

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)



2013

Annual Report 年度報告



Love Life, Live Life

熱愛生活.享受生活

Vision 橙天嘉禾的願景

To become Asia's best-in-class integrator of the movie entertainment industry
成為亞洲最具實力的電影產業整合者

Mission 橙天嘉禾的使命

To inspire and enrich life by bringing our customers to the world beyond imagination through excellent movie experience, while seeking maximisation of shareholders' value.
在增大股東利益的同時，提供精彩絕倫的電影，讓觀眾遨遊於超乎想像的空間，釋放視野限制，啟發靈感、昇華生活。

Value 橙天嘉禾的價值

Responsible

for the maximisation of shareholders' value and the betterment of society with the highest principles
對股東投資 實現價值最大 對社會大眾 抱有責任承擔

Effective

execution of business strategy with consistency
對執行能力 時刻保持高效

Compliant

to rules and internal regulations with diligence
對法規內控 嚴格遵守執行

Committed

to the development of film industry with passion
對電影事業 滿載熱誠理想

Strategy 橙天嘉禾的價值

In line with the waterfall of revenue split, we adopt a strategy of bottom up approach in our priority of development according to the following order:
按照行業分帳的流程，集團按以下的順序優先發展有利於股東價值的環節：

1. Enlarge and strengthen our theatrical exhibition network, i.e. the distribution channel
擴大及加強集團的影院經營網絡，也就是擴展分銷渠道
2. Integrate with our distribution business to enhance synergy
加強整合集團的電影發行業務以獲取更大的協同效應
3. Participate with minimal risks production which in turn benefits our distribution and exhibition business
以最低的風險投資電影製作使集團的放映和發行業務更能受惠

Innovative

offerings to our customers with continual improvement
對每個製作 注入無窮創意

Honest

to our business partners with transparency, integrity and faith
對每宗交易 謹守公平公開

United

team work to build success with persistence
為達致成功 堅守團隊精神





Contents 目錄

- 02 Corporate Information
公司資料
- 04 Biographical Details of Directors
董事個人履歷
- 08 Chairman's Statement
主席報告書
- 12 Management Discussion & Analysis
管理層討論及分析
- 25 Corporate Governance Report
企業管治報告
- 37 Environmental, Social and Governance Report
環境、社會及管治報告

Financial Information 財務資料

- 41 Report of the Directors
董事會報告書
- 64 Independent Auditor's Report
獨立核數師報告
- 67 Consolidated Income Statement
136 綜合收益表
- 68 Consolidated Statement of Comprehensive Income
137 綜合全面收益表
- 69 Consolidated Statement of Financial Position
138 綜合財務狀況表
- 71 Statement of Financial Position
140 財務狀況表
- 72 Consolidated Statement of Changes in Equity
141 綜合權益變動表
- 73 Consolidated Statement of Cash Flows
142 綜合現金流量表
- 75 Notes to the Financial Statements
144 財務報表附註



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

TAN Boon Pin Simon
陳文彬

WU Keyan
伍克燕

INDEPENDENT NON-EXECUTIVE DIRECTORS

獨立非執行董事

LEUNG Man Kit
梁民傑

HUANG Shao-Hua George
黃少華

WONG Sze Wing
黃斯穎

CHIEF EXECUTIVE OFFICER

首席執行官

MAO Yimin
毛義民

COMPANY SECRETARY

公司秘書

WONG Kwan Lai
黃君麗

Corporate Information

公司資料

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

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

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

Standard Chartered Bank (Hong Kong) Limited
渣打銀行(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
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH 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 50

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 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”). Mr. Wu is also a director of certain subsidiaries of the Company. 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 AND CHIEF FINANCIAL OFFICER

Mr. Mao Yimin (“Mr. Mao”)

Aged 36

Mr. Mao is an executive director and has been appointed as the chief financial officer of the Company (“CFO”) since 17 June 2013 and has been appointed as the chief executive officer of the Company (“CEO”) since 1 August 2011. Mr. Mao held the office of the CFO during the period from 6 May 2011 to 1 January 2012. 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。伍先生亦為本公司若干附屬公司之董事。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 首席執行官兼 首席財務官

毛義民先生(「毛先生」)

三十六歲

毛先生為執行董事，自二零一三年六月十七日起獲委任為本公司首席財務官(「首席財務官」)，並自二零一一年八月一日起獲委任為首席執行官(「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出任首席財務官。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，累積豐富的法定報告、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 66

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 10 years of 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*, *Taiping 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 42

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 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」)

六十六歲

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年經驗，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」)

四十二歲

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。自二零零八年一月一日起，伍女士出任本集團行政及人力資源部門高級經理，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

Mr. Tan Boon Pin Simon (“Mr. Tan”)

Aged 45

Mr. Tan was appointed as an executive director and acting chief operations officer of the Company on 23 August 2010. Mr. Tan manages the Company's operations in Taiwan, and is the general manager of Vie Show Cinemas Co. Ltd., a Taiwan incorporated company which is owned as to 35.71% by the Company, and the general manager of Vie Vision Pictures Co. Ltd., a Taiwan incorporated company in which the Company holds 23.21% indirect interest. Mr. Tan is also a director of certain subsidiaries of the Company. He joined the Company in 2001 as a general manager, exhibition. Prior to that, he had worked with Golden Village Multiplex Pte Ltd, a company which is owned as to 50% by the Company, since 1992. Mr. Tan holds a master's degree in business administration in Nanyang Technological University's Nanyang Fellows Program. He graduated from Western Illinois University with a bachelor's degree in business with majors in finance and economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 60

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 and Optics Valley Union Holding Company Limited; and as an executive director of Chanceton Financial Group 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 Anhui Expressway Company Limited for the period from August 2005 to August 2011 and Junefield Department Store Group Limited for the period from December 2002 to May 2013, both companies being listed on the Stock Exchange.

陳文彬先生(「陳先生」)

四十五歲

陳先生於二零一零年八月二十三日獲委任為本公司執行董事兼署理營運官。陳先生管理本公司在台灣之業務及為於台灣註冊成立並由本公司擁有35.71%權益之威秀影城股份有限公司的總經理，及本公司擁有23.21%間接權益的台灣註冊成立公司Vie Vision Pictures Co. Ltd.的總經理。陳先生亦為本公司若干附屬公司之董事。彼於二零零一年加盟本公司出任總經理(戲院部)。在此之前，彼自一九九二年起一直於本公司擁有50%權益之Golden Village Multiplex Pte Ltd工作。陳先生持有南洋科技大學Nanyang Fellows Program之工商管理碩士學位。彼畢業於美國伊利諾西大學，持有商務學士學位(主修財務及經濟)。

獨立非執行董事

梁民傑先生(「梁先生」)

六十歲

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及光谷聯合控股有限公司之獨立非執行董事以及川盟金融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。梁先生先後於二零零五年八月至二零一一年八月及二零零二年十二月至二零一三年五月出任安徽皖通高速公路股份有限公司及莊勝百貨集團有限公司之獨立非執行董事，上述公司均於聯交所上市。

Biographical Details of Directors 董事個人履歷

Mr. Huang Shao-Hua George (“Mr. Huang”)

Aged 65

Mr. Huang has been an independent non-executive director and a member of the audit committee of the Company since November 2006. Mr. Huang graduated from the College of Telecommunications Engineering, National Chiao-Tung University in Taiwan in 1971, and co-founded the Acer Group in 1976. He has been heavily involved in the development of microprocessor technology applications and services and was the first person in Taiwan to promote and sell microcomputers to international markets in 1979. Mr. Huang is presently a supervisor of Acer Inc., Motech Co., Ltd, and Les Enphants Co., Ltd., which are all public companies in Taiwan. He was distinguished as an honoured graduate of National Chiao-Tung University in Taiwan in 1996.

Ms. Wong Sze Wing (“Ms. Wong”)

Aged 35

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.

黃少華先生(「黃先生」)

六十五歲

黃先生自二零零六年十一月起出任本公司獨立非執行董事兼審核委員會成員。黃先生於一九七一年畢業於台灣國立交通大學電訊工程學院，於一九七六年共同創辦宏碁集團。黃先生一直積極參與微型處理器技術應用及服務之發展工作，於一九七九年成為台灣推廣及銷售微型電腦至國際市場之先驅。黃先生現為台灣上市公司宏碁股份有限公司、Motech Co., Ltd及麗嬰房股份有限公司之監察人。彼於一九九六年成為台灣國立交通大學之榮譽畢業生。

黃斯穎女士(「黃女士」)

三十五歲

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的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.成立的中國合營企業公司。Avex Group Holdings Inc. 為於東京證券交易所上市的公司。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。



Chairman's Statement

主席報告書

To Our Shareholders,

On behalf of the Board of Directors (the "Board") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company"), I am delighted to present to our shareholders, the Annual Report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

I am very pleased to report that the Group has achieved another year of solid performance in 2013. The Group's net profit attributable to equity holders increased by 20% to HK\$115 million as compared with the same period last year. During the year under review, the Group opened 7 new cinemas with 48 screens, bringing total numbers of operating cinemas to 77 cinemas with 574 screens across Mainland China, Hong Kong, Taiwan and Singapore. Once again, the Group maintained its leading position in Singapore and Taiwan regions with market share at approximately 45% and 42% respectively. In 2013, the Group achieved another record high admission by serving 40 million patrons and generated a total of approximately HK\$2,198 million gross box office receipts, on a full and aggregated basis, from theatrical exhibition business.

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」)欣然向股東呈報本公司及其附屬公司(「本集團」)截至二零一三年十二月三十一日止年度之年報。

本人欣然匯報，本集團於二零一三年再度錄得理想表現。本集團股權持有人應佔純利較去年同期增加20%至1.15億港元。於回顧年度，本集團新開7家影城共48塊銀幕，令中國內地、香港、台灣及新加坡營運的影城總數達至77家影城共574塊銀幕。本集團再次保持其於新加坡及台灣的領導地位，市場佔有率分別約為45%及42%。於二零一三年，本集團觀影人次再創新高，入場觀眾4,000萬人次，而來自影城經營業務的票房總收入按全數及總額基準計算合共約為21.98億港元。



BUSINESS REVIEW

The market gross box office receipts in Mainland China has increased at a compound annual growth rate of approximately 37% in the past five years and had reached RMB21.8 billion in 2013, ranking second worldwide after the United States. The mainland film industry showed a remarkable change in 2013 as domestic films accounted for about 60% of total market box-office receipts for the year and more domestic films ranked top in the box office chart such as *Journey to the West: Conquering the Demons*, *So Young* and *Personal Tailor*. Hollywood blockbusters are always hot but yet become increasingly homogeneous while local audiences demonstrated more passion and interest in domestic films that they can relate to. We are optimistic about the sustainable demand for quality film entertainment in Mainland China, not only due to significant potential for market penetration but also due to supportive policies implemented by the government, continuous economic growth and popularity of movie-going as a convenient and affordable out-of-home entertainment among the Chinese public. The Group will continue to commit more resources to explore the Mainland China market by both acquisition and organic growth and strives to become one of the leading cinema operators in the region.

業務回顧

中國內地市場的票房總收入於過往五年內按年複合增長率約37%上升，並於二零一三年達到人民幣218億元，全球排名僅次於美國。內地電影業於二零一三年出現明顯轉變，國內電影佔本年度市場票房總收入約60%，更多國內電影成為票房冠軍，例如《西遊：降魔篇》、《致我們終將逝去的青春》及《私人訂制》。荷里活猛片一向熱賣，但日漸流於千篇一律，而本地觀眾更熱衷於能產生共鳴的國內電影，且興趣愈來愈濃厚。我們對中國內地對高質素電影娛樂的持續需求充滿信心，不僅因為市場滲透率具有巨大潛力，亦因為政府實施支持政策，經濟持續增長，加上觀影為方便價廉的戶外娛樂，深受中國公眾歡迎。本集團將繼續憑藉收購及內部增長，致力投放更多資源拓展中國內地市場，並力爭成為區內領先的影城營運商之一。

Chairman's Statement 主席報告書

In 2013, the market box office receipts in Hong Kong, Taiwan and Singapore recorded 4%, 5% and 5% growth from 2012 in local currency, respectively. In late December 2013, the Group opened its very first new concept cinema “the sky” at Hong Kong Olympian City, this high-end 6 house cinema equipped with the most advanced Dolby Atmos sound system; a “Vivo” deluxe house with comfortable electronic recliner seats together with unlimited serving of soft drinks and popcorn to our audiences and wide-range food and beverage choices offered to our patrons that made “the sky” pop out from other competitors. The Group will keep developing its film exhibition business through market penetration to consolidate our leading position in specific regions and is confident that our business in these developed markets will safeguard the overall profitability. The Group will also actively identify merger and acquisition opportunities in Asian market so as to accelerate its pace of development in the film exhibition business and uplift our market share. We will dedicate our efforts in formulating strategic plans across Asia and optimising our development in a discreet manner to outrun and distinguish the Group from other competitors within the industry.

In order to offer a diversified moving viewing experience to our audiences, the Group shall continue to install advanced equipment in theatres such as panorama Dolby Atmos sound system, digital IMAX screen, 4K Projection System and D-Box motion chair in all our operating regions.

The performance of our production and distribution businesses was also encouraging in year 2013. In Mainland China, the Group's invested film *No Man's Land* was finally released in early December 2013 after a four-year scanning period and successfully recorded RMB24 million box office receipts on the first-day launch, the accumulated box office receipts of *No Man's Land* reached over RMB250 million. For distribution business, the Group will continue to expand our distribution scale through sourcing quality films from overseas and looking for good scripts for Chinese language film and TV drama series co-production. The Group will participate in small-medium scale Chinese language film productions and the remake project for “Golden Harvest Classic Movie Series” in the coming years.

二零一三年，香港、台灣及新加坡市場的票房收入以當地貨幣計算較二零一二年分別增長4%、5%及5%。於二零一三年十二月底，本集團在香港奧海城開設首個全新概念影城「the sky」，該高端影城設有6間影院，全部影院均配備最先進的杜比全景聲音響系統；內設有1間「Vivo」尊尚影院，配備電子調較傾斜角度的舒適座椅，並源源不絕地為觀眾供應汽水爆谷；影城內更為顧客提供多元化餐飲選擇，令「the sky」從其他競爭對手中脫穎而出。本集團將繼續滲透市場以發展其影城經營業務，務求鞏固我們於特定地區的領導地位，並堅信該等發達市場的業務將保障整體盈利能力。本集團亦將在亞洲市場積極物色併購機會，從而加快影城經營業務的發展步伐及提高市場佔有率。我們將致力制定亞洲策略方案，審慎優化發展，令本集團得以跑贏業內其他競爭對手，並從當中脫穎而出。

為求為觀眾提供多元化的觀賞體驗，本集團將繼續在所有經營地區的影院配備先進的杜比全景聲音響系統、數碼IMAX銀幕、4K投影系統及D-Box motion chair等先進設備。

我們於二零一三年的製作及發行業務表現亦令人鼓舞。於中國內地，本集團所投資電影《無人區》經過歷時四年的審批過程後，最終在二零一三年十二月初上映。《無人區》於上映首日成功錄得票房收入人民幣2,400萬元，累計票房超過人民幣2.5億元。就發行業務而言，本集團將透過搜羅海外高質素電影，並為聯合製作華語電影及電視連續劇發掘優質劇本，不斷擴大發行業務的規模。本集團將於未來數年參與製作中小型華語電影及「嘉禾經典電影系列」的重新製作項目。

PROSPECTS

The film exhibition performance in Mainland China during Chinese New Year 2014 achieved another record high of RMB1.4 billion box office receipts; representing an 80% increase as compared with the same period of last year which excited all industry players. The record breaking result strengthens our confidence in focusing our network expansion in PRC region and our drive to keep delivering superior and innovative movie-viewing experience to our patrons. We will reinforce our film distribution and production business to enhance the presence of Orange Sky Golden Harvest as one of the top Chinese movie branded company and the best-in-class integrator of the movie entertainment industry across Asia.

Last but not least, I am profoundly grateful to my fellow directors for their unceasing support to the Board while together with our management team that made 2013 another year of success. Also, my statement cannot end without expressing my heartfelt thanks to all our stakeholders — audiences, business partners, bankers, shareholders, suppliers and employees for their dedication and support to the Group during the year and we look forward to their continued support for the betterment of our business in the years to come.

前景

中國內地影城經營業務表現於二零一四年農曆新年期間再創新高，錄得票房收入人民幣14億元，較去年同期增加80%，成績令所有業界人士驚喜。破紀錄的驕人業績亦增添我們著重擴展中國地區網絡的信心及繼續為觀眾提供優質創新觀影體驗的動力。我們將加強電影發行及製作業務，以提升橙天嘉禾作為一家領先中國電影品牌公司及亞洲一流電影娛樂產業整合者的形象。

最後，本人謹此就各董事對董事會的不斷支持以及管理團隊於二零一三年再創佳績深表謝意。同時，本人亦向觀眾、業務夥伴、往來銀行、股東、供應商及僱員等所有權益持有人於本年度對本集團所作貢獻及支持表示衷心感謝，我們期待彼等日後繼續鼎力支持，令我們的業務蒸蒸日上。

Management Discussion & Analysis

管理層討論及分析



CHINA 中國

HONG KONG
香港

TAIWAN
台灣

SINGAPORE
新加坡

Orange Sky Golden Harvest's CINEMA PORTFOLIO

橙天嘉禾影城組合

(as of 31 December 2013 截至二零一三年十二月三十一日)

		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)
PRC	中國內地				
Eastern	華東區	14	102	3.4	31
Southern	華南區	12	88	4.1	47
Central Western	中西區	9	71	2.7	37
Northern	華北區	14	93	2.7	37
Hong Kong	香港	6	24	2.0	69
Taiwan	台灣	11	109	15.3	62
Singapore	新加坡	11	87	9.7	58
Total	總計	77	574	39.9	55



Management Discussion & Analysis

管理層討論及分析

In 2013, the Group's turnover totalled **HK\$929 million**, an increase of **16%**

Net profit attributable to equity holders increased to **HK\$115 million**, an increase of **20%**

於二零一三年本集團錄得營業額合共 **9.29 億港元**，增加 **百分之十六**
股權持有人應佔溢利為 **1.15 億港元**，增加 **百分之二十**

CHANGE OF ACCOUNTING POLICY

Starting from 2013, the adoption of new accounting standard HKFRS 11, Joint Arrangements, has changed the Group's accounting for its joint ventures in Taiwan and Singapore, which were accounted for using the proportionate consolidation method in prior periods, to the equity method. Accordingly, the comparative figures have been restated and the financial impact on the consolidated financial statements has been disclosed in note 2 to the financial statements.

更改會計政策

自二零一三年起，採納新會計準則香港財務報告準則第11號聯合安排改變本集團對台灣及新加坡合營企業的會計處理方法，由過往期間使用比例合併法改為以權益法入賬。因此，比較數字已加以重列，而對綜合財務報表的財務影響已於財務報表附註2披露。



MAINLAND CHINA CINEMA NETWORK in the Coming Two Years

未來兩年的中國影城佈點

(Based on signed contracts 根據已簽署之租賃協議)



Northern China Region
華北區
20 Cinemas / 影城
137 Screens / 銀幕

Southern China Region
華南區
16 Cinemas / 影城
115 Screens / 銀幕

Eastern China Region
華東區
27 Cinemas / 影城
207 Screens / 銀幕

Central Western China Region
中西區
18 Cinemas / 影城
138 Screens / 銀幕

Management Discussion & Analysis

管理層討論及分析

OPERATION AND FINANCIAL REVIEW

Riding on steady recovery of the global economy as well as satisfactory performance of mature cinemas in our operating territories during the year, the Group showed an impressive growth in 2013. During the year, the Group's profit attributable to equity holders increased 20% to HK\$115 million as compared with last year. The Group's turnover rose by 16% to HK\$929 million and the gross profit margin was maintained at 61% (2012: 60%). Box office receipts of the Group's multiplexes in Mainland China increased 39%. However, box office receipts of Hong Kong's cinemas recorded a decline of 28% when compared to last year due to the closure of GH Mongkok and temporary closure of two cinemas for renovation. The Group's operating EBITDA amounted to HK\$258 million, representing a rise of 44% from HK\$179 million last year. Up to the date of this annual report, the board of directors of a joint venture (Vie Show Cinemas Co. Ltd) had not approved its financial statements for the year ended 31 December 2013 and had not provided written representations in this regard as they need more time to finalise the financial statements. Therefore, the auditors of Vie Show Cinemas Co. Ltd currently were unable to issue an audit opinion in respect of the financial statements of Vie Show Cinemas Co. Ltd for the year ended 31 December 2013.

As at 31 December 2013, the cash and cash equivalents of the Group amounted to HK\$535 million (2012: HK\$575 million). The Group's gearing ratio increased to 30% (2012: 24%). It was mainly due to the increase in the bank borrowings for the Group's development of cinema networks in Mainland China and the purchase of office premises in Hong Kong during the year.

BUSINESS REVIEW

Film Exhibition

During the year, the Group opened 7 cinemas with 48 screens in Mainland China and 1 "the sky" cinema with 5 houses and 1 deluxe "Vivo" house in Hong Kong. As at 31 December 2013, the Group operated 77 cinemas with 574 screens across Mainland China, Hong Kong, Taiwan and Singapore. The Group's cinemas served 40 million guests, compared to 34 million guests last year. Gross box office receipts on a full and aggregated basis, were registered at HK\$2,198 million, representing a gradual growth of 11% from last year. The major Hollywood blockbusters released this year were *Iron Man 3*, *Fast & Furious 6*, *Pacific Rim* and *Marvel's Thor: The Dark World*. The major Chinese-language blockbusters were *Journey to the West: Conquering the Demons* (西遊：降魔篇), *So Young* (致我們終將逝去的青春) and *Personal Tailor* (私人訂制) in Mainland China, *Unbeatable* (激戰) in Hong Kong, *David Loman* (大尾鱸鰻) in Taiwan and *Ah Boys to Men: Part 2* (新兵正傳2) in Singapore.

營運及財務回顧

有賴全球經濟穩步復甦及集團營運地區內已發展成熟之影城於年內表現令人滿意，本集團於二零一三年錄得可觀增長。於本年度，本集團股權持有人應佔溢利較去年增加20%至1.15億港元，營業額上升16%至9.29億港元，而毛利率則維持於61%水平(二零一二年：60%)。本集團在中國內地的多廳影城票房收入上升39%。然而，由於嘉禾旺角電影城結業及兩家影城暫停營業進行裝修，香港影城的票房收入比去年同期減少28%。本集團息稅攤折前經營溢利為2.58億港元，較去年1.79億港元增加44%。截至本年報日期，合營企業威秀影城股份有限公司董事會仍未通過其截至二零一三年十二月三十一日止年度之財務報表，亦未就此提供任何書面聲明，原因為彼等需要更多時間落實財務報表。因此，威秀影城股份有限公司之核數師目前未能就威秀影城股份有限公司截至二零一三年十二月三十一日止年度之財務報表提供審核意見。

於二零一三年十二月三十一日，本集團的現金及現金等值項目達5.35億港元(二零一二年：5.75億港元)。本集團的資產負債比率增至30%(二零一二年：24%)，主要由於年內本集團就發展中國內地影城網絡及於香港購置辦公室而增加銀行借貸所致。

業務回顧

影城業務

本集團年內在中國內地開設7家影城共48塊銀幕，並在香港開設1家「the sky」影城共5間影院及1間「Vivo」尊尚影院。截至二零一三年十二月三十一日，本集團在中國內地、香港、台灣及新加坡營運77家影城共574塊銀幕。本集團影城觀眾4,000萬人次，而去年則為3,400萬人次。如按全數及總額基準計算，票房總收入達21.98億港元，較去年平穩增長11%。年內上畫的荷里活猛片計有《鐵甲奇俠3》、《狂野時速6》、《悍戰太平洋》及《雷神奇俠2：黑暗世界》，華語大片則有中國內地上映的《西遊：降魔篇》、《致我們終將逝去的青春》及《私人訂制》；香港上映的《激戰》；台灣上映的《大尾鱸鰻》及新加坡上映的《新兵正傳2》。

Management Discussion & Analysis

管理層討論及分析

OPERATING STATISTICS OF THE GROUP'S CINEMAS

	Mainland			
	China	Hong Kong	Taiwan	Singapore
Number of cinemas*	49 <i>(note)</i>	6	11	11
Number of screens*	354	24	109	87
Admissions (million)	12.9	2.0	15.3	9.7
Net average ticket price (HK\$)	39	69	62	58

* as at 31 December 2013

Note: 2 more cinemas in Mainland China have completed construction and are applying for licenses, which are expected to open in April/May 2014.

The Group is committed to provide a high-class, comfortable and diversified viewing experience for our valuable audiences. All screens in the Group's operating regions have been fully installed with digital equipment, of which over 60% are 3D compatible. The Group has installed 2 digital IMAX® screens in Tianjin multiplex and Changzhou multiplex and ultra-high resolution SONY 4K Projection System in most of our Mainland China multiplexes. In Hong Kong, the Group introduced its very first "the sky" new concept cinema at Olympian City and giant screen at Ocean Terminal, both cinemas are equipped with the most advanced panorama Dolby by Atmos sound system and D-Box Motion Chairs. In Taiwan, the Group is the exclusive digital IMAX® operator and has 6 digital IMAX® screens. During the year, 1 traditional screen has been converted to a 4DX theatre equipped with motion seats plus special effects such as wind, fog, lighting and scents; a new business-class multiplex served by a dedicated catering team was also introduced. In Singapore, the Group operates 6 Gold Class multiplexes with private lounges and plush electronic recliner seats installed to accommodate our VIPs and members.

本集團各地影城的營運數據

	中國			
	內地	香港	台灣	新加坡
影城數目*	49 <i>(附註)</i>	6	11	11
銀幕數目*	354	24	109	87
入場觀眾(百萬人次)	12.9	2.0	15.3	9.7
平均淨票價(港元)	39	69	62	58

* 截至二零一三年十二月三十一日

附註：中國內地再有兩家影城已完成裝修並正在申請牌照，預期將於二零一四年四月/五月開業。

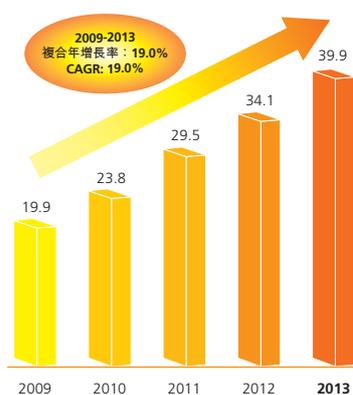
本集團力求為尊貴觀眾提供高級舒適及多元化的觀賞體驗，本集團的銀幕均已全部安裝數碼投影設備，其中超過百分之六十的銀幕支援3D放映。在中國地區，本集團已於天津影城及常州影城安裝2塊數碼IMAX®銀幕，並於中國內地大部分多廳影城安裝索尼4K超高分像投影系統。於香港，本集團在奧海城引入首個全新概念影城「the sky」及於海運碼頭安裝巨型銀幕，兩家影城均配備最先進環迴杜比全景聲系統及D-Box Motion Chairs。於台灣，本集團為獨家數碼IMAX®營辦商，現有6塊數碼IMAX®銀幕。年內，台灣地區將一塊傳統銀幕改裝成4DX影院，配備動感座椅之餘，更能製造風吹、濃霧、閃電及香氣等特別效果；並同時引入專人餐飲服務的全新商務多廳影城。於新加坡，本集團經營6家「Gold Class」影城，配備為貴賓及會員而設的私人候影室及電子調校傾斜角度的靠背絲絨座椅。

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 & Analysis 管理層討論及分析

Apart from providing the best visual and audio experience to our audiences, the Group also offers a wide variety of quality food and beverages to cater for rapid changing consumer expectations on ancillary movie-going experience.

Non-box office receipts on a full and aggregated basis totalled HK\$783 million, representing a growth of 7% compared to last year. In Mainland China, a new candy counter branded "L'Oranger" was introduced during the year, selling different types of sweet products like macaroons, cakes, tarts and chocolate with a relatively higher price point. In Taiwan, we introduced self-made popcorn in some cinemas which allows customers to participate in part of the food making process so as to enhance their joyful experience at our cinemas. With all these new and innovative business trials, we aim at strengthening our non-box office income growth and ultimately drive the overall profitability for cinema operation.

除了為觀眾提供盡善盡美的聲畫體驗外，本集團亦提供各式優質餐飲服務，務求滿足消費者對周邊觀賞體驗不斷轉變的期望。

非票房收入按全數及總額基準計算合共7.83億港元，較去年增長7%。年內，本集團於中國內地創立以「L'Oranger」為品牌的新糖果櫃檯，銷售價格相對較高的馬卡龍、蛋糕、餡餅及巧克力等多種甜品。於台灣，本集團在若干影城推出自製爆谷，讓顧客參與部分食品製作過程，為本集團院線顧客帶來更多歡樂體驗。憑藉上述嶄新及富創意的業務嘗試，本集團力圖提高非票房收入，並以帶動影城業務的整體盈利能力為最終目標。

Mainland China

OPERATING STATISTICS OF THE GROUP'S CINEMAS IN MAINLAND CHINA

	2013	2012
Number of cinemas*	49 (note)	42
Number of screens*	354	306
Admissions (million)	12.9	8.3
Net average ticket price (RMB)	31	35
Gross box office receipts ticket price (RMB million)#	438	315

* as at 31 December 2013

before deduction of government taxes and charges

Note: 2 more cinemas in Mainland China have completed construction and are applying for licenses, which are expected to open in April/May 2014

中國內地

本集團中國內地影城的營運數據

	二零一三年	二零一二年
影城數目*	49 (附註)	42
銀幕數目*	354	306
入場觀眾(百萬人次)	12.9	8.3
平均淨票價(人民幣)	31	35
票房總收入票價(人民幣百萬元)#	438	315

* 截至二零一三年十二月三十一日

扣除政府稅項及徵費前

附註：中國內地再有兩家影城已完成裝修並正在申請牌照，預期將於二零一四年四月／五月開業

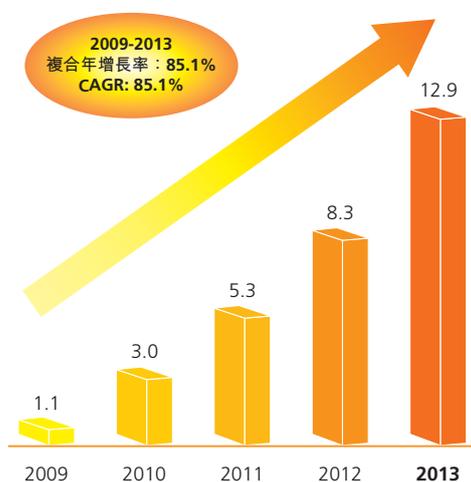
Management Discussion & Analysis 管理層討論及分析

In 2013, the market gross box office receipts of urban areas in Mainland China increased to RMB21.8 billion by 27% while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 39% compared with last year. During the year, the Group opened 7 new cinemas with 48 screens in the cities of Beijing, Dongguang, Fushun, Jinan, Maanshan, Nantong and Yancheng. Thanks to a strong Chinese films lineup during the year, growing demand for a high quality entertainment experience and favourable policies implemented by the Chinese government, the Group's multiplexes in Mainland China served approximately 13 million patrons, representing 56% growth from last year. The average ticket price dropped from RMB35 to RMB31 because fewer 3D films with higher ticket prices were released during the year and more discount promotions were offered for our newly opened multiplexes as well as special group ticket promotion campaigns to maintain our competitiveness with other cinema operators. We shall further refine and upgrade our cinema service by offering a better value for money experience to drive the growth of the average ticket price and increase our concessionary sales income with better margins. The contribution from the exhibition business in Mainland China to the Group is still under pressure due to the incubation period of newly opened cinemas.

於二零一三年，中國內地城市地區的票房總收入上升27%至人民幣218億元，而本集團在中國內地的多廳影城所產生票房總收入則較去年增加39%。於本年度，本集團於北京、東莞、撫順、濟南、馬鞍山、南通及鹽城增設共7家新影城共48塊銀幕。由於年內華語鉅片陸續上映、觀眾對高質素娛樂體驗的需求日益增加及中國政府實施有利政策，本集團於中國內地的多廳影城服務觀眾約1,300萬人次，較去年增長56%。平均票價由人民幣35元下降至人民幣31元，主要是因為年內上映的高票價3D電影數量較少及為維持與其他影城營辦商競爭之優勢而為新開業多廳影城及特別團購宣傳活動提供更多折扣優惠所致。本集團將進一步完善及提升旗下影城的服務質素，透過提供更物超所值的服務體驗推動平均票價的增長以及提升利潤較高的特許銷售收入。由於新開業的影城仍處於起步階段，故中國內地影城業務對本集團的貢獻仍然受壓。

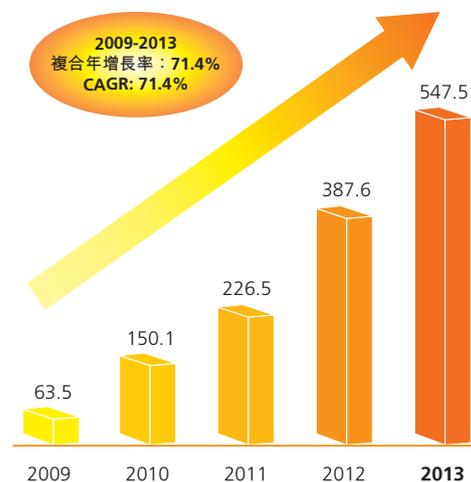
OSGH PRC CINEMAS ADMISSIONS 橙天嘉禾中國內地影城的觀影人次

Million 百萬人次



OSGH PRC 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 & Analysis

管理層討論及分析

Hong Kong

OPERATING STATISTICS OF THE GROUP'S CINEMAS IN HONG KONG

	2013	2012
Number of cinemas**	6	6
Number of screens**	24	26
Admissions (million)	2.0	2.9
Net average ticket price (HK\$)	69	66
Gross box office receipts ticket price (HK\$ million)	139	193

* as at 31 December 2013

Mongkok GH Cinema was closed in February 2013 while "the sky" at Olympian City was opened in late December 2013

During the year, the Hong Kong market as a whole recorded box office receipts of HK\$1.62 billion, slightly up by 4% from HK\$1.56 billion last year. The Group's cinemas in Hong Kong recorded lower box office receipts at HK\$139 million this year (2012: HK\$193 million) due to the closure of GH Mongkok with 8 screens in February 2013, two-month partial closure of GH Tsing Yi and two-month full closure of Grand Ocean for renovation. Excluding GH Mongkok, the total box office receipts of the other cinemas increased by approximately 14% which indeed outperformed the general market growth for the year. In late December 2013, the Group opened its very first new concept cinema "the sky" at Olympian City, a high-end 6-house cinema all equipped with the most advanced Dolby Atmos sound system; a "Vivo" deluxe house with comfortable electronic recliner seats together with unlimited serving of soft drinks and popcorn to our audiences; wide-range food and beverage choices offered to our patrons make "the sky" stand out from other competitors. Affirmed by an overwhelming and positive response from the market, the Group is evaluating other suitable locations in the region to open "the sky" to further enhance our corporate image and competitiveness in the industry.

香港

本集團香港影城的營運數據

	二零一三年	二零一二年
影城數目**	6	6
銀幕數目**	24	26
入場觀眾(百萬人次)	2.0	2.9
平均淨票價(港元)	69	66
票房總收入票價(百萬港元)	139	193

* 截至二零一三年十二月三十一日

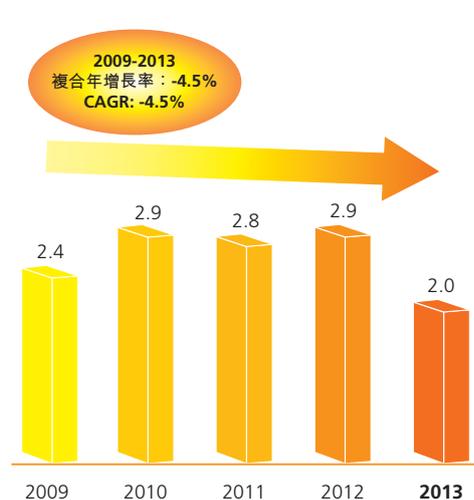
嘉禾旺角電影城於二零一三年二月結業，而奧海城「the sky」影城於二零一三年十二月底開業

於本年度，香港市場整體錄得票房收入16.2億港元，較去年的15.6億港元微升4%。本集團香港影城本年度的票房收入下跌至1.39億港元（二零一二年：1.93億港元），收入減少的原因為配備8塊銀幕的嘉禾旺角電影城於二零一三年二月結業；嘉禾青衣電影城及海運戲院進行裝修而分別局部及全面休業兩個月。剔除嘉禾旺角電影城後，其他影城的票房總收入增加約14%，實際升幅優於本年度整體市場的增長。於二零一三年十二月底，本集團在奧海城開設首個全新概念影城「the sky」，該高端影城設有6間影院，全部影院均配備最先進的杜比全景聲系統；內設有1間「Vivo」尊尚影院，配備電子調較傾斜角度的舒適座椅，並源源不絕地為顧客供應汽水爆谷；影城內更為顧客提供多元化餐飲選擇，令「the sky」從其他競爭對手中脫穎而出。由於備受市場歡迎和肯定，本集團正評估在區內其他合適地點開設「the sky」，務求進一步提升本集團於業內的公司形象及競爭力。

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 & Analysis

管理層討論及分析

Taiwan

OPERATING STATISTICS OF THE GROUP'S CINEMAS IN TAIWAN

	2013	2012
Number of cinemas*	11	11
Number of screens*	109	109
Admissions (million)	15.3	13.9
Net average ticket price (NTD)	238	244
Gross box office receipts ticket price (NTD million)	3,639	3,391

* as at 31 December 2013

Taipei City's market box office receipts showed a mild rise by 5% from NTD3,616 million to NTD3,795 million. The Group's 35.71%-owned Vie Show cinema circuit recorded 7% and 10% growth in box office receipts and admissions respectively as compared with last year. The growth was mainly due to the satisfactory performance of Hsinchu Big City which opened in April 2013. The slight decline in average ticket price was mainly due to the effect of fewer popular 3D films with higher ticket prices released during the year. The market share of Vie Show in Taiwan remained at about 42%. During the year, Vie Show has converted 1 traditional screen to the first 4DX multiplex in Taiwan. The Group's share of profit for the year from Vie Show declined to HK\$34 million. The decrease of film royalty income contributed to the drop in both revenue and profit for the year 2013. In addition, increases in rental and utilities expenses also contributed to the operating pressure within the region.

台灣

本集團台灣影城的營運數據

	二零一三年	二零一二年
影城數目*	11	11
銀幕數目*	109	109
入場觀眾(百萬人次)	15.3	13.9
平均淨票價(新台幣)	238	244
票房總收入票價(百萬新台幣)	3,639	3,391

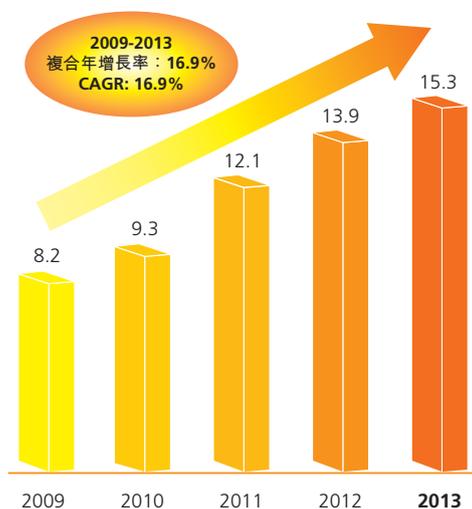
* 截至二零一三年十二月三十一日

台北市的票房收入由36.16億新台幣微升5%至37.95億新台幣。本集團擁有35.71%權益的威秀院線之票房收入及入場人次分別較去年增長7%及10%，主要由於二零一三年四月開幕的新竹巨城威秀影城表現理想。期內平均票價微跌，主要是由於年內上映高票價的3D電影的數量較少所致。威秀在台灣市場佔有率維持於約42%。年內，威秀將一塊傳統銀幕改裝成台灣首家4DX多廳影城。年內本集團分佔威秀的溢利減少至3,400萬港元，主要因為電影版稅收入減少，導致二零一三年的收益及溢利均有所下跌。此外，租金及公用開支上漲亦對區內營運構成壓力。

OSGH TAIWAN CINEMAS ADMISSIONS

橙天嘉禾台灣影城的觀影人次

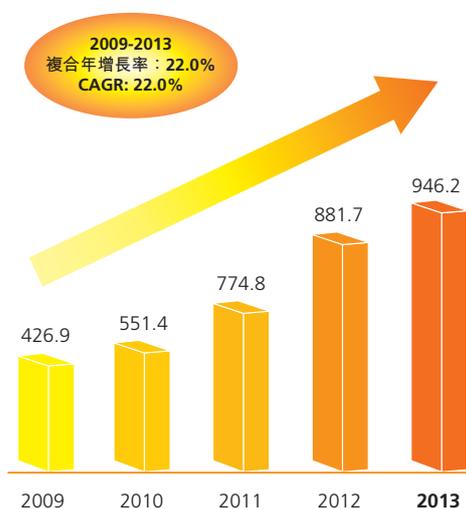
Million 百萬人次



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 & Analysis

管理層討論及分析

Singapore

OPERATING STATISTICS OF THE GROUP'S CINEMAS IN SINGAPORE

	2013	2012
Number of cinemas*	11	11
Number of screens*	87	87
Admissions (million)	9.7	9.1
Net average ticket price (S\$)	9.3	9.2
Gross box office receipts ticket price (S\$ million)	91	83

* as at 31 December 2013

The Singapore market's box office receipts totalled S\$204 million in 2013, mildly up from S\$194 million last year. The Group's 50%-owned Golden Village cinema circuit maintained its leading position with market share of 45% by reporting box office receipts of S\$91 million for the year with approximately 10% growth compared with last year. Newly opened GV City Square in November 2012, newly renovated GV Jurong Point and GV Plaza Singapura performed well and contributed satisfactory results to the Group. During the year, GV Grand was temporarily closed for renovation from September to October 2013 which affected the bottom line in the short term. Excluding the impact of tax credits from settlement of a tax dispute and reversal of tax provisions due to the retrospective application of new tax legislation amounting to HK\$6 million in aggregate in 2012, the Group's share of profit for the year from Golden Village increased to HK\$53 million by 8% compared to last year.

新加坡

本集團新加坡影城的營運數據

	二零一三年	二零一二年
影城數目*	11	11
銀幕數目*	87	87
入場觀眾(百萬人次)	9.7	9.1
平均淨票價(新加坡元)	9.3	9.2
票房總收入票價(百萬新加坡元)	91	83

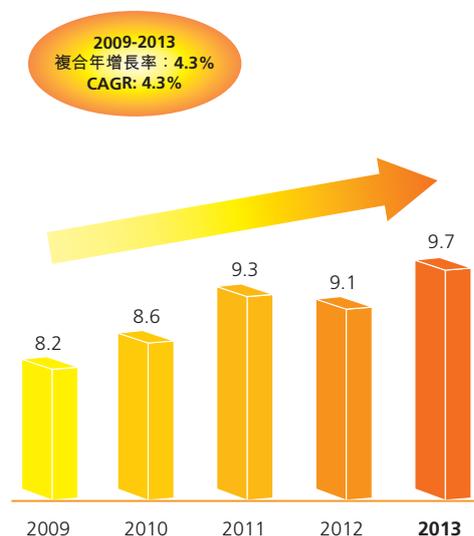
* 截至二零一三年十二月三十一日

於二零一三年，新加坡市場票房總收入為2.04億新加坡元，略高於去年的1.94億新加坡元。本集團擁有50%權益的嘉華院線仍保持領導地位，市場佔有率達45%，年內票房收入達9,100萬新加坡元，較去年增長約10%。於二零一二年十一月新開幕的GV City Square以及剛完成翻修的GV Jurong Point及GV Plaza Singapura均有不俗表現，為本集團業績帶來令人滿意的貢獻。年內，GV Grand由二零一三年九月至十月期間暫停營業進行翻新，對業績帶來短暫影響。剔除二零一二年因解決一項稅務爭議所產生的稅項抵免及撥回因追溯應用新稅務法例而作出的稅項撥備合共600萬港元後，年內本集團分佔嘉華的溢利較去年增加8%至5,300萬港元。

OSGH SINGAPORE CINEMAS ADMISSIONS

橙天嘉禾新加坡影城的觀影人次

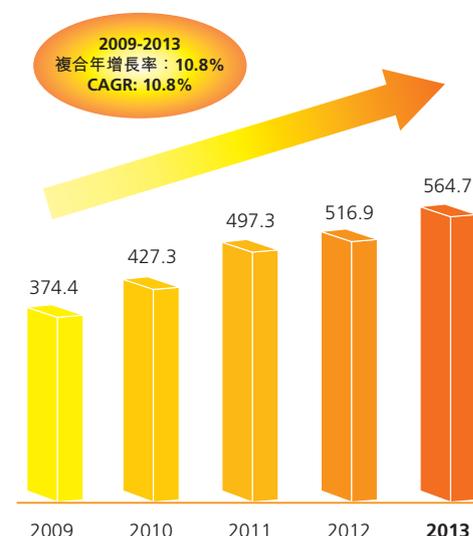
Million 百萬人次



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



Film & TV Programme Distribution and Production

It was a fruitful year for the Group's film & TV programme distribution and production business. This business sector recorded revenue of HK\$129 million (2012: HK\$110 million) and distributed over 127 films in Mainland China, Hong Kong, Singapore and Taiwan. In Mainland China, the Group's invested film *No Man's Land* was finally released in early December 2013 after a four-year censorship approval which has become a hot topic for discussion before official launch. *No Man's Land* recorded RMB24 million box office receipts on the first day launch and topped the box office throne. The accumulated box office receipts finally reached over RMB250 million and generated satisfactory earnings to the Group. For distribution, the Group distributed good quality overseas films such as *Colombiana* and *Iron Lady* in Mainland China, with gross box office receipts over RMB55 million in total. In Hong Kong, the Group distributed several well-received Chinese films like *Out Of Inferno*, *Rigor Mortis* and *The White Storm* during the year. The Group will continue to expand our distribution business across Asia-Pacific regions and Mainland China by sourcing more quality films from both overseas film festival and local productions. In addition, the Chinese TV drama series *謀戰深海* contributed positive returns to the Group during the year. The Group's film library of more than 140 films and TV titles with perpetual distribution rights continued to contribute steady licensing income to the Group.

PROSPECTS

Looking ahead, the Group will further expand its cinema networks, both at home and abroad. The Group will actively identify merger and acquisition opportunities in Mainland China and other Asian markets, strengthen the movie production and distribution business, enhance the brand awareness of Orange Sky Golden Harvest as a premier Chinese movie brand, and eventually achieve the goal of becoming a leading integrator of the movie entertainment industry across Asia.

As at 28 March 2014, the Group operated 49 cinemas with 354 screens in Mainland China and 4 cinemas with 28 screens are in various stages of internal renovation and are in the pipeline for opening. By end of 2015, the Group expects to operate 81 cinemas with 597 screens in various cities in Mainland China based on lease agreements signed as at 28 March 2014. The captioned numbers above may vary due to the actual handover date, the progress of internal renovation, application for relevant licences and the entering of new lease agreements during the period. In Taiwan, the Group plans to renovate one cinema and open two new cinemas in Maoli and Tainan in the second half of 2014. In Singapore, the Group also plans to renovate one cinema and open a 11 screens cinema in the last quarter of 2014. To drive our box office income, the Group will put more effort in increasing the numbers of admission by introducing and providing higher quality service, advance and comfortable dynamic viewing experiences and various food & beverage choices to attract more patrons. The Group will also try to develop new business models which can increase our non-box office income and customer spending per person. In addition, standardisation of work and operation process as well as cost control policies will also help to improve the profitability in specific regions.

電影及電視節目發行及製作

本集團之電影及電視節目發行及製作業務於本年度取得豐碩成果。該業務分部錄得收益 1.29 億港元(二零一二年：1.10 億港元)，並於中國內地、香港、新加坡及台灣各地發行超過 127 部電影。於中國內地，本集團所投資電影《無人區》經過歷時四年的審批過程後，最終在二零一三年十二月初上映，於正式放映前一度成為城中熱話。《無人區》於上映首日錄得單日票房收入人民幣 2,400 萬元，成為票房冠軍，累計票房最終超過人民幣 2.5 億元，為本集團帶來理想回報。在發行方面，本集團在中國內地發行《致命黑蘭》及《鐵娘子》等多部優質海外電影，票房總收入合共超過人民幣 5,500 萬元。年內，香港地區亦發行了《逃出生天》、《殭屍》及《掃毒》等多部賣座華語電影。本集團將繼續透過從海外電影節及本地製作購入更多優質電影，於亞太區及中國內地擴展發行業務。此外，年內華語電視連續劇《謀戰深海》亦為本集團帶來可觀收入。本集團的電影庫收藏超過 140 部擁有永久性發行權的電影及電視節目，繼續為本集團帶來穩定版權收入貢獻。

前景

展望將來，本集團將於國內外進一步擴大其影城網絡，繼續在中國內地及其他亞洲市場積極物色併購機會，增強電影製作及發行業務，提升橙天嘉禾作為優質中國電影品牌的品牌知名度，並最終實現目標，成為亞洲電影娛樂行業翹楚。

截至二零一四年三月二十八日，本集團在中國內地經營 49 家影城共 354 塊銀幕，另有 4 家影城共 28 塊銀幕進行不同階段的內部翻新，並正籌劃開業事宜。根據截至二零一四年三月二十八日已簽訂的租賃協議，本集團預期於二零一五年底前在中國內地多個城市經營 81 家影城共 597 塊銀幕。上述數字或因實際接場日期、內部翻新、相關牌照申請進度及期內簽訂的新租賃協議而有所變動。於台灣，本集團計劃於二零一四年下半年翻新一家影城以及於苗栗及台南開設兩家新影城。於新加坡，本集團亦計劃於二零一四年第四季翻新一家影城及開設一家設有 11 塊銀幕之影城。為帶動票房收入，本集團將透過引進及提供更多優質服務、先進舒適的電影觀賞體驗以及多種餐飲選擇來吸引顧客，並致力增加入場人次。本集團亦將嘗試發展新業務模式，提高非票房收入及人均客戶消費。此外，工作和營運程序標準化及成本控制措施亦將有助改善個別地區的盈利能力。

Management Discussion & Analysis 管理層討論及分析

The outlook for 2014 is that the Group will continue to expand the scale of distribution and production business through sourcing a variety of movie genres for distribution and reviewing quality scripts for Chinese language film and TV drama series co-production. The Group will participate in small-medium scale Chinese language film production. The remake of "Golden Harvest Classic Movie Series" project has already started in 2013. For instance, *Fly me to the Polaris 2* is not just the extension of Cecilia Cheung and Richie's version of *Fly Me to Polaris*, but a more contemporary story with new production crews using pioneer ultra-high-definition Sony 4K digital filming techniques. The film is in full swing preparatory phase and is expected to reach our audiences in 2014.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a stable financial position throughout the year. It financed its operations from internal funding, bank borrowings and accumulated retained earnings. As at 31 December 2013, the Group had cash and cash equivalents amounting to HK\$535 million (2012: HK\$575 million). The Group's outstanding bank loans totalled HK\$935 million (2012: HK\$610 million). The increase in bank loans was mainly for financing various cinema projects in Mainland China and office premises purchased in Hong Kong. Details of bank loans including of terms of the loans, interest rates, currencies and securities are disclosed in note 24 to the financial statements. As at 31 December 2013, the Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 30% (2012: 24%). As at 31 December 2013, the group has HK\$47 million pledged cash balance to secure its borrowings. Management will continue to monitor the gearing structure and make necessary adjustments in light of changes in the Group's development plan and economic conditions to minimise the potential risk. Currently, the Group has strong liquidity and reasonable financial leverage. In order to cope with the rapid expansion, the Group will utilise the available bank loan facilities to finance the cinema projects in Mainland China and other investment opportunities. The Group believes that its current cash holding and available banking facilities will be sufficient to fund its working capital requirement and its financial position remains sound for continuous expansion.

The Group's assets and liabilities are principally denominated in Hong Kong dollar 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 subject to minimal exchange rate risk. Management will continue to assess the exchange rate risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable costs. The Group did not have any significant contingent liabilities or off-balance sheet obligations as at 31 December 2013 (2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 1,426 (2012: 1,395) permanent employees. The Group remunerates its employees mainly by reference to industry practice. In addition to salaries, commissions and discretionary bonuses, incentive share options may be granted to certain employees subject to individual performance. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at 31 December 2013, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

展望二零一四年，本集團將透過物色多類片種以供發行，並為聯合製作華語電影及電視連續劇發掘優質劇本，繼續拓展發行及製作業務的規模。本集團將參與製作中小型華語電影，並已於二零一三年開始「嘉禾經典電影系列」的重新製作項目，如《星願2》並非僅為張栢芝、任賢齊版本《星願》的延續篇，故情節更具時代氣息，由全新製作班底採用先進索尼超高分像度4K數碼拍攝技術拍製。該部電影正處於積極籌備階段，預期於二零一四年上映。

財務資源及流動資金

年內本集團維持穩健的財務狀況，以內部資金、銀行借貸及累計保留溢利為其業務撥資。於二零一三年十二月三十一日，本集團的現金及現金等值項目達5.35億港元（二零一二年：5.75億港元）。本集團的未償還銀行貸款合共為9.35億港元（二零一二年：6.10億港元）。銀行貸款增加主要是為中國內地的影城項目撥資及於香港購置辦公室所致。有關銀行貸款（包括貸款之條款、利率、貨幣及抵押）之詳情，於財務報表附註24披露。於二零一三年十二月三十一日，本集團按外部借貸除資產總值計算的資產負債比率為30%（二零一二年：24%）。於二零一三年十二月三十一日，本集團有4,700萬港元的現金結餘作為取得借貸的抵押。管理層將繼續監察資產負債比率結構，並會因應本集團發展計劃及經濟狀況的轉變作出適當的調整，藉以減低潛在風險。目前，本集團擁有充裕流動資金，財務槓桿比率合理。為應付急速擴展，本集團將動用現有銀行貸款融資為於中國內地的影城項目及其他投資機遇提供資金。本集團相信目前持有的現金及可供動用的銀行融資足以應付其營運資金需求，而其財政狀況維持穩健可供繼續擴展。

本集團的資產及負債主要以港元及人民幣計值，惟與於新加坡及台灣的投資有關聯的若干資產及負債則除外。本集團海外合營企業以當地貨幣經營業務，所承受的外匯風險極低。管理層將繼續評估外匯風險，並會考慮採取可行的對沖措施，盡量以合理成本降低風險。截至二零一三年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務（二零一二年：無）。

僱員及薪酬政策

於二零一三年十二月三十一日，本集團聘有1,426名（二零一二年：1,395名）全職僱員。本集團主要根據行業慣例釐定僱員薪酬。除薪金、佣金及酌情花紅外，若干僱員或可就個人表現獲授購股權以作獎勵。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，而於二零一三年十二月三十一日，並無因任何僱員脫離退休福利計劃而產生沒收供款。

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 2013, the Company has complied with the code provisions of the CG Code except for the deviation from code provision A.4.1 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.

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 2013.

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.

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，亦旨在改善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條守則條文之規定外，於截至二零一三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之相關規定，最少每三年於本公司之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。

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的標準守則(「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，於截至二零一三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。

Corporate Governance Report

企業管治報告

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 Director's liabilities arising from the legal action that may be taken against the Directors in relation to corporate activities.

During the year ended 31 December 2013, Board meetings and a general meeting of the Company were held and the composition of the Board and the attendance of the Directors at these meetings are as follows:

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。董事在履行職責及職務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法律訴訟產生之責任購買合適及充足之保險。

截至二零一三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，董事會的組成及董事出席該等會議的情況如下：

Members 成員		Board Meetings Attended/Eligible to Attend 曾出席／合資格 出席董事會會議	General Meeting Attended/Eligible to Attend 曾出席／合資格 出席股東大會
<i>Executive Directors</i>	<i>執行董事</i>		
Wu Kebo (<i>Chairman</i>)	伍克波 (<i>主席</i>)	8/11	1/1
Wu Keyan (<i>Note 1</i>)	伍克燕 (<i>附註 1</i>)	8/11	1/1
Mao Yimin	毛義民	11/11	1/1
Li Pei Sen	李培森	10/11	0/1
Tan Boon Pin Simon	陳文彬	11/11	1/1
<i>Independent non-executive Directors</i>	<i>獨立非執行董事</i>		
Leung Man Kit	梁民傑	11/11	1/1
Huang Shao-Hua George	黃少華	9/11	1/1
Wong Sze Wing	黃斯穎	11/11	1/1

Note:

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

附註：

1. 伍克燕女士為伍克波先生之胞妹。

Corporate Governance Report

企業管治報告

At least 14 days' prior notice to the date of the meeting of the Board 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.

During the year ended 31 December 2013, the total number of independent non-executive Directors met the minimum number as required under Rule 3.10(1) of the Listing Rules.

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.

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.

董事會會議於董事會會議日期前給予全體董事最少十四日事前通知，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前述為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，該等董事或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備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。

截至二零一三年十二月三十一日止年度，獨立非執行董事總數符合上市規則第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份之書面確認，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。

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%股權的公司橙天嘉禾娛樂(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」各段所列表載權益外，董事會成員間並無任何財務、業務、家族或其他重大／關連關係。

Corporate Governance Report

企業管治報告

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, the 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. The Company arranged in-house training for the Directors during the year ended 31 December 2013. Mr. Leung, Mr. Huang and Ms. Wong received briefings on updates of accounting standards from the auditors of the Company at the audit committee meetings. All the Directors, namely Mr. Wu, Mr. Mao, Mr. Li, Mr. Tan, Ms. Wu, Mr. Leung, Mr. Huang and Ms. Wong, were provided with reading materials on corporate governance. 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.

During the year ended 31 December 2013, the Company adopted a board diversity policy to build and maintain the Board with a diversity of the Directors, in terms of gender, age, cultural and educational background, professional experience, skill and/or other qualities as may be considered important by the nomination committee of the Company.

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、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。截至二零一三年十二月三十一日止年度，本公司為董事安排內部培訓。梁先生、黃先生及黃女士於審核委員會會議上獲本公司核數師簡介會計準則之最新資料。全體董事（即伍先生、毛先生、李先生、陳先生、伍女士、梁先生、黃先生及黃女士）獲提供有關企業管治之閱覽資料。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十四所載企業管治守則及企業管治報告之情況。

截至二零一三年十二月三十一日止年度，本公司採納一套董事會多元化政策，藉以確保董事會內董事在性別、年齡、文化及教育背景、專業經驗、技能及／或其他素質方面維持本公司提名委員會認為重要之多元化格局。

Corporate Governance Report

企業管治報告

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 assessment of mergers and acquisitions 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 judgment on the issues relating to the strategy, performance, conflict of interest and management process.

COMPANY SECRETARY

Ms. Wong Kwan Lai has been appointed as the company secretary ("Company Secretary") of the Company with effect from 17 June 2013. The Company Secretary needs to support the Board by ensuring 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 2013, the Company Secretary confirmed that she had taken no less than 15 hours of relevant professional training.

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宜之充分、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，並能按本公司之最佳利益行事。

首席執行官毛先生專責策略謀劃及評估本公司的合併與收購機會。

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之相關規定，最少每三年於本公司之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

黃君麗女士於二零一三年六月十七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主要行政人員匯報所有相關事宜。截至二零一三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。

Corporate Governance Report

企業管治報告

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 2013, 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. Huang and Ms. Wong.

During the year ended 31 December 2013, two Audit Committee meetings were held and the individual attendance of the members of the Audit Committee is set out as follows:

Members 成員	Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議	
Leung Man Kit (<i>Chairman</i>)	梁民傑 (主席)	2/2
Huang Shao-Hua George	黃少華	2/2
Wong Sze Wing	黃斯穎	2/2

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, internal control (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.

During the year ended 31 December 2013, 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.

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。於二零一三年十二月三十一日，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、黃先生及黃女士。

截至二零一三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：

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、內部監控(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)及風險管理事宜，並就委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。審核委員會獲提供充足資源以履行其職責。

截至二零一三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，並向董事會作出建議。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。

Corporate Governance Report

企業管治報告

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. Our Directors confirm that we have complied with such requirements during the year ended 31 December 2013.

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 recommendation to the Board on the Company's policy and structure for the remuneration packages of all the Directors and senior management of the Company according to its terms of reference, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment. The remuneration 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.

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。董事確認，本公司已於截至二零一三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建議，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。

Corporate Governance Report

企業管治報告

The Remuneration Committee held one meeting during the year ended 31 December 2013 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 2013 and the attendance of the members of the Remuneration Committee to the meetings of the Remuneration Committee are as follows:

薪酬委員會於截至二零一三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建議。薪酬委員會亦已檢討及批准執行董事之服務合約條款。截至二零一三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 (<i>Chairman</i>) 伍克波	1/1
黃斯穎 (<i>主席</i>)	1/1
Leung Man Kit 梁民傑	1/1

Details of emoluments of each Director and members of senior management (which includes the executive Directors only) are set out in note 8 to the financial statements on page 102 of this annual report.

董事及高級管理人員(只包括執行董事)各自之酬金詳情，載於本年報第171頁財務報表附註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 qualification, 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.

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性並就董事人選作出甄選或向董事會作出建議，另就有關委任或重新委任個別人士擔任董事，特別是董事會主席及主要行政人員相關事宜，向董事會作出建議。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。

Corporate Governance Report

企業管治報告

The Board adopted a board diversity policy on 28 August 2013 to enhance 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 2 out of 8 Directors, representing 25%, are female. The Directors' ages are widely spread between 35 and 66. Regarding the educational and professional background, 2 out of the 8 Directors have relevant industry experience and 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.

The Nomination Committee held one meeting during the year ended 31 December 2013 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.

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取得合適的範圍及均衡發展。

截至本報告日期，8名董事其中2名（佔總數25%）為女性。董事之年齡介乎35至66歲。教育及專業背景方面，8名董事其中2名具備相關業界經驗，而董事會成員亦具備會計、財務、電訊及一般商業知識。因此，董事會在性別、年齡、教育及專業背景方面已達致多元化格局。

提名委員會於截至二零一三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建議，及審閱獨立非執行董事按年提交之獨立身份確認書。

Members 成員

Wu Kebo (*Chairman*)
Leung Man Kit
Wong Sze Wing

伍克波 (*主席*)
梁民傑
黃斯穎

Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議

1/1
1/1
1/1

AUDITORS' REMUNERATION

For the year ended 31 December 2013, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

核數師酬金

截至二零一三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 所提供服務

Audit Services
Non-audit services

審核服務
非審核服務

Fee Paid/Payable 已付／應付費用 HK\$'000 千港元

1,980
665

Corporate Governance Report

企業管治報告

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the financial statements in 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.

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 64 to 66 of this annual report.

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.

INTERNAL CONTROLS

The Board has overall responsibilities for maintaining a sound and effective internal control system 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 internal control system of the Group comprises a well-established organisation structure and comprehensive policies and standards. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function for the year ended 31 December 2013, where some findings have been identified and reported to the Board. 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 C.2.1 and C.2.2 on internal controls as set out in the CG Code contained in Appendix 14 to the Listing Rules.

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。

本公司核數師就其對本集團財務報表之審核責任之聲明，載於本年報第64至66頁之獨立核數師報告書內。

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。

內部監控

董事會有整體責任維持穩健兼有效之內部監控制度，旨在(i)保障本集團資產不會在未經授權下遭使用或處置；(ii)維持妥善會計記錄及(iii)確保遵從有關法例及規例。本集團之內部監控系統包括完善之組織結構及周全政策與準則。董事會於截至二零一三年十二月三十一日止年度已透過審核委員會審閱本集團內部監控制度之效益，包括涉及財務、營運及守規監控與風險管理職能等所有重大監控事宜，而當中發現已向董事會匯報。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內部監控之第C.2.1及C.2.2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事項之書面請求（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天內，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的任何股東，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的書面意向通知；及(ii)該名人士表明有意接受推選的書面通知，連同所需資料，呈交文件之期限應不早於寄發召開股東大會通告後七天開始，並不得遲於該股東大會舉行日期前七天結束。

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 2013, 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表現之提問。

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、投票程序（包括根據企業管治守則規定要求進行投票表決之程序）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下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

截至二零一三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

The Group continues to strive to build long-term sustainability within its operations and the communities in which it operates.

In 2013, the focus areas of the Company's environmental, social and governance report included working conditions, satisfying customers' aspirations and community involvement.

Highlights of our focus areas are shared below.

STAKEHOLDER ENGAGEMENT

Shareholders

The Group is pledged to maintain communication with its shareholders and the investment community through various channels.

The annual general meeting sets an effective platform to allow shareholders and the Directors to discuss and decide on important affairs of the Company. Shareholders are encouraged to participate in the meeting either in person or through proxies to attend and vote at the meeting.

The financial reports of the Group act as a principal channel for the shareholders and the investment community to understand the Group's business performance and future developments. The shareholders may make reference to the financial reports in making their investment decisions.

During the year under review, physical meetings and conference calls were held frequently with the investor community which included analysts, fund managers and other investors, to keep them abreast of the operations and development trends of the Group, subject to compliance with the applicable laws and regulations. The Group also participated in the corporate day of an investment bank to meet institutional investors from different regions, which allowed interactive discussions on the Group's operations among the management and investment community.

The Company's website contains an investor relations section which offers timely access to the Company's press releases, announcements, financial highlights and other business information. The Company has designated executives to maintain regular dialogue with the investors via an email account (ir@goldenharvest.com).

The Company established a shareholder communication policy to promote effective communication with its shareholders. The shareholder communication policy is available on the Company's website (<http://www.osgh.com.hk>).

本集團時刻追求在其業務範圍及其經營所在社區的長遠可持續發展。

於二零一三年，本公司之環境、社會及管治報告專注範圍包括工作環境、滿足客戶期望及社區參與。

我們所專注範圍之摘要如下。

權益持有人參與

股東

本集團致力透過不同渠道與其股東及投資界維持溝通。

股東週年大會乃股東與董事磋商及決定本公司重要事項之有效平台。股東宜親身或委派代表出席會議並於會上表決。

本集團之財務報告乃股東及投資界賴以瞭解本集團業務表現及未來發展之主要平台。股東在作出投資決定時宜參考財務報告。

於回顧年度，本集團遵守適用法例及規例的前提下，經常與投資界(包括分析員、基金經理及其他投資者)會晤及進行電話會議，詳細闡述本集團之業務營運及發展趨勢。本集團亦參加一家投資銀行舉辦之企業開放日，與來自不同地區之機構投資者會面，讓管理層與投資界人士就本集團之營運進行互動交流。

本公司網站載有投資者關係一欄，如期提供本公司之新聞稿、公佈、財務摘要及其他業務資料。本公司有指定行政人員，透過電郵賬戶(ir@goldenharvest.com)與投資者保持定期對話。

本公司訂定其股東溝通政策，以促進與股東有效溝通。股東溝通政策已登載於本公司網站(<http://www.osgh.com.hk>)。

Environmental, Social and Governance Report

環境、社會及管治報告

Customers

The Group operates in an extremely competitive cinema entertainment industry. The Group has not only designated websites, such as <http://www.goldenharvest.com> for GH cinemas in Hong Kong and <http://www.osghcinemas.com> for OSGH cinemas in PRC, but also uses social networking tools, such as Facebook (<http://www.facebook.com/ghcinemas>) and Weibo (<http://weibo.com/osgh>) to stay closely connected with our audiences to provide the latest news of “on show” and “coming soon” movies as well as ticketing information. In order to save audiences’ time for purchasing movie tickets at box offices, the Group has provided online and mobile ticketing service. Our audiences can also order snacks and redeem them by showing their mobile phones’ order records within two weeks after the purchases.

Employees

As at 31 December 2013, the Group has 1,426 full-time employees. Our people are core to our success and the implementation of our strategies. The Group is committed to providing staff training and development programmes designated to help its employees to enhance their knowledge and skills.

WORKPLACE QUALITY

We are dedicated to fostering an environment that encourages staff development and advancement and creating a workplace where employees’ efforts are recognised and rewarded.

Working conditions

The Group has adopted a “five-day week” to promote a healthy work-life balance. The Company also understands the needs of its employees and strives to make them feel proud to be part of the Group. For instance, its employees have been offered staff free ticket passes to watch movies.

In order to recognise the hard work and achievements of employees, the performance of each the Group’s employees is reviewed annually and many different ways of rewards are granted as recognition and motivation. As part of the performance management system, key performance indicators are adopted to ensure that the requisite directions and standards are set and met. The Group’s performance-based remuneration system involves competitive salaries, commissions, discretionary bonuses, share options and fringe benefits to provide a comprehensive compensation package.

Development and training

The Company endeavours to foster a culture of continuous learning and talent development. Employees have been encouraged to take on-the-job training with the aim to enrich their work-related skills and knowledge and also to enhance their job satisfaction. Besides, the Company has put in place education subsidies and examination leave for employees seeking to enrich their work-related knowledge.

Health and safety

The Group is committed to providing a safe, effective and congenial work environment for all its employees. In order to comply with the labour standards and laws, guidelines and notices are provided to enhance the knowledge of its employees in occupational safety and health.

客戶

本公司於競爭激烈的影城娛樂行業經營。本集團不僅設有指定網站，如香港嘉禾院線網站 <http://www.goldenharvest.com> 及中國橙天嘉禾影城網站 <http://www.osghcinemas.com>，本集團亦透過社交網站如Facebook (<http://www.facebook.com/ghcinemas>) 及微博 (<http://weibo.com/osgh>) 與觀眾緊密聯繫，提供「上映中」及「即將上映」電影之最新消息以及門票資料。為節省觀眾到影院購買門票之時間，本集團亦提供網上及流動電話購票服務。觀眾亦可透過手機訂購及於購買後兩星期內憑手機訂購記錄換領零食。

僱員

於二零一三年十二月三十一日，本集團有1,426名全職僱員。人材為我們賴以成功及推行策略的關鍵。本集團致力提供員工培訓及發展課程，協助僱員提升知識及技能。

工作環境質素

我們致力為員工提供推動個人發展及晉升的環境，建立嘉許和獎勵員工的工作文化。

工作環境

本集團實行「五天工作制」鼓勵健康的作息平衡。本公司亦深明僱員的需要，盡力令其因成為本集團一份子而感到驕傲，例如其僱員可獲員工免費通行證觀賞電影。

為肯定僱員的努力及成就，本集團每年檢討本集團各僱員表現，並透過不同方式獎勵僱員以示肯定及鼓勵。作為表現管理制度的一部分，本集團透過主要表現指標，確保已制定及達到指定的方向及指標。本集團與表現掛鈎的薪酬制度包括具競爭力的薪金、佣金、酌情花紅、購股權及額外福利，以提供全面的薪酬組合。

發展及培訓

本公司致力培養持續進修及人材發展的文化，鼓勵僱員參加在職培訓，以豐富彼等之工作相關技能及知識，增加工作滿足感。此外，本公司為有意增進工作相關知識的僱員提供教育資助及考試假期。

健康及安全

本集團致力為全體僱員提供安全、有效率及舒適的工作環境。為遵守勞工標準及法例，僱員均可得到指引及通知，以提升對職業安全及健康的知識。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES

Satisfying customers' aspirations

Serving the needs of our patrons to let them have a wonderful viewing experience in our cinemas is our top priority. This is done through our selection of a wide variety of high quality movies for our patrons. There were 227 movies exhibited in our cinemas in Hong Kong in the year 2013.

The Group always endeavours not only to provide high quality customer services but also to deliver superior quality audio and video experience to our patrons by equipping advanced technologies, such as Motion Chair D-Box and IMAX® screen in our cinemas. Apart from providing traditional motion pictures to our audiences, the Group also intended to provide a wider variety of contents and let them enjoy other high-end alternative contents such as musical and sports events.

In order to improve and maintain high standards of customer services, the Group has put in place a mystery shopper programme. The programme not only helps us provide high quality services to audiences, but also lets us know whether there is any room for improvement.

Consumer Protection

Protecting our audiences' privacy is one of the top priorities of our employees as we have developed an online purchase system for movie tickets and membership system on our website. To this end, we have implemented strict data protection mechanisms to secure the confidentiality of our customers' data. In addition to the Company's policy being set out in employee handbook, the Company has periodically reminded its frontline employees of the importance of personal data protection.

Anti-corruption

The Group takes its anti-corruption responsibilities very seriously. The Group has ongoing review of the effectiveness of the internal control system across the Group.

COMMUNITY INVOLVEMENT

As a responsible corporate citizen, the Group strives to support the community by participating in different charitable activities. Throughout the year 2013, the Company has donated money to charities as well as encouraged its employees to participate in community services. For instance, the Company sponsored its employees to participate in the ORBIS Moonwalkers in November 2013 for collecting donations to support the fight against global blindness. In order to support and promote Feeding Hong Kong's mission of "feeding people in Hong Kong who would otherwise go hungry", the Group arranged its employees to participate in a "Bread Run" event organised by Feeding Hong Kong in December 2013. We hope that our employees, through their participation in the event, can nurture an increased awareness of poverty and food insecurity in Hong Kong and reduce food waste to promote environmental sustainability.

經營常規

滿足客戶期望

我們著眼於滿足顧客需要，透過為顧客選擇各類高質素電影，在我們的影城提供非凡觀賞體驗。於二零一三年，我們在香港影城放映227部電影。

一直以來，本集團不僅致力提供優質客戶服務，亦透過在影城配備最先進科技如Motion Chair D-BOX及IMAX®銀幕，為顧客提供高質素影音體驗。除傳統電影外，本集團亦為觀眾提供不同類型之高端節目內容，如轉播音樂及體育盛事等，極盡視聽之娛。

為提升及維持高水準客戶服務，本集團推行神秘顧客計劃。該計劃不僅有助我們向觀眾提供高質素服務，亦可讓我們瞭解是否存在任何改善空間。

消費者保障

隨著我們於網站開發網上購票及會員系統，保障觀眾私隱為我們僱員其中一項首要處理事項。就此，我們已實施嚴謹資料保障機制，以保障客戶之機密資料。除僱員手冊載列之公司政策外，本公司已定期提示前線僱員保障個人資料之重要性。

反貪污

本集團十分重視反貪污責任。本集團一直持續審閱內部監控制度之有效性。

社區參與

作為負責任的企業公民，本集團致力透過參與不同慈善活動支援社區。於二零一三年度，本集團作出慈善捐款及鼓勵僱員參與社區服務。例如，本公司贊助其僱員參與二零一三年十一月舉行之奧比斯盲俠行，籌得善款用於推動全球救盲行動。為響應及推廣樂餉社「為香港面對饑餓的一群帶來食物」的使命，本集團安排旗下員工參加樂餉社於二零一三年十二月舉行之「麵包收集活動」，希望員工能透過參加是次活動加深認識香港之貧窮及糧食不足問題，同時減少浪費食物以促進環境之可持續發展。

Environmental, Social and Governance Report

環境、社會及管治報告

We recognise that children are the future of society. We also believe that viewing good children's films is not simply recreational but may also have a positive influence on children and help establish a positive view. The Group invited about 300 pupils from a kindergarten to enjoy a children movie at GH Whampoa, Hong Kong in February 2013. We also arranged three activities to invite several hundred less fortunate children and children with autism spectrum disorder to view children movies at OSGH Cinemas Yinchuan, PRC in January, May and December 2013. To some of those children, it was their first time viewing 3D movies. We also offered free popcorns and coke to children before viewing the movies.

Going forward, the Group will continue to expand its activities and services to the community.

ENVIRONMENTAL PROTECTION

To promote environmental awareness, we have been committed to introducing green practices in our internal operations in the Hong Kong office. The green practices adopted included saving energy in the office, recycling office resources, minimising the use of paper, encouraging electronic communications and smart use of the Company's vehicles.

Considering the environmental protection an important issue, our Group distributes 3D glasses to audiences for viewing 3D movies and encourages those who have taken the glasses to return to our Group for reuse.

我們深知兒童是社會的未來。我們亦相信觀賞出色的兒童電影不單是娛樂消閒活動，亦可為兒童帶來正面影響，啟發他們建立正確觀念。本集團於二零一三年二月邀請約300名幼稚園學童於香港嘉禾黃埔電影城觀賞一套適合兒童觀看的電影，亦先後於二零一三年一月、五月及十二月安排在中國仁川橙天嘉禾影城舉行三次活動，邀請數百名遭逢不幸之兒童及患有自閉症之兒童觀賞兒童電影，令某些兒童得以初嘗3D電影滋味。電影開映之前，進場兒童更獲派發免費爆米花及可樂汽水。

展望將來，本集團將繼續擴展其社區活動及服務。

環境保護

為推廣環保意識，我們致力就香港辦公室之內部運作推廣綠色習慣。所採納的綠色習慣包括節約辦公室能源、循環再用辦公室資源、減少用紙、鼓勵電子溝通方式及精明使用公司汽車。

本集團視環保為重要課題，故向進場觀賞3D電影之觀眾派發專用3D眼鏡，並鼓勵觀眾於離場時將眼鏡交回本集團供循環再用。

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 2013.

PRINCIPAL ACTIVITIES

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, provision of advertising and consultancy services in Hong Kong, Mainland China, Taiwan and Singapore, and films and television programmes production in Hong Kong and Mainland China.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2013 and the state of affairs of the Company and the Group as at 31 December 2013 are set out in the financial statements on pages 67 to 135.

The Directors did not declare any interim dividend in year 2013.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2013.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year ended 31 December 2013 are set out in note 12 to the financial statements.

SHARE CAPITAL

There was no movement in the Company's share capital during the year ended 31 December 2013. Details of the Company's share capital during the year ended 31 December 2013 are set out in note 28(a) to the financial statements.

Save for the share options as set out below and as set out in note 28(a)(i) to the financial statements, the Company had no outstanding convertible securities, warrants or other similar rights as at 31 December 2013.

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」)截至二零一三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

本公司為投資控股公司，且為市場中主要綜合電影娛樂公司，其主要業務包括在香港、中國內地、台灣與新加坡發行全球電影及影碟、經營影城、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。

業績及股息

本集團截至二零一三年十二月三十一日止年度之業績，以及本公司與本集團於二零一三年十二月三十一日之財政狀況載於第136至204頁之財務報表內。

董事於二零一三年並無宣派任何中期股息。

董事並不建議派付截至二零一三年十二月三十一日止年度之任何末期股息。

固定資產

本集團固定資產於截至二零一三年十二月三十一日止年度之變動詳情載於財務報表附註12。

股本

本公司股本於截至二零一三年十二月三十一日止年度未有變動。本公司股本於截至二零一三年十二月三十一日止年度之詳情載於財務報表附註28(a)。

除下文及財務報表附註28(a)(i)載列之購股權外，本公司於二零一三年十二月三十一日並無未行使可換股證券、認股權證或其他相若權利。

優先購買權

本公司之章程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

SUMMARY FINANCIAL INFORMATION

財務資料摘要

	[^] Year ended 31 December [^] 截至 十二月 三十一日 止年度 2013 二零一三年 HK\$'000 千港元 (Audited) (經審核)	[^] Year ended 31 December [^] 截至 十二月 三十一日 止年度 2012 二零一二年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)	[*] Year ended 31 December [*] 截至 十二月 三十一日 止年度 2011 二零一一年 HK\$'000 千港元 (Audited) (經審核)	[*] Year ended 31 December [*] 截至 十二月 三十一日 止年度 2010 二零一零年 HK\$'000 千港元 (Audited) (經審核)	[#] Twelve months ended 31 December [#] 截至 十二月 三十一日 止十二個月 2009 二零零九年 HK\$'000 千港元 (Unaudited) (未經審核)	[*] Eighteen months ended 31 December [*] 截至 十二月 三十一日 止十八個月 2009 二零零九年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)
--	--	--	--	--	---	--

Consolidated income statement 綜合收益表

Turnover	營業額	929,334	797,912	1,369,562	1,077,533	809,975	1,230,904
Profit before taxation	除稅前溢利	116,407	86,700	117,434	94,898	36,228	115,394
Income tax	所得稅	(1,230)	9,527	(22,563)	(22,511)	(13,586)	(20,484)
Profit for the period/year from continuing operations	持續經營業務之 本期間/年度溢利	115,177	96,227	94,871	72,387	22,642	94,910
Profit for the period/year from discontinued operation	已終止經營業務之 本期間/年度溢利	-	-	-	-	-	1,198
Profit for the period/year	本期間/年度溢利	115,177	96,227	94,871	72,387	22,642	96,108
Attributable to:	以下人士應佔：						
— Equity holders of the Company	— 本公司股權持有人	114,986	95,987	95,943	70,823	22,172	95,542
— Non-controlling interests	— 非控股權益	191	240	(1,072)	1,564	470	566
		115,177	96,227	94,871	72,387	22,642	96,108

Report of the Directors

董事會報告書

SUMMARY FINANCIAL INFORMATION

財務資料摘要

		As at 31 December 於十二月三十一日				
		[^] 2013 [^] 二零一三年 HK\$'000 千港元 (Audited) (Restated) (重列)	[^] 2012 [^] 二零一二年 HK\$'000 千港元 (Audited) (Restated) (重列)	[^] 2011 [^] 二零一一年 HK\$'000 千港元 (Audited) (Restated) (重列)	*2010 *二零一零年 HK\$'000 千港元 (Audited) (經審核)	*2009 *二零零九年 HK\$'000 千港元 (Audited) (經審核)
Consolidated statement of financial position	綜合財務狀況表					
Fixed assets	固定資產	1,494,544	1,043,912	848,628	681,465	395,055
Interests in joint ventures	於合營企業之權益	344,619	371,132	299,152	–	–
Interests in associates	於聯營公司之權益	13,713	6,876	–	–	–
Loan to a joint venture partner	給予一名合營夥伴之貸款	–	–	–	–	5,357
Available-for-sale equity securities	可供出售股本證券	–	–	–	246,083	1,500
Other receivable, deposits and prepayments	其他應收款項、按金及預付款項	210,662	144,232	88,018	94,244	61,806
Club memberships	會籍	2,490	2,490	2,490	2,490	2,490
Trademark	商標	79,785	79,785	79,785	79,785	79,421
Goodwill	商譽	73,658	73,658	73,658	73,658	28,538
Deferred tax assets	遞延稅項資產	29,512	22,235	6,947	3,095	420
Non-current portion of pledged bank deposits	已抵押銀行存款之非即期部分	46,905	46,850	21,845	29,476	25,038
Current assets	流動資產	873,372	862,032	883,988	667,558	731,960
Total assets	資產總值	3,169,260	2,653,202	2,304,511	1,877,854	1,331,585
Current liabilities	流動負債	761,969	662,140	399,324	388,049	290,636
Non-current portion of bank loans	銀行貸款之非即期部分	611,576	325,354	376,345	82,400	62,732
Non-current portion of convertible notes	可換股票據之非即期部分	–	–	–	6,662	6,150
Non-current portion of obligations under finance lease	融資租賃債務之非即期部分	18,045	12,356	–	–	–
Amount due to a jointly controlled entity	應付一間共同控制公司款項	–	–	–	–	5,357
Deposits received	已收按金	–	–	–	5,318	4,887
Deferred tax liabilities	遞延稅項負債	12,338	12,112	8,002	19,623	13,868
Total liabilities	負債總額	1,403,928	1,011,962	783,671	502,052	383,630
Net assets	資產淨值	1,765,332	1,641,240	1,520,840	1,375,802	947,955
Non-controlling interests	非控股權益	10,661	7,147	6,889	11,554	1,881

Note: Upon adoption of HKFRS 11, *Joint arrangements*, in 2013, the Group has 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。

* Using the proportionate consolidation method.

* 採用比例合併法。

These figures are presented for comparison purposes.

該等數字乃就比較用途而呈列。

Report of the Directors

董事會報告書

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2013 are set out in note 28(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's reserves available for cash distribution and/or distribution in specie, representing the retained profits, amounted to HK\$417,682,000 (2012: HK\$319,283,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve of HK\$664,835,000, HK\$271,644,000 and HK\$8,833,000, respectively, as at 31 December 2013, 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 2013 and up to the date of this report were:

Chairman & Executive Director

Wu Kebo

Executive Directors

Li Pei Sen

Mao Yimin

Tan Boon Pin Simon

Wu Keyan

Independent Non-executive Directors

Leung Man Kit

Huang Shao-Hua George

Wong Sze Wing

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting of the Company, one third of the Directors for the time being shall retire from office by rotation. Pursuant to Bye-law 87(2) of the Bye-laws of the Company, a retiring Director shall be eligible for re-election. Accordingly, each of Mr. Tan Boon Pin Simon, Mr. Li Pei Sen and Ms. Wong Sze Wing shall retire at the forthcoming annual general meeting and, being eligible, will offer himself or herself for re-election at the annual general meeting.

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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

儲備

本公司及本集團於截至二零一三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(b)及綜合權益變動報表。

可分派儲備

本公司於二零一三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417,682,000港元(二零一二年: 319,283,000港元)。此外,本公司於二零一三年十二月三十一日之股份溢價賬、繳入盈餘及股本贖回儲備分別為664,835,000港元、271,644,000港元及8,833,000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

截至二零一三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

陳文彬

伍克燕

獨立非執行董事

梁民傑

黃少華

黃斯穎

根據本公司之章程細則第87(1)條規定,於每屆本公司股東週年大會上,當時三分一董事須輪值退任。根據本公司之章程細則第87(2)條規定,退任董事符合資格重選連任。因此,陳文彬先生、李培森先生及黃斯穎女士各自將於應屆股東週年大會退任,並符合資格於股東週年大會重選連任。

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終止之服務合約。

買賣及贖回上市證券

本公司於截至二零一三年十二月三十一日止年度內並無贖回其任何上市證券。年內本公司或其任何附屬公司概無購回或出售任何本公司上市證券。

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 2013, 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

於二零一三年十二月三十一日，本公司之董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證，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已知會本公司與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	1,594,227,401 (L)	-	1,594,227,401 (L)	59.49%		
	Beneficial owner 實益擁有人	1	24,545,000 (L)	-	24,545,000 (L)	0.92%		
Wu Keyan 伍克燕	Beneficial owner 實益擁有人	2	-	60,000,000 (L)	60,000,000 (L)	2.24%		
		2	-	700,000 (L)	700,000 (L)	0.026%		
Li Pei Sen 李培森	Beneficial owner 實益擁有人	2	-	200,000 (L)	200,000 (L)	0.007%		
Leung Man Kit 梁民傑	Beneficial owner 實益擁有人	2	-	200,000 (L)	200,000 (L)	0.007%		
Huang Shao-Hua George 黃少華	Beneficial owner 實益擁有人	2	-	200,000 (L)	200,000 (L)	0.007%		
Tan Boon Pin Simon 陳文彬	Beneficial owner 實益擁有人	2	-	1,200,000 (L)	1,200,000 (L)	0.045%		

* These percentages are computed based on the total number of Shares in issue (i.e. 2,679,819,248 Shares) as at 31 December 2013.

* 該等百分比乃根據於二零一三年十二月三十一日已發行股份總數(即2,679,819,248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 1,594,227,401 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) 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 (iv) 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 24,545,000 Shares as at 31 December 2013 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 28 November 2001 (the "2001 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(a)(i) to the financial statements on page 119 of this annual report, as at 31 December 2013, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the 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 2013 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1,594,227,401股股份，當中(i) 439,791,463股股份由伍先生全資擁有的公司Skyera International Limited持有；(ii) 408,715,990股股份由伍先生全資擁有的公司Mainway Enterprises Limited持有；(iii) 565,719,948股股份由伍先生擁有80%股權的公司橙天娛樂集團(國際)控股有限公司持有及(iv) 180,000,000股股份由伍先生的聯繫人擁有的公司Cyber International Limited持有。

另外，伍先生亦以本身名義於二零一三年十二月三十一日實益擁有24,545,000股股份權益。

2. 該等相關股份乃指本公司根據本公司於二零零一年十一月二十八日採納之購股權計劃(「二零零一年購股權計劃」)授出之購股權獲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114百萬股無投票權遞延股份。

除上文披露者以及下文及本年報第188頁財務報表附註28(a)(i)有關「購股權計劃」之披露事項外，於二零一三年十二月三十一日，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；或根據標準守則已知會本公司與聯交所之權益或淡倉。

董事購買股份或債權證之權利

除上文「董事及主要行政人員於股份、相關股份或債權證之權益及淡倉」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二零一三年十二月三十一日止年度任何時間概無參與任何安排，致使董事、彼等各自之配偶或未滿18歲子女可藉收購本公司或任何其他法人團體之股份或債權證而獲益。

SHARE OPTION SCHEMES

(i) 2001 Share Option Scheme

The Company adopted the 2001 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, which became effective on 28 November 2001. Eligible participants of the 2001 Share Option Scheme include the Directors and other employees of the Group, shareholders of the Company, suppliers of goods or services to the Group and customers of the Group.

Each grant of the share options to the Director, chief executive or substantial shareholder of the Company, or any of their associates, must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the share option). In addition, any grant of 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 options already granted and to be granted under the 2001 Share Option Scheme and any other share option schemes of the Company (if any) (including options exercised, cancelled and outstanding) to such person representing in aggregate over 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at each date of 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 2001 Share Option Scheme must be accepted within 30 days inclusive of, and from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, which may not exceed 10 years commencing on such date on or after the date of grant as the Directors may determine in granting the share options (which in any event must be prior to the close of business on 30 October 2011) and ending on such date as the Directors may determine in granting the share options. 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 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 Shares on the date of the offer; and (ii) the average closing price of the Shares for the five trading days immediately preceding the date of the offer, provided that the price shall in no event be less than the nominal amount of one Share.

購股權計劃

(i) 二零零一年購股權計劃

本公司採納二零零一年購股權計劃，作為獎勵及回饋為本集團業務成功作出貢獻之合資格參與者，自二零零一年十一月二十八日起生效。二零零一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、本公司股東、本集團貨品或服務供應商及本集團客戶。

每次向本公司董事、主要行政人員或主要股東、或任何彼等之聯繫人授出購股權，須先獲獨立非執行董事(身為購股權承授人之獨立非執行董事除外)之批准。此外，於截至授出購股權當日止任何12個月期間向本公司主要股東或獨立非執行董事、或任何彼等各自之聯繫人授出之任何購股權，如將導致根據二零零一年購股權計劃及本公司任何其他購股權計劃(如有)已授出或將授出予該等人士之購股權(包括已行使、註銷及未行使之購股權)獲行使已發行或將發行之股份總數，多於已發行股份0.1%或總值(根據授出當日股份之收市價計算)多於5,000,000港元，須先獲本公司股東於股東大會上按投票表決方式批准。

按二零零一年購股權計劃授出購股權之建議必須於建議日期(包括該日)起計30日內由承授人接納，並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟由授出購股權當日或董事於授出購股權時決定之其後日期(無論如何不得遲於二零一一年十月三十日辦公時間結束時)董事於授出購股權時可能決定之結束日期不得超過十年。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。

購股權之行使價乃由董事釐定，惟不得低於(i)股份於建議當日之收市價；及(ii)股份於緊接建議當日前五個交易日在聯交所之平均收市價(以較高者為準)，及不得低於每股股份面值。

Report of the Directors

董事會報告書

The maximum number of Shares issuable upon exercise of all share options to be granted under the 2001 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 28 November 2001. This limit was refreshed by the shareholders of the Company in the annual general meeting of the Company held on 10 December 2007 in accordance with the provisions of the Listing Rules. In addition, the maximum number of Shares issued and to be issued upon exercise of the share options granted to each eligible participant under the 2001 Share Option Scheme and any other share option schemes of the Company (if any) (including both exercised and outstanding options) within any 12-month period up to the date of grant 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.

As at the date of this report, options entitling the holders thereof to subscribe for an aggregate of 63,100,000 Shares (representing approximately 2.35% of Shares in issue (i.e. 2,679,819,248 Shares) as at the date of this report) remain outstanding under the 2001 Share Option Scheme. The 2001 Share Option Scheme was terminated with effect from 11 November 2009 when the new share options scheme adopted by the Company on 11 November 2009 (the "2009 Share Option Scheme") became unconditional. Notwithstanding the termination of the 2001 Share Option Scheme, the outstanding options granted under the 2001 Share Option Scheme remain in full force and effect in accordance with the terms and conditions of the grant thereof.

Share options granted under the 2001 Share Option Scheme do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

(ii) 2009 Share Option Scheme

The Company has adopted the 2009 Share Option Scheme for the purpose to enable 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.

因行使根據二零零一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數, 合共不得超過本公司於二零零一年十一月二十八日之已發行股份之10%。本公司股東已於二零零七年十二月十日按照上市規則之條文在股東週年大會上重新釐定該上限。此外, 根據二零零一年購股權計劃及本公司任何其他購股權計劃(如有)於授出日期前任何12個月期間內向個別合資格參與者授出之購股權(包括已行使及未行使購股權)而已發行及將予發行之最高股數, 不得超過已發行股份1%。倘於截至該等購股權授出日止任何12個月期間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。

於本報告日期, 根據二零零一年購股權計劃賦予其持有人權利可認購合共63,100,000股份(佔於本報告日期已發行股份2,679,819,248股份約2.35%)之購股權尚未行使。本公司於二零零九年十一月十一日終止二零零一年購股權計劃, 而本公司於二零零九年十一月十一日採納之新購股權計劃(「二零零九年購股權計劃」)已成為無條件。儘管二零零一年購股權計劃終止, 根據二零零一年購股權計劃授出尚未行使之購股權繼續按其授出條款及條件具十足效力及作用。

根據二零零一年購股權計劃授出之購股權並無賦予持有人獲派股息或在股東大會上投票之權利。

(ii) 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十足效力。

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.

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.

每次向本公司關連人士或任何彼等之聯繫人授出購股權，須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止任何12個月期間向本公司主要股東或獨立非執行董事、或任何彼等各自之聯繫人授出任何購股權，如將導致已授出或將授出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，多於授出購股權日期已發行股份0.1%或總值（根據授出當日股份之收市價計算）多於5,000,000港元，須先獲本公司股東於股東大會上按投票表決方式批准。

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訂之期間供合資格者接納。有關期間不得超過建議日期起計30日，而承授人並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟該行使期之結束日不得超過由授出購股權當日起計十年。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。

承授人於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示之每股收市價；(ii)於緊接建議當日前五個交易日在聯交所每日報價表所示之每股平均收市價；及(iii)每股股份面值。

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數，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數，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數，不得超過已發行股份1%。倘於截至該等購股權授出日止任何12個月期間內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。

Report of the Directors

董事會報告書

As at the date of this report, options entitling the holders to subscribe for an aggregate of 268,120,424 Shares (representing approximately 10.01% of Shares in issue (i.e. 2,679,819,248 Shares) as at the date of this report) are available for issue under the 2009 Share Option Scheme.

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.

於本報告日期，根據二零零九年購股權計劃，賦予其持有人權利可認購合共268,120,424股股份（佔於本報告日期已發行股份2,679,819,248股股份約10.01%）之購股權可供發行。

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獲派股息或在股東大會上投票之權利。

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 (Note b) (附註b)	Number of share options outstanding as at 1 January 2013 於二零一三年一月一日尚未行使之購股權數目	Lapsed during the year ended 31 December 2013 於截至二零一三年十二月三十一日止年度失效	Closing price per Share immediately before the date of grant of share option 緊接購股權授出日前之每股收市價 (Note a) (附註a) HK\$ 港元	Number of share options outstanding as at 31 December 2013 於二零一三年十二月三十一日尚未行使之購股權數目
<i>Director</i> 董事							
Huang Shao-Hua George 黃少華	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	-	0.451	200,000
Wu Kebo 伍克波	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	60,000,000	-	0.451	60,000,000
Wu Keyan 伍克燕	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	700,000	-	0.451	700,000
Li Pei Sen 李培森	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	-	0.451	200,000
Leung Man Kit 梁民傑	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	-	0.451	200,000
Tan Boon Pin Simon 陳文彬	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	1,200,000	-	0.451	1,200,000
<i>Other participants</i> 其他參與者							
In aggregate 總計	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	1,050,000	450,000	0.451	600,000
				<u>63,550,000</u>	<u>450,000</u>		<u>63,100,000</u>

Notes:

- (a) Being the weighted average closing price of the Shares immediately before the dates on which the share options were granted or exercised, as applicable.
- (b) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at 31 December 2013, the Company had total outstanding share options entitling the holders thereof to subscribe for 63,100,000 Shares under the 2001 Share Option Scheme and nil Shares under the 2009 Share Option Scheme. The exercise in full of these outstanding share options would, under the present capital structure of the Company, result in the issue of 63,100,000 additional Shares, representing approximately 2.35% of the Shares in issue as at 31 December 2013, and additional share capital of HK\$6,310,000 and share premium account of approximately HK\$22,274,300 (before issue expenses).

DIRECTORS' INTERESTS IN CONTRACTS

Except for the disclosure under the headings "Connected Transactions" and "Continuing Connected Transactions" below and save as detailed in note 32 to the financial statements on page 131 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 2013.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 23% and 59%, 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, 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 4% and 10%, respectively, of the Group's total sales during the same period. 泛亞華影廣告(深圳)有限公司 (Panasia Cinemedia (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.

附註:

- (a) 即緊接該等購股權獲授出或行使(視適用情況而定)日期前之股份加權平均收市價。
- (b) 購股權之歸屬期由購股權授出當日起計至行使期開始。

於二零一三年十二月三十一日，本公司有賦予其持有人權利可根據二零零一年購股權計劃認購合共63,100,000股股份及根據二零零九年購股權計劃認購零股股份之尚未行使購股權。根據本公司之現有資本架構，全面行使餘下之購股權可能導致額外發行63,100,000股股份(佔於二零一三年十二月三十一日已發行股份約2.35%)，並額外產生股本6,310,000港元及股份溢價賬約22,274,300港元(未計發行費用前)。

董事於合約之權益

除下文「關連交易」及「持續關連交易」各節所披露者及本年報第200頁的財務報表附註32所詳述者外，各董事概無在截至二零一三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參與訂立之任何重大合約中直接或間接擁有重大權益。

主要客戶及供應商

截至二零一三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約佔本集團總購貨額之23%及59%。年內，由伍先生間接擁有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。

於同期，本集團向其最大客戶及五大客戶售出之銷售額則分別約佔本集團總銷售額之4%及10%。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，本公司各董事或彼等任何聯繫人或就董事所深知擁有本公司已發行股本5%以上之股東並無擁有本集團五大客戶及/或供應商任何權益。

Report of the Directors

董事會報告書

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

So far as is known to the Directors, as at 31 December 2013, 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，於二零一三年十二月三十一日，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（本公司董事或主要行政人員以外）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	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company	
					Total number of Shares and underlying Shares 股份及相關股份總數	* 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	1,594,227,401 (L)	–	1,594,227,401 (L)	59.49%
	Beneficial owner 實益擁有人	1 6	24,545,000 (L)	– 60,000,000 (L)	24,545,000 (L) 60,000,000 (L)	0.92% 2.24%
Skyera International Limited ("Skyera")	Beneficial owner 實益擁有人	2	439,791,463 (L)	–	439,791,463 (L)	16.41%
Mainway Enterprises Limited ("Mainway")	Beneficial owner 實益擁有人	3	408,715,990 (L)	–	408,715,990 (L)	15.25%
Cyber International Limited ("Cyber")	Beneficial owner 實益擁有人	4	180,000,000 (L)	–	180,000,000 (L)	6.72%
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	5	565,719,948 (L)	–	565,719,948 (L)	21.11%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,679,819,248 Shares) as at 31 December 2013.

* 該等百分比乃根據本公司於二零一三年十二月三十一日已發行股份總數（即2,679,819,248股股份）計算。

Notes:

- (1) By virtue of the SFO, Mr. Wu was deemed to have interest in a total of 1,594,227,401 Shares, of which (i) 439,791,463 Shares were held by Skyera; (ii) 408,715,990 Shares were held by Mainway; (iii) 565,719,948 Shares were held by OSEG; and (iv) 180,000,000 Shares were held by Cyber.

In addition, Mr. Wu was interested in 24,545,000 Shares which were beneficially held by him in his own name.

附註：

- (1) 根據證券及期貨條例，伍先生被視為擁有本公司共1,594,227,401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) 565,719,948股股份由橙天持有；及(iv) 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24,545,000股股份權益。

- | | |
|---|--|
| (2) Skyera is a company wholly owned by Mr. Wu, who is also a director of Skyera. | (2) Skyera為伍先生全資擁有的公司，彼亦為Skyera董事。 |
| (3) Mainway is a company wholly owned by Mr. Wu, who is also a director of Mainway. | (3) Mainway為伍先生全資擁有的公司，彼亦為Mainway董事。 |
| (4) Cyber is a company owned by an associate of Mr. Wu. | (4) Cyber為由伍先生的聯繫人擁有的公司。 |
| (5) 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. | (5) 伍先生擁有80%股權的公司橙天擁有565,719,948股股份。伍先生為橙天董事，而李培森先生為橙天聯合董事長。 |
| (6) These underlying Shares represented the Shares which may be issued upon the exercise of share option granted by the Company under the 2001 Share Option Scheme. | (6) 此等相關股份即行使本公司根據二零零一年購股權計劃所授出購股權而可能發行之股份。 |

Abbreviation:
"L" stands for long position

縮略詞：
「L」指好倉

Save as disclosed above, as at 31 December 2013, 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.

除上文披露者外，於二零一三年十二月三十一日，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及淡倉。

CONNECTED TRANSACTIONS

關連交易

During the year ended 31 December 2013, the Group conducted the following transactions which constituted connected transactions for the Company under the Listing Rules:

截至二零一三年十二月三十一日止年度，本集團進行以下根據上市規則構成本公司關連交易之交易：

(a) Special Agreement on Purchase of Tickets

(a) 特別購票協議

On 6 November 2013, a master advertising agreement (the "Master Advertising Agreement") entered into between 橙天嘉禾影城(中國)有限公司(Orange Sky Golden Harvest Cinemas (China) Co. Ltd.) ("OSGH (China)"), an indirect wholly owned subsidiary of the Company, and 泛亞華影廣告(深圳)有限公司(transliterated as Panasia Cinemedia (Shenzhen) Co. Ltd.) ("Panasia Cinemedia"), pursuant to which Panasia Cinemedia shall purchase movie tickets from OSGH (China) with total face value of RMB2,000,000 and pay the said RMB2,000,000 to OSGH (China) on or before 31 December 2013. Panasia Cinemedia purchased the movie tickets for distribution to its existing and potential customers for the purpose of market promotion.

於二零一三年十一月六日，本公司之間接全資附屬公司橙天嘉禾影城(中國)有限公司(「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(「廣告主協議」)，據此，泛亞華影須向橙天嘉禾影城(中國)購買總面值人民幣2,000,000元之門票，並於二零一三年十二月三十一日或之前向橙天嘉禾影城(中國)支付上述人民幣2,000,000元。泛亞華影購買有關門票以供分派予其現有及潛在客戶作市場推廣之用。

Panasia Cinemedia is a wholly owned subsidiary of OSEG, a company in which 80% equity interest is in turn held by Mr. Wu who is the chairman and an executive Director and the controlling shareholder of the Company. OSEG is a substantial shareholder of the Company. Panasia Cinemedia therefore is a connected person of the Company by virtue of being an associate of Mr. Wu and OSEG. Accordingly, the entering into of the Master Advertising Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules.

泛亞華影為橙天之全資附屬公司，而橙天之80%股本權益則由本公司主席兼執行董事及控股股東伍先生持有。橙天為本公司主要股東。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。因此，根據上市規則，本公司訂立廣告主協議構成本公司之關連交易。

Report of the Directors

董事會報告書

(b) Screen Advertising Agreement

On 16 December 2013, M Cinemas Company Limited ("M Cinemas"), an indirect wholly-owned subsidiary of the Company, and Panasia Cinema Advertising Limited ("PCA") entered into a screen advertising agreement (the "Screen Advertising Agreement") in relation to the appointment of M Cinemas by PCA as the exclusive exhibitor of screen advertisements for a specific brand and product at the cinemas operated by the Group in Hong Kong for a period of one month from 1 December 2013 to 31 December 2013 (both days inclusive), further to the exhibition of certain advertisements for PCA at the cinemas operated by the Group in Hong Kong, Taiwan and Singapore in May, June and July 2013.

PCA shall pay to M Cinemas a net sum equivalent to HK\$6,350,000 on or before 14 January 2014 for the services of M Cinemas under the Screen Advertising Agreement and for the previous exhibition of advertisements for PCA at the cinemas operated by the Group in Hong Kong, Taiwan and Singapore in May, June and July 2013.

PCA is a company in which 80% equity interest is indirectly owned by Mr. Wu. PCA is therefore a connected person of the Company by virtue of being an associate of Mr. Wu. The transaction contemplated under the Screen Advertising Agreement constitutes a connected transaction of the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2013, 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

Reference is made to the Company's announcement dated 8 December 2010, by which the Company announced, among other things, that the following continuing connected transactions were entered into.

OSGH (China) and Panasia Cinemedia, entered into a screen advertising agreement dated 30 March 2010 and a supplemental agreement dated 31 December 2010 (collectively the "Shenzhen Advertising Agreement"), whereby certain rights had been granted by OSGH (China) to Panasia Cinemedia for procurement of the screen advertising and in-foyer advertising at OSGH Cinemas Shenzhen (深圳橙天嘉禾影城) (previously known as Golden Harvest Shenzhen Cinema (嘉禾深圳影城)) operated by OSGH (China) for a term from 1 April 2010 to 31 December 2013 at annual fees for the first two years commencing from 1 April 2010 of RMB2,200,000 and RMB2,400,000 respectively and the annual fees for the period commencing from 1 April 2012 and ending on 31 December 2013 to be subject to an increment of 10%.

(b) 銀幕廣告協議

於二零一三年十二月十六日，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」)訂立銀幕廣告協議(「銀幕廣告協議」)，內容有關泛亞影院廣告委任名影城為獨家廣告商，繼二零一三年五月、六月及七月在本集團於香港、台灣及新加坡經營之影城為泛亞影院廣告播放多個廣告後，自二零一三年十二月一日起至二零一三年十二月三十一日止一個月期間(包括首尾兩日)在本集團於香港經營之影城為某一特定品牌及產品播放銀幕廣告。

泛亞影院廣告須於二零一四年一月十四日或之前向名影城支付相當於6,350,000港元之淨額款項，作為名影城根據銀幕廣告協議提供服務以及早前於二零一三年五月、六月及七月在本集團於香港、台灣及新加坡經營之影城為泛亞影院廣告播放多個廣告之收費。

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。根據上市規則，銀幕廣告協議項下擬進行交易構成本公司之關連交易。

持續關連交易

截至二零一三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

茲提述本公司日期為二零一零年十二月八日之公佈，本公司藉此宣佈(其中包括)訂立下列持續關連交易。

橙天嘉禾影城(中國)與泛亞華影訂立日期分別為二零一零年三月三十日及二零一零年十二月三十一日之銀幕廣告協議及補充協議(統稱「深圳廣告協議」)，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)營運之深圳橙天嘉禾影城(前稱嘉禾深圳影城)的銀幕廣告及影城大堂廣告，年期由二零一零年四月一日起至二零一三年十二月三十一日止，自二零一零年四月一日起首兩年之年費分別為人民幣2,200,000元及人民幣2,400,000元，其後於二零一二年四月一日起至二零一三年十二月三十一日止期間之年費則可增加10%。

OSGH (China) and Panasia Cinemedia also entered into a master screen advertising agreement dated 25 April 2010 and a supplemental agreement dated 31 December 2010 (collectively the "PRC Master Screen Advertising Agreement"), whereby certain rights had been granted by OS GH (China) to Panasia Cinemedia for procurement of the screen advertising at all cinemas (other than OS GH Cinemas Shenzhen (深圳橙天嘉禾影城)) in the PRC operated or to be operated by OS GH (China), its subsidiaries and/or affiliates for the term of commencing on 1 May 2010 and expiring on 31 December 2013 at aggregate annual fees of approximately RMB8,790,000 for the first year, which shall be subject to an increment of 10% (or such other sum as specified in the PRC Master Screen Advertising Agreement) after the first year and an increment of 10% after the second year.

During the year ended 31 December 2013, the aggregate amount payable under the Shenzhen Advertising Agreement and the PRC Master Screen Advertising Agreement amounted to RMB13,098,959, which is within the annual cap of RMB33,000,000.

Under the Listing Rules, OSEG, being a substantial shareholder of the Company, and its associates are connected persons of the Company. As Panasia Cinemedia is an indirect wholly-owned subsidiaries of OSEG, it is a connected person of the Company.

(b) Cinema In-foyer Advertising Sales Agency Service

On 1 September 2011, OS GH (China), an indirect wholly-owned subsidiary of the Company, and Panasia Cinemedia, entered into a cinema advertising sales agency agreement (the "Cinema Advertising Sales Agency Agreement") for a term from 1 September 2011 to 31 December 2013 for the provision of in-foyer advertising sales agency services by Panasia Cinemedia to OS GH (China) at all cinemas operated or to be operated by OS GH (China) in the PRC (other than OS GH Cinemas Shenzhen (深圳橙天嘉禾影城) and the cinema in Sanlitun, Beijing (北京三里屯橙天Cinemas)) (the "Cinemas"). The advertising fees payable by the customers for the in-foyer advertising at the Cinemas shall be shared between OS GH (China) (as to 60%) and Panasia Cinemedia (as to 40%).

On 5 April 2012, OS GH (China) and Panasia Cinemedia entered into a supplemental agreement to the Cinema Advertising Sales Agency Agreement (the "Supplemental Agreement") to amend certain terms of the Cinema Advertising Sales Agency Agreement with effect from 1 January 2012. Pursuant to the Supplemental Agreement, the major amendments included that (i) OS GH (China) shall engage Panasia Cinemedia on a non-exclusive basis (instead of an exclusive basis) for provision of cinema in-foyer advertising sales agency services; (ii) the profit guarantee as provided by Panasia Cinemedia in favour of OS GH (China) in relation to the Cinemas (as calculated by 2% of the aggregate box office income of each of the Cinemas before tax for each year) including the related adjustment provisions under the Cinema Advertising Sales Agency Agreement shall no longer apply; and (iii) OS GH (China) (instead of Panasia Cinemedia) shall be entitled to determine the advertising fees payable by the customers in relation to the in-foyer advertising services in relation to the Cinemas.

橙天嘉禾影城(中國)亦與泛亞華影訂立日期分別為二零一零年四月二十五日及二零一零年十二月三十一日之銀幕廣告主協議及補充協議(統稱「中國銀幕廣告主協議」), 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/或聯屬公司現於或將於中國營運之全線影院(深圳橙天嘉禾影城除外)的銀幕廣告, 年期由二零一零年五月一日起至二零一三年十二月三十一日止, 首年之總年費約為人民幣8,790,000元, 有關年費可於首年後增加10%(或中國銀幕廣告主協議所指定之其他金額), 並於第二年後按上一年度之總年費增加10%。

截至二零一三年十二月三十一日止年度, 深圳廣告協議及中國銀幕廣告主協議之應付總額為人民幣13,098,959元, 並無超過年度限額人民幣33,000,000元。

根據上市規則, 本公司主要股東橙天及其聯繫人均為本公司之關連人士。由於泛亞華影為橙天之間接全資附屬公司, 故為本公司之關連人士。

(b) 影城大堂廣告銷售代理服務

於二零一一年九月一日, 本公司間接全資附屬公司橙天嘉禾影城(中國)與泛亞華影訂立影城廣告銷售代理協議(「影城廣告銷售代理協議」), 自二零一一年九月一日起至二零一三年十二月三十一日止, 泛亞華影就所有現時或將由橙天嘉禾影城(中國)於中國營運之影城(深圳橙天嘉禾影城及北京三里屯橙天Cinemas除外)(「影城」), 向橙天嘉禾影城(中國)提供影城大堂廣告銷售代理服務。客戶就影城大堂廣告應付之廣告費, 將由橙天嘉禾影城(中國)及泛亞華影分佔60%及40%。

於二零一二年四月五日, 橙天嘉禾影城(中國)與泛亞華影訂立一份影城廣告銷售代理協議之補充協議(「補充協議」), 以修訂影城廣告銷售代理協議之若干條款, 自二零一二年一月一日生效。根據補充協議, 主要修訂包括(i)橙天嘉禾影城(中國)須以非獨家形式(以取代獨家形式)委託泛亞華影提供影城大堂廣告銷售代理服務; (ii)泛亞華影就影城向橙天嘉禾影城(中國)提供之保證溢利(按每家影城每年之除稅前票房總收入之2%計算), 包括影城廣告銷售代理協議項下之相關調整條文將不再適用; 及(iii)橙天嘉禾影城(中國)(以取代泛亞華影)將有權就影城之大堂廣告銷售服務釐定客戶應付之廣告費。

Report of the Directors

董事會報告書

During the year ended 31 December 2013, the total amount received from Panasia Cinemedia under the Cinema Advertising Sales Agency Agreement amounted to RMB5,961,475, which is within the annual cap of RMB17,000,000.

Under the Listing Rules, Mr. Wu and his associates are connected persons of the Company. OSEG is 80% beneficially owned by Mr. Wu. Panasia Cinemedia, which is a wholly-owned subsidiary of OSEG, is an associate of Mr. Wu and therefore, is a connected person of the Company.

(c) Cinema Management Agreement on OSGH Sanlitun

On 15 December 2011, 北京橙天嘉禾三里屯影城管理有限公司 (Orange Sky Golden Harvest Sanlitun (Beijing) Cinema Management Co., Limited) (“OSGH Sanlitun”), an indirect wholly-owned subsidiary of the Company, OSGH (China) and 北京橙天影院投資管理有限公司 (Beijing Orange Sky Cinema Investment Management Company Limited) (“Beijing Orange Sky”) entered into a cinema management agreement in respect of the management and operations of the cinema which is located at Suite 403-2, 4/F, No. 2, Worker Stadium Beilu, Chaoyang District, Beijing (the “Relevant Cinema”) for a term from 1 December 2011 to 31 December 2013 (the “Cinema Management Agreement”).

Under the Cinema Management Agreement, OSGH Sanlitun has agreed to grant Beijing Orange Sky the rights to manage and operate the Relevant Cinema (the “Grant”) and procure OSGH (China) to grant the lease of certain key facilities at the Relevant Cinema to Beijing Orange Sky to facilitate Beijing Orange Sky in performing its respective obligations to manage and operate the Relevant Cinema under the Grant. The total consideration of the transaction comprises a fixed fee in the aggregate sum of RMB6,200,000, which is payable by Beijing Orange Sky in two instalments, and an amount representing 10% of the Net Profits (as defined in the announcement of the Company dated 15 December 2011) derived from the operation of the Relevant Cinema under the Grant.

For the year ended 31 December 2013, the total amount received from Beijing Orange Sky under the Cinema Management Agreement amounted to RMB1,680,000, which is within the annual cap of RMB2,300,000.

As the entire equity interest of Beijing Orange Sky is owned by Mr. Wu as at the date of entering into of the Cinema Management Agreement, Beijing Orange Sky is an associate of Mr. Wu and a connected person of the Company.

截至二零一三年十二月三十一日止年度，根據影城廣告銷售代理協議自泛亞華影收取之總金額為人民幣5,961,475元，並無超過年度限額人民幣17,000,000元。

根據上市規則，伍先生及彼之聯繫人為本公司關連人士。橙天由伍先生實益擁有80%權益，泛亞華影為橙天之全資附屬公司，故泛亞華影為伍先生之聯繫人及本公司關連人士。

(c) 橙天嘉禾三里屯影城管理協議

於二零一一年十二月十五日，本公司間接全資附屬公司北京橙天嘉禾三里屯影城管理有限公司（「橙天嘉禾三里屯」）、橙天嘉禾影城（中國）及北京橙天影院投資管理有限公司（「北京橙天」）就管理及經營位於北京市朝陽區工人體育場北路甲2號裙房4層403-2單元之影城（「相關影城」）訂立影城管理協議，年期自二零一一年十二月一日起至二零一三年十二月三十一日止（「影城管理協議」）。

根據影城管理協議，橙天嘉禾三里屯已同意向北京橙天授予影城管理及經營權（「授權」）並促使橙天嘉禾影城（中國）向北京橙天授出若干重要設施之租約，以便北京橙天履行其於授權項下有關管理及經營相關影城之各項責任。交易總代價包括由北京橙天分兩期支付之固定費用合共人民幣6,200,000元及相當於根據授權經營相關影城產生之純利（定義見本公司日期為二零一一年十二月十五日之公佈）10%之金額。

截至二零一三年十二月三十一日止年度，根據影城管理協議自北京橙天收取之總金額為人民幣1,680,000元，並無超過年度限額人民幣2,300,000元。

由於伍先生於訂立影城管理協議當日擁有北京橙天全部股本權益，故北京橙天為伍先生之聯繫人及本公司關連人士。

(d) Sub-leases of Office Premises

Reference is made to the announcement of the Company dated 5 September 2011 in relation to, inter alia, a sub-lease agreement (the "First Sub-Lease Renewal Agreement") dated 5 September 2011 entered into between Beijing Orange Sky (the "Sub-lessor"), as sub-lessor, and 北京橙天嘉禾影視製作有限公司 (Orange Sky Golden Harvest (Beijing) TV & Film Production Co., Ltd.) ("Beijing OSGH"), as sub-lessee and another sub-lease agreement ("Previous Second Sub-Lease") dated 5 September 2011 entered into between the Sub-lessor, as sub-lessor, and OSGH (China), as sub-lessee for the purpose of sub-leasing of the office premises at parts of First Floor and Second Floor of House No. 3 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (the "Property"). Both the First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease expired on 30 June 2013.

On 28 June 2013, the First Sub-Lease Renewal Agreement was renewed and an additional floor area at the Property was sub-leased under a renewal agreement (the "First Sub-Leases Second Renewal Agreement") entered into between the Sub-lessor and Beijing OSGH in respect of part of First Floor and Second Floor of House No. 3 of the Property with a total floor area of approximately 191.88 square metres for a term of three years commencing on 1 July 2013 and expiring on 30 June 2016 (both days inclusive) at the rent of RMB5.20 per square metre per day, equivalent to an approximate amount of RMB364,188.24 per annum, with the management fee of RMB0.61 per square metre per day, equivalent to an approximate amount of RMB42,722.08 per annum.

On the same day, a second sub-lease (the "New Second Sub-Lease") was entered into between the Sub-lessor, as sub-lessor, and 北京嘉禾影城管理諮詢有限公司 (Golden Harvest (Beijing) Cinema Management Consultancy Company Limited), as sub-lessee, in relation to the sub-leasing of the office premises at part of Second Floor and Third Floor of House No. 3 and part of First Floor of House No. 7 of the Property with a total floor area of approximately 1,020.61 square metres for a term of three years commencing on 1 July 2013 and expiring on 30 June 2016 (both days inclusive) at the rent of RMB5.20 per square metre per day, equivalent to an approximate amount of RMB1,937,117.78 per annum with the management fee of RMB0.61 per square metre per day, equivalent to an approximate amount of RMB227,238.82 per annum. Out of 1,020.61 square metres of the total floor area under the New Second Sub-Lease, 964 square metres were sub-leased under the Previous Second Sub-Lease.

The aggregate amount paid by the Group to the Sub-lessor for the year ended 31 December 2013 amounted to approximately RMB3,004,992, which is within the annual cap of RMB3,100,000. The said cap amount for the year ended 31 December 2013 included the total amount of rental and management fee paid to the Sub-lessor by Beijing OSGH and OSGH (China) respectively under the First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease for the period from 1 January 2013 to 30 June 2013.

Under the Listing Rules, Mr. Wu and his associates are connected persons of the Company. As the entire equity interest of the Sub-lessor is owned by Mr. Wu, the Sub-lessor is an associate of Mr. Wu and accordingly, a connected person of the Company.

(d) 分租辦公室物業

茲提述本公司日期為二零一一年九月五日之公佈，內容有關(其中包括)北京橙天(「分出租人」)作為分出租人與北京橙天嘉禾影視製作有限公司(「北京橙天嘉禾」)作為分承租人訂立日期為二零一一年九月五日之分租租約(「第一份分租租約重續協議」)及分出租人作為分出租人與橙天嘉禾影城(中國)作為分承租人訂立日期為二零一一年九月五日之另一份分租租約(「舊有第二份分租租約」)，以分租中國北京市朝陽區小亮馬橋路安家樓1號院(「該物業」)3號樓一層及二層部分辦公室物業。第一份分租租約重續協議及舊有第二份分租租約已於二零一三年六月三十日屆滿。

於二零一三年六月二十八日，根據分出租人與北京橙天嘉禾就該物業3號樓一層及二層部分(總樓面面積約191.88平方米)所訂立之重續協議(「第一份分租租約第二次重續協議」)，第一份分租租約重續協議獲重續，另分租該物業之額外樓面面積，由二零一三年七月一日起至二零一六年六月三十日(包括首尾兩日)止為期三年，租金為每日每平方米人民幣5.20元，約相當於每年人民幣364,188.24元，管理費為每日每平方米人民幣0.61元，約相當於每年人民幣42,722.08元。

於同日，分出租人(作為分出租人)與北京嘉禾影城管理諮詢有限公司(作為分承租人)訂立第二份分租租約(「新訂第二份分租租約」)，以分租該物業3號樓二層及三層部分以及7號樓一層部分之辦公室物業(總樓面面積約1,020.61平方米)，由二零一三年七月一日起至二零一六年六月三十日(包括首尾兩日)止為期三年，租金為每日每平方米人民幣5.20元，約相當於每年人民幣1,937,117.78元，管理費為每日每平方米人民幣0.61元，約相當於每年人民幣227,238.82元。在新訂第二份分租租約項下之總樓面面積1,020.61平方米中，964平方米乃根據舊有第二份分租租約分租。

本集團於截至二零一三年十二月三十一日止年度支付予分出租人之總金額約為人民幣3,004,992元，並未超出人民幣3,100,000元之年度上限。上述截至二零一三年十二月三十一日止年度之上限金額包括北京橙天嘉禾及橙天嘉禾影城(中國)於二零一三年一月一日至二零一三年六月三十日期間分別根據第一份分租租約重續協議及舊有第二份分租租約向分出租人支付之租金及管理費總額。

根據上市規則，伍先生及彼之聯繫人為本公司關連人士。由於伍先生擁有分出租人全部股本權益，故分出租人為伍先生之聯繫人及本公司關連人士。

Report of the Directors

董事會報告書

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

On 25 September 2012, OSGH (China), as tenant, 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"), as landlord, entered into a Jiangyin Lease Agreement in respect of all those premises being portion of 3rd, 4th and 5th Floors of Block 2, with a total floor area of approximately 17,561 square metres (the "Leased Property"), of the commercial and cultural complex to be constructed on a parcel of land situated at the Xiagang Development Zone, Jiangyin City, Jiangsu Province, the PRC for a term of 20 years commencing from the expiry date of the 4 months decoration (rent-free) period after the delivery up of possession of the Leased Property to OSGH (China) (which is expected to be on or before 31 December 2014) (the "Jiangyin Lease Agreement").

During the term of the Jiangyin Lease Agreement, OSGH (China) shall pay to Jiangyin Orange Land an annual rent which is the higher of (a) a yearly turnover rent based on certain percentage rates ranging from 12% to 15% of the net box office income generated from the operation of the cinema by OSGH (China) at the Leased Property in the relevant year; and (b) the base rental for the relevant year under the Jiangyin Lease Agreement, namely RMB3,000,000 for the 1st year with an upward adjustment of 5% per annum for each of the 2nd to 5th year, and RMB5,000,000 for the 6th year with an upward adjustment of 5% per annum for each of the 7th to 20th year of the term. Pursuant to the Jiangyin Lease Agreement, OSGH (China) is required to pay to Jiangyin Orange Land an amount of RMB100,000,000 in 3 tranches up to 31 January 2014, representing approximately 80% of the total amount of the base rental for the term of the Jiangyin Lease Agreement as base rental prepayment. For details, please refer to the Company's announcement on 25 September 2012.

On 25 September 2012, Jiangyin Orange Land's parent company, 北京橙地影院投資管理有限公司 (Beijing Orange Land Cinema Investment Management Company Limited), executed a deed of guarantee in favour of OSGH (China) to guarantee certain of Jiangyin Orange Land's obligations under the Jiangyin Lease Agreement.

During the year ended 31 December 2013, an amount of RMB40,000,000 was paid to Jiangyin Orange Land under the Jiangyin Lease Agreement, which does not exceed the annual cap of RMB42,000,000.

Mr. Wu, who is a connected person of the Company, indirectly owns 84.19% equity interest in Jiangyin 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.

(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)作為租戶與江陰橙地影院開發管理有限公司(「江陰橙地」)作為業主訂立一份租賃協議，內容有關租賃將建於中國江蘇省江陰市夏港發展區一幅總樓面面積約17,561平方米之土地之商業及文化綜合項目二座第3、4及5層部分(「租賃物業」)，年期自向橙天嘉禾影城(中國)交付租賃物業後之四個月裝修期(免租)屆滿日期起計(預期為二零一四年十二月三十一日或之前)，為期二十年(「江陰租賃協議」)。

於江陰租賃協議期限內，橙天嘉禾影城(中國)須向江陰橙地支付年租，金額為以下兩者中之較高者：(a)按全年營業額釐定之租金，佔橙天嘉禾影城(中國)於相關年度在租賃物業經營影城所產生票房收入淨額之若干百分比率，介乎12%至15%之間；及(b)江陰租賃協議項下相關年度之基本租金，於首年為人民幣3,000,000元，租期第二至五年各年每年上調5%，而租期第六年則為人民幣5,000,000元，租期第七至二十年各年每年上調5%。根據江陰租賃協議，橙天嘉禾影城(中國)須於二零一四年一月三十一日前向江陰橙地分三期支付為數人民幣100,000,000元之款項，相當於江陰租賃協議期限內之基本租金總額約80%，作為預付基本租金。詳情請參閱本公司於二零一二年九月二十五日刊發之公佈。

於二零一二年九月二十五日，江陰橙地之母公司北京橙地影院投資管理有限公司向橙天嘉禾影城(中國)簽訂擔保契據，以保證江陰橙地履行江陰租賃協議項下若干責任。

截至二零一三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40,000,000元，並未超出人民幣42,000,000元之年度上限。

本公司之關連人士伍先生間接擁有江陰橙地之84.19%股本權益。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) 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 sourcing of the movies, provision of new release title of movies, organising and planning of the movies distribution and marketing arrangement, by SZ City SYOS Cinemas Circuit to the cinemas operated or to be operated by OSGH (China) in the PRC ("OSGH Cinemas") and to standardise the periods of the individual cinema circuit alliance agreements entered into or to be entered into between OSGH Cinemas and SZ City SYOS Cinemas Circuit for the period from 1 April 2013 to 30 June 2014 (the "Master Co-operation Agreement"). The amount of service fee 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 annual caps in respect of the transactions contemplated under the Master Co-operation Agreement for the financial years ending 31 December 2013 and 31 December 2014 were set at RMB7,200,000 and RMB7,800,000 respectively. The aggregate amount of the transactions under the Master Co-operation Agreement for the year ended 31 December 2013 amounted to approximately RMB1,720,186, which is within the annual cap of RMB7,200,000.

The Company was informed by Beijing Orange Sky on 17 May 2013 that Beijing Orange Sky had acquired 49% equity interest in SZ City SYOS Cinemas Circuit on 9 April 2013. As a result of the abovementioned acquisition, SZ City SYOS Cinemas Circuit has become a connected person of the Company and the transactions contemplated under the Master Co-operation Agreement constitute continuing connected transactions of the Company under the Listing Rules.

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

On 6 November 2013, OSGH (China), as landlord, and Beijing Orange Sky, as tenant, entered into a lease agreement, pursuant to which Beijing Orange Sky will lease the portions of 4th Floor under household no. 100040001, 5th Floor under household no. 100050001 and 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"). Beijing Orange Sky intends to operate a cinema with approximately 7 separate screens and 1,200 seats in the Leased Premises.

(f) 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，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，並統一橙天嘉禾影城與深影院線於二零一三年四月一日至二零一四年六月三十日期間所訂立個別影城院線加盟協議之有效期(「合作主協議」)。個別橙天嘉禾影城應付深影院線之服務費金額受個別影城院線加盟協議規限，惟於任何情況下不得超過票房收入淨額2%。

合作主協議項下擬進行交易於截至二零一三年十二月三十一日及二零一四年十二月三十一日止財政年度之年度上限分別定為人民幣7,200,000元及人民幣7,800,000元。合作主協議項下交易於截至二零一三年十二月三十一日止年度之總金額約為人民幣1,720,186元，並未超出人民幣7,200,000元之年度上限。

本公司於二零一三年五月十七日獲北京橙天通知，北京橙天已於二零一三年四月九日購入深影院線之49%股本權益。由於進行上述收購，深影院線成為本公司之關連人士，根據上市規則，合作主協議項下擬進行交易構成本公司之持續關連交易。

(g) 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)作為業主與北京橙天作為租戶訂立一項租賃協議，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)，總樓面面積約為5,504.43平方米(「租賃物業」)，為期12年(「唐山租賃協議」)。北京橙天擬於租賃物業經營設有約7塊銀幕及1,200個座位之影城。

Report of the Directors

董事會報告書

During the term of the Tangshan Lease Agreement, Beijing Orange Sky shall pay to OSGH (China) an annual rental being the higher of (a) the annual turnover rental based on certain percentage rates ranging from 12% to 15% of the net box office income generated from the operation of the cinema by Beijing Orange Sky at the Leased Premises in the relevant year; or (b) the base rental for the relevant year under the Tangshan Lease Agreement, being RMB1,920,000 for the 1st year; RMB2,040,000 for the 2nd year; RMB2,160,000 for the 3rd year; and RMB2,520,000 for each of the 4th to 12th of the term. The total base rental in aggregate for the entire period of the Tangshan Lease Agreement shall be RMB28,800,000. Beijing Orange Sky paid a sum of RMB200,000 as security deposit to OSGH (China) after the execution of the Tangshan Lease Agreement.

Pursuant to the Tangshan Lease Agreement, Beijing Orange Sky shall pay an annual brand licensing fee of RMB100,000 for using the brand name of "Orange Sky Golden Harvest" granted by OSGH (China).

The annual caps in respect of the Tangshan Lease Agreement for each of the three financial years ending 31 December 2013, 2014 and 2015 were set at RMB300,000, RMB1,500,000 and RMB2,400,000 respectively. The total payment received from Beijing Orange Sky during the year ended 31 December 2013 under the Tangshan Lease Agreement amounted to RMB200,000 which is within the abovementioned annual cap.

Beijing Orange Sky is a connected person of the Company by virtue of being an associate of Mr. 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.

(h) Agency Agreement on Business Development Projects

On 6 November 2013, OSGH (China) entered into an agency agreement with 北京橙天橙地文化諮詢有限公司 (Beijing Orange Sky Orange Land Cultural Consultancy Co., Ltd.) ("Beijing OSOL") in relation to the appointment of Beijing OSOL as its non-exclusive agent (a) to source lease and purchase opportunities of cinema properties in 1st, 2nd and 3rd tier cities (except Chengdu, Chongqing, Hefei and Shenyang) of the PRC; and (b) to explore opportunities for franchising of the brand name "Orange Sky Golden Harvest" in the PRC for a period of 3 years commencing from 6 November 2013 (the "Agency Agreement").

於唐山租賃協議期間內，北京橙天將向橙天嘉禾影城(中國)支付以下年度租金(以較高者為準)：(a)按北京橙天於相關年度內在租賃物業經營影城所產生淨票房收入介乎12%至15%之若干百分比率計算之年度營業額租金；或(b)唐山租賃協議項下相關年度之基本租金，即首年為人民幣1,920,000元，第二年為人民幣2,040,000元，第三年為人民幣2,160,000元，及第四至第十二年各年為人民幣2,520,000元。整段唐山租賃協議年期之基本租金總額合共為人民幣28,800,000元。北京橙天已於簽訂唐山租賃協議後向橙天嘉禾影城(中國)支付人民幣200,000元作為保證按金。

根據唐山租賃協議，北京橙天將就獲橙天嘉禾影城(中國)批准使用「橙天嘉禾」品牌名稱每年支付品牌特許費人民幣100,000元。

唐山租賃協議於截至二零一三年、二零一四年及二零一五年十二月三十一日止三個財政年度各年之年度上限分別定為人民幣300,000元、人民幣1,500,000元及人民幣2,400,000元。於截至二零一三年十二月三十一日止年度，根據唐山租賃協議向北京橙天收取之總金額為人民幣200,000元，並未超出上述年度上限。

基於北京橙天為伍先生之聯繫人，故屬本公司之關連人士。因此，根據上市規則，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。

(h) 商業發展項目代理協議

於二零一三年十一月六日，橙天嘉禾影城(中國)與北京橙天橙地文化諮詢有限公司(「北京橙天橙地」)訂立代理協議，內容有關委任北京橙天橙地為橙天嘉禾影城(中國)之非獨家代理，自二零一三年十一月六日起為期三年(「代理協議」)。北京橙天橙地須負責(a)於中國一、二及三線城市(成都、重慶、合肥及瀋陽除外)物色租賃及購買影城物業機會；及(b)物色機會在中國開拓「橙天嘉禾」品牌之特許經營業務。

If Beijing OSOL successfully procures the execution of a lease agreement for OSGH (China), OSGH (China) shall pay the following service fees to Beijing OSOL: (a) basic service fee of RMB50,000 per screen; and (b) additional service fee in accordance with the rent free periods so agreed in the relevant lease agreement. If Beijing OSOL successfully procures the execution of a property purchase agreement for OSGH (China), OSGH (China) shall pay to Beijing OSOL a service fee of 1% of the total consideration of the purchase price of the relevant property. If Beijing OSOL successfully procures the execution of a franchising agreement by OSGH (China) and a franchisee, OSGH (China) shall pay to Beijing OSOL a one-off service fee of 10% of the franchising fee. If pursuant to the relevant franchising agreement the franchising fee exceeds RMB200,000, OSGH (China) shall pay to Beijing OSOL an additional service fee being 20% of the excess part.

The annual caps in respect of the transactions contemplated under the Agency Agreement for the years ending 31 December 2013, 31 December 2014, 31 December 2015 and 31 December 2016 were set at RMB4,000,000, RMB16,000,000, RMB16,500,000 and RMB17,000,000 respectively. For the year ended 31 December 2013, no service fee was paid by OSGH (China) to Beijing OSOL under the Agency Agreement.

Beijing OSOL is a connected person of the Company by virtue of being an associate of Mr. Wu as Mr. Wu indirectly owns approximately 60% equity interest in Beijing OSOL. Hence, the transactions under the Agency Agreement 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 (h) 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) have not been, 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

倘北京橙天橙地成功為橙天嘉禾影城(中國)促成簽訂租賃協議，橙天嘉禾影城(中國)須向北京橙天橙地支付以下服務費：(a)每塊銀幕之基本服務費為人民幣50,000元；及(b)根據相關租賃協議所協定免租期之額外服務費。倘北京橙天橙地成功為橙天嘉禾影城(中國)促成簽訂物業購買協議，橙天嘉禾影城(中國)須向北京橙天橙地支付相關物業購買價總代價之1%作為服務費。倘北京橙天橙地成功促成橙天嘉禾影城(中國)與加盟商簽訂特許經營協議，橙天嘉禾影城(中國)須一筆過向北京橙天橙地支付特許經營費之10%作為服務費。倘根據相關特許經營協議，特許經營費用超過人民幣200,000元，則橙天嘉禾影城(中國)須按超出部分之20%向北京橙天橙地支付額外服務費。

代理協議項下所擬進行交易於截至二零一三年十二月三十一日、二零一四年十二月三十一日、二零一五年十二月三十一日及二零一六年十二月三十一日止年度之年度上限分別定為人民幣4,000,000元、人民幣16,000,000元、人民幣16,500,000元及人民幣17,000,000元。於截至二零一三年十二月三十一日止年度，橙天嘉禾影城(中國)並未根據代理協議向北京橙天橙地支付服務費。

由於伍先生間接擁有北京橙天橙地約60%股本權益，故北京橙天橙地為伍先生之聯繫人，故屬本公司之關連人士。因此，根據上市規則，代理協議項下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(h)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；
- (c) 於各重大方面並未根據規管該等交易之相關協議條款進行；及

Report of the Directors

董事會報告書

(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 2013.

Save as disclosed above, details of the other connected transactions and/or continuing connected transactions for the year ended 31 December 2013 are set out in note 32 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.

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.

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(a)(i) to the financial statements on page 119 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 2013, the Group has made charitable and other donations in Hong Kong totalling HK\$7,600.

(d) 超出本公司相關公佈所披露截至二零一三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，於截至二零一三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32。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。

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。

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的貢獻釐定。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188頁之財務報表附註28(a)(i)。

董事酬金須獲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，本公司已發行股本具有足夠公眾持股量。

捐獻

截至二零一三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7,600港元。

Report of the Directors

董事會報告書

AUDITORS

The financial statements for the year ended 31 December 2013 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
28 March 2014

核數師

截至二零一三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，惟符合資格並將於本公司應屆股東週年大會上連任。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
二零一四年三月二十八日

Independent Auditor's Report

獨立核數師報告



Independent auditor's report to the shareholders of Orange Sky Golden Harvest Entertainment (Holdings) Limited (Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 67 to 135, which comprise the consolidated and Company statements of financial position as at 31 December 2013, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 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.

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

獨立核數師報告 致橙天嘉禾娛樂(集團)有限公司股東 (於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第136至204頁橙天嘉禾娛樂(集團)有限公司(以下簡稱「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二零一三年十二月三十一日的綜合及公司財務狀況表，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主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司的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》的披露要求編製綜合財務報表，以令綜合財務報表作出真實而公平的反映及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見。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。

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。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

Independent Auditor's Report

獨立核數師報告

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

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

BASIS FOR QUALIFIED OPINION

As stated in note 15 to the financial statements, the Group has applied the equity method of accounting for its investment in Vie Show Cinemas Co. Ltd ("Vie Show"), to include in the Group's consolidated financial statements for the year ended 31 December 2013 the Group's share of the results and net assets of Vie Show for the year ended 31 December 2013 and as at that date.

Up to the date of this report, the directors of Vie Show have not approved its financial statements for the year ended 31 December 2013 and have not provided written representations in this regard. Therefore the component auditor of Vie Show was unable to provide us with an audit opinion in respect of these financial statements in accordance with Hong Kong Standard on Auditing 600 ("HKSA 600"), *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)*. As there were no other satisfactory audit procedures that we could adopt, we were unable to fulfil the requirements of HKSA 600.

Consequently, we were unable to apply the requirements of all of the applicable auditing standards and we were unable to determine whether any adjustments were necessary to the carrying amount of the Group's investment in Vie Show and the Group's share of the results of this joint venture as included in the Group's consolidated financial statements as at and for the year ended 31 December 2013.

Any adjustments that might have been found to be necessary in respect of the carrying amount of the investment in Vie Show as at 31 December 2013 would have a consequential effect on the Group's net assets as at 31 December 2013, and the Group's profit for the year then ended and related disclosures in these financial statements.

審計涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及所作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的保留審計意見提供基礎。

保留意見基準

載於財務報表附註15，貴集團已就其於威秀影城股份有限公司(「威秀」)的投資，應用權益會計法將貴集團應佔威秀截至二零一三年十二月三十一日止年度之業績及於該日之資產淨值納入貴集團截至二零一三年十二月三十一日止年度之綜合財務報表。

截至本報告日期，威秀董事仍未批准其截至二零一三年十二月三十一日止年度之財務報表，亦未就此提供任何書面聲明。因此，威秀之組成部分核數師未能就根據香港審計準則第600號——對集團財務報表審核的特殊考慮(包括組成部分核數師的工作)(「香港審計準則第600號」)編製的該等財務報表向我們提供審核意見。由於並無我們所能採取令人滿意的其他審核程序，因此，我們無法履行香港審計準則第600號的規定。

因此，我們無法應用所有適用審計準則的規定，亦無法確定是否需要對貴集團於二零一三年十二月三十一日及截至該日止年度綜合財務報表所收錄貴集團對威秀投資的賬面值以及貴集團應佔該合營企業的業績作出任何調整。

貴集團於二零一三年十二月三十一日對威秀投資的賬面值如需任何調整，會對貴集團於二零一三年十二月三十一日的資產淨值、貴集團截至該日止年度的溢利，以及該等財務報表的相關披露等方面產生相應的影響。

Independent Auditor's Report

獨立核數師報告

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

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

28 March 2014

保留意見

我們認為，除「保留意見基準」一段所述事項的潛在影響外，該等綜合財務報表已根據香港財務報告準則真實公平地反映貴集團和貴公司於二零一三年十二月三十一日的事務狀況及貴集團截至該日止年度的溢利和現金流量，並已按照香港公司條例之披露規定妥為編製。

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

二零一四年三月二十八日

Consolidated Income Statement

for the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000 (Restated)
Turnover	3 & 4	929,334	797,912
Cost of sales		(364,740)	(320,788)
Gross profit		564,594	477,124
Other revenue	5(a)	42,097	30,692
Other net income	5(b)	24,410	25,104
Selling and distribution costs		(502,205)	(424,896)
General and administrative expenses		(100,543)	(95,150)
Other operating expenses		(7,741)	(6,198)
Valuation gains on investment properties	12	51,492	–
Profit from operations		72,104	6,676
Finance costs	6(a)	(47,378)	(24,898)
Share of profits of joint ventures		91,947	105,371
Share of losses of associates		(266)	(449)
Profit before taxation	6	116,407	86,700
Income tax	7(a)	(1,230)	9,527
Profit for the year		115,177	96,227
Attributable to:			
Equity holders of the Company		114,986	95,987
Non-controlling interests		191	240
Profit for the year		115,177	96,227
Earnings per share	11		
Basic		4.29 cents	3.58 cents
Diluted		4.29 cents	3.58 cents

The notes on pages 75 to 135 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000 (Restated)
Profit for the year	115,177	96,227
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:		
— overseas subsidiaries	19,092	6,467
— overseas joint ventures	(13,497)	17,096
— overseas associates	208	—
	5,803	23,563
Total comprehensive income for the year	120,980	119,790
Total comprehensive income attributable to:		
Equity holders of the Company	120,578	119,532
Non-controlling interests	402	258
Total comprehensive income for the year	120,980	119,790

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

The notes on pages 75 to 135 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2013

	Note	As at 31 December 2013 HK\$'000	As at 31 December 2012 HK\$'000 (Restated)	As at 1 January 2012 HK\$'000 (Restated)
Non-current assets				
Fixed assets	12			
— Investment properties		149,264	—	—
— Property, plant and equipment		1,345,280	1,043,912	848,628
		1,494,544	1,043,912	848,628
Interests in joint ventures	15	344,619	371,132	299,152
Interests in associates	14	13,713	6,876	—
Other receivables, deposits and prepayments	17	210,662	144,232	88,018
Club memberships		2,490	2,490	2,490
Trademark	18	79,785	79,785	79,785
Goodwill	19	73,658	73,658	73,658
Deferred tax assets	27(b)	29,512	22,235	6,947
Pledged bank deposits	23	46,905	46,850	21,845
		2,295,888	1,791,170	1,420,523
Current assets				
Inventories	20	4,977	3,626	3,898
Available-for-sale equity securities	16	—	—	20,000
Film rights	21	46,741	58,071	67,363
Trade receivables	22(a)	126,586	83,056	64,221
Other receivables, deposits and prepayments	22(b)	160,532	142,248	121,618
Deposits and cash	23	534,536	575,031	606,888
		873,372	862,032	883,988
Current liabilities				
Bank loans	24	323,581	285,098	68,467
Trade payables	26(a)	101,137	95,275	67,901
Other payables and accrued charges	26(b)	155,634	162,246	157,162
Deferred revenue	26(c)	162,758	106,717	91,362
Obligations under finance leases	25	8,988	4,905	—
Taxation payable	27(a)	9,871	7,899	14,432
		761,969	662,140	399,324
Net current assets		111,403	199,892	484,664
Total assets less current liabilities		2,407,291	1,991,062	1,905,187

Consolidated Statement of Financial Position

at 31 December 2013

	Note	As at 31 December 2013 HK\$'000	As at 31 December 2012 HK\$'000 (Restated)	As at 1 January 2012 HK\$'000 (Restated)
Non-current liabilities				
Bank loans	24	611,576	325,354	376,345
Obligations under finance leases	25	18,045	12,356	–
Deferred tax liabilities	27(b)	12,338	12,112	8,002
		641,959	349,822	384,347
NET ASSETS				
		1,765,332	1,641,240	1,520,840
CAPITAL AND RESERVES				
	28			
Share capital		267,982	267,982	268,419
Reserves		1,486,689	1,366,111	1,245,532
Total equity attributable to equity holders of the Company				
		1,754,671	1,634,093	1,513,951
Non-controlling interests				
		10,661	7,147	6,889
TOTAL EQUITY				
		1,765,332	1,641,240	1,520,840

Approved and authorised for issue by the Board of Directors on 28 March 2014.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 75 to 135 form part of these financial statements.

Statement of Financial Position

at 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Non-current asset			
Interests in subsidiaries	13	1,637,003	1,538,756
Current assets			
Amount due from a subsidiary	13	1,560	1,560
Prepayments		440	439
Deposits and cash	23	93	20
		2,093	2,019
Current liabilities			
Payables and accrued charges		401	427
Net current assets			
		1,692	1,592
NET ASSETS			
		1,638,695	1,540,348
CAPITAL AND RESERVES			
	28		
Share capital		267,982	267,982
Reserves		1,370,713	1,272,366
TOTAL EQUITY			
		1,638,695	1,540,348

Approved and authorised for issue by the Board of Directors on 28 March 2014.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 75 to 135 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

	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	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2013		267,982	664,835	7,771	8,833	80,000	17,966	62,396	524,310	1,634,093	10,518	1,644,611
Impact of change in accounting policy	2(c)	-	-	-	-	-	(9,113)	-	9,113	-	(3,371)	(3,371)
Restated balance at 1 January 2013		267,982	664,835	7,771	8,833	80,000	8,853	62,396	533,423	1,634,093	7,147	1,641,240
Profit for the year		-	-	-	-	-	-	-	114,986	114,986	191	115,177
Other comprehensive income		-	-	-	-	-	-	5,592	-	5,592	211	5,803
Total comprehensive income		-	-	-	-	-	-	5,592	114,986	120,578	402	120,980
Equity contribution from a non-controlling interest		-	-	-	-	-	-	-	-	-	3,112	3,112
Transfer to retained profits on lapse of share options	28(a)(i)	-	-	(52)	-	-	-	-	52	-	-	-
Transfer to/(from) reserves		-	-	-	-	-	2,120	-	(2,120)	-	-	-
Balance at 31 December 2013		267,982	664,835	7,719	8,833	80,000	10,973	67,988	646,341	1,754,671	10,661	1,765,332
Balance at 1 January 2012		268,419	665,625	5,934	8,396	80,000	13,430	38,744	433,296	1,513,844	9,739	1,523,583
Impact of change in accounting policy	2(c)	-	-	-	-	-	(5,033)	107	5,033	107	(2,850)	(2,743)
Restated balance at 1 January 2012		268,419	665,625	5,934	8,396	80,000	8,397	38,851	438,329	1,513,951	6,889	1,520,840
Profit for the year (Restated)		-	-	-	-	-	-	-	95,987	95,987	240	96,227
Other comprehensive income (Restated)		-	-	-	-	-	-	23,545	-	23,545	18	23,563
Total comprehensive income (Restated)		-	-	-	-	-	-	23,545	95,987	119,532	258	119,790
Equity-settled share-based transactions	28(a)(i)	-	-	1,837	-	-	-	-	-	1,837	-	1,837
Shares repurchased	28(a)(ii)	(437)	(790)	-	437	-	-	-	(437)	(1,227)	-	(1,227)
Transfer to/(from) reserves (Restated)		-	-	-	-	-	456	-	(456)	-	-	-
Restated balance at 31 December 2012		267,982	664,835	7,771	8,833	80,000	8,853	62,396	533,423	1,634,093	7,147	1,641,240

The notes on pages 75 to 135 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000 (Restated)
Operating activities			
Profit before taxation		116,407	86,700
Adjustments for:			
Interest income	5(a)	(13,933)	(12,301)
Finance costs	6(a)	47,378	24,898
Depreciation of fixed assets	12	107,948	80,123
Loss on disposals of property, plant and equipment	6(c)	1,121	71
Gain on disposals of available-for-sale equity securities	5(b)	(150)	(7,911)
Valuation gains on investment properties	12	(51,492)	–
Share of profits of joint ventures		(91,947)	(105,371)
Share of losses of associates		266	449
Equity-settled share-based payment expenses		–	1,837
Exchange (gain)/loss, net		(13,842)	4,277
Operating profit before changes in working capital		101,756	72,772
(Increase)/decrease in inventories		(1,240)	280
Decrease in film rights		11,858	9,356
Increase in trade receivables		(41,875)	(17,671)
Increase in other receivables, deposits and prepayments		(77,237)	(75,394)
Increase in trade payables		4,431	27,250
(Decrease)/increase in other payables and accrued charges		(10,353)	3,648
Increase in deferred revenue		52,413	15,142
Cash generated from operations		39,753	35,383
Interest received		14,371	11,658
Finance costs paid		(52,380)	(36,263)
Interest element of finance lease rentals paid		(2,136)	(494)
Overseas tax paid	27(a)	(6,030)	(8,142)
Overseas tax refunded	27(a)	159	–
Net cash (used in)/generated from operating activities		(6,263)	2,142

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000 (Restated)
Investing activities			
Payment for the purchase of property, plant and equipment		(360,211)	(241,908)
Payment for the purchase of investment properties		(96,953)	–
Proceeds from disposals of property, plant and equipment		538	–
Proceeds from disposals of available-for-sale equity securities		150	27,911
Equity contribution from a non-controlling interest		3,112	–
Increase in pledged bank deposits		–	(25,000)
Investment in an associate		(241)	(1,208)
Advance to an associate		(6,654)	(6,117)
Repayment from/(advance to) joint ventures		174	(1,526)
Dividends received		104,963	50,487
Net cash used in investing activities		(355,122)	(197,361)
Financing activities			
Draw down of bank loans		552,885	248,861
Repayment of bank loans		(238,812)	(83,899)
Payment for shares repurchased	28(a)(ii)	–	(1,227)
Capital element of finance lease rentals paid		(6,576)	(1,821)
Net cash generated from financing activities		307,497	161,914
Net decrease in cash and cash equivalents		(53,888)	(33,305)
Cash and cash equivalents at 1 January		575,031	606,888
Effect of foreign exchange rate changes		13,393	1,448
Cash and cash equivalents at 31 December	23	534,536	575,031

The notes on pages 75 to 135 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2013

1 CORPORATE INFORMATION

Orange Sky Golden Harvest Entertainment (Holdings) Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. The principal activities of the Company, 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 the 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 35 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) 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"). A summary of the significant accounting policies adopted by the Group is set out below.

(ii) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Note 2(c) provides information on 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 2013 comprise the Group and the Group's interests 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 value as explained in the accounting policies set out below:

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

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.

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 33.

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009–2011 Cycle*
- Amendments to HKFRS 7, *Financial instruments: Disclosures — Disclosures — Offsetting financial assets and financial liabilities*

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

The impacts of these developments are discussed below:

Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements.

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, Joint arrangements (continued)

The Group has reclassified the investments from jointly controlled entities to joint ventures. Investments which were previously accounted for using the proportionate consolidated method are now required to be accounted for using the equity method of accounting as the joint arrangements are considered to be joint ventures under HKFRS 11. The new accounting policy was adopted in accordance with the relevant transition provisions. This change in accounting policy has been applied retrospectively by restating the balances at 1 January 2012 and 31 December 2012, with consequential adjustments to comparatives for the year ended 31 December 2012 as follows:

	Impact on the results for the year ended 31 December 2012		
	As previously reported for the year ended 31 December 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated results for the year ended 31 December 2012 HK\$'000
Turnover	1,591,971	(794,059)	797,912
Cost of sales	(643,990)	323,202	(320,788)
Gross profit	947,981	(470,857)	477,124
Other revenue	38,989	(8,297)	30,692
Other net income	25,156	(52)	25,104
Selling and distribution costs	(762,251)	337,355	(424,896)
General and administrative expenses	(114,376)	19,226	(95,150)
Other operating expenses	(9,436)	3,238	(6,198)
Profit from operations	126,063	(119,387)	6,676
Finance costs	(26,877)	1,979	(24,898)
Share of profits of joint ventures	–	105,371	105,371
Share of loss of an associate	(449)	–	(449)
Profit before taxation	98,737	(12,037)	86,700
Income tax	(1,033)	10,560	9,527
Profit for the year	97,704	(1,477)	96,227
Attributable to:			
Equity holders of the Company	95,987	–	95,987
Non-controlling interests	1,717	(1,477)	240
Profit for the year	97,704	(1,477)	96,227
Earnings per share			
Basic	3.58 cents	–	3.58 cents
Diluted	3.58 cents	–	3.58 cents

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, *Joint arrangements* (continued)

	Impact on the results for the year ended 31 December 2012		
	As previously reported for the year ended 31 December 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated results for the year ended 31 December 2012 HK\$'000
Profit for the year	97,704	(1,477)	96,227
Other comprehensive income for the year (after tax):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of:			
— overseas subsidiaries	6,467	—	6,467
— overseas joint ventures	17,328	(232)	17,096
	23,795	(232)	23,563
Total comprehensive income for the year	121,499	(1,709)	119,790
Total comprehensive income attributable to:			
Equity holders of the Company	119,639	(107)	119,532
Non-controlling interests	1,860	(1,602)	258
Total comprehensive income for the year	121,499	(1,709)	119,790

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated balance as at 31 December 2012 HK\$'000
Non-current assets			
Fixed assets	1,413,351	(369,439)	1,043,912
Interests in joint ventures	–	371,132	371,132
Interest in an associate	6,876	–	6,876
Other receivables, deposits and prepayments	193,886	(49,654)	144,232
Club memberships	2,490	–	2,490
Trademark	79,785	–	79,785
Goodwill	73,658	–	73,658
Deferred tax assets	22,547	(312)	22,235
Pledged bank deposits	69,296	(22,446)	46,850
	1,861,889	(70,719)	1,791,170
Current assets			
Inventories	5,789	(2,163)	3,626
Film rights	59,081	(1,010)	58,071
Trade receivables	112,120	(29,064)	83,056
Other receivables, deposits and prepayments	156,576	(14,328)	142,248
Deposits and cash	729,261	(154,230)	575,031
	1,062,827	(200,795)	862,032
Current liabilities			
Bank loans	323,204	(38,106)	285,098
Trade payables	165,647	(70,372)	95,275
Other payables and accrued charges	211,671	(49,425)	162,246
Deferred revenue	178,439	(71,722)	106,717
Obligations under finance lease	4,905	–	4,905
Taxation payable	21,221	(13,322)	7,899
	905,087	(242,947)	662,140
Net current assets	157,740	42,152	199,892
Total assets less current liabilities	2,019,629	(28,567)	1,991,062

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, *Joint arrangements* (continued)

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated balance as at 31 December 2012 HK\$'000
Non-current liabilities			
Bank loans	325,354	–	325,354
Deposits received	8,830	(8,830)	–
Obligations under finance lease	12,356	–	12,356
Deferred tax liabilities	28,478	(16,366)	12,112
	375,018	(25,196)	349,822
NET ASSETS	1,644,611	(3,371)	1,641,240
Capital and reserves			
Share capital	267,982	–	267,982
Reserves	1,366,111	–	1,366,111
Total equity attributable to equity holders of the Company	1,634,093	–	1,634,093
Non-controlling interests	10,518	(3,371)	7,147
TOTAL EQUITY	1,644,611	(3,371)	1,641,240

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, *Joint arrangements* (continued)

	Impact on the consolidated statement of cash flows for the year ended 31 December 2012		
	As previously reported for the year ended 31 December 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated cash flows for the year ended 31 December 2012 HK\$'000
Net cash generated from operating activities	164,836	(162,694)	2,142
Net cash used in investing activities	(289,411)	92,050	(197,361)
Net cash generated from financing activities	137,591	24,323	161,914
Net increase/(decrease) in cash and cash equivalents	13,016	(46,321)	(33,305)
Cash and cash equivalents at 1 January	705,664	(98,776)	606,888
Effect of foreign exchange rate changes	10,581	(9,133)	1,448
Cash and cash equivalents at 31 December	729,261	(154,230)	575,031

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 1 January 2012		
	As previously reported as at 1 January 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated balance as at 1 January 2012 HK\$'000
Non-current assets			
Fixed assets	1,206,446	(357,818)	848,628
Interests in joint ventures	–	299,152	299,152
Available-for-sale equity securities	149	(149)	–
Other receivables, deposits and prepayments	135,103	(47,085)	88,018
Club memberships	2,490	–	2,490
Trademark	79,785	–	79,785
Goodwill	73,658	–	73,658
Deferred tax assets	7,335	(388)	6,947
Pledged bank deposits	48,010	(26,165)	21,845
	1,552,976	(132,453)	1,420,523
Current assets			
Inventories	6,137	(2,239)	3,898
Available-for-sale equity securities	20,000	–	20,000
Film rights	68,640	(1,277)	67,363
Trade receivables	84,226	(20,005)	64,221
Other receivables, deposits and prepayments	133,243	(11,625)	121,618
Deposits and cash	705,664	(98,776)	606,888
	1,017,910	(133,922)	883,988
Current liabilities			
Bank loans	127,252	(58,785)	68,467
Trade payables	120,205	(52,304)	67,901
Other payables and accrued charges	205,920	(48,758)	157,162
Deferred revenue	153,199	(61,837)	91,362
Taxation payable	29,778	(15,346)	14,432
	636,354	(237,030)	399,324
Net current assets	381,556	103,108	484,664
Total assets less current liabilities	1,934,532	(29,345)	1,905,187

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 1 January 2012		
	As previously reported as at 1 January 2012 HK\$'000	Retrospective effect of change in accounting policy in 2013 HK\$'000	Restated balance as at 1 January 2012 HK\$'000
Non-current liabilities			
Bank loans	376,345	–	376,345
Deposits received	9,891	(9,891)	–
Deferred tax liabilities	24,713	(16,711)	8,002
	410,949	(26,602)	384,347
NET ASSETS	1,523,583	(2,743)	1,520,840
Capital and reserves			
Share capital	268,419	–	268,419
Reserves	1,245,425	107	1,245,532
Total equity attributable to equity holders of the Company	1,513,844	107	1,513,951
Non-controlling interests	9,739	(2,850)	6,889
TOTAL EQUITY	1,523,583	(2,743)	1,520,840

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in note 15.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 12(b) and 29(e). The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, 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 holders 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 holders 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(r) or (s) 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(m)).

(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 (m)). 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 income statement and the consolidated statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures *(continued)*

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(m)).

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.

(g) Other investments in debt and equity securities

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

Investments in debt and 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. Subsequently, investments in debt and equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)).

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities *(continued)*

Investments in securities which do not fall into trading securities or held-to-maturity 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(m)). Dividend income from equity securities and interest income from these interest-bearing investments calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(w)(ix) and 2(w)(vii), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(m)), 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) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(l)) 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 values cannot be reliably measured at that time in which case they are stated at cost less impairment losses. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(w)(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(l)), 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(l).

(i) Property, plant and equipment

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

- buildings held for own use which are situated on leasehold land, classified as held under operating leases (see note 2(l));
- machinery and equipment classified as being held under finance lease (see note 2(l)); 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 repair and maintenance 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment *(continued)*

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	2.0%–6.7%
— Leasehold improvements	Over the shorter of lease term or its useful life
— Machinery and equipment	10%–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 or valuation 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.

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. On disposal or retirement, the attributable revaluation surplus not previously dealt with in retained profits is transferred directly to retained profits.

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.

(j) Club memberships

Club memberships are stated in the consolidated statement of financial position at cost less impairment losses (see note 2(m)). 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.

(k) Trademark

Trademark is stated in the consolidated statement of financial position at cost less impairment losses (see note 2(m)). 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.

(l) 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 exception:

- 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(h)); 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.

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets *(continued)*

(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(h)).

(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 included in fixed assets 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(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(m). 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.

(m) Impairment of assets

(i) Impairment of investments in equity securities and trade 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(m)(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(m)(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 market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

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

- 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.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of 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 receivables 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:

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

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

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

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 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).

— *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 notes 2(m)(i) and (ii)).

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.

(n) 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 year the write-down of 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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(m)).

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 are stated at cost less any impairment losses (see note 2(m)). 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 generated by these films. Costs are transferred to self-produced programmes upon completion.

(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(m)). Amortisation is charged to the profit or loss based on the proportion of actual income and 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, and less any accumulated impairment losses (see note 2(m)).

(p) 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(m)) 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.

(q) 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.

(r) 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(v)(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.

(s) 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.

Notes to the Financial Statements

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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 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 transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Paid leave carried forward

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

(iv) Employment Ordinance long service payments

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

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

(v) 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 People's Republic of China ("PRC") are members of the state-sponsored retirement scheme (the "State Scheme") operated by the PRC 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value 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 amount 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

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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.

(v) 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(v)(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) 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 fee and consultancy service 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) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching 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;
- (ix) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established;
- (x) Income from tickets booking is recognised upon the provision of the services;
- (xi) Income from gift voucher purchases is recognised when customers exchange them for goods/services or upon expiry; and
- (xii) Income from membership fees is recognised in profit or loss in the accounting period covered by the membership terms.

(x) 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, associates and joint ventures 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, associates and joint ventures 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 measured.

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

for the year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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.

(z) 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).

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.

(aa) 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.

Notes to the Financial Statements

for the year ended 31 December 2013

3 TURNOVER

Turnover represents the income from the sale of film, video and television rights, film and TV drama distribution, theatre operation, promotion and advertising fee income, agency and consultancy fee income, and 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.

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, 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 reporting segment 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 operating profit after taxation.

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 operating profit including the share of results of joint ventures of each segment. Intra-segment pricing is generally determined at arm's length basis.

Notes to the Financial Statements

for the year ended 31 December 2013

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000								
										(Restated)
Segment revenue										
Revenue from external customers										
— Exhibition	176,106	223,492	674,698	524,773	457,088	430,096	399,735	362,981	1,707,627	1,541,342
— Distribution and production	74,712	73,529	41,074	6,120	4,110	11,801	9,345	14,917	129,241	106,367
— Corporate	1,252	2,314	—	—	—	—	—	—	1,252	2,314
Reportable segment revenue	252,070	299,335	715,772	530,893	461,198	441,897	409,080	377,898	1,838,120	1,650,023
Reportable segment profit after taxation	49,569	37,482	3,563	3,863	33,717	46,419	53,262	55,140	140,111	142,904
Reconciliation — Revenue										
Reportable segment revenue									1,838,120	1,650,023
Share of revenue from joint ventures in Taiwan and Singapore									(870,278)	(819,795)
Elimination of intra-segmental revenue									(5,920)	(4,018)
Others									(32,588)	(28,298)
									929,334	797,912
Reconciliation — Profit before taxation										
Reportable profit after taxation from external customers									140,111	142,904
Unallocated operating expenses, net									(25,125)	(46,917)
Non-controlling interests									191	240
Income tax									1,230	(9,527)
Profit before taxation									116,407	86,700

Notes to the Financial Statements

for the year ended 31 December 2013

5 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

	2013 HK\$'000	2012 HK\$'000 (Restated)
Interest income from bank deposits	13,933	12,301
Miscellaneous income	28,164	18,391
	42,097	30,692

(b) Other net income

	2013 HK\$'000	2012 HK\$'000 (Restated)
(Loss)/gain on settlements of cinema projects, net	(1,161)	6,080
Gain on disposals of available-for-sale equity securities	150	7,911
Compensation income from a contractor for delays in construction progress (<i>note</i>)	5,894	12,491
Exchange gain/(loss), net	19,527	(1,378)
	24,410	25,104

Note: The Group has an agreement with a contractor in respect of compensation for delays in construction progress together with punitive damages relating to cinemas in Mainland China. For the year ended 31 December 2013, in addition to the reimbursement of expenses of HK\$12,866,000 (2012: HK\$28,870,000), an amount of HK\$5,894,000 (2012: HK\$12,491,000) representing compensation of punitive damages was recorded as other net income.

Notes to the Financial Statements

for the year ended 31 December 2013

6 PROFIT BEFORE TAXATION

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

	2013 HK\$'000	2012 HK\$'000 (Restated)
(a) Finance costs		
Interest on bank loans wholly repayable		
— within five years	16,346	17,257
— after five years	30,222	15,818
	46,568	33,075
Finance charges on obligations under finance leases	2,136	494
Other ancillary borrowing costs	6,174	4,329
Total finance costs on financial liabilities not at fair value through profit or loss	54,878	37,898
Less: Finance costs capitalised into leasehold improvements*	(7,500)	(13,000)
	47,378	24,898

* The finance costs have been capitalised at rates ranging from 6.55% to 7.86% per annum (2012: 5.25% to 8.46% per annum).

	2013 HK\$'000	2012 HK\$'000 (Restated)
(b) Staff costs (excluding directors' emoluments (note 8))		
Salaries, wages and other benefits (note (i))	146,808	128,744
Contributions to defined contribution retirement plans	1,146	1,290
	147,954	130,034
(c) Other items		
Cost of inventories	27,566	18,535
Cost of services provided	311,872	271,320
Depreciation of fixed assets	107,948	80,123
Amortisation of film rights (note (ii))	25,302	30,933
Auditors' remuneration	3,005	2,758
Operating lease charges in respect of land and buildings		
— minimum lease payments	133,472	103,645
— contingent rentals	21,098	20,028
Loss on disposals of property, plant and equipment	1,121	71
Gain on disposals of available-for-sale equity securities	(150)	(7,911)
Rental income less direct outgoings	(7,786)	(3,771)
Dividend income from a listed investment	—	(566)

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" of the consolidated income statement.

Notes to the Financial Statements

for the year ended 31 December 2013

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2013 HK\$'000	2012 HK\$'000 (Restated)
The Group		
<i>Current income tax</i>		
Provision for Hong Kong tax	1,100	–
Provision for overseas tax	12,464	3,392
Over-provision in respect of prior years	(6,066)	(1,796)
	7,498	1,596
<i>Deferred tax — Overseas (note 27(b))</i>		
Reversal of temporary differences	(6,268)	(11,123)
	1,230	(9,527)

Notes:

- (i) The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% of the estimated assessable profits for the year. No provision was made for Hong Kong Profits Tax last year as the tax losses brought forward from previous years exceeded 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% (2012: 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) The China tax law imposes a withholding tax at 10% unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt for such withholding tax. As at 31 December 2013, the Group has not provided for income taxes on accumulated earnings generated by its Mainland China subsidiaries for the years ended 31 December 2012 and 2013 since it is probable that they will not be distributed to the immediate holding company outside Mainland China in the foreseeable future. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

During the year ended 31 December 2013, the Group has provided HK\$226,000 (2012: HK\$4,110,000) 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

for the year ended 31 December 2013

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2013 HK\$'000	2012 HK\$'000 (Restated)
Profit before taxation	116,407	86,700
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	19,960	10,715
Tax effect of non-deductible expenses	13,002	12,179
Tax effect of non-taxable income	(7,878)	(15,268)
Tax effect of unused tax losses not recognised	4,493	2,650
Tax effect of previously unrecognised prior years' tax losses utilised this year	(3,845)	(4,692)
Tax effect of losses attributable to associates	67	112
Tax effect of profits attributable to joint ventures	(15,631)	(17,913)
Tax effect of temporary differences unrecognised, net	(3,098)	376
Provision for Taiwan withholding tax for the year	226	4,110
Over-provision in prior years	(6,066)	(1,796)
Actual tax expense/(credit)	1,230	(9,527)

8 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Equity-settled share-based payments HK\$'000 (Note)	2013 Total HK\$'000	2012 Total HK\$'000
Executive directors						
WU, Kebo	–	1,398	–	–	1,398	3,201
LI, Pei Sen	–	240	–	–	240	240
TAN, Boon Pin Simon	–	628	3	–	631	490
WU, Keyan	–	597	15	–	612	581
MAO, Yimin	–	2,226	88	–	2,314	2,283
Independent non-executive directors						
LEUNG, Man Kit	340	–	–	–	340	330
HUANG, Shao-Hua George	230	–	–	–	230	220
WONG, Sze Wing	240	–	–	–	240	220
	810	5,089	106	–	6,005	7,565

Note: These represent the estimated value of share options granted to the directors under the Group's share option schemes. 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(t)(ii) to the financial statements. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2013 (2012: HK\$1,837,000).

Notes to the Financial Statements

for the year ended 31 December 2013

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

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 28(a)(i) to the financial statements.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2012: two) are directors whose emoluments are disclosed in note 8 to the financial statements. The aggregate of the emoluments in respect of the other three (2012: three) is as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries and other emoluments	4,062	4,349
Retirement scheme contributions	45	69
	4,107	4,418

The emoluments of the three (2012: three) individuals with the highest emoluments are within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK\$Nil–HK\$1,499,999	2	2
HK\$1,500,000–HK\$2,000,000	1	1

10 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company includes a profit of HK\$98,347,000 (2012: HK\$88,781,000) which has been dealt with in the financial statements of the Company.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$114,986,000 (2012: HK\$95,987,000) and the weighted average number of ordinary shares of 2,679,819,248 (2012: 2,680,372,144), in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic and diluted)

	2013	2012
Issued ordinary shares at 1 January	2,679,819,248	2,684,194,248
Effect of shares repurchased	–	(3,822,104)
Weighted average number of ordinary shares (basic and diluted) at 31 December	2,679,819,248	2,680,372,144

(b) Diluted earnings per share

There were no diluted potential shares in existence during the years ended 31 December 2013 and 2012.

Notes to the Financial Statements

for the year ended 31 December 2013

12 FIXED ASSETS

(a) The Group

	Property, plant and equipment								
	Investment properties	Leasehold land	Machinery and equipment			Furniture and fixtures	Motor vehicles	Construction in progress	Total
			Buildings	Leasehold improvements	and equipment				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Cost or valuation:									
At 1 January 2013 (Restated)	-	-	18,878	674,152	351,019	48,027	4,058	224,542	1,320,676
Additions	96,953	127,998	7,021	175,249	55,687	7,292	381	9,788	480,369
Disposals	-	-	-	(70,470)	(9,098)	(5,234)	(256)	-	(85,058)
Transfers	-	-	-	65,153	2,531	610	-	(68,294)	-
Fair value adjustments	51,492	-	-	-	-	-	-	-	51,492
Exchange adjustments	819	-	568	17,041	9,240	1,122	4	6,246	35,040
At 31 December 2013	149,264	127,998	26,467	861,125	409,379	51,817	4,187	172,282	1,802,519
Representing:									
Cost	149,264	127,998	26,467	861,125	409,379	51,817	4,187	172,282	1,802,519
Accumulated depreciation and amortisation:									
At 1 January 2013 (Restated)	-	-	2,833	162,045	92,156	16,664	3,066	-	276,764
Charge for the year	-	850	1,971	53,969	46,386	4,319	453	-	107,948
Written back on disposals	-	-	-	(69,895)	(8,377)	(4,917)	(210)	-	(83,399)
Exchange adjustments	-	-	116	3,176	2,974	398	(2)	-	6,662
At 31 December 2013	-	850	4,920	149,295	133,139	16,464	3,307	-	307,975
Net book value:									
At 31 December 2013	149,264	127,148	21,547	711,830	276,240	35,353	880	172,282	1,494,544

Notes to the Financial Statements

for the year ended 31 December 2013

12 FIXED ASSETS (CONTINUED)

(a) The Group (continued)

	Property, plant and equipment						Total HK\$'000
	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	
Cost or valuation:							
At 1 January 2012 (Restated)	18,832	471,867	251,244	34,166	4,096	265,866	1,046,071
Additions (Restated)	–	107,336	89,830	10,725	–	66,051	273,942
Disposals (Restated)	–	(67)	(1,361)	(58)	–	–	(1,486)
Transfers (Restated)	–	94,089	10,789	3,137	–	(108,015)	–
Exchange adjustments (Restated)	46	927	517	57	(38)	640	2,149
At 31 December 2012 (Restated)	18,878	674,152	351,019	48,027	4,058	224,542	1,320,676
Representing:							
Cost (Restated)	18,878	674,152	351,019	48,027	4,058	224,542	1,320,676
Accumulated depreciation and amortisation:							
At 1 January 2012 (Restated)	941	124,151	57,382	12,543	2,426	–	197,443
Charge for the year (Restated)	1,884	37,716	35,755	4,092	676	–	80,123
Written back on disposals (Restated)	–	(24)	(1,333)	(58)	–	–	(1,415)
Exchange adjustments (Restated)	8	202	352	87	(36)	–	613
At 31 December 2012 (Restated)	2,833	162,045	92,156	16,664	3,066	–	276,764
Net book value:							
At 31 December 2012 (Restated)	16,045	512,107	258,863	31,363	992	224,542	1,043,912

During the year ended 31 December 2013, the Group acquired fixed assets in the aggregate amount of HK\$480,369,000, which mainly comprised payments for land and buildings, investment properties, construction in progress, leasehold improvements and machinery and equipment. Included in the Group's additions to fixed assets during the year is an acquisition of office premises located in Hong Kong, which amounted to HK\$171,881,000, in March 2013. Part of the office premises acquired with amounted to HK\$37,689,000, is held to earn rental income or for capital appreciation purposes and is classified and accounted for as investment property using the fair value model.

In September 2013, the Group also acquired a cinema area of a shopping mall located in Tangshan for HK\$59,264,000, which is held to earn rental income or for capital appreciations purpose and is classified and accounted for as investment property using the fair value model.

Notes to the Financial Statements

for the year ended 31 December 2013

12 FIXED ASSETS (CONTINUED)

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value 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 is not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at	Fair value measurements as at		
	31 December	31 December 2013 categorised into		
	2013	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Group

Recurring fair value measurement

Investment properties:

— Commercial — Mainland China	111,264	—	—	111,264
— Commercial — Hong Kong	38,000	—	38,000	—

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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 2013. The valuations were carried out by independent firms of surveyors, Savills Property Services (Shanghai) Co. Ltd and RHL Appraisal Ltd, who have among their staff Fellows of the Hong Kong Institute of Surveyors 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.

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

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

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment property Commercial — Mainland China	Market comparison approach	Location factor	-4.76% to 0.00%
		Building specific	-1.9% to 3.00%
		Floor level adjustment	45% to 50%
		Level height adjustment	-20% to 20%

Notes to the Financial Statements

for the year ended 31 December 2013

12 FIXED ASSETS (CONTINUED)

(b) Fair value measurement of properties (continued)

(iii) Information about Level 3 fair value measurements (continued)

The fair value of investment property located in Mainland China is determined using the market comparison approach by reference to recent sales price 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:

Investment property — Commercial — Mainland China	HK\$'000
At 1 January 2013	—
Additions	59,264
Exchange adjustment	819
Fair value adjustment	51,181
At 31 December 2013	111,264

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

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

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

	2013		2012 (Restated)	
	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold land HK\$'000	Buildings HK\$'000
In Hong Kong				
— long leases	127,148	44,962	—	—
Outside Hong Kong				
— medium-term leases	—	125,849	—	16,045
	127,148	170,811	—	16,045
Representing:				
Land and buildings carried at fair value	—	149,264	—	—
Buildings carried at cost	—	21,547	—	16,045
	—	170,811	—	16,045
Interest in leasehold land held for own use under operating leases	127,148	—	—	—
	127,148	170,811	—	16,045

Notes to the Financial Statements

for the year ended 31 December 2013

13 INTERESTS IN SUBSIDIARIES

	The Company	
	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	167,654	167,654
Capital contribution in respect of equity-settled share-based payments	11,744	11,744
Amounts due from subsidiaries	1,492,468	1,493,290
	1,671,866	1,672,688
Less: Impairment losses	(33,303)	(132,372)
	1,638,563	1,540,316
	2013 HK\$'000	2012 HK\$'000
Included in		
— Non-current	1,637,003	1,538,756
— Current	1,560	1,560
	1,638,563	1,540,316

Details of principal subsidiaries of the Group are set out in note 35 to the financial statements.

Amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year, except for an amount due from a subsidiary of HK\$1,560,000 (2012: HK\$1,560,000) which is expected to be settled within one year and is included within current assets.

14 INTERESTS IN ASSOCIATES

	The Group	
	2013 HK\$'000	2012 HK\$'000
Share of net assets	752	759
Amount due from an associate	12,961	6,117
	13,713	6,876

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

Notes to the Financial Statements

for the year ended 31 December 2013

14 INTERESTS IN ASSOCIATES (CONTINUED)

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 incorporation 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	Incorporated	PRC	Registered capital RMB2,000,000	49%	–	49%	Theatre operation

The associates of the Group are not material in aggregate or individually.

15 INTERESTS IN JOINT VENTURES

	The Group 2013 HK\$'000	2012 HK\$'000 (Restated)
Share of net assets	344,619	371,132

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

Name of joint venture	Form of business structure	Place of incorporation/ 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 of HK\$1 each	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

for the year ended 31 December 2013

15 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.*#	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross amounts of the joint ventures:				
Current assets	164,214	227,796	286,578	245,777
Non-current assets	418,476	451,032	534,808	595,993
Current liabilities	(225,166)	(273,914)	(293,481)	(299,244)
Non-current liabilities	(24,696)	(29,552)	(28,871)	(29,180)
Equity	332,828	375,632	499,034	513,346
Included in the above assets and liabilities:				
Cash and cash equivalents	115,702	175,743	240,418	185,823
Current financial liabilities (excluding trade and other payables and provisions)	–	66,570	–	13,500
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	25,017	24,726
Revenue	801,232	735,552	1,271,291	1,193,739
Profit from continuing operations	106,260	105,106	110,106	152,044
Other comprehensive income	–	–	–	–
Total comprehensive income	106,260	105,106	110,106	152,044
Dividends received from the joint ventures	135,560	63,400	104,125	52,610
Included in the above profits:				
Depreciation and amortisation	50,124	41,364	74,297	69,544
Interest income	94	134	710	638
Interest expense	214	3,603	93	495
Income tax expense	22,610	24	22,551	29,538
Reconciled to the Group's interests in the joint ventures				
Gross amounts of the joint ventures' net assets	332,828	375,632	499,034	513,346
Group's effective interest	50%	50%	35.71%	35.71%
Group's share of the joint ventures' net assets	166,414	187,816	178,205	183,316
Goodwill	–	–	–	–
Carrying amount in the consolidated financial statements	166,414	187,816	178,205	183,316

* The summarised financial information of this joint venture is extracted from the unaudited management accounts, adjusted for any differences in accounting policies.

The joint venture is not audited by KPMG.

Notes to the Financial Statements

for the year ended 31 December 2013

15 INTERESTS IN JOINT VENTURES (CONTINUED)

Note:

The Group has applied the equity method of accounting for its investment in Vie Show Cinemas Co. Ltd (“Vie Show”), to include in the Group’s consolidated financial statements for the year ended 31 December 2013 the Group’s share of the results and net assets of Vie Show for the year ended 31 December 2013 and as at that date.

Up to the date of these financial statements, the directors of Vie Show have not approved its financial statements for the year ended 31 December 2013 and have not provided written representations in this regard as they need more time to finalise the financial statements. Therefore the auditors of Vie Show were unable to issue an audit opinion in respect of these financial statements.

16 AVAILABLE-FOR-SALE EQUITY SECURITIES

At 31 December 2011, the Group held 10,000,000 shares in Overseas Chinese Town (Asian) Holdings Limited (“Overseas Chinese”), a company listed in Hong Kong. During the year ended 31 December 2012, the Group disposed of all its shares in Overseas Chinese and recorded a gain of HK\$7,911,000.

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments as at 31 December 2013 was an amount of RMB80,000,000 (equivalent to approximately of HK\$101,600,000) (2012: RMB40,000,000 (equivalent to approximately of HK\$49,320,000)) in respect of the lease of a property in the PRC with a related company for the purpose of theatre operation. Further details are discussed in note 32(vii) to the financial statements.

18 TRADEMARK

	The Group	
	2013	2012
	HK\$'000	HK\$'000

Cost and carrying amount

At 1 January and 31 December	79,785	79,785
------------------------------	---------------	--------

Trademark represents a perpetual license for the use of the brand name “Golden Harvest” which takes the form of sign, symbol, name, logo, design or any combination thereof.

The directors are of the opinion that the Group’s trademark has an indefinite useful life due to the following reasons:

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

Vigers Appraisal & Consulting Limited, a firm of independent professional qualified valuers, has confirmed, in their valuation of the Group’s trademark, that the fair value of the trademark exceeded its carrying value as at 31 December 2013. Accordingly, no impairment loss was recorded at 31 December 2013.

Notes to the Financial Statements

for the year ended 31 December 2013

19 GOODWILL

	The Group	
	2013	2012
	HK\$'000	HK\$'000

Cost and carrying amount

At 1 January and 31 December	73,658	73,658
------------------------------	---------------	--------

Impairment tests for cash-generating units containing goodwill

In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill for the cash-generating units ("CGU") and determined that such goodwill has not been impaired at 31 December 2013 and 31 December 2012.

Goodwill is allocated to the Group's CGU identified according to country of operation and business segment as follows:

	2013	2012
	HK\$'000	HK\$'000
Distribution and production — Mainland China	73,658	73,658

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 five years and a pre-tax discount rate at 20% based on the Group's weighted average cost of capital.

The assumptions used are based on management's past experience of the specific market, with reference to external sources of information. The discount rate used is pre-tax and reflects specific risks relating to the segment.

20 INVENTORIES

Inventories are carried at cost of HK\$4,977,000 at 31 December 2013 (2012: HK\$3,626,000 (restated)) and comprise largely goods held for resale.

The carrying amount of inventories sold and recognised as an expense to the consolidated income statement of the Group was HK\$27,566,000 (2012: HK\$18,535,000 (restated)).

21 FILM RIGHTS

	The Group	
	2013	2012
	HK\$'000	HK\$'000 (Restated)
Film rights — completed	41,428	46,812
Investment in film production	2,106	6,471
	43,534	53,283
Film production in progress, at cost	3,207	4,788
	46,741	58,071

Film rights represent films and television drama series and self-produced programmes.

Notes to the Financial Statements

for the year ended 31 December 2013

21 FILM RIGHTS (CONTINUED)

Investments in film/drama production represent funds advanced to licensed production houses for co-financing of the production of films and/or television programmes, which are free to be 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(o) of the Group's accounting policies, the Group performed impairment tests at 31 December 2013 and 2012 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 production in progress based on the present value of estimated discounted future cash flows from the film production in progress. No impairment loss has been recognised in this respect for the years ended 31 December 2013 and 31 December 2012.

The amount of production in progress expected to be recovered after one year is HK\$472,000 (2012: HK\$2,413,000).

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group 2013 HK\$'000	2012 HK\$'000 (Restated)
Trade receivables	126,703	83,173
Less: Allowance for doubtful debts	(117)	(117)
	126,586	83,056

(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:

	The Group 2013 HK\$'000	2012 HK\$'000 (Restated)
Within 1 month	107,178	27,751
1 to 2 months	4,405	45,545
2 to 3 months	3,559	1,817
Over 3 months	11,444	7,943
	126,586	83,056

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 value. Further details on the Group's credit policy are set out in note 29(a) to the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2013

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

(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 2013 and 31 December 2012.

As at 31 December 2013, the allowance for doubtful debts are HK\$117,000 (2012: HK\$117,000).

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2013 HK\$'000	2012 HK\$'000 (Restated)
Neither past due nor impaired	115,142	75,113
Less than three months past due	4,991	2,836
Past due over three months	6,453	5,107
	11,444	7,943
	126,586	83,056

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 2013, trade receivables of the Group included amounts totalling HK\$25,464,000 (2012: HK\$5,137,000) due from related companies and amounts totalling of HK\$1,243,000 (2012: HK\$1,090,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year.

(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.

Notes to the Financial Statements

for the year ended 31 December 2013

23 DEPOSITS AND CASH

	The Group		The Company	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000
Deposits at banks	312,420	356,764	–	–
Cash at bank and in hand	269,021	265,117	93	20
	581,441	621,881	93	20
Less: Pledged deposits for bank loans	(46,905)	(46,850)	–	–
Cash and cash equivalents	534,536	575,031	93	20

Cash at bank earns interest at floating rates based on daily bank deposit rates. Deposits at banks are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate their fair values.

Deposits and cash as at 31 December 2013 include HK\$312,614,000 (2012: HK\$332,840,000) equivalent placed with banks in Mainland China, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the government of Mainland China.

24 BANK LOANS

(a) At 31 December 2013, the bank loans were repayable as follows:

	The Group	
	2013 HK\$'000	2012 HK\$'000 (Restated)
Within 1 year or on demand	323,581	285,098
After 1 year but within 2 years	172,890	130,409
After 2 years but within 5 years	356,856	169,074
After 5 years	81,830	25,871
	611,576	325,354
	935,157	610,452
Bank loans		
— secured	935,157	610,452
— unsecured	–	–
	935,157	610,452

All of the non-current interest-bearing borrowings are carried at amortised cost.

All bank loans bear interest at floating interest rates which approximate to market rates of interest.

Notes to the Financial Statements

for the year ended 31 December 2013

24 BANK LOANS (CONTINUED)

(b) At 31 December 2013, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong;
- (ii) deposits of subsidiaries of HK\$46,905,000 (2012: HK\$46,850,000); and
- (iii) corporate guarantees from the Company and two subsidiaries.

(c) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the consolidated statement of financial position ratios, 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, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. 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 2012 and 2013, none of the covenants relating to drawn down facilities had been breached.

(d) The bank loans of the Group were denominated in the following original currencies:

	The Group	
	2013 '000	2012 '000 (Restated)
Renminbi	339,749	225,750
Hong Kong dollars	503,676	332,103

25 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2013, the Group had obligations under finance leases repayable as follows:

	The Group			
	2013		2012	
	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	8,988	10,697	4,905	6,636
After 1 year but within 2 years	10,389	11,575	7,162	8,317
After 2 years but within 5 years	7,656	8,503	5,194	5,565
	18,045	20,078	12,356	13,882
	27,033	30,775	17,261	20,518
Less: Total future interest expenses		(3,742)		(3,257)
Present value of lease obligations		27,033		17,261

Notes to the Financial Statements

for the year ended 31 December 2013

26 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:

	The Group	
	2013	2012
	HK\$'000	HK\$'000 (Restated)
Current to 3 months	75,545	64,029
Within 4 to 6 months	7,599	14,185
Within 7 to 12 months	1,591	1,760
Over 1 year	16,402	15,301
	101,137	95,275

At 31 December 2013, trade payables of the Group included the amounts totalling HK\$16,679,000 (2012: HK\$233,000) due to related companies which were unsecured, interest-free and repayable on demand.

- (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 are expected to be settled within one year.

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2013	2012
	HK\$'000	HK\$'000 (Restated)
Provision for taxation for the year	13,564	3,392
Tax paid for the year	(6,030)	(8,142)
Tax refunded for the year	159	–
Balance of tax provision relating to prior years	2,178	12,649
	9,871	7,899

(b) Deferred tax assets and liabilities recognised:

	The Group	
	2013	2012
	HK\$'000	HK\$'000 (Restated)
Net deferred tax asset recognised in the consolidated statement of financial position	29,512	22,235
Net deferred tax liability recognised in the consolidated statement of financial position	(12,338)	(12,112)
	17,174	10,123

Notes to the Financial Statements

for the year ended 31 December 2013

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: *(continued)*

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Tax losses recognised HK\$'000	The Group Withholding tax on unremitted earnings HK\$'000	Total HK\$'000
Deferred tax arising from:			
At 1 January 2012 (Restated)	(6,947)	8,002	1,055
Exchange adjustments (Restated)	(55)	–	(55)
(Credited)/charged to profit or loss (<i>note 7(a)</i>) (Restated)	(15,233)	4,110	(11,123)
At 31 December 2012 (Restated)	(22,235)	12,112	(10,123)
At 1 January 2013	(22,235)	12,112	(10,123)
Exchange adjustments	(783)	–	(783)
(Credited)/charged to profit or loss (<i>note 7(a)</i>)	(6,494)	226	(6,268)
At 31 December 2013	(29,512)	12,338	(17,174)

(c) Deferred tax assets not recognised

At 31 December 2013, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$566,840,000 (2012: HK\$564,843,000) 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\$2,298,000 (2012: HK\$11,546,000) which can be only carried forward for five years under the relevant jurisdiction.

(d) Deferred tax liabilities not recognised

At 31 December 2013, there was no significant unrecognised deferred tax liabilities (2012: HK\$Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures as the Group has no significant liability to additional tax should such amounts be remitted.

At 31 December 2013, the Company does not have any material deferred taxation assets and liabilities (2012: HK\$Nil).

Notes to the Financial Statements

for the year ended 31 December 2013

28 SHARE CAPITAL AND RESERVES

(a) Share capital

	Note	2013		2012	
		No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised:					
Ordinary shares of HK\$0.10 each		6,000,000,000	600,000	6,000,000,000	600,000
Ordinary shares, issued and fully paid:					
At 1 January		2,679,819,248	267,982	2,684,194,248	268,419
Shares repurchased	(ii)	–	–	(4,375,000)	(437)
At 31 December		2,679,819,248	267,982	2,679,819,248	267,982

Notes:

(i) Share option scheme

Equity-settled share-based transactions

Pursuant to an ordinary resolution of the Company passed on 11 November 2009, the Company terminated the old share option scheme (the "Old Share Option Scheme") and adopted a new share option scheme (the "New Share Option Scheme"). The Old Share Option Scheme was initially valid and effective for the period from 28 November 2001 to 11 November 2009, but the outstanding share options granted under the Old Share Option Scheme remain in full force and effect. The purpose of the Old Share Option Scheme was to provide incentives and rewards to eligible participants who contribute to the success of the Group's operation. The purpose of the New Share Option Scheme is to enable 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 share option scheme include the Company's directors, including independent non-executive directors, and other employees of the Group, and shareholders of the Company.

The New Share Option 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.

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.

Notes to the Financial Statements

for the year ended 31 December 2013

28 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

The maximum number of shares of the Company issuable upon exercise of all share options granted and to be granted under the New Share Option 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 New Share Option 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 the shareholders' meeting.

Adjustments to share options and exercise prices

As a result of the subdivision of shares in November 2009, the number of shares issuable under the share options granted under the Old Share Option Scheme and the exercise prices were adjusted as stated in the table below. All share options under the New Share Option Scheme were granted subsequent to the subdivision of shares in November 2009.

The movements of share options during the year ended 31 December 2013 and the outstanding share options held by the Directors, chief executive and other employees of the Group as at 31 December 2013 are set out in the following table:

Name or category of participant	Date of grant of share options	Exercise price per share HK\$	Exercise period	Number of share options outstanding as at 1 January 2013	Lapsed during the year ended 31 December 2013	Closing price per Share immediately before the date of grant of share options HK\$	Number of share options outstanding as at 31 December 2013
Director							
Huang Shao-Hua George	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	0.451	200,000
Wu Kebo	23 September 2009	0.453	23 September 2009 to 22 September 2014	60,000,000	–	0.451	60,000,000
Wu Keyan	23 September 2009	0.453	23 September 2009 to 22 September 2014	700,000	–	0.451	700,000
Li Pei Sen	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	0.451	200,000
Leung Man Kit	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	0.451	200,000
Tan Boon Pin Simon	23 September 2009	0.453	23 September 2009 to 22 September 2014	1,200,000	–	0.451	1,200,000
Other participants							
In aggregate	23 September 2009	0.453	23 September 2009 to 22 September 2014	1,050,000	(450,000)		600,000
				63,550,000	(450,000)		63,100,000

Notes to the Financial Statements

for the year ended 31 December 2013

28 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Adjustments to share options and exercise prices (continued)

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.

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 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 2009.

	Date of grant	
	23 September 2009 (to directors and chief executive officer)	23 September 2009 (to other participants)
Fair value at measurement date*	HK\$0.123	HK\$0.116
Share price*	HK\$0.453	HK\$0.453
Exercise price*	HK\$0.453	HK\$0.453
Expected volatility	50%	50%
Option life	5 years	5 years
Expected life	2.3 years	2.0 years
Expected dividends	2.8%	2.8%
Risk-free interest rate (based on Exchange Fund Notes)	1.766%	1.766%

* adjusted for subdivision of shares.

The expected volatility is 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 are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The share options granted to Mr. Wu Kebo (director) was under a service condition of three years. This condition has not been taken into account in the grant date fair value measurement of the services received. No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 63,100,000 share options outstanding under the Old Share Option Scheme and the New Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 63,100,000 additional ordinary shares of the Company, representing approximately 2.35% of the Company's shares in issue as at the end of the reporting period, and additional share capital of HK\$6,310,000 and share premium account of HK\$22,274,000 (before issue expenses).

(ii) Shares repurchased

During the year, the Company did not acquire any shares (2012: 4,375,000 shares) through purchases on the open market. The total amount paid to acquire the shares during the year was HK\$Nil (2012: HK\$1,227,000).

Notes to the Financial Statements

for the year ended 31 December 2013

28 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves

(i) The Group

Details of the movements in reserves of the Group during the year ended 31 December 2013 and 2012 are set out in the consolidated statement of changes in equity.

(ii) The Company

	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2012	665,625	5,934	8,396	271,644	230,939	1,182,538
Profit for the year	-	-	-	-	88,781	88,781
Equity-settled share-based transactions	-	1,837	-	-	-	1,837
Shares repurchased	(790)	-	-	-	-	(790)
Transfer from retained profits on capital redemption	-	-	437	-	(437)	-
At 31 December 2012	664,835	7,771	8,833	271,644	319,283	1,272,366

	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2013	664,835	7,771	8,833	271,644	319,283	1,272,366
Profit for the year	-	-	-	-	98,347	98,347
Transfer to retained profits on lapse of share options	-	(52)	-	-	52	-
At 31 December 2013	664,835	7,719	8,833	271,644	417,682	1,370,713

(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(t)(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.

(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.

Notes to the Financial Statements

for the year ended 31 December 2013

28 SHARE CAPITAL AND RESERVES (CONTINUED)

(c) Nature and purpose of reserves (continued)

(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(x) to the financial statements.

(d) Distributability of reserves

At 31 December 2013, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$417,682,000 (2012: HK\$319,283,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve in an aggregate amount of HK\$945,312,000 (2012: HK\$945,312,000), as at 31 December 2013 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.

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 2013 and 2012 are as follows:

	2013 HK\$'000	2012 HK\$'000 (Restated)
Bank loans and total external borrowings	935,157	610,452
Obligations under finance leases	27,033	17,261
	962,190	627,713
Total assets	3,169,260	2,653,202
Gearing ratio	30.4%	23.7%

Notes to the Financial Statements

for the year ended 31 December 2013

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. 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.

(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. In addition, as the deposits received does not have fixed repayment terms, the carrying amount has 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, separately, 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.

The Group

	As at 31 December 2013					
	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	101,137	101,137	101,137	–	–	–
Other payables and accrued charges	155,634	155,634	155,634	–	–	–
Bank loans	935,157	1,076,914	361,794	225,875	396,721	92,524
Obligations under finance leases	27,033	30,775	10,697	11,575	8,503	–
	1,218,961	1,364,460	629,262	237,450	405,224	92,524

Notes to the Financial Statements

for the year ended 31 December 2013

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The Group (continued)

	As at 31 December 2012 (Restated)					
	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	95,275	95,275	95,275	–	–	–
Other payables and accrued charges	162,246	162,246	162,246	–	–	–
Bank loans	610,452	715,859	248,745	212,082	227,790	27,242
Obligations under finance lease	17,261	20,518	6,636	8,317	5,565	–
	885,234	993,898	512,902	220,399	233,355	27,242

The Company

The earliest settlement dates of the Company's financial liabilities at the end of the reporting period are all within one year or on demand and the contractual amounts of the financial liabilities are all equal to their carrying amounts.

(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 currency giving rise to foreign currency risk is 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.

Notes to the Financial Statements

for the year ended 31 December 2013

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk (continued)

(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 to which they relate.

The Group

	Exposure to foreign currencies					
	2013			2012		
	Hong Kong dollars '000	Renminbi '000	Singapore dollars '000	Hong Kong dollars '000	Renminbi '000	Singapore dollars '000
Other receivables, deposits and prepayments	–	10,879	1,570	–	10,835	14
Deposits and cash	–	98,808	173	–	186,533	1,867
Other payables and accrued charges	–	(17,181)	–	–	(4,009)	(35)
Deferred revenue	–	–	–	–	(988)	–
Intercompany borrowings*	(304,370)	109,661	–	(290,228)	104,461	–
Net exposure to currency risk	(304,370)	202,167	1,743	(290,228)	296,832	1,846

* An intercompany loan denominated in Hong Kong dollars was made to a subsidiary located in the PRC, of which the functional currency is RMB. Thus, the loan recorded by the subsidiary is subject to foreign currency risk.

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after taxation and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group had significant exposure at the end of the reporting period. Other components of equity would not be affected by changes in the foreign exchange rates:

	2013		2012	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK\$'000
Renminbi	5% (5)%	12,838 (12,838)	5% (5)%	18,300 (18,300)
Singapore dollars	5% (5)%	533 (533)	5% (5)%	585 (585)
Hong Kong dollars	5% (5)%	(15,219) 15,219	5% (5)%	(14,511) 14,511

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk (continued)

(ii) Sensitivity analysis (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis has been performed on the same basis as for 2012.

Currency risk as defined by HKFRS 7 arises from financial instruments denominated in a currency that is not the functional currency and which are of a monetary nature. Differences resulting from the translation of financial statements of overseas subsidiaries, associates and joint ventures into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

(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.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2013		2012	
	Effective rate %	HK\$'000	Effective rate % (Restated)	HK\$'000 (Restated)
Net fixed rate borrowings:				
Obligations under finance leases (note 25)	4.33%–10.5%	27,033	10.5%	17,261
Variable rate borrowings:				
Bank loans (note 24)	2.25%–7.86%	935,157	3.44%–7.6%	610,452

(ii) Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and total equity by approximately HK\$7,645,000 (2012: HK\$4,990,000).

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 2012.

Notes to the Financial Statements

for the year ended 31 December 2013

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement

- (i) The fair values of receivables, bank balances and other current assets, payables and accrued charges and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2012 and 2013. Amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair value.

(ii) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's 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.

During the years ended 31 December 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognised transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(f) Offsetting financial assets and financial liabilities

The Group offsets certain recognised financial assets and financial liabilities when they have a right to set-off these amounts against the same counterparty and they intend to settle these on a net basis. A summary of the financial assets and financial liabilities set-off is as follows:

	Gross amount of recognised financial assets/ (financial liabilities) HK\$'000	Amounts set off HK\$'000	Net amounts of financial assets/ (financial liabilities) presented in the consolidated statement of financial position HK\$'000
2013			
Other receivables, deposits and prepayments	205,727	(45,195)	160,532
Other payables and accrued charges	(200,829)	45,195	(155,634)

Notes to the Financial Statements

for the year ended 31 December 2013

30 COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2013 not provided for in the financial statements in respect of the acquisition of fixed assets are as follows:

	2013 HK\$'000	2012 HK\$'000 (Restated)
Contracted for:		
Mainland China	93,244	78,215
Authorised but not contracted for:		
Hong Kong	1,791	–
Mainland China	613,387	1,167,863
	615,178	1,167,863
	708,422	1,246,078

(b) Operating lease commitments

(i) As lessor

At 31 December 2013, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2013 HK\$'000	2012 HK\$'000 (Restated)
Lease on premise expiring		
— within one year	2,500	–
— after one year but within five years	10,882	–
— after five year	28,804	–
	42,186	–

The Group leases its building under 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

for the year ended 31 December 2013

30 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (CONTINUED)

(ii) As lessee

At 31 December 2013, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 HK\$'000	2012 HK\$'000 (Restated)
Leases on premises expiring		
— within one year	229,940	217,311
— after one year but within five years	845,867	663,134
— after five years	1,673,526	1,468,723
	2,749,333	2,349,168

The Group is the lessee in respect of a number of office premises and cinemas held under operating leases. The leases typically run for one to twenty years.

Certain non-cancellable operating leases are subject to contingent rent payments, which are charged at 7% to 28% (2012: 7% to 28%) of their 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% of the theatre confectionary sales and advertising income are also charged as payments under certain leases.

31 CONTINGENT LIABILITIES

At 31 December 2013, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries and a joint venture amounting to HK\$1,315,060,000 (2012: HK\$1,012,254,000) and HK\$30,600,000 (2012: HK\$31,700,000) respectively. At 31 December 2013, banking facilities of HK\$942,160,000 (2012: HK\$614,920,000) and HK\$Nil (2012: HK\$31,700,000) had been utilised by the subsidiaries and a joint venture respectively.

At 31 December 2013, 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 business. 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.

Notes to the Financial Statements

for the year ended 31 December 2013

32 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	2013 HK\$'000	2012 HK\$'000
Office rental paid	(i)	4,236	4,728
Service fee income from a joint venture	(ii)	477	975
Income from leasing of cinema facilities	(iii)	2,100	2,066
Cinema in-foyer advertising income	(iv)	7,452	1,056
Cinema screen advertising fee income	(v)	23,723	13,889
Cinema marketing service fee expense	(vi)	–	1,026
Rental deposit and prepayment for leasing of property	(vii)	50,800	51,170
Cinema circuit management service fee income	(viii)	2,150	–

Notes:

- (i) This represents office rental expenses for three office areas paid to related companies, which 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 service fees for ticketing system maintenance and enhancement received from a joint venture of the Group. The fees were charged on normal commercial terms.
- (iii) This represents the income received from a related company for leasing certain cinema facilities at Beijing Sanlitun cinema. The fees were charged on normal commercial terms.
- (iv) This represents PRC cinemas in-foyer advertising income received from a subsidiary of Orange Sky charged on normal commercial terms.
- (v) This represents cinema screen advertising income received from two subsidiaries of Orange Sky for granting exclusive rights of screen advertising air-time in the Group's Hong Kong and PRC cinemas. The fees were charged on normal commercial terms.
- (vi) This represents marketing service fees paid to two related companies for providing promotional services for PRC cinemas. The fees were charged on normal commercial terms.
- (vii) This represents rental deposit and rental prepayment paid to a related company, which is indirectly held by Mr. Wu Kebo. As at 31 December 2013, the Group had paid rental deposit and rental prepayment of HK\$Nil and HK\$50,800,000 (2012: HK\$1,849,500 and HK\$49,320,000) respectively.

The terms of the rental agreement were negotiated on normal commercial terms.
- (viii) This represents management service fees paid to a related company for introducing top-class cinema circuit to PRC cinemas. The fees were charged at 1.2% of net box office receipts.

The transactions shown in notes (i), (iii), (iv), (v), (vii) and (viii) above with related companies constitute continuing connected transactions as defined in chapter 14A of the Listing Rules. 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.

Notes to the Financial Statements

for the year ended 31 December 2013

33 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 are as follows:

Key sources of estimation uncertainty

(i) Assessment of the useful economic lives of fixed assets

The Group estimates the useful economic lives of fixed assets 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 fixed assets would increase depreciation charges and decrease non-current assets.

(ii) Assessment of impairment of assets

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 available-for-sale securities

The Group reviews available-for-sale securities at the end of each reporting period to determine whether there is objective evidence of impairment. Judgement is required to determine whether a decline in the fair value of an investment is significant or prolonged. In making this judgement, the Group considers a number of factors including the historical data on market volatility, the price of the specific investment, industry and sector performance, and financial information regarding the issuers of the investment.

(iv) Assessment of impairment of film rights

The Group reviews 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 as 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.

(v) Assessment of impairment of goodwill

The Group has performed an impairment test for goodwill in accordance with the accounting policy stated in note 2(m) (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.

(vi) 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.

33 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(vii) Estimation of fair value of investment properties

Investment properties are stated at market value based on the valuation performed by an independent firm of professional valuers at 31 December 2013. The fair value of investment properties is assessed annually by independent qualified valuers, by reference to market evidence of recent transaction and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. The assumptions adopted in the property valuations are based on the market conditions existing at 31 December 2013, with reference to current market transactions and the appropriate capitalisation rate.

(viii) Impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries, the recoverable amounts of the assets need to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate the selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 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 32, <i>Offsetting financial assets and financial liabilities</i>	1 January 2014
HKFRS 9, <i>Financial instruments</i>	Undetermined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Notes to the Financial Statements

for the year ended 31 December 2013

35 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 financial statements.

Details of the principal subsidiaries are as follows:

Name of company	Place of incorporation/ operation	Issued equity 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 of HK\$1 each	100%	Investment Holding
Gala Film Distribution Limited	Hong Kong	49,990,000 shares of HK\$1 each and 10,000 non-voting deferred shares [#] of HK\$1 each	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 RMB450,000,000	100%	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 of HK\$1 each	100%	Investment holding
Golden Sky Pacific Limited	Hong Kong	2 shares of HK\$1 each	100%	Investment holding
M Cinemas Company Limited	Hong Kong	7,000,000 shares of HK\$10 each	100%	Theatre operation
Orange Sky Golden Harvest Entertainment Company Limited	Hong Kong	100 shares of HK\$1 each and 114,000,000 non-voting deferred shares [#] of HK\$1 each	100%	Investment holding

Notes to the Financial Statements

for the year ended 31 December 2013

35 SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Principal activities
Orange Sky Golden Harvest Motion Pictures Company Limited	Hong Kong	94,000,000 shares of HK\$1 each	100%	Film production and investment holding
Panasia Films Limited	Hong Kong	23,000 shares of HK\$1,000 each	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 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 the PRC nationals on behalf of the Group.

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

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



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)