香港業務帶來穩定收入。

本集團在台灣及新加坡累積多年影城營運經驗，並在兩地均設有強大的專業團隊。所得寶貴經驗及專業知識令我們傲視競爭對手，並作好準備為股東持續締造價值。威秀及嘉華院線繼續在台灣及新加坡保持領導地位，市場佔有率分別為42%及44%。除核心影城業務維持穩定增長外，台灣及新加坡業務一直拓展其業務範圍，為觀眾提供更多餐飲選擇及特別節目。

至於企業社會責任方面，本集團致力在盈利與可持續發展之間取得平衡。我們相信，優秀的營商環境、社會及企業管治對本集團長遠持續成功至關重要。我們不遺餘力地鼓勵員工參與社區服務及社企工作，增進本集團經營業務所在社區和諧共融。

Chairman's Statement

主席報告書

PROSPECTS

It is expected that the macro-economic environment for the film exhibition and distribution sector will remain challenging in the coming years. The keen competition and relatively expensive premises costs in Hong Kong will also likely persist for a period of time. However, the Group's regionalisation strategy has resulted in a more balanced business mix and diversified geographic portfolio, and we will pay close attention to the regional economy and adjust our strategy and deploy accordingly.

The Group has built a solid foundation in the past years with clear long term growth visibility. With the disposal of our Mainland China exhibition business at a fair valuation, we will have a strong financial position and sufficient cash flows to tackle the coming challenges and further develop our remaining businesses.

Looking forward, the Group will continue to take active steps to strengthen our cinema circuits and will seek suitable acquisition opportunities as well. The Group is well-positioned to create long term value for its shareholders.

ACKNOWLEDGEMENT

I believe that the Group's prospects are bright. I would like to take this opportunity to thank our shareholders, business partners and customers for their continued support and belief in us. I would also like to extend my utmost gratitude to all Board members, the management team and our dedicated employees who make all of this possible.

前景

預期影城業務及發行領域之宏觀經濟環境於來年仍將充滿挑戰，香港競爭激烈及物業成本相對高昂情況亦很可能會持續一段時間。然而，本集團之區域化策略令其業務組合更加平衡，並多元化發展地區組合。我們將密切留意地區經濟狀況，因而調整其策略及部署。

本集團於過去多年來已奠定穩固基礎，長遠增長前景明朗。隨著按公平估值出售中國內地影城業務，我們將具備穩健財務狀況及充裕現金流量，足以應付迎面而來的挑戰，並進一步發展餘下業務。

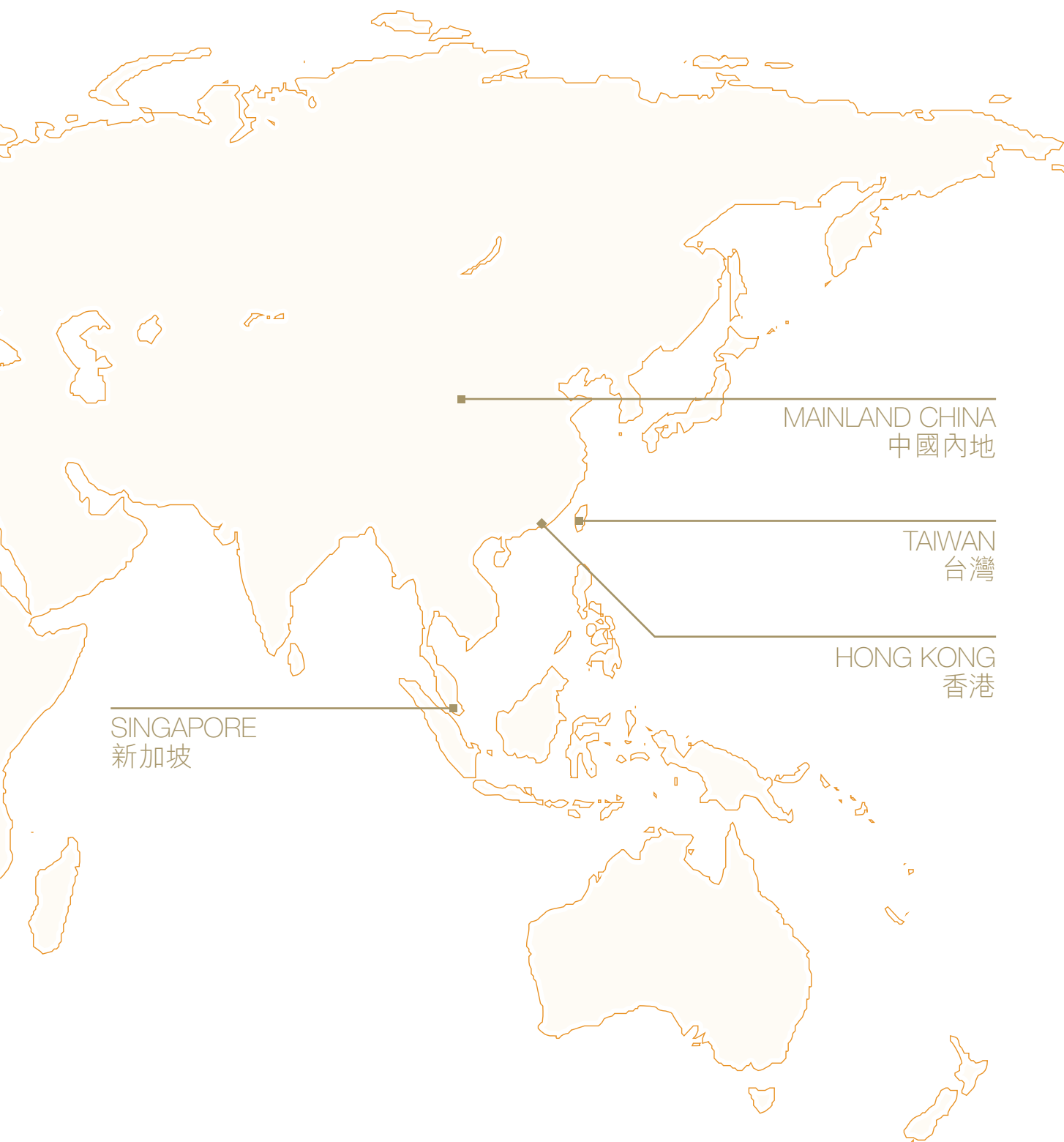
展望將來，本集團將繼續積極加強旗下院線實力，並尋覓合適收購機會。本集團已準備就緒為股東締造長遠價值。

致謝

本人深信本集團前景一片光明。本人謹藉此機會衷心感謝股東、業務夥伴及客戶對我們的鼎力支持及信任。本人亦謹此對為使這一切成真而付出努力的全體董事會成員、管理團隊及僱員深表謝意。

Management

Discussion 管理層討論及分析 & Analysis





ORANGE SKY GOLDEN HARVEST'S CINEMA PORTFOLIO

橙天嘉禾影城組合

(as of 31 December 2016 截至二零一六年十二月三十一日)

		Number of cinemas 影城數目	Number of screens 銀幕數目	Admissions (million) 入場觀眾 (百萬人次)	Net average ticket price (HK\$) 平均淨票價 (港元)
Mainland China	中國內地				
Eastern	華東區	22	153	7.7	30.7
Southern	華南區	19	132	6.3	38.5
Central Western	中西區	17	127	4.8	30.0
Northern	華北區	18	119	6.0	36.3
Hong Kong	香港	6	23	2.4	83.2
Taiwan	台灣	14	136	15.7	57.5
Singapore	新加坡	11	91	9.4	56.9
Total	總計	107	781	52.3	49.1



Management

Discussion & Analysis 管理層討論及分析

MAINLAND CHINA 中國內地

76 Cinemas / 影城
531 Screens / 銀幕

HONG KONG 香港

6 Cinemas / 影城
23 Screens / 銀幕

TAIWAN 台灣

14 Cinemas / 影城
136 Screens / 銀幕

SINGAPORE 新加坡

11 Cinemas / 影城
91 Screens / 銀幕

In 2016, the Group's revenue totalled **HK\$1,292 million**, an increase of **1%**.
 Gross profit grew from **HK\$729 million** to **HK\$768 million**.

於二零一六年本集團錄得收益合共 **12.92 億港元**，增加 **百分之一**。
 毛利由 **7.29 億港元** 增至 **7.68 億港元**。

Management Discussion and Analysis

管理層討論及分析

OPERATION AND FINANCIAL REVIEW

During the year under review, the Group's revenue increased by 1.2% to HK\$1,292 million and the gross profit increased by 5.3% to HK\$768 million compared with last year. Gross profit margin was also improved to 59.4% (2015: 57.1%). Loss attributable to the equity holders of the Company significantly reduced by 67.2% to HK\$59 million as compared to HK\$180 million last year.

The increase of revenue was contributed by the Mainland China region and was attributable to the 9 new cinemas with 57 screens in the region. Despite suffering from an exchange loss of HK\$45 million (2015: HK\$41 million) as a result of Renminbi depreciation and additional finance costs and related expenses of HK\$29 million incurred for the convertible bonds issued in February 2016, loss attributable to the equity holders of the Company reduced significantly by 67.2% to HK\$59 million. The reduction in loss was primarily due to the continuous improvement of operation efficiency of ramped up cinemas, the decline in operating and administration expenses such as share option expenses and the decrease in provision for impairment of assets for the year.

As of 31 December 2016, the cash and cash equivalents of the Group amounted to HK\$152 million (2015: HK\$187 million). The Group's outstanding borrowings which amounted to HK\$595 million (2015: HK\$770 million) comprise mainly interest bearing bank loans of HK\$411 million and convertible bonds of HK\$184 million. The interest bearing bank loans were secured by pledged cash, an office property and the equity interests in two subsidiaries of the Company. Adhering to prudent financial management, the Group's gearing ratio (measured as total borrowings to total assets) decreased to 18.9% (2015: 28.7%), as the Group managed to maintain a more healthy liquidity position.

BUSINESS REVIEW

Film Exhibition

The Group opened 10 cinemas with 63 screens and acquired 1 cinema with 5 screens during the year. As of 31 December 2016, the Group operated 107 cinemas with 781 screens in total across Mainland China, Hong Kong, Taiwan and Singapore. Our cinemas served over 52 million guests compared with 51 million guests for the same period last year. Gross box office receipts on a full and aggregated basis were recorded at HK\$2,568 million, representing a slight drop of 3.8% from last year. The major Hollywood blockbusters released this year were *Captain America: Civil War* (美國隊長 3: 英雄內戰), *Zootopia* (優獸大都會), *Batman v Superman: Dawn of Justice* (蝙蝠俠對超人: 正義曙光), *Fantastic Beasts and Where to Find Them* (怪獸與牠們的產地), *Deadpool* (死侍: 不死現身), *Doctor Strange* (奇異博士) and *X-Men: Apocalypse* (變種特攻: 天啟滅世戰). The major Chinese-language blockbusters were *Mermaid* (美人魚), *Ip Man 3* (葉問3), *The Monkey King 2* (西遊記之孫悟空三打白骨精) and *From Vegas To Macau III* (賭城風雲III) in Mainland China and Hong Kong, *The M Riders Finding Pangu* (萌學園: 尋找磐古) in Taiwan and *Long Long Time Ago* (我們的故事) in Singapore.

營運及財務回顧

於回顧年內，本集團收益較去年增加1.2%至12.92億港元，而毛利則增加5.3%至7.68億港元。毛利率亦改善至59.4%（二零一五年：57.1%）。本公司股權持有人應佔虧損較去年1.80億港元大幅減少67.2%至5,900萬港元。

收益增加歸功於中國內地地區，該區增設9家新影城共57塊銀幕。儘管因人民幣貶值而蒙受匯兌虧損4,500萬港元（二零一五年：4,100萬港元），加上於二零一六年二月發行可換股債券而產生額外財務費用及相關開支2,900萬港元，惟本公司股權持有人應佔虧損大幅減少67.2%至5,900萬港元。虧損減少主要由於年內持續改善已升級影城之經營效率、減省購股權開支等經營及行政開支及減少資產減值撥備。

於二零一六年十二月三十一日，本集團之現金及現金等值項目為1.52億港元（二零一五年：1.87億港元）。本集團之未償還借貸5.95億港元（二零一五年：7.70億港元）主要包括計息銀行貸款4.11億港元及可換股債券1.84億港元。計息銀行貸款已以抵押現金、辦公室物業及本公司兩間附屬公司之股權作抵押。本集團堅持審慎理財，其按揭借貸總額除資產總值計算之資產負債比率下降至18.9%（二零一五年：28.7%），原因為本集團致力維持更穩健的流動資金狀況。

業務回顧

影城業務

年內，本集團開設10家影城共63塊銀幕，並收購1家影城共5塊銀幕。截至二零一六年十二月三十一日，本集團於中國內地、香港、台灣及新加坡共營運107家影城共781塊銀幕。本集團影城觀眾超過5,200萬人次，而去年同期則為5,100萬人次。如按全數及總額基準計算，票房總收入達25.68億港元，較去年微跌3.8%。年內上映之荷里活猛片主要有《美國隊長3：英雄內戰》、《優獸大都會》、《蝙蝠俠對超人：正義曙光》、《怪獸與牠們的產地》、《死侍：不死現身》、《奇異博士》及《變種特攻：天啟滅世戰》。華語猛片主要有中國內地及香港上映之《美人魚》、《葉問3》、《西遊記之孫悟空三打白骨精》及《賭城風雲III》；台灣上映之《萌學園：尋找磐古》；及新加坡上映之《我們的故事》。

Management Discussion and Analysis

管理層討論及分析

OPERATING STATISTICS OF THE GROUP'S CINEMAS

(For the year ended 31 December 2016)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	76	6	14	11
Number of screens*	531	23	136	91
Admissions (million)	24.8	2.4	15.7	9.4
Net average ticket price (HK\$)	34	83	58	57

* as of 31 December 2016

The Group is committed to pursue visual and audio effect perfection to bring a new movie-going experience for our audiences. All screens of the Group have been fully installed with digital equipment and are 3D compatible. Two IMAX® screens were installed in Mainland China in 2016 which there were 12 IMAX® screens in total for the Group in Taiwan and Mainland China as at 31 December 2016. The Group has also been upgrading the experience for our audiences by equipping 4DX™, D-Box Motion Chairs, Advanced Panorama Dolby Atmos and DTSX sound systems in our cinemas in different regions.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	2016	2015
Number of cinemas*	76	67
Number of screens*	531	474
Admissions (million)	24.8	21.3
Net average ticket price (RMB)	29	33
Gross box office receipts (RMB million)#	792	752

* as of 31 December 2016

before deduction of government taxes and charges

本集團各地影城之營運數據

(截至二零一六年十二月三十一日止年度)

	中國內地	香港	台灣	新加坡
影城數目*	76	6	14	11
銀幕數目*	531	23	136	91
入場觀眾 (百萬人次)	24.8	2.4	15.7	9.4
平均淨票價 (港元)	34	83	58	57

* 截至二零一六年十二月三十一日

本集團不斷追求完美聲畫質素，務求為觀眾帶來嶄新電影觀賞體驗。本集團所有銀幕已全面安裝數碼設備且支援3D放映。本集團於二零一六年在中國內地新安裝兩塊IMAX®銀幕，而本集團於二零一六年十二月三十一日在台灣及中國內地共有12塊IMAX®銀幕。本集團亦一直為觀眾提升觀影體驗，在各地影城裝設4DX™、D-Box動感座椅、先進環迴杜比全景聲系統及DTSX音響系統。

中國內地

本集團中國內地影城之營運數據

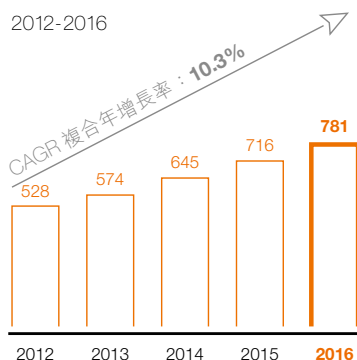
	二零一六年	二零一五年
影城數目*	76	67
銀幕數目*	531	474
入場觀眾 (百萬人次)	24.8	21.3
平均淨票價 (人民幣元)	29	33
票房總收入 (人民幣百萬元) #	792	752

* 截至二零一六年十二月三十一日

扣除政府稅項及徵費前

OSGH Cinemas Total Screens Numbers

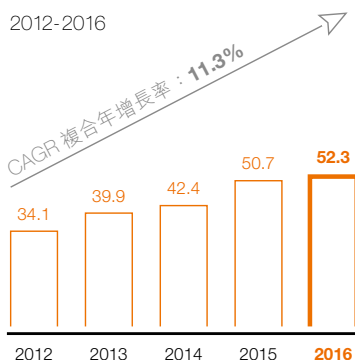
橙天嘉禾影城的銀幕總數



OSGH Cinemas Total Admissions

橙天嘉禾影城的總觀影人次

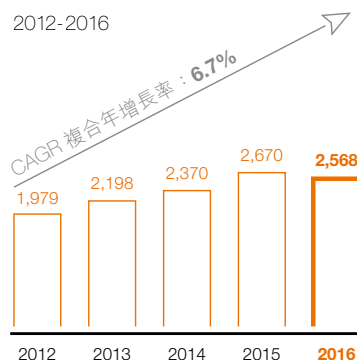
Million 百萬人次



OSGH Cinemas Total Box Office Receipts

橙天嘉禾影城的總票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

The market gross box office receipts in Mainland China increased by 3.6% to RMB45.5 billion from RMB43.9 billion last year while the Group's gross box office receipts generated by its multiplexes in Mainland China increased by 5.3% to RMB792 million compared with last year. During the year under review, the Group opened 8 new cinemas with 52 screens in the cities of Shenzhen, Tianjin, Foshan, Xian and Changsha and acquired 1 cinema with 5 screens from a local operator in the city of Wuhan. Notwithstanding that the average ticket price reduced by 12.1% from RMB33 to RMB29 as a result of many marketing campaigns launched to drive admissions from keen competition, the Group served approximately 25 million patrons in Mainland China, representing 16.4% growth from last year.

A new concept multiplex at Shenzhen Mission Hill was opened in January 2016. It was the first standalone IMAX building in Southern China comprising seven 3D theatres with 4K digital technology, offering a book store and food and beverage sections that create a comprehensive and relaxing entertainment environment for our customers.

A lot of famous films released during the year like *Mermaid* (美人魚), *Zootopia* (優獸大都會), *Fantastic Beasts and Where to Find Them* (怪獸與牠們的產地) and *Captain America: Civil War* (美國隊長 3: 英雄內戰) drew the attention of audiences. To attract and retain our audiences, the Group continued to offer discount promotions, membership privilege programs and activities as well as on-line and in-app ticket purchasing to drive the growth of the average ticket price and watching frequency of our customers and at the same time provide a better value for money experience and superior service to our audiences.

The net loss of our exhibition business in Mainland China was HK\$42 million for the year under review compared to HK\$97 million last year. The reduction in loss was mainly attributable to the continuous improvement in operation efficiency on ramped-up cinemas which helped to boost both box office and non box office revenue, and implementation of tight cost controls as well. In response to the dynamic market environment, the Group will continually review its ticket pricing strategy to optimise profitability.

中國內地之票房總收入由去年人民幣439億元增加3.6%至人民幣455億元，而本集團中國內地多廳影城產生之票房總收入則較去年增加5.3%至人民幣7.92億元。於回顧年內，本集團於深圳、天津、佛山、西安及長沙等城市增設8家新影城共52塊銀幕，並於武漢向當地營運商收購1家影城共5塊銀幕。儘管因在競爭激烈地區進行多項市場推廣活動刺激入場人次以致平均票價由人民幣33元下降12.1%至人民幣29元，惟本集團於中國內地服務觀眾約2,500萬人次，較去年增長16.4%。

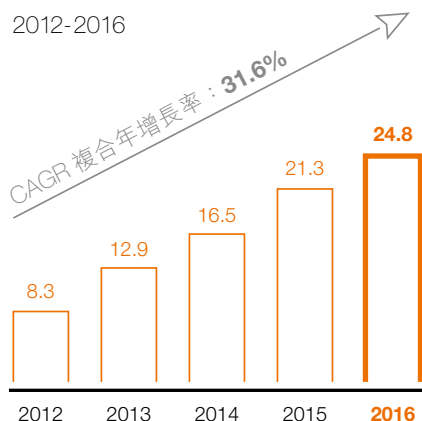
位於深圳觀瀾湖之全新概念多廳影城於二零一六年一月開業，為華南地區首個單棟式IMAX影廳，備有7個配備4K數碼技術之3D影院，同時設有書店及餐飲區，可將更完善、輕鬆的娛樂環境帶給每位顧客。

年內上映之多套猛片《美人魚》、《優獸大都會》、《怪獸與牠們的產地》及《美國隊長3：英雄內戰》廣受觀眾歡迎。為吸引及留住觀眾，本集團繼續提供折扣優惠，推行會員福利計劃及專享活動以及透過網上及應用程式購票，藉以推動平均票價及顧客觀影次數增長，同時為觀眾帶來物超所值之體驗及優越服務。

於回顧年內，中國內地影城業務之淨虧損為4,200萬港元，而去年則為9,700萬港元。虧損減少主要由於持續改善已升級影城之經營效率，有助提高票房及非票房收益，並同時推行嚴格成本監控措施。因應瞬息萬變的市場環境，本集團將不斷檢視票價策略，從而優化其盈利能力。

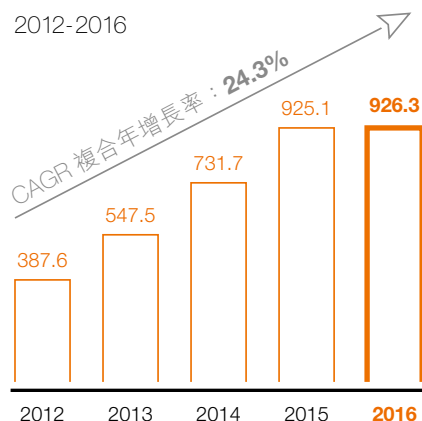
OSGH Mainland China Cinemas Admissions 橙天嘉禾中國內地影城的觀影人次

Million 百萬人次



OSGH Mainland China Cinemas Box Office Receipts 橙天嘉禾中國內地影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	2016	2015
Number of cinemas*	6	6
Number of screens*	23	24
Admissions (million)	2.4	2.7
Net average ticket price (HK\$)	83	78
Gross box office receipts (HK\$ million)	203	212

* as of 31 December 2016

During the year under review, the Hong Kong market as a whole recorded box office receipts of HK\$1.96 billion, a decrease of 1.0% from HK\$1.98 billion for the same period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$203 million this year (2015: HK\$212 million), representing a decrease of 4.2% compared to the same period last year. The decrease was primarily attributable to closure of The Golden Gateway Multiplex with 3 houses in February 2016, partially offset by the increase in admissions from the new GH Fanling cinema with 2 houses which commenced operations in July 2016. Net average ticket price grew 6.4% to HK\$83 since more alternative content shows with higher average ticket price were held, and the ticket prices for the renovated and new cinemas such as GH Whampoa cinema and GH Fanling cinema increased. Excluding the effect of the closed and newly opened cinemas during the year, on a like-for-like basis the box office income grew by 1.4% compared to last year which outperformed the market.

To make our cinemas a more comprehensive entertainment hub, in 2016 we showed 81 alternative contents including a live concert in our circuit, a big jump of 92.9% from 42 in last year. It was encouraging that we built an experienced team in organising the alternative contents and a strong base for alternative content fans, which was proved by our successful alternative content shows such as the 18 shows of Live Broadcast "μ's Final LoveLive!" which reached a remarkable 96.8% fill rate and HK\$300 average ticket price.

香港

本集團香港影城之營運數據

	二零一六年	二零一五年
影城數目*	6	6
銀幕數目*	23	24
入場觀眾 (百萬人次)	2.4	2.7
平均淨票價 (港元)	83	78
票房總收入 (百萬港元)	203	212

* 截至二零一六年十二月三十一日

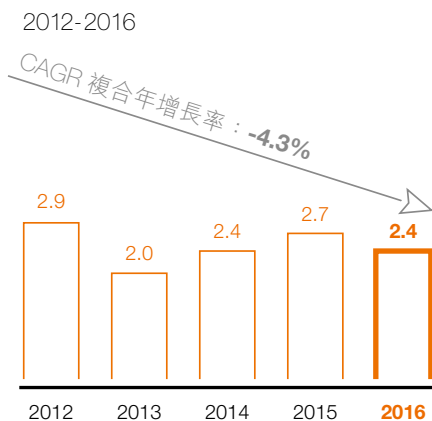
於回顧年內，香港市場整體票房收入為19.6億港元，較去年同期19.8億港元減少1.0%。本年度，本集團香港影城之票房收入為2.03億港元（二零一五年：2.12億港元），較去年同期減少4.2%。票房收入減少主要由於備有三個影廳之嘉禾港威戲院於二零一六年二月關閉，抵銷了於二零一六年七月開業，備有兩個影廳之全新嘉禾粉嶺所增加之入場觀眾。由於上演更多平均票價較高之特別節目，加上嘉禾黃埔影城及嘉禾粉嶺影城等翻新及新增影城票價有所提高，故平均淨票價增長6.4%至83港元。撇除年內關閉及增設影城之影響，票房收入較去年同期增長1.4%，優於市場水平。

為了令旗下影城成為更全面的娛樂樞紐，本集團於二零一六年在旗下院線上演81場特別節目，當中包括一場現場直播演唱會，較去年42場激增92.9%。我們已組建一隊經驗豐富的團隊負責籌辦特別節目，並得到一群特別節目觀眾鼎力支持，成功上演包括18場現場直播「μ's Final LoveLive!」在內之特別節目，該節目錄得入座率高達96.8%，平均票價為300港元，成績令人鼓舞。

OSGH Hong Kong Cinemas Admissions

橙天嘉禾香港影城的觀影人次

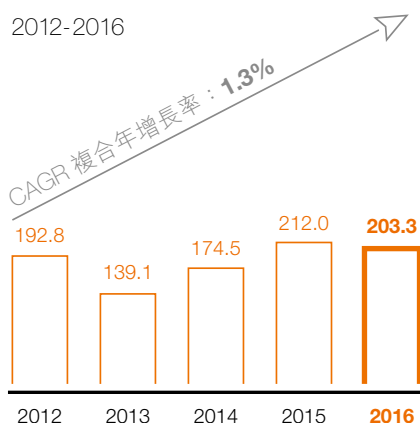
Million 百萬人次



OSGH Hong Kong Cinemas Box Office Receipts

橙天嘉禾香港影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	2016	2015
Number of cinemas*	14	13
Number of screens*	136	127
Admissions (million)	15.7	17.4
Net average ticket price (NTD)	240	240
Gross box office receipts (NTD billion)	3.8	4.2

* as of 31 December 2016

During the year, Taipei City's market box office receipts amounted to NTD3.91 billion, representing a decrease of 7.1% from NTD4.21 billion last year due to a lack of record breaking movies. Consistent with the market trend, the Group's 35.71% owned Vie Show cinema circuit ("Vie Show") recorded total box office receipts of NTD3,760 million (2015: NTD4,177 million), representing a decrease of 10.0% from last year as a result of a weakening in the number of admissions. Accordingly the Group's share of net profit from Vie Show decreased from HK\$38.2 million to HK\$24.2 million compared to the corresponding period last year. Nevertheless, Vie Show continued to maintain its leading position in Taiwan with a market share of 41.8%.

As at 31 December 2016, Vie Show owned 14 cinemas and 136 screens in Taiwan. A new cinema with 9 screens, comprising one 4DX™ theatre and two "MAPPA" theatres which provided both catering and entertainment services for an additional movie experience for our audiences, was opened during the year at the Mitsui Outlet Park in Linkou.

Adhering to the Group's comprehensive entertainment hub strategy, the popular "UNICORN" handmade popcorn counter was expanded from one cinema to six cinemas during the year. Three "MAGO" restaurants providing a variety of Spanish fusion cuisine and one new "Unicorn Café" were also launched in the Vie Show cinema circuit during the year to provide wider catering services.

台灣

本集團台灣影城之營運數據

	二零一六年	二零一五年
影城數目*	14	13
銀幕數目*	136	127
入場觀眾(百萬人次)	15.7	17.4
平均淨票價(新台幣)	240	240
票房總收入(十億新台幣)	3.8	4.2

* 截至二零一六年十二月三十一日

年內，台北市票房收入為39.1億新台幣，較去年42.1億新台幣減少7.1%，原因為缺乏破記錄猛片。與市場走勢一致，本集團擁有35.71%權益之威秀院線(「威秀」)錄得票房總收入37.60億新台幣(二零一五年：41.77億新台幣)，較去年減少10.0%，原因為入場觀眾人次下跌。因此，本集團分佔威秀之純利由去年同期3,820萬港元減至2,420萬港元。然而，威秀一直佔據台灣領先地位，其市場佔有率為41.8%。

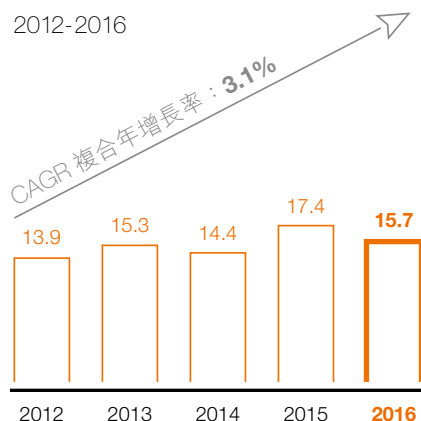
於二零一六年十二月三十一日，威秀在台灣共有14家影城共136塊銀幕。年內，林口三井Outlet Park共9塊銀幕之新影城開業，當中包括一個4DX™影廳及兩個「MAPPA」影廳，在觀影之餘為觀眾提供餐飲及娛樂服務。

本集團奉行打造全面娛樂樞紐策略，廣受歡迎的「UNICORN」手工爆米花業務於年內由一個影城擴展至六個影城。年內，威秀院線亦設立三間提供多款西班牙式創意料理之「MAGO」餐廳及一間全新「Unicorn Café」，提供更廣泛的餐飲服務。

OSGH Taiwan Cinemas Admissions

橙天嘉禾台灣影城的觀影人次

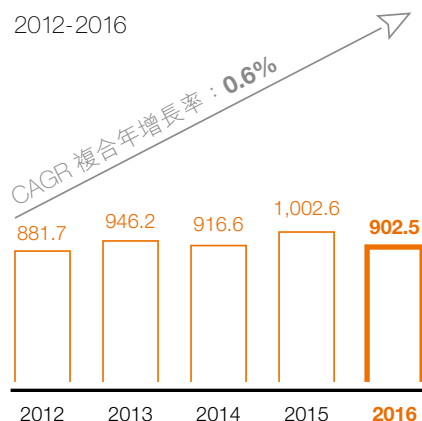
Million 百萬人次



OSGH Taiwan Cinemas Box Office Receipts

橙天嘉禾台灣影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Singapore

Operating Statistics of the Group's Cinemas in Singapore

	2016	2015
Number of cinemas*	11	11
Number of screens*	91	91
Admissions (million)	9.4	9.3
Net average ticket price (S\$)	10.2	10.1
Gross box office receipts (S\$ million)	96	94

* as of 31 December 2016

During the year under review, the Singapore market's box office receipts remained stable at S\$219 million (2015: S\$221 million). The Group's 50.0% owned Golden Village cinema circuit continued to be a market leader with a market share of 43.7% by reporting box office receipts of S\$96 million (2015: S\$94 million), representing an increase of 2.1% compared to last year. The increase in box office receipts was mainly contributed by the reopened GV Tiong Bahru cinema after a year of closure for renovation. The new GV Tiong Bahru consists of 800-seats with the latest cinema designs, new technological capabilities such as Quick tix™, automated ticketing machines and auto-gates giving patrons an easy, fast and efficient cinematic experience like none other. Hollywood blockbusters are always popular in Singapore and bring stable profit contribution to the Group. Hollywood blockbusters released during the year included *Captain America: Civil War* (美國隊長 3: 英雄內戰), *Zootopia* (優獸大都會), *Batman v Superman: Dawn of Justice* (蝙蝠俠對超人: 正義曙光), *Fantastic Beasts and Where to Find Them* (怪獸與牠們的產地), *Deadpool* (死侍: 不死現身), *Doctor Strange* (奇異博士) and *X-Men: Apocalypse* (變種特攻: 天啟滅世戰). During the year, the Group's share of net profit from the Golden Village cinema circuit increased by 1.3% to HK\$62 million.

新加坡

本集團新加坡影城之營運數據

	二零一六年	二零一五年
影城數目*	11	11
銀幕數目*	91	91
入場觀眾 (百萬人次)	9.4	9.3
平均淨票價 (新加坡元)	10.2	10.1
票房總收入 (百萬新加坡元)	96	94

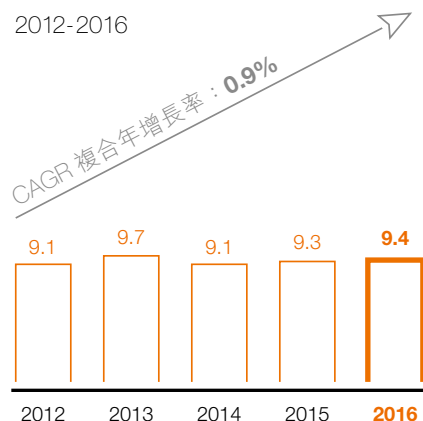
* 截至二零一六年十二月三十一日

於回顧年內，新加坡票房收入維持穩定，為2.19億新加坡元(二零一五年: 2.21億新加坡元)。本集團擁有50.0%權益之嘉華院線繼續穩踞領導地位，市場佔有率為43.7%，年內錄得票房收入9,600萬新加坡元(二零一五年: 9,400萬新加坡元)，較去年增加2.1%。票房收入增加主要有賴嘉華Tiong Bahru影院經關閉進行翻新一年後重開。全新嘉華Tiong Bahru影院設有800個座位，影院設計嶄新並配備全新重點技術，包括Quick tix™、自動售票機及自動閘門，為顧客帶來前所未有的簡單、快捷及有效率的電影體驗。荷里活猛片在新加坡市場一直叫座，為本集團帶來穩定溢利貢獻。年內上映之荷里活猛片包括《美國隊長3：英雄內戰》、《優獸大都會》、《蝙蝠俠對超人：正義曙光》、《怪獸與牠們的產地》、《死侍：不死現身》、《奇異博士》及《變種特攻：天啟滅世戰》。年內，本集團分佔嘉華院線之純利增加1.3%至6,200萬港元。

OSGH Singapore Cinemas Admissions

橙天嘉禾新加坡影城的觀影人次

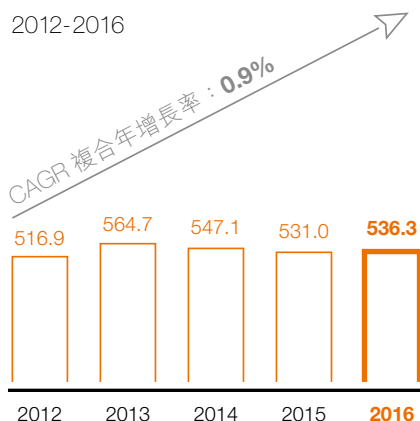
Million 百萬人次



OSGH Singapore Cinemas Box Office Receipts

橙天嘉禾新加坡影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Film & TV Programme Distribution and Production

The Group's film distribution and production business recorded revenue of HK\$45 million (2015: HK\$57 million), representing a decrease of 21% compared to last year. The distribution revenue was mainly generated by distributing some famous releases such as *Selfless* (幻體：續命遊戲), *From Vegas to Macau III* (賭城風雲III) and *Anniversary* (紀念日) in Hong Kong, *Ip Man 3* (葉問3) in Taiwan and *Train To Busan* (屍殺列車) in Singapore. For the production sector, the Group will continue to invest independently and cooperatively with local and overseas studios to produce movies and TV programmes of high quality and carry out intellectual property redevelopment in the next few years. The Group's film library with perpetual distribution rights kept on bringing steady licensing income to the Group.

EVENTS AFTER THE REPORTING PERIOD

To unlock value for Shareholders and strengthen the Group's financial position, on 25 January 2017, the Company entered into a sale and purchase agreement to sell the Mainland China exhibition business (the "Disposed Business") in Mainland China at a consideration of approximately RMB3.286 billion (the "Disposal"). The Company intends to use the net proceeds for the Group's future investments and expansion, a special dividend payment, repayment of third party debts and for general working capital use.

The Disposed Business is currently sub-scale compared to its competitors in Mainland China and the Company believes that a larger strategic player would be able to better grow the Disposed Business and realise its full value and potential. Losses for each of the three years ended 31 December 2016 had been incurred for the Disposed Business which exerted pressure on the overall profitability of the Group. Significant investment would be required to grow the Disposed Business in order to compete with the larger players, which may lead to the Company incurring additional financing costs and depreciation expenses that would adversely impact the Group's financial position in the future.

Given the recent trend of increasing consolidation in the film exhibition industry in Mainland China, the Directors are of the view that it is in the interests of the Group and Shareholders to seize the opportunity to sell the Disposed Business at a fair valuation. As the Consideration in respect of the Disposal is significantly higher than the net asset value of the Disposed Business, the Company considered that a full sale of the Disposed Business at the above stated consideration will benefit the Shareholders and better realise the fair value of the Group's assets.

It is expected that the Company will record a gain from the Disposal of approximately HK\$2.3 billion. The redeployment of the Group's resources through the Disposal will enable the Group to further grow its remaining business and operations, in which, part of the net proceeds received from the Disposal will be used to expand the operations in Hong Kong and the Production & Distribution Business in Mainland China. In particular, the Group expects to continue to produce and seek investment opportunities in quality film production projects with the potential for high box office returns by either actively leading the production process or passively investing in such films as a minority investor.

For more details of the Disposal, please refer to the circular issued by the Company on 13 March 2017.

電影及電視節目發行及製作

本集團就電影發行及製作業務錄得收益4,500萬港元(二零一五年:5,700萬港元),較去年同期減少21%。發行收益主要源自發行多部猛片,例如於香港發行《幻體:續命遊戲》、《賭城風雲III》及《紀念日》、於台灣發行《葉問3》以及於新加坡發行《屍殺列車》。製作業務方面,本集團將於未來數年透過自資以及與本地及海外製作公司合作,繼續製作高質素的電影與電視節目以及授權商品重新開發。本集團擁有永久性發行權之電影片庫繼續為本集團帶來穩定版權收入貢獻。

報告期後事項

為提升股東價值並加強本集團財務狀況,於二零一七年一月二十五日,本公司訂立買賣協議,以出售中國內地影城業務(「出售業務」),代價約為人民幣32.86億元(「出售事項」)。本公司擬將所得款項淨額用作本集團未來投資及擴展、派發特別股息、償還第三方債務以及一般營運資金。

目前,出售業務之規模小於其於中國內地之競爭對手。本公司相信規模較大之策略參與者將令出售業務有更佳增長,全面體現其價值及潛力。出售業務於截至二零一六年十二月三十一日止三個年度各年均產生虧損,對本集團整體盈利能力構成壓力。與規模較大之參與者競爭將須作出重大投資以發展出售業務,此舉可能導致本公司產生額外融資成本及折舊開支,對本集團日後之財務狀況構成負面影響。

基於近期中國內地影院業的合併趨勢日盛,董事認為,把握機會按公允之估值出售出售業務符合本集團及股東利益。由於出售事項之代價遠高於出售業務之資產淨值,本公司相信,按上述代價全面出售出售業務將對股東有利,並更有效體現本集團資產之公允值。

預期本公司將錄得出售事項之收益約23億港元。透過進行出售事項重新調配本集團之資源將讓本集團進一步發展其餘下業務及營運。出售事項之部分所得款項淨額將用作擴展香港業務以及中國內地製作及發行業務。具體而言,預期本集團將繼續透過主導製作過程或以少數投資者身分投資於電影,創造及尋求具有龐大票房回報潛力之優質電影製作項目方面之投資機會。

有關出售事項詳情請參閱本公司於二零一七年三月十三日刊發之通函。

Management Discussion and Analysis

管理層討論及分析

PROSPECTS

Looking forward to 2017, the Group will continue our cinema networks expansion strategy for its film exhibition segments. Our high calibre team in different regions will keep identifying cinema sites with good market penetration, undervalued acquisition targets and profitable cooperation opportunities in the market.

In Hong Kong, the Group will further invest into the film exhibition business by opening on average one or two new cinemas each year by competing for existing cinema sites currently run by other cinema operators upon the expiry of their leases, identifying populated areas currently not served by any cinema to explore opportunities to open new cinemas, and/or acquiring existing cinema sites of other cinema operators depending on the availability of new sites in the market and the feasibility of the commercial terms. Riding on the success of alternative contents in previous years, the Group will cooperate with different production houses to offer a variety of events including mini-concerts and fans meeting Asian artists in the cinemas. It is expected that the growth of needs in alternative shows will bring considerable profit to the Group. At the same time, the Group will carry on a comprehensive entertainment hub strategy to expand the catering business such as the newly established “Joō de Rolls” which is an adorable and lady-like restaurant specialising in sweet and savoury churros and the well-operated coffee corner “Why n.O.T”. Upon completion of the Disposal, The Group will further invest in the film and video production and distribution business.

In Mainland China, the Group plans to ramp up the film, video and TV production business by producing and/or co-investing in new mid-to-large scale films every year after completion of the Disposal. With the foundation that the Group has laid in its distribution network, the Group will enlarge the distribution business by acquiring distribution rights for more films depending on the availability, quality and potential profitability of such opportunities.

In Taiwan, Vie Show will stay with the cinema network expansion strategy. Over 20 potential sites and cooperation opportunities are currently under review and negotiation and more cinemas are expected to be opened in the coming few years. Furthermore, to align with the Group strategy of a comprehensive entertainment hub, Vie Show will continue to expand its catering business. Subsequent to year end, one themed restaurant — “Hello Kitty Red Carpet” with a Hollywood movie design was opened in Linkou in January 2017 and it has been well-received by the youth market.

In Singapore, the Group will continue to grow by actively pursuing suitable cinema sites in the market. It is expected 3 more cinemas in SingPost, Bedok and Funan respectively with 21 screens and 1,795 seats in total will be launched in the upcoming years. Adopting the strategy to diversify the earning stream to achieve sustainable growth, advanced settings such as 4DX™ motion seat hall and Gemini couple seat to offer an extraordinary movie experience as well as conventional halls to cater to the mass market will be provided in some of our new sites.

前景

展望二零一七年，本集團將繼續旗下影城業務分部之影院網路擴張計劃，不同地區高質素團隊將不斷於市場上物色具有良好市場滲透力之影城地點、估價偏低之收購目標及有利可圖之合作機會。

香港方面，本集團將進一步投資於影城業務，透過於租約期滿時與其他影城營運商競爭彼等目前經營之現有影城地點藉以每年開設平均一至兩家新影城，物色目前不設任何影城之人口稠密地區以發掘機會開設新影城，及／或視乎市場上新址供應及商業條款是否可行而收購其他影城營運商之現有影城地點。隨著過去數年成功籌辦特別節目，本集團將乘勢與不同製作公司攜手合作，在旗下影城為亞洲藝人舉辦小型演唱會及見面會等綜藝活動。預期對特別節目之需求增長將為本集團帶來可觀溢利。與此同時，本集團將貫徹全面娛樂樞紐策略以拓展其餐飲業務，例如走可愛優雅路線、專售可口甜點肉桂棒的新食肆「Joō de Rolls」，以及營運已上軌道的咖啡店「Why n.O.T」。出售事項完成後，本集團將進一步投資於電影及影碟製作及發行業務。

中國內地方面，本集團計劃於出售事項完成後每年製作及／或共同投資於全新中型至大型電影，從而推動電影、影碟及電視製作業務發展。借助本集團在發行網絡奠定之基礎，本集團將擴大其發行業務，購入更多已製作完成，具質量及盈利潛力的電影發行權。

台灣方面，威秀將堅持旗下影院網路擴張計劃，現正審視及探討超過20個具有潛力的地點及合作機會，並預期將於未來數年開設更多影城。此外，為配合本集團全面娛樂樞紐策略，威秀將繼續拓展其餐飲業務。於年結日後，一間以荷里活電影風格設計之「Hello Kitty Red Carpet」主題餐廳於二零一七年一月在林口開業，並深受年青人歡迎。

新加坡方面，本集團將繼續在市場上積極物色合適之影城地點，藉以發展業務。預期將於未來數年在SingPost、Bedok及Funan分別增設3家影城，內設共21塊銀幕及1,795個座位。透過奉行分散盈利來源之策略以達致可持續發展，部分新影城將加設4DX™ 動感座椅影廳及雙子情侶座位等先進設施以提供非凡觀影體驗，亦將設有傳統影廳以迎合普羅大眾之喜好。

Management Discussion and Analysis

管理層討論及分析

As the global economy remains challenging, the Group will pay close attention to the regional economy and adjust our strategy and deploy according. It is believed the Disposal will lead to a strong cash flow and sound financial position for the Group and we will continue to actively seek investment opportunities in the regional media, entertainment and technology sectors that are related to the Group's existing business. In the long run, the directors are confident that the Group will be able to achieve sustainable and steady long term growth in both return and net asset value.

FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2016, the Group had cash and cash equivalents amounting to HK\$152 million (2015: HK\$187 million). The Group's outstanding loans amounted to HK\$595 million (2015: HK\$770 million) representing mainly convertible bonds of HK\$184 million (2015: Nil) and bank borrowings of HK\$411 million (2015: HK\$770 million). The Group's gearing ratio, calculated on the basis of total borrowings over total assets stood at 18.9% (2015: 28.7%) and our cash to debt ratio at 36.2% (2015: 36.0%). As of 31 December 2016, the Group had HK\$63 million pledged cash balances to secure its banking facilities. In order to minimise potential risks for the Group's development and economic status, management will keep supervising gearing and will make relative adjustments if necessary. The Group at this moment has reasonable financial leverage. Meanwhile, the Group will take advantage of equity financing together with available bank loan facilities to aid the cinema projects, potential acquisitions of profitable business opportunities so as to act in concert with its expansion plan. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital requirements.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and are subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 31 December 2016 (2015: Nil).

由於全球經濟仍然挑戰重重，本集團將密切留意地區經濟狀況，並相應調整其策略及部署。本集團相信，出售事項將為其帶來強勁現金流量及穩健財務狀況，同時我們將繼續積極在與本集團現有業務相關之地區媒體、娛樂及科技領域尋覓投資機會。長遠而言，董事有信心本集團定能在回報及資產淨值方面均取得可持續及穩定的長期增長。

財務資源及流動資金

於二零一六年十二月三十一日，本集團之現金及現金等值項目達1.52億港元(二零一五年：1.87億港元)。本集團之未償還貸款達5.95億港元(二零一五年：7.70億港元)，主要指為數1.84億港元(二零一五年：無)之可換股債券及4.11億港元(二零一五年：7.70億港元)之銀行貸款。本集團按借貸總額除資產總值計算之資產負債比率為18.9%(二零一五年：28.7%)，而現金負債比率則為36.2%(二零一五年：36.0%)。於二零一六年十二月三十一日，本集團將為數6,300萬港元之銀行結餘質押，作為取得銀行借貸之抵押。為降低本集團發展計劃及經濟狀況之潛在風險，管理層將繼續監察資產負債比率及於有需要時作出相應調整。目前，本集團維持合理財務槓桿比率。同時，本集團將透過股本融資及任何可動用的銀行貸款融資，為影城項目、潛在有利可圖之收購商機提供資金配合其擴展計劃。本集團相信目前持有之現金及備用財務融資將足以應付其營運資金需求。

本集團之資產與負債主要以港元及人民幣計值，惟若干與新加坡及台灣投資有關之資產及負債除外。本集團海外合營企業以當地貨幣經營業務，所承受之外匯風險極低。董事將持續評估外匯風險，並會考慮採取可行對沖措施，盡量以合理成本降低風險。於二零一六年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務(二零一五年：無)。

Management Discussion and Analysis

管理層討論及分析

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had 1,745 (2015: 1,566) permanent employees. The Group remunerates its employees mainly by reference to industry practice. The Group also operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and as at 31 December 2016, there were no forfeited contributions arising from employees leaving the retirement benefit scheme.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2016 (31 December 2015: Nil).

僱員及薪酬政策

於二零一六年十二月三十一日，本集團聘用1,745名（二零一五年：1,566名）全職僱員。本集團主要根據行業慣例釐定僱員薪酬。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，而於二零一六年十二月三十一日，並無因僱員脫離退休福利計劃而產生任何沒收供款。

末期股息

董事並不建議派付截至二零一六年十二月三十一日止年度之任何末期股息（二零一五年十二月三十一日：無）。

Corporate Governance Report

企業管治報告

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance to maintain the Group's competitiveness and lead to its healthy growth. The Company has taken steps not only to comply with code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") but also to aim at enhancing corporate governance of the Group as a whole.

For the year ended 31 December 2016, the Company has complied with the code provisions of the CG Code except for the deviation from code provisions A.4.1 and E.1.2 of the CG Code with considered reasons as explained below.

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term but are subject to the requirement of 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, accomplishing the same purpose as being appointed for a specific term. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the code provisions of the CG Code.

According to code provision E.1.2, Mr. Wu Kebo, the Chairman of the Board, should have attended the annual general meeting of the Company held on 3 June 2016. However, Mr. Wu Kebo was unable to attend the abovementioned annual general meeting due to another business commitment. Mr. Li Pei Sen, who took the chair of the said annual general meeting, together with other members of the Board who attended the annual general meeting were of sufficient calibre and knowledge for answering questions at the annual general meeting.

企業管治常規守則

董事會深明良好企業管治對維持本集團競爭力及推動業務穩健增長之重要性。本公司已採取措施，既遵守聯交所證券上市規則（「上市規則」）附錄14項下之企業管治守則（「企業管治守則」）所載守則條文，亦旨在提升本集團之整體企業管治。

除基於下文所述之理由而偏離企業管治守則第A.4.1及E.1.2條守則條文之規定外，於截至二零一六年十二月三十一日止年度，本公司一直遵守企業管治守則之守則條文規定。

根據企業管治守則第A.4.1條守則條文，上市發行人之非執行董事之委任須有指定任期，並須遵守重選規定。本公司全體非執行董事並無指定任期，惟須按本公司之公司細則相關規定，最少每三年於本公司股東週年大會輪值退任一次，並重選連任，此舉目的與指定委任任期相同。因此，本公司認為已採取充分措施，確保本公司之企業管治常規並不比企業管治守則之守則條文所規定者寬鬆。

根據第E.1.2條守則條文，董事會主席伍克波先生須出席本公司於二零一六年六月三日舉行之股東週年大會。然而，伍克波先生因其他公務而未能出席上述股東週年大會。擔任上述股東週年大會主席之李培森先生，連同出席股東週年大會之其他董事會成員有足夠能力及知識於股東週年大會解答提問。

Corporate Governance Report

企業管治報告

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the directors of the Company (the "Director(s)") 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 31 December 2016.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises five executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors" on pages 4 to 7 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 of the Group. Matters relating to (i) the formulation of the Group's overall strategy and directions; (ii) any material conflict of interest of substantial shareholders of the Company or Directors; (iii) approval of the Group's annual results, annual budgets, interim results 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 Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the executive Directors and management of the Company.

All Directors have given sufficient time and effort to the affairs of the Group and they have full and timely access to all relevant information regarding the Group's affairs and have unrestricted access to the advice and services of the company secretary. The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

Appropriate and sufficient insurance coverage has been effected by the Company in respect of Directors' liabilities arising from any legal action that may be taken against the Directors in relation to corporate activities.

董事進行證券交易

本公司已採納條款與上市規則附錄10所載上市發行人董事進行證券交易之標準守則(「標準守則」)同樣嚴格之守則。本公司已向全體本公司董事(「董事」)作出具體查詢，彼等均確認，於截至二零一六年十二月三十一日止年度一直遵守標準守則及本公司之守則所載規定。

董事會

於本年報日期，董事會由五名執行董事(包括董事會主席)及三名獨立非執行董事組成。彼等之履歷詳情載於本年報第4至7頁「董事個人履歷」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本集團之營運與財務表現。有關(i)制定本集團整體策略及方向；(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、中期業績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。董事會已授權本公司執行董事及管理層負責本集團之日常管理、行政及營運，並實施及執行董事會政策及策略。

全體董事已付出足夠時間及精力處理本集團事務，彼等擁有及時取得有關本集團事務之所有相關資料之一切權力，能夠獲得公司秘書之建議及服務而不受任何限制。董事在履行職務及職責時可尋求獨立專業意見，費用由本公司承擔。

本公司已就董事進行公司活動而可能面對任何法律訴訟產生之責任投購合適及充足之保險。

Corporate Governance Report

企業管治報告

During the year ended 31 December 2016, Board meetings and general meetings of the Company were held and the composition of the Board and the attendance of the Directors at these meetings are as follows:

截至二零一六年十二月三十一日止年度曾舉行董事會會議及本公司股東大會，董事會組成及董事出席該等會議之情況如下：

Members 成員		Board Meetings	General Meetings
		Attended/Eligible to Attend	Attended/Eligible to Attend
		曾出席／合資格 出席董事會會議	曾出席／合資格 出席股東大會
<i>Executive Directors</i> 執行董事			
Wu Kebo (Chairman)	伍克波 (主席)	6/7	0/1
Wu Keyan (Note 1)	伍克燕 (附註 1)	7/7	1/1
Mao Yimin	毛義民	7/7	1/1
Li Pei Sen	李培森	6/7	1/1
Chow Sau Fong, Fiona (appointed on 3 June 2016)	鄒秀芳 (於二零一六年六月三日獲委任)	3/3	0/0
<i>Independent non-executive Directors</i> 獨立非執行董事			
Leung Man Kit	梁民傑	6/7	1/1
Huang Shao-Hua George (retired on 3 June 2016)	黃少華 (於二零一六年六月三日退任)	2/4	1/1
Wong Sze Wing	黃斯穎	7/7	1/1
Fung Chi Man, Henry (appointed on 3 June 2016)	馮志文 (於二零一六年六月三日獲委任)	1/3	0/0

Note:

- Ms. Wu Keyan is the sister of Mr. Wu Kebo.

At least 14 days' prior notice to the date of regular Board meetings was given to all Directors and an agenda together with Board papers and materials were sent to all Directors no less than three days before the date of the Board meeting. All Directors were given opportunity to include in the agenda any other matters that they would like to discuss in the meeting. The Board committee also adopted and followed the foregoing procedures for the Board committee meetings. All Directors and Board committee members were urged to attend the Board meeting and the Board committee meeting in person. If any Director or Board committee member was unable to attend any such meeting in person, participation through electronic means had been arranged and made available to such Director and Board committee member.

If a Director has a potential conflict of interest in a matter being considered in the Board meeting, the Director having such potential interest in the matter shall abstain from voting. Independent non-executive Directors with no conflict of interest were present at such meeting to deal with such conflict of interest issues.

The company secretary or the staff of the company secretarial department of the Company prepared and kept detailed minutes of each Board meeting and Board committee meeting and, within a reasonable time after each meeting, the draft minutes were circulated to all Directors for comment and the final and approved version of the minutes was sent to all Directors for their records. The Board committee had also adopted and followed the same practices and procedures as used in the Board meetings.

附註：

- 伍克燕女士為伍克波先生之胞妹。

定期董事會會議於董事會會議日期前給予全體董事最少 14 日事前通知，並於董事會會議日期前最少三日向全體董事派發議程連同會議文件及資料。全體董事均可於議程內加入其有意於會議上討論之任何事項。董事委員會亦採用及沿用上述董事委員會會議之程序。全體董事及董事委員會成員須親身出席董事會及董事委員會會議，任何董事或董事委員會成員若未能親身出席該等會議，該等董事及董事委員會成員可透過已安排之電子方式參與會議。

倘董事與董事會會議上討論之事項有潛在利益衝突，則於有關事項有潛在利益之董事須放棄投票，由出席會議而並無利益衝突之獨立非執行董事，處理該等利益衝突事項。

本公司之公司秘書或公司秘書部員工負責編製及保存每次董事會會議及董事委員會會議之詳細會議記錄，並於每次會議後之合理時間內向全體董事傳閱會議記錄初稿，以供董事提供意見，而全體董事均獲發給會議記錄最終獲批准之版本作記錄。董事委員會亦已採用及沿用董事會會議採用之相同常規及程序。

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Due to the retirement of Mr. Huang Shao-Hua George on 3 June 2016, the Company had only two independent non-executive Directors, the number of which fell below the minimum number required under Rule 3.10(1). Following the appointment of Mr. Fung Chi Man, Henry as an independent non-executive Director from 3 June 2016, the number of independent non-executive Directors of the Board has been restored to three, representing more than one-third of the Board and constituting a balanced Board with sufficient independent element. Save as disclosed herein, the total number of independent non-executive Directors met the minimum number as required under Rule 3.10(1) of the Listing Rules during the year ended 31 December 2016.

The Board has received from each independent non-executive Director a written confirmation of his/her independence and the Board considers all of them to be independent pursuant to Rule 3.13 of the Listing Rules.

The appointment of independent non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. As disclosed in the announcement of the Company dated 7 June 2016, Mr. Fung Chi Man, Henry ("Mr. Fung") is a partner of Holman Fenwick Willan ("HFW"), which is currently providing services to the Company and one of its subsidiaries relating to a debt collection case, the Company is satisfied that the appointment of Mr. Fung as an independent non-executive Director is justified due to the following reasons:

- (a) Mr. Fung has not had and does not have any executive or management role or functions in the Company and its subsidiaries, nor has he been involved in the Company's day-to-day management and operations or employed by any member of the Group;
- (b) Mr. Fung does not have any familial or contractual relationships with any directors, senior management or substantial or controlling shareholder of the Company, or any of their respective associates, nor does he hold any other position with the Company or its connected persons, or any of their respective holding company or subsidiaries;
- (c) Mr. Fung has over 20 years of experience and knowledge of the legal industry. The Company believes that Mr. Fung is able to exercise his professional judgment and draw upon his extensive legal knowledge for the benefit of the Company and its shareholders as a whole, in particular, the independent shareholders;
- (d) Mr. Fung is able to confirm his independence to the Exchange in respect of each of the factors set out in Rule 3.13 of the Listing Rules other than Rule 3.13(3) which considers whether an individual is independent if he is a director, partner or principal of a professional adviser which currently provides services to a listed issuer, its holding company or any of their respective subsidiaries or core connected persons; and

由於黃少華先生於二零一六年六月三日退任，本公司僅有兩名獨立非執行董事，其人數低於上市規則第3.10(1)條所規定最低數目。自二零一六年六月三日起委任馮志文先生為獨立非執行董事後，董事會之獨立非執行董事人數恢復為三名，相當於董事會人數超過三分之一，組成均衡且具備足夠獨立元素之董事會。除本報告所披露者外，獨立非執行董事總數已於截至二零一六年十二月三十一日止年度符合上市規則第3.10(1)條規定之數目下限。

董事會已接獲各獨立非執行董事有關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。

委任獨立非執行董事遵循上市規則第3.13條所載有關評估獨立性之指引。誠如本公司日期為二零一六年六月七日之公佈所披露，馮志文先生（「馮先生」）為夏禮文律師行（「夏禮文」）之合夥人，而夏禮文現正就一宗債務追收案件向本公司及旗下其中一間附屬公司提供服務，本公司信納馮先生獲委任為獨立非執行董事有充分理由支持，有關理由如下：

- (a) 馮先生未曾亦並無於本公司及其附屬公司擔任任何行政或管理職務或職能，亦無參與本公司日常管理及營運或受聘於本集團任何成員公司；
- (b) 馮先生與本公司任何董事、高級管理人員或主要或控股股東或彼等各自之任何聯繫人並無任何家族或合約關係，亦無於本公司或其關連人士或彼等各自之任何控股公司或附屬公司出任任何其他職位；
- (c) 馮先生於法律界擁有逾20年經驗及豐富知識。本公司相信，馮先生能作出專業判斷，利用其豐富法律知識為本公司及其股東（尤其是獨立股東）整體帶來利益；
- (d) 馮先生能向聯交所就上市規則第3.13條所載每項因素確認其獨立性，惟第3.13(3)條（有關考慮倘個別人士為現正向上市發行人、其控股公司或彼等各自之任何附屬公司或核心關連人士提供服務之專業顧問之董事、合夥人或主事人，該名人士是否屬獨立）除外；及

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(e) HFW is currently providing services to the Company and one of its subsidiaries in relation to one particular debt collection case. The case is being handled by other solicitors of HFW, and Mr. Fung personally has not been directly or indirectly involved in handling such particular case or otherwise in the provision of any legal advice or services to the Company and any of its subsidiaries. Therefore, the Company considers that this should not affect Mr. Fung's independence. Further, whilst Mr. Fung remains a director of the Company, neither the Company nor any of its subsidiaries intends to engage HFW for any services after the appointment of Mr. Fung, except for the ongoing debt collection case. Mr. Fung will also excuse himself from any discussion of the Board involving HFW as legal adviser for a particular matter, handling dispute between HFW and the Company (if any) or reviewing the performance of HFW.

To the best knowledge of the Company, except for (i) Ms. Wu who is the sister of Mr. Wu; (ii) Mr. Li who is the associate chairman of Orange Sky Entertainment Group (International) Holding Company Limited (a company which is 80% owned by Mr. Wu) and the interests as set out in the paragraphs headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" in the "Report of the Directors" in this annual report, there is no other financial, business, family or other material/relevant relationship among members of the Board.

In case there is any newly appointed Director, he/she will be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules and other relevant legal and regulatory requirements.

All the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All the Directors, namely Mr. Wu, Mr. Mao, Mr. Li, Ms. Wu, Ms. Chow, Mr. Leung, Ms. Wong and Mr. Fung, were provided with reading materials on updates about taxation and environmental, social and governance reporting requirements. All Directors have provided the Company with their respective training records pursuant to the CG Code.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

(e) 夏禮文現正就一宗特定債務追收案件向本公司及旗下其中一間附屬公司提供服務。該案件乃由夏禮文之其他律師處理，且馮先生個人並無直接或間接參與處理該特定案件或向本公司及其任何附屬公司提供任何法律意見或服務。因此，本公司認為上述情況並不影響馮先生之獨立性。此外，當馮先生仍為本公司董事期間，除現有債務追收案件外，本公司或其任何附屬公司無意於委任馮先生後委聘夏禮文提供任何服務。馮先生亦將避席涉及夏禮文就特定事項擔任法律顧問、處理夏禮文與本公司之糾紛(如有)或審閱夏禮文之表現之任何董事會討論。

據本公司所深知，除(i)伍女士為伍先生之胞妹；(ii)李先生為伍先生擁有80%股權之公司橙天嘉禾娛樂(集團)有限公司之聯合董事長及本年報「董事會報告」內「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」及「主要股東及其他人士於股份及相關股份之權益及淡倉」各段所列載權益外，董事會成員間並無任何其他財務、業務、家族或其他重大/關連關係。

如有任何新委任董事，彼將獲提供所需入職培訓及資料，確保彼對本公司營運及業務以及彼根據上市規則以及其他相關法例及法規承擔之責任有充份瞭解。

本公司鼓勵全體董事參與持續專業發展，以發展及重溫彼等之知識及技能。全體董事(即伍先生、毛先生、李先生、伍女士、鄒女士、梁先生、黃女士及馮先生)均獲提供有關稅務以及環保、社會及管治報告規定最新資訊之閱覽資料。全體董事已根據企業管治守則各自向本公司提供彼等之培訓記錄。

企業管治功能

董事會負責履行之企業管治職責包括：

- (a) 制定及檢討本公司之企業管治政策及常規；
- (b) 檢討及監察董事及高級管理人員之培訓及持續專業發展；
- (c) 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
- (d) 制定、檢討及監察僱員及董事之操守準則及合規手冊(如有)；及
- (e) 檢討本公司遵守上市規則附錄14所載企業管治守則及企業管治報告之情況。

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企業管治報告

During the year, the Board reviewed the effectiveness of the internal controls and risk management systems of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board, Mr. Wu, is responsible for providing leadership of the Board and ensuring all Directors are properly briefed on issues arising at the Board meeting. In addition, he is charged with the duty to ensure that the Directors receive in timely manner adequate, complete and reliable information in relation to the Group's affairs. The Chairman also encourages the Directors to actively participate in and to make a full contribution to the Board so that the Board functions effectively and acts in the best interest of the Company.

The CEO, Mr. Mao, has been focusing on strategic planning and the assessment of merger and acquisition opportunities for the Company.

There is no financial, business, family or other material/relevant relationship between the Chairman and the CEO of the Company.

NON-EXECUTIVE DIRECTORS

All non-executive Directors were not appointed for a specific term but 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, accomplishing the same purpose as being appointed for a specific term. At the Board meeting and Board committee meeting where constructive views and comments of the non-executive Directors are given, the non-executive Directors provide independent judgement on the issues relating to the strategy, performance, conflict of interest and management process.

COMPANY SECRETARY

Mr. Man Tak Cheung has been appointed as the company secretary ("Company Secretary") of the Company with effect from 29 December 2016. The Company Secretary needs to support the Board by ensuring a good information flow within the Board and that Board's policy and procedures are followed. The Company Secretary should report to the Chairman of Board or the CEO on all related matters. For the year ended 31 December 2016, the Company Secretary confirmed that he had taken no less than 15 hours of relevant professional training.

年內，董事會已檢討本公司內部監控及風險管理制度之成效。

主席及首席執行官

董事會主席伍先生負責領導董事會，並確保全體董事已適當知悉於董事會會議提出之事宜。此外，彼負責確保董事及時收到有關本集團事務之充分、完整及可靠資料。主席亦鼓勵董事積極參與董事會，為董事會全力作出貢獻，以使董事會有效運作，並能按本公司最佳利益行事。

首席執行官毛先生專責策略謀劃及評估本公司之合併與收購機會。

本公司主席與首席執行官之間並無任何財務、業務、家族或其他重大／關連關係。

非執行董事

全體非執行董事並無指定任期，惟須按本公司之公司細則相關規定，最少每三年於本公司股東週年大會輪值退任一次，並重選連任，此舉目的與指定委任任期相同。在董事會會議以及董事委員會會議上，非執行董事提供建設性意見及建議，並為有關策略、業績、利益衝突及管理過程之事宜作出獨立判斷。

公司秘書

文德章先生於二零一六年十二月二十九日獲委任為本公司之公司秘書（「公司秘書」）。公司秘書須確保董事會成員之間資訊交流良好以及董事會政策及程序得到遵循以支援董事會。公司秘書應向董事會主席或首席執行官匯報所有相關事宜。截至二零一六年十二月三十一日止年度，公司秘書確認彼已接受不少於15小時之相關專業培訓。

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AUDIT COMMITTEE

The Board established an audit committee of the Company (the "Audit Committee") on 9 October 1998 and formulated its written terms of reference in accordance with the requirements of the Listing Rules, which have been uploaded on the websites of the Stock Exchange and the Company. As at 31 December 2016, the Audit Committee's members comprised three independent non-executive Directors, being Mr. Leung (who also acts as the Chairman of the Audit Committee), Mr. Fung and Ms. Wong.

During the year ended 31 December 2016, two Audit Committee meetings were held and the individual attendance of the members of the Audit Committee is set out as follows:

審核委員會

董事會於一九九八年十月九日成立本公司之審核委員會（「審核委員會」），並根據上市規則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。於二零一六年十二月三十一日，審核委員會成員包括三名獨立非執行董事，即擔任審核委員會主席之梁先生、馮先生及黃女士。

截至二零一六年十二月三十一日止年度曾舉行兩次審核委員會會議，審核委員會個別成員之出席情況如下：

Members 成員		Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議
Leung Man Kit (Chairman)	梁民傑(主席)	2/2
Huang Shao-Hua George (retired on 3 June 2016)	黃少華 (於二零一六年六月三日退任)	1/1
Wong Sze Wing	黃斯穎	2/2
Fung Chi Man, Henry (appointed on 3 June 2016)	馮志文 (於二零一六年六月三日獲委任)	1/1

The principal duties of the Audit Committee include monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of the Company's financial control, risk management and internal control systems (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget) and risk management as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditors for audit and non-audit services. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

審核委員會之主要職務包括監督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財務監控、風險管理及內部監控制度（包括資源充足性、本公司會計及財務申報職能員工之資歷及經驗以及其培訓計劃及預算）及風險管理成效，並就委任及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。審核委員會獲提供充足資源以履行其職務。

During the year ended 31 December 2016, the Audit Committee reviewed the accounting principles and policies adopted by the Group and discussed and reviewed financial reporting matters including 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. There was no disagreement between the Board and the Audit Committee on the selection, appointment or resignation of the external auditors.

截至二零一六年十二月三十一日止年度，審核委員會已審閱本集團採納之會計原則及政策，並討論及審閱財務申報事宜，包括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。董事會與審核委員會就甄選、委任或罷免外聘核數師並無意見分歧。

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Pursuant to Rule 3.21 of the Listing Rules, the audit committee of an issuer must comprise a minimum of three members, comprising non-executive directors only, and at least one of them is an independent non-executive Director with appropriate qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Due to the retirement of Mr. Huang Shao-Hua George on 3 June 2016, the Company had only two Audit Committee members, the number of which fell below the minimum number required under Rule 3.21 of the Listing Rules. Following the appointment of Mr. Fung Chi Man, Henry as an independent non-executive Director and a member of Audit Committee from 3 June 2016, the number of Audit Committee members has been restored to three. Save as disclosed herein, our Directors confirm that we have complied with such requirements during the year ended 31 December 2016.

REMUNERATION COMMITTEE

The Board established a remuneration committee of the Company (the "Remuneration Committee") on 8 October 2004 and has formulated its written terms of reference in accordance with the CG Code, which have been uploaded on the websites of the Stock Exchange and the Company. The Remuneration Committee currently comprises one executive Director, being Mr. Wu, and two independent non-executive Directors, being Mr. Leung and Ms. Wong (who also acts as the Chairman of the Remuneration Committee). The principal responsibilities of the Remuneration Committee include making recommendations 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 of the Directors and senior management of the Company is determined by reference to 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 is required to consult the Chairman of the Board regarding the remuneration of the executive Directors, and members of the Remuneration Committee have access to professional advice on remuneration of executive Directors, if considered necessary.

The Remuneration Committee held one meeting during the year ended 31 December 2016 to review and make recommendation to the Board on the remuneration package of individual executive Directors. The Remuneration Committee also reviewed and approved the terms of service contracts of the executive Directors. The composition of the Remuneration Committee during the year ended 31 December 2016 and the attendance of the members of the Remuneration Committee to the meetings of the Remuneration Committee are as follows:

根據上市規則第3.21條，發行人之審核委員會須包括最少三名成員並僅由非執行董事組成，而當中最少一名為具上市規則第3.10(2)條規定之合適資格或會計或相關財務管理專長之獨立非執行董事。由於黃少華先生於二零一六年六月三日退任，本公司僅有兩名審核委員會成員，其人數低於上市規則第3.21條所規定最低數目。自二零一六年六月三日起委任馮志文先生為獨立非執行董事兼審核委員會成員後，審核委員會成員人數恢復為三名。除本報告所披露者外，董事確認，本公司已於截至二零一六年十二月三十一日止年度遵守有關規定。

薪酬委員會

董事會已於二零零四年十月八日成立本公司之薪酬委員會（「薪酬委員會」），並根據企業管治守則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。薪酬委員會成員現時包括一名執行董事伍先生以及兩名獨立非執行董事梁先生及擔任薪酬委員會主席之黃女士。薪酬委員會之主要職責包括根據其職權範圍，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向董事會作出推薦意見，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）。本公司董事及高級管理人員之薪酬乃參照可供比較公司支付之薪金、董事及高級管理人員投入之時間及職責、本集團各地區之僱傭條件及與表現掛鈎薪酬是否適用等因素而釐定。

薪酬委員會須就執行董事之薪酬徵詢董事會主席之意見，如有需要，薪酬委員會成員可就執行董事之薪酬徵求專業意見。

薪酬委員會於截至二零一六年十二月三十一日止年度曾舉行一次會議，以檢討個別執行董事之薪酬待遇，並就此向董事會作出推薦意見。薪酬委員會亦已檢討及批准執行董事之服務合約條款。截至二零一六年十二月三十一日止年度薪酬委員會之組成及薪酬委員會成員出席薪酬委員會會議之情況如下：

Members 成員	Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議	
Wong Sze Wing (Chairman)	黃斯穎 (主席)	1/1
Wu Kebo	伍克波	1/1
Leung Man Kit	梁民傑	1/1

Corporate Governance Report

企業管治報告

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management of the Group (which include the executive Directors only) by band for the year ended 31 December 2016 is set out below:

Remuneration bands (HK\$) 薪酬範圍 (港元)	Number of Individuals 人數
<1,000,000	6
1,000,000–3,000,000	2
3,000,001–5,000,000	1

Details of emoluments of each Director and members of senior management are set out in note 8 to the financial statements on pages 97 to 98 of this annual report.

根據第B.1.5條企業管治守則條文，本集團高級管理人員（只包括執行董事）截至二零一六年十二月三十一日止年度之薪酬範圍載列如下：

董事及高級管理人員各自之酬金詳情，載於本年報第169至170頁之財務報表附註8。

NOMINATION COMMITTEE

The Board established a nomination committee of the Company (the "Nomination Committee") on 26 March 2012 and has formulated its written terms of reference in accordance with the CG code, which have been uploaded on the websites of the Stock Exchange and the Company. The Nomination Committee currently comprises one executive Director, being Mr. Wu (who also acts as the Chairman of the Nomination Committee) and two independent non-executive Directors, being Ms. Wong and Mr. Leung. The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals qualified to become Board members, assessing the independence of independent non-executive Directors and selecting or making recommendations to the Board on the selection, appointment or re-appointment of individuals nominated for directorships, in particular the Chairman of the Board and the chief executive. The Nomination Committee, in making such selection and recommendation, will take into account factors such as professional qualifications, experience, academic background, etc.

The members of the Nomination Committee have access to independent professional advice on the nomination of executive Directors, if considered necessary.

The Board adopted a board diversity policy on 28 August 2013 to enhance the quality of its performance. The Nomination Committee is responsible for reviewing and assessing the diversity at the Board level for and on behalf of the Board in term of (including but not limited to) gender, age, cultural and educational background, professional experience, skills and such other qualities as may be considered important by the Nomination Committee from time to time. In identifying suitable candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and also the benefits of diversity on the Board. In reviewing the Board composition, the Committee considers the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and diversity on the Board.

As at the date of this report, it is noted that 3 out of 8 Directors, representing approximately 38%, are female. The Directors' ages are widely spread between 38 and 69. Regarding the educational and professional background, the Board members have accounting, finance, telecommunication and general business knowledge. It is therefore believed that the Board has achieved diversity in terms of gender, age, educational and professional background.

提名委員會

董事會於二零一二年三月二十六日成立本公司之提名委員會（「提名委員會」），並根據企業管治守則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。提名委員會現時成員包括一名擔任提名委員會主席之執行董事伍先生以及兩名獨立非執行董事黃女士及梁先生。提名委員會之主要職責包括檢討董事會架構、規模及組成；物色合資格作為董事會成員之人選；評估獨立非執行董事之獨立身分並就董事人選作出甄選或另就甄選委任或重新委任獲提名人士擔任董事職務向董事會作出推薦建議，特別是董事會主席及主要行政人員相關事宜。提名委員會將考慮專業資格、經驗、學歷等因素作出該等甄選及推薦建議。

如有需要，提名委員會成員可就執行董事之提名徵詢獨立專業意見。

董事會於二零一三年八月二十八日採納一套董事會多元化政策，藉以提升表現質素。提名委員會負責代表董事會檢討及評估董事會之多元化格局，包括（但不限於）性別、年齡、文化及教育背景、專業經驗、技能及提名委員會不時認為重要之其他素質方面。在物色合適候選人加入董事會時，提名委員會按客觀標準考慮候選人之優點及是否有利於董事會多元化。在檢討董事會之組成時，委員會全方位考慮多元化因素，包括（但不限於）上述因素，以維持董事會在技能、經驗及多元化各方面維持合適範圍及均衡發展。

截至本報告日期，8名董事其中3名（佔總數約38%）為女性。董事之年齡介乎38至69歲。教育及專業背景方面，董事會成員具備會計、財務、電訊及一般商業知識。因此，董事會相信，董事會在性別、年齡、教育及專業背景方面已達成多元化格局。

Corporate Governance Report

企業管治報告

The Nomination Committee held one meeting during the year ended 31 December 2016 to review the structure, size and composition of the Board; to consider and recommend to the Board the re-election of the Directors; and to review the annual confirmation of independence submitted by the independent non-executive Directors.

提名委員會於截至二零一六年十二月三十一日止年度曾舉行一次會議，以檢討董事會之架構、規模及組成；考慮重選董事及就此向董事會作出推薦建議；及審閱獨立非執行董事按年提交之獨立身分確認書。

Members		Meetings Attended/ Eligible to Attend
成員		曾出席／合資格 出席會議
Wu Kebo (Chairman)	伍克波(主席)	1/1
Leung Man Kit	梁民傑	1/1
Wong Sze Wing	黃斯穎	1/1

AUDITORS' REMUNERATION

For the year ended 31 December 2016, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

核數師酬金

截至二零一六年十二月三十一日止年度，已付／應付本集團核數師畢馬威會計師事務所之費用載列如下：

Services Rendered		Fee Paid/Payable
所提供服務		已付／應付費用 HK\$'000 千港元
Audit Services	審核服務	3,020
Non-audit services	非審核服務	1,228

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the financial statements for each financial year with support from the finance department of the Company 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.

對財務報表之責任

董事瞭解彼等之責任為於本公司財務部門支援下，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，並真實公平呈報本公司之財務狀況。

The statement by the auditors of the Company regarding their responsibilities for the audit of the financial statements of the Group is set out in the Independent Auditors' Report on pages 62 to 68 of this annual report.

本公司核數師就其對本集團財務報表之審核責任發出之聲明，載於本年報第62至68頁之獨立核數師報告書內。

GOING CONCERN

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 to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

持續經營基準

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。

Corporate Governance Report 企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for maintaining a sound and effective risk management and internal control systems with the aim at (i) safeguarding the Group's assets against unauthorised use or disposition; (ii) maintaining proper accounting records; and (iii) ensuring compliance with relevant legislation and regulations. The risk management and internal control systems of the Group comprises a well-established organisation structure and comprehensive policies and standards. Such systems are designed to manage, rather than eliminate, the risk associated in failing to achieve certain business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group established an internal audit department at the end of the year 2012 to assess its risk management and internal control systems, formulate an impartial opinion on the systems, and report its findings to the Audit Committee, the Chairman of the Board and the senior management concerned on a regular basis as well as following up on all reports to ensure that all issues have been satisfactorily resolved.

Review of the Group's risk management and internal control systems covers all material controls, including financial, operational and compliance controls and risk management functions of different systems. The Group's risk management procedures include the following elements:

- Identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- Develop necessary measures to manage those risks;
- Monitor and review the effectiveness of such measures.

The Board, through the Audit Committee, confirmed that they had conducted reviews of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2016, where some findings have been identified and reported to the Board. The Board considers the risk management and internal control systems of the Group effective and adequate throughout the year.

Regarding the disclosure of inside information, the Board had implemented procedures and internal controls for handling and dissemination of inside information so that potential inside information can be promptly identified and escalated up for deciding whether an announcement should be made in order to ensure compliance with the continuous obligations under the Listing Rules and the statutory obligation to disclose information under the SFO.

There is no material internal control deficiency that may affect the shareholders of the Company which has come to the attention of the Audit Committee or the Board. The Directors are of the opinion that the Company has complied with code provisions under C.2 on risk management and internal control as set out in the CG Code contained in Appendix 14 to the Listing Rules.

風險管理及內部監控

董事會深明其維持穩健兼有效之風險管理及內部監控制度之責任，旨在(i)保障本集團資產不會在未經授權下遭使用或處置；(ii)妥善保存會計記錄；及(iii)確保遵從有關法例及規例。本集團風險管理及內部監控制度包括完善之組織架構及周全政策與準則，有關制度乃為管理而非消除有關未能達致若干業務目標之風險而設，僅可合理而非絕對保證避免出現重大錯誤陳述或損失之情況。

本集團於二零一二年末成立內部審核部門，以定期評估其風險管理及內部監控制度，就制度制定公正意見以及向審核委員會、董事會主席及有關高級管理人員匯報結果，並跟進所有報告以確保所有事宜獲妥善解決。

檢討本集團風險管理及內部監控制度涵蓋所有重大監控方面，包括財務、營運及合規監控以及不同制度之風險管理職能。本集團風險管理程序包括以下元素：

- 識別本集團營商環境之重大風險，並評估該等風險對本集團業務之影響；
- 制定所需措施以管理該等風險；
- 監察及檢討有關措施之成效。

董事會於截至二零一六年十二月三十一日止年度已透過審核委員會確定彼等已檢討本集團風險管理及內部監控制度之成效，而當中發現已向董事會匯報。董事會認為本集團風險管理及內部監控制度於本年度一直為有效及充分。

就披露內幕消息而言，董事會已就處理及發佈內幕消息實行程序及內部監控措施，以便就決定應否作出公佈從速識別及升級處理潛在內幕消息，確保遵守上市規則項下之持續責任並根據證券及期貨條例之法定責任披露資料。

審核委員會或董事會概不知悉內部監控有任何可能影響本公司股東之重大不足之處。董事認為，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風險管理及內部監控之第C.2條守則條文規定。

SHAREHOLDERS' RIGHTS

Shareholders holding not less than one-tenth of the paid-up capital of the Company can deposit a written request (stating the objects of the meeting and signed by the shareholders concerned) to convene an extraordinary general meeting ("EGM") for the transaction of any business specified in the written request at the principal place of business of the Company for the attention of the Board or the Company Secretary. If the Directors do not within 21 days from the date of the deposit of the request (after being verified to be valid) proceed to convene an EGM, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may by themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months from the date of the deposit of the request.

Shareholders, representing not less than one-twentieth of the total voting rights of the Company or not less than 100 shareholders as at the date of deposit of the requisition, can by written requisition request the Company to (a) give to the shareholders of the Company notice of any resolution which may properly be moved and is intended to be removed at the next annual general meeting of the Company; and (b) circulate to the shareholders a statement of not more than 1,000 words with respect to the matters referred to in any proposed resolution or the business to be dealt with at any general meeting. If the requisition requires a notice of a resolution, it must be deposited at the principal place of business of the Company not less than 6 weeks before the date of the annual general meeting. In the case of any other requisition, the written requisition must be deposited at the principal place of business of the Company not less than 1 week before the date of the general meeting.

If a shareholder of the Company, who is duly qualified to attend and vote at the general meetings of the Company, intends to propose a person other than a Director for election as a Director at any general meeting, the shareholder concerned shall lodge with the principal place of business of the Company for the attention of the Company Secretary (i) a written notice of his/her intention to propose that person for election as a Director at the general meeting; and (ii) a notice in writing by that person of his/her willingness to be elected together with the necessary information within the period commencing no earlier than seven days after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Detailed procedures for shareholders of the Company to propose a person for election as a Director are available on the Company's website.

The shareholders of the Company should send their questions about their shareholdings to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The shareholders of the Company may send their other enquiries to the Board by addressing them to the Company Secretary or Company's Corporate Communication Department at the principal place of business of the Company situated at 24/F, AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong or via email address: ir@goldenharvest.com.

股東權利

持有本公司繳足股本不少於十分之一之股東，可向本公司主要營業地點遞交召開股東特別大會（「股東特別大會」）以處理當中指明之任何業務交易之書面請求（當中指明會議目的，並由有關股東簽署），抬頭註明董事會或公司秘書收。倘若董事在該請求呈交日期（經核證為有效後）起計21日內，未有安排召開股東特別大會，有關股東或佔全體有關股東一半以上總表決權之任何股東，可自行召開股東特別大會，但如此召開之股東特別大會不得在呈交請求日期起計三個月屆滿後舉行。

於提交要求當日持有不少於本公司總表決權二十分之一或人數不少於100名之股東，可以書面形式要求本公司(a)向本公司股東發出任何可能於本公司下屆股東週年大會正式提呈及計劃取消之決議案之通知；及(b)向股東傳閱不多於1,000字之陳述，說明任何已提呈之決議案或將於任何股東大會商討之事宜。如股東要求發出決議案通告，該通告必須於股東週年大會舉行日期不少於6星期前，提交至本公司主要營業地點。如屬任何其他要求，則有關書面要求必須於股東大會舉行日期不少於1星期前，提交至本公司主要營業地點。

如符合資格出席本公司股東大會並於會上表決之本公司股東擬於任何股東大會推選董事以外之人士為董事，有關股東須將以下文件呈交本公司主要營業地點，抬頭註明公司秘書收：(i)擬於股東大會推選有關人士為董事之書面意向通知；及(ii)該名人士表明有意接受推選之書面通知，連同所需資料，呈交文件之期限應不早於寄發股東大會通告後七日開始，並不得遲於該股東大會舉行日期前七日結束。

有關本公司股東建議推選人士出任董事之詳細程序，載於本公司網站。

本公司股東如對本身所持股權有任何疑問，應向本公司之股份過戶登記處香港分處卓佳登捷時有限公司查詢，地址為香港皇后大道東一八三號合和中心二十二樓。

本公司股東可將彼等之其他查詢寄交董事會，本公司主要營業地址為香港灣仔告士打道一五一號安盛中心二十四樓，並註明收件人為公司秘書或本公司企業傳訊部，或電郵至 ir@goldenharvest.com。

Corporate Governance Report 企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a policy of disclosing clear and relevant information to the shareholders of the Company in a timely manner. The general meetings of the Company provide a forum for communication between shareholders of the Company and the Directors. The Directors and the external auditor will attend the annual general meetings. The Directors will answer questions raised by the shareholders on the performance of the Group.

Review of the general meeting proceedings is carried out by the Board from time to time so as to ensure that the Company has followed the best corporate governance practices. Notice of the general meeting together with the circular setting out details of each of the proposed resolutions (including procedures for demanding a poll where required under the CG Code), voting procedures and other relevant information are delivered to all the shareholders of the Company with sufficient notice as required under the Listing Rules and the Bye-laws of the Company before the date appointed for the general meeting. At the commencement of the general meeting, procedures for demanding (where required) and conducting a poll are explained by the chairman of the meeting to the shareholders of the Company and the votes cast are properly counted and recorded by the scrutineer appointed by the Company. Poll results of the general meeting are posted on the websites of the Company and the Stock Exchange on the day of the general meeting.

The Company's website (<http://www.osgh.com.hk>) also contains an "Investor Relations" section which enables the Company's shareholders to have timely access to the Company's press release, financial reports, announcements and circulars.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2016, there has been no change in the Company's memorandum of association and the Bye-laws. The Company's memorandum of association and the Bye-laws are available on the Company's website (<http://www.osgh.com.hk>) and the Stock Exchange's website.

與股東溝通

本公司已採納一套可及時向本公司股東清晰披露有關資料之政策。本公司之股東大會為本公司股東與董事提供溝通平台。董事及外聘核數師將出席股東週年大會。董事將於會上解答股東有關本集團業績之提問。

股東大會之議程由董事會不時檢討，以確保本公司奉行最佳之企業管治常規。股東大會通告連同載有各項提呈之決議案(包括根據企業管治守則規定要求進行投票表決之程序)、投票程序及其他相關資料詳情之通函，於股東大會指定舉行日期前，按上市規則及本公司之公司細則規定之充足通知期限，派送予本公司全體股東。於大會開始時，股東大會主席會向本公司股東解釋就於有需要時要求及進行投票表決之程序，而所有票數均會由本公司委任之監票員適當點算及記錄在案。股東大會之投票結果於股東大會同日在本公司網站及聯交所網站公佈。

本公司網站(<http://www.osgh.com.hk>)亦載有「投資者關係」一節，以便本公司股東能適時存取本公司之新聞稿、財務報告、公佈及通函。

規章文件

截至二零一六年十二月三十一日止年度，本公司組織章程大綱及公司細則並無任何變動。本公司組織章程大綱及公司細則現載於本公司網站(<http://www.osgh.com.hk>)及聯交所網站。

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THIS REPORT

Corporate Social Responsibility is a central part of the Orange Sky Golden Harvest Entertainment (Holdings) Limited (the Group) philosophy. Striving to bring value to our shareholders, stakeholders, the broader community and the environment, the Group applies sustainable and responsible business practices throughout our operations. We continuously improve performance in environmental, social and governance (ESG) aspects by encouraging ecologically and socially considerate behaviour throughout the company.

Since 2012, the Group has reported on its ESG management approach and performance to update shareholders and stakeholders of our continuous commitment to enhancing our ESG performance and delivering positive social impacts.

This report is prepared in accordance with the provisions of the latest ESG Reporting Guide issued by the Hong Kong Stock Exchange (HKEX) and with reference to the G4 Reporting Guide and Media Sector Supplement issued by the Global Reporting Initiative (GRI). It covers the Group's ESG management approaches, initiatives, and activities during the period of from 1 January 2016 to 31 December 2016, and draws on information of past years where necessary. The report focuses on the Group's cinema operations in Hong Kong and Mainland China, which represent 100% of total revenue. The report does not cover our cinema businesses in Singapore and Taiwan, where we operate through joint ventures and do not hold majority stakes in any of the joint venture cinemas.

STAKEHOLDER ENGAGEMENT REVIEW AND MATERIALITY ASSESSMENT

The Group engages regularly with its stakeholders to understand their concerns and expectations on different aspects of our operations, including ESG and sustainability related matters. Our major stakeholder groups are our customers, employees, investors, suppliers and business partners, the community, and regulators. In order to identify ESG issues that are material to the Group and our major stakeholders, the Group has commissioned a third party ESG consultant to review stakeholder feedback collected or received via various channels, including customers' feedback via email and social media platforms, media report, employee surveys, and internal control reports, during the reporting period. Based on the analysis of the feedback and the ESG Reporting framework released by the HKEX, the consultant and the senior management of the Group discussed and agreed on the ten most material ESG issues that we shall actively manage and report on moving forward.

關於本報告

企業社會責任為橙天嘉禾娛樂(集團)有限公司(「本集團」)理念的核心部分。本集團於業務營運中應用可持續及負責任的營商慣例，致力為股東、權益人、普羅大眾及環境締造價值。我們透過鼓勵公司上下行事考慮到生態及社會方面，從而不斷改善環境、社會及管治(「環境、社會及管治」)的表現。

自二零一二年以來，本集團一直匯報其環境、社會及管治的管理方針及表現，為股東及權益人提供有關其持續承諾的最新消息，以改善環境、社會及管治表現，並為社會帶來正面影響。

本報告乃根據香港聯合交易所(「香港聯交所」)所頒佈最新環境、社會及管治報告指引的條文並參考全球報告倡議組織(Global Reporting Initiative)(「全球報告倡議組織」)所頒佈G4報告指引(G4 Reporting Guide)及媒體行業補充資料(Media Sector Supplement)編製，當中涵蓋本集團於二零一六年一月一日至二零一六年十二月三十一日期間的環境、社會及管治管理方針、舉措及活動，並於必要情況下引述過往年度的資料。本報告側重本集團於香港及中國內地的影城營運業務，有關業務佔總收入的100%。本報告並無涵蓋我們透過旗下合營企業於新加坡及台灣營運的影城業務，因我們無於任何合營影城持有大多數權益。

權益人意見審閱及議題重要性評估

本集團定期與其權益人溝通，以便了解他們對業務營運不同方面關注的議題及期望，包括環境、社會及管治以及可持續發展相關議題。主要權益人組別包括客戶、僱員、投資者、供應商、商業夥伴、社區及監管機關。為確定對本集團及主要權益人而言屬重要的環境、社會及管治議題，本集團已委聘第三方環境、社會及管治顧問審閱於報告期內透過不同渠道收集或接獲的權益人回應，包括透過電郵及社交媒體平台收集的客戶回應、媒體報告、僱員調查及內部監控報告。根據對回應所作分析以及香港聯交所發佈的環境、社會及管治報告框架，顧問及本集團高級管理層已商討及協定我們須積極管理及匯報的十項重要環境、社會及管治議題。

Environmental, Social and Governance Report

環境、社會及管治報告

The confirmed list of material ESG issues for the Group:

本集團已確定的重要環境、社會及管治議題清單：

SUBJECT AREA 主要範疇	CATEGORY 類別	ISSUE 議題
Environment 環境		1. Emissions 1. 排放物
		2. Use of Resources 2. 資源使用
		3. The Environment and Natural Resources 3. 環境及天然資源
Social 社會	Employment and Labour Standards 僱傭及勞工常規	4. Employment 4. 僱傭
		5. Health and Safety 5. 健康與安全
		6. Development and Training 6. 發展及培訓
	Operating Practices 營運慣例	7. Supply Chain Management 7. 供應鏈管理
		8. Product Responsibility 8. 產品責任
		9. Anti-corruption 9. 反貪污
		10. Community Investment 10. 社區投資
	Community 社區	

Note: The Group recognises that the issues of child and forced labour is of low relevance to the operations of the Group, and has therefore not included "Labour Practices" as an ESG material issue. The Group is strictly compliant with labour laws and standards in the markets in which it operates and will continue to ensure child and forced labour are strictly prohibited.

*附註：*由於童工及強制勞工議題與本集團業務營運關係不大，「勞工準則」並非本集團重要的環境、社會及管治議題。本集團嚴格遵守其業務營運所在市場的勞工法例及準則，並將繼續確保嚴禁聘用童工及強制勞工。

ENVIRONMENTAL RESPONSIBILITY

The Group is conscious of the environmental impact that its operations might bring, be it the use of natural resources in our operations or the greenhouse gases emitted from electricity consumed. As a responsible corporate citizen, we manage and make continuous efforts to reduce our environmental footprint. We believe that in the process of reducing our environmental impact, very often efficiency enhancement and cost-saving are also achieved.

Beyond complying with all relevant legislation related to environmental protection applicable to our business, we strive to incorporate environmental considerations into our business practices as well as raising environmental awareness among our staff and customers.

環境責任

本集團關注其業務營運可能對環境帶來的影響，即業務營運使用天然資源或耗電時排放溫室氣體的情況。作為負責任的企業公民，我們得以並持續致力減少環境足跡。我們相信，在降低對環境帶來影響的過程中，往往亦會提高效率及減省成本。

除遵守與環保有關並適用於旗下業務的所有相關法例外，我們銳意將環境考慮因素納入業務慣例當中，同時提高員工及客戶的環保意識。

Environmental, Social and Governance Report

環境、社會及管治報告

Reducing emissions and the use of energy

The Group believes that every member of the community has a role to play in combating climate change. Indirect emissions generated from the consumption of electricity is the Group's main source of greenhouse emissions. In order to reduce the use of energy and increase efficiency where possible, we continuously promote energy saving initiatives in the office and encourage our staff to turn off unnecessary lights and air conditioners when they leave the office. Unnecessary lighting facilities are also turned off in the cinemas when they are not in use.

Stakeholder feedback has also encouraged us to focus on how we use air conditioning in our theatres. Addressing that air conditioning in cinemas is often very strong year round, we have assessed inefficient use and ideal temperatures. The temperature of the cinema houses has been kept at a certain range of temperature to achieve best viewing quality due to the high sensitivity of projection quality to factors like indoor humidity and air quality. With these factors in mind, we seek to improve the efficiency of air-conditioning in our cinemas and to explore ways to reduce excessive energy use moving forward to strike a good balance between quality entertainment and environmental stewardship.

The Group also actively makes use of digital technology for maintenance of old movies and digitalisation of internal workflow to reduce carbon emission and the use of resources.

Promoting the efficient use of resources

Apart from energy use, the Group consumes a considerable amount of paper, water, and other materials in its operations. To reduce our footprint and raise environmental efficiency, we have adopted various resource saving initiatives. Key efficiency projects during this past year consisted of technology improvements, operational process improvements, and behavioural initiatives for our employees. Highlights include:

Water:

- We encouraged our staff members to be environmentally sensitive and use less water

Paper:

- We promoted two-sided printing in our offices
- We launched an intranet system to digitalise internal communications and facilitate a paperless workflow system
- We utilised online platforms to promote new movies instead of posting paper posters

Plastics:

- We encouraged customers to either return the 3D glasses to us after use or bring their own 3D glasses to the cinema

Moving forward, we will also look into keeping better track of our suppliers' environmental performance and might consider incorporating environmental performance related requirements in the tenders and contracts to promote sustainability in our value chain.

減少排放及能源使用

本集團相信，社會各界都應在解決氣候變化問題上出一分力。耗電所間接產生排放物為本集團的主要溫室氣體排放源。為盡量減少使用能源並提高效率，我們不斷推行辦公室節能措施，鼓勵員工離開辦公室時關掉不必要的照明及空調，亦會於影城休館時關掉不必要的照明設施。

權益人提出的意見鼓勵我們探討如何善用影城的空調。就影城的空調全年均非常強勁的問題，我們已評估空調使用效益欠佳的情況及理想溫度。由於室內濕度及空氣質素等因素對投影質素有極大影響，影城的溫度必須一直保持在特定溫度範圍，從而提供最佳觀影質量。考慮到此等因素，我們力求提高影城空調的效益，並探索減少過度使用能源的方法，以便在優質娛樂與環境管理之間取得良好平衡。

本集團亦積極善用數碼化科技保存舊影片及電子化日常辦公流程，以減少相關碳排放和資源使用。

推動高效資源使用

除能源使用外，本集團業務營運耗用一定數量的紙張、水及其他物料。為減少足跡並提高環保效益，我們採納多項資源節約措施。去年的主要效益提升項目包括技術改進、營運流程改進及員工行為舉措方面。重點包括：

水：

- 我們鼓勵員工關心環境，減少用水

紙張：

- 我們在辦公室推廣雙面印刷
- 我們推出內聯網系統以將內部通訊電子化，並促進無紙化工作流程
- 我們善用網上平台而非張貼海報以宣傳新電影

塑料：

- 我們鼓勵客戶在看畢電影後交還3D眼鏡或自行攜帶3D眼鏡觀影

展望未來，我們亦將更密切留意供應商的环境績效，並可能考慮在標書及合約中納入環境績效相關要求，以促進價值鏈的可持續發展。

Environmental, Social and Governance Report

環境、社會及管治報告

Reducing Waste

We are aware that there is room for improvement in our waste management and reduction, especially in our cinemas. We are actively looking at ways to increase the recycling rate of disposables consumed during customers' visits to the cinema. We will continue to partner with, engage, and educate our staff and customers on how to decrease waste and increase recycling.

PEOPLE RESPONSIBILITY

Caring for Our People

Our people are the drivers of our growth and success. As of 31 December 2016, the Group had 1,745 full-time employees, of which 139 and 1,606 were based in Hong Kong and Mainland China respectively. We provide our employees with competitive remuneration and benefits, including a discretionary bonus based on performance reviews that are periodically conducted on all staff. We stringently comply with labour legislation of the markets in which we operate, and strive to ensure a fair and equal working environment.

We believe that having employees with a broad range of backgrounds, experience, and perspectives gives us an advantage in understanding and meeting the needs of our consumers. We also seek to attract diverse employees, build an inclusive workplace, and create opportunities for our people to contribute and develop to their full potential. We advocate for diversity in the workforce and take a zero tolerance approach to any acts of discrimination.

The nature of the entertainment industry is about providing enjoyable experiences. We believe it is important that we facilitate an enjoyable working environment and work-life balance for our staff. Apart from the basics of employment benefits, recreational activities are organised regularly throughout the year to foster stronger working relationships and build team spirit.

Development and Training

Continuous development and training opportunities are essential for the growth of our employees. At OSGH, we provide professional and high quality inception training sessions to our frontline staff so that they are equipped with the skill sets required for the role. We also offer various continuous education subsidies and examination leave for other staff.

Health and Safety

Safety is always our priority. "Safety Comes First" has guided us well as we have steadily expanded our business outside Hong Kong. We are committed to complying with occupational health and safety legislations of markets in which we operate. We spare no effort to assure that the fire safety standards of our cinemas are of the highest level and we conduct inspections regularly. The frontline staff are well informed of fire safety best practices through regular training. We remain committed to continued and sustainable improvement in our safety performance and our goal of zero injuries.

At the operations offices, we also actively broadcast occupational health and safety guidelines to keep staff aware of occupation health and safety risks. To go the extra mile, the Group also provides free regular check-ups for some of our employees.

減少廢物

我們深知在廢物管理及減廢方面仍有改善的空間，尤以旗下影城為甚。我們一直積極尋求方法提高客戶觀影時所用一次性用品的回收率。我們將繼續與員工及客戶溝通合作，並教育員工及客戶如何減廢及盡量回收再用。

僱傭責任

關懷員工

員工乃我們發展及邁向成功的動力。截至二零一六年十二月三十一日，本集團聘用1,745名全職僱員，其中139名及1,606名分別駐於香港及中國內地。我們為僱員提供具競爭力的薪酬及福利，包括根據對全體員工定期進行的績效檢討而發放的酌情花紅。我們嚴格遵守其業務營運所在市場的勞工法例，努力確保工作環境公平及平等。

我們相信，聘用不同背景、經驗及觀點的僱員為我們在理解及滿足消費者需求方面提供優勢。我們亦致力吸引多元化的僱員，建立共融的工作場所，為員工創造機會盡展所長及發揮潛力。我們主張多元化發展人力資源，不容忍任何歧視行為。

娛樂行業旨在提供愉快的體驗。我們深信，為員工提供愉快、理想的工作環境及工作生活平衡攸關重要。除基本僱傭福利外，我們每年定期舉辦文娛活動，以加強工作關係及建立團隊精神。

發展及培訓

持續發展及培訓機會對於僱員成長不可或缺。橙天嘉禾為前線員工提供專業及高質素的入職培訓課程，以便他們掌握其崗位所需技能。我們亦為其他員工提供多項持續教育資助及考試假期。

健康與安全

本集團一貫奉行安全至上的原則，並以「安全第一」為指導方針，穩步拓展香港境外業務。我們致力遵循營運所在地區的職業健康安全法例，並不遺餘力地確保影城維持最高水平的消防安全標準，作定期巡查。前線員工定期接受培訓，充分了解消防安全最佳常規。我們一直致力不斷改進安全表現，邁向零工傷的目標。

我們亦於營運辦公室積極推廣職業健康與安全指引，有助員工了解職業健康與安全風險。除此之外，本集團亦為部分僱員提供免費定期體檢。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES & PRODUCT RESPONSIBILITY

A Distinguished Cinema Experience

Our product responsibility lies in the films we create and source, and the theatres in which they are shown. We challenge ourselves to provide superior entertainment experiences for our customers. Taking advantage of the Group's rich film library and experience in sourcing programmes, we can deliver a wide range of high-quality and customised contents for our audiences. We also invest extensively on equipping our cinemas with advanced technology, such as D-Box Motion Chairs, Dolby Sound Systems and IMAX® screens, so that audiences can enjoy a world-class watching experience.

To offer the best experience and services for our customers, we strive for excellence in every aspect of our operations. From premiering culturally unique perspectives on screen, to promoting different cultures within our operations team off screen — we reach a greater range of audiences and employees. As it is our social responsibility, we provide customers with diverse options and we promote different cultures and genres by actively sourcing alternative programmes such as musicals and sports events. This diversity also allows us to reach out to a broader audience base and create value for our brand and business.

Ensuring food safety is also a priority to us as we sell food and beverages in all our cinemas. Staff members that handle food strictly follow mandated guidelines on food handling and those in Hong Kong are encouraged to attend courses organised by the Integrated Vocational Education Centre on food hygiene management to get a sound understanding of the issue.

We also utilise a “mystery shopper” programme to spot check the service quality delivered by our staff members. This allows our operations team to better understand the ever changing needs and expectation of customers. Based on the feedback of this programme, we award employees with outstanding performance and discuss with employees that underperformed to identify ways to improve. This helps to boost our customer experience and encourages all our team members to provide a distinguished cinematic experience.

Protection of Data Privacy

We implement stringent data protection mechanisms to ensure the personal information of our customers and members remain secure. Staff responsible for handling personal data follow clear guidelines and are regularly reminded of personal data protection measures and regulations. The Group also delivers workshops to brush up the skills of customer facing staff regularly.

To protect our audiences' privacy when processing online payments for movie tickets and via our online membership system, we have implemented strict data protection mechanisms to secure the confidentiality of our customers' data.

營運常規及產品責任

與別不同的觀影體驗

產品責任牽涉我們創作及購入的電影以及放映電影的影城。我們盡力為客戶提供卓越的娛樂體驗。借助本集團龐大的電影片庫及購入節目的經驗，我們可為觀眾提供大量優質及符合觀眾要求的節目。我們亦進行投資，為影城配備先進技術，例如D-Box動感座椅、杜比全景聲音響系統及IMAX®銀幕，為觀眾打造世界級觀影體驗。

為了向客戶提供最佳體驗及服務，我們在業務營運各個方面力求盡善盡美。透過放映獨特的文藝節目和在營運團隊內推廣不同文化，我們得以接觸到更廣泛的觀眾及僱員。作為社會責任其中一環，我們為客戶提供各式各樣的選擇，透過主動採購音樂劇及體育盛事等另類節目於影院中播放，我們為不同文化和題材風格提供展出平台。此舉亦有助我們擴大觀眾群，為品牌及業務締造價值。

我們旗下所有影城均有提供餐飲，故確保食品安全亦至關重要。負責處理食品的員工須嚴格遵守有關食品處理的指引。我們亦鼓勵香港員工參加匯縱專業發展中心舉辦的食物衛生管理課程，確保他們對此有充分認識。

我們同時推行「神秘顧客」計劃，抽查員工提供的服務質量，有助營運團隊深入了解客戶時刻轉變的需求及期望。根據此項計劃的回應，我們獎勵表現卓越的僱員，並與表現未如理想的僱員探討改善方法，從而有助提升客戶體驗，並鼓勵全體員工提供與別不同的觀影體驗。

保障私隱

我們實施嚴謹資料保障機制，以確保客戶及會員的個人資訊安全。負責處理個人資訊的員工須遵循明確的指引，並定期重溫個人資訊保障措施及規例。本集團亦會舉辦研討會，定期增進前線員工的技能。

為了保障透過網上購票及會員系統所輸入資料的觀眾私隱，我們實施嚴謹資料保障機制，以確保客戶資料得以保密。

Environmental, Social and Governance Report

環境、社會及管治報告

Anti-Corruption

Integrity and accountability are the cornerstone of our business. We are conscious of and thus constantly monitor the corruption risks in our operating environments by operating a strong internal control framework and policies. Our Audit Committee and senior management also hold tight to the principle of zero-tolerance on corruption and fraud. Their commitment is reflected in our policy on the subject, as well as many of our operational procedures. In 2016, no incidents of corruption have been identified or reported.

COMMUNITY INVESTMENT

As a long-time corporate citizen, we are committed to supporting and empowering the communities in which we operate. We also believe that our business will only prosper within a sustainable community. Our focus in community investment is on supporting low-income and disadvantaged families. We try our best to work closely with local community partners and NGOs and in 2016 participated in community investment projects that address different needs of the community.

We recognise our role in our community and that films can bring communities and groups of all kind together to share in new, and immersive entertainment. In 2016, we partnered with Hope Worldwide and organised a free movie-watching event for a group of children from underprivileged backgrounds. We also supported Feeding Hong Kong, a local NGO that runs a food bank by taking parting in a customised volunteer activity. Staff volunteers from OSGH visited 49 stores to collect bread. In the end, nine charities received the bread and helped to deliver to people in need.

Moving forward, we will continue to work with different community partners to address the evolving needs of the disadvantaged and strive to make long lasting contributions in our community programmes.

反貪污

誠信及問責乃業務的基石。我們透過推行健全的內部監控框架及政策，了解並貫徹監察營商環境的貪污風險。審核委員會及高級管理層堅持不容忍貪污和欺詐的原則，並在有關政策及多項營運程序上反映所作承諾。於二零一六年，概無發現或匯報任何貪污事件。

社區投資

作為立足社會多年的企業公民，我們致力支持業務營運所在社區的發展，我們也相信只有在可持續發展的社區內，我們才能蓬勃發展。我們的社區投資重心放於支援低收入及弱勢家庭。我們積極與社區合作夥伴及非政府組織緊密合作，並於二零一六年參與針對社區不同需求的社區投資項目。

我們深明電影可以團結社區及各界人士，共同分享全新的娛樂體驗。於二零一六年，我們與寰宇希望攜手合作，為一群弱勢兒童籌辦免費觀影活動。我們亦透過參加特設志願活動，支援本港經營食物銀行的非政府組織樂餉社。橙天嘉禾義工到訪了49家商店收集麵包，並通過9家慈善機構轉送給有需要人士。

展望未來，我們將繼續與不同社區合作夥伴攜手合作，照顧弱勢社群的需要，長遠貢獻社區。

Environmental, Social and Governance Report

環境、社會及管治報告

REFERENCES TO THE HKEX ESG REPORTING GUIDE

香港聯交所環境、社會及管治報告指引索引

SUBJECT AREAS & ASPECTS 主要範疇及層面	HKEX DISCLOSURES REQUIREMENTS 香港聯交所披露要求	CONTENTS REFERENCE 內容索引
A. Environmental A. 環境		
A1 Emissions A1 排放物	General disclosure information 一般披露資料	Environmental Responsibility section 環境責任章節
A2 Use of Resources A2 資源使用	General disclosure information 一般披露資料	Environmental Responsibility section 環境責任章節
A3 The Environment and Natural Resources A3 環境及天然資源	General disclosure information 一般披露資料	Environmental Responsibility section 環境責任章節
B. Social B. 社會		
Employment and labour practices 僱傭及勞工常規		
B1 Employment B1 僱傭	General disclosure information 一般披露資料	People Responsibility section 僱傭責任章節
B2 Health and Safety B2 健康與安全	General disclosure information 一般披露資料	People Responsibility section 僱傭責任章節
B3 Development and Training B3 發展及培訓	General disclosure information 一般披露資料	People Responsibility section 僱傭責任章節
B4 Labour Standards B4 勞工準則	General disclosure information 一般披露資料	Non-material issue of the Group. 非重要議題。 Explanations can be found in the Stakeholder Engagement Review and Materiality section 可於權益人意見審閱及議題重要性評估章節查閱解釋。
Operating practices 營運慣例		
B5 Supply Chain Management B5 供應鏈管理	General disclosure information 一般披露資料	Environmental Responsibility section 環境責任章節
B6 Product Responsibility B6 產品責任	General disclosure information 一般披露資料	Operating Practices & Product Responsibility section 經營常規及產品責任章節
B7 Anti-corruption B7 反貪污	General disclosure information 一般披露資料	Operating Practices & Product Responsibility section 經營常規及產品責任章節
Community 社區		
B8 Community Investment B8 社區投資	General disclosure information 一般披露資料	Community Investment section 社區投資章節

Report of the Directors

董事會報告書

The Directors have pleasure in presenting the report of the Directors and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company which is a leading integrated film entertainment company in the markets where the principal activities of the Group consist of worldwide film and video distribution, film exhibition and the provision of advertising and consultancy services in Hong Kong, Mainland China, Taiwan and Singapore and film and television programmes production in Hong Kong and Mainland China. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 12 to 24 of this Annual Report. This discussion forms part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2016 and the state of affairs of the Company and the Group as at 31 December 2016 are set out in the financial statements on pages 69 to 140.

The Directors did not declare any interim dividend in the year 2016.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2016.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2016 are set out in note 11 to the financial statements.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2016 are set out in note 22 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 28 to the financial statements.

PRE-EMPTIVE RIGHTS

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

董事欣然提呈董事會報告書以及本公司及其附屬公司(統稱「本集團」)截至二零一六年十二月三十一日止年度之經審核綜合財務報表。

主要業務及業務回顧

本公司為投資控股公司，且為市場中領先的綜合電影娛樂公司。本集團主要業務包括在香港、中國內地、台灣及新加坡發行全球電影及影碟、經營影城、提供廣告及諮詢服務，以及於香港及中國內地製作電影及電視節目。根據《公司條例》附表五之規定，此等業務之進一步討論及分析(包括本集團所面對主要風險及不明朗因素之討論，以及本集團業務之可能未來發展)可參閱本年報第12至24頁所載管理層討論及分析。該討論為本董事會報告書之組成部分。

業績及股息

本集團截至二零一六年十二月三十一日止年度之業績，以及本公司與本集團於二零一六年十二月三十一日之財政狀況載於第141至212頁之財務報表。

董事於二零一六年並無宣派任何中期股息。

董事並不建議派付截至二零一六年十二月三十一日止年度之任何末期股息。

物業、廠房及設備

本集團物業、廠房及設備於截至二零一六年十二月三十一日止年度之變動詳情載於財務報表附註11。

銀行貸款

本集團於二零一六年十二月三十一日之銀行貸款詳情載於財務報表附註22。

股本

本公司股本詳情載於財務報表附註28。

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，致使本公司須按比例向現有股東發售新股。

Report of the Directors

董事會報告書

FIVE-YEAR SUMMARY FINANCIAL INFORMATION

五年財務資料摘要

		[^] Year ended 31 December [^] 截至十二月三十一日止年度 2016	[^] Year ended 31 December [^] 截至十二月三十一日止年度 2015	[^] Year ended 31 December [^] 截至十二月三十一日止年度 2014	[^] Year ended 31 December [^] 截至十二月三十一日止年度 2013	[^] Year ended 31 December [^] 截至十二月三十一日止年度 2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
		(經審核)	(經審核)	(經審核)	(經審核)	(經審核)
						(重列)
Consolidated income statement	綜合收益表					
Revenue	收益	1,291,819	1,277,132	1,082,791	929,334	797,912
(Loss)/profit before taxation	除稅前(虧損)/溢利	(68,153)	(186,179)	23,128	116,407	86,700
Income tax	所得稅	2,916	4,961	(9,467)	(1,230)	9,527
(Loss)/profit for the year	本年度(虧損)/溢利	(65,237)	(181,218)	13,661	115,177	96,227
Attributable to:	以下人士應佔：					
— Equity holders of the Company	— 本公司股權持有人	(59,078)	(180,471)	12,731	114,986	95,987
— Non-controlling interests	— 非控股權益	(6,159)	(747)	930	191	240
		(65,237)	(181,218)	13,661	115,177	96,227

Report of the Directors 董事會報告書

FIVE-YEAR SUMMARY FINANCIAL INFORMATION

五年財務資料摘要

		As at 31 December 於十二月三十一日				
		[^] 2016 [^] 二零一六年 HK\$'000 千港元 (Audited) (經審核)	[^] 2015 [^] 二零一五年 HK\$'000 千港元 (Audited) (經審核)	[^] 2014 [^] 二零一四年 HK\$'000 千港元 (Audited) (經審核)	[^] 2013 [^] 二零一三年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)	[^] 2012 [^] 二零一二年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)
Consolidated statement of financial position	綜合財務狀況表					
Property, plant and equipment	物業、廠房及設備	245,789	1,519,528	1,528,428	1,494,544	1,043,912
Interests in joint ventures	於合營企業之權益	201,122	263,290	243,271	344,619	371,132
Interests in associates	於聯營公司之權益	–	11,269	12,415	13,713	6,876
Available-for-sale investment	可供出售投資	6,048	6,372	–	–	–
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項	18,821	96,652	94,928	210,662	144,232
Club memberships	會籍	1,890	2,490	2,490	2,490	2,490
Trademarks	商標	80,524	80,524	80,524	79,785	79,785
Goodwill	商譽	57,233	75,203	73,658	73,658	73,658
Deferred tax assets	遞延稅項資產	6,160	44,001	31,782	29,512	22,235
Non-current portion of pledged bank deposits	已抵押銀行存款之 非即期部分	20,000	33,570	21,880	46,905	46,850
Current assets	流動資產	2,518,278	732,294	841,528	873,372	862,032
Total assets	資產總值	3,155,865	2,865,193	2,930,904	3,169,260	2,653,202
Current liabilities	流動負債	974,334	885,250	649,365	761,969	662,140
Non-current portion of bank loans	銀行貸款之非即期部分	188,300	336,977	473,991	611,576	325,354
Non-current portion of convertible bonds	可換股債券之非即期部分	174,067	–	–	–	–
Non-current portion of obligations under finance lease	融資租賃債務之 非即期部分	269	37,332	16,183	18,045	12,356
Other financial liabilities	其他金融負債	219,389	–	–	–	–
Deferred tax liabilities	遞延稅項負債	9,471	12,419	10,718	12,338	12,112
Total liabilities	負債總額	1,565,830	1,271,978	1,150,257	1,403,928	1,011,962
Net assets	資產淨值	1,590,035	1,593,215	1,780,647	1,765,332	1,641,240
Non-controlling interests	非控股權益	58,433	13,378	11,447	10,661	7,147

Note: Upon adoption of HKFRS 11, *Joint arrangements*, in 2013, the Group changed its accounting policy with respect to its interests in joint arrangements from the proportionate consolidation method to the equity method.

附註：於二零一三年採納香港財務報告準則第11號聯合安排後，本集團改變有關其於聯合安排之權益之會計政策，由採用比例合併法改為權益法。

[^] Using the equity method.

[^] 採用權益法。

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2016 are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

儲備

本公司及本集團於截至二零一六年十二月三十一日止年度之儲備變動詳情分別載於財務報表附註28及綜合權益變動表。

Report of the Directors 董事會報告書

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for cash distribution and/or distribution in specie, representing retained profits, amounted to HK\$204,091,000 (2015: HK\$234,608,000). In addition, the Company's share premium account, contributed surplus, share option reserve, convertible bonds equity reserve and capital redemption reserve in an aggregate amount of HK\$1,044,759,000 (2015: HK\$1,004,402,000), as at 31 December 2016, may be distributed to the shareholders of the Company in certain circumstances prescribed by Section 54 of the Companies Act 1981 of Bermuda.

DIRECTORS

The Directors during the year ended 31 December 2016 and up to the date of this report were:

Chairman & Executive Director

Wu Kebo

Executive Directors

Li Pei Sen

Mao Yimin

Wu Keyan

Chow Sau Fong, Fiona (appointed on 3 June 2016)

Independent Non-executive Directors

Leung Man Kit

Huang Shao-Hua George (retired on 3 June 2016)

Wong Sze Wing

Fung Chi Man, Henry (appointed on 3 June 2016)

Pursuant to the Bye-laws of the Company, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

In accordance with clauses 87(1) and (2) of the Company's Bye-Laws, Mr. Li Pei Sen, Mr. Mao Yimin and Mr. Leung Man Kit will retire at the forthcoming annual general meeting and all of them, being eligible, offer themselves for re-election.

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate and sufficient insurance cover in respect of potential legal actions against its Directors and officers.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2016. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

可分派儲備

本公司於二零一六年十二月三十一日之可供現金分派及／或實物分派之儲備(指保留溢利)為204,091,000港元(二零一五年:234,608,000港元)。此外,本公司於二零一六年十二月三十一日之股份溢價賬、繳入盈餘、購股權儲備、可換股債券權益儲備及股本贖回儲備合共為1,044,759,000港元(二零一五年:1,004,402,000港元)。根據百慕達一九八一年《公司法》第54條可於若干情況下向本公司股東分派。

董事

截至二零一六年十二月三十一日止年度及截至本報告日期在任董事為:

主席兼執行董事

伍克波

執行董事

李培森

毛義民

伍克燕

鄒秀芳(於二零一六年六月三日獲委任)

獨立非執行董事

梁民傑

黃少華(於二零一六年六月三日退任)

黃斯穎

馮志文(於二零一六年六月三日獲委任)

根據本公司的公司細則,於每屆股東週年大會上,當時三分之一的董事(或若其人數並非三(3)之倍數,則為最接近但不少於三分之一)須輪值退任,惟每名董事須至少每三年退任一次。

根據本公司的公司細則第87(1)及(2)條,李培森先生、毛義民先生及梁民傑先生將於應屆股東週年大會上退任,彼等符合資格並願意重選連任。

擬於本公司應屆股東週年大會上重選連任之董事與本公司並無訂立不可由本公司於一年內毋須支付法定賠償以外賠償予以終止之服務合約。

獲准許彌償條文

惠及董事之獲准許彌償條文現時及於整個財政年度一直生效。本公司已就其董事及要員可能會面對的法律訴訟投購合適及充足的保險。

買賣及贖回上市證券

截至二零一六年十二月三十一日止年度,本公司並無贖回其任何上市證券。於本年度,本公司及其任何附屬公司概無購回或出售本公司任何上市證券。

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 31 December 2016, 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 pursuant to the Model Code contained in 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

於二零一六年十二月三十一日，本公司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，或根據上市規則所載標準守則須知會本公司及聯交所之權益及淡倉如下：

(i) Interests in shares of HK\$0.10 each in the issued share capital of the Company (the "Shares"), underlying Shares and debentures of the Company

(i) 於本公司已發行股本中每股面值0.10港元股份（「股份」）、本公司之相關股份及債權證之權益

Name of Director/ Chief Executive 董事/主要行政人員 姓名	Capacity 身分	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及 相關股份總數	* Approximate percentage of Shares and underlying Shares in the issued share capital of the Company * 股份及相關 股份於本公司 已發行股本中 所佔概約百分比
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	–	1,723,894,068 (L)	62.86%
	Beneficial owner 實益擁有人	1	117,775,000 (L)	–	117,775,000 (L)	4.29%
Li Pei Sen 李培森	Beneficial owner 實益擁有人	2	200,000 (L)	27,200,000 (L)	27,400,000 (L)	1.00%
Mao Yimin 毛義民	Beneficial owner 實益擁有人	2	–	27,400,000 (L)	27,400,000 (L)	1.00%
Chow Sau Fong, Fiona 鄧秀芳	Beneficial owner 實益擁有人	2	–	27,400,000 (L)	27,400,000 (L)	1.00%
Wu Keyan 伍克燕	Beneficial owner 實益擁有人	2	500,000 (L)	2,000,000 (L)	2,500,000 (L)	0.09%
Leung Man Kit 梁民傑	Beneficial owner 實益擁有人	2	200,000 (L)	170,000 (L)	370,000 (L)	0.01%
Wong Sze Wing 黃斯穎	Beneficial owner 實益擁有人	2	–	170,000 (L)	170,000 (L)	0.01%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2016.

* 該等百分比乃根據於二零一六年十二月三十一日已發行股份總數（即2,742,519,248股股份）而計算。

Report of the Directors

董事會報告書

Notes:

1. By virtue of the SFO, Mr. Wu was deemed to be interested in a total of 1,723,894,068 Shares, of which (i) 439,791,463 Shares were held by Skyera International Limited (a company wholly-owned by Mr. Wu); (ii) 408,715,990 Shares were held by Mainway Enterprises Limited (a company wholly owned by Mr. Wu); (iii) 129,666,667 Shares were held by Noble Biz International Limited (a company wholly-owned by Mr. Wu); (iv) 565,719,948 Shares were held by Orange Sky Entertainment Group (International) Holding Company Limited (a company which is 80% owned by Mr. Wu); and (v) 180,000,000 Shares were held by Cyber International Limited (a company owned by an associate of Mr. Wu).

In addition, Mr. Wu was interested in 117,775,000 Shares as at 31 December 2016 which were beneficially held by him in his own name.

2. These underlying Shares represented the Shares which may be issued upon the exercise of share options granted by the Company under the share option scheme adopted by the Company on 11 November 2009 (the "2009 Share Option Scheme").

Abbreviation:

"L" stands for long position

(ii) Interests in shares of associated corporations

Mr. Wu was also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially held 114 million non-voting deferred shares of Orange Sky Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above and save for the disclosure referred to under "Share Option Schemes" set out below and in note 28 to the financial statements on pages 119 to 122 of this annual report, as at 31 December 2016, 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.

RETIREMENT BENEFIT SCHEMES

Details of retirement benefit schemes of the Group are set out in Note 2 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above and "Share Option Schemes" below, at no time during the year ended 31 December 2016 was the Company or any of its subsidiaries a party to any arrangements to enable the 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.

附註:

1. 根據證券及期貨條例，伍先生被視為擁有合共1,723,894,068股股份，當中(i) 439,791,463股股份由伍先生全資擁有之公司Skyera International Limited持有；(ii) 408,715,990股股份由伍先生全資擁有之公司Mainway Enterprises Limited持有；(iii) 129,666,667股股份由伍先生全資擁有之公司Noble Biz International Limited持有；(iv) 565,719,948股股份由伍先生擁有80%股權之公司橙天娛樂集團(國際)控股有限公司持有；及(v) 180,000,000股股份由伍先生聯繫人擁有之公司Cyber International Limited持有。

另外，伍先生亦以本身名義於二零一六年十二月三十一日實益擁有117,775,000股股份權益。

2. 該等相關股份乃指本公司根據本公司於二零零九年十一月十一日採納之購股權計劃(「二零零九年購股權計劃」)授出之購股權行使後可能發行之股份。

縮略詞:

「L」指好倉

(ii) 相聯法團股份之權益

伍先生亦為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橙天嘉禾娛樂有限公司1.14億股無投票權遞延股份。

除上文披露者以及下文及本年報第191至194頁財務報表附註28有關「購股權計劃」之披露事項外，於二零一六年十二月三十一日，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，或根據標準守則須知會本公司及聯交所之權益或淡倉。

退休福利計劃

本集團退休福利計劃之詳情載於綜合財務報表附註2。

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」以及下文「購股權計劃」各節披露者外，本公司或其任何附屬公司於截至二零一六年十二月三十一日止年度任何時間概無訂立任何安排，致使董事、彼等各自之配偶或未滿十八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。

SHARE OPTION SCHEMES

(i) 2009 Share Option Scheme

The Company has adopted the 2009 Share Option Scheme for the purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. Eligible participants of the 2009 Share Option Scheme include the Directors and other employees of the Group, consultants or advisers, distributors, contractors, suppliers, service providers, agents, customers and business partners of the Group. The 2009 Share Option Scheme became effective on 11 November 2009 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

Each grant of the share options to a connected person of the Company, or any of their associates, must be approved by all of the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the option). In addition, any grant of the share options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person representing in aggregate over 0.1% of the Shares in issue on the date of the offer and with an aggregate value (based on the closing price of the Shares at the date of each grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of the grant, shall be subject to approval of the shareholders of the Company in general meeting with voting to be taken by way of a poll.

The offer in relation to a grant of share options under the 2009 Share Option Scheme shall remain open for acceptance by the eligible participant concerned for such period as determined by the Board, which period shall not be more than 30 days 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, the expiry date of such period not to exceed 10 years from the date of the offer. Save as determined by the Directors 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.

The price per Share at which a grantee may subscribe for Shares on the exercise of a share option is determinable by the Directors, provided always that it shall be at least the higher of (i) the closing price per Share as stated in the daily quotation sheet of the Stock Exchange on the date of offer of grant of the share option; (ii) the average closing price per Share as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a Share.

購股權計劃

(i) 二零零九年購股權計劃

本公司採納二零零九年購股權計劃，旨在使本公司可向合資格參與者授出購股權，作為彼等對本集團發展作出貢獻之鼓勵或獎賞，並讓本集團更具彈性地向合資格參與者提供獎勵、報酬、補償及／或提供福利。二零零九年購股權計劃之合資格參與者包括董事及本集團其他僱員、顧問或諮詢者、分銷商、承包商、供應商、服務供應商、代理、客戶及商業夥伴。二零零九年購股權計劃自二零零九年十一月十一日起生效，計劃如非被取消或更改，將於該日期起計十年內具有效力。

每次向本公司關連人士或彼等之任何聯繫人授出購股權，須事先獲全體獨立非執行董事（身為購股權承授人之獨立非執行董事除外）批准。此外，於截至授出購股權當日任何12個月期間向本公司主要股東或獨立非執行董事、或彼等各自之任何聯繫人授出購股權，如將導致已授出或將授予該等人士之所有購股權（包括已行使、註銷及未行使之購股權）行使後已發行或將發行之股份，合共佔授出日期已發行股份逾0.1%或總值（根據授出日期之收市價計算）多於5,000,000港元，須獲本公司股東於股東大會上以按股數投票表決方式批准。

按二零零九年購股權計劃授出購股權之建議必須於董事會釐定之期間供合資格參與者接納。有關期間不得超過建議日期起計30日，而承授人須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟該行使期之屆滿日期不得超過建議日期起計十年。除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。

承授人行使購股權以認購股份之每股作價乃由董事釐定，惟不得低於(i)於建議授出購股權當日在聯交所每日報價表所報每股股份收市價；(ii)於緊接建議當日前五個交易日在聯交所每日報價表所報每股股份平均收市價；及(iii)每股股份面值。

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The maximum number of Shares issuable upon exercise of all share options to be granted under the 2009 Share Option Scheme and any other share option schemes of the Company (if any) must not in aggregate exceed 10% of the Shares in issue as at 11 November 2009, being the date of adoption of the 2009 Share Option Scheme. This limit was last refreshed by the shareholders of the Company in the annual general meeting of the Company held on 15 May 2012 in accordance with the provisions of the Listing Rules so that the maximum number of Shares which may be issued upon the exercise of all options to be granted under the 2009 Share Option Scheme and other share option schemes of the Company shall not exceed 268,120,424 Shares, being 10% of the Shares in issue as at the date of passing the relevant resolution on 15 May 2012. In addition, the maximum number of Shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options under the 2009 Share Option Scheme) in any 12-month period shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of such limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant of such share option shall be separately approved by the shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Details of the movements of the share options during the year ended 31 December 2016 are as follows:

因行使根據二零零九年購股權計劃及本公司任何其他購股權計劃(如有)將授出之所有購股權而可予發行之最高股份數目,合共不得超過於二零零九年十一月十一日(即二零零九年購股權計劃獲採納日期)之已發行股份10%。本公司股東最後於二零一二年五月十五日舉行之本公司股東週年大會上按照上市規則之條文更新該上限,以使根據二零零九年購股權計劃及本公司其他購股權計劃將授出之全部購股權獲行使而可發行之最高股份數目,不得超過268,120,424股股份,即於二零一二年五月十五日通過相關決議案當日已發行股份10%。此外,於任何12個月期間內行使向個別合資格參與者授出之購股權(包括二零零九年購股權計劃項下已行使及未行使購股權)而已發行及將予發行之最高股份數目,不得超過已發行股份1%。倘於截至該等購股權授出日期止任何12個月期間內(包括當日)額外授出超過該上限之購股權(包括已行使、註銷及未行使之購股權),則須個別在股東大會上獲得本公司股東批准,而該等參與者及其聯繫人須放棄投票。

截至二零一六年十二月三十一日止年度,購股權變動詳情如下:

Name or category of participant 參與者姓名或類別	Date of grant of share option 購股權授出日期	Exercise price per Share 每股行使價 HK\$ 港元	Exercise period 行使期	Number of outstanding shares as at 1 January 2016 於二零一六年一月一日尚未行使之購股權數目	Exercised during the year ended 31 December 2016 於截至二零一六年十二月三十一日止年度行使	Lapsed during the year ended 31 December 2016 於截至二零一六年十二月三十一日止年度失效	Number of share options outstanding as at 31 December 2016 於二零一六年十二月三十一日尚未行使之購股權數目
<i>Director</i> 董事							
Mao Yimin 毛義民	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	27,400,000	Nil 無	Nil 無	27,400,000
Li Pei Sen 李培森	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	27,200,000	Nil 無	Nil 無	27,200,000
Wu Keyan 伍克燕	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	2,000,000	Nil 無	Nil 無	2,000,000
Chow Sau Fong, Fiona (appointed on 3 June 2016) 鄒秀芳 (於二零一六年六月三日獲委任)	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	27,400,000	Nil 無	Nil 無	27,400,000
Leung Man Kit 梁民傑	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	Nil 無	170,000
Huang Shao-Hua (retired on 3 June 2016) 黃少華 (於二零一六年六月三日退任)	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	170,000	0
Wong Sze Wing 黃斯穎	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	Nil 無	170,000
Other participants in aggregate 其他參與者合計	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	55,480,000	Nil 無	Nil 無	55,480,000
Total 總計				139,990,000	Nil 無	170,000	139,820,000

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At the end of the reporting period, the Company had 139,820,000 share options 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 139,820,000 additional ordinary shares of the Company, representing approximately 5.10% of the Company's shares in issue.

Share options granted or to be granted under the 2009 Share Option Scheme do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

於報告期末，根據該計劃本公司有139,820,000份購股權尚未行使。根據本公司現時資本架構，全面行使餘下購股權將導致額外發行139,820,000股本公司普通股，佔報告期末本公司已發行股份約5.10%。

根據二零零九年購股權計劃授出或將授出之購股權並無賦予持有人享有股息或在股東大會上投票之權利。

DIRECTORS' INTERESTS IN CONTRACTS

Except for the disclosure under the headings "Continuing Connected Transactions" below and save as detailed in note 34 to the financial statements on pages 135 to 136 of this annual report, none of the Directors had any material interests, either directly or indirectly, in any contract of significance to which the Company or any of its subsidiaries was a party during or at the end of the year ended 31 December 2016.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2016, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 70.51% and 82.08%, respectively, of the Group's total purchases. 深圳市深影橙天院線有限公司 (Shenzhen City Shenying Orange Sky Cinemas Circuit Company Limited), being 49% indirectly owned by Mr. Wu and Ms. Wu, was the largest supplier of the Group during the year.

The Group's sales to its largest customer and its five largest customers accounted for approximately 1.97% and 3.40%, respectively, of the Group's total sales during the same period. 泛亞華影廣告(深圳)有限公司 (Panasia Cinemia (Shenzhen) Co. Ltd) and Panasia Cinema Advertising Limited, both of which are 80% indirectly owned by Mr. Wu, were two of the top five customers of the Group during the year.

Save as disclosed above, none of the Directors, or any of its associates, or any of the shareholders of the Company (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and/or suppliers.

董事於合約之權益

除下文「持續關連交易」一節所披露者及本年報第207至208頁之財務報表附註34所詳述者外，各董事概無在截至二零一六年十二月三十一日止年度內或結算日於本公司或其任何附屬公司訂立之任何重大合約中直接或間接擁有任何重大權益。

主要客戶及供應商

截至二零一六年十二月三十一日止年度，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總購貨額約70.51%及82.08%。年內，由伍先生及伍女士間接擁有49%權益之深圳市深影橙天院線有限公司為本集團最大供應商。

同期，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總銷售額約1.97%及3.40%。年內，由伍先生間接擁有80%權益之泛亞華影廣告(深圳)有限公司及泛亞影院廣告有限公司為本集團五大客戶其中兩名。

除上文披露者外，各董事或彼等任何聯繫人或就董事所知擁有本公司已發行股本5%以上之本公司股東並無於本集團五大客戶及/或供應商中擁有任何權益。

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董事會報告書

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

So far as is known to the Directors, as at 31 December 2016, the following persons, other than a Director or chief executive of the Company, had the following interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

主要股東及其他人士於股份及相關股份之權益及淡倉

就董事所知，於二零一六年十二月三十一日，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（董事或本公司主要行政人員除外）於股份或相關股份中持有以下權益或淡倉：

Name of shareholder 股東姓名／名稱	Capacity 身份	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及相關 股份總數	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company * 股份及相關股份 於本公司已發行 股本中所佔 概約百分比
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	–	1,723,894,068 (L)	62.86%
	Beneficial owner 實益擁有人	1	117,775,000(L)	–	117,775,000(L)	4.29%
Skyera International Limited ("Skyera")	Beneficial owner 實益擁有人	2	439,791,463 (L)	–	439,791,463 (L)	16.04%
Mainway Enterprises Limited ("Mainway")	Beneficial owner 實益擁有人	3	408,715,990 (L)	–	408,715,990 (L)	14.90%
Noble Biz International Limited ("Noble Biz")	Beneficial owner 實益擁有人	4	129,666,667 (L)	–	129,666,667 (L)	4.73%
Cyber International Limited ("Cyber")	Beneficial owner 實益擁有人	5	180,000,000 (L)	–	180,000,000 (L)	6.56%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG") 橙天娛樂集團（國際）控股 有限公司（「橙天」）	Beneficial owner 實益擁有人	6	565,719,948 (L)	–	565,719,948 (L)	20.63%
China Construction Bank Corporation 中國建設銀行股份有限公司	Interest of controlled corporations 受控法團權益	7	–	200,000,000 (L)	200,000,000(L)	7.29%
Central Huijin Investment Ltd. 中央匯金投資有限責任公司	Interest of controlled corporations 受控法團權益	7	–	200,000,000(L)	200,000,000(L)	7.29%
Wan Tai Investments Limited 萬鈺投資有限公司	Beneficial owner 實益擁有人	7	–	200,000,000(L)	200,000,000(L)	7.29%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2016.

* 該等百分比乃根據於二零一六年十二月三十一日已發行股份總數（即2,742,519,248股股份）計算。

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Notes:

- (1) By virtue of the SFO, Mr. Wu was deemed to have interest in a total of 1,723,894,068 Shares, of which (i) 439,791,463 Shares were held by Skyera; (ii) 408,715,990 Shares were held by Mainway; (iii) 129,666,667 Shares were held by Noble Biz; (iv) 565,719,948 Shares were held by OSEG; and (v) 180,000,000 Shares were held by Cyber.

In addition, Mr. Wu was interested in 117,775,000 Shares which were beneficially held by him in his own name.

- (2) Skyera is a company wholly owned by Mr. Wu, who is also a director of Skyera.
- (3) Mainway is a company wholly owned by Mr. Wu, who is also a director of Mainway.
- (4) Noble Biz is a company wholly owned by Mr. Wu who is also a director of Noble Biz.
- (5) Cyber is a company owned by an associate of Mr. Wu.
- (6) OSEG (a company 80% owned by Mr. Wu) was interested in 565,719,948 Shares. Mr. Wu is a director of OSEG and Mr. Li Pei Sen is the associate Chairman of OSEG.
- (7) These underlying Shares represented the Shares to be issued if Wan Tai, being the bondholder of the convertible bond in the principal amount of HK\$200,000,000 issued by the Company (the "Convertible Bond"), exercises in full the conversion rights attached to the Convertible Bond, which is considered interests of Wan Tai under the SFO.

Abbreviation:
"L" stands for long position

Save as disclosed above, as at 31 December 2016, no other person had an interest or a short position in Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

SUBSEQUENT EVENTS

Very Substantial Disposal in relation to the Disposal of City Entertainment Corporation Limited

On 25 January 2017, Giant Harvest Limited (the "Vendor"), an indirect wholly-owned subsidiary of the Company, the Company, as the guarantor of the Vendor (the "Guarantor"), True Vision Limited (the "Purchaser") and Nan Hai Corporation Limited, as the guarantor of the Purchaser ("Nan Hai"), entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of City Entertainment Corporation Limited (the "Target Company") at the consideration of approximately RMB3.286 billion (the "Disposal").

On 7 March 2017, the Vendor, the Company, the Purchaser and Nan Hai entered into a supplemental agreement to the Sale and Purchase Agreement (the "Supplemental Agreement"), pursuant to which, the parties agreed, conditional upon the Target Company, the Purchaser's nominee (Dadi Cinema Management Limited (大地影院管理有限公司) ("Dadi Cinema")), Nan Hai and 嘉興信業創贏肆號投資合夥企業(有限合夥) (Jiaying Credit Prosperity Investment Enterprise (Limited Partnership)*) ("Xin Ye") entering into an agreement with respect to the purchase of Xin Ye Shares (the "Proposed Xin Ye Agreement"), to amend and add certain terms to the Sale and Purchase Agreement.

On 28 March 2017, the Sale and Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company.

附註：

- (1) 根據證券及期貨條例，伍先生被視為擁有合共1,723,894,068股股份，當中(i) 439,791,463股股份由Skyera持有；(ii) 408,715,990股股份由Mainway持有；(iii) 129,666,667股股份由Noble Biz持有；(iv) 565,719,948股股份由橙天持有；及(v) 180,000,000股股份由Cyber持有。

另外，伍先生亦以本身名義實益擁有117,775,000股股份權益。

- (2) Skyera為伍先生全資擁有之公司，彼亦為Skyera董事。
- (3) Mainway為伍先生全資擁有之公司，彼亦為Mainway董事。
- (4) Noble Biz為伍先生全資擁有之公司，彼亦為Noble Biz董事。
- (5) Cyber為由伍先生聯繫人擁有之公司。
- (6) 伍先生擁有80%股權之公司橙天擁有565,719,948股股份。伍先生為橙天董事，而李培森先生則為橙天聯合董事長。
- (7) 該等相關股份指萬鈺（即本公司所發行本金額為200,000,000港元之可換股債券（「可換股債券」）之債券持有人）因悉數行使可換股債券所附帶之轉換權而將予發行之股份數目，根據證券及期貨條例被視為萬鈺之權益。

縮略詞：
「L」指好倉

除上文披露者外，於二零一六年十二月三十一日，概無其他人士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，於股份或相關股份中擁有任何權益或淡倉。

期後事項

有關出售橙天嘉禾影城有限公司之非常重大出售事項

於二零一七年一月二十五日，本公司之間接全資附屬公司鉅滿有限公司（「賣方」）、本公司（作為賣方擔保人，「擔保人」）、美視角有限公司（「買方」）與南海控股有限公司（作為買方擔保人，「南海」）訂立買賣協議（「買賣協議」），據此，賣方有條件同意出售而買方有條件同意購買橙天嘉禾影城有限公司（「目標公司」）全部已發行股本，代價約為人民幣32.86億元（「出售事項」）。

於二零一七年三月七日，賣方、本公司、買方與南海訂立買賣協議之補充協議（「補充協議」），據此，訂約方同意在目標公司、買方代名人大地影院管理有限公司（「大地影院」）、南海與嘉興信業創贏肆號投資合夥企業（有限合夥）（「嘉興信業」）就購買嘉興信業股份訂立協議（「建議嘉興信業協議」）之前提下，修訂買賣協議及加入若干條款。

於二零一七年三月二十八日，買賣協議、補充協議及其項下擬進行交易已獲本公司股東批准。

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For more details of the Disposal, please refer to the circular issued by the Company on 13 March 2017.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2016, the Group has entered into and engaged in the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company:

(a) Procurement of Screen Advertising and In-foyer Advertising

OSGH (China) and 泛亞華影廣告(深圳)有限公司 (transliterated as Panasia Cinemedia (Shenzhen) Co. Ltd) ("Panasia Cinemedia") entered into a master advertising agreement on 6 November 2013, whereby certain rights were granted by OS GH (China) to Panasia Cinemedia for the procurement of the screen advertising at cinemas operated and to be operated by OS GH (China), its subsidiaries and/or affiliates and the in-foyer advertising at OS GH Cinemas Shenzhen (深圳橙天嘉禾影城) operated by OS GH (China) for a term of 3 years from 1 January 2014 to 31 December 2016 (the "Master Advertising Agreement").

During the term of the Master Advertising Agreement, Panasia Cinemedia shall pay to OS GH (China) an exclusive agency fee being the sum of (i) the higher of the annual guaranteed fee of RMB11,878,000 for the year 2014 with an upward adjustment of not less than 5% but not more than 10% of the box office income for each of the years 2015 and 2016 (the "Annual Guaranteed fee") or the annual guaranteed fee based on certain percentage rates ranging from 2% to 5% of the actual annual box office income of the relevant cinemas in the relevant year (the "Actual Annual Fee"); and (ii) 5% of the Actual Annual Fee in the relevant year (the "Advertising Subsidy"). The total sum of the Actual Annual Fee for all cinemas (inclusive of the Advertising Subsidy) shall be capped at RMB17,804,700 for the year 2014 with an upward adjustment of not less than 5% but not more than 10% of the cap of the previous year for the years 2015 and 2016.

During the year ended 31 December 2016, the aggregate amount payable by Panasia Cinemedia to OS GH (China) for transactions contemplated under the Master Advertising Agreement amounted to RMB21,231,300, which does not exceed the annual cap of RMB33,000,000.

Panasia Cinemedia is a wholly owned subsidiary of OSEG, a substantial shareholder of the Company and a company in which 80% equity interest is in turn held by Mr. Wu. Panasia Cinemedia therefore is a connected person of the Company by virtue of being an associate of Mr. Wu and OSEG. The transactions contemplated under the Master Advertising Agreement constitute continuing connected transactions of the Company under the Listing Rules.

有關出售事項之更多詳情，請參閱本公司於二零一七年三月十三日刊發之通函。

持續關連交易

截至二零一六年十二月三十一日止年度，本集團曾與本公司關連人士(定義見上市規則)訂立以下交易及安排：

(a) 採購銀幕廣告及影城大堂廣告

於二零一三年十一月六日，橙天嘉禾影城(中國)與泛亞華影廣告(深圳)有限公司(「泛亞華影」)訂立廣告主協議，據此，橙天嘉禾影城(中國)向泛亞華影授出若干權利，批准其採購由橙天嘉禾影城(中國)、其附屬公司及/或聯屬公司營運及將營運之影城之銀幕廣告以及由橙天嘉禾影城(中國)營運之深圳橙天嘉禾影城之影城大堂廣告，年期由二零一四年一月一日起至二零一六年十二月三十一日止，為期三年(「廣告主協議」)。

於廣告主協議年期內，泛亞華影須向橙天嘉禾影城(中國)支付獨家代理費，即以下金額之總和：(i)二零一四年保證年度收費人民幣11,878,000元，並須就二零一五年及二零一六年各年之票房收入向上調整不少於5%但不多於10%(「保證年度收費」)或根據於相關年度相關影城實際年度票房收入(「實際年度收費」)介乎2%至5%之若干百分比率計算之年度保證收費(上述兩者中之較高者)；及(ii)於相關年度之實際年度收費5%(「廣告資助」)。二零一四年所有影院之實際年度收費總和(包括廣告資助)以人民幣17,804,700元為限，並須就二零一五年及二零一六年向上調整，調整幅度不少於先前年度上限之5%但不多於10%。

截至二零一六年十二月三十一日止年度，泛亞華影就廣告主協議項下擬進行交易應付予橙天嘉禾影城(中國)之總金額為人民幣21,231,300元，並未超出年度上限人民幣33,000,000元。

泛亞華影為橙天之全資附屬公司，而橙天為本公司之主要股東及其80%股權由伍先生持有。基於泛亞華影為伍先生及橙天之聯繫人，故屬本公司之關連人士。根據上市規則，廣告主協議項下擬進行交易構成本公司之持續關連交易。

(b) Sponsorship Agency Agreement on Procurement of Film Sponsors

On 4 September 2014, M Cinemas Company Limited (“M Cinemas”), an indirect wholly-owned subsidiary of the Company, entered into a sponsorship agency agreement with Panasia Cinema Advertising Limited (“PCA”) in relation to the appointment of PCA by M Cinemas as the non-exclusive agent to procure sponsorship for films within Hong Kong for a period of three years commencing from 4 September 2014 to 3 September 2017 (the “Sponsorship Agency Agreement”).

M Cinemas and PCA may, from time to time and as necessary, enter into separate sponsorship agreement(s), with or without individual sponsor(s), for implementation of the Sponsorship Agency Agreement.

PCA shall pay to M Cinemas a sponsorship fee representing 70% of the gross sponsorship revenue generated out of the sponsorship agreement(s) from the sponsorship within Hong Kong.

The aggregate amount of the sponsorship fees received from PCA by M Cinemas under the Sponsorship Agency Agreement for the year ended 31 December 2016 amounted to approximately HK\$0, which is within the annual cap of HK\$32,000,000.

PCA is a company in which 80% equity interest is indirectly owned by Mr. Wu and is therefore a connected person of the Company by virtue of being an associate of Mr. Wu. Accordingly, the transactions contemplated under the Sponsorship Agency Agreement constitute continuing connected transactions of the Company under the Listing Rules.

(c) Sub-leases of Office Premises

On 31 August 2016, Beijing Orange Sky, wholly owned by Mr. Wu Kebo and Ms. Wu Keyan, entered into a sub-lease agreement with 北京橙天嘉禾影視製作有限公司 (Orange Sky Golden Harvest (Beijing) TV & Film Production Company Limited) (the “First Sublease”) in relation to the sub-leasing of the office premises with a total floor area of approximately 6.75 square metres occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC for a term commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive) at total rental amounting to RMB46,564.88 and total management fee amounting to RMB5,173.88 paid on a quarterly basis.

On the same day, Beijing Orange Sky and 北京嘉禾影城管理諮詢有限公司 (Golden Harvest (Beijing) Cinema Management Consultancy Company Limited), an indirect wholly owned subsidiary of the Company and a wholly owned subsidiary of OSGH (China), entered into the second sub-lease agreement (the “Second Sub-Lease”) in relation to the sub-leasing of the office premises with a total floor area of approximately 993.57 square metres occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC for a term commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive) at a total rental amounting to RMB6,854,142.65 and total management fee amounting to RMB761,571.41 paid on a quarterly basis.

(b) 物色電影贊助商之贊助代理協議

於二零一四年九月四日，本公司之間接全資附屬公司名影城有限公司（「名影城」）與泛亞影院廣告有限公司（「泛亞影院廣告」）訂立贊助代理協議，內容有關名影城委任泛亞影院廣告為非獨家代理商，自二零一四年九月四日至二零一七年九月三日止三年期間內，於香港物色電影贊助活動（「贊助代理協議」）。

名影城及泛亞影院廣告可不時按需要就執行贊助代理協議訂立獨立贊助協議（不論有否獨立贊助商）。

泛亞影院廣告須向名影城支付贊助費，金額相等於香港之贊助活動自贊助協議所產生總贊助收益之70%。

截至二零一六年十二月三十一日止年度，名影城根據贊助代理協議自泛亞影院廣告收取之贊助費總金額約為0港元，並無超過年度上限32,000,000港元。

伍先生間接擁有泛亞影院廣告之80%股權。基於泛亞影院廣告為伍先生之聯繫人，故屬本公司之關連人士。因此，根據上市規則，贊助代理協議項下擬進行交易構成本公司之持續關連交易。

(c) 分租辦公室物業

於二零一六年八月三十一日，由伍克波先生及伍克燕女士全資擁有之北京橙天與北京橙天嘉禾影視製作有限公司訂立分租租約（「第一份分租租約」），內容有關分租位於中國北京市朝陽區小亮馬橋路安家樓1號院3號樓二層部分辦公室物業，總樓面面積約為6.75平方米，由二零一六年九月一日起至二零一九年八月三十一日（包括首尾兩日）止，總租金為人民幣46,564.88元及總管理費為人民幣5,173.88元，須按季支付。

同日，北京橙天與本公司之間接全資附屬公司及橙天嘉禾影城（中國）之全資附屬公司北京嘉禾影城管理諮詢有限公司訂立第二份分租租約（「第二份分租租約」），內容有關分租位於中國北京市朝陽區小亮馬橋路安家樓1號院3號樓二層部分辦公室物業，總樓面面積約為993.57平方米，由二零一六年九月一日起至二零一九年八月三十一日（包括首尾兩日）止，總租金為人民幣6,854,142.65元及總管理費為人民幣761,571.41元，須按季支付。

The aggregate amount paid by the Group to Beijing Orange Sky for the year ended 31 December 2016 amounted to approximately RMB1,826,944, which is within the annual cap of RMB2,100,000.

Under the Listing Rules, Mr. Wu and Ms. Wu are connected persons of the Company. As the entire equity interest of Beijing Orange Sky is owned by Mr. Wu and Ms. Wu, Beijing Orange Sky is an associate of Mr. Wu and Ms. Wu and accordingly, connected persons of the Company.

(d) Master Co-operation Agreement on Cinema Circuit Services

On 20 May 2013, OSGH (China) entered into a master co-operation Agreement with 深圳市深影橙天院線有限公司 (Shenzhen City Shenying Orange Sky Cinemas Circuit Company Limited) ("SZ City SYOS Cinemas Circuit") to provide a framework for the provision of the services, including but not limited to the sourcing of movies, provision of new release title of movies, organising and planning of movies distribution and marketing arrangements, by SZ City SYOS Cinemas Circuit to the cinemas operated or to be operated by OSGH (China) in the PRC ("OSGH Cinemas") for the period from 1 April 2013 to 30 June 2014 (the "Old Master Co-operation Agreement").

On 30 June 2014, OSGH (China) entered into a new master co-operation agreement with SZ City SYOS Cinemas Circuit to renew the Old Master Co-operation Agreement for a term of three years commencing from 1 July 2014 to 30 June 2017 (the "New Master Co-operation Agreement").

The amount of service fees payable by the individual OSGH Cinema to SZ City SYOS Cinemas Circuit will be subject to the individual cinema circuit alliance agreement but it shall not exceed 2% of the net box office income in any event.

The aggregate amount of the transactions under the New Master Co-operation Agreement for the year ended 31 December 2016 amounted to approximately RMB8,532,310, which is within the annual cap of RMB15,500,000.

SZ City SYOS Cinemas Circuit is owned as to 49% by Beijing Orange Sky which in turn is owned by Mr. Wu and Ms. Wu. Under the Listing Rules, SZ City SYOS Cinemas Circuit is an associate of Mr. Wu and Ms. Wu and is therefore connected persons of the Company. The transactions contemplated under the New Master Co-operation Agreement constitute continuing connected transactions of the Company under the Listing Rules.

(e) Jiangyin Lease Agreement in respect of Operating Cinemas in Jiangyin City

OSGH (China) and 江陰橙地影院開發管理有限公司 (Jiangyin Orange Land Cinema Development Management Co., Ltd ("Jiangyin Orange Land")), a company established in the PRC and 80% beneficially owned by Mr. Wu and Ms. Wu through 北京橙地影院投資管理有限公司 (Beijing Orange Land Cinema Investment Management Company Limited) entered into the lease agreement on 25 September 2012 (the "Jiangyin Lease Agreement") in respect of the leasing of the portion of the 3rd, 4th and 5th Floors of Block 2 of the Jiangyin Orange Land Cultural Complex situated at the Xiagang Development Zone, Jiangyin City, Jiangsu Province, PRC, with a total floor area of approximately 17,561 square metres (the "Leased Property").

本集團於截至二零一六年十二月三十一日止年度支付予北京橙天之總金額約為人民幣1,826,944元，並未超出年度上限人民幣2,100,000元。

根據上市規則，伍先生及伍女士為本公司關連人士。由於伍先生及伍女士擁有北京橙天之全部股本權益，北京橙天為伍先生及伍女士之聯繫人，故屬本公司關連人士。

(d) 影城院線服務合作主協議

於二零一三年五月二十日，橙天嘉禾影城(中國)與深圳市深影橙天院線有限公司(「深影院線」)訂立合作主協議，於二零一三年四月一日至二零一四年六月三十日期間就深影院線向橙天嘉禾影城(中國)現時或日後在中國經營之影城(「橙天嘉禾影城」)所提供服務劃定框架，包括但不限於搜羅電影、提供首輪電影、統籌及策劃電影發行以及市場推廣安排(「舊合作主協議」)。

於二零一四年六月三十日，橙天嘉禾影城(中國)與深影院線訂立新合作主協議以更新舊合作主協議之年期，自二零一四年七月一日起至二零一七年六月三十日止為期三年(「新合作主協議」)。

個別橙天嘉禾影城應付深影院線之服務費用金額將受個別影城院線加盟協議所規限，惟於任何情況下不得超過票房收入淨額2%。

截至二零一六年十二月三十一日止年度，新合作主協議項下交易之總金額約為人民幣8,532,310元，並無超過年度上限人民幣15,500,000元。

深影院線由北京橙天擁有49%權益，而北京橙天則由伍先生及伍女士擁有。根據上市規則，深影院線為伍先生及伍女士之聯繫人，故屬本公司之關連人士。根據上市規則，新合作主協議項下擬進行交易構成本公司之持續關連交易。

(e) 有關於江陰市經營影城之江陰租賃協議

於二零一二年九月二十五日，橙天嘉禾影城(中國)與江陰橙地影院開發管理有限公司(「江陰橙地」，於中國成立之公司，由伍先生及伍女士透過北京橙地影院投資管理有限公司實益擁有80%權益)訂立租賃協議(「江陰租賃協議」)，涉及租賃位於中國江蘇省江陰市夏港發展區之江陰橙地文化綜合體二座第3、4及5層部分，總樓面面積約為17,561平方米(「租賃物業」)。

Report of the Directors

董事會報告書

On 2 December 2014, OSGH (China) and Jiangyin Orange Land entered into a supplemental agreement to the Jiangyin Lease Agreement, pursuant to which Jiangyin Orange Land agreed to refund the prepayment of RMB100,000,000 and also pay the interest of RMB13,625,000, at a rate of 7.5% per annum on the amounts of base rental prepayment from the respective dates of such payment during the period from October 2012 to November 2014, to OSGH (China) as stated in the announcement of the Company dated 25 June 2014.

On 22 June 2016, OSGH (China) and Jiangyin Orange Land entered into another supplemental agreement, pursuant to which Jiangyin Orange Land agreed to deliver the Leased Property at Jiangyin Orange Land Cultural Complex to OSGH (China) on or before 30 June 2017. OSGH (China) agreed to prepay Base Rental of RMB50,000,000 to Jiangyin Orange Land.

During the year ended 31 December 2016, an amount of RMB45,000,000 was paid to Jiangyin Orange Land under the Jiangyin Lease Agreement, which matched the annual cap of RMB45,000,000.

Mr. Wu and Ms. Wu, who are connected persons of the Company, indirectly owns 80% equity interest in Jiangyin Orange Land through Beijing Orange Land. Accordingly, Jiangyin Orange Land is a connected person of the Company and the Jiangyin Lease Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

(f) Lease Agreement in respect of Cinema Property in Tangshan City

On 6 November 2013, OSGH (China), as landlord, and 北京橙天影院投資管理有限公司 (Beijing Orange Sky Cinema Investment Management Co., Ltd) (the "Beijing Orange Sky"), wholly owned by Mr. Wu Kebo and Ms. Wu Keyan, as tenant, entered into a lease agreement, pursuant to which Beijing Orange Sky will lease the portions of the 4th Floor under household no. 100040001, the 5th Floor under household no. 100050001 and the 6th Floor under household nos. 100060001 and 100060003 (collectively referred to as Unit 4108) of Bohai New World Shopping Centre of No. 88 Xinhua West Road, Tangshan City, Hebei Province, the PRC, with a total gross floor area of approximately 5,504.43 square metres (the "Leased Premises") from OSGH (China) for a period of 12 years ("Tangshan Lease Agreement").

On 12 May 2016, OSGH (China) and Beijing Orange Sky entered into the supplemental agreement to the Tangshan Lease Agreement pursuant to which Beijing Orange Sky agreed the compensation to be made by OSGH (China) by way of extension of the rent-free period to cover the reasonable loss Beijing Orange Sky suffered during the time it was unable to commence operation, i.e. OSGH (China) agreed to extend the expiry date of the rent-free period to 28 February 2019.

The annual cap under the Tangshan Lease Agreement for the year ending 31 December 2016 was RMB1,010,000. No payment was received by the Group from Beijing Orange Sky during the year ended 31 December 2016.

於二零一四年十二月二日，橙天嘉禾影城(中國)與江陰橙地訂立江陰租賃協議之補充協議，據此，江陰橙地同意向橙天嘉禾影城(中國)退還預付款項人民幣100,000,000元，另支付利息人民幣13,625,000元，金額乃自本公司日期為二零一四年六月二十五日之公佈所列由二零一二年十月至二零一四年十一月期間各付款日期起就基本租金預付款項金額按年利率7.5%計算。

於二零一六年六月二十二日，橙天嘉禾影城(中國)與江陰橙地訂立另一份補充協議，據此，江陰橙地同意於二零一七年六月三十日或之前向橙天嘉禾(中國)交付位於江陰橙地文化綜合體之租賃物業。橙天嘉禾(中國)同意向江陰橙地預付基本租金人民幣50,000,000元。

截至二零一六年十二月三十一日止年度，已根據江陰租賃協議向江陰橙地支付人民幣45,000,000元，並無超過年度上限人民幣45,000,000元。

本公司之關連人士伍先生及伍女士透過北京橙地間接擁有江陰橙地之80%股權。因此，江陰橙地為本公司之關連人士，而江陰租賃協議及據此擬進行交易構成本公司之持續關連交易。

(f) 唐山市影城物業之租賃協議

於二零一三年十一月六日，橙天嘉禾影城(中國)(作為業主)與由伍克波先生及伍克燕女士全資擁有之北京橙天影院投資管理有限公司(「北京橙天」，作為租戶)訂立租賃協議，據此，北京橙天將向橙天嘉禾影城(中國)租用中國河北省唐山市新華西道88號之渤海新世界購物中心四樓(戶號為100040001號)、五樓(戶號為100050001號)以及六樓(戶號為100060001號及100060003號)部分單位(統稱為4108單位)，總建築面積約為5,504.43平方米(「租賃物業」)，為期12年(「唐山租賃協議」)。

於二零一六年五月十二日，橙天嘉禾影城(中國)與北京橙天訂立唐山租賃協議之補充協議，據此，北京橙天同意就其無法開業期間之合理損失由橙天嘉禾影城(中國)以延長免租期之形式予以補償，即橙天嘉禾影城(中國)同意將免租期屆滿日延長至二零一九年二月二十八日。

唐山租賃協議於截至二零一六年十二月三十一日止年度的年度上限為人民幣1,010,000元。於截至二零一六年十二月三十一日止年度，本集團並無從北京橙天收取任何金額。

Report of the Directors

董事會報告書

Beijing Orange Sky is a connected person of the Company by virtue of being an associate of Mr. Wu and Ms. Wu and accordingly, the entering into of the Tangshan Lease Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

The above transactions constituted continuing connected transactions of the Company under the Listing Rules and were subject to reporting, announcement and annual review requirements.

Confirmation from Directors

The Directors, including the non-executive Directors, have reviewed the continuing connected transactions mentioned under paragraphs (a) to (f) above and confirmed that the transactions were entered into 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.

The auditors of the Company have advised that nothing has come to their attention that caused them to believe the continuing connected transactions:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services;
- (c) have not been entered into, in all material respects, in accordance with the terms of the relevant agreement governing the transactions; and
- (d) the relevant cap amounts disclosed in the relevant announcements of the Company, where applicable, have been exceeded during the financial year ended 31 December 2016.

Save as disclosed above, details of the other connected transactions and/or continuing connected transactions for the year ended 31 December 2016 are set out in note 34 to the financial statements. These other connected transactions and/or continuing connected transactions constituted de minimis transactions as defined in the Listing Rules and were exempt from the reporting, announcement, independent shareholders' approval, and in the case of continuing connected transactions, the annual review requirements. The independent non-executive Directors have also reviewed and confirmed that these other connected transactions and/or continuing connected transactions have been entered into 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.

CORPORATE GOVERNANCE

For the year ended 31 December 2016, the Corporate Governance Report is set out on pages 25 to 37 of the annual report.

基於北京橙天為伍先生及伍女士之聯繫人，故屬本公司之關連人士。因此，根據上市規則，訂立唐山租賃協議及所有據此擬進行之交易構成本公司之持續關連交易。

上述交易構成上市規則項下本公司之持續關連交易，須遵守申報、公告及年度審閱規定。

董事確認

董事(包括非執行董事)已審閱上文第(a)至(f)段所述持續關連交易，並確認該等交易乃於本集團一般日常業務中，按一般商業條款或不遜於獨立第三方獲或向本集團提供之條款，並根據規管該等交易之有關協議進行，且條款均屬公平合理，符合本公司股東整體利益。

據本公司核數師所述，概無出現任何事宜致使其相信持續關連交易：

- (a) 未有獲董事會批准；
- (b) 涉及提供商品或服務之交易於各重大方面並未按照本集團定價政策進行；
- (c) 於各重大方面並未根據規管該等交易之相關協議條款訂立；及
- (d) 超出本公司相關公佈所披露截至二零一六年十二月三十一日止財政年度之相關金額上限(如適用)。

除上文披露者外，於截至二零一六年十二月三十一日止年度進行之其他關連交易及/或持續關連交易詳情，載於財務報表附註34。該等其他關連交易及/或持續關連交易構成上市規則所界定低額交易，獲豁免遵守申報、公告、獨立股東批准及(就持續關連交易而言)年度審閱之規定。獨立非執行董事已審閱並確認該等其他關連交易及/或持續關連交易乃於本集團一般日常業務中，按一般商業條款或不遜於獨立第三方獲或向本集團提供之條款，並根據規管該等交易之有關協議進行，且條款均屬公平合理，符合本公司股東整體利益。

企業管治

截至二零一六年十二月三十一日止年度，企業管治報告載於本年報第25至37頁。

Report of the Directors 董事會報告書

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

ENVIRONMENTAL PROTECTION

Details of the Company's environmental policy and community involvement are set out in the Environmental, Social and Governance Report Section in this annual report.

EMOLUMENT POLICY

Remuneration of the employees of the Group is made/determined by reference to the market, individual performance and their respective contribution to the Group. As a long-term incentive, the 2009 Share Option Scheme is in place and the details of which are set out above and in note 28 to the financial statements on pages 119 to 122 of this annual report.

Directors' emoluments are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonus and share option, are determined by the Board with reference to Directors' duties, abilities, reputation and performance.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of the Company's issued share capital as of the date of this report.

DONATIONS

During the year ended 31 December 2016, the Group has made charitable and other donations in Hong Kong totalling HK\$nil.

AUDITORS

The financial statements for the year ended 31 December 2016 have been audited by Messrs. KPMG ("KPMG") who will retire and being eligible, will offer themselves for reappointment at the forthcoming annual general meeting of the Company. A resolution will be submitted at the forthcoming annual general meeting to re-appoint KPMG as auditors of the Company.

ON BEHALF OF THE BOARD

Wu Kebo
Chairman

Hong Kong
29 March 2017

獨立性之確認

本公司已接獲各獨立非執行董事按照上市規則第3.13條發出其每年之獨立性確認書，並認為全體獨立非執行董事均具獨立性。

環境保護

本公司環境政策及社區參與詳情載於本年報環境、社會及管治報告。

薪酬政策

本集團僱員之薪酬乃經參照市場、個人表現及彼等各自對本集團之貢獻釐定。本集團已設立二零零九年購股權計劃作為長期獎勵計劃，詳情載於本年報第191至194頁之財務報表附註28。

董事酬金須由本公司薪酬委員會建議及獲董事會批准。其他薪酬(包括酌情花紅及購股權)經由董事會參考各董事之職務、能力、聲望及表現而釐定。

足夠公眾持股量

於本報告日期，按照本公司可公開獲取之資料及據董事所知，本公司已發行股本維持足夠公眾持股量。

捐獻

截至二零一六年十二月三十一日止年度，本集團於香港作出之慈善及其他捐款合共為零港元。

核數師

截至二零一六年十二月三十一日止年度之財務報表已經由畢馬威會計師事務所(「畢馬威」)審核，而畢馬威將會退任，惟符合資格並將願意於本公司應屆股東週年大會上獲續聘。於應屆股東週年大會上將提呈決議案以續聘畢馬威為本公司核數師。

代表董事會

主席
伍克波

香港
二零一七年三月二十九日

Independent Auditor's Report

獨立核數師報告



to the shareholders of
Orange Sky Golden Harvest Entertainment (Holdings) Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Orange Sky Golden Harvest Entertainment (Holdings) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 69 to 140, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致橙天嘉禾娛樂(集團)有限公司股東

(於百慕達註冊成立之有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第141至212頁的橙天嘉禾娛樂(集團)有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零一六年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》真實而中肯地反映 貴集團於二零一六年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見之基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「《守則》」)以及與我們對百慕達綜合財務報表的審計相關的道德要求，我們獨立於 貴集團，並已履行這些道德要求以及《守則》中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告

Accounting for the disposal of the film exhibition business in Mainland China

出售中國內地影城業務的會計處理方法

Refer to note 35 to the consolidated financial statements and the accounting policies in note 2(dd).

請參閱綜合財務報表附註35及會計政策附註2(dd)。

The Key Audit Matter

關鍵審計事項

The Group entered into an agreement with an independent third party on 25 January 2017 (the "Agreement"), pursuant to which the Group agreed to dispose of and the buyer agreed to purchase, the Group's 92.59% equity interest in its film exhibition business in Mainland China (the "Disposal"). The business subject to disposal has been classified as "held for sale" in the consolidated financial statements in accordance with the requirements of the prevailing accounting standards.

於二零一七年一月二十五日，貴集團與一名獨立第三方訂立協議（「該協議」），據此，貴集團同意出售而買方同意購買貴集團的中國內地影城業務92.59%股權（「出售事項」）。根據現行會計準則的規定，出售事項涉及的業務已在綜合財務報表分類為「持作待售」。

The classification and measurement of the assets and liabilities subject to the Disposal as at 31 December 2016 and presentation of the Disposal in the consolidated financial statements required management to make a number of judgements as explained below.

在綜合財務報表分類及計量於二零一六年十二月三十一日出售事項涉及的資產及負債以及呈列出售事項需要管理層作出多項判斷，詳情闡述如下。

Management was required to assess when and whether all the criteria for the classification of the disposal group as held for sale as set out in the prevailing accounting standards were fulfilled based on the facts and circumstances specific to the Disposal. Management was also required to assess the measurement of all assets and liabilities subject to the Disposal immediately before their classification as held for sale and at the year end and assess if the Disposal, which constitutes a significant portion of the Group's operations, was subject to the presentation requirements for "discontinued operations" as set out in the prevailing accounting standards.

管理層須根據出售事項特定的事實及情況，評估現行會計準則所載有關分類持作待售的出售組別的所有標準何時及是否已達成。管理層亦須評估於緊接出售事項涉及的所有資產及負債分類為持作待售前及於年結日評估有關資產及負債的計量情況，並評估出售事項（構成貴集團業務營運重大部分）是否須遵守現行會計準則所載「已終止經營業務」的呈列規定。

We identified the disposal of the film exhibition business in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the classification and measurement of the assets and liabilities subject to the Disposal and presentation of the Disposal in the consolidated financial statements involved the exercise of significant management judgement.

我們把出售中國內地影城業務列為關鍵審計事項，原因為其對綜合財務報表至關重要，以及在綜合財務報表分類及計量出售事項涉及的資產及負債以及呈列出售事項牽涉管理層行使重大判斷。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the accounting for the disposal of the film exhibition business in Mainland China included the following:

我們就評估出售中國內地影城業務的會計處理方法的審計程序包括：

- inspecting the Agreement to identify any terms of accounting significance and assessing the accounting treatment therefor;
審查該協議以識別具會計重要性的任何條款，並評估有關會計處理方法；
- assessing the fulfilment of the criteria for the classification of the disposal group as held for sale pursuant to the requirements of the prevailing accounting standards, which included enquiring of management the timeline and key milestones of the Disposal and examining documents relevant to the Disposal;
根據現行會計準則的規定，評估分類持作待售的出售組別的標準達成情況，包括向管理層查詢出售事項的時間表及主要里程碑，並查閱與出售事項相關的文件；
- evaluating management's measurement of all assets and liabilities subject to the Disposal immediately before their classification as held for sale and at the year end with reference to the requirements of the prevailing accounting standards; and
參考現行會計準則的規定，評價管理層就出售事項涉及的所有資產及負債於其分類為持作待售前及於年結日的計量情況；及
- assessing the presentation and disclosures in the consolidated financial statements in relation to the Disposal with reference to the requirements of the prevailing accounting standards.
參考現行會計準則的規定，評估在綜合財務報表有關出售事項的呈列方式及披露。

Independent Auditor's Report

獨立核數師報告

Accounting for the deemed disposal of an equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited ("OSGH (China)")

視作出售橙天嘉禾影城(中國)有限公司(「橙天嘉禾影城(中國)」)股權之會計處理方法

Refer to notes 20, 25 and 31 to the consolidated financial statements and the accounting policies in notes 2(h) and 2(i)

請參閱綜合財務報表附註20、25及31以及會計政策附註2(h)及2(i)。

The Key Audit Matter

關鍵審計事項

On 15 March 2016, the Group entered into a subscription agreement (the "Subscription Agreement") with three investors, pursuant to which the investors agreed to subscribe for 13.79% of the entire equity interest in OSGH (China) (as enlarged by completion of the Subscription Agreement) for an aggregate consideration of RMB400 million, subject to conditions precedent under the Subscription Agreement.

於二零一六年三月十五日，貴集團與三名投資者訂立認購協議(「認購協議」)。據此，投資者同意以總代價人民幣400,000,000元認購橙天嘉禾影城(中國)全部股權(經認購協議完成擴大後)的13.79%，惟須待認購協議的先決條件達成後方可作實。

On 29 November 2016, the conditions precedent under the Subscription Agreement were fulfilled between the Group and one of the three investors (the "Investor") and the Investor subscribed for 7.41% of the entire equity interest in OSGH (China) for a consideration of RMB200 million (the "Deemed Disposal").

於二零一六年十一月二十九日，貴集團與三名投資者其中一名(「該投資者」)已達成認購協議的先決條件，而投資者已以代價人民幣200,000,000元認購橙天嘉禾影城(中國)全部股權的7.41%(「視作出售事項」)。

The Subscription Agreement contains terms and conditions which granted the Group and the Investor various rights and options. The Group has options to call and the Investor has options to put the equity interest in OSGH (China) held by the Investor under specified circumstances. In addition, anti-dilution rights will come into effect if the Group invites investment through subscription for new registered capital in OSGH (China) to new investors within a specified timeframe.

認購協議載有條款及條件，賦予貴集團及該投資者多項權利及選擇權。在特定情況下，貴集團可選擇認購而該投資者可選擇認沽該投資者所持橙天嘉禾影城(中國)股權。此外，倘貴集團於指定時限內透過認購橙天嘉禾影城(中國)的新註冊資本而引入新投資者作出投資，則反攤薄權利將會生效。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our procedures to assess the accounting for the Deemed Disposal included the following:

我們就評估視作出售事項的會計處理方法的程序包括：

- inspecting the Subscription Agreement to identify any terms of accounting significance and assessing the accounting treatment therefor; 檢查認購協議以識別具會計重要性的任何條款，並評估有關會計處理方法；
- assessing the identification and measurement of the financial derivatives in connection with the call option, the put option and the anti-dilution rights stipulated in the Subscription Agreement and the investment made by the Investor with reference to the requirements of the prevailing accounting standards; 參考現行會計準則的規定，評估認購協議所規定有關認購期權、認沽期權及反攤薄權利的衍生金融工具以及該投資者所作投資的識別及計量；
- assessing the external valuer's qualifications, experience and expertise in valuing financial derivatives and considering their objectivity and independence; 評估外部估值師有關估值衍生金融工具的資格、經驗及專業知識，並考慮其客觀性及獨立性；
- engaging our internal valuation specialists to assist us in evaluating the fair values of the financial derivatives as assessed by the external valuer by assessing the valuation methodology, valuation model and key assumptions and parameters adopted in the valuations with reference to market data and comparable market transactions; and 委聘內部估值專家協助我們評價外部估值師評估得出的衍生金融工具公允值，方法為評估估值所採納的估值方法、估值模式以及主要假設及參數，並經參考市場數據及可資比較市場交易；及

Independent Auditor's Report

獨立核數師報告

Accounting for the deemed disposal of an equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited ("OSGH (China)")

視作出售橙天嘉禾影城（中國）有限公司（「橙天嘉禾影城（中國）」）股權之會計處理方法

Refer to notes 20, 25 and 31 to the consolidated financial statements and the accounting policies in notes 2(h) and 2(i)

請參閱綜合財務報表附註20、25及31以及會計政策附註2(h)及2(i)。

The Key Audit Matter

關鍵審計事項

The terms and conditions in the Subscription Agreement require complex accounting considerations, including the identification, measurement and classification of financial derivatives in connection with the call option, the put option and the anti-dilution rights stipulated in the Subscription Agreement and the investment made by the Investor. The Group engaged an external valuer to assess the fair value of the identified financial derivatives.

認購協議的條款及條件須作出複雜會計考慮，包括識別、計量及分類認購協議所規定有關認購期權、認沽期權及反攤薄權利的衍生金融工具以及該投資者所作投資。貴集團已委聘外部估值師評估已識別衍生金融工具公允值。

We identified accounting for the Deemed Disposal as a key audit matter because of its significance to the consolidated financial statements and because of the degree of complexity involved in identifying and valuing certain financial derivatives and assessing the classification of the investment made by the Investor.

我們把視作出售事項的會計處理方法列為關鍵審計事項，原因為其對綜合財務報表至關重要，以及識別及估值若干衍生金融工具的複雜程度與評估分類該投資者所作投資。

How the matter was addressed in our audit

我們的審計如何處理該事項

- assessing the presentation and disclosures in the consolidated financial statements in relation to the Deemed Disposal with reference to the requirements of the prevailing accounting standards.
- 參考現行會計準則的規定，評估在綜合財務報表有關視作出售事項的呈列方式及披露。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

Independent Auditor's Report

獨立核數師報告

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

董事就綜合財務報表承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督 貴集團的財務報告過程的責任。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照百慕達一九八一年《公司法》第90條的規定，僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

Independent Auditor's Report

獨立核數師報告

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內各實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

Independent Auditor's Report 獨立核數師報告

The engagement partner on the audit resulting in this independent auditor's report is Lau Tai Cheong.

出具本獨立核數師報告的審計項目合夥人是劉大昌。

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 March 2017

畢馬威會計師事務所
執業會計師

香港中環
遮打道十號
太子大廈八樓

二零一七年三月二十九日

Consolidated Income Statement

for the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3 & 4	1,291,819	1,277,132
Cost of sales		(523,466)	(548,204)
Gross profit		768,353	728,928
Other revenue	5(a)	44,255	54,518
Other net loss	5(b)	(1,743)	(41,964)
Selling and distribution costs		(766,476)	(775,424)
General and administrative expenses		(130,198)	(160,024)
Other operating expenses		(228)	(52,415)
Valuation losses on investment properties	11	(4,949)	(5,141)
Loss from operations		(90,986)	(251,522)
Finance costs	6(a)	(65,882)	(39,635)
Share of profits of joint ventures		87,739	103,398
Share of profits of associates		976	1,580
Loss before taxation	6	(68,153)	(186,179)
Income tax	7(a)	2,916	4,961
Loss for the year		(65,237)	(181,218)
Attributable to:			
Equity holders of the Company		(59,078)	(180,471)
Non-controlling interests		(6,159)	(747)
Loss for the year		(65,237)	(181,218)
Loss per share	10		
Basic		(2.15) cents	(6.58) cents
Diluted		(2.15) cents	(6.58) cents

The notes on pages 76 to 140 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Loss for the year	(65,237)	(181,218)
Other comprehensive income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
— subsidiaries outside Hong Kong	(26,353)	(31,999)
— joint ventures outside Hong Kong	322	(6,275)
— associates outside Hong Kong	(614)	(706)
	(26,645)	(38,980)
Total comprehensive income for the year	(91,882)	(220,198)
Total comprehensive income attributable to:		
Equity holders of the Company	(85,323)	(218,686)
Non-controlling interests	(6,559)	(1,512)
Total comprehensive income for the year	(91,882)	(220,198)

Note: There is no tax effect relating to the above components of comprehensive income.

The notes on pages 76 to 140 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Investment properties	11	41,800	139,159
Other property, plant and equipment	11	80,240	1,255,487
Leasehold land	11	123,749	124,882
		245,789	1,519,528
Interests in associates	13	–	11,269
Interests in joint ventures	14	201,122	263,290
Available-for-sale equity securities		6,048	6,372
Other receivables, deposits and prepayments		18,821	96,652
Club memberships		1,890	2,490
Trademarks	15	80,524	80,524
Goodwill	16	57,233	75,203
Deferred tax assets	26(b)	6,160	44,001
Pledged bank deposits	21	20,000	33,570
		637,587	2,132,899
Current assets			
Inventories	17	1,025	6,596
Film rights	18	46,040	50,195
Trade receivables	19(a)	21,237	125,496
Other receivables, deposits and prepayments	19	64,357	287,037
Pledged bank deposits	21	43,001	67,850
Deposits and cash	21	152,380	195,120
Derivative financial instrument	20	70,236	–
Assets of disposal group classified as held for sale	35	2,120,002	–
		2,518,278	732,294
Current liabilities			
Bank loans	22	222,634	432,901
Convertible bonds	27	9,547	–
Trade payables	24(a)	43,494	89,535
Other payables and accrued charges	24(b)	55,939	192,511
Deferred revenue	24(c)	3,737	147,197
Obligations under finance leases	23	276	15,702
Taxation payable	26(a)	1,164	7,404
Liabilities of disposal group classified as held for sale	35	637,543	–
		974,334	885,250
Net current assets/(liabilities)		1,543,944	(152,956)
Total assets less current liabilities		2,181,531	1,979,943

Consolidated Statement of Financial Position

at 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current liabilities			
Bank loans	22	188,300	336,977
Convertible bonds	27	174,067	–
Obligations under finance leases	23	269	37,332
Other financial liabilities	25	219,389	–
Deferred tax liabilities	26(b)	9,471	12,419
		591,496	386,728
NET ASSETS			
		1,590,035	1,593,215
CAPITAL AND RESERVES			
	28		
Share capital		274,252	274,252
Reserves		1,257,350	1,305,585
Total equity attributable to equity holders of the Company		1,531,602	1,579,837
Non-controlling interests		58,433	13,378
TOTAL EQUITY		1,590,035	1,593,215

Approved and authorised for issue by the Board of Directors on 29 March 2017.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 76 to 140 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Note	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Reserve funds HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2016	274,252	694,639	29,286	8,833	80,000	15,259	3,168	-	-	474,400	1,579,837	13,378	1,593,215
Changes in equity for 2016:													
Loss for the year	-	-	-	-	-	-	-	-	-	(59,078)	(59,078)	(6,159)	(65,237)
Other comprehensive income	-	-	-	-	-	-	(26,245)	-	-	-	(26,245)	(400)	(26,645)
Total comprehensive income	-	-	-	-	-	-	(26,245)	-	-	(59,078)	(85,323)	(6,559)	(91,882)
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	203,937	-	-	203,937	51,614	255,551
Recognition of put liability	-	-	-	-	-	-	-	(203,412)	-	-	(203,412)	-	(203,412)
Transfer to retained profits on lapse of share options	28(a)(i)	-	(36)	-	-	-	-	-	-	36	-	-	-
Transaction costs attributable to deemed disposal of a subsidiary	-	-	-	-	-	-	-	(3,830)	-	-	(3,830)	-	(3,830)
Transfer to/(from) reserves	-	-	-	-	-	2,280	-	-	-	(2,280)	-	-	-
Issuance of convertible bonds	27	-	-	-	-	-	-	-	40,393	-	40,393	-	40,393
Balance at 31 December 2016	274,252	694,639	29,250	8,833	80,000	17,539	(23,077)	(3,305)	40,393	413,078	1,531,602	58,433	1,590,035
Balance at 1 January 2015	274,252	694,639	-	8,833	80,000	13,656	41,383	-	-	656,437	1,769,200	11,447	1,780,647
Changes in equity for 2015:													
Loss for the year	-	-	-	-	-	-	-	-	-	(180,471)	(180,471)	(747)	(181,218)
Other comprehensive income	-	-	-	-	-	-	(38,215)	-	-	-	(38,215)	(765)	(38,980)
Total comprehensive income	-	-	-	-	-	-	(38,215)	-	-	(180,471)	(218,686)	(1,512)	(220,198)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,899	4,899
Establishment of subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,956)	(2,956)
Transfer to retained profits on lapse of share options	28(a)(i)	-	(37)	-	-	-	-	-	-	37	-	-	-
Transfer to/(from) reserves	-	-	-	-	-	1,603	-	-	-	(1,603)	-	-	-
Equity-settled share-based transactions	28(a)(i)	-	29,323	-	-	-	-	-	-	-	29,323	-	29,323
Balance at 31 December 2015	274,252	694,639	29,286	8,833	80,000	15,259	3,168	-	-	474,400	1,579,837	13,378	1,593,215

The notes on pages 76 to 140 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Operating activities			
Loss before taxation		(68,153)	(186,179)
Adjustments for:			
Interest income	5(a)	(3,538)	(4,804)
Finance costs	6(a)	65,882	39,635
Depreciation of property, plant and equipment	11	139,418	159,696
Losses on disposal of property, plant and equipment	5(b)	5,894	1,625
Write-off of liabilities	5(a)	–	(6,337)
(Reversal of impairment)/impairment of property, plant and equipment	11	(14,122)	14,122
Impairment of goodwill	16	–	16,425
Impairment of film rights	18	108	5,119
Fair value gain on derivative financial instruments	5(b)	(24,261)	–
Write-off of trade receivables	6(c)	–	13,782
Equity-settled share-based payment expenses		–	29,323
Gain on disposal of club membership	5(b)	(207)	–
Valuation losses on investment properties	11	4,949	5,141
Share of profits of joint ventures		(87,739)	(103,398)
Share of profits of associates		(976)	(1,580)
Exchange loss, net		30,158	28,186
Operating profit before changes in working capital		47,413	10,756
Increase in inventories		(6,698)	(171)
Decrease in film rights		3,283	17,854
Increase in trade receivables		(30,630)	(54,596)
Decrease/(increase) in other receivables, deposits and prepayments		18,808	(74,356)
Increase in trade payables		8,121	3,565
Increase in other payables and accrued charges		25,771	49,327
Increase/(decrease) in deferred revenue		32,338	(15,332)

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Cash generated from/(used in) operations carried forward		98,406	(62,953)
Interest received		3,587	4,718
Finance costs paid		(37,682)	(38,982)
Interest element of finance lease rentals paid		(3,344)	(3,305)
Tax paid	26(a)	(12,739)	(12,961)
Net cash generated from/(used in) operating activities		48,228	(113,483)
Investing activities			
Payment for the purchase of property, plant and equipment		(185,244)	(128,815)
Acquisition of subsidiaries, net of cash acquired	30	(3,652)	(32,602)
Payment for the purchase of available-for-sale equity securities		–	(6,642)
Prepayment for the acquisition of a subsidiary		–	(3,540)
Proceeds from disposals of property, plant and equipment		–	118
Proceeds from disposal of club membership		807	–
Decrease/(increase) in pledged bank deposits		24,649	(56,150)
Decrease/(increase) in time deposits with original maturity of more than three months when acquired		3,780	(8,260)
Repayment from an associate		833	2,020
Repayment from joint ventures		2,358	1,572
Dividends received		176,254	91,610
Reduction of equity interest by non-controlling interests		–	(2,956)
Net cash used in investing activities		19,785	(143,645)
Financing activities			
Draw down of bank loans		288,948	294,770
Repayment of bank loans		(428,470)	(224,151)
Capital element of finance lease rentals paid		(24,397)	(23,034)
Capital contributions from non-controlling interests		224,000	1,500
Payment for transactions costs for the deemed disposal of a subsidiary		(3,830)	–
Proceeds from issuance of convertible bonds		200,000	–
Net cash generated from financing activities		256,251	49,085
Net increase/(decrease) in cash and cash equivalents		324,264	(208,043)
Cash and cash equivalents at 1 January		186,860	406,488
Cash and cash equivalents of disposal group classified as held for sale		(351,242)	–
Effect of foreign exchange rate changes		(7,502)	(11,585)
Cash and cash equivalents at 31 December	21	152,380	186,860

The notes on pages 76 to 140 form part of these financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

Orange Sky Golden Harvest Entertainment (Holdings) Limited (“the Company”) 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 Company and its subsidiaries (together “the Group”), its associates and its joint ventures consist of worldwide film and video distribution, film exhibition in Hong Kong, Mainland China, Taiwan and Singapore, film and television programme production in Hong Kong and Mainland China and provision of advertising and consultancy services in Hong Kong, Mainland China, Taiwan and Singapore. The other particulars and principal activities of the subsidiaries are set out in note 12 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Group and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- investment properties (see note 2(j));
- other leasehold land and buildings, where the leasehold land is classified as being held under a finance lease (see notes 2(k) and (n));
- financial instruments classified as available-for-sale or as trading securities (see note 2(g)); and
- derivative financial instruments (see note 2(i)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(dd)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements *(continued)*

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 36.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(u) or (v) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(o)).

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and (o)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(o)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs.

Investments in equity securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(o)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 2(z)(viii).

When the investments are derecognised or impaired (see note 2(o)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(h) Other financial liabilities

Other financial liabilities are initially measured at fair value. Subsequent to initial recognition, other financial liabilities are measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(j) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(n)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(z)(vi).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(n)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(n).

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(o)):

- buildings held for own use which are situated on leasehold land, classified as held under operating leases (see note 2(n));
- machinery and equipment classified as being held under finance leases (see note 2(n)); and
- other items of plant and equipment, other than construction in progress.

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 costs is normally charged to profit or loss 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 realisably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight line method, at the following rates per annum:

— Leasehold land classified as held under finance leases	Over the remaining lease term
— Buildings	2.5%–10.0%
— Leasehold improvements	Over the shorter of the lease term or its useful life
— Machinery and equipment	10.0%–20.0%
— Furniture and fixtures	8.3%–20.0%
— Motor vehicles	20.0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(l) Club memberships

Club memberships are stated in the consolidated statement of financial position at cost less impairment losses (see note 2(o)). Cost includes fees and expenses directly related to the acquisition of the club memberships.

Any gain or loss arising from disposal of club memberships is recognised in profit or loss.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Trademarks

Trademarks are stated in the consolidated statement of financial position at cost less impairment losses (see note 2(o)). Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset.

(n) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(j)); and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(j)).

(iii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(k). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(o). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of assets

(i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(o)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(o)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of assets *(continued)*

(i) *Impairment of investments in equity securities and other receivables (continued)*

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bill receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bill receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- trademarks;
- club memberships;
- film rights;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- **Calculation of recoverable amount**
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).
- **Recognition of impairment losses**
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of assets *(continued)*

(ii) *Impairment of other assets (continued)*

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(o)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(p) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is determined using a first-in, first-out basis and comprises 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 the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(q) Film rights

(i) *Film rights*

Film rights represent films and television drama series and are stated at cost less accumulated amortisation and impairment losses (see note 2(o)).

Amortisation of film rights is charged to profit or loss based on the proportion of actual income earned during the year to the total estimated income from the sale of film rights.

(ii) *Film production in progress*

Film production in progress represents films under production and is stated at cost less any impairment losses (see note 2(o)). Costs include all direct costs associated with the production of films. Impairment losses are made for costs which are in excess of the expected future revenue to be generated by these films. Costs are transferred to self-produced programmes upon completion.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Film rights *(continued)*

(iii) *Self-produced programmes*

Self-produced programmes are stated at cost, comprising direct expenditure and an attributable portion of direct production overheads, less accumulated amortisation and impairment losses (see note 2(o)). Amortisation is charged to profit or loss based on the proportion of actual income earned during the year to the total estimated income from the sale of the self-produced programmes.

(iv) *Investments in film/drama production*

Investments in film/drama production are stated initially at cost and adjusted thereafter for the net income derived from the investments less any accumulated impairment losses (see note 2(o)).

(r) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(o)) except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(s) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bonds equity reserve until either the bond is converted or redeemed.

If the bond is converted, the convertible bonds equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the convertible bonds equity reserve is released directly to retained profits.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(u) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(y)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(w) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the share issued) or the option expires (when it is released directly to retained profits).

(iii) *Retirement benefit 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 profit or loss 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 the Mainland China are members of the state-sponsored retirement scheme (the "State Scheme") operated by the government. Contributions to the State Scheme are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they became payable in accordance with the rules of the State Scheme.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Income tax *(continued)*

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(y) Financial guarantees issued, provisions and contingent liabilities

(i) *Financial guarantees issued*

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(y)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) *Other provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group or Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Income from box office takings is recognised when the services have been rendered to the buyers;
- (ii) Income from film distribution and screen advertising is recognised at the time when the services are provided;
- (iii) Income from promotion, advertising, advertising production and agency and consultancy services is recognised upon the provision of the services;
- (iv) Income from investments in film/drama production is recognised when the films or television programmes are released for distribution;
- (v) Income from confectionery sales and audio visual sales is recognised at the point of sales when the confectionery and audio visual products are given to the customers;
- (vi) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned;
- (vii) Interest income is recognised as it accrues using the effective interest method;
- (viii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established;
- (ix) Income from ticket booking is recognised upon the provision of the services;
- (x) Income from gift voucher purchases is recognised when customers exchange them for goods/services or upon expiry;
- (xi) Income from membership fees is recognised in profit or loss in the accounting period covered by the membership terms; and
- (xii) Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(aa) Translation of foreign currencies

Foreign currency transactions during the year are translated at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and the financial statements of overseas subsidiaries, joint ventures and associates are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except for those arising from the translation of the financial statements of overseas subsidiaries, joint ventures and associates which are taken directly to the exchange reserve.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(cc) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(dd) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ee) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of operating processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE

Revenue represents income from the sale of film, video and television rights, film and TV drama distribution, theatre operation, promotion and advertising services, agency and consultancy services income and the proceeds from the sale of audio visual products.

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from customers are set out in note 29(a) to the financial statements.

Notes to the Financial Statements

4 SEGMENT REPORTING

The Group manages its businesses by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the reportable segments, which are as follows:

- Hong Kong
- Mainland China
- Taiwan
- Singapore

The results of the Group's revenue from external customers for entities located in Hong Kong, Mainland China, Taiwan and Singapore are set out in the table below.

Each of the above reportable segments primarily derive their revenue from film exhibition, film and video distribution, film and television programme production and the provision of advertising and consultancy services. The reportable segments, Taiwan and Singapore, represent the performance of the joint ventures operating in Taiwan and Singapore, respectively. For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the revenue and results attributable to each reportable segment on the following bases:

Segment revenue and results

Revenue is allocated to the reportable segments based on the local entities' location of external customers. Expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those geographical locations or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The measure used for reporting segment profit is adjusted operating profit after taxation where net finance costs, exchange differences and extraordinary items are excluded. To arrive at adjusted operating profit after taxation the Group's profit is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and head office or corporate administration costs.

In addition to receiving segment information concerning operating profit after taxation, management is provided with segment information concerning revenue.

Management evaluates performance primarily based on the operating profit including the share of results of joint ventures of each segment. Intra-segment pricing is generally determined on an arm's length basis.

Notes to the Financial Statements

4 SEGMENT REPORTING (CONTINUED)

Segment information regarding the Group's revenue and results by geographical market is presented below:

	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue										
Revenue from external customers										
— Exhibition	236,490	257,274	1,060,593	1,020,710	447,488	496,601	392,599	389,311	2,137,170	2,163,896
— Distribution and production	33,459	28,973	1,051	14,915	3,053	5,771	7,476	7,762	45,039	57,421
— Corporate	1,539	1,211	4,832	4,351	—	—	—	—	6,371	5,562
Reportable segment revenue	271,488	287,458	1,066,476	1,039,976	450,541	502,372	400,075	397,073	2,188,580	2,226,879
Reportable segment profit/(loss)	16,582	30,280	(46,188)	(120,905)	24,180	38,222	62,014	61,212	56,588	8,809
Reconciliation — Revenue										
Reportable segment revenue									2,188,580	2,226,879
Share of revenue from joint ventures in Taiwan and Singapore									(850,616)	(899,445)
Elimination of intra-segmental revenue									(41)	(1,862)
Others									(46,104)	(48,440)
Consolidated revenue									1,291,819	1,277,132
Reconciliation — Profit before taxation										
Reportable profit from external customers									56,588	8,809
Unallocated operating expenses, net									(115,666)	(189,280)
Non-controlling interests									(6,159)	(747)
Income tax									(2,916)	(4,961)
Consolidated loss before taxation									(68,153)	(186,179)

Notes to the Financial Statements

5 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits	3,538	4,804
Write-off of liabilities	–	6,337
Rebates from the National Film Development Fund (<i>note (i)</i>)	7,111	16,389
Sponsorship fee income	–	7,858
Compensation income (<i>note (ii)</i>)	10,296	–
Miscellaneous income	23,310	19,130
	44,255	54,518

Note (i): In accordance with PRC regulations, operators of cinemas established after 1 January 2004 with more than three screens are entitled to a rebate of 5% of gross box office takings for the first three years of operation. For the year ended 31 December 2016, the Group was entitled to rebates from the national film development fund of RMB6,078,000, equivalent to approximately HK\$7,111,000 (2015: RMB13,324,000, equivalent to approximately HK\$16,389,000).

Note (ii): During the year ended 31 December 2016, HK\$10,296,000 was compensated from an equipment supplier in respect of defect products supplied to the Group in prior periods.

(b) Other net loss

	2016 HK\$'000	2015 HK\$'000
Compensation gain	10,110	544
Losses on disposal of property, plant and equipment	(5,894)	(1,625)
Gain on disposal of club membership	207	–
Reversal of impairment loss on property, plant and equipment (<i>note 11</i>)	14,122	–
Fair value gain on derivative financial instruments	24,261	–
Exchange loss, net	(45,156)	(40,883)
Others	607	–
	(1,743)	(41,964)

Notes to the Financial Statements

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2016 HK\$'000	2015 HK\$'000
(a) Finance costs		
Interest on bank loans	30,577	36,275
Interest on convertible bonds	29,007	–
Interest on put options to non-controlling interests (note 25)	1,553	–
Finance charges on obligations under finance leases	3,344	3,305
Other ancillary borrowing costs	1,401	2,555
Total finance costs on financial liabilities not at fair value through profit or loss	65,882	42,135
Less: finance costs capitalised into leasehold improvements*	–	(2,500)
	65,882	39,635

* No finance costs have been capitalised for the year ended 31 December 2016. For the year ended 31 December 2015, finance costs were capitalised at rates ranging from 5.39% to 6.13% per annum.

	2016 HK\$'000	2015 HK\$'000
(b) Staff costs (excluding directors' emoluments (note 8))		
Salaries, wages and other benefits (note (i))	212,080	211,623
Contributions to defined contribution retirement plans	1,460	1,394
Equity-settled share-based payment expenses	–	17,375
	213,540	230,392
(c) Other items		
Cost of inventories	34,233	34,001
Cost of services provided	478,802	472,276
Depreciation of property, plant and equipment	139,418	159,696
Amortisation of film rights (note (ii)) (note 18)	10,431	41,927
(Reversal of impairment)/impairment of property, plant and equipment (note 11)	(14,122)	14,122
Impairment of goodwill (note 16)	–	16,425
Impairment of film rights (note 18)	108	5,119
Write-off of trade receivables	–	13,782
Auditors' remuneration	4,952	3,811
Operating lease charges in respect of land and buildings		
— minimum lease payments	199,362	183,664
— contingent rentals	31,664	44,107
Rental income less direct outgoings	(14,175)	(14,604)

Notes:

- (i) The amount includes provision for long service payments.
- (ii) The amortisation of film rights for the year is included in "Cost of sales" in the consolidated income statement.

Notes to the Financial Statements

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2016 HK\$'000	2015 HK\$'000
The Group		
<i>Current income tax</i>		
Provision for Hong Kong tax	1,163	1,724
Provision for overseas tax	13,572	7,579
Over-provision in respect of prior years	(23)	(1,191)
	14,712	8,112
<i>Deferred tax — Overseas (note 26(b))</i>		
Reversal of temporary differences	(17,628)	(13,073)
	(2,916)	(4,961)

Notes:

- (i) The provision for Hong Kong Profits Tax for 2016 is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.
- (ii) The provision for the PRC Corporate Income Tax of the subsidiaries established in the PRC is calculated at 25% (2015: 25%) of the estimated taxable profits for the year.
- (iii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.
- (iv) During the year ended 31 December 2016, the Group paid HK\$7,030,000 (2015: HK\$3,860,000) for income taxes on distributed earnings from its joint venture in Taiwan.

During the year ended 31 December 2016, the Group provided HK\$4,082,000 (2015: HK\$5,561,000) for income taxes on accumulated earnings generated by its joint venture in Taiwan which will be distributed to the Group in the foreseeable future.

Notes to the Financial Statements

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

(b) Reconciliation between tax credit and loss before taxation at applicable tax rates:

	2016 HK\$'000	2015 HK\$'000
Loss before taxation	(68,153)	(186,179)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(13,723)	(46,150)
Tax effect of non-deductible expenses	19,543	31,128
Tax effect of non-taxable income	(13,517)	(1,484)
Tax effect of unused tax losses not recognised	23,597	31,235
Tax effect of previously unrecognised prior years' tax losses utilised this year	–	(1,378)
Tax effect of profits attributable to associates	(244)	(395)
Tax effect of profits attributable to joint ventures	(14,916)	(17,578)
Tax effect of temporary differences unrecognised, net	(685)	(849)
Provision for Taiwan withholding tax for the year	(2,948)	1,701
Over-provision in prior years	(23)	(1,191)
Actual tax credit	(2,916)	(4,961)

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	Sub-total HK\$'000	Equity-settled share-based payments HK\$'000 (note)	2016 Total HK\$'000
Executive directors							
WU, Kebo	–	1,485	–	–	1,485	–	1,485
LI, Pei Sen	–	351	–	–	351	–	351
WU, Keyan	–	699	12	18	729	–	729
MAO, Yimin	–	2,442	1,702	110	4,254	–	4,254
CHOW, Sau Fong Fiona (appointed on 3 June 2016)	–	1,666	–	11	1,677	–	1,677
Independent non-executive directors							
LEUNG, Man Kit	330	–	–	–	330	–	330
HUANG, Shao-Hua George (resigned on 3 June 2016)	95	–	–	–	95	–	95
WONG, Sze Wing	240	–	–	–	240	–	240
FUNG, Chi Man Henry (appointed on 3 June 2016)	136	–	–	–	136	–	136
	801	6,643	1,714	139	9,297	–	9,297

Notes to the Financial Statements

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	Sub-total HK\$'000	Equity-settled share-based payments HK\$'000 <i>(note)</i>	2015 Total HK\$'000
Executive directors							
WU, Kebo	–	1,443	–	–	1,443	–	1,443
LI, Pei Sen	–	240	–	–	240	5,690	5,930
WU, Keyan	–	650	12	18	680	418	1,098
MAO, Yimin	–	2,294	55	108	2,457	5,732	8,189
Independent non-executive directors							
LEUNG, Man Kit	340	–	–	–	340	36	376
HUANG, Shao-Hua George	250	–	–	–	250	36	286
WONG, Sze Wing	250	–	–	–	250	36	286
	840	4,627	67	126	5,660	11,948	17,608

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for equity-settled share-based payment transactions as set out in note 2(w)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 28(a)(i).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2015: two) are directors whose emoluments are disclosed in note 8 to the financial statements. The aggregate of the emoluments in respect of the other two (2015: three) are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other emoluments	3,029	3,743
Discretionary bonuses	498	225
Equity-settled share-based payments	–	17,196
Retirement scheme contributions	36	36
	3,563	21,200

Notes to the Financial Statements

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

The emoluments of the two (2015: three) individuals with the highest emoluments are within the following bands:

	2016 Number of individuals	2015 Number of individuals
HK\$1,500,001–HK\$2,000,000	2	–
HK\$6,000,001–HK\$6,500,000	–	1
HK\$7,000,001–HK\$7,500,000	–	1
HK\$7,500,001–HK\$8,000,000	–	1

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$59,078,000 (2015: HK\$180,471,000) and the weighted average number of ordinary shares of 2,742,519,248 (2015: 2,742,519,248), in issue during the year.

	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares and issued ordinary shares as at 31 December	2,742,519,248	2,742,519,248

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two (2015: one) categories of dilutive potential ordinary shares: share options and convertible bonds (2015: share options). The convertible bonds are assumed to have been converted into ordinary shares and the net loss is adjusted to eliminate the interest expense less the tax effect. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options.

For the year ended 31 December 2016, the potential ordinary shares arising from the assumed conversion of convertible bonds and exercise of share options are not included in the calculation of adjusted loss per share as they were anti-dilutive.

For the year ended 31 December 2015, the potential ordinary shares arising from the assumed exercise of share options were not included in the calculation of diluted loss per share as they had no dilutive effect on loss per share.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

(a) Reconciliation of carrying amount

	Buildings HK\$'000	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Investment properties HK\$'000	Leasehold land HK\$'000	Total HK\$'000
Cost or valuation:										
At 1 January 2016	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080
Additions	-	150,146	28,660	1,105	-	31,126	211,037	-	-	211,037
Acquisition of subsidiaries (note 30)	-	1,198	1,322	153	-	-	2,673	-	-	2,673
Disposals	-	(14,192)	(3,811)	(1,815)	-	-	(19,818)	-	-	(19,818)
Transfers	-	74,697	28,519	239	-	(103,455)	-	-	-	-
Reclassified as held for sale (note 35)	(17,149)	(1,214,684)	(485,561)	(42,732)	(2,489)	(11,489)	(1,774,104)	(87,662)	-	(1,861,766)
Fair value adjustments	-	-	-	-	-	-	-	(4,949)	-	(4,949)
Exchange adjustments	(919)	(52,546)	(23,066)	(2,247)	(144)	(5,340)	(84,262)	(4,748)	-	(89,010)
At 31 December 2016	7,020	93,109	48,382	12,418	2,632	2,888	166,449	41,800	127,998	336,247
Representing:										
Cost	7,020	93,109	48,382	12,418	2,632	2,888	166,449	-	127,998	294,447
Valuation 2016	-	-	-	-	-	-	-	41,800	-	41,800
	7,020	93,109	48,382	12,418	2,632	2,888	166,449	41,800	127,998	336,247
Accumulated depreciation, amortisation and impairment losses:										
At 1 January 2016	8,540	301,866	236,719	25,675	2,636	-	575,436	-	3,116	578,552
Charge for the year	1,971	77,503	52,195	6,072	544	-	138,285	-	1,133	139,418
Written back on disposals	-	(8,572)	(3,742)	(1,610)	-	-	(13,924)	-	-	(13,924)
Reversal of impairment	-	(14,122)	-	-	-	-	(14,122)	-	-	(14,122)
Reclassified as held for sale (note 35)	(9,432)	(296,264)	(239,424)	(23,087)	(1,562)	-	(569,769)	-	-	(569,769)
Exchange adjustments	(494)	(15,392)	(12,473)	(1,208)	(130)	-	(29,697)	-	-	(29,697)
At 31 December 2016	585	45,019	33,275	5,842	1,488	-	86,209	-	4,249	90,458
Net book value:										
At 31 December 2016	6,435	48,090	15,107	6,576	1,144	2,888	80,240	41,800	123,749	245,789

Notes to the Financial Statements

11 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Investment properties HK\$'000	Leasehold land HK\$'000	Total HK\$'000
Cost or valuation:										
At 1 January 2015	26,206	1,053,363	452,559	55,105	4,446	98,372	1,690,051	150,488	127,998	1,968,537
Additions	-	60,441	54,436	4,562	1,636	58,703	179,778	-	-	179,778
Acquisition of subsidiaries (note 30)	-	38,121	18,728	2,655	38	-	59,542	-	-	59,542
Disposals	-	(5,030)	(1,757)	(2,012)	(594)	-	(9,393)	-	-	(9,393)
Transfers	-	59,006	2,512	-	-	(61,518)	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	(5,141)	-	(5,141)
Exchange adjustments	(1,118)	(57,411)	(24,159)	(2,595)	(261)	(3,511)	(89,055)	(6,188)	-	(95,243)
At 31 December 2015	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080
Representing:										
Cost	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	-	127,998	1,958,921
Valuation 2015	-	-	-	-	-	-	-	139,159	-	139,159
	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080
Accumulated depreciation, amortisation and impairment losses:										
At 1 January 2015	6,949	219,262	187,091	21,960	2,864	-	438,126	-	1,983	440,109
Charge for the year	2,059	87,599	62,410	5,992	503	-	158,563	-	1,133	159,696
Written back on disposals	-	(4,845)	(1,176)	(1,084)	(545)	-	(7,650)	-	-	(7,650)
Impairment	-	14,122	-	-	-	-	14,122	-	-	14,122
Exchange adjustments	(468)	(14,272)	(11,606)	(1,193)	(186)	-	(27,725)	-	-	(27,725)
At 31 December 2015	8,540	301,866	236,719	25,675	2,636	-	575,436	-	3,116	578,552
Net book value:										
At 31 December 2015	16,548	846,624	265,600	32,040	2,629	92,046	1,255,487	139,159	124,882	1,519,528

(i) Impairment

During the year ended 31 December 2015, the Group assessed the recoverable amounts of certain property, plant and equipment associated with its exhibition business in Mainland China as their actual operating results were lower than the results expected by management. Based on the review, impairment of approximately HK\$14,122,000 was recognised in profit or loss. The estimates of recoverable amounts of the property, plant and equipment were based on their value-in-use. The pre-tax discount rate applied in measuring the amounts of value-in-use was 20% per annum.

During the year ended 31 December 2016, the property, plant and equipment associated with the Group's exhibition business in Mainland China were reclassified as held for sale as a result of the potential disposal of the relevant business as set out in note 35. The recoverable amount of the property, plant and equipment under the disposal group were remeasured immediately before their reclassification as held for sale. Based on the review, a reversal of impairment of approximately HK\$14,122,000 was recognised in profit or loss. The estimates of the recoverable amount of the property, plant and equipment were based on their fair value less costs of disposal, using the market approach with reference to revenue multiples of recent comparable transactions. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair values of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2016 HK\$'000	Fair value measurements as at 31 December 2016 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Mainland China	87,662	—	—	87,662
— Commercial — Hong Kong	41,800	—	41,800	—

	Fair value at 31 December 2015 HK\$'000	Fair value measurements as at 31 December 2015 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Mainland China	98,459	—	—	98,459
— Commercial — Hong Kong	40,700	—	40,700	—

During the year ended 31 December 2016, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2016. The valuations were carried out by independent firms of surveyors, Savills Property Services (Shanghai) Co. Ltd and RHL Appraisal Limited, who have among their staff with recent experience in the location and category of properties being valued. The Group's management has discussions with the surveyors about the valuation assumptions and valuation results when the valuations are performed at the end of the reporting period.

During the year ended 31 December 2016, the investment property located in the Mainland China was reclassified as held for sale as set out in the note 35.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the investment property located in Hong Kong is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis using market data which is publicly available.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Fair value measurement of properties *(continued)*

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment property Commercial — Mainland China	Market comparison approach	Location factor	–5% to 0% (2015: –5% to 0%)
		Building specific	–10% to –5% (2015: –5% to 0%)
		Floor level adjustment	45% to 50% (2015: 45% to 50%)
		Level height adjustment	–20% to 20% (2015: –20% to 20%)

The fair value of the investment property located in Mainland China is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square metre basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to recent sales. A higher premium for higher quality buildings will result in a higher fair value measurement.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2016 HK\$'000	2015 HK\$'000
Investment property — Commercial — Mainland China		
At 1 January	98,459	109,788
Exchange adjustment	(4,748)	(6,188)
Fair value adjustment	(6,049)	(5,141)
At 31 December	87,662	98,459

Fair value adjustments of investment properties are included in "valuation losses on investment properties" in the consolidated income statement.

All the losses recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) The analysis of net book value of properties is as follows:

	2016		2015	
	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold land HK\$'000	Buildings HK\$'000
In Hong Kong				
— long leases	123,749	48,235	124,882	47,311
Outside Hong Kong				
— medium-term leases	—	—	—	108,396
	123,749	48,235	124,882	155,707
Representing:				
Land and buildings carried at fair value	—	41,800	—	139,159
Buildings carried at cost less accumulated depreciation	—	6,435	—	16,548
	—	48,235	—	155,707
Interest in leasehold land held for own use under operating leases	123,749	—	124,882	—
	123,749	48,235	124,882	155,707

Notes to the Financial Statements

12 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of principal subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 2(d) and have been consolidated into the Group's financial statements.

Details of the principal subsidiaries are as follows:

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
北京橙天嘉禾影視製作有限公司 [^]	PRC	Registered capital RMB3,000,000	100%	Investment, production and distribution of motion pictures and acts as an advertising agent
City Entertainment Corporation Limited	Hong Kong	300,000,000 shares	100%	Investment Holding
Gala Film Distribution Limited	Hong Kong	49,990,000 shares and 10,000 non-voting deferred shares [#]	100%	Distribution of motion pictures
Golden Harvest Cinemas Holding Limited	British Virgin Islands	1 share of US\$1	100%	Investment holding
Golden Harvest Entertainment International Limited	British Virgin Islands	1,000 shares of US\$1 each	100%	Investment holding
Golden Harvest Films Distribution Holding Limited	British Virgin Islands	1 share of US\$1	100%	Investment holding
Golden Harvest (Marks) Limited	British Virgin Islands	1 share of US\$1	100%	Holding of trademark
Orange Sky Golden Harvest Cinemas (China) Company Limited ^{^^}	PRC	Registered capital RMB648,000,000	92.59%	Theatre operation and investment holding
Golden Harvest Treasury Limited	British Virgin Islands	1 share of US\$1	100%	Provision of finance to group companies
Golden Screen Limited	Hong Kong	8,750,000 shares	100%	Investment holding

Notes to the Financial Statements

12 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Golden Sky Pacific Limited	Hong Kong	2 shares	100%	Investment holding
M Cinemas Company Limited	Hong Kong	7,000,000 shares	100%	Theatre operation
Orange Sky Golden Harvest Entertainment Company Limited	Hong Kong	100 shares and 114,000,000 non voting deferred shares [#]	100%	Investment holding
Orange Sky Golden Harvest Motion Pictures Company Limited	Hong Kong	94,000,000 shares	100%	Film production and investment holding
Panasia Films Limited	Hong Kong	23,000 shares	100%	Distribution of motion pictures and its related audio visual products and acts as an advertising agent
Shanghai Golden Harvest Media Management Company Limited ^{^^^}	PRC	Registered capital US\$500,000	100%	Distribution of motion pictures

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

[#] For Orange Sky Golden Harvest Entertainment Company Limited, the deferred shares carry no rights to dividends and carry the right to receive 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.

[^] The equity interest of the entity is held by PRC nationals on behalf of the Group.

^{^^} The Company is a wholly-foreign owned enterprise under PRC Law.

^{^^^} Shanghai Golden Harvest Media Management Company Limited is a Sino-foreign equity joint venture enterprise under PRC Law.

Notes to the Financial Statements

13 INTERESTS IN ASSOCIATES

	2016 HK\$'000	2015 HK\$'000
Share of net assets	–	3,886
Amount due from an associate	–	7,383
	–	11,269

Amount due from an associate was unsecured, interest-free, had no fixed terms of repayment and was expected to be recovered after more than one year.

Interests in associates were reclassified as held for sale during the year ended 31 December 2016.

The following list contains the particulars of the principal associate, which is an unlisted corporate entity, which affected the results and net assets of the Group:

Name of associate	Form of business structure	Place of establishment and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
常州幸福藍海橙天嘉禾影城有限公司	Establishment	PRC	Registered capital of RMB 2,000,000	49%	–	49%	Theatre operation

14 INTERESTS IN JOINT VENTURES

	2016 HK\$'000	2015 HK\$'000
Share of net assets	201,122	263,290

The following list contains the particulars of principal joint ventures, all of which are unlisted corporate entities, which affected the results or assets of the Group:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by Company	Held by subsidiaries	
Dartina Development Limited	Incorporated	Hong Kong	31,200,082 shares	50%	–	50%	Investment holding
Golden Village Entertainment (Singapore) Pte Ltd.	Incorporated	Singapore	1,100,000 shares of S\$1 each	50%	–	50%	Investment holding
Golden Village Pictures Pte Ltd.	Incorporated	Singapore	1,000,000 shares of S\$1 each	50%	–	50%	Distribution of motion pictures
Golden Village Holding Pte Ltd.	Incorporated	Singapore	15,504,688 shares of S\$1 each	50%	–	50%	Investment holding
Golden Village Multiplex Pte Ltd.	Incorporated	Singapore	8,000,000 shares of S\$1 each	50%	–	50%	Theatre operation
Vie Show Cinemas Co. Ltd.	Incorporated	Taiwan	80,000,000 shares of NTD10 each	35.71%	–	35.71%	Theatre operation and investment holding

Notes to the Financial Statements

14 INTERESTS IN JOINT VENTURES (CONTINUED)

All joint ventures in which the Group participates, which are accounted for using the equity method in the consolidated financial statements, are unlisted corporate entities whose quoted market prices are not available.

Summarised financial information of Dartina Development Limited and Vie Show Cinemas Co. Ltd., adjusted for any differences in accounting policies, and a reconciliation to the carrying amounts in the consolidated financial statements, are disclosed below:

	Dartina Development Limited		Vie Show Cinemas Co. Ltd.#	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Gross amounts of the joint ventures:				
Current assets	125,296	235,835	322,215	407,386
Non-current assets	366,590	395,345	479,381	451,047
Current liabilities	(342,602)	(334,768)	(383,489)	(368,850)
Non-current liabilities	(23,698)	(93,914)	(30,739)	(35,814)
Equity	125,586	202,498	387,368	453,769
Included in the above assets and liabilities:				
Cash and cash equivalents	91,738	198,866	173,432	259,061
Current financial liabilities (excluding trade and other payables and provisions)	107,400	54,800	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	68,500	28,358	33,047
Revenue	799,696	776,987	1,224,439	1,371,601
Profit from continuing operations	120,057	118,840	79,538	123,153
Other comprehensive income	–	–	–	–
Total comprehensive income	120,057	118,840	79,538	123,153
Dividends from the joint ventures	197,681	81,940	143,906	101,187
Included in the above profits:				
Depreciation and amortisation	48,758	44,153	69,387	82,029
Interest income	14	16	232	508
Interest expense	3,209	4,700	101	95
Income tax expense	24,171	22,765	19,339	25,728
Reconciled to the Group's interests in the joint ventures				
Gross amounts of the joint ventures' net assets	125,586	202,498	387,368	453,769
Group's effective interest	50%	50%	35.71%	35.71%
Group's share of the joint ventures' net assets	62,793	101,249	138,329	162,041
Goodwill	–	–	–	–
Carrying amount in the consolidated financial statements	62,793	101,249	138,329	162,041

The joint venture is not audited by KPMG.

Notes to the Financial Statements

14 INTERESTS IN JOINT VENTURES (CONTINUED)

There has been a dispute among the shareholders of Vie Show Cinemas Co. Ltd (“Vie Show”) involving allegations of breaches of the material terms of the shareholders’ agreement and lawsuits were filed between the shareholders with the Taipei District Court of Taiwan in 2014. The lawsuits are ongoing and there remains uncertainty about the outcome of the shareholders’ dispute. The shareholders’ dispute and the related lawsuits do not affect the operations of Vie Show.

15 TRADEMARKS

	2016 HK\$'000	2015 HK\$'000
Cost and carrying amount		
At 1 January and 31 December	80,524	80,524

Trademarks represent perpetual licenses for the use of the brand names “Golden Harvest” and “The Sky” which take the form of sign, symbol, name, logo, design or any combination thereof.

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

- (i) the trademarks have been in use 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 profit or loss when incurred, to maintain and increase the market value of its trademarks.

An independent professional qualified valuer, Censere Holdings Limited, has confirmed in its valuation of the Group’s trademarks that the fair values of the trademarks exceeded their carrying values as at 31 December 2016. Accordingly, no impairment was recorded at 31 December 2016.

16 GOODWILL

	2016 HK\$'000	2015 HK\$'000
Cost:		
At 1 January	91,628	73,658
Additions		
— Acquisition of subsidiaries and related business (note 30)	1,599	18,874
Reclassified as held for sale (note 35)	(18,587)	—
Exchange adjustments	(982)	(904)
At 31 December	73,658	91,628
Accumulated impairment losses:		
At 1 January	16,425	—
Impairment loss	—	16,425
At 31 December	16,425	16,425
Carrying amount		
At 31 December	57,233	75,203

Notes to the Financial Statements

16 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to country of operation and business segment as follows:

	2016 HK\$'000	2015 HK\$'000
Distribution and production — Mainland China	57,233	57,233
Exhibition — Mainland China	—	17,970
	57,233	75,203

Distribution and production — Mainland China

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of four years and a pre-tax discount rate of 20% (2015: 20%), which reflects specific risks relating to the Group's Mainland China segment.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Exhibition — Mainland China

During the year ended 31 December 2016, the goodwill associated with the Group's exhibition business in Mainland China was reclassified as held for sale as a result of the potential disposal of the relevant business as set out in note 35. The Group assessed that there was no indication of impairment for the CGUs to which the goodwill is allocated immediately before its reclassification as held for sale.

17 INVENTORIES

Inventories are carried at cost of HK\$1,025,000 at 31 December 2016 (2015: HK\$6,596,000) which comprised largely goods for resale.

Notes to the Financial Statements

18 FILM RIGHTS

	2016 HK\$'000	2015 HK\$'000
Film rights — completed	31,924	39,797
Film production in progress, at cost	14,116	10,398
	46,040	50,195
Cost:		
At 1 January	443,602	444,970
Additions	6,954	23,735
Expiry	(4,867)	(9,238)
Exchange adjustments	(13,445)	(15,865)
At 31 December	432,244	443,602
Accumulated amortisation and impairment:		
At 1 January	393,407	370,681
Amortisation	10,431	41,927
Impairment	108	5,119
Expiry	(4,867)	(9,238)
Exchange adjustments	(12,875)	(15,082)
At 31 December	386,204	393,407
Net book value:		
At 31 December	46,040	50,195

Film rights represent films, television drama series and self-produced programmes.

Investments in film/drama production represent funds advanced to licensed production houses for co-financing the production of films and/or television programmes, which are freely exploited by the production houses. The investments are governed by the relevant investment agreements entered into between the Group and the production houses whereby the Group is entitled to benefits generated from the distribution of the related films and/or television programmes. The amounts will be recoverable by the Group from a pre-determined share of the sales proceeds of the respective co-financed films or television programmes, resulting from the distribution to be confirmed by the relevant production houses.

Film production in progress represents films under production.

In accordance with note 2(q) of the Group's accounting policies, the Group performed impairment tests at 31 December 2016 and 2015 by comparing the attributable carrying amounts of the film rights/self produced programmes with the recoverable amounts.

The Group assessed the recoverable amounts of the film rights based on the present value of estimated discounted future cash flows. Impairment of HK\$108,000 (2015: HK\$5,119,000) for film rights has been recognised in this respect for the year ended 31 December 2016.

The amount of film rights expected to be recovered after one year is HK\$23,910,000 (2015: HK\$28,068,000).

Notes to the Financial Statements

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2016 HK\$'000	2015 HK\$'000
Trade receivables	21,354	125,613
Less: Allowance for doubtful debts	(117)	(117)
	21,237	125,496

(i) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 month	10,841	94,247
1 to 2 months	3,564	1,835
2 to 3 months	585	2,352
Over 3 months	6,247	27,062
	21,237	125,496

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 trade receivables relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate their fair values. Further details of the Group's credit policy are set out in note 29(a) to the financial statements.

(ii) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

There were no movements in the allowance for doubtful debts during the years ended 31 December 2016 and 31 December 2015.

As at 31 December 2016, the allowance for doubtful debts was HK\$117,000 (2015: HK\$117,000).

Notes to the Financial Statements

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

(ii) Impairment losses of trade receivables (continued)

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	14,990	98,434
Less than three months past due	481	1,321
Past due over three months	5,766	25,741
	6,247	27,062
	21,237	125,496

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(iii) At 31 December 2016, trade receivables of the Group included amounts totalling HK\$41,972,000 (2015: HK\$34,909,000) due from related companies and an amount of HK\$1,452,000 (2015: HK\$3,822,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year. Trade receivables due from related companies of HK\$41,012,000 associated with the disposal group were reclassified as held for sale at 31 December 2016 as set out in note 35.

(b) All of the other receivables, deposits and prepayments (including amounts due from related companies and joint ventures) are expected to be recoverable within one year.

20 DERIVATIVE FINANCIAL INSTRUMENT

	2016 HK\$'000	2015 HK\$'000
At 1 January	–	–
Issuance of call option (note 31)	70,075	–
Change in fair value	161	–
At 31 December	70,236	–

The balance represents a call option granted to the Group in respect of the deemed disposal of a 7.41% equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited ("OSGH (China)"). Details of the deemed disposal transaction are set out in note 31.

The change in fair value of derivative financial instrument is presented in "other net loss" in the consolidated income statement.

Notes to the Financial Statements

21 DEPOSITS AND CASH

	2016 HK\$'000	2015 HK\$'000
Deposits at banks	54,559	99,710
Cash at bank and in hand	160,822	196,830
	215,381	296,540
Less: Pledged deposits for bank loans	(63,001)	(101,420)
Time deposits with original maturity of more than three months when acquired	—	(8,260)
Cash and cash equivalents	152,380	186,860

As at 31 December 2016, deposits and cash placed with banks in Mainland China amounted to HK\$16,002,000 (2015: HK\$177,647,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control promulgated by the government of Mainland China.

22 BANK LOANS

(a) At 31 December 2016, the bank loans were repayable as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 year or on demand	222,634	432,901
After 1 year but within 2 years	68,282	131,770
After 2 years but within 5 years	71,848	147,731
After 5 years	48,170	57,476
	188,300	336,977
	410,934	769,878
Bank loans		
— Secured	380,934	468,260
— Unsecured	30,000	301,618
	410,934	769,878

All of the non-current interest-bearing borrowings are carried at amortised cost. All bank loans bear interest at floating interest rates which approximate market rates of interest.

Notes to the Financial Statements

22 BANK LOANS (CONTINUED)

(b) At 31 December 2016, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong;
- (ii) deposits of subsidiaries of HK\$63,001,000 (2015: HK\$101,420,000); and
- (iii) equity interests in two subsidiaries of the Company.

(c) At 31 December 2016, bank loans of HK\$410,934,000 (2015: HK\$769,878,000) were guaranteed by corporate guarantees from the Company and two subsidiaries.

(d) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain ratios of the Group's financial performance on consolidation basis, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand.

The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 29(b) to the financial statements. As at 31 December 2016, none of the covenants relating to drawn down facilities had been breached.

23 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2016, the Group had obligations under finance leases repayable as follows:

	2016		2015	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	276	304	15,702	17,949
After 1 year but within 2 years	269	278	9,443	11,251
After 2 years but within 5 years	–	–	27,889	29,307
	269	278	37,332	40,558
	545	582	53,034	58,507
Less: Total future interest expenses		(37)		(5,473)
Present value of lease obligations		545		53,034

Notes to the Financial Statements

24 TRADE AND OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED REVENUE

(a) Trade payables

The ageing analysis of trade payables as of the end of the reporting period:

	2016 HK\$'000	2015 HK\$'000
Current to 3 months	32,266	71,034
Within 4 to 6 months	162	258
Within 7 to 12 months	383	5,239
Over 1 year	10,683	13,004
	43,494	89,535

At 31 December 2016, trade payables of the Group included the amounts totalling HK\$35,765,000 (2015: HK\$36,844,000) due to related companies which were unsecured, interest-free and repayable on demand. Trade payables due to related companies of HK\$35,734,000 associated with the disposal group were reclassified as held for sale at 31 December 2016 as set out in note 35.

- (b) All of the other payables and accrued charges (including amounts due to related companies) are expected to be settled within one year or are repayable on demand.
- (c) All of the deferred revenue is expected to be settled within one year.

25 OTHER FINANCIAL LIABILITIES

	2016 HK\$'000	2015 HK\$'000
At 1 January	–	–
Issuance of put option to non-controlling interests (<i>note 31</i>)	217,836	–
Interest expensed during the year (<i>note 6(a)</i>)	1,553	–
At 31 December	219,389	–

The balance represents a put option liability to non-controlling interests in respect of the deemed disposal of a 7.41% equity interest in OSGH (China) if certain conditions are not fulfilled by the Company within a specified timeframe. The carrying amount of the put option represents the present value of the amount payable by the Group to acquire the non-controlling interests at the date of which the put option first become exercisable. Details of the deemed disposal transaction are set out in note 31.

The effective interest rate of the put option liability is 11% per annum.

Notes to the Financial Statements

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2016 HK\$'000	2015 HK\$'000
Provision for taxation for the year	14,735	9,303
Tax paid during the year	(12,739)	(12,961)
Reclassified to assets held for sale (note 35)	(7,808)	–
Balance of tax provision relating to prior years	6,976	11,062
	1,164	7,404

(b) Deferred tax assets and liabilities recognised:

	2016 HK\$'000	2015 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,160	44,001
Net deferred tax liabilities recognised in the consolidated statement of financial position	(9,471)	(12,419)
	(3,311)	31,582

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses recognised HK\$'000	Withholding tax on unremitted earnings HK\$'000	Total HK\$'000
Deferred tax arising from:			
At 1 January 2015	(31,782)	10,718	(21,064)
Exchange adjustments	2,555	–	2,555
(Credited)/charged to profit or loss (note 7(a))	(14,774)	1,701	(13,073)
At 31 December 2015	(44,001)	12,419	(31,582)
At 1 January 2016	(44,001)	12,419	(31,582)
Exchange adjustments	2,766	–	2,766
Credited to profit or loss (note 7(a))	(14,680)	(2,948)	(17,628)
Reclassified to assets held for sale (note 35)	49,755	–	49,755
At 31 December 2016	(6,160)	9,471	3,311

Notes to the Financial Statements

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognised

At 31 December 2016, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$904,073,000 (2015: HK\$809,931,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation except for the balances of HK\$178,303,000 (2015: HK\$124,639,000) which can only be carried forward for five years under the laws of the relevant jurisdiction.

(d) Deferred tax liabilities not recognised

At 31 December 2016, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$92,995,000 (2015: HK\$100,290,000). Deferred tax liabilities of HK\$4,650,000 (2015: HK\$5,015,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

27 CONVERTIBLE BONDS

On 1 February 2016, the Company issued convertible bonds to Wan Tai Investments Limited ("Wan Tai"), an indirectly wholly owned special purpose vehicle of CCB International (Holdings) Limited, in the principal amount of HK\$200,000,000 ("Series 1 CB"). The Series 1 CB is interest bearing at 5% per annum which is payable semi-annually in arrears. The Series 1 CB will be redeemed at its outstanding principal amount plus any accrued but unpaid interest and an amount that would yield an internal rate of return of 11%.

The movement of the liability component and the equity component of the Series 1 CB for the year ended 31 December 2016 is set out below:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 February 2016 (issuance date)	159,607	40,393	200,000
Interest expensed during the year	29,007	–	29,007
Interest paid during the year	(5,000)	–	(5,000)
At 31 December 2016	183,614	40,393	224,007
Classified as			
— Current liabilities	9,547		
— Non-current liabilities	174,067		
Total	183,614		

The Series 1 CB is convertible in whole or in part at any time from the issue date to five days before the maturity date. At the bondholder's option, into 200,000,000 ordinary shares of the Company at an initial conversion prices of HK\$1 per share, subject to adjustment in certain events.

At any time on or after two years from the issue date and subject to the approval of the bondholders, the Company has the right to redeem the outstanding Series 1 CB at its outstanding principal amount plus any accrued but unpaid interest and an amount that would yield an internal rate of return of 11%.

Notes to the Financial Statements

27 CONVERTIBLE BONDS (CONTINUED)

The liability component is measured at amortised cost. The interest expense for the year ended 31 December 2016 is calculated by applying an effective interest rate of 20.32% per annum to the liability component since the Series 1 CB was issued.

During the year ended 31 December 2016, there was no conversion of the Series 1 CB into shares of the Company by the bondholders. The directors estimate the fair value of the liability component or the Series 1 CB at 31 December 2016 to be approximately HK\$183,586,000.

On 1 February 2016, options were granted by the Company to Wan Tai to subscribe for another convertible bond for an additional principal amount of HK\$100,000,000 with an expiry date on 31 December 2016 or such later date as may be agreed by Wan Tai and the Company. At 31 December 2016, the options expired as agreed between Wan Tai and the Company.

28 CAPITAL AND RESERVES

(a) Share capital

Note	2016		2015	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised:				
	6,000,000,000	600,000	6,000,000,000	600,000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December 2016	2,742,519,248	274,252	2,742,519,248	274,252

(i) Share option scheme

Equity-settled share-based transactions

The Company operates a share option scheme (the "Scheme") for the purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group and shareholders of the Company. The Scheme became effective on 11 November 2009 and will remain in force for 10 years from that date.

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 any independent non-executive director who is the grantee of the option).

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 vesting period, the exercise period and the number of shares subject to each option are determinable by the directors. The exercise period 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. 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 the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (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 on the date of offer of grant of the share options; (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; and (iii) the nominal value of the Company's shares.

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 11 November 2009. This limit can be refreshed by the shareholders of the Company in a general meeting in accordance with the provisions of 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 the shareholders' approval in a general meeting.

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

The movements of share options during the year ended 31 December 2016 held by the Directors, chief executive and other employees of the Group are set out in the following table:

Name or category of participant	Date of grant of share options	Exercise price		Number of share options outstanding as at 1 January 2016	Granted during the year ended 31 December 2016	Exercised during the year ended 31 December 2016	Lapsed during the year ended 31 December 2016	Closing price per share immediately before the date of grant of share options (Note (b)) HK\$	Number of share options outstanding as at 31 December 2016
		per share	Exercise period						
Director									
Huang Shao-Hua George (Note (c))	14 July 2015	0.590	14 July 2015 to 13 July 2017	170,000	-	-	(170,000)	0.578	-
Mao Yimin	14 July 2015	0.590	14 July 2015 to 13 July 2017	27,400,000	-	-	-	0.578	27,400,000
Wu Keyan	14 July 2015	0.590	14 July 2015 to 13 July 2017	2,000,000	-	-	-	0.578	2,000,000
Li Pei Sen	14 July 2015	0.590	14 July 2015 to 13 July 2017	27,200,000	-	-	-	0.578	27,200,000
Chow Sau Fong, Fiona (Note (d))	14 July 2015	0.590	14 July 2015 to 13 July 2017	27,400,000	-	-	-	0.578	27,400,000
Leung Man Kit	14 July 2015	0.590	14 July 2015 to 13 July 2017	170,000	-	-	-	0.578	170,000
Wong Sze Wing	14 July 2015	0.590	14 July 2015 to 13 July 2017	170,000	-	-	-	0.578	170,000
Other participants									
In aggregate	14 July 2015	0.590	14 July 2015 to 13 July 2017	55,480,000	-	-	-	0.578	55,480,000
				139,990,000	-	-	(170,000)		139,820,000

Notes to the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

- (a) 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.
- (b) Being the weighted average closing price of the shares immediately before the dates on which the share options were granted.
- (c) Mr. Huang Shai-Hua George resigned as a Director with effect from 3 June 2016 and the share options he held lapsed on that date.
- (d) Ms. Chow Sau Fong Fiona was appointed as a Director on 3 June 2016 and the share options she held was separately disclosed from other participants for the year ended 31 December 2016.

The movements of share options during the year ended 31 December 2015 held by the Directors, chief executive and other employees of the Group are set out in the following table:

Name or category of participant	Date of grant of share options	Exercise price per share	Exercise period	Number of share options outstanding as at 1 January 2015	Granted during the year ended 31 December 2015	Exercised during the year ended 31 December 2015	Lapsed during the year ended 31 December 2015	Closing price	Number of
								per share immediately before the date of grant of share options (Note (a))	share options outstanding as at 31 December 2015
		HK\$						HK\$	
Director									
Huang Shao-Hua George	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000
Mao Yimin	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	27,400,000	-	-	0.578	27,400,000
Wu Keyan	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	2,000,000	-	-	0.578	2,000,000
Li Pei Sen	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	27,200,000	-	-	0.578	27,200,000
Leung Man Kit	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000
Wong Sze Wing	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000
Other participants									
In aggregate	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	83,050,000	-	(170,000)	0.578	82,880,000
				-	140,160,000	-	(170,000)	0.578	139,990,000

Notes:

- (a) Being the weighted average closing price of the Shares immediately before the dates on which the share options were granted.

Notes to the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(a) Share capital *(continued)*

(i) Share option scheme *(Continued)*

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes option-pricing model. The contractual life of the share option is used as an input into this model. The following table lists the inputs to the model used for the year ended 31 December 2015 in connection with the granting of share options on 14 July 2015.

Fair value at measurement date	HK\$0.2092
Share price	HK\$0.578
Exercise price	HK\$0.590
Expected volatility	68.19%
Option life	2 years
Weighted average life	2 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	0.368%
Dilution effect	4.86%

The expected volatility was based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

At the end of the reporting period, the Company had 139,820,000 share options 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 139,820,000 additional ordinary shares of the Company, representing approximately 5.10% of the Company's shares in issue as at the end of the reporting period, and additional share capital of HK\$13,982,000 and share premium account of HK\$68,511,800 (before issue expenses).

Notes to the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(b) Reserves

(i) The Group

Details of the movements in reserves of the Group during the years ended 31 December 2016 and 2015 are set out in the consolidated statement of changes in equity.

(ii) The Company

Note	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2015	694,639	-	8,833	271,644	-	433,323	1,408,439
Changes in reserves for 2015:							
Loss for the year	-	-	-	-	-	(198,752)	(198,752)
Equity-settled share-based transactions	28(a)(i)	29,323	-	-	-	-	29,323
Transfer to retained profits on lapse of share options	28(a)(i)	(37)	-	-	-	37	-
At 31 December 2015 and 1 January 2016	694,639	29,286	8,833	271,644	-	234,608	1,239,010
Changes in reserves for 2016:							
Loss for the year	-	-	-	-	-	(30,553)	(30,553)
Issuance of convertible bonds	-	-	-	-	40,393	-	40,393
Transfer to retained profits on lapse of share options	28(a)(i)	(36)	-	-	-	36	-
At 31 December 2016	694,639	29,250	8,833	271,644	40,393	204,091	1,248,850

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium account is governed by Sections 40 and 54 of the Companies Act 1981 of Bermuda.

(ii) Share option reserve

The share option reserve represents the fair value of the number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(w)(ii) to the financial statements.

(iii) Capital redemption reserve

The capital redemption reserve represents the nominal value of the share capital of the Company repurchased and cancelled.

Notes to the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(iv) *Contributed surplus*

The contributed surplus represents (i) the difference between the nominal value of the Company's shares in issue, 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; and (ii) the net transfer of HK\$80,000,000 after setting off the accumulated losses from the share premium account pursuant to the Company's capital reorganisation in May 2007. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders of the Company.

(v) *Reserve funds*

In accordance with the relevant regulations in the PRC, the companies' established therein are required to transfer a certain percentage of their profits after tax to the reserve funds until the balance reaches 50% the registered capital. Subject to certain restrictions set out in the relevant PRC regulations, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

(vi) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, associates and joint ventures. The reserve is dealt with in accordance with the accounting policy set out in note 2(aa) to the financial statements.

(vii) *Convertible bonds equity reserve*

The convertible bonds equity reserve represents the value of unexercised equity component of convertible bonds issued by the Group. The reserve is dealt with in accordance with accounting policy adopted for convertible bonds in note 2(s).

(viii) *Other reserve*

The reserve represents the put option liability to non-controlling interests in respect of the deemed disposal of a 7.41% equity interest in OSGH (China) set out in note 31.

(d) Distributability of reserves

At 31 December 2016, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$204,091,000 (2015: HK\$234,608,000). In addition, the Company's share premium account, contributed surplus, share option reserve, convertible bonds equity reserve and capital redemption reserve in an aggregate amount of HK\$1,044,759,000 (2015: HK\$1,004,402,000), as at 31 December 2016 may be distributed to shareholders in certain circumstance as prescribed by Section 54 of the Companies Act 1981 of Bermuda.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its gearing structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the gearing structure in light of changes in economic conditions.

The Group monitors its gearing structure calculated on the basis of external borrowings, which includes bank loans and obligations under finance lease over total assets.

Notes to the Financial Statements

28 CAPITAL AND RESERVES (CONTINUED)

(e) Capital management *(continued)*

The Group's strategy is to maintain the gearing ratio below 35%. In order to maintain or adjust the ratio, the Group may raise new equity financing or sell assets to reduce debt. The gearing ratios at 31 December 2016 and 2015 are as follows:

	2016 HK\$'000	2015 HK\$'000
Convertible bonds	183,614	–
Bank loans	410,934	769,878
Obligations under finance leases	545	53,034
	595,093	822,912
Total assets	3,155,865	2,865,193
Gearing ratio	18.9%	28.7%

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged bank deposits and deposits and cash.

In respect of pledged bank deposits and deposits and cash, the Group only places deposits with the major financial institutions in the PRC and Hong Kong.

In respect of trade and other receivables, 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.

The Group's trade receivables relate to a large number of diversified customers, the concentration of credit risk is not significant.

Notes to the Financial Statements

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay. As deposits received do not have fixed repayment terms, their carrying amounts have not been included in the table.

For a term loan subject to repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflows based on the contractual repayment schedule and the impact to the timing of the cash outflows if the lender was to invoke the unconditional right to call the loan with immediate effect.

	As at 31 December 2016					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	43,494	43,494	43,494	-	-	-
Other payables and accrued charges	55,939	55,939	55,939	-	-	-
Bank loans	410,933	435,048	235,700	74,563	75,531	49,254
Obligations under finance leases	545	582	304	278	-	-
Convertible bonds	183,614	225,000	10,000	10,000	205,000	-
Other financial liabilities	219,389	297,920	-	-	297,920	-
	913,914	1,057,983	345,437	84,841	578,451	49,254

	As at 31 December 2015					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	89,535	89,535	89,535	-	-	-
Other payables and accrued charges	192,511	192,511	192,511	-	-	-
Bank loans	769,878	825,992	458,026	147,181	161,970	58,815
Obligations under finance leases	53,034	58,507	17,949	11,251	29,307	-
	1,104,958	1,166,545	758,021	158,432	191,277	58,815

Notes to the Financial Statements

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk

The Group has foreign currency monetary assets and liabilities that are denominated in a currency other than the functional currency of the entity to which they relate. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at dates of transactions giving rise to these monetary items are recognised in profit or loss.

The Group enters into transactions denominated in currencies other than the functional currency of the entity to which they relate. Consequently, the Group is exposed to risks that the exchange rate of the relevant functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the relevant functional currency. As the Hong Kong dollar is pegged to the United States dollar, the Group does not expect any significant movements in the HKD/USD exchange rate. The currencies giving rise to foreign currency risk are primarily Renminbi and Singapore dollars. Management of the Group continuously monitors the Group's exposure to such foreign currency risks to ensure they are at manageable levels.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amount of exposure are shown in original currencies.

	Exposure to foreign currencies					
	2016			2015		
	Hong Kong dollars '000	Renminbi '000	Singapore dollars '000	Hong Kong dollars '000	Renminbi '000	Singapore dollars '000
Other receivables, deposits and prepayments	-	59	-	-	1	-
Deposits and cash	-	56,169	10,573	-	67,916	959
Other payables and accrued charges	-	(237)	-	-	(103)	-
Deferred revenue	-	(170)	-	-	(170)	-
Intercompany balance	-	251,365	-	-	213,949	-
Intercompany borrowings*	-	-	-	(304,370)	109,661	-
Net exposure to currency risk	-	307,186	10,573	(304,370)	391,254	959

* An intercompany loan denominated in Hong Kong dollars was made to a subsidiary located in the PRC, the functional currency of which is Renminbi. Thus, the loan recorded in the subsidiary is subject to foreign currency risk.

Notes to the Financial Statements

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after taxation and retained earnings that would have arisen if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of equity would not be affected by changes in the foreign exchange rates:

	2016		2015	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings HK\$'000
Renminbi	5% (5)%	18,124 (18,124)	5% (5)%	23,084 (23,084)
Singapore dollars	5% (5)%	2,897 (2,897)	5% (5)%	263 (263)
Hong Kong dollars	5% (5)%	– –	5% (5)%	(15,219) 15,219

Results of the analysis in the above table present an aggregation of the instantaneous effects on each of the group entities' loss after taxation and equity measured in the respective functional currencies and shown in original currencies.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis as for 2015.

(d) Interest rate risk

The Group's exposure to interest rate risk arises primarily to the Group's short and long-term loans. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its interest rate risk exposures in accordance with defined policies through regular review with a focus on reducing the Group's overall cost of funding as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

Notes to the Financial Statements

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2016		2015	
	Effective rate %	HK\$'000	Effective rate %	HK\$'000
Net fixed rate borrowings:				
Obligations under finance leases (note 23)	6.6%	545	4.33%–10.5%	53,034
Convertible bonds	5%	183,614	–	–
Variable rate borrowings:				
Bank loans (note 22)	2.25%–4.09%	410,934	2.25 %–6.13%	769,878

(ii) Sensitivity analysis

At 31 December 2016, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after taxation and decreased/increased the Group's total equity by approximately HK\$3,435,000 (2015: HK\$6,477,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk in existence at that date. The 1% increase/decrease represents management's assessment of a reasonable possible change in interest rates over the period until the next annual end of the reporting period. The analysis has been performed on the same basis as for 2015.

(e) Fair values measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's derivative financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

Notes to the Financial Statements

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement *(continued)*

- (i) *Financial assets measured at fair value (continued)*
Fair value hierarchy *(continued)*

	Fair value at 31 December 2016 period HK\$'000	Fair value measurements as at the end of each reporting period categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Recurring fair value measurement

Derivative financial instrument	70,236	–	–	70,236
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During the year ended 31 December 2016, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's derivative financial instruments were revalued as at 31 December 2016. The valuations were carried out by an independent professional qualified valuer, RHL International. The Group's management have discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

- (ii) *Information about Level 3 fair value measurements*

	Valuation technique	Significant unobservable input	Range (weighted average)
Derivative financial instrument	Binomial model	Expected volatility	55%–72%

The fair value of the derivative financial instrument was determined using the binomial model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility.

- (iii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair value as at 31 December 2015 and 2016 except for the following instruments, for which their carrying amount and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount at 31 December 2016 HK\$'000	Fair value at 31 December 2016 HK\$'000	Fair value measurements as at the end of each reporting period categorised into		
			Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Recurring fair value measurement

Convertible bonds	183,614	183,586	–	–	183,586
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The fair value of the convertible bonds was determined using binomial tree model which traced the evolution of the convertible bonds' key underlying variables in discrete time.

Notes to the Financial Statements

30 BUSINESS COMBINATIONS

On 8 January 2016, the Group acquired 100% of the issued share capital of Wuhan Yase Cinema Company Ltd. (“武漢意幻文化傳媒有限公司”), from certain independent third parties for a total cash consideration of RMB3,800,000 (equivalent to \$4,446,000) in order to expand its exhibition business. The company is principally engaged in theatre operation in Mainland China.

The fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition dates were as follows:

	Year ended 31 December 2016 HK\$'000
Property, plant and equipment	2,673
Cash and cash equivalents	208
Trade and other receivables	384
Inventories	22
Trade and other payables	(316)
Deferred revenue	(124)
Fair value of net assets acquired	2,847
Goodwill	1,599
Total consideration	4,446
Less: consideration payable	(586)
Consideration paid, satisfied in cash (Note)	3,860
Less: cash and cash equivalents acquired	(208)
Net cash outflow	3,652

The acquisition of the subsidiaries has been accounted for using the purchase method. Goodwill arises from the excess of cost of acquisition over the fair value of identifiable assets and liabilities of the acquired subsidiaries.

Note: According to the sale and purchase agreement for the acquisition, the consideration of RMB3,800,000 (equivalent to HK\$4,446,000) is payable by cash in a number of instalments before 2018. The first instalment of RMB3,300,000 (equivalent to HK\$3,860,000) was paid during the year ended 31 December 2016.

The revenue included in the consolidated income statement for the year ended 31 December 2016 since the acquisition date contributed by the company was HK\$2,370,000. The company contributed a loss of HK\$3,519,000 over the same period.

The revenue which would have been included in the consolidated income statement for the year ended 31 December 2016 contributed by the company if the acquisition date for the business combination that occurred during the year ended 31 December 2016 had been as of the beginning of the reporting period would have been HK\$2,430,000. The company would have contributed a loss of HK\$3,596,000 over the same period on the same basis.

Notes to the Financial Statements

30 BUSINESS COMBINATIONS (CONTINUED)

During the year ended 31 December 2015, the Group acquired 100% of the issued share capital of Shenying Orange Sky Dameng (Shenzhen) Cinema Company Ltd (“深圳市深影橙天達夢影城有限公司”), 75% of the issued share capital of Shenzhen Tianrun Cinema Company Ltd (“深圳天潤影城有限公司”), 100% of the issued share capital of Fushun City Star Company Ltd (“撫順星辰影院有限公司”), 100% of the issued share capital of Changchun Changda Film Screening Company Ltd (“長春昌達電影放映有限公司”) and 100% of the issued share capital of Shanghai Xinghao Cinema Company Ltd (“上海星濠影城有限公司”), from certain independent third parties for a total cash consideration of RMB61,420,000 (equivalent to HK\$75,775,000) in order to expand its exhibition business. These companies are principally engaged in theatre operation in Mainland China.

The fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition dates were as follows:

	Year ended 31 December 2015 HK\$'000
Property, plant and equipment	59,542
Cash and cash equivalents	420
Trade and other receivables	5,405
Inventories	261
Trade and other payables	(1,547)
Deferred revenue	(2,281)
Fair value of net assets acquired	61,800
Goodwill	18,874
Non-controlling interest	(4,899)
Total consideration	75,775
Less: consideration payable	(42,753)
Consideration paid, satisfied in cash (Note)	33,022
Less: cash and cash equivalents acquired	(420)
Net cash outflow	32,602

The acquisition of the subsidiaries was accounted for using the purchase method. Goodwill arose from the excess of cost of acquisition over the fair value of identifiable assets and liabilities of the acquired subsidiaries.

Note: Partial consideration of RMB26,620,000 (equivalent to HK\$33,022,000) was paid upon the acquisition of the five companies. According to the sale and purchase agreements for the acquisition, the remaining consideration of RMB34,800,000 (equivalent to HK\$42,753,000) is payable by cash in a number of instalments before 2020.

The revenue included in the consolidated income statement for the year ended 31 December 2015 since the acquisition dates contributed by these companies was HK\$30,673,000. These companies contributed a loss of HK\$4,091,000 over the same period.

The revenue which would have been included in the consolidated income statement for the year ended 31 December 2015 contributed by these companies if the acquisition dates for all business combinations that occurred during the year had been as of the beginning of the annual reporting period would have been HK\$58,675,000. These companies would have contributed a loss of HK\$5,355,000 over the same period on the same basis.

Notes to the Financial Statements

31 PARTIAL DEEMED DISPOSAL OF A SUBSIDIARY

On 15 March 2016, the Group entered into a subscription agreement (the "Subscription Agreement") with three investors, pursuant to which the investors agreed to subscribe for 13.79% of the entire equity interest in OSGH (China) (as enlarged by completion of the Subscription Agreement) for an aggregate consideration of RMB400 million, subject to conditions precedent under the Subscription Agreement.

On 29 November 2016, the conditions precedent under the Subscription Agreement were fulfilled between the Group and one of the three investors, Jiaxing Credit Prosperity Investment Enterprise (Limited Partnership) ("Xin Ye") and Xin Ye subscribed for a 7.41% of the entire equity interest in OSGH (China) for a consideration of RMB200 million (the "Deemed Disposal").

The Deemed Disposal did not result in a loss of control by the Group over OSGH (China) and was accounted for as an equity transaction, whereby adjustments were made to reflect an increase in non-controlling interests of approximately HK\$51,614,000 and a net debit to other reserves of approximately HK\$525,000 upon completion of the subscription of equity interest in OSGH (China) by Xin Ye (the "Completion").

The Subscription Agreement contains terms and conditions which granted the Group and Xin Ye various rights and options. The Group has options to call and Xin Ye has options to put the equity interest in OSGH (China) held by Xin Ye under specified circumstances. In addition, anti-dilution rights will come into effect if the Group invites investment through subscription for new registered capital in OSGH (China) to new investors within a specified timeframe. Details of the Deemed Disposal are set out in the Company's announcements dated 15 March 2016, 1 April 2016, 5 September 2016 and 29 November 2016.

Pursuant to the terms of the call option, the Group has options to buy-back the equity interest in OSGH (China) at a consideration of (i) RMB220 million if the Group enter into any written agreement for the disposal of more than 50% of the entire equity interest in OSGH (China) to a third party purchaser within 182 days after the Completion or (ii) RMB240 million if the Group enters into any written agreement for the disposal of more than 50% equity interest in OSGH (China) to a third party purchaser between 183 and 365 days after the Completion.

As at the date of the Completion, the fair value of the call option of HK\$70,075,000 has been recognised as a derivative financial instrument in the consolidated statement of financial position (note 20).

Pursuant to the terms of the put option, Xin Ye has options to require the Group to purchase its 7.41% equity interest in OSGH (China) if (i) OSGH (China) is unable to satisfy the qualifications for a listing in specified stock exchanges ("Qualified IPO") following the expiry of three full calendar years after the Completion; or (ii) OSGH (China) is unable to achieve a Qualified IPO following the expiry of four full calendar years after the Completion; or (iii) OSGH (China) is unable to achieve a Qualified IPO but has commenced trading on National Equities Exchange and Quotations system in the Mainland China following the expiry of four full calendar years after the Completion.

As at the date of the Completion, the fair value of gross liability of HK\$217,836,000 of the put option has been accounted for as a long-term financial liability in the consolidated statement of financial position (note 25). The day-one gain of the put option prior to the recognition of the long-term financial liabilities of HK\$24,100,000 was recognised in as "other net loss" in the consolidated income statement.

Notes to the Financial Statements

32 COMMITMENTS

(a) Capital commitments outstanding not provided for in the financial statements

As at 31 December 2016 and 2015, the Group's share of the joint ventures' own capital commitments in respect of the acquisition of property, plant and equipment are as follows:

	2016 HK\$'000	2015 HK\$'000
Contracted for:		
Singapore	2,475	10,210
Taiwan	1,287	2,866
	3,762	13,076
Authorised but not contracted for:	—	—
	3,762	13,076

In addition to the Group's share of the joint ventures' own capital commitments above, the Group had the following capital commitments in respect of the acquisition of property, plant and equipment as at 31 December 2016 and 2015:

	2016 HK\$'000	2015 HK\$'000
Contracted for:		
Mainland China	19,092	52,141
Authorised but not contracted for:		
Mainland China	393,240	450,721
	412,332	502,862

(b) Operating lease commitments

(i) As lessor

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2016 HK\$'000	2015 HK\$'000
Leases on premises expiring		
— within one year	2,983	2,934
— after one year but within five years	11,290	12,055
— after five year	10,866	14,447
	25,139	29,436

The Group leases its building under an operating lease. The lease runs for twelve years. The lease is subject to contingent rentals which are charged at 12%–15%.

Notes to the Financial Statements

32 COMMITMENTS (CONTINUED)

(b) Operating lease commitments *(continued)*

(ii) *As lessee*

At 31 December 2016, the Group's total future minimum lease payments under non cancellable operating leases are payable as follows:

	2016 HK\$'000	2015 HK\$'000
Leases on premises expiring		
— within one year	242,069	210,335
— after one year but within five years	917,796	827,729
— after five years	1,489,661	1,418,139
	2,649,526	2,456,203

The Group is the lessee in respect of a number of office premises and cinemas held under operating leases. The leases typically run from one to twenty years.

Certain non-cancellable operating leases are subject to contingent rent payments, which are charged at 7% to 28% (2015: 7% to 28%) of the monthly or annual gross box office takings in excess of the base rents as set out in the respective lease agreements. In addition, 10%–12% (2015: 10%–12%) of the theatre confectionary sales and advertising income is also charged as payments under certain leases.

33 CONTINGENT LIABILITIES

At 31 December 2016, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries and a joint venture amounting to HK\$651,154,000 (2015: HK\$1,053,787,000) and HK\$Nil (2015: HK\$Nil) respectively. At 31 December 2016, banking facilities of HK\$621,153,738 (2015: HK\$770,885,000) had been utilised by the subsidiaries.

At 31 December 2016, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of bank guarantees as their fair values cannot be reliably measured and no transaction price was incurred.

Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the directors are of the opinion that even if the claims are found to be valid, there will be no material adverse effect on the financial position of the Group.

34 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

	Note	2016 HK\$'000	2015 HK\$'000
Office rental paid	(i)	2,606	3,572
Cinema screen advertising fee income	(ii)	25,552	22,296
Cinema circuit management service fee expense	(iii)	9,983	9,026
Sponsorship fee income	(iv)	–	7,858
Prepayment for the acquisition of a subsidiary	(v)	–	3,540
Prepayment for rental expenses	(vi)	50,400	–

Notes to the Financial Statements

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (i) This represents office rental expenses for three office areas paid to related companies, which are wholly-owned by Mr. Wu Kebo, a director and a substantial shareholder of the Group. The rental expenses were charged on nominal commercial terms.
- (ii) This represents cinema screen advertising income received from two related companies for granting exclusive rights to screen advertising air-time in the Group's Hong Kong and PRC cinemas. The fees were charged on normal commercial terms.
- (iii) This represents management service fees paid to a related company, which is indirectly held by Mr. Wu Kebo, for introducing a top-class cinema circuit to PRC cinemas. The fees were charged at 1.2% of net box office receipts.
- (iv) This represents sponsorship fee income received from a related company, which is 80% beneficially owned by Mr. Wu Kebo, for procuring sponsorship within Hong Kong.
- (v) This represents a prepayment for the acquisition of a subsidiary from a close member of Mr. Wu Kebo's family.
- (vi) This represents a prepayment of rental expenses to a related company, which is 80% beneficially owned by Mr. Wu Kebo, for a new cinema located in PRC.

The transactions shown in notes (i), (ii), (iii), (iv) and (vi) above with related companies constitute continuing connected transactions as defined in chapter 14A of the Listing Rules are provided in the Reports of the directors. The continuing connected transactions were either properly reviewed by the independent non-executive directors or constituted de minimis 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.

35 DISPOSAL GROUP HELD FOR SALE

On 25 January 2017, Giant Harvest Limited ("Giant Harvest"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with True Vision Limited ("True Vision"), pursuant to which Giant Harvest conditionally agreed to sell and True Vision conditionally agreed to purchase, the entire equity interest of City Entertainment Corporation Limited ("CECL") at a consideration of RMB3.286 billion (the "Disposal"). OSGH (China), the entity operating the Group's film exhibition business in Mainland China, is owned as to 92.59% by CECL and 7.41% by Xin Ye following the Deemed Disposal as set out in note 31. It is expected that, the Group will record a gain from the Disposal of approximately HK\$2.3 billion. The exact amount of the gain on the Disposal will be subject to price adjustments pursuant to the Sale and Purchase Agreement, and, therefore may vary from the figure provided above.

Pursuant to the Sale and Purchase Agreement, CECL will undergo a reorganisation by including only entities that are relevant to the Group's film exhibition business in Mainland China prior to the completion of the Disposal (the "Reorganisation"). The assets and liabilities of CECL, after taking into account the impact of the Reorganisation, comprise the disposal group held for sale. The Disposal is expected to be complete in the second half of 2017.

Notes to the Financial Statements

35 DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The management assessed that the criteria for the classification of the disposal group held for sale were fulfilled prior to 31 December 2016 based on the facts and circumstances specific to the Disposal. The assets and liabilities of the disposal group held for sale are presented separately in the consolidated statement of financial position as at 31 December 2016 and the major classes of assets and liabilities of the disposal group as at 31 December 2016 are as follows:

	2016 HK\$'000
Assets of disposal group classified as held for sale	
Investment property (note 11(a))	87,662
Other property, plant and equipment (note 11(a))	1,204,335
Interests in associates	11,628
Goodwill (note 16)	18,587
Deferred tax assets (note 26(b))	49,755
Pledged bank deposits	12,880
Inventories	11,710
Trade receivables	125,448
Other receivables, deposits and prepayments	242,275
Deposit and cash (Note a)	355,722
	2,120,002
Liabilities of disposal group classified as held for sale	
Trade payables	51,267
Other payables and accrued charges	153,494
Deferred revenue	167,226
Bank loans	206,711
Obligation under finance lease	51,037
Taxation payable (note 26(a))	7,808
	637,543

Note a: Deposit and cash as at 31 December 2016 consists of cash and cash equivalents of HK\$351,242,000 and time deposits of HK\$4,480,000 with original maturity of more than three months when acquired.

Note b: As at 31 December 2016, there was a cumulative foreign currency translation loss of HK\$23,881,000 included in the other comprehensive income relating to the disposal group.

Management considered that the disposal group does not represent a separate major line of business or geographical area of the Group under the prevailing accounting standards. Accordingly, the disposal group is not presented as a discontinued operation.

Notes to the Financial Statements

36 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 29 contains information about the assumptions and their risk factors relating to financial risk management. Other key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are as follows:

Key sources of estimation uncertainty

- (i) *Assessment of the useful economic lives of property, plant and equipment*

The Group estimates the economic useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease non-current assets.
- (ii) *Assessment of impairment of other property, plant and equipment*

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. 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 time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.
- (iii) *Assessment of impairment of film rights*

The Group reviews the film rights ageing analysis at the end of each reporting period. The recoverable amount of film rights is assessed with reference to a value-in-use calculation at the end of the reporting period. The key assumptions include the discount rate, budgeted gross margin and estimated turnover based on past practices, experience and expectations in the film distribution and production industry. Changes in these estimates and assumptions would result in additional impairment provision or reversal of impairment in future years.
- (iv) *Assessment of impairment of goodwill*

The Group has performed an impairment test for goodwill in accordance with the accounting policy stated in note 2(o) (ii) to the financial statements. For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.
- (v) *Deferred tax assets*

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

Critical accounting judgements in applying the Group's accounting policies

- (i) *Presentation of disposal group held for sale and discontinued operation*

During the year ended 31 December 2016, the Group classified all assets and liabilities relating to the Group's film exhibition business in Mainland China as a disposal group held for sale upon fulfilment of the relevant criteria under the prevailing accounting standards. Management considered that the business subject to disposal does not represent a separate major line of business or geographical area and, therefore, is not presented as a discontinued operation.

Notes to the Financial Statements

37 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Interests in subsidiaries		1,705,592	1,512,875
Current assets			
Amount due from a subsidiary		1,560	1,560
Prepayments		439	440
Deposits and cash		88	89
		2,087	2,089
Current liabilities			
Payables and accrued charges		963	1,702
Convertible bonds		9,547	–
		10,510	1,702
Net current (liabilities)/assets		(8,423)	387
Non-current liabilities			
Convertible bonds		174,067	–
NET ASSETS		1,523,102	1,513,262
CAPITAL AND RESERVES			
	28		
Share capital		274,252	274,252
Reserves		1,248,850	1,239,010
TOTAL EQUITY		1,523,102	1,513,262

38 EVENTS AFTER REPORTING PERIOD

On 25 January 2017, the Group entered into a sale and purchase agreement with a third party to disposal of its film exhibition business in Mainland China. Further details are disclosed in note 35.

Notes to the Financial Statements

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes:</i> <i>Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that, except for HKFRS 16, *Leases* in relation to which it is not practicable to provide a reasonable estimate about the impact on the Group's financial statements until the Group performs a detailed review, the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 16, Leases

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and machinery and office equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

綜合收益表

截至二零一六年十二月三十一日止年度

	附註	二零一六年 千港元	二零一五年 千港元
收益	3及4	1,291,819	1,277,132
銷售成本		(523,466)	(548,204)
毛利		768,353	728,928
其他收益	5(a)	44,255	54,518
其他虧損淨額	5(b)	(1,743)	(41,964)
銷售及發行費用		(766,476)	(775,424)
一般及行政費用		(130,198)	(160,024)
其他營運費用		(228)	(52,415)
投資物業估值虧損	11	(4,949)	(5,141)
經營業務虧損		(90,986)	(251,522)
財務費用	6(a)	(65,882)	(39,635)
應佔合營企業之溢利		87,739	103,398
應佔聯營公司之溢利		976	1,580
除稅前虧損	6	(68,153)	(186,179)
所得稅	7(a)	2,916	4,961
本年度虧損		(65,237)	(181,218)
以下人士應佔：			
本公司股權持有人		(59,078)	(180,471)
非控股權益		(6,159)	(747)
本年度虧損		(65,237)	(181,218)
每股虧損	10		
基本		(2.15) 仙	(6.58) 仙
攤薄		(2.15) 仙	(6.58) 仙

第 148 至 212 頁之附註為此等財務報表之組成部分。

綜合全面收益表

截至二零一六年十二月三十一日止年度

	二零一六年 千港元	二零一五年 千港元
本年度虧損	(65,237)	(181,218)
本年度其他全面收益：		
其後可能重新分類至損益之項目：		
換算以下財務報表時之匯兌差額：		
— 香港境外附屬公司	(26,353)	(31,999)
— 香港境外合營企業	322	(6,275)
— 香港境外聯營公司	(614)	(706)
	(26,645)	(38,980)
本年度全面收益總額	(91,882)	(220,198)
以下人士應佔全面收益總額		
本公司股權持有人	(85,323)	(218,686)
非控股權益	(6,559)	(1,512)
本年度全面收益總額	(91,882)	(220,198)

附註：上述全面收益項目並無任何稅務影響。

第 148 至 212 頁之附註為此等財務報表之組成部分。

綜合財務狀況表

於二零一六年十二月三十一日

	附註	二零一六年 千港元	二零一五年 千港元
非流動資產			
投資物業	11	41,800	139,159
其他物業、廠房及設備	11	80,240	1,255,487
租賃土地	11	123,749	124,882
		245,789	1,519,528
於聯營公司之權益	13	–	11,269
於合營企業之權益	14	201,122	263,290
可供出售股本證券		6,048	6,372
其他應收款項、按金及預付款項		18,821	96,652
會籍		1,890	2,490
商標	15	80,524	80,524
商譽	16	57,233	75,203
遞延稅項資產	26(b)	6,160	44,001
已抵押銀行存款	21	20,000	33,570
		637,587	2,132,899
流動資產			
存貨	17	1,025	6,596
電影版權	18	46,040	50,195
貿易應收款項	19(a)	21,237	125,496
其他應收款項、按金及預付款項	19	64,357	287,037
已抵押銀行存款	21	43,001	67,850
存款及現金	21	152,380	195,120
衍生金融工具	20	70,236	–
分類為持作待售之出售組別資產	35	2,120,002	–
		2,518,278	732,294
流動負債			
銀行貸款	22	222,634	432,901
可換股債券	27	9,547	–
貿易應付款項	24(a)	43,494	89,535
其他應付款項及應計費用	24(b)	55,939	192,511
遞延收益	24(c)	3,737	147,197
融資租賃債務	23	276	15,702
應付稅項	26(a)	1,164	7,404
分類為持作待售之出售組別負債	35	637,543	–
		974,334	885,250
流動資產／(負債)淨值		1,543,944	(152,956)
資產總值減流動負債		2,181,531	1,979,943

綜合財務狀況表

於二零一六年十二月三十一日

	附註	二零一六年 千港元	二零一五年 千港元
非流動負債			
銀行貸款	22	188,300	336,977
可換股債券	27	174,067	–
融資租賃債務	23	269	37,332
其他金融負債	25	219,389	–
遞延稅項負債	26(b)	9,471	12,419
		591,496	386,728
資產淨值		1,590,035	1,593,215
股本及儲備	28		
股本		274,252	274,252
儲備		1,257,350	1,305,585
本公司股權持有人應佔權益總額		1,531,602	1,579,837
非控股權益		58,433	13,378
權益總額		1,590,035	1,593,215

董事會於二零一七年三月二十九日審批及授權簽發。

伍克波
董事

毛義民
董事

第 148 至 212 頁之附註為此等財務報表之組成部分。

綜合權益變動表

截至二零一六年十二月三十一日止年度

附註	股本		股本		總入盈餘	儲備基金	匯兌儲備	其他儲備	可換股債券		保留溢利	合計	非控股權益	權益總計
	千港元	股份溢價	購股權儲備	贖回儲備					千港元	千港元				
於二零一六年一月一日之結餘	274,252	694,639	29,286	8,833	80,000	15,259	3,168	-	-	474,400	1,579,837	13,378	1,593,215	
於二零一六年之權益變動：														
本年度虧損	-	-	-	-	-	-	-	-	-	(59,078)	(59,078)	(6,159)	(65,237)	
其他全面收益	-	-	-	-	-	-	(26,245)	-	-	-	(26,245)	(400)	(26,645)	
全面收益總額	-	-	-	-	-	-	(26,245)	-	-	(59,078)	(85,323)	(6,559)	(91,882)	
視作出售一間附屬公司	-	-	-	-	-	-	-	203,937	-	-	203,937	51,614	255,551	
確認認沽負債	-	-	-	-	-	-	-	(203,412)	-	-	(203,412)	-	(203,412)	
購股權失效時轉撥至保留溢利	28(a)(i)	-	(36)	-	-	-	-	-	-	36	-	-	-	
視作出售一間附屬公司	-	-	-	-	-	-	-	-	-	-	-	-	-	
應佔交易成本	-	-	-	-	-	-	-	(3,830)	-	-	(3,830)	-	(3,830)	
轉撥往/(自)儲備	-	-	-	-	-	2,280	-	-	-	(2,280)	-	-	-	
發行可換股債券	27	-	-	-	-	-	-	-	40,393	-	40,393	-	40,393	
於二零一六年十二月三十一日之結餘	274,252	694,639	29,250	8,833	80,000	17,539	(23,077)	(3,305)	40,393	413,078	1,531,602	58,433	1,590,035	
於二零一五年一月一日之結餘	274,252	694,639	-	8,833	80,000	13,656	41,383	-	-	656,437	1,769,200	11,447	1,780,647	
於二零一五年之權益變動：														
本年度虧損	-	-	-	-	-	-	-	-	-	(180,471)	(180,471)	(747)	(181,218)	
其他全面收益	-	-	-	-	-	-	(38,215)	-	-	-	(38,215)	(765)	(38,980)	
全面收益總額	-	-	-	-	-	-	(38,215)	-	-	(180,471)	(218,686)	(1,512)	(220,198)	
收購一間附屬公司	-	-	-	-	-	-	-	-	-	-	-	4,899	4,899	
成立一間附屬公司	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	
一間附屬公司股本削減	-	-	-	-	-	-	-	-	-	-	-	(2,956)	(2,956)	
購股權失效時轉撥至保留溢利	28(a)(i)	-	(37)	-	-	-	-	-	-	37	-	-	-	
轉撥往/(自)儲備	-	-	-	-	-	1,603	-	-	-	(1,603)	-	-	-	
以股權結算之股本付款交易	28(a)(i)	-	29,323	-	-	-	-	-	-	-	29,323	-	29,323	
於二零一五年十二月三十一日之結餘	274,252	694,639	29,286	8,833	80,000	15,259	3,168	-	-	474,400	1,579,837	13,378	1,593,215	

第 148 至 212 頁之附註為此等財務報表之組成部分。

綜合現金流量表

截至二零一六年十二月三十一日止年度

	附註	二零一六年 千港元	二零一五年 千港元
經營業務			
除稅前虧損		(68,153)	(186,179)
調整下列各項：			
利息收入	5(a)	(3,538)	(4,804)
財務費用	6(a)	65,882	39,635
物業、廠房及設備折舊	11	139,418	159,696
出售物業、廠房及設備之虧損	5(b)	5,894	1,625
撇銷負債	5(a)	–	(6,337)
物業、廠房及設備(減值撥回)/減值	11	(14,122)	14,122
商譽減值	16	–	16,425
電影版權減值	18	108	5,119
衍生金融工具之公允價值收益	5(b)	(24,261)	–
撇銷貿易應收款項	6(c)	–	13,782
以股權結算之股本付款開支		–	29,323
出售會籍之收益	5(b)	(207)	–
投資物業估值虧損	11	4,949	5,141
應佔合營企業之溢利		(87,739)	(103,398)
應佔聯營公司之溢利		(976)	(1,580)
匯兌虧損淨額		30,158	28,186
營運資金變動前之經營溢利		47,413	10,756
存貨增加		(6,698)	(171)
電影版權減少		3,283	17,854
貿易應收款項增加		(30,630)	(54,596)
其他應收款項、按金及預付款項減少/(增加)		18,808	(74,356)
貿易應付款項增加		8,121	3,565
其他應付款項及應計費用增加		25,771	49,327
遞延收益增加/(減少)		32,338	(15,332)

綜合現金流量表

截至二零一六年十二月三十一日止年度

	附註	二零一六年 千港元	二零一五年 千港元
經營活動所得／(所用)現金結轉		98,406	(62,953)
已收利息		3,587	4,718
已付財務費用		(37,682)	(38,982)
已付融資租賃租金之利息部分		(3,344)	(3,305)
已付稅項	26(a)	(12,739)	(12,961)
經營業務所得／(所用)現金淨額		48,228	(113,483)
投資活動			
支付購買物業、廠房及設備之款項		(185,244)	(128,815)
收購附屬公司，扣除所收購現金	30	(3,652)	(32,602)
支付購買可供出售股本證券之款項		–	(6,642)
收購一間附屬公司之預付款項		–	(3,540)
出售物業、廠房及設備所得款項		–	118
出售會籍所得款項		807	–
已抵押銀行存款減少／(增加)		24,649	(56,150)
於收購時原定到期日超過三個月之定期存款減少／(增加)		3,780	(8,260)
聯營公司還款		833	2,020
合營企業還款		2,358	1,572
已收股息		176,254	91,610
非控股權益股權削減		–	(2,956)
投資活動所用現金淨額		19,785	(143,645)
融資活動			
籌借銀行貸款		288,948	294,770
償還銀行貸款		(428,470)	(224,151)
已付融資租賃租金之資本部分		(24,397)	(23,034)
非控股權益注資		224,000	1,500
支付視作出售一間附屬公司之交易成本		(3,830)	–
發行可換股債券所得款項		200,000	–
融資活動所得現金淨額		256,251	49,085
現金及現金等值項目增加／(減少)淨額		324,264	(208,043)
於一月一日之現金及現金等值項目		186,860	406,488
分類為持作待售之出售組別現金及現金等值項目		(351,242)	–
外匯匯率變動之影響		(7,502)	(11,585)
於十二月三十一日之現金及現金等值項目	21	152,380	186,860

第 148 至 212 頁之附註為此等財務報表之組成部分。

財務報表附註

1 公司資料

橙天嘉禾娛樂(集團)有限公司(「本公司」)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。本公司、其附屬公司(統稱「本集團」)、其聯營公司及其合營企業之主要業務包括於香港、中國內地、台灣與新加坡發行全球電影及影碟，經營影城，於香港與中國內地進行電影及電視節目製作以及於香港、中國內地、台灣與新加坡提供廣告及諮詢服務。附屬公司之其他詳情及主要業務載於財務報表附註 12。

2 主要會計政策

(a) 遵例聲明

本財務報表乃按照香港會計師公會(「香港會計師公會」)頒佈之所有適用《香港財務報告準則》(「香港財務報告準則」)，亦包括所有適用之個別《香港財務報告準則》、《香港會計準則》(「香港會計準則」)及詮釋、香港普遍採納之會計原則以及香港《公司條例》之披露規定而編製。本財務報表亦符合香港聯合交易所有限公司證券上市規則(「上市規則」)之適用披露規定。本集團所採納主要會計政策於下文披露。

香港會計師公會已頒佈若干於本集團本會計期間首次生效或可提早採納之新訂及經修訂《香港財務報告準則》。附註 2(c) 提供有關已於本財務報表反映初次應用該等與本集團有關之發展所引致目前及以往會計期間之會計政策出現任何變動之資料。

(b) 財務報表之編製基準

截至二零一六年十二月三十一日止年度之綜合財務報表包括本集團以及本集團於聯營公司及合營企業之權益。

編製財務報表所用計量基準為歷史成本基準，惟下列按其公允值列賬之資產及負債除外，有關情況於下文所載會計政策闡述：

- 投資物業(見附註 2(j))；
- 其他租賃土地及樓宇，當中租賃土地分類為根據融資租賃持有(見附註 2(k)及(n))；
- 分類為可供出售或買賣證券之金融工具(見附註 2(g))；及
- 衍生金融工具(見附註 2(i))。

非流動資產及持作待售之出售組別按賬面值與公允值減出售成本兩者之較低者入賬(見附註 2(dd))。

為編製符合《香港財務報告準則》之財務報表，管理層須作出對政策應用以及資產、負債及收支之列報金額構成影響之判斷、估計及假設。有關估計及相關假設乃根據過往經驗及於有關情況下視為合理之多項其他因素作出，其結果構成無法從其他途徑明確得到之有關資產及負債賬面值之判斷依據。實際結果可能有別於該等估計。

估計及相關假設按持續基準審閱。倘會計估計之修訂僅影響修訂估計之期間，則該等修訂於該期間內確認；或倘修訂對目前及未來期間均有影響，則於作出修訂之期間及未來期間確認。

財務報表附註

2 主要會計政策(續)

(b) 財務報表之編製基準(續)

管理層於應用《香港財務報告準則》時所作出對財務報表構成重大影響之判斷，以及估計不明朗因素之主要來源於附註36中討論。

(c) 會計政策變動

香港會計師公會已頒佈若干於本集團本會計期間首次生效之《香港財務報告準則》之修訂本。概無此等發展對本集團目前或以往年度之業績及財務狀況編製或呈列方式構成重大影響。

本集團並無應用於本會計期間尚未生效之任何新訂準則或詮釋。

(d) 附屬公司及非控股權益

附屬公司為本集團控制之實體。倘本集團承擔或享有參與有關實體業務所得可變回報之風險或權利，並能透過其在該實體之權力影響該等回報時，本集團對該實體具有控制權。當評估本集團是否具有該權力時，僅考慮由本集團及其他人士持有之實質權利。

於附屬公司之投資，自開始控制之日起至失去控制權當日已包括於綜合財務報表內。集團內公司間之結餘、交易及現金流量以及集團內公司間交易所產生之任何未變現溢利，會在編製綜合財務報表時全數抵銷。集團內公司間交易所引致未變現虧損之抵銷方法與未變現收益相同，抵銷額只限於無證據顯示已出現減值之部分。

非控股權益指並非由本公司直接或間接擁有之附屬公司權益，而本集團未有就此與該等權益持有人達成任何附加協議，致令本集團整體上對該等權益產生符合金融負債定義之合約責任。就各項業務合併而言，在計量非控股權益時，本集團可選擇按公允值計算或按非控股權益分佔附屬公司之可識別資產淨值予以計量。

非控股權益會在綜合財務狀況表之權益項目中，與本公司股東應佔權益分開呈報。本集團業績內之非控股權益會在綜合收益表及綜合全面收益表中列作本公司非控股權益與本公司股東之間之本年度損益總額及全面收益總額分配。來自非控股權益持有人之貸款及其他有關該等持有人之合約責任，根據附註2(u)或(v)(視乎負債性質而定)於綜合財務狀況表呈列為金融負債。

本集團將非失去控制權之附屬公司權益變動計作股權交易，而綜合權益內之控股及非控股權益之金額須作出調整，以反映相關權益之變動，惟不會對商譽作出調整，亦不會確認任何盈虧。

倘本集團失去附屬公司之控制權，有關交易將會當作出售有關附屬公司之全部權益入賬，而所得盈虧將於損益確認。於失去控制權當日在該前附屬公司仍然保留之任何權益將按公允值確認，而此金額將被視為金融資產於首次確認時之公允值(見附註2(g))或(倘適用)於聯營公司或合營企業之投資在首次確認時之成本(見附註2(e))。

在本公司之財務狀況表內，於附屬公司之投資乃按成本扣除減值虧損列賬(附註2(o))。

2 主要會計政策(續)

(e) 聯營公司及合營企業

聯營公司乃本集團或本公司可以對該公司管理層產生重大影響，包括參與財務及經營決策，但非控制或共同控制其管理層之實體。

合營企業為一項安排，據此，本集團或本公司與其他各方訂約協定分佔此安排之控制權，並有權擁有此安排之資產淨值。

於聯營公司或合營企業之投資按權益法計入綜合財務報表，除非其分類為持作待售(或計入分類為持作待售之出售組別)。根據權益法，投資初始按成本入賬，並按本集團應佔投資對象於收購當日可識別資產淨值之公允值超逾投資成本之部分(如有)作出調整。此後，該投資因應本集團於收購後應佔該投資對象資產淨值之變動及與投資有關之任何減值虧損(見附註2(f)及(o))作出調整。收購當日起出成本之任何部分、本集團於年內應佔該投資對象收購後之稅後業績以及任何減值虧損於綜合收益表確認，而本集團應佔該投資對象其他全面收益之收購後除稅後項目乃於綜合全面收益表內確認。

當本集團應佔聯營公司或合營企業虧損超逾其於該聯營公司之權益，本集團之權益將削減至零，且不再確認其他虧損，惟倘本集團須承擔法定或推定責任，或代該投資對象付款則除外。就此而言，本集團之權益為按照權益法計算之投資賬面值，連同實質上構成本集團於該聯營公司或合營企業投資淨額一部分之本集團長期權益。

本集團與其聯營公司及合營企業進行交易所產生未變現溢利及虧損，均以本集團於投資對象之權益抵銷，惟可證實已轉讓資產減值之未變現虧損則不在此限，在此情況下，該未變現虧損即時於損益確認。

倘於聯營公司之投資變為於合營企業之投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。

在所有其他情況下，倘本集團不再對聯營公司有重大影響力或不再對合營企業有共同控制權，則入賬為出售於該投資對象全部權益，而所產生盈虧將於損益確認。任何在失去重大影響力或失去共同控制權當日仍保留在該前投資對象之權益按公允值確認，而此金額被視為初步確認金融資產之公允值(見附註2(g))。

(f) 商譽

商譽指以下之差額：

- (i) 已轉讓代價之公允值、於收購對象任何非控股權益之金額及本集團先前所持收購對象股權公允值之總和，減去
- (ii) 於收購日期應佔收購對象可識別資產及負債之公平淨值。

如(ii)項之金額大於(i)項，則有關差額即時於損益確認為議價購入之收益。

商譽按成本減累計減值虧損列賬。業務合併所得之商譽會被分配至各個現金生產單位或各組現金產生單位(預期會產生合併協同效益)，並須每年作減值測試(見附註2(o))。

年內出售現金產生單位時，任何應佔購入商譽之金額會於計算出售交易之盈虧時計入其中。

財務報表附註

2 主要會計政策(續)

(g) 股本證券之其他投資

除於附屬公司、聯營公司及合營企業之投資外，本集團及本公司有關股本證券投資之政策如下：

股本證券投資初步按公允值(亦即其交易價格)入賬，惟確定初步確認之公允值與成交價有別，且公允值以相同資產或負債在活躍市場報價為依據，或根據僅使用從可觀察市場數據之估值技術計算得出則作別論。除下文另有所指外，成本包括應佔交易成本。

股本證券投資乃分類為可供出售證券。於各個報告期末，會重新計算公允值，所得之盈虧會於其他全面收益確認，並單獨累計呈列於權益中之公允值儲備，惟以下情況例外：相同工具在活躍市場並無報價且其公允值不能可靠計量之股本證券投資，乃按成本減減值虧損於財務狀況表確認(見附註2(o))。股本證券所得之股息收入按附註2(z)(viii)所載政策於損益確認。

當解除確認投資或此等投資出現減值(見附註2(o))時，累計收益或虧損於權益確認，並重新分類至損益。投資乃於本集團及/或本公司承諾收購/出售有關投資或有關項目屆滿時確認/解除確認。

(h) 其他金融負債

其他金融負債初步按公允值計量。初步確認後，其他金融負債採用實際利率法按攤銷成本計量。相關利息開支於損益確認。當負債解除確認及進行攤銷時，收益或虧損於損益確認。

(i) 衍生金融工具

衍生金融工具初步按公允值確認，並於各報告期末重新計量公允值。重新計量公允值之收益或虧損即時於損益確認。

(j) 投資物業

投資物業指就賺取租金收入及/或為資本增值而擁有或以租賃權益(見附註2(n))持有之土地及/或樓宇，包括所持目前尚未確定未來用途之土地及在建或發展中以供日後用作投資物業之物業。

投資物業按公允值列賬，惟倘於報告期末該等物業仍然在建或處於發展階段，且當時無法可靠計量其公允值則除外。投資物業公允值變動或報廢或出售投資物業所產生收益或虧損於損益確認。投資物業租金收入按附註2(z)(vi)所述方法入賬。

倘本集團按經營租賃持有物業權益以賺取租金收入及/或資本增值，有關權益會按每項物業之基準分類及入賬為投資物業。任何分類為投資物業之物業權益予以入賬，猶如按融資租賃持有(見附註2(n))，而該權益亦應用與按融資租賃租用投資物業相同之會計政策。租賃付款按附註2(n)所述方式入賬。

財務報表附註

2 主要會計政策(續)

(k) 其他物業、廠房及設備

下列物業、廠房及設備項目乃按成本扣除累計折舊及減值虧損入賬(見附註2(o))：

- 持作自用而建於租賃土地上之樓宇分類為按經營租賃持有(見附註2(n))；
- 機器及設備分類為按融資租賃持有(見附註2(n))；及
- 其他廠房及設備項目(在建工程除外)。

物業、廠房及設備項目之成本包括其購買價及任何使其達至操作狀態及運送至操作地點作擬定用途所產生之直接應佔成本。物業、廠房及設備項目投入運作後產生之開支(如維修及保養成本等)，一般於其產生期間自損益扣除。倘清楚顯示有關開支令使用有關物業、廠房及設備項目預期獲得之未來經濟利益有所增加，及倘該項目之成本能可靠計量，則有關開支將予以資本化，作為該資產之額外成本或作為替代項目。

在建工程指興建中之資產，按成本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。

報廢或出售物業、廠房及設備項目產生之盈虧，按該項目之出售所得款項淨額與其賬面值間之差額釐定，並於報廢或出售日期在損益確認。

折舊乃按以下年比率以直線法撇銷物業、廠房及設備項目成本減其估計剩餘價值(如有)計算：

— 分類為按融資租賃持有之租賃土地	餘下租賃限期
— 樓宇	2.5% – 10.0%
— 租賃物業裝修	租賃限期或可使用年期(以較短者為準)
— 機器及設備	10.0% – 20.0%
— 傢具及裝置	8.3% – 20.0%
— 汽車	20.0%

若物業、廠房及設備項目任何部分之可使用年期不同，則該項目成本將合理分配至各部分，而各部分將個別折舊。資產之可使用年期及其剩餘價值(如有)將每年進行檢討。

(l) 會籍

會籍按成本扣除減值虧損於綜合財務狀況表列賬(見附註2(o))。成本包括與購入會籍直接有關之費用及開支。

出售會籍所得盈虧於損益確認。

財務報表附註

2 主要會計政策(續)

(m) 商標

商標按成本扣除減值虧損於綜合財務狀況表列賬(見附註2(o))。被評估為具有無限可使用年期之無形資產不作攤銷。有關無形資產之可使用年期為無限之任何結論會每年檢討，以釐定事件及情況是否繼續支持該資產具有無限可使用年期之評估。

(n) 租賃資產

倘本集團決定一項安排(由一項交易或一系列交易組成)以一項或多項特定資產在協定期間內之使用權換取一筆或一連串付款，則該安排屬於或包括一項租賃。該項決定乃基於該安排之實際內容評估而作出，而不論有關安排是否以租賃之法律形式作出。

(i) 出租予本集團資產之分類

本集團根據租賃持有，且所有權之絕大部分風險及回報已轉移至本集團之資產乃分類為根據融資租賃持有。所有權之絕大部分風險及回報並無轉移至本集團之租賃則分類為經營租賃，惟以下情況除外：

- 按經營租賃持有且符合投資物業定義之物業，按每項物業之基準分類為投資物業，倘分類為投資物業，則按猶如融資租賃持有入賬(見附註2(j))；及
- 根據經營租賃持作自用且於租賃開始時公允值無法與建於其上之樓宇公允值分開計量之土地，入賬為根據融資租賃持有，除非樓宇清楚地根據經營租賃持有則另作別論。就此等目的而言，租賃開始指本集團最初訂立或自前承租人接管租賃之時間。

(ii) 經營租賃費用

倘本集團擁有根據經營租賃持有之資產使用權，則根據租賃作出之付款乃按租期涵蓋之會計期間分期均等地於損益扣除，惟倘有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。所獲之租金優惠作為已作出之淨租金總額之一部分於損益確認。或然租金於產生之會計期間在損益扣除。

根據經營租賃持有之土地之收購成本乃於租賃限期內按直線法攤銷，惟如該物業分類為投資物業則除外(見附註2(j))。

(iii) 根據融資租賃獲得之資產

倘本集團根據融資租賃獲得資產之使用權，則相當於租賃資產公允值之金額，或(倘較低)該等資產最低租金付款之現值，乃確認為物業、廠房及設備，而經扣除財務開支之相應負債乃記錄為融資租賃承擔。按撇銷資產成本或估值之比率於有關租約之年期內計提折舊，或倘本集團很有可能取得資產之擁有權，則為於資產之可使用年期內計提折舊(如附註2(k)所載)。減值虧損乃根據載於附註2(o)之會計政策入賬。租金付款中所隱含之財務費用乃於租約期間計入損益，以在各會計期間對剩餘責任產生概約固定之定期費用。或然租金在其產生之會計期間內在損益扣除。

2 主要會計政策(續)

(o) 資產減值

(i) 股本證券投資與其他應收款項之減值

股本證券投資及其他流動及非流動應收款項如以成本或攤銷成本列賬或分類為可供出售證券，將會於每個報告期末檢討，以確定有否客觀證據顯示出現減值。減值之客觀證據包括下列引起本集團關注一項或多項虧損事項之可觀察數據：

- 債務人遇上重大財務困難；
- 違反合約，如拖欠或逾期償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變而對債務人帶來不利影響；及
- 股本工具投資之公允值大幅下跌至低於其成本或長期低於其成本。

倘任何此等證據存在，任何減值虧損按以下方式釐定及確認：

- 就按權益法計入綜合財務報表之聯營公司及合營企業之投資(見附註2(e))而言，減值虧損乃根據附註2(o)(ii)透過比較投資之可收回金額與其賬面值計量。倘按附註2(o)(ii)用作釐定可收回金額之估計出現有利變動時，則撥回減值虧損。
- 就按成本列賬之非上市股本證券而言，減值虧損按金融資產賬面值與估計未來現金流量間之差額計量，倘貼現影響重大，則按同類金融資產之現行市場回報率貼現。按成本列值之股本證券減值虧損不會撥回。
- 就以攤銷成本列賬之貿易及其他流動應收款項及其他金融資產而言，如貼現之影響屬重大，減值虧損以資產賬面值與以金融資產原有實際利率(即在初次確認有關資產時計算之實際利率)貼現估計未來現金流量現值間之差額計量。倘按攤銷成本列賬之金融資產具備類似風險特徵，例如類似之逾期情況及並未個別被評估為減值，則有關評估會同時進行。金融資產之未來現金流量會根據與共同組別具有類似信貸風險特徵資產之過往虧損共同評估減值。

倘減值虧損於往後期間減少，且該減少客觀地與確認減值虧損後發生之事件有關，則減值虧損於損益撥回。減值虧損撥回後資產之賬面值不得超逾其在過往年度並無確認任何減值虧損而原應釐定之數額。

- 就可供出售證券而言，已於公允值儲備確認之累計虧損重新分類至損益。於損益確認之累計虧損金額，乃收購成本(扣減任何本金還款及攤銷)與現行公允值間之差額，減之前於損益確認之任何資產減值虧損。

就可供出售股本證券於損益確認之減值虧損不得於損益撥回。該等資產公允值之任何其後增加直接於其他全面收益確認。

財務報表附註

2 主要會計政策(續)

(o) 資產減值(續)

(i) 股本證券投資與其他應收款項之減值(續)

減值虧損乃於相應資產中直接撇銷，惟就被視為呆賬而並非不能收回之貿易及其他應收款項項下貿易債務及應收票據確認之減值虧損除外。於此情況下，呆賬減值虧損以撥備賬入賬。倘本集團認為難以收回，則視為不可收回之金額直接於貿易債務及應收票據中撇銷，而在撥備賬中持有有關該債務之任何金額會被撥回。其後收回早前計入撥備賬之款項，則於撥備賬撥回。撥備賬之其他變動及其後收回早前直接撇銷之金額均於損益確認。

(ii) 其他資產之減值

本集團會在各報告期末審閱內部及外部資料，以確定下列資產有否出現減值跡象，或(商譽除外)以往確認之減值虧損是否不再存在或已經減少：

- 物業、廠房及設備；
- 分類為根據經營租賃持有之租賃土地預付權益；
- 商標；
- 會籍；
- 電影版權；
- 商譽；及
- 本公司財務狀況表中於附屬公司之投資。

倘存在任何有關跡象，則須估計資產之可收回金額。此外，就具有無限可使用年期之商譽及無形資產而言，無論是否存在任何減值跡象，均會每年估計可收回金額。

— 計算可收回金額

資產之可收回金額乃其公允值減銷售成本與使用價值之較高者。評估使用價值時，乃以除稅前貼現率將估計未來現金流量貼現至現值，而該貼現率反映當時市場對金錢時間價值之評估及該項資產之特定風險。倘某項資產所產生之現金流入並未能大部分獨立於其他資產，可收回金額乃按可獨立產生現金流入之最小資產組別(即現金產生單位)釐定。

— 確認減值虧損

於資產賬面值或其所屬現金產生單位高於其可收回金額時，會於損益確認減值虧損。就現金產生單位確認之減值虧損會首先減少已分配至該現金產生單位(或該組單位)之任何商譽賬面值，其後則按比例減少單位(或該組單位)內其他資產之賬面值，惟資產之賬面值不得減至低於其個別公允值減出售成本後所得數額或其使用價值(如能釐定)。

2 主要會計政策(續)

(o) 資產減值(續)

(ii) 其他資產之減值(續)

一 撥回減值虧損

就商譽以外之資產而言，倘用於釐定可收回金額之估計數額出現有利變動，減值虧損將予以撥回。商譽之減值虧損不予撥回。

減值虧損撥回不得超過以往年度並無確認減值虧損而原應釐定之資產賬面值。減值虧損撥回乃於確認撥回之年度計入損益。

(iii) 中期財務報告與減值

根據上市規則，本集團須按《香港會計準則》第34號中期財務報告編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用等同財政年末之減值測試、確認及轉回標準(見附註2(o))。

就按成本列賬之商譽、可供出售股本證券及無報價股本證券所確認於中期期間之減值虧損，均不能在較後期間撥回。即使假如該減值在與該中期期間有關之財政年末始作評估則該減值虧損不會發生、或損失之金額較小，在此情況下亦不可撥回。因此，如可供出售股本證券之公允值在每年餘下期間、或往後之其他任何期間增加，增加之金額只能在其他全面收益而非損益內確認。

(p) 存貨

存貨按成本與可變現淨值兩者之較低者入賬。

成本按先入先出法計算，並包括所有購買成本、轉換成本及使存貨達致其現有位置及狀況所產生之其他成本。

可變現淨值指日常業務過程中之估計售價減估計完成成本及作出銷售所需之估計成本。

當出售存貨時，該等存貨之賬面值於有關收益確認之期間確認為開支。任何撇減存貨至可變現淨值及存貨之所有虧損於撇減虧損之期間確認為開支。撇減存貨之任何撥回金額，於撥回期間以減少存貨為開支金額作確認。

(q) 電影版權

(i) 電影版權

電影版權指電影及電視劇，乃按成本扣除累計攤銷及減值虧損列賬(見附註2(o))。

電影版權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損益。

(ii) 製作中電影製作

製作中電影製作指製作中之電影，乃按成本扣除任何減值虧損列賬(見附註2(o))。成本包括所有與製作電影有關之直接成本。當其成本高於估計日後將自該等電影產生之收益時，則作出減值虧損。當製作完成時，該成本轉撥至自製節目。

財務報表附註

2 主要會計政策(續)

(q) 電影版權(續)

(iii) 自製節目

自製節目乃按成本(包括直接開支及直接製作間接成本之應佔部分)減累計攤銷及減值虧損列賬(附註2(o))。攤銷按年內所賺取實際收入與出售自製節目之估計總收入之比例計算而撥入損益。

(iv) 電影/電視劇製作投資

電影/電視劇製作投資初步按成本列賬，隨後就投資所得收益淨額調整，並扣除任何累計減值虧損(見附註2(o))。

(r) 貿易及其他應收款項

貿易及其他應收款項初步按公允值確認，其後使用實際利率法按攤銷成本，並扣除呆賬減值撥備入賬(見附註2(o))；惟倘應收款項為給予關連人士之無固定還款期之免息貸款或其貼現影響並不重大則除外。於此情況下，應收款項會按成本扣除呆賬減值撥備入賬。

(s) 可換股債券

倘於轉換時將予發行之股份數目及將予收取之代價價值當時並無變動，則可供持有人選擇轉換為股本之可換股債券作為附有負債部分及權益部分之複合金融工具列賬。

於初步確認時，可換股債券負債部分按未來利息及本金付款之現值計算，而未來利息及本金付款之現值乃按無轉換權之類似負債於初步確認時適用之市場利率貼現。任何超過初步確認為負債部分之所得款項確認為權益部分。與發行複合金融工具相關之交易成本按所得款項之分配比例分配至負債及權益部分。

負債部分其後按攤銷成本列賬。於損益確認之負債部分利息開支按實際利率法計算。權益部分於可換股債券權益儲備確認，直至債券獲轉換或贖回為止。

倘債券獲轉換，則可換股債券權益儲備連同負債部分於轉換時之賬面值轉入股本及股份溢價，作為已發行股份之代價。倘債券獲贖回，則可換股債券權益儲備直接計入保留溢利。

(t) 現金及現金等值項目

現金及現金等值項目包括銀行及手頭現金、於銀行及其他財務機構之活期存款，以及短期高流動性投資，即在沒有涉及重大價值轉變之風險下可以即時轉換為已知數額且收購時於三個月內到期之現金之投資。就編製綜合現金流量表而言，現金及現金等值項目包括按要償還及構成本集團現金管理之不可分割組成部分之銀行透支。

(u) 貿易及其他應付款項

貿易及其他應付款項初步按公允值確認。除根據附註2(y)(i)計算之財務擔保負債外，貿易及其他應付款項其後按攤銷成本入賬；惟倘貼現影響並不重大，則按成本入賬。

2 主要會計政策(續)

(v) 計息借貸

計息借貸初步按公允值減應佔交易成本確認。初步確認後，計息借貸按攤銷成本列賬，初步確認之數額與贖回價值間之差額以實際利率法按借貸年期與任何應付利息及費用一併於損益確認。

(w) 僱員福利

(i) 短期僱員福利及向定額供款退休計劃作出之供款

薪金、年度花紅、有薪年假、定額供款退休計劃之供款及各項非貨幣福利之成本，均在僱員提供相關服務之年度內累計。如延遲支付或結算會構成重大影響，則上述數額須按現值列賬。

(ii) 股本付款

授予僱員之購股權之公允值確認為僱員成本，並相應於權益內增加資本儲備。公允值於授予日期經考慮有關購股權授予之條款及條件後，採用柏力克－舒爾斯期權定價模式釐定。倘僱員須符合歸屬條件方能無條件取得購股權，購股權之估計公允值總額將於歸屬期間攤分，並考慮到購股權將予歸屬之可能性。

於歸屬期間，預期歸屬之購股權數目將獲審閱。對於過往年度確認之累計公允值作出之任何調整，將扣除／計入審核年度之損益，除非原來之僱員開支可獲確認為資產，並於資本儲備中作出相應調整則另作別論。於歸屬日期，已確認為開支之金額將調整至反映歸屬之購股權之實際數目（並於資本儲備中作出相應調整），因無法達到與本公司股份市價相關之歸屬條件而沒收者除外。股本金額將於資本儲備確認，直到購股權獲行使（計入就已發行股份於股本確認之金額）或購股權屆滿（直接撥至保留溢利）。

(iii) 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損益扣除。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屬於僱員。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政府營運之國家籌辦退休計劃（「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損益扣除。

財務報表附註

2 主要會計政策(續)

(x) 所得稅

- (i) 本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均於損益確認；惟如其與其他全面收益確認或直接於權益確認之項目有關，則有關稅項金額須分別於其他全面收益確認或直接於權益確認。
- (ii) 即期稅項乃按年內應課稅收入根據已生效或於報告期末實質上已生效之稅率計算而預期應付之稅項，並就過往年度應付稅項作出任何調整。
- (iii) 遞延稅項資產及負債分別由可抵扣及應課稅暫時差異產生。暫時差異是指資產及負債就財務呈報目的而言之賬面值與其稅基之差異。遞延稅項資產亦可以由未動用稅項虧損及未動用稅項抵免產生。

除若干有限之例外情況外，所有遞延稅項負債及遞延稅項資產(只以未來可能有應課稅溢利予以抵銷之資產為限)均會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產之未來應課稅溢利，包括因撥回現有應課稅暫時差異而產生之數額；但有關差異必須與同一稅務機關及同一應課稅公司有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生之稅項虧損向後期或向前期結轉之期間內撥回。在決定現有之應課稅暫時差異是否足以支持確認由未動用稅項虧損及抵免所產生之遞延稅項資產時，亦會採用同一準則，倘涉及同一稅務機關及同一應課稅公司，而且預期在能夠使用稅項虧損或抵免之同一期間內撥回，則予以計算在內。

遞延稅項資產及負債確認之有限例外情況包括不可扣稅商譽所產生之暫時差異，不影響會計或應課稅溢利(如屬業務合併之一部分則除外)之資產或負債之初步確認，以及於附屬公司之投資之暫時差異(如屬應課稅差異，只限於本集團可以控制撥回之時間，而且在可見將來不大可能撥回之差異；或如屬可予扣減之差異，則只限於可在將來撥回之差異)。

倘投資物業根據附註2(j)所載會計政策按其公允值列賬，已確認之遞延稅項數額會採用於報告日期按其賬面值出售該等資產適用之稅率計量，除非物業可予折舊並以目標為並非透過出售形式而消耗該物業絕大部分經濟利益之業務模式持有。在所有其他情況下，已確認之遞延稅項數額是按照資產及負債賬面值之預期實現或清償方式，以報告期末已生效或實際生效之稅率計量。遞延稅項資產及負債均毋須貼現。

遞延稅項資產之賬面值於各報告期末予以檢討，並於不可能再有足夠應課稅溢利可供動用有關稅項福利時予以削減。任何有關減少在可能有足夠應課稅溢利可供抵免時撥回。

因派發股息而產生之額外所得稅於確認支付相關股息責任時確認。

財務報表附註

2 主要會計政策(續)

(x) 所得稅(續)

(iv) 即期稅項結餘及遞延稅項結餘及其變動額會分開列示，並且不予抵銷。倘本公司或本集團有法定行使權以即期稅項資產抵銷即期稅項負債，並且在符合以下附帶條件之情況下，即期稅項資產與遞延稅項資產始會分別與即期稅項負債及遞延稅項負債抵銷：

- 倘為即期稅項資產及負債，本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 倘為遞延稅項資產及負債，而此等資產及負債屬同一稅務機關並與以下其中一項徵收之所得稅有關：
 - 同一應課稅公司；或
 - 不同應課稅公司，此等公司計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

(y) 已作出財務擔保、撥備及或然負債

(i) 已作出財務擔保

財務擔保為要求發行人(即擔保人)支付特定金額補償擔保之受益人(「持有人」)因指定債務人未能根據債務工具之條款在到期時付款所產生之虧損。

倘本集團發出財務擔保，該擔保之公允值初步確認為貿易及其他應付款項下之遞延收入。已發出財務擔保於發出時之公允值，乃經參考在同類服務之公平交易中所徵收費用釐定(倘可取得相關資料)，或經參考利率差價(即將貸款人對所發出擔保實際利率，與在並無取得擔保之情況下貸款人將徵收之估計利率比較)而估計(倘可作出有關資料之可靠估計)。倘就作出擔保之代價已收取或可收取，代價則根據本集團適用於此類別資產之政策確認。倘並無收到或無可收代價，則於初步確認任何遞延收入時在損益確認為即時開支。

初步確認為遞延收入之擔保金額自作出財務擔保後在損益按擔保之年期攤銷作為收入。此外，倘(i)擔保之持有人將可能根據擔保向本集團取得款項及(ii)該筆對本集團索取之金額預期超逾現時就擔保列賬為貿易及其他應付款項(即初步確認之金額減累計攤銷)之金額時，將根據附註2(y)(ii)撥備並予以確認。

(ii) 其他撥備及或然負債

倘本集團或本公司須就已發生之事件承擔法律或推定義務，而會導致經濟利益外流及在可以作出可靠之估計時，則就該時間或數額不定之負債確認撥備。倘金錢之時間價值重大，則按履行義務預計所需支出之現值計提撥備。

倘經濟利益外流之可能性較低，或無法對有關數額作出可靠之估計，則會將該義務披露為或然負債，但經濟利益外流之可能性極低則除外。倘可能存在義務須視乎某宗或多宗未來事件是否發生才能確定是否存在，則會披露為或然負債，除非經濟利益外流之可能性極低。

財務報表附註

2 主要會計政策(續)

(z) 收益確認

收益按已收取或應收取代價之公允值計量。收益乃於經濟利益將會流入本集團，以及能夠可靠計算收益及成本(如適用)時，按照下列方法於損益確認：

- (i) 票房收入於電影已向購票人放映時確認；
- (ii) 電影發行及銀幕廣告收入於提供有關服務時確認；
- (iii) 宣傳、廣告、廣告製作、代理費以及顧問服務收入於提供有關服務時確認；
- (iv) 電影／電視劇製作之投資收入於電影或電視節目發行時確認；
- (v) 小賣部及視聽產品銷售收入於小食及視聽產品給予客戶時確認；
- (vi) 經營租賃之應收租金收入在租期所涵蓋期間內，以等額在損益確認；惟倘有其他基準能更清楚地反映使用租賃資產所產生之收益模式則除外。租賃優惠措施均在損益確認為應收租賃淨付款總額之組成部分。在會計期間所獲得之或然租金確認為收入；
- (vii) 利息收入於應計時按實際利率法計算確認；
- (viii) 非上市投資之股息收入於股東收取款項之權利確立時確認；
- (ix) 戲票預訂收入於提供服務時確認；
- (x) 禮券之收入於客戶將禮券兌換貨品／服務或於期限屆滿時確認；
- (xi) 會費收入於會籍年期所涵蓋會計期間在損益確認；及
- (xii) 倘可合理確定能夠收取政府補貼，而本集團將符合政府補貼所附帶條件，則政府補貼初步於綜合財務狀況表中確認。補償本集團所產生開支之補貼於產生開支之同一期間有系統地於損益確認為收入。補償本集團資產成本之補貼在相關資產賬面值中扣除，其後於該項資產之可使用年期以減少折舊開支方式於損益實際確認。

(aa) 外幣換算

年內進行之外幣交易以交易日之適用匯率換算。於報告期末以外幣結算之貨幣資產及負債，以及海外附屬公司、合營企業及聯營公司之財務報表按該日之匯率換算。匯兌盈虧於損益確認，惟因換算海外附屬公司、合營企業及聯營公司之財務報表而產生之匯兌盈虧則直接計入匯兌儲備。

按過往成本以外幣為單位之非貨幣資產及負債，按交易日之外匯匯率換算。以外幣計值並按公允值列賬之非貨幣資產及負債按釐定其公允值當日適用之外匯匯率換算。

於出售海外業務時，與海外業務有關並於權益確認之累計匯兌差額於計算出售之溢利或虧損時計入。

2 主要會計政策(續)

(bb) 借貸成本

與購入、建造或生產需經一段長時期準備方可作擬定用途或出售之資產直接有關之借貸成本，會資本化作為有關資產之部分成本。其他借貸成本於產生之期間列作開支處理。

借貸成本乃於資產之開支產生、借貸成本產生及有關籌備資產作其擬定用途或出售所需之活動進行時，即資本化作為合格資產之部分成本。當所有有關籌備合格資產作其擬定用途或出售所需之活動大致上中斷或完成時，即暫時中止或停止資本化借貸成本。

(cc) 關連人士

(a) 倘出現下列情況，則該名人士或其近親為與本集團有關連：

- (i) 對本集團有控制權或共同控制權；
- (ii) 對本集團有重大影響力；或
- (iii) 為本集團或本集團母公司主要管理層職員之成員。

(b) 倘出現下列情況則有關公司為與本集團有關連：

- (i) 該公司及本集團屬同一集團(即各母公司、附屬公司及同系附屬公司為互相關連)。
- (ii) 一間公司與另一間公司為聯繫人或合營企業(或集團之成員公司之聯繫人或合營企業，而該集團當中之另一間公司為成員公司)。
- (iii) 兩間公司皆為同一第三方之合營企業。
- (iv) 一間公司為第三方公司之合營企業及另一間公司為第三間公司之聯繫人。
- (v) 該公司為本集團或作為本集團有關連公司之僱員福利而設之離職後福利計劃。
- (vi) 該公司受(a)部所識別之人士控制或共同控制。
- (vii) 於(a)(i)所識別對公司有重大影響之人士，或是公司(或公司之母公司)主要管理層職員之成員。
- (viii) 該公司或其所屬集團之任何成員公司向本集團或本集團母公司提供主要管理人員服務。

有關人士之近親家族成員為預期於與本公司交易時將影響該人士或受該人士影響之該等家族成員。

財務報表附註

2 主要會計政策(續)

(dd) 持作待售之非流動資產

倘非流動資產(或出售組別)之賬面值極可能透過銷售交易而非透過持續使用收回，以及該資產(或出售組別)可在現況下出售，則分類為持作待售。出售組別為一組將於單一交易中一併出售之資產，以及與將於交易中轉讓之資產直接相關之負債。

當本集團致力執行涉及失去附屬公司控制權之銷售計劃，該附屬公司之所有資產及負債於達致上述持作待售之分類標準時分類為持作待售，而不論本集團會否於銷售後保留於該附屬公司之非控股權益。

緊接分類為持作待售前，非流動資產(及出售組別之所有個別資產及負債)於分類前根據會計政策重新計量。其後，於初步分類為持作待售及直至出售前，非流動資產(下文闡述之若干資產除外)或出售組別會按賬面值與公允值減出售成本兩者之較低者確認。就本集團及本公司之財務報表而言，毋須採用此計量政策之主要例外情況為遞延稅項資產、僱員福利所產生之資產、金融資產(於附屬公司、聯營公司及合營企業之投資除外)及投資物業。該等資產即使為持作待售，仍會繼續按附註2其他部分所載政策計量。

於初步分類為持作待售及其後在持作待售期間重新計量之減值虧損於損益確認。只要非流動資產仍分類為持作待售或納入分類為持作待售之出售組別，非流動資產均不予折舊或攤銷。

(ee) 分部報告

經營分部及財務報表所呈報之各分部項目金額，乃根據就分配資源予本集團各項業務及地區分部及評估其表現而定期提供予本集團最高行政管理人員之財務資料而確定。

就財務報告而言，個別重要經營分部不會綜合呈報，除非有關分部具有類似經濟特徵以及在產品及服務性質、經營程序性質、客戶類型或類別、分銷產品或提供服務所採用方式及監管環境性質方面類似則另作別論。倘獨立而言並非屬重要之經營分部共同擁有上述大部分特徵，則可綜合呈報。

3 收益

收益指出售電影、影碟及電視版權、電影及電視劇發行、影城經營所得收入、宣傳及廣告服務、代理及顧問服務收入以及出售影音產品之所得款項。

本集團客戶基礎分散，概無客戶所涉及交易佔本集團收益超過10%。因客戶而產生之信貸集中風險詳情載於財務報表附註29(a)。

財務報表附註

4 分部報告

本集團按地區管理業務。與向本集團最高行政管理人員用作資源分配及表現評估之資料所用之內部匯報方式一致，本集團已呈列下列報告分部。概無將經營分部合併以構成下列報告分部：

- 香港
- 中國內地
- 台灣
- 新加坡

就位於香港、中國內地、台灣及新加坡之公司而言，本集團來自外部客戶之收益載列於下表。

上述各報告分部之收益主要源自經營影城、電影及影碟發行、電影及電視節目製作以及提供廣告及顧問服務。台灣及新加坡之報告分部分別代表在台灣及新加坡經營之合營企業之表現。為評估分部表現及分配分部資源，本集團最高行政管理人員按下列基準監察各報告分部應佔收益及業績：

分部收益及業績

收益按本地公司之外部客戶所在地分配至報告分部。開支參考該等分部之銷售額及該等地理位置產生之開支或該等分部應佔資產折舊及攤銷所產生之開支分配至報告分部。

報告分部溢利乃按經調整除稅後經營溢利計算，但不包括財務費用、匯兌差額及非經常性項目。為計算得出經調整除稅後經營溢利，本集團之溢利就並非指定屬於個別分部之項目（如董事及核數師酬金以及總辦事處或企業行政成本）作出進一步調整。

除收到有關除稅後經營溢利之分部資料外，有關收益之分部資料也會向管理層提供。

管理層主要基於經營溢利評估表現，包括應佔各分部之合營企業業績。分部之間定價一般按公平原則釐定。

財務報表附註

4 分部報告(續)

本集團按地區市場劃分之收益及業績分部資料呈列如下：

	香港		中國內地		台灣		新加坡		綜合	
	二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
	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
分部收益：										
來自外部客戶之收益										
— 經營影城	236,490	257,274	1,060,593	1,020,710	447,488	496,601	392,599	389,311	2,137,170	2,163,896
— 發行及製作	33,459	28,973	1,051	14,915	3,053	5,771	7,476	7,762	45,039	57,421
— 集團企業	1,539	1,211	4,832	4,351	—	—	—	—	6,371	5,562
報告分部收益	271,488	287,458	1,066,476	1,039,976	450,541	502,372	400,075	397,073	2,188,580	2,226,879
報告分部溢利/(虧損)	16,582	30,280	(46,188)	(120,905)	24,180	38,222	62,014	61,212	56,588	8,809
收益調節表										
報告分部收益									2,188,580	2,226,879
應佔台灣及新加坡合營企業之收益									(850,616)	(899,445)
分部間收益抵銷									(41)	(1,862)
其他									(46,104)	(48,440)
綜合收益									1,291,819	1,277,132
除稅前溢利調節表										
來自外部客戶之報告溢利									56,588	8,809
未分配經營開支淨額									(115,666)	(189,280)
非控股權益									(6,159)	(747)
所得稅									(2,916)	(4,961)
除稅前綜合虧損									(68,153)	(186,179)

財務報表附註

5 其他收益及其他虧損淨額

(a) 其他收益

	二零一六年 千港元	二零一五年 千港元
銀行存款之利息收入	3,538	4,804
撇銷負債	-	6,337
國家電影發展基金回扣(附註(i))	7,111	16,389
贊助費收入	-	7,858
補償收入(附註(ii))	10,296	-
雜項收入	23,310	19,130
	44,255	54,518

附註(i)：根據中國法規，於二零零四年一月一日後成立並擁有三個以上銀幕之影城營運商有權於營運首三年獲得總票房收入5%之回扣。截至二零一六年十二月三十一日止年度，本集團有權自國家電影發展基金獲取回扣人民幣6,078,000元(相當於約7,111,000港元(二零一五年：人民幣13,324,000元(相當於約16,389,000港元)))。

附註(ii)：截至二零一六年十二月三十一日止年度，已就於過往期間向本集團供應瑕疵品而獲設備供應商補償10,296,000港元。

(b) 其他虧損淨額

	二零一六年 千港元	二零一五年 千港元
補償收益	10,110	544
出售物業、廠房及設備之虧損	(5,894)	(1,625)
出售會籍之收益	207	-
物業、廠房及設備減值虧損撥回(附註11)	14,122	-
衍生金融工具之公允值收益	24,261	-
匯兌虧損淨額	(45,156)	(40,883)
其他	607	-
	(1,743)	(41,964)

財務報表附註

6 除稅前虧損

除稅前虧損已扣除／(計入)下列項目：

	二零一六年 千港元	二零一五年 千港元
(a) 財務費用		
銀行貸款利息	30,577	36,275
可換股債券利息	29,007	–
非控股權益認沽期權利息(附註25)	1,553	–
融資租賃債務之財務費用	3,344	3,305
其他附屬借貸成本	1,401	2,555
並非按公允值計入損益之金融負債之財務費用總額	65,882	42,135
減：已資本化並列入為租賃物業裝修之財務費用*	–	(2,500)
	65,882	39,635

* 截至二零一六年十二月三十一日止年度，本集團並無已資本化之財務費用。截至二零一五年十二月三十一日止年度，財務費用已按年率介乎5.39%至6.13%資本化。

	二零一六年 千港元	二零一五年 千港元
(b) 員工成本(不包括董事酬金(附註8))		
工資、薪金及其他福利(附註(i))	212,080	211,623
定額供款退休計劃供款	1,460	1,394
以股權結算之股本付款開支	–	17,375
	213,540	230,392
(c) 其他項目		
存貨成本	34,233	34,001
服務提供成本	478,802	472,276
物業、廠房及設備折舊	139,418	159,696
電影版權攤銷(附註(ii))(附註18)	10,431	41,927
物業、廠房及設備(減值撥回)／減值(附註11)	(14,122)	14,122
商譽減值(附註16)	–	16,425
電影版權減值(附註18)	108	5,119
撇銷貿易應收款項	–	13,782
核數師酬金	4,952	3,811
有關土地及樓宇之經營租賃費用		
— 最低租賃付款	199,362	183,664
— 或然租金	31,664	44,107
租金收入減直接支出	(14,175)	(14,604)

附註：

- (i) 該金額包括長期服務金撥備。
- (ii) 年內電影版權攤銷已計入綜合收益表之「銷售成本」內。

財務報表附註

7 綜合收益表之所得稅

(a) 綜合收益表之稅項指：

	二零一六年 千港元	二零一五年 千港元
本集團		
即期所得稅		
香港稅項撥備	1,163	1,724
海外稅項撥備	13,572	7,579
過往年度超額撥備	(23)	(1,191)
	14,712	8,112
遞延稅項 — 海外(附註26(b))		
暫時差異之撥回	(17,628)	(13,073)
	(2,916)	(4,961)

附註：

- (i) 於二零一六年之香港利得稅撥備按本年度估計應課稅溢利之16.5%(二零一五年：16.5%)計算。
- (ii) 於中國成立之附屬公司之中國企業所得稅撥備按本年度估計應課稅溢利之25%(二零一五年：25%)計算。
- (iii) 海外附屬公司之稅項按有關司法權區適用即期稅率繳納。
- (iv) 截至二零一六年十二月三十一日止年度，本集團就來自台灣合營企業之獲分派盈利支付所得稅7,030,000港元(二零一五年：3,860,000港元)。

截至二零一六年十二月三十一日止年度，本集團就來自台灣合營企業之累計盈利(將於可見之未來分派予本集團)撥備所得稅4,082,000港元(二零一五年：5,561,000港元)。

財務報表附註

7 綜合收益表之所得稅(續)

(b) 稅項抵免及按適用稅率計算之除稅前虧損對賬：

	二零一六年 千港元	二零一五年 千港元
除稅前虧損	(68,153)	(186,179)
按有關司法權區適用於虧損之稅率計算除稅前虧損之名義稅項	(13,723)	(46,150)
不可扣稅開支之稅務影響	19,543	31,128
毋須課稅收入之稅務影響	(13,517)	(1,484)
尚未確認之未動用稅項虧損之稅務影響	23,597	31,235
本年度動用尚未確認之過往年度稅項虧損之稅務影響	—	(1,378)
聯營公司應佔溢利之稅務影響	(244)	(395)
合營企業應佔溢利之稅務影響	(14,916)	(17,578)
未確認之暫時差異之稅務影響淨額	(685)	(849)
本年度台灣預扣稅撥備	(2,948)	1,701
過往年度超額撥備	(23)	(1,191)
實際稅項抵免	(2,916)	(4,961)

8 董事及高級管理人員酬金

根據香港《公司條例》第383(1)條及《公司(披露董事利益資料)規例》第2部披露之董事酬金如下：

	董事袍金 千港元	薪金、 津貼及 實物利益 千港元	酌情花紅 千港元	退休計劃 供款 千港元	小計 千港元	以股權結算 之股本 付款 千港元 (附註)	二零一六年 總計 千港元
執行董事							
伍克波	—	1,485	—	—	1,485	—	1,485
李培森	—	351	—	—	351	—	351
伍克燕	—	699	12	18	729	—	729
毛義民	—	2,442	1,702	110	4,254	—	4,254
鄒秀芳 (於二零一六年六月三日獲委任)	—	1,666	—	11	1,677	—	1,677
獨立非執行董事							
梁民傑	330	—	—	—	330	—	330
黃少華 (於二零一六年六月三日辭任)	95	—	—	—	95	—	95
黃斯穎	240	—	—	—	240	—	240
馮志文 (於二零一六年六月三日獲委任)	136	—	—	—	136	—	136
	801	6,643	1,714	139	9,297	—	9,297

財務報表附註

8 董事及高級管理人員酬金(續)

	董事袍金 千港元	薪金、 津貼及 實物利益 千港元	酌情花紅 千港元	退休計劃 供款 千港元	小計 千港元	以股權結算 之股本 付款 千港元 (附註)	二零一五年 總計 千港元
執行董事							
伍克波	-	1,443	-	-	1,443	-	1,443
李培森	-	240	-	-	240	5,690	5,930
伍克燕	-	650	12	18	680	418	1,098
毛義民	-	2,294	55	108	2,457	5,732	8,189
獨立非執行董事							
梁民傑	340	-	-	-	340	36	376
黃少華	250	-	-	-	250	36	286
黃斯穎	250	-	-	-	250	36	286
	840	4,627	67	126	5,660	11,948	17,608

附註：有關款項指根據本公司購股權計劃向董事授出之購股權之估計價值。此等購股權價值乃根據附註2(w)(ii)所載本集團有關以股權結算之股本付款交易之會計政策計量。

該等實物利益(包括所授出購股權之主要條款及數目)之詳情載於董事會報告「購股權計劃」一段及附註28(a)(i)。

於本年度，並無使董事放棄或同意放棄收取任何酬金之安排。

9 最高薪酬人士

五名最高薪酬人士中，三名(二零一五年：兩名)為董事，彼等之酬金於財務報表附註8披露。其餘兩名(二零一五年：三名)之酬金總額如下：

	二零一六年 千港元	二零一五年 千港元
薪金及其他薪酬	3,029	3,743
酌情花紅	498	225
以股權結算之股本付款	-	17,196
退休計劃供款	36	36
	3,563	21,200

財務報表附註

9 最高薪酬人士(續)

兩名(二零一五年：三名)最高薪酬人士之酬金介乎以下範圍內：

	二零一六年 人數	二零一五年 人數
1,500,001 港元–2,000,000 港元	2	–
6,000,001 港元–6,500,000 港元	–	1
7,000,001 港元–7,500,000 港元	–	1
7,500,001 港元–8,000,000 港元	–	1

10 每股虧損

(a) 每股基本虧損

每股基本虧損乃根據本公司股權持有人應佔虧損 59,078,000 港元(二零一五年：180,471,000 港元)及年內已發行普通股之加權平均數 2,742,519,248 股(二零一五年：2,742,519,248 股)計算得出。

	二零一六年 股份數目	二零一五年 股份數目
於十二月三十一日之普通股及已發行普通股加權平均數	2,742,519,248	2,742,519,248

(b) 每股攤薄虧損

每股攤薄虧損乃假設在所有具攤薄效應之潛在普通股獲兌換後，透過調整已發行普通股之加權平均數計算。本公司擁有兩類(二零一五年：一類)攤薄潛在普通股：購股權及可換股債券(二零一五年：購股權)。可換股債券假設已獲轉換為普通股，而虧損淨額已就抵銷利息開支減稅務影響予以調整。購股權乃透過根據尚未行使購股權所附認購權之幣值釐定可按公允值(按期內本公司股份之平均市價釐定)收購之股份數目計算。

截至二零一六年十二月三十一日止年度，計算每股經調整虧損時並無計入可換股債券假設獲轉換及購股權假設獲行使所產生之潛在攤薄普通股，原因為彼等具有反攤薄影響。

截至二零一五年十二月三十一日止年度，計算每股攤薄虧損時並無計入購股權假設獲行使所產生之潛在攤薄普通股，原因為彼等對每股虧損並無攤薄影響。

財務報表附註

11 投資物業、其他物業、廠房及設備以及租賃土地

(a) 賬面值之對賬

	租賃									總額 千港元
	樓宇 千港元	物業裝修 千港元	機器及設備 千港元	傢具及裝置 千港元	汽車 千港元	在建工程 千港元	小計 千港元	投資物業 千港元	租賃土地 千港元	
成本或估值：										
於二零一六年一月一日	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080
增添	-	150,146	28,660	1,105	-	31,126	211,037	-	-	211,037
收購附屬公司(附註30)	-	1,198	1,322	153	-	-	2,673	-	-	2,673
出售	-	(14,192)	(3,811)	(1,815)	-	-	(19,818)	-	-	(19,818)
轉撥	-	74,697	28,519	239	-	(103,455)	-	-	-	-
重新分類為持作待售 (附註35)	(17,149)	(1,214,684)	(485,561)	(42,732)	(2,489)	(11,489)	(1,774,104)	(87,662)	-	(1,861,766)
公允價值調整	-	-	-	-	-	-	-	(4,949)	-	(4,949)
匯兌調整	(919)	(52,546)	(23,066)	(2,247)	(144)	(5,340)	(84,262)	(4,748)	-	(89,010)
於二零一六年十二月三十一日	7,020	93,109	48,382	12,418	2,632	2,888	166,449	41,800	127,998	336,247
代表：										
成本	7,020	93,109	48,382	12,418	2,632	2,888	166,449	-	127,998	294,447
二零一六年估值	-	-	-	-	-	-	-	41,800	-	41,800
	7,020	93,109	48,382	12,418	2,632	2,888	166,449	41,800	127,998	336,247
累計折舊、攤銷及減值虧損：										
於二零一六年一月一日	8,540	301,866	236,719	25,675	2,636	-	575,436	-	3,116	578,552
本年度折舊	1,971	77,503	52,195	6,072	544	-	138,285	-	1,133	139,418
出售時撥回	-	(8,572)	(3,742)	(1,610)	-	-	(13,924)	-	-	(13,924)
減值撥回	-	(14,122)	-	-	-	-	(14,122)	-	-	(14,122)
重新分類為持作待售 (附註35)	(9,432)	(296,264)	(239,424)	(23,087)	(1,562)	-	(569,769)	-	-	(569,769)
匯兌調整	(494)	(15,392)	(12,473)	(1,208)	(130)	-	(29,697)	-	-	(29,697)
於二零一六年十二月三十一日	585	45,019	33,275	5,842	1,488	-	86,209	-	4,249	90,458
賬面淨值：										
於二零一六年十二月三十一日	6,435	48,090	15,107	6,576	1,144	2,888	80,240	41,800	123,749	245,789

財務報表附註

11 投資物業、其他物業、廠房及設備以及租賃土地(續)

(a) 賬面值之對賬(續)

	租賃物業					汽車	在建工程	小計	投資物業	租賃土地	總額
	樓宇	裝修	機器及設備	傢具及裝置	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
成本或估值：											
於二零一五年一月一日	26,206	1,053,363	452,559	55,105	4,446	98,372	1,690,051	150,488	127,998	1,968,537	
增添	-	60,441	54,436	4,562	1,636	58,703	179,778	-	-	179,778	
收購附屬公司(附註30)	-	38,121	18,728	2,655	38	-	59,542	-	-	59,542	
出售	-	(5,030)	(1,757)	(2,012)	(594)	-	(9,393)	-	-	(9,393)	
轉撥	-	59,006	2,512	-	-	(61,518)	-	-	-	-	
公允值調整	-	-	-	-	-	-	-	(5,141)	-	(5,141)	
匯兌調整	(1,118)	(57,411)	(24,159)	(2,595)	(261)	(3,511)	(89,055)	(6,188)	-	(95,243)	
於二零一五年十二月三十一日	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080	
代表：											
成本	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	-	127,998	1,958,921	
二零一五年估值	-	-	-	-	-	-	-	139,159	-	139,159	
	25,088	1,148,490	502,319	57,715	5,265	92,046	1,830,923	139,159	127,998	2,098,080	
累計折舊、攤銷及減值虧損：											
於二零一五年一月一日	6,949	219,262	187,091	21,960	2,864	-	438,126	-	1,983	440,109	
本年度折舊	2,059	87,599	62,410	5,992	503	-	158,563	-	1,133	159,696	
出售時撥回	-	(4,845)	(1,176)	(1,084)	(545)	-	(7,650)	-	-	(7,650)	
減值	-	14,122	-	-	-	-	14,122	-	-	14,122	
匯兌調整	(468)	(14,272)	(11,606)	(1,193)	(186)	-	(27,725)	-	-	(27,725)	
於二零一五年十二月三十一日	8,540	301,866	236,719	25,675	2,636	-	575,436	-	3,116	578,552	
賬面淨值：											
於二零一五年十二月三十一日	16,548	846,624	265,600	32,040	2,629	92,046	1,255,487	139,159	124,882	1,519,528	

(i) 減值

截至二零一五年十二月三十一日止年度，由於中國內地影城業務之實際經營業績低於管理層預期業績，故本集團評估與其中國內地影城業務相關之若干物業、廠房及設備之可收回金額。基於有關審閱，本集團於損益確認減值約14,122,000港元。物業、廠房及設備之可收回金額乃根據其使用價值估計。計量使用價值金額所應用稅前貼現率為每年20%。

誠如附註35所載，截至二零一六年十二月三十一日止年度，由於潛在出售相關業務，與本集團於中國內地影城業務相關之若干物業、廠房及設備獲重新分類為持作待售。出售組別項下之物業、廠房及設備之可收回金額於緊接其獲重新分類為持作待售前重新計量。基於有關審閱，本集團於損益確認減值撥回約14,122,000港元。物業、廠房及設備之可收回金額乃根據其公允值減出售成本估計，當中參考近期可資比較交易之收益倍數使用市場法釐定。可收回金額所依據之公允值分類為第三級計量。

財務報表附註

11 投資物業、其他物業、廠房及設備以及租賃土地(續)

(b) 物業公允值計量

(i) 公允值層級

下表呈列於報告期末按經常性基準計量之本集團物業公允值，該等公允值按《香港財務報告準則》第13號公允值計量界定三個公允值層級。公允值計量之分類經參考估值技術所用輸入數據之可觀察性及重要性釐定如下：

- 第一級估值：僅以第一級輸入數據計量之公允值，即以類似資產或負債於計量日期在活躍市場中之未調整報價計量。
- 第二級估值：以第二級輸入數據(即不符合第一級之可觀察輸入數據)計量，且不使用重大而不可觀察之輸入數據之公允值。不可觀察輸入數據為無法獲得相關市場數據之輸入數據。
- 第三級估值：使用重大而不可觀察之輸入數據計量之公允值。

	於二零一六年 十二月三十一日	下列類別於二零一六年十二月三十一日 之公允值計量		
	之公允值 千港元	第一級 千港元	第二級 千港元	第三級 千港元
經常性公允值計量				
投資物業：				
— 商業 — 中國內地	87,662	—	—	87,662
— 商業 — 香港	41,800	—	41,800	—

	於二零一五年 十二月三十一日	下列類別於二零一五年十二月三十一日 之公允值計量		
	之公允值 千港元	第一級 千港元	第二級 千港元	第三級 千港元
經常性公允值計量				
投資物業：				
— 商業 — 中國內地	98,459	—	—	98,459
— 商業 — 香港	40,700	—	40,700	—

截至二零一六年十二月三十一日止年度，第一級與第二級之間並無轉撥，亦無轉入或轉出第三級(二零一五年：無)之情況。本集團政策為於報告期末確認公允值層級之間之轉撥。

本集團所有投資物業已於二零一六年十二月三十一日重估。估值乃由獨立測量師行 Savills Property Services (Shanghai) Co. Ltd 及永利行評值顧問有限公司進行，彼等之員工對上述所評估物業所在地點及類別有近期估值經驗。於報告期末進行估值時，本集團管理層與測量師討論估值假設及估值結果。

誠如附註35所載，截至二零一六年十二月三十一日止年度，中國內地投資物業獲重新分類為持作待售。

(ii) 第二級公允值計量所用估值技術及輸入數據

香港投資物業之公允值乃採用市場比較法，並經參考可資比較物業近期按每平方呎價格基準計算之售價及採用公開所得市場數據釐定。

財務報表附註

11 投資物業、其他物業、廠房及設備以及租賃土地(續)

(b) 物業公允值計量(續)

(iii) 有關第三級公允值計量之資料

	估值技術	不可觀察 輸入數據	範圍
投資物業 商業 — 中國內地	市場比較法	區域因素	-5% 至 0% (二零一五年：-5% 至 0%)
		樓宇特點	-10% 至 -5% (二零一五年：-5% 至 0%)
		所在樓層調整	45% 至 50% (二零一五年：45% 至 50%)
		樓層高度調整	-20% 至 20% (二零一五年：-20% 至 20%)

中國內地投資物業之公允值乃採用市場比較法，並經參考可資比較物業近期按每平方米價格基準計算之售價，且已就本集團樓宇質量之特點作出溢價或折讓(與近期銷售交易比較所得)調整後釐定。倘樓宇質量較佳以致溢價較高，將得出較高公允值計量。

年內，上述第三級公允值計量結餘變動如下：

	二零一六年 千港元	二零一五年 千港元
投資物業 — 商業 — 中國內地		
於一月一日	98,459	109,788
匯兌調整	(4,748)	(6,188)
公允值調整	(6,049)	(5,141)
於十二月三十一日	87,662	98,459

投資物業公允值調整計入綜合收益表之「投資物業估值虧損」內。

於報告期末所持物業產生之所有虧損於年內損益確認。

財務報表附註

11 投資物業、其他物業、廠房及設備以及租賃土地(續)

(c) 物業賬面淨值分析如下：

	二零一六年		二零一五年	
	租賃土地 千港元	樓宇 千港元	租賃土地 千港元	樓宇 千港元
香港				
— 長期租賃	123,749	48,235	124,882	47,311
香港境外				
— 中期租賃	-	-	-	108,396
	123,749	48,235	124,882	155,707
代表：				
按公允值列賬之土地及樓宇	-	41,800	-	139,159
按成本減累計折舊列賬之樓宇	-	6,435	-	16,548
	-	48,235	-	155,707
根據經營租賃持作自用之租賃 土地權益	123,749	-	124,882	-
	123,749	48,235	124,882	155,707

財務報表附註

12 於附屬公司之權益

下表僅載列影響本集團業績、資產或負債之主要附屬公司詳情。除另有所指外，所持股份類別為普通股。

所有該等附屬公司均為附註2(d)所界定之受控制附屬公司，並已於本集團之財務報表綜合入賬。

主要附屬公司之詳情如下：

公司名稱	註冊成立／成立／ 經營地點	已發行及繳足 股本詳情	本集團 實際權益	主要業務
北京橙天嘉禾影視製作有限公司 [^]	中國	註冊資本人民幣 3,000,000元	100%	投資、製作及發行電影以及 擔任廣告代理
橙天嘉禾影城有限公司	香港	300,000,000股股份	100%	投資控股
嘉樂影片發行有限公司	香港	49,990,000股股份及 10,000股無投票權 遞延股份 [#]	100%	電影發行
Golden Harvest Cinemas Holding Limited	英屬處女群島	1股面值1美元之股份	100%	投資控股
Golden Harvest Entertainment International Limited	英屬處女群島	1,000股每股面值1美元 之股份	100%	投資控股
Golden Harvest Films Distribution Holding Limited	英屬處女群島	1股面值1美元之股份	100%	投資控股
嘉禾(商標)有限公司	英屬處女群島	1股面值1美元之股份	100%	持有商標
橙天嘉禾影城(中國)有限公司 ^{^^}	中國	註冊資本人民幣 648,000,000元	92.59%	經營影城及投資控股
Golden Harvest Treasury Limited	英屬處女群島	1股面值1美元之股份	100%	為本集團旗下公司提供資金
Golden Screen Limited	香港	8,750,000股股份	100%	投資控股

財務報表附註

12 於附屬公司之權益(續)

公司名稱	註冊成立／成立／ 經營地點	已發行及繳足 股本詳情	本集團 實際權益	主要業務
天輝太平洋有限公司	香港	2股股份	100%	投資控股
名影城有限公司	香港	7,000,000股股份	100%	經營影城
橙天嘉禾娛樂有限公司	香港	100股股份及 114,000,000股 無投票權遞延股份 [#]	100%	投資控股
橙天嘉禾電影製作有限公司	香港	94,000,000股股份	100%	電影製作及投資控股
泛亞影業有限公司	香港	23,000股股份	100%	電影及相關之影音產品 發行以及擔任廣告代理
上海嘉禾影視娛樂管理諮詢 有限公司 ^{^^^}	中國	註冊資本500,000美元	100%	電影發行

除 Golden Harvest Entertainment International Limited 外，上述附屬公司全部由本公司間接持有。

[#] 橙天嘉禾娛樂有限公司之遞延股份無權享有股息，惟在退回超過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過1,000,000,000港元時有權收取任何有關財政年度之股息，並於退回超過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表決之權利。

[^] 該公司之股本權益由中國國民代表本集團持有。

^{^^} 該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營企業。

財務報表附註

13 於聯營公司之權益

	二零一六年 千港元	二零一五年 千港元
應佔資產淨值	-	3,886
應收一間聯營公司款項	-	7,383
	-	11,269

應收一間聯營公司款項為無抵押、免息及無固定還款期，並預期將於超過一年後收回。

截至二零一六年十二月三十一日止年度，於聯營公司之權益獲重新分類為持作待售。

下表載列影響本集團業績及資產淨值之主要聯營公司之詳細資料，該公司為非上市公司實體：

聯營公司名稱	業務結構形式	成立及 經營地點	已發行及 繳足股本詳情	擁有權益比例			主要業務
				本集團之 實際權益	由本公司 持有	由一間 附屬公司持有	
常州幸福藍海橙天 嘉禾影城有限公司	成立	中國	註冊資本 人民幣2,000,000元	49%	-	49%	經營影城

14 於合營企業之權益

	二零一六年 千港元	二零一五年 千港元
應佔資產淨值	201,122	263,290

下表載列影響本集團業績或資產之合營企業之詳細資料，所有該等合營企業均為非上市公司實體：

共同控制實體名稱	業務結構形式	註冊成立及 經營地點	已發行及 繳足股本詳情	擁有權益比例			主要業務
				本集團之 實際權益	由本公司 持有	由附屬公司 持有	
嘉年華影業有限公司	註冊成立	香港	31,200,082股	50%	-	50%	投資控股
Golden Village Entertainment (Singapore) Pte Ltd.	註冊成立	新加坡	1,100,000股 每股面值1新加坡元 之股份	50%	-	50%	投資控股
Golden Village Pictures Pte Ltd.	註冊成立	新加坡	1,000,000股 每股面值1新加坡元 之股份	50%	-	50%	電影發行
Golden Village Holding Pte Ltd.	註冊成立	新加坡	15,504,688股 每股面值1新加坡元 之股份	50%	-	50%	投資控股
Golden Village Multiplex Pte Ltd.	註冊成立	新加坡	8,000,000股 每股面值1新加坡元 之股份	50%	-	50%	經營影城
威秀影城股份有限公司	註冊成立	台灣	80,000,000股 每股面值新台幣10元 之股份	35.71%	-	35.71%	經營影城及 投資控股

財務報表附註

14 於合營企業之權益(續)

本集團參與之所有合營企業均為並無市場報價之非上市公司實體，乃採用權益法於綜合財務報表入賬。

下表披露嘉年華影業有限公司及威秀影城股份有限公司之財務資料概要，該等資料就會計政策差異作出調整及與綜合財務報表之賬面值對賬：

	嘉年華影業有限公司		威秀影城股份有限公司 [#]	
	二零一六年 千港元	二零一五年 千港元	二零一六年 千港元	二零一五年 千港元
合營企業合計金額：				
流動資產	125,296	235,835	322,215	407,386
非流動資產	366,590	395,345	479,381	451,047
流動負債	(342,602)	(334,768)	(383,489)	(368,850)
非流動負債	(23,698)	(93,914)	(30,739)	(35,814)
權益	125,586	202,498	387,368	453,769
計入上述資產及負債：				
現金及現金等值項目	91,738	198,866	173,432	259,061
流動金融負債 (不包括貿易及其他應付款項以及撥備)	107,400	54,800	–	–
非流動金融負債 (不包括貿易及其他應付款項以及撥備)	–	68,500	28,358	33,047
收益	799,696	776,987	1,224,439	1,371,601
持續經營業務之溢利	120,057	118,840	79,538	123,153
其他全面收益	–	–	–	–
全面收益總額	120,057	118,840	79,538	123,153
自合營企業收取之股息	197,681	81,940	143,906	101,187
計入上述溢利：				
折舊及攤銷	48,758	44,153	69,387	82,029
利息收入	14	16	232	508
利息開支	3,209	4,700	101	95
所得稅開支	24,171	22,765	19,339	25,728
與本集團於合營企業之權益對賬				
合營企業資產淨值合計金額	125,586	202,498	387,368	453,769
本集團實際權益	50%	50%	35.71%	35.71%
本集團應佔合營企業資產淨值	62,793	101,249	138,329	162,041
商譽	–	–	–	–
於綜合財務報表之賬面值	62,793	101,249	138,329	162,041

[#] 此合營企業並非畢馬威會計師事務所審核。

財務報表附註

14 於合營企業之權益(續)

威秀影城股份有限公司(「威秀」)股東之間存在糾紛，涉及指稱違反股東協議之重要條款。有關股東之間已於二零一四年向台灣台北地方法院提出訴訟。有關訴訟仍在進行中，股東糾紛之結果仍存在不明朗因素。股東糾紛及相關訴訟對威秀之營運並無任何影響。

15 商標

	二零一六年 千港元	二零一五年 千港元
成本及賬面值		
於一月一日及十二月三十一日	80,524	80,524

商標為准許永久使用「嘉禾」及「The Sky」品牌，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。

董事基於下列理由，認為本集團之商標具有無限可使用年期：

- 本集團一直使用該等商標，並將繼續長期使用；及
- 本集團已產生及有意繼續投放大量廣告及宣傳費用，以維持及提高商標市值，而該等廣告及宣傳費用均於產生時自損益中扣除。

獨立專業合資格估值師 Censere Holdings Limited 對本集團商標進行估值，並已確認商標於二零一六年十二月三十一日之公允價值超逾其賬面值。因此，於二零一六年十二月三十一日並無錄得減值。

16 商譽

	二零一六年 千港元	二零一五年 千港元
成本：		
於一月一日	91,628	73,658
添置		
— 收購附屬公司及相關業務(附註30)	1,599	18,874
重新分類為持作待售(附註35)	(18,587)	—
匯兌調整	(982)	(904)
於十二月三十一日	73,658	91,628
累計減值虧損：		
於一月一日	16,425	—
減值虧損	—	16,425
於十二月三十一日	16,425	16,425
賬面值		
於十二月三十一日	57,233	75,203

財務報表附註

16 商譽(續)

包含商譽之現金產生單位減值測試

商譽按如下經營國家及業務分部分配至本集團各已識別現金產生單位(「現金產生單位」)：

	二零一六年 千港元	二零一五年 千港元
發行及製作 — 中國內地	57,233	57,233
經營影城 — 中國內地	—	17,970
	57,233	75,203

發行及製作 — 中國內地

現金產生單位之可收回金額按使用價值計算。有關計算採用根據管理層所批准涵蓋四個年度之財政預算所作現金流量預測及反映本集團中國內地分部特定風險之稅前貼現率20%(二零一五年：20%)計算。

管理層相信，可收回金額所依據之主要假設出現任何合理可能變動將不會導致賬面值超出其可收回金額。

經營影城 — 中國內地

誠如附註35所載，截至二零一六年十二月三十一日止年度，由於潛在出售相關業務，與本集團於中國內地影城業務相關之商譽獲重新分類為持作待售。本集團評估商譽於緊接獲重新分類為持作待售前獲分配之現金產生單位並無減值跡象。

17 存貨

於二零一六年十二月三十一日之存貨按成本列賬為1,025,000港元(二零一五年：6,596,000港元)，主要包括轉售貨品。

財務報表附註

18 電影版權

	二零一六年 千港元	二零一五年 千港元
電影版權 — 已完成	31,924	39,797
在製電影，按成本	14,116	10,398
	46,040	50,195
成本：		
於一月一日	443,602	444,970
添置	6,954	23,735
屆滿	(4,867)	(9,238)
匯兌調整	(13,445)	(15,865)
於十二月三十一日	432,244	443,602
累計攤銷及減值：		
於一月一日	393,407	370,681
攤銷	10,431	41,927
減值	108	5,119
屆滿	(4,867)	(9,238)
匯兌調整	(12,875)	(15,082)
於十二月三十一日	386,204	393,407
賬面值：		
於十二月三十一日	46,040	50,195

電影版權指電影、電視劇集以及自製節目。

電影／劇集製作之投資指就製作電影及／或電視節目共同融資向持牌製作公司墊付資金，製作公司可自由使用有關資金。投資受本集團與製作公司所訂立有關投資協議監管，據此，本集團可享有發行有關電影及／或電視節目產生之利益，而本集團可透過按預定比例分佔發行有關共同融資電影或電視節目所得款項（由有關製作公司確認）收回有關投資。

在製電影指製作中的電影。

根據本集團會計政策附註2(q)，本集團於二零一六年及二零一五年十二月三十一日進行減值測試，比較應佔電影版權／自製節目之賬面值與其可收回金額。

本集團按估計未來貼現現金流量現值，評估電影版權之可收回金額。截至二零一六年十二月三十一日止年度，本集團據此就電影版權確認減值108,000港元（二零一五年：5,119,000港元）。

預計電影版權一年後可收回之金額為23,910,000港元（二零一五年：28,068,000港元）。

財務報表附註

19 應收款項、按金及預付款項

(a) 貿易應收款項

	二零一六年 千港元	二零一五年 千港元
貿易應收款項	21,354	125,613
減：呆賬撥備	(117)	(117)
	21,237	125,496

(i) 賬齡分析

於報告期末，以發票日期為基準及已扣除呆賬撥備之貿易應收款項(計入貿易及其他應收款項)之賬齡分析如下：

	二零一六年 千港元	二零一五年 千港元
一個月內	10,841	94,247
一至兩個月	3,564	1,835
兩至三個月	585	2,352
三個月以上	6,247	27,062
	21,237	125,496

本集團一般授出介乎一至三個月之信貸期。每名客戶設有信貸限額，而管理層會定期審閱逾期結餘。

鑑於上述各項，加上本集團貿易應收款項涉及大批客戶，信貸風險並非高度集中。貿易應收款項為不計利息。其賬面值與公允值相若。本集團信貸政策之進一步詳情載於財務報表附註29(a)。

(ii) 貿易應收款項之減值虧損

有關貿易應收款項之減值虧損以撥備賬記錄，惟倘本集團認為能收回該等款項之機會極微，減值虧損會直接從貿易應收款項中撇銷。

截至二零一六年十二月三十一日及二零一五年十二月三十一日止年度，呆賬撥備概無出現變動。

於二零一六年十二月三十一日，呆賬撥備為117,000港元(二零一五年：117,000港元)。

財務報表附註

19 應收款項、按金及預付款項(續)

(a) 貿易應收款項(續)

(ii) 貿易應收款項之減值虧損(續)

並無個別或共同被視為已減值之貿易應收款項之賬齡分析如下：

	二零一六年 千港元	二零一五年 千港元
未逾期亦未減值	14,990	98,434
逾期三個月以下	481	1,321
逾期三個月以上	5,766	25,741
	6,247	27,062
	21,237	125,496

未逾期亦未減值之應收款項與大批客戶有關，該批客戶近期並無拖欠記錄。

已逾期但未減值之應收款項乃與本集團若干具有良好信貸記錄之獨立客戶有關。按過往經驗，管理層相信，由於信貸質素並無重大變動，且該等結餘仍被視為可全數收回，因此毋須就有關結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

- (iii) 於二零一六年十二月三十一日，本集團之貿易應收款項包括應收關連公司款項合共41,972,000港元(二零一五年：34,909,000港元)及應收一間合營企業款項1,452,000港元(二零一五年：3,822,000港元)。有關款項乃無抵押、免息及可於一年內收回。誠如附註35所載，於二零一六年十二月三十一日，與出售組別相關之應收關連公司貿易應收款項41,012,000港元已重新分類為持作待售。

- (b) 所有其他應收款項、按金及預付款項(包括應收關連公司及合營企業款項)預期可於一年內收回。

20 衍生金融工具

	二零一六年 千港元	二零一五年 千港元
於一月一日	-	-
發行認購期權(附註31)	70,075	-
公允值變動	161	-
於十二月三十一日	70,236	-

結餘指就視作出售橙天嘉禾影城(中國)有限公司(「橙天嘉禾影城(中國)」)7.41%股權而授予本集團之認購期權。視作出售交易之詳情載於附註31。

衍生金融工具之公允值變動於綜合收益表之「其他虧損淨額」內呈列。

財務報表附註

21 存款及現金

	二零一六年 千港元	二零一五年 千港元
銀行存款	54,559	99,710
銀行及庫存現金	160,822	196,830
	215,381	296,540
減：就銀行貸款抵押之存款	(63,001)	(101,420)
於收購時原定到期日超過三個月之定期存款	-	(8,260)
現金及現金等值項目	152,380	186,860

於二零一六年十二月三十一日，存放於中國內地銀行之存款及現金為16,002,000港元(二零一五年：177,647,000港元)。將資金匯出中國內地須受中國內地政府頒佈之相關外匯管制規則及規例所規限。

22 銀行貸款

(a) 於二零一六年十二月三十一日，銀行貸款須於以下期限償還：

	二零一六年 千港元	二零一五年 千港元
一年內或按要求	222,634	432,901
一年後但兩年內	68,282	131,770
兩年後但五年內	71,848	147,731
五年後	48,170	57,476
	188,300	336,977
	410,934	769,878
銀行貸款		
— 已抵押	380,934	468,260
— 無抵押	30,000	301,618
	410,934	769,878

所有非即期計息借貸按攤銷成本計算。所有銀行貸款以浮動利率計息，而浮動利率與市場利率相若。

財務報表附註

22 銀行貸款(續)

(b) 於二零一六年十二月三十一日，銀行貸款按以下方式抵押：

- (i) 一間附屬公司位於香港之一個辦公室物業；
- (ii) 附屬公司之63,001,000港元(二零一五年：101,420,000港元)之存款；及
- (iii) 於本公司兩間附屬公司之股權。

(c) 於二零一六年十二月三十一日，銀行貸款410,934,000港元(二零一五年：769,878,000港元)以本公司及兩間附屬公司提供之公司擔保作擔保。

(d) 本集團須達成有關本集團若干綜合財務表現比率之契約，方可獲取若干銀行融資，此狀況常見於金融機構之借貸安排。倘本集團違反該等契約，所借取之融資將須按要求償還。

本集團定期監察遵守該等契約之情況。本集團流動資金風險管理之進一步詳情載於財務報表附註29(b)。於二零一六年十二月三十一日，概無違反與所借取之融資相關之該等契約。

23 融資租賃債務

於二零一六年十二月三十一日，本集團有以下須予償還之融資租賃債務：

	二零一六年		二零一五年	
	最低租賃 付款現值 千港元	最低租賃 付款總額 千港元	最低租賃 付款現值 千港元	最低租賃 付款總額 千港元
一年內	276	304	15,702	17,949
一年後但兩年內	269	278	9,443	11,251
兩年後但五年內	-	-	27,889	29,307
	269	278	37,332	40,558
	545	582	53,034	58,507
減：日後利息開支總額		(37)		(5,473)
租賃債務現值		545		53,034

財務報表附註

24 貿易及其他應付款項、應計費用及遞延收益

(a) 貿易應付款項

於報告期末之貿易應付款項之賬齡分析：

	二零一六年 千港元	二零一五年 千港元
即期至三個月	32,266	71,034
四至六個月	162	258
七至十二個月	383	5,239
一年以上	10,683	13,004
	43,494	89,535

於二零一六年十二月三十一日，本集團之貿易應付款項包括應付關連公司款項合共35,765,000港元(二零一五年：36,844,000港元)。有關款項乃無抵押、免息及須應要求償還。誠如附註35所載，於二零一六年十二月三十一日，與出售組別相關之應付關連公司貿易應付款項35,734,000港元已重新分類為持作待售。

(b) 所有其他應付款項及應計費用(包括應付關連公司款項)預期將於一年內清償或須按要求償還。

(c) 所有遞延收益預期將於一年內清償。

25 其他金融負債

	二零一六年 千港元	二零一五年 千港元
於一月一日	-	-
向非控股權益發行認沽期權(附註31)	217,836	-
於年內支銷之利息(附註6(a))	1,553	-
於十二月三十一日	219,389	-

結餘指倘本公司未能於特定時限內達成若干條件而就視作出售橙天嘉禾影城(中國)7.41%股權給予非控股權益之認沽期權負債。認沽期權之賬面值指本集團於認沽期權首次成為可予行使當日就收購非控股權益應付金額之現值。視作出售交易之詳情載於附註31。

認沽期權負債之實際年利率為11%。

財務報表附註

26 綜合財務狀況表之所得稅

(a) 綜合財務狀況表所列即期稅項指：

	二零一六年 千港元	二零一五年 千港元
本年度稅項撥備	14,735	9,303
本年度已付稅項	(12,739)	(12,961)
重新分類為持作待售資產(附註35)	(7,808)	-
過往年度稅項撥備結餘	6,976	11,062
	1,164	7,404

(b) 已確認遞延稅項資產及負債：

	二零一六年 千港元	二零一五年 千港元
於綜合財務狀況表確認之遞延稅項資產淨值	6,160	44,001
於綜合財務狀況表確認之遞延稅項負債淨額	(9,471)	(12,419)
	(3,311)	31,582

本年度於綜合財務狀況表確認之遞延稅項負債/(資產)部分及其變動如下：

	已確認 稅項虧損 千港元	未匯出盈利 之預扣稅 千港元	總額 千港元
遞延稅項來自：			
於二零一五年一月一日	(31,782)	10,718	(21,064)
匯兌調整	2,555	-	2,555
(計入)/扣自損益(附註7(a))	(14,774)	1,701	(13,073)
於二零一五年十二月三十一日	(44,001)	12,419	(31,582)
於二零一六年一月一日	(44,001)	12,419	(31,582)
匯兌調整	2,766	-	2,766
計入損益(附註7(a))	(14,680)	(2,948)	(17,628)
重新分類為持作待售資產(附註35)	49,755	-	49,755
於二零一六年十二月三十一日	(6,160)	9,471	3,311

財務報表附註

26 綜合財務狀況表之所得稅(續)

(c) 未確認遞延稅項資產

於二零一六年十二月三十一日，本集團尚未就約904,073,000港元(二零一五年：809,931,000港元)之累計稅項虧損確認遞延稅項資產，此乃由於相關稅務司法權區及公司不大可能有用以抵銷虧損之未來應課稅溢利。稅項虧損於現行稅務法例下並未到期，惟根據相關司法權區法律僅可供結轉五年之結餘178,303,000港元(二零一五年：124,639,000港元)除外。

(d) 未確認遞延稅項負債

於二零一六年十二月三十一日，有關附屬公司未分派溢利之暫時差異為92,995,000港元(二零一五年：100,290,000港元)。尚未就分派該等保留溢利須予支付之稅項確認遞延稅項負債4,650,000港元(二零一五年：5,015,000港元)，此乃由於本公司控制該等附屬公司之股息政策，並認為該等溢利可能不會於可見將來分派。

27 可換股債券

於二零一六年二月一日，本公司向建銀國際(控股)有限公司間接全資擁有之特殊目的工具萬鈦投資有限公司(「萬鈦」)發行本金額為200,000,000港元之可換股債券(「第一期可換股債券」)。第一期可換股債券按年利率5%計息，須每半年期末支付。第一期可換股債券將按其尚未贖回本金額另加累計而未支付之任何利息及按內部回報率11%計算之回報金額贖回。

截至二零一六年十二月三十一日止年度，第一期可換股債券之負債部分及權益部分之變動載列如下：

	負債部分	權益部分	總計
	千港元	千港元	千港元
於二零一六年二月一日(發行日期)	159,607	40,393	200,000
本年度支銷利息	29,007	—	29,007
本年度已付利息	(5,000)	—	(5,000)
於二零一六年十二月三十一日	183,614	40,393	224,007
分類為			
— 流動負債	9,547		
— 非流動負債	174,067		
總計	183,614		

第一期可換股債券自發行日期起至到期日前五日可隨時全部或部分轉換。債券持有人可選擇按初步轉換價每股1港元(於若干情況下可予調整)轉換為200,000,000股本公司普通股。

自發行日期起計兩年或之後任何時間以及待債券持有人批准後，本公司有權按第一期可換股債券尚未贖回本金額另加任何累計而未支付之利息及按內部回報率11%計算之回報金額贖回尚未贖回之第一期可換股債券。

財務報表附註

27 可換股債券(續)

負債部分按攤銷成本計量。截至二零一六年十二月三十一日止年度，利息開支自第一期可換股債券獲發行起就負債部分按實際年利率20.32%計量。

截至二零一六年十二月三十一日止年度，債券持有人並無將第一期可換股債券轉換為本公司股份。董事預計，於二零一六年十二月三十一日，負債部分或第一期可換股債券之公允值將約為183,586,000港元。

於二零一六年二月一日，本公司向萬鈇授出選擇權，以認購額外金額為100,000,000港元之另一可換股債券，到期日為二零一六年十二月三十一日或萬鈇與本公司可能協定之較後日期。於二零一六年十二月三十一日，選擇權已如萬鈇與本公司所協定屆滿。

28 股本及儲備

(a) 股本

附註	二零一六年		二零一五年	
	股份數目	金額 千港元	股份數目	金額 千港元
法定：				
每股面值0.10港元之普通股	6,000,000,000	600,000	6,000,000,000	600,000
已發行及繳足之普通股：				
於二零一六年一月一日及十二月三十一日	2,742,519,248	274,252	2,742,519,248	274,252

(i) 購股權計劃

以股權結算之股本交易

本公司採納一項購股權計劃(「該計劃」)，旨在讓本公司向為本集團之發展作出貢獻之合資格參與者授出購股權作為激勵或獎勵，及為本集團提供更為靈活的方式給予合資格參與者獎勵、報酬、補償及/或提供福利。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)、本集團其他僱員及本公司股東。該計劃於二零零九年十一月十一日生效，並於該日起計十年內有效。

向本公司董事、主要行政人員或主要股東或彼等之任何聯繫人授出購股權均須事先獲得獨立非執行董事(不包括任何身為購股權承授人之獨立非執行董事)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。各份購股權涉及之歸屬期、行使期及股份數目由董事釐定。行使期不得超逾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計十年，並將於本公司董事於授出購股權時可能決定之日期屆滿。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

28 股本及儲備(續)

(a) 股本(續)

(i) 購股權計劃(續)

以股權結算之股本交易(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聯交所之收市價；(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；及(iii)本公司股份面值(以較高者為準)。

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，相當於本公司於二零零九年十一月十一日之已發行股份10%。本公司股東可按照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。

購股權並無賦予持有人獲派股息或在股東大會投票之權利。

本集團董事、主要行政人員及其他僱員所持購股權於截至二零一六年十二月三十一日止年度之變動載於下表：

參與者姓名或類別	購股權授出日期	每股行使價	行使期	於二零一六年				緊接購股權授出日期前每股收市價 (附註(b)) 港元	於二零一六年十二月三十一日尚未行使之購股權數目
				於二零一六年一月一日尚未行使之購股權數目	截至二零一六年十二月三十一日止年度授出	截至二零一六年十二月三十一日止年度行使	截至二零一六年十二月三十一日止年度失效		
董事									
黃少華(附註(c))	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	170,000	-	-	(170,000)	0.578	-
毛義民	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	27,400,000	-	-	-	0.578	27,400,000
伍克燕	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	2,000,000	-	-	-	0.578	2,000,000
李培森	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	27,200,000	-	-	-	0.578	27,200,000
鄧秀芳(附註(d))	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	27,400,000	-	-	-	0.578	27,400,000
梁民傑	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	170,000	-	-	-	0.578	170,000
黃斯穎	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	170,000	-	-	-	0.578	170,000
其他參與者									
總計	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	55,480,000	-	-	-	0.578	55,480,000
				139,990,000	-	-	(170,000)		139,820,000

財務報表附註

28 股本及儲備(續)

(a) 股本(續)

(i) 購股權計劃(續)

以股權結算之股本交易(續)

- (a) 除上述者外，本公司或其任何附屬公司於年內任何時間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。
- (b) 即股份於緊接授出購股權當日之前之加權平均收市價。
- (c) 黃少華先生自二零一六年六月三日起辭任董事，彼所持購股權於當日失效。
- (d) 鄒秀芳女士於二零一六年六月三日獲委任為董事，彼所持購股權於截至二零一六年十二月三十一日止年度與其他參與者分開披露。

本集團董事、主要行政人員及其他僱員所持購股權於截至二零一五年十二月三十一日止年度之變動載於下表：

參與者姓名或類別	購股權授出日期	每股行使價	行使期	於二零一五年				緊接購股權授出日期前每股收市價 (附註(a))	於二零一五年十二月三十一日尚未行使之購股權數目
				於二零一五年一月一日尚未行使之購股權數目	截至二零一五年十二月三十一日止年度授出	截至二零一五年十二月三十一日止年度行使	截至二零一五年十二月三十一日止年度失效		
董事									
黃少華	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	170,000	-	-	0.578	170,000
毛義民	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	27,400,000	-	-	0.578	27,400,000
伍克燕	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	2,000,000	-	-	0.578	2,000,000
李培森	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	27,200,000	-	-	0.578	27,200,000
梁民傑	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	170,000	-	-	0.578	170,000
黃斯穎	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	170,000	-	-	0.578	170,000
其他參與者									
總計	二零一五年七月十四日	0.590	二零一五年七月十四日至二零一七年七月十三日	-	83,050,000	-	(170,000)	0.578	82,880,000
				-	140,160,000	-	(170,000)	0.578	139,990,000

附註：

- (a) 即股份於緊接授出購股權當日之前之加權平均收市價。

28 股本及儲備(續)

(a) 股本(續)

(i) 購股權計劃(續)

購股權公允值及假設

就授出購股權所獲服務之公允值，乃經參照所授出購股權之公允值計量。所授出購股權之公允值乃根據柏力克－舒爾斯期權定價模式估計。購股權之合約年期用作此模式之輸入數據。下表列出截至二零一五年十二月三十一日止年度就計算於二零一五年七月十四日授出之購股權採用之模式之輸入數據：

於計算日期之公允值	0.2092 港元
股價	0.578 港元
行使價	0.590 港元
預期波幅	68.19%
購股權年期	2 年
加權平均年期	2 年
預期股息	0%
無風險利率(按外匯基金票據計算)	0.368%
攤薄影響	4.86%

預期波幅乃根據過往之波幅(以購股權之加權平均剩餘年期計算)，再就任何因公開可得資料所產生未來波幅之預期變動作出調整。預期股息按過往之股息估計。主觀輸入假設之變動可能對公允值之估計構成重大影響。

於報告期末，根據該計劃本公司有 139,820,000 份購股權尚未行使。根據本公司現時資本架構，全面行使餘下購股權將導致額外發行 139,820,000 股本公司普通股，佔報告期末本公司已發行股份約 5.10%，並新增股本 13,982,000 港元及股份溢價賬 68,511,800 港元(未計發行開支)。

財務報表附註

28 股本及儲備(續)

(b) 儲備

(i) 本集團

本集團於截至二零一六年及二零一五年十二月三十一日止年度之儲備變動詳情載於綜合權益變動表。

(ii) 本公司

附註	股份溢價 千港元	購股權儲備 千港元	股本贖回儲備 千港元	繳入盈餘 千港元	可換股債券		總計 千港元
					權益儲備 千港元	保留溢利 千港元	
於二零一五年一月一日	694,639	-	8,833	271,644	-	433,323	1,408,439
二零一五年儲備變動：							
本年度虧損	-	-	-	-	-	(198,752)	(198,752)
以股權結算之股本交易	28(a)(i)	29,323	-	-	-	-	29,323
購股權失效時轉撥至保留溢利	28(a)(i)	(37)	-	-	-	37	-
於二零一五年十二月三十一日及 二零一六年一月一日	694,639	29,286	8,833	271,644	-	234,608	1,239,010
二零一六年儲備變動：							
本年度虧損	-	-	-	-	-	(30,553)	(30,553)
發行可換股債券	-	-	-	-	40,393	-	40,393
購股權失效時轉撥至保留溢利	28(a)(i)	(36)	-	-	-	36	-
於二零一六年十二月三十一日	694,639	29,250	8,833	271,644	40,393	204,091	1,248,850

(c) 儲備性質及目的

(i) 股份溢價及股本贖回儲備

應用股份溢價賬受百慕達一九八一年《公司法》第40及54條規限。

(ii) 購股權儲備

購股權儲備指本公司已授予本公司僱員而尚未行使購股權數目之公允值，並已根據財務報表附註2(w)(ii)所載就股本付款所採納會計政策確認。

(iii) 股本贖回儲備

股本贖回儲備指本公司已購回及註銷之股本面值。

28 股本及儲備(續)

(c) 儲備性質及目的(續)

(iv) 繳入盈餘

繳入盈餘指(i)本公司就收購附屬公司已發行股本所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；及(ii)根據本公司於二零零七年五月之資本重組行動，自股份溢價賬轉撥抵銷累計虧損後之淨額80,000,000港元。根據百慕達一九八一年《公司法》(經修訂)，本公司之繳入盈餘可分派予本公司股東。

(v) 儲備基金

根據中國有關規例，於當地成立之公司須將其除稅後溢利之若干百分比轉撥往儲備基金直至有關結餘達至其註冊資本之50%。於有關中國法例所載若干限制下，儲備基金可用作抵銷虧損或資本化為繳足資本。

(vi) 匯兌儲備

匯兌儲備包括換算海外附屬公司、聯營公司及合營企業之財務報表而產生之所有匯兌差額。該儲備乃按財務報表附註2(aa)所載會計政策處理。

(vii) 可換股債券權益儲備

可換股債券權益儲備指本集團發行之可換股債券未行使權益部分之價值。儲備乃按附註2(s)就可換股債券採納之會計政策處理。

(viii) 其他儲備

儲備指附註31所載就視作出售橙天嘉禾影城(中國)7.41%股權給予非控股權益之認沽期權負債。

(d) 可供分派儲備

於二零一六年十二月三十一日，可供分派予本公司股權持有人之儲備(指保留溢利)合共為204,091,000港元(二零一五年：234,608,000港元)。此外，本公司於二零一六年十二月三十一日之股份溢價賬、繳入盈餘、購股權儲備、可換股債券權益儲備及股本贖回儲備合共為1,044,759,000港元(二零一五年：1,004,402,000港元)，可根據百慕達一九八一年《公司法》第54條於若干情況下向股東分派。

(e) 資本管理

本集團管理資本之首要目標乃保障本集團能繼續按持續經營基準經營，從而透過因應風險水平為產品及服務定價以及按合理成本獲得融資，繼續為股東創造回報及為其他權益人帶來利益。

本集團積極及定期對資產負債比率架構進行檢討及管理，以期在可能伴隨較高借貸水平帶來之較高股東回報與良好資本狀況帶來之好處及保障之間取得平衡，並因應經濟環境之變化對資產負債比率架構作出調整。

本集團監測之資產負債比率架構乃按外部借貸基準計算，包括銀行貸款及融資租賃債務等外部借貸與資產總值之比值。

財務報表附註

28 股本及儲備(續)

(e) 資本管理(續)

本集團之策略為維持資產負債比率低於35%。為維持或調整該比率，本集團可能籌集新股本融資或出售資產減輕負債。於二零一六年及二零一五年十二月三十一日之資產負債比率如下：

	二零一六年 千港元	二零一五年 千港元
可換股債券	183,614	–
銀行貸款	410,934	769,878
融資租賃債務	545	53,034
	595,093	822,912
資產總值	3,155,865	2,865,193
資產負債比率	18.9%	28.7%

29 金融風險管理及金融工具之公允值

本集團之日常業務涉及信貸、流動資金、貨幣及利率風險。此等風險受限於本集團下述財務管理政策及慣例。

(a) 信貸風險

本集團之信貸風險主要因貿易及其他應收款項、已抵押銀行存款以及存款及現金而產生。

就已抵押銀行存款以及存款及現金而言，本集團僅存放存款於中國及香港之主要金融機構。

就貿易及其他應收款項而言，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，以盡可能減低信貸風險。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足夠減值撥備。本集團透過設立該等政策，得以令壞賬維持於最低水平。

本集團之貿易應收款項與大批不同客戶有關，故信貸集中風險不大。

財務報表附註

29 金融風險管理及金融工具之公允值(續)

(b) 流動資金風險

本集團之政策為定期監控即期及預期流動資金之需求，以確保維持足夠之現金儲備及自主要金融機構獲取充足承諾資金，藉以應付短期及長期之流動資金需求。

下表詳列於報告期末本集團非衍生金融負債之剩餘合約期限，該等期限乃根據已訂約未貼現現金流量(包括按合約利率計算或(倘為浮息)按報告期末之即期利率計算之利息付款)以及本集團可能被要求付款之最早日期計算。由於已收按金並無固定償還條款，故賬面值並未計入該表內。

就須按銀行可全權酌情行使之要求條款償還之定期貸款而言，相關分析列示基於已訂約還款計劃計算之現金流出，並列示貸款人行使其可即時生效之無條件催還貸款權利時產生之現金流出之影響。

	於二零一六年十二月三十一日					
	已訂約未貼現		一年內或	一年以上	兩年以上	五年以上
	賬面值	現金流量總額	按要求	但兩年以下	但五年以下	
千港元	千港元	千港元	千港元	千港元	千港元	
貿易應付款項	43,494	43,494	43,494	-	-	-
其他應付款項及應計費用	55,939	55,939	55,939	-	-	-
銀行貸款	410,933	435,048	235,700	74,563	75,531	49,254
融資租賃債務	545	582	304	278	-	-
可換股債券	183,614	225,000	10,000	10,000	205,000	-
其他金融負債	219,389	297,920	-	-	297,920	-
	913,914	1,057,983	345,437	84,841	578,451	49,254

	於二零一五年十二月三十一日					
	已訂約未貼現		一年內或	一年以上	兩年以上	五年以上
	賬面值	現金流量總額	按要求	但兩年以下	但五年以下	
千港元	千港元	千港元	千港元	千港元	千港元	
貿易應付款項	89,535	89,535	89,535	-	-	-
其他應付款項及應計費用	192,511	192,511	192,511	-	-	-
銀行貸款	769,878	825,992	458,026	147,181	161,970	58,815
融資租賃債務	53,034	58,507	17,949	11,251	29,307	-
	1,104,958	1,166,545	758,021	158,432	191,277	58,815

財務報表附註

29 金融風險管理及金融工具之公允值(續)

(c) 貨幣風險

本集團擁有以相關實體功能貨幣以外貨幣計值之外幣貨幣資產及負債。結算或兌換此等外幣貨幣項目之匯率與交易當日之匯率有別而產生之匯兌差異乃在損益中確認。

本集團有進行以相關實體功能貨幣以外貨幣計值之交易。因此，本集團須承受因相關功能貨幣兌其他外幣之匯率可能會出現變動，致使對本集團因該部分以相關功能貨幣以外之貨幣計值之資產或負債價值有不利影響而產生之風險。由於港元與美元掛鈎，本集團並不預期港元／美元之匯率有任何重大變動。產生外幣風險之貨幣主要為人民幣及新加坡元。本集團管理層繼續監察本集團所承受之該等外幣風險，以確保其處於可控制水平。

(i) 所承受之貨幣風險

下表詳列於報告期末本集團所承受來自以相關實體功能貨幣以外之貨幣列值之已確認資產或負債之貨幣風險。就呈列目的而言，風險金額以原有貨幣呈列。

	所承受之外幣風險					
	二零一六年			二零一五年		
	港元 千元	人民幣 千元	新加坡元 千元	港元 千元	人民幣 千元	新加坡元 千元
其他應收款項、按金及預付款項	-	59	-	-	1	-
存款及現金	-	56,169	10,573	-	67,916	959
其他應付款項及應計費用	-	(237)	-	-	(103)	-
遞延收益	-	(170)	-	-	(170)	-
公司間結餘	-	251,365	-	-	213,949	-
公司間借貸*	-	-	-	(304,370)	109,661	-
貨幣風險淨額	-	307,186	10,573	(304,370)	391,254	959

* 一間位於中國之附屬公司獲得以港元計值之公司間貸款，該公司之功能貨幣為人民幣。因此，該附屬公司記錄之貸款須承擔外幣風險。

財務報表附註

29 金融風險管理及金融工具之公允值(續)

(c) 貨幣風險(續)

(ii) 敏感度分析

下表顯示假設所有其他風險變數維持不變，於報告期末因外匯匯率出現變動導致本集團除稅後虧損及保留溢利出現之即時變動情況，而本集團須就此承擔重大風險。權益之其他部分不會因外匯匯率變動而受到影響：

	二零一六年		二零一五年	
	外匯匯率 上升/(下降)	對除稅後虧損 減少/(增加)及 保留盈利增加/ (減少)之影響 千港元	外匯匯率 上升/(下降)	對除稅後虧損 減少/(增加)及 保留盈利增加/ (減少)之影響 千港元
人民幣	5%	18,124	5%	23,084
	(5)%	(18,124)	(5)%	(23,084)
新加坡元	5%	2,897	5%	263
	(5)%	(2,897)	(5)%	(263)
港元	5%	-	5%	(15,219)
	(5)%	-	(5)%	15,219

上表所呈列分析結果合併呈列對各集團實體以其各自功能貨幣計量之除稅後虧損及權益之即時影響，並以原有貨幣呈列。

敏感度分析假設外匯匯率變動已應用於重新計量該等於報告期末由本集團持有並使本集團承受外幣風險之金融工具，包括本集團內公司間之應付款項及應收款項，有關款項乃以貸款方或借款方之功能貨幣以外貨幣計值。分析不包括導致海外業務財務報表換算成本集團呈報貨幣之差額。二零一五年按相同基準進行有關分析。

(d) 利率風險

本集團之利率風險主要來自本集團之短期及長期貸款。浮息借貸令本集團承受現金流量利率風險，而以固定利率計息之借貸令本集團承受公允值利率風險。

為管理利率風險，本集團根據既定政策及透過定期檢討，以減低本集團整體資金成本為重點，從而決定適合目前業務組合之浮息/定息資金來源策略。

財務報表附註

29 金融風險管理及金融工具之公允值(續)

(d) 利率風險(續)

(i) 利率概況

下表詳列於報告期末本集團借貸之利率概況：

	二零一六年		二零一五年	
	實際利率 %	千港元	實際利率 %	千港元
定息借貸淨額：				
融資租賃債務(附註23)	6.6%	545	4.33%–10.5%	53,034
可換股債券	5%	183,614	–	–
浮息借貸：				
銀行貸款(附註22)	2.25%–4.09%	410,934	2.25%–6.13%	769,878

(ii) 敏感度分析

於二零一六年十二月三十一日，估計利率普遍上升/下跌1%（所有其他變數維持不變），將導致本集團除稅後虧損增加/減少及本集團權益總額減少/增加約3,435,000港元（二零一五年：6,477,000港元）。

上述之敏感度分析乃經假設於報告期末利率出現變動而釐定，且已應用於當日存在之利率風險。利率上升/下跌1%顯示出管理層對下年度報告期末前期間內利率之合理可能變動作出之評估。二零一五年按相同基準進行有關分析。

(e) 公允值計量

(i) 按公允值計量之金融資產

公允值層級

下表呈列於報告期末按經常性基準計量之本集團衍生金融工具公允值，該等公允值按《香港財務報告準則》第13號公允值計量界定三個公允值層級。公允值計量之分類經參考估值技術所用輸入數據之可觀察性及重要性釐定如下：

— 第一級估值：僅以第一級輸入數據計量之公允值，即以類似資產或負債於計量日期在活躍市場中之未調整報價計量

— 第二級估值：以第二級輸入數據（即不符合第一級之可觀察輸入數據）計量，且不使用重大而不可觀察之輸入數據之公允值。不可觀察輸入數據為無法獲得相關市場數據之輸入數據

— 第三級估值：使用重大而不可觀察之輸入數據計量之公允值

財務報表附註

29 金融風險管理及金融工具之公允值(續)

(e) 公允值計量(續)

- (i) 按公允值計量之金融資產(續)
公允值層級(續)

	於二零一六年 十二月三十一日 之公允值			
	期間 千港元	下列類別於各報告期末之公允值計量		
		第一級 千港元	第二級 千港元	第三級 千港元

經常性公允值計量

衍生金融工具	70,236	-	-	70,236
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截至二零一六年十二月三十一日止年度，第一級與第二級之間並無轉撥。本集團政策為於報告期末確認公允值層級之間之轉撥。

本集團所有衍生金融工具已於二零一六年十二月三十一日重估。估值乃由獨立專業合資格估值師永利行國際進行。於各中期及年度報告日期進行估值時，本集團管理層與測量師討論估值假設及估值結果。

- (ii) 有關第三級公允值計量之資料

	估值技術	重大不可 觀察輸入數據 範圍(加權平均)	
		衍生金融工具	二項模式

衍生金融工具之公允值乃採用二項模式釐定，而公允值計量使用之重大不可觀察輸入數據預期會出現波幅。公允值計量與預期波幅呈正比關係。

- (iii) 並非以公允值列賬之金融資產及負債之公允值

本集團按成本或攤銷成本列賬之金融工具之賬面值與其於二零一五年及二零一六年十二月三十一日之公允值並無重大差異，惟下列工具除外，其賬面值及公允值以及公允值層級披露如下：

	於二零一六年 十二月三十一日		下列類別於各報告期末之公允值計量		
	之賬面值 千港元	之公允值 千港元	第一級 千港元	第二級 千港元	第三級 千港元

經常性公允值計量

可換股債券	183,614	183,586	-	-	183,586
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可換股債券之公允值乃採用二項樹模式釐定，其追查可換股債券之主要相關變數於各別時間之演變。

財務報表附註

30 業務合併

於二零一六年一月八日，本集團向若干獨立第三方收購武漢意幻文化傳媒有限公司全部已發行股本，總現金代價為人民幣3,800,000元(相當於4,446,000港元)，以擴展其影城業務。該公司主要於中國內地經營影城。

於收購日期所收購資產、所承擔負債及非控股權益之公允值如下：

	截至二零一六年 十二月三十一日 止年度 千港元
物業、廠房及設備	2,673
現金及現金等值項目	208
貿易及其他應收款項	384
存貨	22
貿易及其他應付款項	(316)
遞延收益	(124)
所收購資產淨值公允值	2,847
商譽	1,599
總代價	4,446
減：應付代價	(586)
已付代價，以現金支付(附註)	3,860
減：所收購現金及現金等值項目	(208)
現金流出淨額	3,652

收購附屬公司已使用收購會計法計算。收購成本超過所收購附屬公司可識別資產及負債公允值之金額，則產生商譽。

附註：根據收購之買賣協議，代價人民幣3,800,000元(相當於4,446,000港元)須於二零一八年前以現金分期支付。第一期人民幣3,300,000元(相當於3,860,000港元)已於截至二零一六年十二月三十一日止年度支付。

自收購日期起，該公司所貢獻收益2,370,000港元已計入截至二零一六年十二月三十一日止年度之綜合收益表。該公司於同期產生虧損3,519,000港元。

倘截至二零一六年十二月三十一日止年度業務合併之收購日期為於報告期間開始時，則計入截至二零一六年十二月三十一日止年度之綜合收益表內該公司所貢獻之收益將為2,430,000港元。按相同基準，該公司於同期產生虧損3,596,000港元。

財務報表附註

30 業務合併(續)

截至二零一五年十二月三十一日止年度，本集團向若干獨立第三方收購深圳市深影橙天達夢影城有限公司全部已發行股本、深圳天潤影城有限公司75%已發行股本、撫順星辰影院有限公司全部已發行股本、長春昌達電影放映有限公司全部已發行股本及上海星濠影城有限公司全部已發行股本，總現金代價為人民幣61,420,000元(相當於75,775,000港元)，以擴展其影城業務。該等公司主要於中國內地經營影城。

於收購日期所收購資產、所承擔負債及非控股權益之公允值如下：

	截至二零一五年 十二月三十一日 止年度 千港元
物業、廠房及設備	59,542
現金及現金等值項目	420
貿易及其他應收款項	5,405
存貨	261
貿易及其他應付款項	(1,547)
遞延收益	(2,281)
所收購資產淨值公允值	61,800
商譽	18,874
非控股權益	(4,899)
總代價	75,775
減：應付代價	(42,753)
已付代價，以現金支付(附註)	33,022
減：所收購現金及現金等值項目	(420)
現金流出淨額	32,602

收購附屬公司已使用收購會計法計算。收購成本超過所收購附屬公司可識別資產及負債公允值之金額，則產生商譽。

附註：部分代價人民幣26,620,000元(相當於33,022,000港元)已於收購五間公司後支付。根據收購之買賣協議，餘下代價人民幣34,800,000元(相當於42,753,000港元)須於二零二零年前以現金分期支付。

自收購日期起，該等公司所貢獻收益30,673,000港元已計入截至二零一五年十二月三十一日止年度之綜合收益表。該等公司於同期產生虧損4,091,000港元。

倘年內所有業務合併之收購日期為於年度報告期間開始時，則計入截至二零一五年十二月三十一日止年度之綜合收益表內該等公司所貢獻之收益將為58,675,000港元。按相同基準，該等公司於同期產生虧損5,355,000港元。

財務報表附註

31 部分視作出售一間附屬公司

於二零一六年三月十五日，本集團與三名投資者訂立認購協議（「認購協議」），據此，投資者同意以總代價人民幣400,000,000元認購橙天嘉禾影城（中國）全部股權（經認購協議完成擴大後）之13.79%，惟須待認購協議之先決條件達成後方可作實。

於二零一六年十一月二十九日，本集團與三名投資者之一嘉興信業創贏肆號投資合夥企業（有限合夥）（「嘉興信業」）已達成認購協議之先決條件，而嘉興信業已以代價人民幣200,000,000元認購橙天嘉禾影城（中國）全部股權之7.41%（「視作出售事項」）。

視作出售事項並無導致本集團失去對橙天嘉禾影城（中國）之控制權，並獲入賬列為股權交易，當中已作出調整以反映嘉興信業認購橙天嘉禾影城（中國）股權完成（「完成」）後之非控股權益增加約51,614,000港元及其他儲備借項淨額增加約525,000港元。

認購協議載有條款及條件，賦予本集團及嘉興信業多項權利及選擇權。在特定情況下，本集團可選擇認購而嘉興信業可選擇認沽嘉興信業所持橙天嘉禾影城（中國）股權。此外，倘本集團於指定時限內透過認購橙天嘉禾影城（中國）之新註冊資本而引入新投資者作出投資，則反攤薄權利將會生效。視作出售事項之詳情載於本公司日期為二零一六年三月十五日、二零一六年四月一日、二零一六年九月五日及二零一六年十一月二十九日之公佈。

根據認購期權之條款，本集團可選擇購回橙天嘉禾影城（中國）之股權，(i)倘本集團於完成後182日內就向第三方買方出售橙天嘉禾影城（中國）全部股權之50%以上而訂立任何書面協議，則代價為人民幣220,000,000元；或(ii)倘本集團於完成後183日至365日期間就向第三方買方出售橙天嘉禾影城（中國）股權之50%以上而訂立任何書面協議，則代價為人民幣240,000,000元。

於完成日期，認購期權之公允值70,075,000港元已於綜合財務狀況表確認為衍生金融工具（附註20）。

根據認沽期權之條款，倘(i)橙天嘉禾影城（中國）於完成後三個完整曆年屆滿後未能符合於特定證券交易所上市之資格（「合資格首次公開發售」）；或(ii)橙天嘉禾影城（中國）於完成後四個完整曆年屆滿後未能達到合資格首次公開發售；或(iii)橙天嘉禾影城（中國）於完成後四個完整曆年屆滿後未能達到合資格首次公開發售，但已於中國內地之全國中小企業股份轉讓系統開始買賣，則嘉興信業可選擇要求本集團購買其於橙天嘉禾影城（中國）之7.41%股權。

於完成日期，認沽期權負債總額之公允值217,836,000港元已於綜合財務狀況表入賬列為長期金融負債（附註25）。認沽期權於確認長期金融負債24,100,000港元前之首日收益於綜合收益表確認為「其他虧損淨額」。

財務報表附註

32 承擔

(a) 並無於財務報表作出撥備之未支付資本承擔

於二零一六年及二零一五年十二月三十一日，本集團就有關收購物業、廠房及設備應佔合營企業自身之資本承擔如下：

	二零一六年 千港元	二零一五年 千港元
已訂約：		
新加坡	2,475	10,210
台灣	1,287	2,866
	3,762	13,076
已批核但未訂約：	-	-
	3,762	13,076

除上述本集團應佔合營企業自身之資本承擔外，於二零一六年及二零一五年十二月三十一日，本集團有關收購物業、廠房及設備之資本承擔如下：

	二零一六年 千港元	二零一五年 千港元
已訂約：		
中國內地	19,092	52,141
已批核但未訂約：		
中國內地	393,240	450,721
	412,332	502,862

(b) 經營租賃承擔

(i) 作為出租人

於二零一六年十二月三十一日，本集團根據不可撤銷之經營租賃應收取之未來最低租金總額如下：

	二零一六年 千港元	二零一五年 千港元
於以下期限屆滿之物業租賃		
— 一年內	2,983	2,934
— 一年後但五年內	11,290	12,055
— 五年後	10,866	14,447
	25,139	29,436

本集團按經營租賃出租樓宇。該等租賃年期為十二年。有關租賃須支付或然租金12%至15%不等。

財務報表附註

32 承擔(續)

(b) 經營租賃承擔(續)

(ii) 作為承租人

於二零一六年十二月三十一日，本集團根據不可撤銷之經營租賃須支付之未來最低租金總額如下：

	二零一六年 千港元	二零一五年 千港元
於以下期限屆滿之物業租賃		
— 一年內	242,069	210,335
— 一年後但五年內	917,796	827,729
— 五年後	1,489,661	1,418,139
	2,649,526	2,456,203

本集團為根據經營租賃租用多項辦公樓宇及影城之承租人。該等租賃基本年期為一至二十年。

若干不可撤銷之經營租賃涉及或然租金付款，此等租金乃各租賃協議所載之基本租金以外按每月或每年之票房總收入之7%至28%(二零一五年：7%至28%)計算。此外，若干租賃亦就影城小賣部銷售額及廣告收入之10%至12%(二零一五年：10%至12%)收取租金。

33 或然負債

於二零一六年十二月三十一日，本公司就若干附屬公司及一間合營企業取得之銀行融資而向銀行作出擔保，金額分別為651,154,000港元(二零一五年：1,053,787,000港元)及零港元(二零一五年：零港元)。於二零一六年十二月三十一日，附屬公司已動用金額為621,153,738港元(二零一五年：770,885,000港元)之銀行融資。

於二零一六年十二月三十一日，董事認為本公司不會因此等擔保被索償。本公司並無就銀行擔保確認任何遞延收入，原因為該等銀行擔保之公允值無法可靠地計量，故並無計入交易價格。

本集團若干附屬公司涉及在其各自日常業務過程中產生之訴訟。經審閱未了結之申索並計及所獲取之法律意見後，董事認為即使有關索償得直，亦不會對本集團之財務狀況構成重大不利影響。

34 重大關連人士交易

除該等財務報表其他部分所披露交易及結餘外，本集團已訂立下列重大關連人士交易。

	附註	二零一六年 千港元	二零一五年 千港元
已付辦公室租金	(i)	2,606	3,572
影城銀幕廣告費收入	(ii)	25,552	22,296
院線管理服務費開支	(iii)	9,983	9,026
贊助費收入	(iv)	—	7,858
收購一間附屬公司預付款項	(v)	—	3,540
租金開支預付款項	(vi)	50,400	—

財務報表附註

34 重大關連人士交易(續)

附註：

- (i) 指本集團向董事兼本集團主要股東伍克波先生全資擁有之關連公司支付三個辦公室之租金開支。租金開支乃按一般商業條款收取。
- (ii) 指向兩間關連公司授出本集團於香港及中國影城之獨家銀幕廣告時間收取之影城銀幕廣告收入。費用乃按一般商業條款收取。
- (iii) 指向一間由伍克波先生間接持有之關連公司為中國影城推出一流院線支付之管理服務費。費用乃按票房收入淨額1.2%收取。
- (iv) 指向一間由伍克波先生實益擁有80%權益之關連公司為於香港促成贊助收取之贊助費收入。
- (v) 指就向伍克波先生之近親收購一間附屬公司之預付款項。
- (vi) 指向一間由伍克波先生實益擁有80%權益之關連公司為一家位於中國之新影城支付之租金開支預付款項。

上文附註(i)、(ii)、(iii)、(iv)及(vi)所示與關連公司所進行交易構成上市規則第14A章所界定之持續關連交易，並載於董事會報告書內。該等持續關連交易已由獨立非執行董事正式審閱，或構成上市規則所界定之最低豁免水平交易。

上述所有其他關連人士交易均不構成上市規則所界定之關連交易。

35 持作待售之出售組別

於二零一七年一月二十五日，本公司之間接全資附屬公司鉅滿有限公司(「鉅滿」)與美視角有限公司(「美視角」)訂立買賣協議(「買賣協議」)，據此，鉅滿有條件同意出售而美視角有條件同意購買橙天嘉禾影城有限公司(「橙天嘉禾影城」)全部股權，代價為人民幣32.86億元(「出售事項」)。誠如附註31所載，中國內地經營本集團影城業務之橙天嘉禾影城(中國)由橙天嘉禾影城及嘉興信業分別擁有92.59%及7.41%權益。預期本集團將錄得出售事項收益約23億港元。出售事項收益之確實金額可根據買賣協議作出價格調整，故或會與上述數字有別。

根據買賣協議，橙天嘉禾影城將於出售事項完成前進行重組(「重組」)，僅納入與本集團中國內地影城業務相關之實體。經計及重組之影響後，橙天嘉禾影城之資產及負債由持作待售之出售組別組成。出售事項預期於二零一七年下半年完成。

財務報表附註

35 持作待售之出售組別(續)

管理層根據出售事項之事實及具體情況進行評估，出售組別分類為持作待售之標準已於二零一六年十二月三十一日前獲達成。持作待售之出售組別資產及負債於二零一六年十二月三十一日之綜合財務狀況表分開呈列，而於二零一六年十二月三十一日之出售組別資產及負債主要類別如下：

	二零一六年 千港元
分類為持作待售之出售組別資產	
投資物業(附註11(a))	87,662
其他物業、廠房及設備(附註11(a))	1,204,335
於聯營公司之權益	11,628
商譽(附註16)	18,587
遞延稅項資產(附註26(b))	49,755
已抵押銀行存款	12,880
存貨	11,710
貿易應收款項	125,448
其他應收款項、按金及預付款項	242,275
存款及現金(附註a)	355,722
	2,120,002
分類為持作待售之出售組別負債	
貿易應付款項	51,267
其他應付款項及應計費用	153,494
遞延收益	167,226
銀行貸款	206,711
融資租賃債務	51,037
應付稅項(附註26(a))	7,808
	637,543

附註a: 於二零一六年十二月三十一日，存款及現金包括現金及現金等值項目351,242,000港元以及於收購時原定期日超過三個月之定期存款4,480,000港元。

附註b: 於二零一六年十二月三十一日，累計外幣換算虧損23,881,000港元已計入有關出售組別之其他全面收益內。

根據現行會計準則，管理層認為出售組別不代表本集團獨立主要業務分部或地區。因此，出售組別並無呈列為已終止經營業務。

36 會計判斷及估計

附註29載有關於金融風險管理之假設及該等風險因素之資料。估計不明朗因素之其他主要來源及應用本集團會計政策之關鍵會計判斷如下：

估計不明朗因素之主要來源

- (i) **評估物業、廠房及設備之可使用經濟年期**
本集團根據物業、廠房及設備預期可供使用之期間估計資產之可使用經濟年期。本集團每年均會根據不同因素，包括資產使用情況、內部技術評估、科技發展、環境轉變及基於相關行業基準資料所定資產之預期用途檢討其估計可使用年期。倘上述因素出現任何變化而使有關估計有所改變，則可能對未來經營業績產生重大影響。縮短物業、廠房及設備之估計可使用年期將會增加折舊開支及減少非流動資產。
- (ii) **評估物業、廠房及設備之減值**
本集團於各報告期末審閱內部與外部之資料來源，以辨識有否跡象顯示資產可能出現減值或先前確認之減值虧損已不再存在或可能減少。本集團於有任何上述跡象出現時估計資產之可收回金額。資產之可收回金額或其所屬之現金產生單位乃其淨售價與使用價值兩者中之較高者。於評估使用價值時，預計日後現金流量按扣稅前貼現率貼現至其現值，以反映目前市場對現金時間價值及資產特定風險之評估。編製預測未來現金流量涉及未來收益及經營成本之估計，而有關估計乃以本集團所得資料支持之合理假設作基準。此等估計之變動可導致未來數年出現額外減值撥備或減值撥回。
- (iii) **評估電影版權之減值**
本集團於各報告期末審閱電影版權之賬齡分析。電影版權之可收回金額乃於報告期末參考使用價值計算法作出評估。主要假設包括根據電影發行及製作之過往慣例、經驗及預期而得出之貼現率、預算毛利及估計營業額。該等估計及假設之變動會導致未來年度之額外減值撥備或減值撥回。
- (iv) **評估商譽之減值**
本集團根據財務報表附註2(o)(ii)所載會計政策進行商譽減值測試。就減值測試而言，所收購商譽已分配至個別現金產生單位。該等現金產生單位乃按照預測營運表現及現金流量評估減值。資產或現金產生單位之可收回金額以使用價值計算法釐定。現金流量預測乃以可反映現行及未來市況之合理假設為基準編製，並作適當貼現。
- (v) **遞延稅項資產**
本集團於各報告期末審閱遞延稅項之賬面值，在並無足夠應課稅收入可運用全部或部分遞延稅項資產之情況下，會扣減遞延稅項資產。然而，本集團無法保證可產生足夠應課稅收入以運用全部或部分遞延稅項資產。

應用本集團會計政策之關鍵會計判斷

- (i) **呈列持作待售之出售組別及已終止經營業務**
截至二零一六年十二月三十一日止年度，根據現行會計準則達成相關標準後，本集團將有關本集團中國內地影城業務之所有資產及負債分類為持作待售之出售組別。管理層認為待售業務不代表獨立主要業務分部或地區，故並無呈列為已終止經營業務。

財務報表附註

37 公司層面之財務狀況表

	附註	二零一六年 千港元	二零一五年 千港元
非流動資產			
於附屬公司之權益		1,705,592	1,512,875
流動資產			
應收一間附屬公司款項		1,560	1,560
預付款項		439	440
存款及現金		88	89
		2,087	2,089
流動負債			
應付款項及應計費用		963	1,702
可換股債券		9,547	-
		10,510	1,702
流動(負債)/資產淨值		(8,423)	387
非流動負債			
可換股債券		174,067	-
資產淨值		1,523,102	1,513,262
股本及儲備	28		
股本		274,252	274,252
儲備		1,248,850	1,239,010
權益總額		1,523,102	1,513,262

38 報告期後事項

於二零一七年一月二十五日，本集團與一名第三方訂立買賣協議，以出售其於中國內地之影城業務。進一步詳情載於附註35。

財務報表附註

39 截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂、新訂準則及詮釋之可能影響

截至該等財務報表刊發日期，香港會計師公會已頒佈下列於截至二零一六年十二月三十一日止年度尚未生效之多項修訂及新訂準則，而該等財務報表並未採納該等修訂及新訂準則，包括以下可能與本集團相關之項目。

	於下列日期或之後 開始之會計期間生效
《香港會計準則》第7號(修訂本)，現金流量表：披露計劃	二零一七年一月一日
《香港會計準則》第12號(修訂本)，所得稅開支：就未變現虧損確認遞延稅項資產	二零一七年一月一日
《香港財務報告準則》第9號，金融工具	二零一八年一月一日
《香港財務報告準則》第15號，來自客戶合約收益	二零一八年一月一日
《香港財務報告準則》第16號，租賃	二零一九年一月一日

本集團正在評估該等修訂及新訂準則對初始應用期間之預計影響。目前為止我們得出結論，除本集團無法在進行詳細審閱前就《香港財務報告準則》第16號租賃對本集團財務報表之影響提供合理估計外，採納該等修訂及新訂準則不太可能對綜合財務報表產生重大影響。

《香港財務報告準則》第16號租賃

預期《香港財務報告準則》第16號不會對出租人租賃權利與義務之會計處理造成重大影響。然而，一旦採納《香港財務報告準則》第16號，承租人將不再區分融資租賃及經營租賃。取而代之，除非使用若干權宜實行方法，否則承租人將按與現有融資租賃會計處理方法類似之方式對所有租賃進行會計處理，即於租賃開始日期，承租人將按未來最低租賃付款之現值確認及計量租賃負債，及將確認相應之「使用權」資產。初步確認該資產及負債後，承租人將確認租賃負債未付餘額應計之利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生之租金開支。作為權宜實行方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下)及低價值資產之租賃，於該等情況下，租賃開支將繼續於租期內按系統基準確認。

《香港財務報告準則》第16號將主要影響本集團作為物業、廠房及機器以及辦公室設備租賃(現時劃分為經營租賃)承租人之會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於損益表確認開支之時間。經考慮權宜實行方法之適用性，並就現時至採納《香港財務報告準則》第16號期間已訂立或終止之任何租賃及貼現影響作出調整後，本集團將須進行更為詳細之分析以釐定於採納《香港財務報告準則》第16號時經營租賃承擔所產生之新資產及負債之金額。

Orange Sky
ENTERTAINMENT GROUP



Golden Harvest

Orange Sky Golden Harvest Entertainment (Holdings) Limited 橙天嘉禾娛樂(集團)有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號 : 1132)